

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2011 (“Q2 2011”) IN RESPECT OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2011 (“FY2011”)

PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), FULL YEAR RESULTS

1.(a)(i) An income statement (for the Group) for the period ended 30 June 2011 together with a comparative statement for the corresponding period of the immediate preceding financial year

Unaudited consolidated income statement of the Group for the period ended 30 June 2010 and 30 June 2011

	The Group					
	Q2 2011	Q2 2010	%	6M 2011	6M 2010	%
	RMB'000	RMB'000	Change	RMB'000	RMB'000	Change
Revenue	65,061	11,366	472	92,159	45,938	101
Cost of sales	(50,292)	(8,232)	511	(71,766)	(34,296)	109
Gross profit	14,769	3,134	371	20,393	11,642	75
Other operating (expense)income	(5,951)	13,718	N/M	(5,495)	19,011	N/M
Share of losses of associates	(1,087)	-	N/M	(1,915)	-	N/M
General and administrative expenses	(7,435)	(7,386)	1	(16,246)	(15,089)	8
Selling and distribution expenses	(1,554)	(2,112)	(26)	(3,357)	(3,700)	(9)
Finance income (costs)	2,282	(1,678)	N/M	3,633	(3,478)	N/M
Profit/(loss) before tax	1,024	5,676	(82)	(2,987)	8,386	N/M
Income tax expense	(5,316)	(2,117)	151	(6,226)	(2,918)	113
Net (loss)/profit for the period	(4,292)	3,559	N/M	(9,213)	5,468	N/M

“Q2 2010” and “Q2 2011” denotes the second quarter or the three-month period ended 30 June 2010 and 30 June 2011 respectively

“6M 2010” and “6M 2011” denotes the six- month period ended 30 June 2010 and 30 June 2011 respectively

“% Change” denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure

“N/M” denotes “Not meaningful”

1.(a)(ii) The accompanying notes to the unaudited financial statements form an integral part of the financial statements

	The Group					
	Q2 2011	Q2 2010	%	6M 2011	6M 2010	%
	RMB'000	RMB'000	Change	RMB'000	RMB'000	Change
(Loss)/profit before tax has been arrived at after charging/(crediting):						
Depreciation of property, plant and equipment	859	705	22	3,208	3,235	(1)
Foreign currency exchange gain	(166)	(106)	57	(306)	(120)	155
Amortization of land use rights	1	1	-	1	1	-
Loss on disposal of property, plant and equipment	-	197	N/M	(1)	164	N/M
Loss on disposal of subsidiaries	6,541	-	N/M	(6,541)	-	N/M
Share of loss of associates	1,087	-	N/M	1,915	-	N/M
Reversal of compensation payable for demolition and relocation	-	(15,023)	N/M	-	(15,023)	N/M
Waived construction and related costs	-	-	N/M	-	(4,977)	N/M
Bad Debt written off	-	1,097	N/M	-	1,097	N/M
Interest income	(100)	-	N/M	(230)	(16)	1,338
Finance (Income)/expenses	(2,282)	1,678	N/M	(3,633)	3,478	N/M

"Q2 2010" and "Q2 2011" denotes the second quarter or the three-month period ended 30 June 2010 and 30 June 2011 respectively

"6M 2010" and "6M 2011" denotes the six-month period ended 30 June 2010 and 30 June 2011 respectively

"% Change" denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure

"N/M" denotes "Not meaningful".

1.(b)(i) A statements of financial position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year

Statements of financial position of the Group and the Company as at 30 June 2011 and 31 December 2010

	The Group		The Company	
	30 June 2011 RMB'000	31 December 2010 RMB'000	30 June 2011 RMB'000	31 December 2010 RMB'000
Non-current assets				
Property, plant and equipment	3,087	76,472	4	5
Land use rights	63	64	-	-
Investment properties	183,650	183,650	-	-
Prepayments and other receivables	20,211	25,681	-	-
Amounts due from a related party	61,340	59,672	-	-
Amounts due from associates	40,513	37,886	-	-
Investments in subsidiaries	-	-	213,738	213,738
Investments in associates	54,617	56,532	-	-
	363,481	439,957	213,742	213,743
Current assets				
Completed properties for sale	310,370	369,664	-	-
Properties under development for sale	695,596	635,212	-	-
Trade receivables	802	4,911	-	-
Prepayments and other receivables	38,996	42,307	36	36
Amounts due from subsidiaries	-	-	444,994	442,403
Amounts due from related parties	44,001	44,124	-	-
Amounts due from associates	29,656	54,655	-	-
Income tax recoverable	19,667	17,038	-	-
Pledged bank deposits	12,809	11,360	-	-
Cash and cash equivalents	132,514	59,670	100	804
	1,284,411	1,238,941	445,130	443,243
Current liabilities				
Trade payables	68,815	85,287	-	-
Sales and rental deposits	274,506	247,916	-	-
Accruals and other payables	322,317	349,501	916	652
Amount due to subsidiaries	-	-	9,030	7,876
Amounts due to related parties	20,929	21,597	10,888	10,888
Amounts due to associates	6,150	6,156	-	-
Income tax payables	49,918	46,331	-	-
Bank and other borrowings	29,000	29,000	-	-
	771,635	785,788	20,834	19,416
Net current assets	512,776	453,153	424,296	423,827
	876,257	893,110	638,038	637,570
Capital and reserves				
Issued capital	305,888	305,888	305,888	305,888
Share premium	224,094	224,094	224,094	224,094
Capital reserve	49,031	49,031	-	-
Retained earnings	267,401	274,838	108,056	107,588
Equity attributable to owners of the Company	846,414	853,851	638,038	637,570
Non-controlling interests	2,417	11,775	-	-
Total equity	848,831	865,626	638,038	637,570
Non-current liabilities				
Long term bank borrowings	-	-	-	-
Deferred tax liabilities	27,426	27,484	-	-
	27,426	27,484	-	-
	876,257	893,110	638,038	637,570

1.(b)(ii) Aggregate amount of borrowings and debt securities for the Group.

	The Group	
	31 June 2011 RMB '000	31 December 2010 RMB '000
Borrowings, secured ⁽¹⁾	29,000	29,000
Borrowings, unsecured	-	-
	<u>29,000</u>	<u>29,000</u>
The borrowings are repayable:		
On demand or within one year	29,000	29,000
More than one year	-	-
	<u>29,000</u>	<u>29,000</u>

Note:

(1) Secured against certain completed properties for sales of the Group.

1.(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year. Unaudited consolidated statement of cash flows of the Group for the period ended 30 June 2010 and 30 June 2011.

	The Group			
	Q2 2011 RMB'000	Q2 2010 RMB'000	6M 2011 RMB'000	6M 2010 RMB'000
OPERATING ACTIVITIES				
Profit/(loss) before tax	1,024	5,676	(2,987)	8,385
Adjustments for:				
Depreciation of property, plant and equipment	859	705	3,208	3,235
Foreign currency exchange gain	(166)	(106)	(306)	(120)
Amortization of land use rights	1	1	1	1
Loss on disposal of property, plant and equipment	-	197	(1)	164
Loss on disposal of subsidiaries (Note 1)	6,541	-	6,541	-
Reversal of compensation payable for demolishment and relocation	-	(15,023)	-	(15,023)
Bad debt written off	-	1,097	-	1,097
Share of loss of associates	1,087	-	1,915	-
Waived construction and related costs	-	-	-	(4,977)
Interest income	(100)	-	(230)	(16)
Finance (income) costs	(2,282)	1,678	(3,633)	3,478
Operating cash flows before movements in working capital	<u>6,964</u>	<u>(5,775)</u>	<u>4,508</u>	<u>(3,776)</u>
Decrease in completed properties for sale	47,122	-	59,294	28,298
(Increase)/decrease in properties under development for sale	(35,344)	(23,693)	(60,289)	(57,592)
Decrease/(increase) in trade receivables	2,760	(399)	1,917	(238)
Decrease/(increase) in prepayments and other receivables	224	(10,937)	(13,790)	(13,665)
(Decrease)/increase in trade payables	(2,068)	(18,436)	(10,846)	(55,406)
(Decrease)/increase in sales and rental deposits	(21,317)	64,968	26,590	99,821
(Decrease)/increase in accruals and other payables	(3,216)	9,285	(9,809)	16,836
Decrease in payable to associate company	(6)	-	(6)	-
Cash (used in)/generated from operations	<u>(4,881)</u>	<u>15,013</u>	<u>(2,431)</u>	<u>14,278</u>
Income tax paid	(2,779)	(2,818)	(5,324)	(7,240)
NET CASH (USED IN) /GENERATED FROM OPERATING ACTIVITIES	<u>(7,660)</u>	<u>12,195</u>	<u>(7,755)</u>	<u>7,038</u>
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(308)	(9)	(310)	(43)
Increase in pledged bank deposits	(403)	(530)	(1,449)	(610)
Disposal of subsidiaries (Note 1)	6,368	-	6,368	-
Loan to third party	-	-	-	(10,000)
Deposit paid for land acquisition	-	-	(68,000)	-
Deposit refunded for land acquisition	68,000	-	68,000	-
Proceed from disposal of property, plant and equipment	-	19	-	19
Proceed from disposal of projects	-	-	1,950	-
Refund of investment cost of available-for-sale investments	-	-	-	1,400
Interest received	100	-	230	16
NET CASH GENERATE FROM/(USED IN) INVESTING ACTIVITIES	<u>73,757</u>	<u>(520)</u>	<u>6,789</u>	<u>(9,218)</u>
FINANCING ACTIVITIES				
Increase in bank and other borrowings	-	29,369	50,000	29,369
Repayments of bank and other borrowings	-	(60,000)	-	(66,800)
Repayments received on borrowings due from third party	-	11,711	-	11,711
Amount repaid from associate company	24,999	-	24,999	-
Amount advanced to a director	-	(274)	-	(274)
Amount received from/(repaid to) related parties	1,119	(4,499)	(545)	(2,265)
Interest paid	-	-	(644)	-
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<u>26,118</u>	<u>(23,693)</u>	<u>73,810</u>	<u>(28,259)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	92,215	(12,018)	72,844	(30,439)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>40,299</u>	<u>46,141</u>	<u>59,670</u>	<u>64,562</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>132,514</u>	<u>34,123</u>	<u>132,514</u>	<u>34,123</u>

Note 1:

	The Group			
	Q2 2011 RMB'000	Q2 2010 RMB'000	6M 2011 RMB'000	6M 2010 RMB'000
Property, plant and equipment	70,449	-	70,449	-
Trade receivables, prepayments and other receivables	10,606	-	10,606	-
Amount due from related parties	15,010	-	15,010	-
Cash and cash equivalents	1,632	-	1,632	-
Trade payables, accruals and other payables	(25,574)	-	(25,574)	-
Bank and other borrowings	(50,000)	-	(50,000)	-
Non-controlling interests	(7,582)	-	(7,582)	-
Net identifiable assets disposed	14,541	-	14,541	-
Loss on disposal	(6,541)	-	(6,541)	-
Proceeds from disposal	8,000	-	8,000	-
Less: cash and bank balances disposed	(1,632)	-	(1,632)	-
Net cash inflows from disposal of subsidiaries	<u>6,368</u>	<u>-</u>	<u>6,368</u>	<u>-</u>

1.(d) A statements of comprehensive income (for the issuer and group), together with a comparative statement for the corresponding year of the immediately preceding financial period.

Unaudited consolidated statements of comprehensive income of the Group and the Company for the period ended 30 June 2010 and 30 June 2011

	The Group			
	Q2 2011 RMB'000	Q2 2010 RMB'000	6M 2011 RMB'000	6M 2010 RMB'000
(Loss)/profit for the period	(4,292)	3,559	(9,213)	5,468
Other comprehensive income for the period	-	-	-	-
Total comprehensive (expense)/income for the period	<u>(4,292)</u>	<u>3,559</u>	<u>(9,213)</u>	<u>5,468</u>

Total comprehensive (expense)/income for the period attributable to:

	The Group			
	Q2 2011 RMB'000	Q2 2010 RMB'000	6M 2011 RMB'000	6M 2010 RMB'000
Owners of the Company	(4,081)	3,874	(7,437)	5,954
Minority interests	(211)	(315)	(1,776)	(486)
	<u>(4,292)</u>	<u>3,559</u>	<u>(9,213)</u>	<u>5,468</u>

	The Company			
	Q2 2011 RMB'000	Q2 2010 RMB'000	6M 2011 RMB'000	6M 2010 RMB'000
Income/(loss) for the period	342	(307)	468	(1,190)
Other comprehensive expense for the period	-	-	-	-
Total comprehensive income/(expense) for the period	<u>342</u>	<u>(307)</u>	<u>468</u>	<u>(1,190)</u>

Total comprehensive income/(expense) for the period attributable to:

	The Company			
	Q2 2011 RMB'000	Q2 2010 RMB'000	6M 2011 RMB'000	6M 2010 RMB'000
Owners of the Company	342	(307)	468	(1,190)
Minority interests	-	-	-	-
	<u>342</u>	<u>(307)</u>	<u>468</u>	<u>(1,190)</u>

1.(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited consolidated statement of changes in equity of the Group for the period ended 30 June 2010 and 30 June 2011

	The Group									
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Revaluation reserve RMB'000	Bond reserve RMB'000	Retained earnings RMB'000	Attributable to owners of the Company RMB'000	Minority interests RMB'000	Total RMB'000
Balance at 1 January 2011	305,888	224,094	49,031	-	-	-	274,838	853,851	11,775	865,626
Comprehensive expense for the period	-	-	-	-	-	-	(3,356)	(3,356)	(1,565)	(4,921)
Balance at 31 March 2011	305,888	224,094	49,031	-	-	-	271,482	850,495	10,210	860,705
Disposal of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	(7,582)	(7,582)
Comprehensive expense for the period	-	-	-	-	-	-	(4,081)	(4,081)	(211)	(4,292)
Balance at 30 June 2011	305,888	224,094	49,031	-	-	-	267,401	846,414	2,417	848,831

	The Group									
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Revaluation reserve RMB'000	Bond reserve RMB'000	Retained earnings RMB'000	Attributable to owners of the Company RMB'000	Minority interests RMB'000	Total RMB'000
Balance at 1 January 2010	305,888	224,094	49,031	18,077	-	-	230,783	827,873	84,200	912,073
Comprehensive income/(expense) for the period	-	-	-	-	-	-	2,080	2,080	(171)	1,909
Balance at 31 March 2010	305,888	224,094	49,031	18,077	-	-	232,863	829,953	84,029	913,982
Surrender of share options	-	-	-	(2,403)	-	-	2,403	-	-	-
Comprehensive income/(expense) for the period	-	-	-	-	-	-	3,874	3,874	(315)	3,559
Balance at 30 June 2010	305,888	224,094	49,031	15,674	-	-	239,140	833,827	83,714	917,541

	The Company					
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Bond Reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2011	305,888	224,094	-	-	107,588	637,570
Comprehensive income for the period	-	-	-	-	126	126
Balance at 31 March 2011	305,888	224,094	-	-	107,714	637,696
Comprehensive income for the period	-	-	-	-	342	342
Balance at 30 June 2011	305,888	224,094	-	-	108,056	638,038

	The Company					
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Bond Reserve RMB'000	Retained losses RMB'000	Total RMB'000
Balance at 1 January 2010	305,888	224,094	18,077	-	88,814	636,873
Comprehensive expense for the period	-	-	-	-	(883)	(883)
Balance at 31 March 2010	305,888	224,094	18,077	-	87,931	635,990
Comprehensive expense for the period	-	-	-	-	(307)	(307)
Balance at 30 June 2010	305,888	224,094	18,077	-	87,624	635,683

1.(e)(ii) Details of any changes in company's share capital arising from rights issue, bonus issue, share buy backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no movements in the Company's share capital during the 3 months period and 6 months period ended 30 June 2011.

Sunshine Employee Share Option Scheme

Pursuant to the Sunshine Employee Share Option Scheme ("SESOS"), which was approved by the Company's shareholders at the Extraordinary General Meeting held on 30 April 2007, a total of 60,000,000 share options were granted to the eligible employees on 29 November 2007. No share options were issued in Q2 2011 and there was no ordinary share that may be issued upon the exercise of any share option outstanding as at 30 June 2011 (31 December 2010: Nil).

1.(e)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<u>As at 30 June 2011</u>	<u>As at 31 December 2010</u>
Total number of issued ordinary shares	978,000,000	978,000,000

1.(e)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company has no treasury shares as at 30 June 2011.

2. Whether the figures have been audited, or reviewed in accordance with which standard (eg. The Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

The figures have not been audited or reviewed by the auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The same accounting policies and methods of computation adopted by the Group in respect of the audited financial statements for the financial year ended 31 December 2010 have been consistently applied by the Group for the financial periods presented.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

For FY2011, the Group has adopted all the following new and revised International Financial Reporting Standards ("IFRS") and Interpretations of IFRS that are mandatory for application from 1 January 2011:

- IAS 27 (Revised) Consolidated and Separate Financial Statements
- IFRS 3 (Revised) Business Combinations
- IAS 24 (Revised) Related Party Disclosures
- IAS 1 (Amendments) Presentation of Financial Statements
- IAS 7 (Amendments) Statements of Cash Flows
- IAS 32 (Amendments) Financial Instruments – Presentation: Classification of Rights Issues
- IFRIC 14 (Amendments) Prepayments of a Minimum Funding Requirement
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above IFRS and Interpretation of IFRS did not result in any material impact on the consolidated financial statements of the Group and of the Company for Q2 2011 or prior financial periods and year.

6. Earnings per ordinary shares of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Unaudited earnings/(losses) per ordinary shares of the Group for the period ended 30 June 2010 and 30 June 2011

	The Group			
	Q2 2011 RMB'000	Q2 2010 RMB'000	6M 2011 RMB'000	6M 2010 RMB'000
(Loss)/profit attributable to owners of the Company	<u>(4,081)</u>	<u>3,874</u>	<u>(7,437)</u>	<u>5,954</u>
Basic (Singapore cents) ⁽¹⁾	<u>(0.08) cents⁽²⁾</u>	<u>0.08 cents⁽²⁾</u>	<u>(0.15) cents⁽²⁾</u>	<u>0.12 cents⁽²⁾</u>
Diluted (Singapore cents) ⁽¹⁾	<u>(0.08) cents⁽⁴⁾</u>	<u>0.08 cents⁽³⁾</u>	<u>(0.15) cents⁽⁴⁾</u>	<u>0.12 cents⁽³⁾</u>

Notes:

- (1) Calculated based on the average exchange rate of Q2 2011: S\$1: RMB5.27 (Q2 2010: S\$1: RMB4.90) and 6M 2011: S\$1: RMB5.21 (6M 2010: S\$1: RMB4.88)
- (2) Based on the issued share capital of 978,000,000 ordinary shares. No new shares are issued during the three months period ended 30 June 2011 and 30 June 2010.
- (3) The computation of the diluted earnings per share does not take into account of the exercise of the Company's share options because the exercise price of these options was higher than the average market share price of the Company for the three month periods ended 30 June 2010. The number of ordinary shares that may be issued upon exercise of all share options outstanding as at 30 June 2010 was 44,350,000.
- (4) There was no ordinary share that may be issued upon exercise of all share options outstanding as at 30 June 2011.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	The Group		The Company	
	30 June 2011 RMB'000	31 December 2010 RMB'000	30 June 2011 RMB'000	31 December 2010 RMB'000
Net asset value (net of minority interests) as at end of financial period/ year	846,414	853,851	638,038	637,570
Net asset value per ordinary share as at the end of financial period/ year (Singapore cents) ⁽¹⁾	16.52 cents	17.15 cents	12.45 cents	12.81 cents

Note:

(1) Calculated based on exchange rate of S\$1: RMB5.24 as at 30 June 2011 (as at 31 December 2010: S\$1: RMB5.09) and issued share capital of 978,000,000 ordinary shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.

(a) Review of consolidated statement of comprehensive income of the Group for Q2 2011 (relative to that for Q2 2010)

Revenue

The Group's revenues (net of sales tax) generated in Q2 2011 and Q2 2010 were as follow:

	Q2 2011		Q2 2010		6M 2011		6M 2010	
	RMB million	%	RMB million	%	RMB million	%	RMB million	%
(1) Sales of developed properties	60.4	93	-	-	76.0	82	23.1	50
(2) Rental income	3.5	5	10.3	90	13.8	15	20.5	45
(3) Property management income	1.1	2	1.1	10	2.3	3	2.4	5
	65.0	100	11.4	100	92.1	100	46.0	100

Our overall revenue increased by RMB53.6 million or more than 5-fold from RMB11.4 million in Q2 2010 to RMB65.0 million in Q2 2011.

The increased revenue was attributed principally to the sales and delivery of completed units in respect of three developed properties, namely the Shangqiu Sunshine Shuixie Huidu Project (商丘阳光水榭花都), Xinxiang Sunny Town Project (新乡阳光新城项目) and the Zhoukou Yangguang Peninsula City Project (周口阳光半岛城邦项目), in Q2 2011.

Our rental income decreased by RMB6.8 million or 66% from RMB10.3 million in Q2 2010 to RMB3.5 million in Q2 2011. The decrease in rental income was attributed mainly to the disposal of Beijing Sunshine Elegant Jade Real Estate Co., Ltd (北京阳光美基置业有限公司) and Beijing Feng Bao Heng Investments Co., Ltd (北京丰宝恒投资有限公司) (collectively the "Beijing Subsidiaries") in Q2 2011. The Beijing Subsidiaries were mainly engaged in sub-leasing of two Beijing hotels to third party.

Gross profit

In line with the higher revenue registered, our gross profit increased by RMB11.6 million or more than 4-fold from RMB3.1 million in Q2 2010 to RMB14.8 million in Q2 2011. The Group registered a higher gross profit margin of 28% in Q2 2010 compared to that of 23% in Q2 2011 as revenue generated from rental income through the sub-leasing of the two hotels by the Beijing Subsidiaries was at limited costs.

Other operating (expense)income

We registered an other operating expense of RMB5.9 million in Q2 2011 vis-à-vis an other operating income of RMB13.7 million in Q2 2010.

The other operating expense incurred in Q2 2011 was attributed principally to a disposal loss on the disposal of the Beijing Subsidiaries.

The other operating income of the Group attained in Q2 2010 was attributed mainly to a reversal of excess retention monies of about RMB15.0 million in connection with compensation payable for the relocation of occupants and demolition of their existing on site properties in respect of two former projects, namely the Yan Ming Hu Project (雁鸣湖项目) and Zhongmu Project (中牟新县城项目), owned by a former wholly-owned subsidiary of the Group, Henan Jinjiang Real Estate Co., Ltd (河南锦江置业有限公司) (“Henan Jinjiang”).

Share of loss of associates

There was no share of loss of associates in Q2 2010 as Climbing Ace Limited (攀峰有限公司), together with its subsidiaries comprising Xinxiang Gaojie Technology Development Co., Ltd (新乡高捷科技发展有限公司), Xinxiang Shiantai Commerce Co., Ltd (新乡市安泰商贸有限公司) and Hainan Sunshine Elegant Jade Investment & Development Co., Ltd (海南阳光美基投资开发有限公司) (collectively, the “Climbing Ace Group”), only ceased to be the subsidiaries and became the associated companies of the Group in October 2010 following the Group’s reduction in its equity interest in the Climbing Ace Group from 51% to 40%.

Selling and distribution expenses

Our selling expenses decreased by RMB0.6 million or 26% from RMB2.1 million in Q2 2010 to RMB1.6 million in Q2 2011, principally due to the reduction of such expenses incurred by two subsidiaries in respect of their residential property projects, namely the Shangqiu Sunshine Shuixie Huidu Project (商丘阳光水榭花都) and Luoyang Sunshine Shuangxi Buluo Project (洛阳阳光双溪布洛项目), which were in their respective last phases of development.

Finance (income)/expense

We registered a finance income of RMB2.3 million in Q2 2011, principally attributed to the amortization of the fair value of long-term receivables (net of interest expense), vis-à-vis a finance expense of RMB1.7 million in Q2 2010.

Profit before tax

Following from the above, we registered a profit before tax of RMB1.0 million in Q2 2011 compared to that of RMB5.7 million attained in Q2 2010.

Income tax expense

Our income tax expenses increased by RMB3.2 million or more than 2-fold from RMB2.1 in Q2 2010 to RMB5.3 million in Q2 2011 due mainly to the increased pre-tax profit recorded in Q2 2011 by one of our subsidiaries, Xinxiang Huilong Real Estate Co., Ltd (新乡辉龙置业有限公司).

Net (loss)/profit attributable to owners of the Company

Accordingly, the amount attributable to the owners of the Company was a loss of RMB4.1 million in Q2 2011 compared to a profit of RMB3.9 million in Q2 2010.

Minority Interests

Following the disposal of the Beijing Subsidiaries in Q2 2011, the remaining minority interests of the Group bore a lower share of loss of RMB0.2 million in Q2 2011 compared to that of RMB0.3 million in Q2 2010.

(b) Review of statements of financial position of the Group as at 30 June 2011 (relative to that as at 31 December 2010)

Non-current assets

Our non-current assets decreased by RMB76.5 million or 17% from RMB439.9 million as at 31 December 2010 to RMB363.5 million as at 30 June 2011. The decrease was due mainly to the decreases in property, plant and equipment by RMB73.4 million or 96% and the decreases in prepayments and other receivables by RMB5.5 million or 21% attributed chiefly to the disposal of the Beijing Subsidiaries in Q2 2011, which collectively were off-set by the increases in the amounts due from a related party and amounts due from associates of RMB1.7 million and RMB2.6 million respectively primarily as a result of the amortisation on the present values of long term receivables which are to be recognized progressively over the tenure of the receivables beyond 31 December 2011.

Current assets

Our properties under development for sale increased by RMB60.4 million or 9% pursuant to the continuing development at the Xinxiang Sunny Town Project (新乡阳光新城项目) and the Zhoukou Yangguang Peninsula City Project (周口阳光半岛城邦项目).

The increases in income tax recoverable by RMB2.6 million or 15% was mainly attributed to increased income tax paid in advance for corporate income tax and land appreciation tax computed based on sales deposits collected.

The increases in pledged bank deposits by RMB1.5 million or 13% was mainly attributed to the increase in pledged deposits placed with banks to secure the grant of mortgage loans to the buyers of the Group's properties; these pledged deposits will be released upon the issuance of ownership certificates to the buyers concerned.

The increases in cash and bank balances by RMB72.8 million or more than 2-fold was due mainly to (i) a refund of a deposit of RMB68.0 million to the Group subsequent to the cancellation of a co-corporation agreement entered into with a third party to develop a piece of land as the third party concerned failed to procure the land needed for the intended development; and (ii) a repayment of RMB25.0 million received from an associate company..

Our completed properties for sale decreased by RMB59.3 million or 16% due to the continuing sales of such properties.

The decreases in trade receivables by RMB4.1 million or 84% and the decreases in amounts due from associates by RMB25.0 million or 46% was attributed mainly to improved collections in Q2 2011.

Taken as a whole, our current assets increased by RMB45.5 million or 4% from RMB1,238.9 million as at 31 December 2010 to RMB1,284.4 million as at 30 June 2011.

Current liabilities

Sales and rental deposits increased by RMB26.6 million or 11% due mainly to the continued sales generated from the Xinxiang Sunny Town Project (新乡阳光新城项目), Zhoukou Yangguang Peninsula City Project (周口阳光半岛城邦项目), Shangqiu Sunshine Shuixie Huidu Project (商丘阳光水榭花都) and Luoyang Sunshine Shuangxi Buluo Project (洛阳阳光双溪布洛项目).

The decreases in accruals and other payables by RMB27.2 million or 8% was mainly due to the disposal of the Beijing Subsidiaries in Q2 2011.

Repayments made in Q2 2011 resulted in the decrease in trade payables of RMB16.5 million.

Taken as a whole, our current liabilities increased by RMB14.2 million or 2% from RMB785.8 million as at 31 December 2010 to RMB771.6 million as at 30 June 2011.

Following from the above, we improved our working capital position by RMB59.6 million or 13% from RMB453.2 million as at 31 December 2010 to RMB512.8 million as at 30 June 2011

We registered a net cash used in operating activities of RMB7.7 million, due mainly to the decrease in the collection of sales and rental deposits in Q2 2011, vis-à-vis net cash generated from operating activities of RMB12.2 million in Q2 2010.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Nil

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Company expect the Group's existing real-estate development business to remain competitive and challenging in the near future. The Chinese government has in recent months implemented a series of cooling-off measures to check soaring property prices and to curb excessive lending. These measures make it more difficult or expensive for the Group to borrow domestically to fund the property development business. Such measures have also affected the purchasing power of potential buyers of the Group's properties, dampen market sentiment and adversely affected the Group's sales volume.

For FY2010 as compared with FY2009, the Group's overall revenue decreased by about 25.7% from about RM324.4 million to about RMB241.1 million while the profit attributable to the shareholders decreased by about 87.3% from about RMB204.0 million to about RMB26.0 million.

In view of the declining revenue and profitability, it is the intention of the Group to diversify its core business to include the business relating to the management, exploration, exploitation, production, processing, sourcing and distribution of commodities, minerals and resources and the ownership, development and operation of mines (the "Proposed New Business") and other activities related to the Proposed New Business.

The Proposed New Business will give the Group access to the commodities, minerals and resources sector. The Company believes that the continued economic growth and the rapid industrialisation and urbanisation in China, India, the South East Asian region, as well as in other developing countries such as Brazil and Russia, will lead to an increase in the demand for commodities, minerals and resources.

The Company also believes that the growth in the resources sector, in particular, ferrous metals and non-ferrous metals, will continue to be strong as they are versatile metals and have a wide spectrum of applications spanning across various industries, including construction, transportation and manufacturing industries. As China is currently one of the largest consumers of commodities, minerals and resources in the world, the Company is optimistic that the current levels of demand for commodities, minerals and resources in China will be sustained and increased by the continued and rapid growth of its economy. The Proposed New Business can thus become a new engine of growth that will increase the revenue sources of the Group, reduce the Group's reliance on the existing real-estate development business and enhance the long-term shareholders' value and returns.

The Company will be seeking the approval of the shareholders in connection with the Proposed New Business in due course.

Some of the statements in this release constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, undue reliance must not be placed on these statements.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not applicable.

(d) Books closure date

No applicable.

12. If no dividend has been declared / recommended, a statement to that effect.

No dividend has been declared or recommended for the three months ended 30 June 2011.

BY ORDER OF THE BOARD

Mr Guo Yinghui
Chairman and CEO

12 August 2011



Company Registration No. CT-140095

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of the Group and the Company for the three months ended 30 June 2011 to be false or misleading in any material aspect.

Signed for and on behalf of the Board of Directors

Mr Li Bin
Director

Ms Dong Ling Ling
Director

12 August 2011