

CHINA MINING INTERNATIONAL LIMITED

中矿国际有限公司

Registered in Cayman Islands

Company Registration No. CT-140095

**UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012
("Q2 2012") IN RESPECT OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2012 ("FY2012")****PART1 INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULTS**

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding year of the immediately preceding financial year

	The Group					
	Q2 2012 RMB'000	Q2 2011 RMB'000	% Change	H1 2012 RMB'000	H1 2011 RMB'000	% Change
Revenue	31,388	65,061	(52)	60,241	92,159	(35)
Cost of sales	<u>(19,584)</u>	<u>(50,292)</u>	(61)	<u>(38,606)</u>	<u>(71,766)</u>	(46)
Gross profit	11,804	14,769	(20)	21,635	20,393	6
Other operating expense	(1,236)	(5,951)	(79)	(1,098)	(5,495)	(80)
Fair value loss on financial assets	(18,412)	-	N/M	(5,765)	-	N/M
Share of losses of associates	(1,128)	(1,087)	4	(2,592)	(1,915)	35
Share of losses of joint venture	(73)	-	N/M	(128)	-	N/M
General and administrative expenses	(8,545)	(7,435)	15	(15,926)	(16,246)	(2)
Selling and distribution expenses	(680)	(1,554)	(56)	(1,309)	(3,357)	(61)
Finance income	<u>1,519</u>	<u>2,282</u>	(33)	<u>3,006</u>	<u>3,633</u>	(17)
(Loss)/profit before tax	(16,751)	1,024	N/M	(2,177)	(2,987)	(27)
Income tax credit/(expense)	<u>320</u>	<u>(5,316)</u>	N/M	<u>(5,201)</u>	<u>(6,226)</u>	(16)
Net loss for the period	<u>(16,431)</u>	<u>(4,292)</u>	283	<u>(7,378)</u>	<u>(9,213)</u>	(20)

"Q2 2011" and "Q2 2012" denotes the second quarter or the three-month period ended 30 June 2011 and 30 June 2012 respectively

"H1 2011" and "H1 2012" denotes the six-month period ended 30 June 2011 and 30 June 2012 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 2012	Q2 2011	%	H1 2012	H1 2011	%
	RMB'000	RMB'000	Change	RMB'000	RMB'000	Change
Loss before tax has been arrived at after charging/(crediting):						
Depreciation of property, plant and equipment	586	859	(32)	1,153	3,208	(64)
Foreign currency exchange gain	127	(166)	N/M	111	(306)	N/M
Amortization of land use rights	1	1	-	1	1	-
Loss on disposal of property, plant and equipment	-	-	-	54	(1)	N/M
Loss on disposal of subsidiaries	-	6,541	N/M	-	(6,541)	N/M
Interest income	(40)	(100)	(60)	(135)	(230)	(41)

“Q2 2011” and “Q2 2012” denotes the second quarter or the three-month period ended 30 June 2011 and 30 June 2012 respectively.

“H1 2011” and “H1 2012” denotes the six-month period ended 30 June 2011 and 30 June 2012 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 31 December 2011 and 30 June 2012

	The Group		The Company	
	30 June 2012 RMB'000	31 December 2011 RMB'000	30 June 2012 RMB'000	31 December 2011 RMB'000
Non-current assets				
Property, plant and equipment	12,656	8,620	1	3
Land use rights	61	62	-	-
Investment properties	131,139	131,139	-	-
Amounts due from a related party	63,106	60,445	-	-
Investments in subsidiaries	-	-	213,738	213,738
Investments in associates	49,219	51,811	-	-
Equity accounted investment in joint ventures	306,594	306,722	-	-
	562,775	558,799	213,739	213,741
Current assets				
Completed properties for sale	165,599	190,970	-	-
Properties under development for sale	73,021	68,250	-	-
Trade receivables	-	399	-	-
Prepayments and other receivables	32,619	34,094	-	-
Amounts due from subsidiaries	-	-	494,555	497,115
Amounts due from related parties	9,334	9,333	-	-
Amounts due from joint ventures	925	-	-	-
Income tax recoverable	1,212	1,568	-	-
Available for sale financial assets	-	16,000	-	-
Financial assets at fair value through profit or loss	23,235	-	-	-
Pledged bank deposits	6,182	5,354	-	-
Cash and cash equivalents	54,159	100,565	1,057	1,978
	366,286	426,533	495,612	499,093
Current liabilities				
Trade payables	36,283	48,204	-	-
Sales and rental deposits	67,102	91,755	-	-
Accruals and other payables	43,825	49,433	402	1,284
Amount due to subsidiaries	-	-	665	665
Amounts due to related parties	16,358	15,807	10,888	10,888
Amounts due to joint venture partner	1,498	10,402	-	-
Income tax payables	51,660	50,005	-	-
	216,726	265,606	11,955	12,837
Net current assets	149,560	160,927	483,657	486,256
	712,335	719,726	697,396	699,997
Capital and reserves				
Issued capital	368,358	368,358	368,358	368,358
Share premium	224,594	224,594	224,594	224,594
Treasury Shares	(18)	(18)	(18)	(18)
Capital reserve	49,031	49,031	-	-
Retained earnings	59,125	66,503	104,462	107,063
Equity attributable to owners of the Company	701,090	708,468	697,396	699,997
Non-controlling interests	-	-	-	-
Total equity	701,090	708,468	697,396	699,997
Non-current liabilities				
Deferred tax liabilities	11,245	11,258	-	-
	11,245	11,258	-	-
	712,335	719,726	697,396	699,997

1.(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial year reported on with comparative figures as at the end of the immediately preceding financial year:

There is no borrowing or debt security as at 31 December 2011 and 30 June 2012.

1.(c) A statements of cash flow (for the group), together with a comparative statement for the corresponding year of the immediately preceding financial year.

	The Group			
	Q2 2012	Q2 2011	H1 2012	H1 2011
	RMB'000	RMB'000	RMB'000	RMB'000
OPERATING ACTIVITIES				
(Loss)/profit before tax	(16,751)	1,024	(2,177)	(2,987)
Adjustments for:				
Depreciation of property, plant and equipment	586	859	1,153	3,208
Foreign currency exchange gain	127	(166)	111	(306)
Amortization of land use rights	1	1	1	1
Loss on disposal of property, plant and equipment	-	-	54	(1)
Loss on disposal of subsidiaries (Note 1)	-	6,541	-	6,541
Share of loss of associates	1,129	1,087	2,592	1,915
Share of loss of joint ventures	73	-	128	-
Interest income	(40)	(100)	(135)	(230)
Fair value loss on financial assets	18,412	-	5,765	-
Amortization of discount on long-term receivables	(1,519)	(2,282)	(3,006)	(3,633)
Operating cash flows before movements in working capital	2,018	6,964	4,486	4,508
Completed properties for sale	6,428	47,122	25,371	59,294
Properties under development for sale	5,720	(35,344)	(4,756)	(60,289)
Trade receivables	-	2,760	399	1,917
Prepayments and other receivables	3,161	224	1,201	(13,790)
Trade payables	(6,669)	(2,068)	(11,921)	(10,846)
Sales and rental deposits	(11,990)	(21,317)	(24,653)	26,590
Accruals and other payables	1,238	(3,216)	(7,178)	(9,809)
Payable to associate company	-	(6)	-	(6)
Cash used in operations	(94)	(4,881)	(17,051)	(2,431)
Income tax paid	(512)	(2,779)	(4,737)	(5,324)
NET CASH USED IN OPERATING ACTIVITIES	(606)	(7,660)	(21,788)	(7,755)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(4,820)	(308)	(4,969)	(310)
Increase in pledged bank deposits	(350)	(403)	(828)	(1,449)
Disposal of subsidiaries (Note 1)	-	6,368	-	6,368
Deposit paid for land acquisition	-	-	-	(68,000)
Deposit refunded for land acquisition	-	68,000	-	68,000
Proceed from disposal of projects	-	-	-	1,950
Interest received	40	100	135	230
NET CASH (USED IN)/GENERATE FROM INVESTING ACTIVITIES	(5,130)	73,757	(5,662)	6,789
FINANCING ACTIVITIES				
Increase in bank and other borrowings	-	-	-	50,000
Amount repaid from associate company	-	24,999	-	24,999
Investment in quoted security	-	-	(49,240)	-
Receipts in realization of investment in quoted security	-	-	20,240	-
Receipts on maturity of structured deposit	-	-	16,000	-
Amount repaid to Joint Venture partner	(5,580)	-	(5,580)	-
Amount received from Joint Venture companies	996	-	(925)	-
Amount received from/(repaid to) related parties	313	1,119	549	(545)
Interest paid	-	-	-	(644)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(4,271)	26,118	(18,956)	73,810
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(10,007)	92,215	(46,406)	72,844
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	64,166	40,299	100,565	59,670
CASH AND CASH EQUIVALENTS AT END OF PERIOD	54,159	132,514	54,159	132,514

NOTE 1: DISPOSAL OF SUBSIDIARY

	The Group			
	Q2 2012	Q2 2011	H1 2012	H1 2011
	RMB'000	RMB'000	RMB'000	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	8,622	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)
		<hr/>		<hr/>
Net identifiable assets disposed	-	14,541	8,622	14,541
Loss on disposal	-	(6,541)	-	(6,541)
		<hr/>		<hr/>
Proceeds from disposal	-	8,000	8,622	8,000
Less: cash and bank balances disposed	-	(1,632)	(8,622)	(1,632)
		<hr/>		<hr/>
Net cash inflows from disposal of subsidiaries	-	6,368	-	6,368

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 3-months period ended 30 June 2011 and 30 June 2012

Total comprehensive expense for the period attributable to:

	The Group			
	Q2 2012	Q2 2011	H1 2012	H1 2011
	RMB'000	RMB'000	RMB'000	RMB'000
Loss for the period	(16,431)	(4,292)	(7,378)	(9,213)
Other comprehensive expense for the period	-	-	-	-
Total comprehensive expense for the period	(16,431)	(4,292)	(7,378)	(9,213)

	The Group			
	Q2 2012	Q2 2011	H1 2012	H1 2011
	RMB'000	RMB'000	RMB'000	RMB'000
Owners of the Company	(16,431)	(4,081)	(7,378)	(7,437)
Minority interests	-	(211)	-	(1,776)
	(16,431)	(4,292)	(7,378)	(9,213)

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

	The Company			
	Q2 2012	Q2 2011	H1 2012	H1 2011
	RMB'000	RMB'000	RMB'000	RMB'000
(Loss)/Income for the period	(1,560)	342	(2,601)	468
Other comprehensive expense for the period	-	-	-	-
Total comprehensive (expense)/income for the period	(1,560)	342	(2,601)	468

	The Company			
	Q2 2012	Q2 2011	H1 2012	H1 2011
	RMB'000	RMB'000	RMB'000	RMB'000
Owners of the Company	(1,560)	342	(2,601)	468
Minority interests	-	-	-	-
	(1,560)	342	(2,601)	468

1(d)(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 year of the immediately preceding financial year.

Unaudited consolidated statement of changes in equity of the Group for the year ended 30 June 2011 and 30 June 2012

	The Group								
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Treasury Shares RMB'000	Retained earnings RMB'000	Attributable to owners of the Company RMB'000	Non controlling interests RMB'000	Total RMB'000
Balance as at 1.1.2012	368,358	224,594	49,031	-	(18)	66,503	708,468	-	708,468
Comprehensive Income for the period	-	-	-	-	-	9,053	9,053	-	9,053
Balance as at 31.3.2012	368,358	224,594	49,031	-	(18)	75,556	717,521	-	717,521
Comprehensive expense for the period	-	-	-	-	-	(16,431)	(16,431)	-	(16,431)
Balance as at 30.6.2012	368,358	224,594	49,031	-	(18)	59,125	701,090	-	701,090

	The Group								
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Treasury Shares RMB'000	Retained earnings RMB'000	Attributable to owners of the Company RMB'000	Non controlling interests RMB'000	Total RMB'000
Balance as at 1.1.2011	305,888	224,594	49,031	-	-	274,838	853,851	11,775	865,626
Comprehensive expense for the period	-	-	-	-	-	(3,356)	(3,356)	(1,565)	(4,921)
Balance as at 31.3.2011	305,888	224,594	49,031	-	-	271,482	850,495	10,210	860,705
Disposal of non-wholly owned subsidiary	-	-	-	-	-	-	-	(7,582)	(7,582)
Comprehensive expense for the period	-	-	-	-	-	(4,081)	(4,081)	(211)	(4,292)
Balance as at 30.6.2011	305,888	224,094	49,031	-	-	267,401	846,414	2,417	848,831

	The Company					
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Treasury Shares RMB'000	Retained earnings RMB'000	Total RMB'000
Balance as at 1.1.2012	368,358	224,594	-	(18)	107,063	699,997
Comprehensive expense for the period	-	-	-	-	(1,041)	(1,041)
Balance as at 31.3.2012	368,358	224,594	-	(18)	106,022	698,956
Comprehensive expense for the period	-	-	-	-	(1,560)	(1,560)
Balance as at 30.6.2012	368,358	224,594	-	(18)	104,462	697,396

	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 as at 1.1.2011	305,888	224,094	-	-	107,588	637,570
Comprehensive income for the period	-	-	-	-	126	126
Balance as at 31.3.2011	305,888	224,094	-	-	107,714	637,696
Comprehensive income for the period	-	-	-	-	342	342
Balance as at 30.6.2011	305,888	224,094	-	-	108,056	638,038

1(d)(ii) Details of any changes in the 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 the previous year reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total issued shares excluding treasury shares of the issuer, as at the end of the current financial year reported on and as at the end of the corresponding year of the immediately preceding financial year.

Issued Capital

There was no movement in the Company's share capital during the 3-month period ended 30 June 2012.

Sunshine Employee Share Option Scheme

No share options were issued for the year ended 31 December 2011 and there was no ordinary share that may be issued upon the exercise of any share option outstanding as at 30 June 2012 (31 December 2011: Nil).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

Total number of issued ordinary shares as at 1.1.2012 and 30.6.2012 (excluding treasury shares) 1,173,508,000

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current year reported on.

	<u>Group and Company</u>	
	Number of ordinary shares	RMB'000
Treasury shares at 1.1.2012	92,000	18
Share buy-back during the period	-	-
Treasury shares at 30.6.2012	<u>92,000</u>	<u>18</u>

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

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 a 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 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 2011 have been consistently applied by the Group for the financial year 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.

There are no changes in the accounting policies and methods of computation, including any required by an accounting standard.

6. Earnings per ordinary share of the group for the current year reported on and the corresponding year of the immediately preceding financial year, after deducting any provision for preference dividends (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	The Group			
	Q2 2012 RMB'000	Q2 2011 RMB'000	H1 2012 RMB'000	H1 2011 RMB'000
Loss attributable to owners of the Company	(16,431)	(4,081)	(7,378)	(7,437)
Basic (Singapore cents) ⁽¹⁾	(0.28)⁽²⁾	(0.08)⁽²⁾	(0.13)⁽²⁾	(0.15)⁽²⁾
Diluted (Singapore cents) ⁽¹⁾	(0.28)⁽³⁾	(0.08)⁽³⁾	(0.13)⁽³⁾	(0.15)⁽³⁾

Notes:

- (1) Calculated based on the average exchange rate in Q2 2012: S\$1: RMB4.99 (Q2 2011: S\$1: RMB5.24); H1 2012: S\$1: RMB5.01 (H1 2011: S\$1: RMB5.19)
- (2) Based on the issued ordinary shares of 978,000,000 for the period ended 30 June 2011 and issued ordinary shares excluding treasury shares of 1,173,508,000 for the period ended 30 June 2012. No new shares were issued in Q2 2011 and Q2 2012.
- (3) The Company has no dilutive potential ordinary shares in Q2 2011 and Q2 2012.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial year reported on; and (b) immediately preceding financial year.

	The Group		The Company	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	RMB'000	RMB'000	RMB'000	RMB'000
Net asset value (excluding non-controlling interests) as at end of financial year	701,090	708,468	697,396	699,997
Net asset value per ordinary share as at the end of financial year (Singapore cents) ⁽¹⁾	12.02	12.37	11.96	12.22

Note:

(1) Calculated based on exchange rate of S\$1: RMB4.97 as at 30 June 2012 (as at 31 December 2011: S\$1: RMB4.88) and 1,173,508,000 ordinary shares (excluding treasury shares) as at 31 December 2011 and 30 June 2012.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial year reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on.

(a) Review of consolidated statement of comprehensive income of the Group for Q2 2012 (relative to that for Q2 2011)

Turnover

The Group's turnovers (net of sales tax) generated in Q2 2012 (*vis-à-vis* Q2 2011) and H1 2012 (*vis-à-vis* H1 2011) are as follow:

	Q2 2012		Q2 2011		H1 2012		H1 2011	
	RMB million	%	RMB million	%	RMB million	%	RMB million	%
(1) Sales of developed properties	29.9	95	60.4	93	57.3	95	76.0	82
(2) Rental income	1.5	5	3.5	5	2.9	5	13.8	15
(3) Property management income	-	-	1.1	2	-	-	2.3	3
	31.4	100	65.0	100	60.2	100	92.1	100

Our overall turnover decreased by RMB33.6 million or 52% from RMB65.0 million in Q2 2011 to RMB31.4 million in Q2 2012, principally as a result of decreased sales of developed properties for the Xinxiang Sunny Town Project (新乡阳光新城项目) in Q2 2012.

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") to certain unrelated parties (the "Beijing Disposal") in Q2 2011 as announced by the Company on 1 June 2011. The Beijing Subsidiaries were principally engaged in the sub-leasing of two hotels in Beijing to a third-party.

The Group ceased to have any property management income subsequent to the disposal of Henan Huilong Property Management Co., Ltd (河南辉龙物业管理有限公司) as announced by the Company on 6 March 2012.

Gross profit

In line with the lower turnover, our gross profit decreased by RMB3.0 million or 20% from RMB14.8 million in Q2 2011 to RMB11.8 million in Q2 2012. Our Group registered a higher gross profit margin of 38% in Q2 2012 compared to 23% in Q2 2011, due primarily to the increase in average selling price for the property units sold in Q2 2012 as compared to the units sold in Q2 2011.

Other operating expense

Our operating expense decreased by RMB4.7 million or 79% from RMB5.9 million in Q2 2011 to RMB1.2 million in Q2 2012 due principally to an one-off loss on the disposal of the Beijing Subsidiaries in Q2 2011.

Fair value loss on financial assets

As announced by the Company on 13 January 2012, the Group invested in a quoted security listed on the Shenzhen Stock Exchange during Q1 2012 (the "Quoted Investment"). The fair value loss on financial assets in Q2 2012 relates to the Quoted Investment and was computed based on the Quoted Investment's closing share price as at 30 June 2012 relative to the initial investment cost.

Share of loss of associates

The share of loss of associates increased by RMB41,000 or 4% from RMB1.09 million in Q2 2011 to RMB1.13 million in Q2 2012. The increase was attributed principally to increased operating expenses incurred following the commencement of pre-sale activities since Q4 2011 in respect of residential units owned by the associated group of companies, being Climbing Ace Limited (攀峰有限公司) together with its subsidiaries (collectively, the "Climbing Ace Group"), comprising Xinxiang Gaojie Technology Development Co., Ltd (新乡高捷科技发展有限公司), Xinxiang Antai 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).

Share of loss of joint venture

There was no share of loss of joint venture in Q2 2011 as the joint venture was acquired only in Q4 2011.

General and administrative expenses

Our general and administrative expense increased by RMB1.1 million or 15% from RMB7.4 million in Q2 2011 to RMB8.5 million in Q2 2012, attributed mainly to an one-off ex-gratia payment of RMB2.8 million (approved by the shareholders of the Company during the Annual General Meeting held on 27 April 2012) in Q2 2012 to an ex-director.

Selling and distribution expenses

Our selling expenses decreased by RMB0.9 million or 56% from RMB1.6 million in Q2 2011 to RMB0.7 million in Q2 2012 subsequent to the following events:

- (i) the Beijing Disposal in Q2 2011;
- (ii) the disposal of the entire equity interest in Zhoukou Xin Shi Jia Real Estate Co., Ltd (周口新世家置业有限公司) (the "Zhoukou Company") to two unrelated third-parties (the "Zhoukou Disposal") as announced by the Company in Q3 2011 on 13 September 2011; and
- (iii) the disposal of the entire equity interest in Ace Build Limited, which wholly-owned Wealthy Ray Limited (利晖有限公司), Meiji Shangqiu Real Estate Co., Ltd (美基商丘置业有限公司) and Meiji Luoyang Real Estate Co., Ltd (美基洛阳置业有限公司) (the "Ace Disposal") as announced by the Company in Q4 2011 on 23 November 2011, 1 December 2011 and 2 December 2011.

Finance income

The finance income of RMB2.3 million and RMB1.5 million recognised in Q2 2011 and Q2 2012 respectively were principally attributed to the amortization of the fair value of long-term receivables (net of interest expense).

(Loss)/profit before tax

Following from the above, though we registered a loss before tax of RMB16.8 million in Q2 2012 *vis-à-vis* a profit before tax of RMB1.0 million attained in Q2 2011, over a sixth-month period, our pre-tax loss was narrowed by 27% to RMB2.2 million in H1 2012 from RMB3.0 million in H1 2011.

Income tax credit/(expense)

We registered an income tax expense of RMB5.3 million in Q2 2011 *vis-à-vis* an income tax credit of RMB0.3 million in Q2 2012.

The income tax expense registered in Q2 2011 was attributed to the profit before tax attained by one of our subsidiaries, Xinxiang Huilong Real Estate Co., Ltd (新乡辉龙置业有限公司) ("Xinxiang Huilong").

The income tax credit recorded in Q2 2012 was due principally to the write-back of deferred tax liability of RMB3.2 million in relation to the fair value loss recognised in Q2 2012 on the Quoted Investment, net of the income tax expense attributed to the profit before tax attained by Xinxiang Huilong.

Net loss attributable to owners of the Company

Accordingly, the amount attributable to the owners of the Company was a net loss of RMB16.4 million for Q2 2012 compared to that of RMB4.1 million for Q2 2011, bringing the amount attributable to the owners of the Company for H1 2012 to a net loss of RMB7.4 million compared to that of RMB9.2 million for H1 2011.

Non-controlling interests

Following the Beijing Disposal and the de-registration of a non-wholly owned subsidiary, Luoyang Meiji Yubo Real Estate Co., Ltd (洛阳阳光美基豫博置业有限公司), in Q2 2011, the Company no longer has any material non-controlling shareholder.

(b) Review of statements of financial position of the Group as at 30 June 2012 (relative to that as at 31 December 2011)

Non-current assets

Our non-current assets increased by RMB4.0 million or 1.0% from RMB558.8 million as at 31 December 2011 to RMB562.8 million as at 30 June 2012. The increase (net of the higher share of losses of RMB2.6 million on investment in associates) was attributed mainly to increased property, plant and equipment as a result of renovation costs of RMB4.0 million incurred in Q2 2012 following the re-location of the Group's office and an increase in amounts due from a related party of RMB2.7 million as a result of the amortization of the fair value of long-term receivables (net of interest expense).

Current assets

Our completed properties for sale decreased by RMB25.4 million or 13% due mainly to the delivery of completed units to buyers.

An excess cash of RMB16.0 million was placed as an available-for-sale investment via a structured deposit with a local bank towards the end of FY2011. The said deposit, which matured in early January 2012, had subsequently been rolled into the current account of the Group.

The decrease in cash and bank balances by RMB46.4 million or 46% was due principally to payment for operating expenses and the Quoted Investment made in H1 2012.

The decrease in prepayments and other receivables by RMB1.5 million or 4% and the decrease in income tax recoverable by RMB0.4 million or 23% were due principally to the improved collection made in H1 2012.

Our property under development for sale increased by RMB4.8 million or 7% due principally to the continuous development of the Xinxiang Sunny Town Project (新乡阳光新城项目).

The financial assets at fair value through profit or loss relate to the Quoted Investment.

The increase in pledged bank deposits by RMB0.8 million or 15% was mainly attributed to the increase in deposits placed with banks to facilitate the procurement of housing loans by buyers of the Group's properties; these pledged deposits will be released to the Group upon the issuance of the relevant property ownership certificates to the buyers concerned.

Taken as a whole, our current assets decreased by RMB60.2 million or 14% from RMB426.5 million as at 31 December 2011 to RMB366.3 million as at 30 June 2012.

Current liabilities

Our sales and rental deposits collectively decreased by RMB24.6 million or 27%, due principally to the recognition of sales deposits as revenue upon the delivery of the completed property units to the buyers concerned.

The decreases in trade payables by RMB11.9 million or 25%, accruals and other payables by RMB5.6 million or 11% and amounts due to joint venture partner by RMB8.9 million or 86% were due principally to repayments made by the Group in H1 2012.

Taken as a whole, our current liabilities decreased by RMB48.9 million or 18% from RMB265.6 million as at 31 December 2011 to RMB216.7 million as at 30 June 2012.

Consequence to the above, we registered an improved net cash used in operating activities of RMB0.6 million in Q2 2012 compared to RMB7.7 million in Q2 2011 with our working capital decreased by RMB11.4 million or 7% from RMB160.9 million as at 31 December 2011 to RMB149.6 million as at 30 June 2012.

Non-controlling interests

The Group no longer has any material non-controlling interest as at 30 June 2012 following the disposal of all non-wholly-owned subsidiaries in FY2011.

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 significant trends and 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 year and the next 12 months.

The spate of cooling-off measures introduced by the PRC government coupled with the slowing down of the Chinese economy continue to pose challenges in the foreseeable future to the sales progress of the Group's property business.

Preparation for the application of the mining licence, in respect of the two mines of the Group, is progressing as planned.

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. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No.

(b)(i) Amount per share (cents)

No.

(b)(ii) Previous corresponding period (cents)

No.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

No.

(d) The date the dividend is payable.

No.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

No.

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

No dividend has been declared or recommended for Q2 2012.

13. If the group has obtained general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of the interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	RMB'000	RMB'000
Nil	-	-

The Company does not have any general mandate from its shareholders concerning interested party transaction.

14. Negative assurance on interim financial statements pursuant to Rule 705(4) of the Listing Manual

To the best of our knowledge and belief, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the three-month period ended 30 June 2012 to be false or misleading in any material aspect.

Signed for and on behalf of the Board of Directors

Mr Li Bin
CEO and Director

Ms Dong Ling Ling
Director

11 August 2012