英利国际置业

YING LI INTERNATIONAL REAL ESTATE LIMITED

ANNUAL REPORT 09

PRIME LOCATION • PREMIUM QUALITY • PRESTIGIOUS CLIENTELE

CORPORATE PROFILE

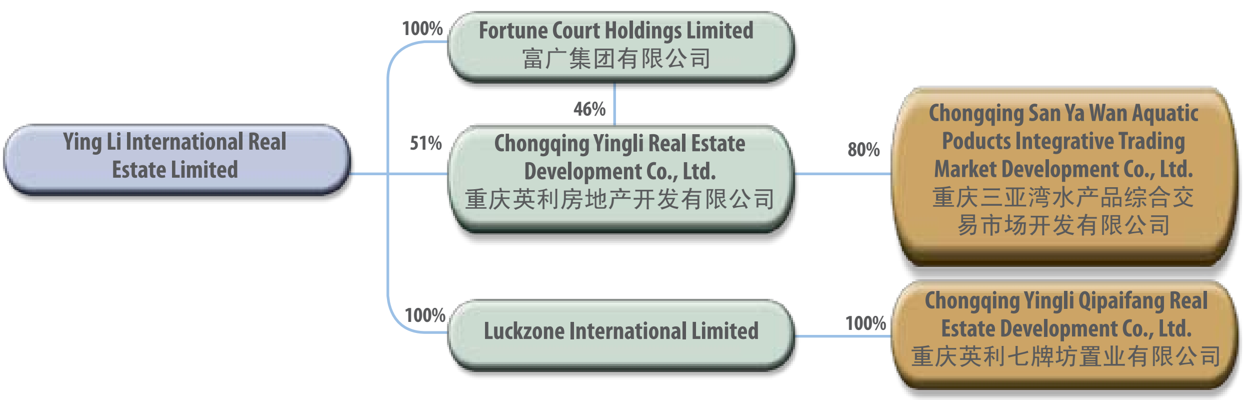
YING LI - PREMIER COMMERCIAL PROPERTY DEVELOPER IN CHONGQING

Ying Li International Real Estate Limited ("Ying Li") is the first significant Chongqing property developer to be listed in Singapore through its key subsidiary, Chongqing Yingli Real Estate Development Co., Ltd. ("Chongqing Yingli" or the "Company"). Chongqing Yingli is a recognised brand in Chongqing for quality, innovation and excellence in commercial property development, and is well-positioned to capitalise on the strong market growth in Chongqing.

Established in 1993, Chongqing Yingli has a enviable track record in urban renewal, having transformed old city areas into high quality and premier design developments. Chongqing Yingli has successfully worked with local authorities to modernise the landscape of the city centre in Chongqing's main districts, developing several landmark commercial buildings such as New York New York, Zou Rong Plaza, and Future International.

Over the years, Chongqing Yingli has earned numerous awards and accolades such as the Leading Brand in Chongqing Construction in 2007 and Chongqing's Top 50 Real Estate Development Enterprises in 2001, 2003, 2005, 2007 and 2009. The Company's recognised efforts and capabilities have enabled Chongqing Yingli to continuously secure land in prime locations, build premium commercial developments and attract prestigious clientele.

CORPORATE STRUCTURE



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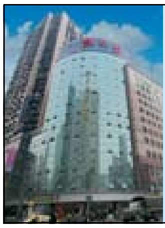
KEY MILESTONES

1993

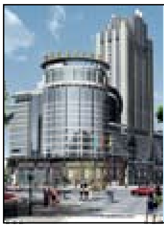
Establishment of Chongqing Yingli



1997

Completion of its first project, Min Sheng Mansion

total GFA of 63,342 sqm



2000

Completion of Zou Rong Plaza

total GFA of 102,489 sqm

2005

Completion of New York New York

total GFA of 41,337 sqm

2005

Completion of Southland Garden

total GFA of 56,878sqm

2006

Completion of Future International Building

total GFA of 135,540 sqm

2007

Completion of Bashu Cambridge

total GFA of 42,782 sqm

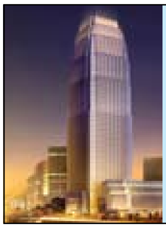
2008

Listing on SGX - ST

2009

Completion of San Ya Wan Phase 1

total GFA of 52,739 sqm



2011

Expected completion of International Finance Centre

total GFA of 173,438 sqm

2012

Expected completion of San Ya Wan Phase 2

total GFA of 144,377 sqm

2012

Expected completion of Jingong Restaurant Project

total GFA of 126,000 sqm

2013

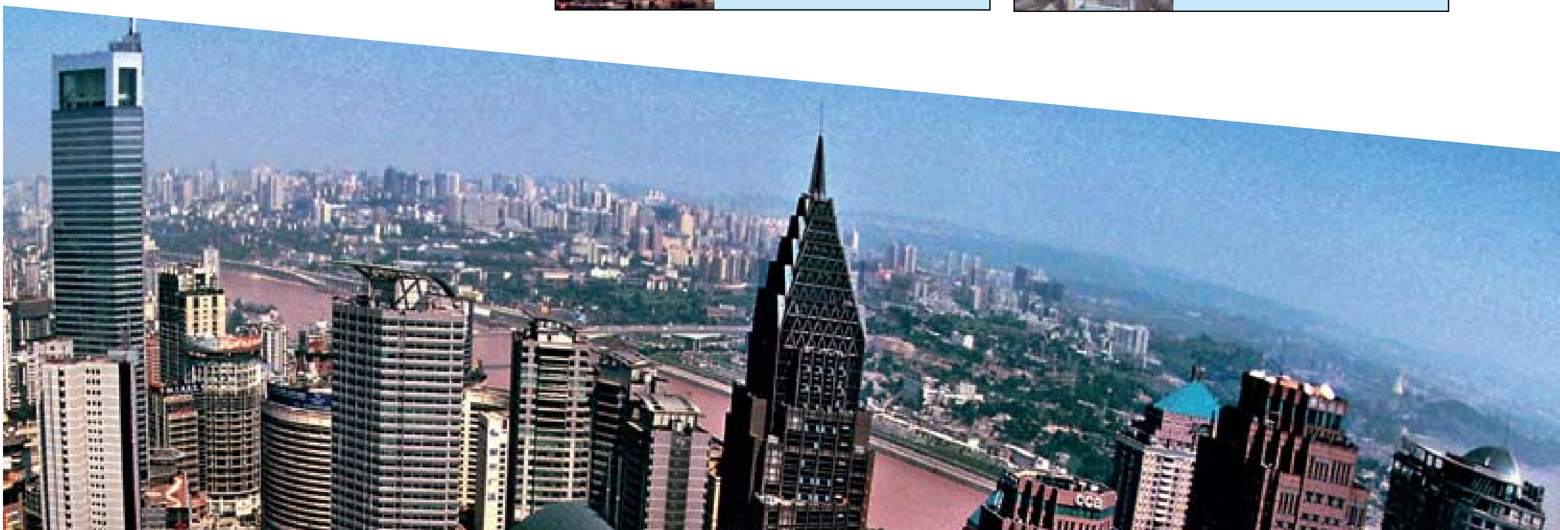
Expected completion of Da Ping Project

total GFA of 370,000 sqm

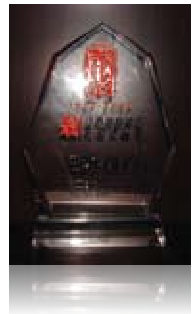
2014

Expected completion of Lu Zu Temple Project

total GFA of 137,987 sqm



REAL ESTATE INDUSTRY AWARDS/ACCOLADES



YEAR OF AWARD	REAL ESTATE INDUSTRY AWARDS/ACCOLADES
2001, 2003, 2005, 2007, 2009	• Chongqing's Top 50 Real Estate Development Enterprises by **the Chongqing Municipal Construction Commission**
2007	• Top 10 Best Projects for Chongqing Jiangbei District Year 2006 City Developments by **the Chongqing Jiangbei District Local Government** • The Leading Brand in Chongqing Construction by **Chongqing Daily News Group** • Leading Unit in the Chongqing Enterprise Purchasing Managers by **the National Statistics Bureau, Chongqing team**
	AWARDS/ACCOLADES FOR INDIVIDUAL BUILDINGS
2001, 2002	• Consumers' Satisfaction Buildings for Zou Rong Plaza and Min Sheng Mansion by **the Chongqing Consumer's Rights and Interests Protection Commission**
2003	• Top 10 Exhibition Buildings for Southland Garden and New York New York by **the 2003 Chongqing Yuzhong District Real Estate Exchange Committee**
2004	• The Most Anticipated Building by Consumers for Southland Garden by **Chongqing Property Ranking** • The Project with Greatest Investment Values for New York New York by **China Research Institute** • China's Famous Buildings for New York New York by **China International Real Estate and Architech Fair**
2007	• The Most Stylish Landmark for New York New York by **Chongqing Real Estate Association**
	OTHER AWARDS/ACCOLADES
2009	• Advanced Union Organization in Year 2009 by **Union Association of Chongqing Municipal Yuzhong District Federation of Industry and Commerce**
2002, 2006	• Chongqing's Top 50 Trusted Real Estate Enterprises by the **Chongqing Municipal Land Resources and Housing Administrative Bureau and the Chongqing Administration for Industry and Commerce**
2003	• Outstanding Human Habitat Brand in China by **Xinhua News Agency**
2005	• Chongqing's Trustworthy and Self-Governed Real Estate Enterprise by **the Real Estate Branch of the Chongqing General Chamber of Commerce** • Trustworthy Taxpayer Unit for 2004 by **the Direct Taxation Administrant Bureau of the Chongqing Municipal Local Tax Bureau**

	OTHER AWARDS/ACCOLADES
2006	• Trustworthy Credit Unit in Chongqing's Banking Sector by **the Chongqing Banking Association** • Outstanding Non-Public-Owned Enterprise by **the Party Committee and the government of Yuzhong District, Chongqing** • Model Collective Unit in "Double-Loves, Double-Selections" Activities for New Enterprises by **the Chongqing Federation of Trade Unions and the Chongqing Municipal Commission** • Trusted Enterprise by **the Chongqing Municipal Construction Commission** • The Most Caring Member Enterprise by **the Real Estate Branch of the Chongqing General Chamber of Commerce** • The Trustworthy Brand Enterprise by **the Chongqing City Construction Comprehensive Exploitation Association**
2008	• Leading Entity of the Real Estate Development Industry of Chongqing Municipality in Earthquake and Disaster Relief by **the Managing Office of Chongqing Municipality in City Construction and Comprehensive Development and the Chongqing City Construction Comprehensive Exploitation Association** • Leading Entity of Chongqing Municipality in Earthquake and Disaster Relief by **the Chongqing Municipal Committee of the Communist Party and the People's Government of Chongqing Municipality** • Leading Entity in Donation for the "5.12" Earthquake and Disaster Relief by **the Committee of the Communist Party of Yuzhong District, Chongqing Municipality and the People's Government of Yuzhong District, Chongqing Municipality**

2009 AWARDS

Award Winner	Award	Organization	Award-winning date
方明 Fang Ming	重庆十大渝商 Top 10 Chongqing Entrepreneurs	十大渝商评选组委员会 Judging Committee of Top 10 Chongqing Entrepreneurs	2009.4
Chongqing Yingli Real Estate Development Co., Ltd.	重庆市第六届房地产开发企业50强 Chongqing's Top 50 Real Estate Development Enterprises (the 6th session）	重庆市建设委员会 Chongqing Municipal Construction Commission	2009.3
	2009年度先进工会组织 Advanced Union Organization in Year 2009	重庆市渝中区工商联工会联合会 Union Association of Chongqing Municipal Yuzhong District Federation of Industry and Commerce	2009.6
	十大慈善企业 Top 10 Charity Enterprise	中共重庆市委宣传部、重庆市民政局和重庆市慈善总会 Chongqing Municipal Party Committee Propaganda Department Chongqing Civil Affairs Bureau and Chongqing Charity Federation	2009.9
	重庆城乡建设系统建国60周年先进工作者 Advanced Worker in Chongqing Urban and Regional Construction System on PRC 60th Anniversary	重庆市建设委员会 Chongqing Municipal Construction Commission	2009.10

OUR PORTFOLIO

Properties	Offices	Residential	Retail	Total GFA (Sqm)	Completion Date
❶ Future International Building	•		•	135,540	Completed
❷ New York New York	•		•	41,337	Completed
❸ Southland Garden		•	•	56,878	Completed
❹ Zou Rong Plaza	•	•	•	102,489	Completed
❺ Bashu Cambridge		•	•	42,782	Completed
❻ Min Sheng Mansion	•	•	•	63,342	Completed
7a San Ya Wan Project Phase 1			•	52,739	Completed
7b San Ya Wan Project Phase 2			•	144,377	Est. 2012
❽ International Finance Centre			•	173,438	Est. 2011
❾ Jingong Restaurant Project	•		•	126,000	Est. 2012
❿ Lu Zu Temple Project	•	•	•	137,987	Est. 2014
⓫ Da Ping Project	•	•	•	370,000	Est. 2013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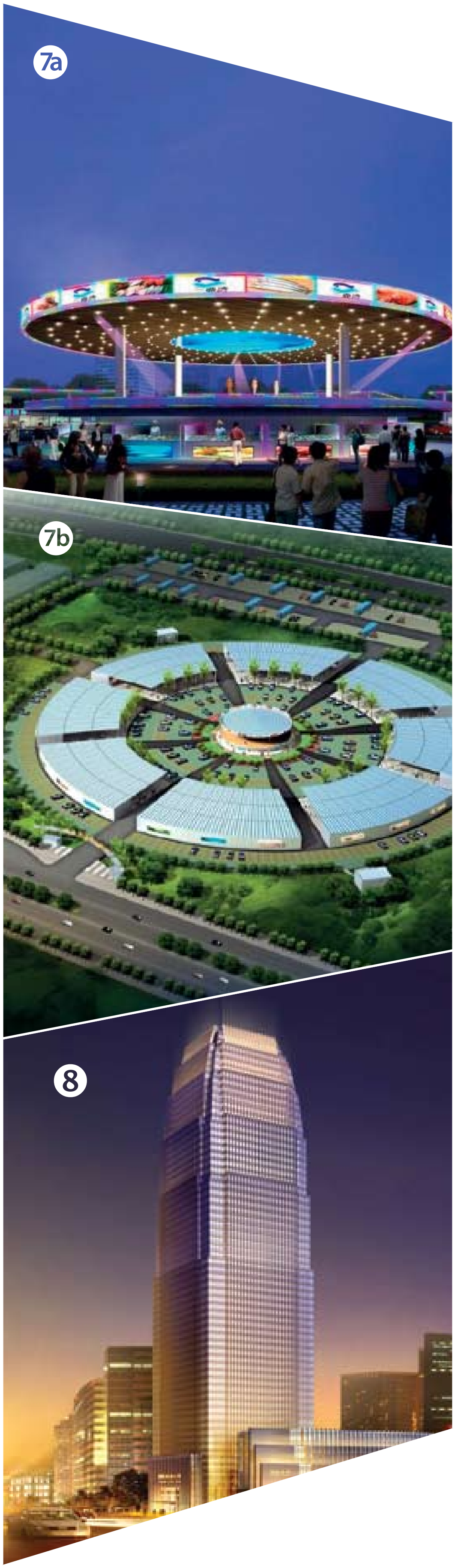
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7b
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RESULTS AT A GLANCE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31/12/2009 RMB' 000	31/12/2008 RMB' 000	Change %
Revenue	132,159	86,724	52.4
Cost of sales	(58,079)	(60,680)	(4.3)
Gross profit	**74,080**	**26,044**	**184.4**
Other income	1,397	539,885	(99.7)
Selling expenses	(5,607)	(7,234)	(22.5)
Administrative expenses	(36,568)	(22,732)	60.9
Fair value gain/(loss) on investment properties	113,776	(50,458)	(325.5)
Finance costs	(12,219)	(4,707)	159.6
Other operating expenses	-	(125,397)	NA
Profit before income tax	**134,859**	**355,401**	**(62.1)**
Income tax expense	(40,215)	165	NA
Profit / (loss) for the period	**94,644**	**355,566**	**(73.4)**
Profit attributable to:			
Equity holders of the parent	66,949	357,437	(81.3)
Minority interests	27,695	(1,871)	NA
	94,644	**355,566**	**(73.4)**

Revenue increased

- Mainly due to sale of units in Future International and higher rental income.
- Rental income in 2008 was for 9 months only.

Gross profit increased

- Due to earnings from Future International and higher profit from San Ya Wan.

Other income decreased

- Due mainly to the absence of negative goodwill, consultancy fees and Land Appreciation Tax refund in 2009.

Selling expenses decreased

- Lower commission expense incurred.

Administrative expenses increased

- Mainly due to the setting up of a corporate office to support the Group operations, private placement expenses and that 2008 was for 9 months only

Finance expenses increased

- Mainly due to additional borrowings related to the IFC project and a bridging loan for the tender of land at Da Ping.

Income tax expense increased

- Mainly because negative goodwill recorded in 2008 is not taxable.

Profit attributable to equity holders of the parent decreased

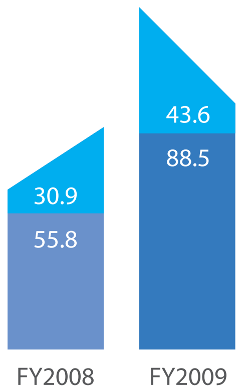
- Mainly due to the absence of negative goodwill in 2009.

STATEMENT OF FINANCIAL POSITION

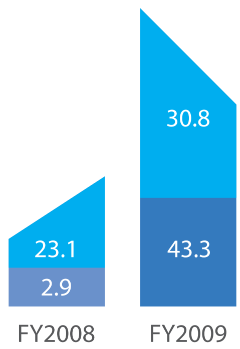
GROUP 31/12/2009 RMB' 000	GROUP 31/12/2008 RMB' 000		
		ASSETS	
		Non-current	
15,803	3,749	Property, plant and equipment	Mainly due to transfer from development properties for own use.
1,449,400	1,279,949	Investment properties	Mainly due to increased in fair value and transfer from development properties.
1,465,203	**1,283,698**	**Total non-current assets**	
		Current	
967,522	572,736	Land for development	Acquisition of Da Ping land and transfer of IFC project to development properties.
577,545	105,550	Development properties	Mainly due to the development of IFC.
245,639	24,151	Trade and other receivables	Mainly due to a top-up in the refundable tender deposit for the Da Ping land and advances to sub-contractors.
255,167	100,142	Cash and bank balances	Mainly due to share placement, fresh bank borrowing and payment of Da Ping land parcel.
2,045,873	**802,579**	**Total current assets**	
3,511,076	**2,086,277**	**Total assets**	
		EQUITY	
		Capital and Reserves	
3,527,574	2,637,682	Share capital	380.3 million new shares issued.
690,408	626,179	Retained profits	
(1,993,413)	(1,977,590)	Other reserves	
2,224,569	1,286,271	Equity attributable to equity holders of the Company	
50,949	23,254	Minority interests	
2,275,518	**1,309,525**	**Total equity**	
		LIABILITIES	
		Non-Current	
219,120	190,676	Deferred tax	Fair value gain from investment properties.
415,860	269,250	Borrowings	Additional bank borrowings obtained mainly for the IFC project.
634,980	**459,926**	**Total non-current liabilities**	
		Current	
373,382	208,132	Trade and other payables	Mainly due to remaining 20% Da Ping purchase price being accrued.
41,927	11,905	Amount owing to a director	
80,179	68,619	Provision for taxation	
105,090	28,170	Borrowings	Additional bank borrowings obtained mainly for the IFC project.
600,578	**316,826**	**Total current liabilities**	
3,511,076	**2,086,277**	**Total equity and liabilities**	

FINANCIAL HIGHLIGHTS

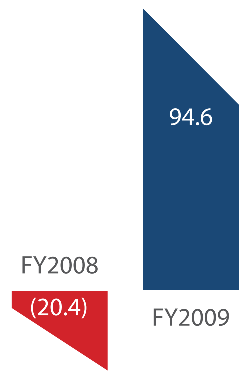
REVENUE
(RMB million)



GROSS PROFIT
(RMB million)



NET PROFIT AFTER TAX FROM UNDERLYING BUSINESS*
(RMB million)



■ Rental Income
■ Sale of Properties

* Net profit after tax from underlying business excludes one-off net of goodwill of RMB376 million.

	FY2008	FY2009
Key Financial Ratios		
Earnings Per Shares (RMB)	0.63	0.04
Net Assets Value Per Share (RMB)	0.72	1.03
Debt to Equity Ratio (%)	23.62	24.74
Net debt to Equity Ratio (%)	17.36	14.48
Balance Sheets		
Current Assets	802.6	2,045.9
Non-current Assets	1,283.7	1,465.2
Total Assets	2,086.3	3,511.1
Current Liabilities	316.8	600.6
Total Liabilities	776.8	1,235.6
Minority Interests	23.2	50.9
Shareholders' Equity	1,286.3	2,224.6
Cash Flow Statement		
Net cash used in operating activities	-79.2	-993.3
Net cash used in investing activities	-134.4	-2.2
Net cash from financing activities	274.3	1,146.2
Net increase in cash	60.7	150.7
Cash at beginning of year	21.3	82.0
Effects of exchange rate changes on cash and cash equivalents	-	0.6
Cash at end of year	82.0	233.3

CHAIRMAN'S STATEMENT

Dear Stakeholders,

It is my great pleasure to present Ying Li International Real Estate Limited's ("Ying Li" and together with its subsidiaries, the "Group") Annual Report for the financial year ended 31 December 2009 ("FY2009"). Besides reviewing our operational and financial performance for FY2009, I would also like to share with you my views on the outlook of China and Chongqing's real estate industry together with the Group's future development plans.

OPERATIONAL HIGHLIGHTS

2009 has proven to be a challenging year for the Chinese and Global economy. Despite the challenging operating environment, the Group remained resilient. We achieved total revenue of RMB 132.1 million and recorded net profit after tax of RMB 94 million, driven by the strong performance from our property development business and higher rental income. The results were achieved by leveraging on the vast experience of our dedicated management team and our commitment to quality. Building on our successful business model, the Group continues to add to its strong brand equity and recognition in the high-end commercial real estate sector. Our devoted commitment to quality continues to attract and win support from clients whom are willing to pay a premium for the increasing Average Selling Prices ("ASPs") of our developments. Going forward, the Group will continue to further strengthen Ying Li's branding and focus on enhancing our competitive advantages in prime commercial and integrated developments in the CBD districts of Chongqing through distinguished designs and quality developments.

Ying Li has and seeks to set new benchmarks within China's real estate sector through the combination of avant-garde designs, the use of finest materials and luxurious finishing thereby creating a balanced statement of form and functionality. Our projects in various parts of the Chongqing CBD continue to be well received. As a testament of our superior product quality and brand equity, Ying Li was voted, for the fifth consecutive time, Chongqing's Top 50 Real Estate Development Enterprises in 2009. We were also given the Advanced Union Organization, Top 10 Charity Enterprise as well as the Advanced Worker in Chongqing Urban and Regional Construction System on PRC's 60th Anniversary awards in 2009.

Our successful capital fund rising in November 2009 also reflects the support investors and the market have in us along with the future prospect of Chongqing. We thank all investors for their trust and support.

PROPERTY SECTOR OUTLOOK FOR CHINA AND CHONGQING

In 2009, China was arguable the first major economy to recover from the global recession with an annual GDP growth rate of 8.7%. The recovery was mainly due to the financial stimulus and a series of pro-growth economic policies introduced by the Chinese government, which together with an accelerating urbanization process in China facilitated a comprehensive recovery for the real estate industry.

Chongqing, the leading economic centre of Western China located at the upper Yangtze region, benefited from the government policies that led to a rapid growth in its economy. Since the state council introduced Chongqing City Coordinated Urban and Rural Planning in January 2009, the central government has continuously released a series of favourable policies which enabled Chongqing to become global market hot spot.

In 2010, Chongqing was selected as one of the five key cities of China. The other designated key cities are Beijing, Shanghai, Tianjin and Guangzhou. Thus it is easy to see the strategic and economic importance the government has placed on the growth of Chongqing. Following Shanghai's Pudong New Development Zone and Tianjin's Binhai New Development Zone, a third New Development Zone was also designated in Chongqing. At the same time, a tax free bonded port status was also introduced in Chongqing, making it the first tax free zone in the hinterland of China. These initiatives are likely to bring unprecedented growth potential to the city.

With such various favourable conditions and government policies, Chongqing became one of China's fastest growing cities in 2009. It achieved GDP of 14.9%, far exceeding the nation's overall GDP of 8.7%. Foreign investments topped USD 4billion. This ranked Chongqing first among western China's cities. The financial sector's contribution to Chongqing's GDP also crossed 5% for the first time, making it a 'pillar' industry for the first time and, moving Chongqing closer to achieving its goal of being the financial centre of western China. At the city's financial work conference 2010, Chongqing's Mayor Huang Qifan noted that Chongqing's GDP growth rate was expected to exceed 16% in year 2010, GDP per capita would reach USD 5,000 by 2012 and that the growth was based on a stable and sustainable economic structure.

Chongqing is highly regarded by many Fortune 500 companies. As at 31 December 2009, Chongqing had attracted as many as 154 of the Fortune 500 companies to set up their operation in the city, hereby reinforcing its position as the top ranking City in western China. Hewlett-Packard and Foxconn Group announced a joint venture partnership in 2009 to invest in a notebook computer export manufacturing base in Chongqing. The joint venture partnership will be able to export 20 million units of notebook computers annually. The centre, in which this joint venture will manufacture, will represent a massive RMB 200 billion industrial cluster, estimated to be one third of Chongqing's industrial output. Ford also recently announced plans to set up their third China production line in Chongqing with an initial production capacity of 150,000 cars per annum. In the financial sector, Deutsche and ANZ Bank are poised to enter Chongqing in 2010 following the successful establishment of Citibank and OCBC Bank branches in 2009.

Meanwhile, Chongqing's urbanization continues to accelerate. In 2010, Chongqing city is estimated to expand by 1,000 square kilometres. The government seeks to raise the urbanization rate from 50% to 70% by 2020. These initiatives promise enormous demand for Chongqing's real estate industry. Before 2012, Chongqing municipal government will invest RMB 600billion to improve the current living conditions in Chongqing. This includes urban renewal and redevelopment. This is positive news for Ying Li, which specializes in urban redevelopment and has an excellent track record of developing prime commercial and integrated projects in the Chongqing city centres.

Chongqing's property prices are well below that of other key China cities and thus have significant property price appreciation potential. In 2010, Chongqing was voted one of the "Top 5 real estate market with most growth potential". Chongqing municipal government is actively promoting the support of economic policies to encourage Fortune 500 and multinational companies to set up regional headquarters in Chongqing. If this is successful, it will create a huge demand for Chongqing's commercial property market especially for office space. At the moment, Chongqing suffers a shortage of International Grade A commercial properties. In such event, Ying Li, which owns and specializes in the development high-end commercial properties, is well positioned to ride on the growth of these unprecedented development opportunities and growth of demand.

The potential in Chongqing is now well recognised. In 2009, the "fDi Magazine" ranked Chongqing 7th in the list of Asia's Best Foreign Direct Investment Strategy Cities. Chongqing was also ranked first in China for the growth rate of utilizing foreign investment according to an official release from Chongqing Foreign Trade & Economic Relations Commission. China Urban Competitive Study announced during "The eighth annual most competitive Chinese cities ranking", that Chongqing ranked first in the western region. If perception is reality, then we can be very confident of Chongqing's future and the future property demand in Chongqing.

BUILDING OUR LAND BANK RESERVES

Ying Li currently has about 1million square metre of planned GFA for development over the next 3 – 5 years.

Current projects are progressing well. Located at the heart of Jiefangbei CBD is the IFC project. Its funding are in place and construction pace is on track with the building set to become the new landmark of Chongqing city and the Western region upon completion.

Our Da Ping Project is also progressing according to planned schedule. Earthworks are expected to be completed in June 2010. We aim to launch phase one of the residential sales by the end of this year. The project is located in the geometric centre of downtown Chongqing city and the Yuzhong government has identified the project as the 2nd largest commercial centre in Yuzhong district following Jiefangbei CBD. Also, it forms the critical upgrading for and of Yuzhong Jiefangbei. The company is confident that Da Ping Project will become the iconic structure of Yuzhong District. We believe the high-end commercial and residential complex will enjoy significant demand and, strong price appreciation potential.

Simultaneously, Ying Li also plans to be actively involved in the planning and construction of the Chongqing Financial Street developments located along Wu Yi Road, located in the Jiefangbei CBD district. Chongqing Financial Street is an important project as it is situated at the core financial centre of Chongqing City. Chongqing Financial Street aims to be the "Wall Street of Western China, a financial platform for the servicing of the financial sector and, establishment of regional headquarters for multinational and financial companies. Ying Li will exercise its expertise and experience in urban renewal and construction of high-end commercial property to bid for projects along Chongqing Financial Street.

In addition, Ying Li will proceed as planned with the construction of Lu Zu Project, situated in the luxury hotel and commercial zone of Jiefangbei. The resettlement process is expected to commence in 2010 and the completed project will comprise retail outlets, hotels/ service apartments and grade A office buildings.

Moving forward, the Group will continue to maintain sound financial policies and prudent investment strategies while focusing on improving our quality control, property management expertise, human resources, cultural and other operational aspects to enhance the value of our products and services. It is only through such efforts that we can achieve long-term benefits for all Ying Li stakeholders.

On behalf of our Board of Directors, I would like to express our sincerest gratitude to our stakeholders for their trust and unwavering support. We will continue to strive hard to build on our success towards future developments and create value for our stakeholders.

FANG MING

总裁致辞

尊敬的各位股东：

本人在此欣然呈报英利国际置业股份有限公司（下称“英利”，并连同其他集团公司，总称为“集团”）截至2009年12月31日（“2009年度”）的年度报告。除了运营亮点和对过去一年的财务表现和经营的回顾，我想与股东们分享我们对中国和重庆市的房地产行业前景的观点，以及集团的发展计划。

运营亮点

2009年度是充满挑战的一年。尽管经营环境充满挑战，集团运营仍然保持稳健，在我们的所开发物业的强劲表现和较高租金收入的带动下，实现总收入1.321亿元人民币，税后利润达到9400万元人民币。基于我们专业管理团队的丰富经验，我们才能达到这些成就。我们将继续致力于加强在重庆的核心商业区开发高端商业物业和综合性物业的竞争优势，进一步加强英利在中国国内房地产行业的品牌力量。基于我们成功的商业模式，包括差异化的设计和品质开发，集团在高端商业物业已经建立了广受市场认可的强大品牌力量。我们的质量承诺继续吸引着优质客户，而这些优质客户愿意付高价，并支持着我们所开发项目的平均销售价格持续上升。

英利不断的在中国房地产行业中创建新的标准，通过结合前卫的设计，优质的材料和高端的装饰来创造一种结构和功能的达成平衡的环境。我们在重庆市各个核心商圈的项目继续得到消费者的热捧。作为对我们优质的产品质量和品牌资产的证明，英利被评为重庆市房地产开发企业50强，这是我们连续5届获得该奖项，也是我们在2009年获得的奖项之一。此外，我们还被评为2009年度先进工会组织、十大慈善企业，以及重庆城乡建设系统建国60周年先进工作者称号。

在2009年11月，我们所完成的募资证明了投资者对我们的支持和信任，以及对重庆的看好。我们感谢投资者们的支持。

中国和重庆的房地产行业前景

2009年，中国经济率先从金融海啸的阴影中走出，整个国民经济全面复苏，全年8.7%的GDP增速，引得世界瞩目。可以预见中国经济的发展前景十分乐观。同时，随着中国城市化进程的加快，国家一系列促进经济发展的政策出台也促成了房地产业的全面复苏。而重庆这座长江上游的经济中心、西部经济发展的龙头，同样迎来蓬勃发展的春天。自2009年1月，国务院出台《关于推进重庆市统筹城乡改革和发展的若干意见》以来，中央政府持续给予重庆一系列非常有利的政策，让重庆成为全国政策洼地和全球市场热点。

2010年，在城乡建设部编制的《全国城镇体系规划》中，重庆与北京、上海、天津、广州一起成为“全国五大中心城市”，其在全国的战略地位有目共睹。同时继上海浦东新区、天津滨海新区之后的全国“第三个经济特区”——“两江新区”的设立，以及中国内陆第一个保税港区——“两路寸滩保税港区”的封关运行，都将给重庆带来千载难逢的发展机遇。

国家政策的倾斜，“长江一线”和“西南一片”衔接点的卓越地理位置，让重庆成为中国发展最快的城市之一。2009年重庆所有的宏观经济指标都在积极增长，全年GDP增长了14.9%，远高于8.7%的全国平均水平；利用外资水平40亿美元，总量西部第一，增速全国第一；金融业增加值占GDP比重超过5%，历史性地成为国民经济支柱产业，重庆建设长江上游金融中心也终于到了‘亮旗’的时候。在2010年全市金融工作会议上，黄奇帆市长提出了重庆2010年GDP增长速度预计突破16％，人均GDP在2012年达到5000美元，并且指出重庆的经济拉动结构合理，经济发展是可持续的。

众多世界500强纷纷看好重庆，截止2009年12月31日，入驻重庆的世界500强企业达到154家，重庆引入世界500强企业总量，已居西部第一。惠普笔记本电脑出口制造基地及其亚太结算中心、“富士康产业基地均落户重庆，3年后，将形成年产2000万台外销笔记本电脑

的生产能力，产值超过2000亿元的庞大产业链集群，相当于再造“1/3重庆工业”。同时福特公司也将其在华的第3工厂落户重庆。继2009年花期银行、华侨银行在重庆设立分行之后，德意志银行和澳新银行也将在2010年登陆重庆。

与此同时，重庆的城镇化建设大力提速。2010年重庆主城区拉开1000平方公里、千万人口特大城市的建设进程，而且政府的目标是在2020年城镇化率由现在的50%增长到70%，这些举措必将为重庆的房地产业带来巨大的刚性需求。在2012年前，重庆政府还将投入6千亿人民币建设宜居重庆。为此，重庆市政府积极推进旧城改造，这些利好对于英利这样擅长旧城改造的公司而言，必将迎来更为广阔的发展前景。

与同类城市相比，重庆房价还具有极大上升的空间。2010年权威机构将重庆评为“最具投资价值的五大房地产市场”。不仅如此，重庆市政府正积极推进总部经济的支持政策，鼓励500强企业及跨国公司区域性总部向重庆集聚。众多国际知名企业的相继入驻，将给重庆的商业物业特别是写字楼市场带来巨大的需求，而目前重庆CBD地区国际甲级商业物业却面临紧缺现状；可以预见，擅长打造高端商业物业的英利必将迎来前所未有的发展契机。

重庆与日俱增的发展潜力，也得到众多权威机构的认可。2009年，《fDi Magazine》，评选亚洲最佳外国直接投资战略的城市，重庆高居第七位。重庆市对外贸易经济委员正式发布重庆是利用外商直接投资增长速度之中排名中国第一。在中国城市竞争力研究会公布“第八届中国城市竞争力排行榜”中，重庆排名西部第一。我们对重庆经济和重庆房地产的未来充满信心。

重庆这样良好的发展势头，赋予了英利极大的发展优势，我们有理由相信，英利国际置业能够在2009年良好经营业绩的基础上，开创新一年的辉煌。

土地储备情况

在未来3－5年内，英利将有约100万平方米的土地储备可供开发。

目前公司储备项目均稳步推进。位于解放碑CBD核心的“IFC”项目，现主体结构已上升至地上6层。该项目目前所有资金已经到位，建成后将成为西部地区的第一楼，成为重庆新的金融旗舰和地标性建筑。

2009年四季度投标竞得的“大坪项目”目前也进展顺利。土石方工程预计将在今年6月完成，今年年底将力争实现一期住宅预售。该项目所处片区位于重庆主城几大繁华区域的地理几何中心，被渝中区政府定位为继解放碑步行街之后的第二大商业中心，亦是渝中解放碑最重要的延伸部分。公司有信心将大坪项目建成渝中区核心地区的主要标志和高端商业及住宅的综合体，其商业价值和增值空间指日可待。

同时公司还将积极参与重庆五一路金融街的建设。重庆五一路金融街是重庆市建设长江上游金融核心区的重要项目，金融街建设以打造中国"西部华尔街"为目标，形成以服务大企业为导向的产业金融平台和以拓展大金融为特色的总部经济平台。英利将积极争取其中的一至两个项目，利用旧城改造和建设高端商业物业的丰富经验，使其成为重庆CBD的新地标。

此外，公司还将推进同样位于解放碑豪华酒店商务街区的“鲁祖庙花市地块”的建设，预计在2010年开始启动拆迁，在原地段新建集商业、星级酒店、顶级写字楼、商务公寓于一体的城市综合体。

展望未来，本集团将继续保持明智的财政政策，稳健的投资策略，同时提高我们的质量控制，物业管理，人力资源，文化和其他方面的运作，以提高我们的产品和服务的价值。只有通过这种努力，我们才能迎合英利股东的长远利益。

代表我们的董事会，我在此衷心地感谢我们的股东的信任和支持。我们将继续努力，迈向未来发展，并为股东创造价值。

方明

英利国际置业董事长兼总裁

OPERATIONS REVIEW

OVERVIEW

Ying Li International Real Estate Limited (the "Group") showed robust performance in the year ended 31 December 2009 ("FY2009"), with both our property development and rental businesses enjoying strong growth.

Group revenue rose by 52.4% to RMB 132.1 million, driven by the strong performance from our development property business and higher rental revenue.

Gross profit jumped 184.4% to RMB 74.1 million, primarily driven by the success of our San Ya Wan and Future International projects, which both achieved significantly higher Average Selling Prices in FY2009 as compared to the prior year.

Our strong financial performance in 2009 is testament to our successful business strategy and strong management capabilities. Our sustained growth and the quality of our developments have earned us a reputation as an industry leader, along with numerous awards and accolades.

Demand for Chongqing's commercial properties continues to grow as MNC's and large domestic companies are drawn by the city's strategic location, competitive advantages and highly supportive government policies. This has helped drive prices and rental rates substantially higher, especially so in the CBD districts of Chongqing, where the first signs of capital appreciation can be seen.

Our Group will continue to strengthen our leadership position and create shareholder value by continually securing land in prime locations, building premium developments, and attracting prestigious clientele.

TURNOVER

Group revenue rose to RMB 132.1 million in FY2009, 52.4% higher than in the 9 month period ended 31 December 2008 ("FY2008"). Revenue from the sale of properties increased by 58.5% to RMB 88.5 million, while rental income rose by 41.4% to RMB 43.6 million as compared to FY2008.

GROSS PROFIT

Group gross profit jumped 184.4% to RMB 74.1 million in FY2009, compared to RMB 26.0 million in FY2008. Both our property development and property rental business enjoyed significantly higher gross profits, rising 1,384.9% and 33.0% to RMB 43.3 million and RMB 30.8 million respectively in FY2009.

The overwhelming success of Phase 1 of San Ya Wan and Future International were the primary contributors to the increase in our Group's gross profit. Our development at San Ya Wan generated a gross profit margin of 61.8% in FY2009, compared to just 1.0% in the prior year. The gross margin in FY2008 was depressed by units that had been sold at very low prices prior to our Group's purchase of the development.

Combined with good sales of units at Future International, our Group's property development business reported a gross profit margin of 48.9% in FY2009, sharply up from 5.2% in the prior year.

The gross profit margin of our rental income segment was a respectable 70.5% in FY2009, though was 4.4 percentage points lower as compared to the prior year due to higher property taxes. With effect from 1 January 2009, property tax was levied based upon 12% of rental income, compared to the rate of 1.2% of rental income in FY2008.

OPERATING AND NET PROFIT

Despite our sharply higher turnover and gross profit, selling expenses for FY2009 fell by RMB 1.6 million from RMB 7.2 million in FY2008. This was due to lower commission expense incurred.

Administrative expenses for the year ended 31 December 2009 was RMB 36.6 million, 60.9% higher as compared to FY2008. Administrative expenses comprises of staff cost, depreciation, directors' fees and remuneration, office rental, travelling, accommodation, GST expenses, foreign currencies exchange losses, advisory fees, private placement expenses and other administrative expenses.

The increase in administrative expenses was due to the incorporation of a corporate office to support our Group's growing scale of operations, private placement expenses, and the fact that the reporting period was shortened to 9 months in FY2008.

Finance costs rose by RMB 7.5 million to RMB 12.2 million due to loans taken to the development of IFC, expensing of loan interest on San Ya Wan Phase 1 and bridging loan for tender of land at The Da Ping development is scheduled for completion in 2013, earth work has begun at this prestigious project, where estimated 370,000 sqm of high end residential units and a retail mall will be built. Of the RMB 450 million credit line extended to us by China Construction Bank, we have drawn down RMB 200 million for our current needs until July of 2010. We expect to draw down the balance for the next phase of Da Ping project's construction after July of 2010.

Other income dropped from RMB 538.5 million in FY2008 to RMB 1.4 million, due primarily to the absence of negative goodwill, consultancy fees and refund of land appreciation tax in FY2009. In FY2008, as part of our RTO, we recorded negative goodwill of RMB 485.4 million following the acquisition of Chongqing Yingli.

In FY2009 we also booked in RMB 113.8 million of fair value gains on investment properties, compared to fair value losses on investment properties of RMB 50.4 million in FY2008.

Our effective income tax rate for FY2009 was 29.8%. This compares to FY2008, where our Group paid close to no tax. This was due to the bulk of our gains in that year arising from negative goodwill, which is not subject to tax.

As a result of the above, our Group's profit attributable to shareholders was RMB 66.9 million, compared to RMB 357.4 million in FY2008. Excluding the one-off net of goodwill of RMB 376.0mil in FY2008, net profit growth would have been 360.2%.

FINANCIAL POSITION

Group assets increased by 68.3% to RMB 3,511.1 million in FY2009. This was due to the acquisition of land for our Da Ping development as well as land development costs for our IFC project, amounting to RMB 851.6 million and RMB 96.4 million respectively.

The value of our Investment Properties increased by RMB 169.5 million to RMB 1,449 million in FY2009, comprising RMB 113.8 million of fair value gains and RMB 55.7 million of costs being reclassified from the development property account.

Group liabilities increased by 59.1% to RMB 1,235.6 million in FY2009, largely due to fresh bank borrowings mainly for our IFC project and accrual for the balance 20% payment in relation to the Da Ping land acquisition.

During the year, we raised RMB 889.1 million in new funds from the issue of new shares, as well as another RMB 374.3 million in borrowings. RMB 751.1 million has so far been incurred in respect of the purchase of land for the Da Ping project and development costs.

Cash at bank increased from RMB 82.0 million to RMB 233.3 million as at 31 December 2009. Our Net Asset Value rose 72.9% to RMB 2,224 billion, equivalent to RMB 1.03 per issued share as at the end of 2009.

OUTLOOK

Chongqing continues to be a shining star in China's west. GDP growth in 2009 came in at 14.9%, the third fastest economic growth amongst all of the cities in China. Driven by the city's many advantages, foreign capital continues to flow into the city. At over USD 4 billion, Chongqing's fixed asset investment was among the top-10 in all of China in 2009.

Chongqing was recently selected by the central government as one of the 5 key cities of China, placing it in the same league as the tier-one coastal cities of Shanghai, Beijing, Tianjin and Guangzhou. We anticipate that Chongqing will receive more support and favourable policies from the central government as part of their plan to propel this city to tier-one status.

Our Group's established reputation, track record and strong presence in the core CBD of Chongqing city places us in an excellent position to keep riding the growth of Chongqing, one of the most dynamic cities in all of China.

BOARD OF DIRECTORS

MR. FANG MING

Chairman & Chief Executive Officer

Mr. Fang Ming is the Group's Chairman and Chief Executive Officer, and a member of our Nominating Committee. Mr. Fang is also the President and the General Manager of Chongqing Yingli, and has been responsible for the overall management of Chongqing Yingli's business since its inception in 1994. Mr. Fang has more than 16 years of experience in the property development industry, and has been instrumental in introducing international designs and quality standards into the real estate sector in Chongqing, gaining recognition from city and state governments. Under his leadership, the Group has developed a number of award winning buildings and established good long-term relationships with the local government authorities and business partners. Prior to founding Chongqing Yingli, Mr. Fang held senior positions in Chongqing Yunji and Chongqing Tiancheng. In addition, he is, amongst others, the president of the Chongqing Yuzhong District Small Business Finance Improvement Association and the president of the Real Estate Chamber of the Chongqing Federation of Industry and Commerce and a member of the Federation of Industry and Commerce. Mr Fang graduated from the Management School of Chongqing Broadcasting University with a Bachelor of Science in 1987.

MR. XIE XIN

Executive Director & Senior Vice President

Mr. Xie Xin is the Group Senior Vice President, Corporate Finance and Investments as well as the Senior Vice President, Corporate Finance and Investments, of Chongqing Yingli and Advisor to the Chairman of Chongqing Yingli. He is involved in the capital investments and corporate finance advisory activities of Chongqing Yingli. Prior to joining Chongqing Yingli, he was a Business Director with Guotaijunan Securities Co., Ltd. from 2006 to 2007. He has worked as an assistant manager of the assurance and advisory team in KPMG from 2004 to 2006 and in Ernst & Young from 2000 to 2003. Mr. Xie is a certified public accountant with the Chinese Institute of Certified Public Accountants. He graduated from Wuhan University with a Bachelor of Arts in Auditing in 2000.

MS XU LI

Executive Director & Senior Vice President

Ms Xu Li is the Group Senior Vice President of Finance and Accounting, and also the Senior Vice President, Finance and Accounting, of Chongqing Yingli and Advisor to the President of Chongqing Yingli. She is responsible for the internal financial affairs and accounting functions of the Group. Prior to joining Chongqing Yingli, Ms Xu was the assistant to the Chairman of Tongren Health Industry Group between 2004 and 2006. Prior to that, she was an assistant manager at KPMG in 2004 and a senior auditor at Ernst & Young from 2000 to 2003. Ms Xu is a certified public accountant with the Chinese Institute of Certified Public Accountants as well as a US CPA. She graduated from China Renmin University with a Bachelor of Accounting in 2000, and obtained a Masters in Accounting from the University of Illinois at Urbana-Champaign in 2008.

MR. HE ZHAO JU @ DANNY HO

Non-Executive Director

Mr. He Zhao Ju @ Danny Ho is a Non-Executive Director of the Group and has been a director of the Group's subsidiary – the Fortune Court Group, since March 2008. Mr. He is a senior partner of Zana Capital. Prior to joining Zana Capital, he was the Vice-President of GIC Special Investments from 2000 to 2006, and was working in corporate finance and advisory roles for four years before that. Mr. He started his career as an Investment Analyst at Brierley Investments. Mr He is a Chartered Financial Analyst and a member of the Association for Investment Management and Research. He graduated from Otago University, New Zealand with a Bachelor of Commerce (double majors in Finance and Economics) in 1994.

BOARD OF DIRECTORS

MR. CHRISTOPHER CHONG MENG TAK

Co-Lead Independent Director

Mr. Christopher Chong Meng Tak was first appointed to the Board in 2007 and is our Co-Lead Independent Director and Chairman of our Audit Committee. He brings to the Group significant experience of corporate strategy, capital markets, securities law and corporate governance. Chris is a partner of ACH Investments Pte Ltd, a corporate advisory firm, since 1998. Prior to this, and for some 12 years, he was with the Hong Kong Bank Group where held the position of CEO of HSBC Securities (Singapore), Executive Director of Kay Hian James Capel (now known as UOB Kay Hian) and was an award winning analyst. Prior to joining the HongkongBank Group Chris trained with Ernst & Young, London. Chris is a director of several public companies and a fund, listed on the Stock Exchanges of Australia, Singapore and Luxembourg. Chris is a Member of the Institute of Chartered Accountants of Scotland and a Fellow of: the Hong Kong Institute of Certified Public Accountants; the Australian Institute of CPAs; the Singapore Institute of Directors; and the Australian Institute of Company Directors. He is also a Senior Stockbroker of the Securities & Derivates Industry Association. Chris has a BSc. Econ (1st Hon) from the University College of Wales, a MBA from the London Business School and was on the Dean's Honours List during a special secondment to the Chicago Business School.

MR. XIAO ZU XIU

Independent Director

Mr. Xiao Zu Xiu is an Independent Director of the Group and serves as the Chairman of our Remuneration Committee and Co-Chairmen of the Nominating Committee. Mr. Xiao has been the Chairman of the Chinese Nation Cultural Promotion Association since 1995 and Chairman of the Association of Researching the System of the People's Congress since 2003. He was also Chairman of the Chongqing Veteran's Sports Association from 1997 to 2003. Mr. Xiao was elected as a representative to the Chongqing Municipal People's Congress and chosen as the Vice Chairman of the National People's Congress Standing Committee in 1997. Prior to that, he was elected as Executive Deputy Mayor of Chongqing in 1993, mainly overseeing the financial, taxation, auditing, educational and monitoring aspects. Mr. Xiao was with the Agricultural Economy Department of Southwest Agricultural University for 23 years before he was appointed as director of the Committee for Peasants and Workers in 1985, a post he held till 1988. Mr Xiao studied Agricultural Economics in the Southwest College of Agriculture and the Beijing Agricultural University and graduated in 1960 and 1963 respectively.

MR. LUI SENG FATT

Co-Lead Independent Director

Mr. Lui Seng Fatt is the Co-Lead Independent Director of the Group and serves as the Co-Chairman of the Nominating Committee. Mr. Lui was also an Independent Director of Showy International Ltd. He has over 25 years of experience in real estate and related businesses. Mr. Lui last held the appointment of Regional Director and Head of Investments at Jones Lang LaSalle. He was the President of the GEREG Group of companies with major strategic businesses in Infrastructure, Real Estate and Financial Services in the Asia Pacific region and America. Mr. Lui was also a Senior General Manager of Keppel Land International Limited, and was one of the key founding executives of Pidemco Land Limited, now known as CapitaLand Limited. Mr. Lui was appointed the Honorary Advisor to the Real Estate Developers' Association of Singapore, on Real Estate Consultancy and Valuation. He graduated from the University of Singapore with a Bachelor degree in Architecture in 1979 under a Government of Singapore Merit Scholarship, and holds a Masters in Business Administration with a major in Finance from the National University of Singapore.

KEY MANAGEMENT

MR. LIM BOON PING

Chief Financial Officer

Mr. Lim Boon Ping is our Chief Financial Officer. He oversees the Group's financial functions relating to corporate finance, financial reporting, tax, corporate secretarial matters as well as liaising with external parties in respect of Group's financial matters. His responsibilities include evaluation of new development project, review of the Group's performance and funding structure. Mr. Lim has over 10 years of experience in finance and accounting. Prior to joining our Group, he was the Financial Controller of a company who is engaged in the manufacturing and distribution of ophthalmic lenses. Mr. Lim holds a professional qualification from the Chartered Association of Certified Accountants of United Kingdom and is a member of the Institute of Certified Public Accountants of Singapore.

MR. WANG ZE MIN

Chief Engineer

Mr. Wang Ze Min is our Chief Engineer. He joined our Group in 1997 and is in charge of the engineering and construction aspects of our Group's properties. Mr. Wang was the project manager of Part C of Chongqing South Group Corporation Ltd. (重庆南方集团) during the period from February 1996 to April 1997. Between 1994 and 1996, Mr. Wang was a director of the Construction Department of Shanghai San Jiu Property Co., Ltd. (上海三九物业公司) and a manager of the Construction Department at Chongqing Kuixinglou Stock Co., Ltd. (重庆魁星楼股份有限公司) from 1992 to 1994. Prior to June 1992 Mr. Wang was the director of Xiao Nan Hai Mine of Chongqing Steel Corporation (重庆钢铁公司小南海矿). Mr. Wang is a graduate of the Zhongnan Mining and Metallurgy College (中南矿冶学院采矿专业).

MR. YANG JIAN REN

Chief Architect

Mr. Yang Jian Ren is our Chief Architect. He oversees the architectural and designs aspect of our Group's property developments. He joined our Group in 2006 as an engineer. Prior to joining our Group, Mr. Yang held the position of a supervision engineer in Xinjiang Xingjiao Supervision Co., Ltd. (新疆兴教监理公司) during the period from July 2002 to July 2005 and was working in Xinjiang Construction and Industry Group (新疆建工集团) from 1995 to 2002; responsible of the management of construction and technology. Between 1993 and 1995 Mr. Yang worked in Architecture and Design Institute of Urumchi (乌鲁木齐市建筑勘测设计院) and was responsible for architecture and design. Mr. Yang holds a Bachelor degree from the Chongqing Architecture Engineer College (重庆建筑工程学院建筑学).

MR. WANG QING SHAN

Chief Administrative Officer

Mr. Wang Qing Shan is our Group's Chief Administrative Officer. He is responsible for the overall management of the administrative affairs of the company. Prior to the joining of our Group, Mr. Wang held various senior appointments in the government offices. He was the inspector, deputy president of Chongqing Municipal Academy of Social Sciences (重庆社科院), secretary of CPC committee and Vice President of Chongqing Writers Association (重庆市作家协会), director and deputy director of the Senior Education Section of Chongqing Publicity Department (市委宣传部高教处) political counselor of Southwest University (西南师范大学), president of Huangjuebao Elementary School in Shapingba Disctrict Chongqing (沙区黄桷堡小学) and people's representative of Shapingba Disctrict in Chongqing. Mr. Wang holds a Bachelor degree from the Education department of Southwest University (西南师大教育系).

FINANCIAL CONTENTS

CORPORATE GOVERNANCE

The Board of Directors and Management of **Ying Li Real Estate International Limited** (the "Company") is committed to maintaining a high standard of corporate governance, to improve and ensure good corporate governance practices so as to promote corporate transparency and to protect and enhance shareholders' interest.

The Board is pleased to confirm that the Company has complied with the Code of Corporate Governance 2005 (the "Code").

BOARD MATTERS

Principle 1: Board's Conduct of Its Affairs

The Board is responsible for setting the strategic direction and to successfully execute the strategies to strengthen the robustness of the Company.

The principal duties and responsibilities of the Board include:

- Charting and approving the Company's overall long-term strategies and financial objectives;
- Monitoring the implementation of the strategy, the business performance and results;
- Approving the appointment of Directors and other key personnel;
- Overseeing the processes of evaluating the adequacy of internal controls and the establishment of monitoring systems with respect to internal controls, financial reporting and compliance; and
- Approving annual budgets, fund raising proposals, investment and assets acquisitions proposals.

The Board's approval is required for matters specifically relating to material acquisitions and disposals of assets; mergers and acquisitions; major funding and investment proposals; issuance of shares and dividend and other return to shareholders proposals and the release of the Company's quarterly and full year results announcements to the Singapore Exchange Securities Trading Limited ("SGX-ST").

During the financial year under review, the Board conducts regular scheduled meetings and attendances by directors are regular. The Board aims to meet 6 times or more a year. Ad-hoc meetings are convened when circumstances require. The Company's Articles of Association allow a board meeting to be conducted by way of telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other.

The attendances of the directors at these meetings as well as the frequency of such meetings held for the financial year ended 31 December 2009 are disclosed in the following table.

	BOARD OF DIRECTORS			AUDIT COMMITTEE			REMUNERATION COMMITTEE			NOMINATING COMMITTEE		
	Position held	No. of meetings		Position held	No. of meetings		Position held	No. of meetings		Position held	No. of meetings	
		held	attended		held	attended		held	attended		held	attended
Fang Ming	C	7	7	–	6*	6*	–	2*	2*	M	1	1
Xie Xin	M	7	7	–	6*	6*	–	2*	2*	–	1*	1*
Xu Li	M	7	6	–	6*	6*	–	2*	2*	–	1*	1*
Lee Chong Min #	M	7	1	–	6*	1*	–	–	–	–	–	–
He Zhao Ju @ Danny Ho	M	7	7	–	6*	6*	–	2*	2*	–	1*	1*
Christopher Chong Meng Tak	M	7	7	C	6	6	M	2	2	M	1	1
Xiao Zu Xiu	M	7	3	M	6	4	C	2	1	C	1	–
Lui Seng Fatt	M	7	7	M	6	6	M	2	2	C	1	1

 # Mr. Lee Chong Min had resigned from the Board as Non-Executive Director on 3 November 2009.
** Attended the meetings as an invitee.*

Principle 2: Board Composition and Guidance

The Board comprises seven Directors, four of whom are independent and non-executive directors.

The independence of each director is reviewed annually by the NC and the criterion for independence is based on the Code's definition of what constitutes an independent director.

No new director was appointed by the Company during the year under review. Upon the appointment of every director, the Company will provide a formal letter to the director, setting out his duties and obligations and undergo an orientation program to be familiar with the business and governance practices of the Company. Directors are also invited to meet with management and gain a better understanding of the business operations of the Company.

Our Directors are sponsored to attend seminars conducted by external professionals including any changes in legislation and financial reporting standards, government policies and regulations and guidelines from SGX-ST on a regular basis. During the year under review, the independent non-executive directors attended seminars on updates concerning guidance to the best practice of director and the regulatory environment in Singapore.

The Board and the Nominating Committee are of the view that the current size of the Board is appropriate for facilitating effective decision making and that no individual or small group of individuals dominates the Board's decision making process. The Board comprises business leaders and respectable individuals with industry and financial backgrounds.

To assist the Board, various committees such as the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") have been constituted with clearly defined terms of reference which are reviewed on a regular basis. These Committees are made up majority of independent non-executive directors and effectiveness of each Committee is constantly monitored by the Board.

Key information regarding the directors is given in the "Directors' Profile" section of the annual report.

Principle 3: Chairman and Chief Executive Officer

Mr. Fang Ming is both the Chairman of the Board and the Chief Executive Officer ("CEO") of the Company. The Board, after much deliberation, shares the view that for the current moment, it is not necessary to segregate the roles of the Chairman and CEO.

Although the roles and responsibilities of both the Chairman and the CEO are vested in Mr. Fang Ming, the Board is of the opinion that there has been sufficient strong independent element on the Board and all resolutions of the Board have been arrived based on collective decision without any individual exercising any concentration of power of influence.

Following the recommendation of the Code, both Mr. Christopher Chong Meng Tak and Mr. Lui Seng Fatt have been appointed as the Co-Lead Independent Director to be available to shareholders to address any of their concerns.

As CEO of the Company, Mr. Fang Ming is responsible for the overall daily operation, management, sales and marketing functions.

The principal duties and responsibilities of the Chairman include:

- Scheduling of meetings to enable the Board to discharge its duties;

- Coordinating activities of the independent directors and non-executive directors;

- Exercising control over quality, quantity and timeliness of the flow of information between Management and the Board; and

- Assisting in ensuring compliance with the Company's guidelines on corporate governance.

Principle 4: Board Membership

The Nominating Committee ("NC") comprises four Directors, three of whom are independent directors. The NC is co-chaired by Mr. Lui Seng Fatt and Mr. Xiao Zu Xiu and has Mr. Christopher Chong Meng Tak and Mr. Fang Ming as its members.

The principal duties and responsibilities of the NC include:

- Assisting the Board in maximizing shareholders value;

- Assessing the effectiveness of the Board and the contribution and performance of the Directors;

- Identifying new candidates and reviewing all nominations for the appointment or re-appointment of Directors; and

- Determining whether or not a Director is independent pursuant to the guidelines as set out in the Code, and by such amendments made thereto from time to time.

When appointing new directors, the NC would, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The NC will evaluate potential candidates by undertaking background checks, assessing individual competency, knowledge, management skills, financial literacy, experience and qualification hereby ensuring the fulfillment of every requirement. The NC will seek candidates widely and beyond persons directly known to the Directors and is empowered to engage professional search firms and also give due consideration to candidates identified by any person short-listed candidates will be invited to meet the independent directors separately and may also be invited to meet the Board of Directors as a whole to discuss the duties required so as to ensure that there is no expectation gap.

Every year, the NC reviews and affirmed the independence of the Company's independent non-executive directors. Each director is required to complete a Director's independence checklist annually to confirm their independence. This checklist is based on guidelines provided in the Code and requires each director to assess whether they considers themselves independent despite not being involved in any of relationship which would interfere or be reasonably perceived to interfere with the exercise of independent judgment in carrying out functions as an independent non-executive director of the Company. Among the items included in the Checklist are disclosure pertaining to any employment, including compensation received from the Company or any of its related corporations, relationship to an executive director of the Company or its related corporations, immediate family member employed by the company or any of its related corporations as senior executive officer whose remuneration is determined by the RC, shareholding, or partnership or directorship (including those held by immediate family members) in an organisation to which the Company or its subsidiaries received, significant payments in the current or immediate past financial year. The NC will then review the checklist completed by each director to determine whether the director is independent.

Other than Mr. Christopher Chong Meng Tak who held seven concurrent directorships in other listed companies, the remaining directors do not hold any concurrent directorships in any other listed companies. The Board is of the view that such multiple board representations do not hinder him from carrying out his duties as director but widen the experience of the Board and give it a broader perspective.

Directorships or Chairmanships held by the Company's directors in other listed companies:

Name of Director	Date appointed / last re-elected	Directorships in other listed companies	
		Current	Past 3 years
Fang Ming (Chairman & CEO)	26 September 2008	Nil	Nil
Xie Xin (Executive Director)	28 April 2009	Nil	Nil
Xu Li (Executive Director)	26 September 2008	Nil	Nil
Lee Chong Min (Non-Executive Director) (2)	26 September 2008	Nil	Nil
He Zhao Ju @ Danny Ho (Non-Executive Director)	28 April 2009	Nil	Nil
Christopher Chong Meng Tak (Co-Lead Independent Director)	23 April 2008	ASL Marine Holdings Ltd GLG Corp Ltd (1) Koda Ltd Koon Holdings Limited Lorenzo International Limited SKY China Petroleum Services Limited Xpress Holdings Ltd	Nil
Xiao Zu Xiu (Independent Director)	28 April 2009	Nil	Nil
Lui Seng Fatt (Co-Lead Independent Director)	23 April 2008	Nil	Nil

(1) Listed on the Australian Stock Exchange.
(2) Mr. Lee Chong Min had resigned from the Board as Non-Executive Director on 3 November 2009.

In accordance with the Company's Articles of Association, all directors are required to retire from office at least once every three years and submit themselves for re-election at the next Annual General Meeting ("AGM"). A newly appointed director must also submit himself for re-election at the AGM following his appointment.

Principle 5: Board Performance

The NC, in considering the re-appointment of a Director, will evaluate the performance of the Director's contributions, such as his or her attendance record at meetings of the Board and Board Committees, active participation during these meetings and the quality of his or her contributions.

The NC will also evaluate the effectiveness of the Board as a whole and the Board Committee on an annual basis. The evaluation of the Board's performance is conducted by means of a questionnaire completed by each individual Director, which is then collated and the findings analyzed and discussed. The result of the Board's performance assessment are reviewed by the NC and circulated to the Board for consideration thereafter. Recommendations to further enhance the effectiveness of the Board are implemented, as appropriate.

The Board, through the NC, will use its best effort to ensure that directors appointed to the Board, whether individually or collectively, possess the experience, knowledge and expertise critical to the Group's business. It will also ensure that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made. Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as Director of the Company.

Principle 6: Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, the Company has provided the directors with regular updates on the operational and financial performance of the Company and furnished directors with complete and adequate information on matters that require their consideration. Board papers with the relevant background and financial information are circulated prior the respective meeting.

All Directors have separate, unrestricted and independent access to the Company's senior management and the Company secretaries. The responsibilities of the Company secretaries include a smooth flow of information within the Board and its Board Committees and between senior management and non-executive Directors. The Company Secretary attends all Board and Board Committee meetings and is responsible for ensuring that proper board procedures are being followed and that applicable rules and regulations are complied with.

In situations where the Directors, whether individually or as a group, do need to seek independent professional advice can appoint the professional advisor selected by the Company. The cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") comprises three Directors, all of whom are independent directors. The RC is chaired by Mr. Xiao Zu Xiu and has Mr. Christopher Chong Meng Tak and Mr. Lui Seng Fatt as its members.

The principal duties and responsibilities of the RC include:

- Recommending to the Board for its endorsement a framework of remuneration which include but not limited to directors' fees, salaries, allowances, bonuses, benefits-in-kind and equity-based incentives such as share options;
- Determining specific remuneration packages for the Executive Directors and Chief Executive Officer;
- Reviewing the remuneration of senior management/key executives; and
- Proposing appropriate measures and identifying meaningful targets for assessing the performance of the Executive Directors.

Principle 8: Level and Mix of Remuneration

The remuneration structure of the Company is to develop a programme that is competitive and sufficient to attract, retain and motive directors and key management of the required quality to run the Company successfully. The Company has in place a profit sharing scheme for its key management. The scheme is only applicable when the Company's profit before tax (arising from underlying business) exceeds RMB60 million.

In determining the remuneration packages of the Executive Directors and key executives which comprise solely salaries, the RC takes into consideration of the Company's and their performance as well as the financial and commercial health and business outlook of the Company.

The Company has in place service contracts for every Executive Directors which set out the framework of their remuneration package. Their service contracts are for a fixed period of 3 years; do not contain onerous removal clauses and a notice period of six months.

The independent and non-executive directors received only fees which are reviewed by the RC to ensure that such fees commensurate with the contributions, responsibilities and time spent. These fees paid are subject to the shareholders' approval at each AGM.

Currently the Company does not have any employee share schemes.

Principle 9: Disclosure of Remuneration

The remuneration bands of the Directors and top five Key Executives of the Group for the financial year ended 31 December 2009 are:

Remuneration Bands	Salary	Fees	Other benefits	Total
	%	%	%	%
Directors of the Company				
S$200,000 to S$300,000				
Fang Ming	100			100
S$100,000 to S$200,000				
Xie Xin	100			100
Xu Li	100			100
Below S$100,000				
Lee Chong Min (Resigned on 3 Nov 2009)		100		100
He Zhao Ju @ Danny Ho		56	44	100
Christopher Chong Meng Tak		100		100
Xiao Zu Xiu		100		100
Lui Seng Fatt		100		100
Top 5 executives of the Company				
S$100,000 to S$200,000				
Lim Boon Ping	100			100
Below S$100,000				
Wang Ze Min	94		6	100
Yang Jian Ren	96		4	100
Wang Qing Shan	99		1	100

None of the employees who are immediate family members of an Executive Director received more than s$150,000 in remuneration in FY2009.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is aware of its responsibilities to provide shareholders with a balanced, understandable and comprehensive view of the Company's performance, financial position and prospects on a timely basis. The quarterly and full year results announcements are released via the SGXNET within the mandatory period.

Price sensitive information is publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

Currently the Management will provide the Board with information on the Group's financial performance as well as the progress of the various projects undertaken for effective monitoring and decision making.

Principle 11: Audit Committee
Principle 12: Internal Controls
Principle 13: Internal Audit

The Audit Committee ("AC") comprises three Directors, all of whom are independent directors. The AC is chaired by Mr. Christopher Chong Meng Tak, a Chartered Accountant and has Mr. Xiao Zhu Xiu, who has experience overseeing the financial, taxation and auditing function during his tour as an Executive Deputy Mayor of Chongqing and Mr. Lui Seng Fatt, a property specialist as its members.

The principal duties and responsibilities of the AC include:

- Reviewing the audit plans and the proposed scope of audit examination of the internal auditors and external auditors to be conducted for the purpose of evaluating the effectiveness of the Company's material internal controls;

- Reviewing the internal auditors' evaluation of the system of internal accounting controls and approving changes or new internal controls implemented by the Company;

- Appraising and reporting to the Board on the audit undertaken by the internal auditors and external auditors; adequacy of disclosure of information and the appropriateness and quality of the system of internal controls;

- Reviewing the assistance given by management to the internal auditors and external auditors to ensure that no restrictions are being placed on their work;

- Reviewing the cost effectiveness of the audit, the independence and objectivity of the external auditors and the nature and extent of non-audit services provided by them;

- Recommending to the Board the appointment, re-appointment or removal of the external auditors for the ensuring year and approving their remuneration and terms of engagement;

- Reviewing with the Board, management and the auditors the possible risks or exposures that may exist and identifying the necessary steps to take in order to minimize such risk to the Company;

- Reviewing the quarterly and full year results announcements, the annual report and any other announcement relating to the financials of the Company before recommending them to the Board for approval; and

- Reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual.

Besides assisting the Board to discharge its responsibilities in safeguarding the shareholders' investment and the Company's assets, the AC is constantly involved in developing and maintaining an effective system of internal controls, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Company.

As a property developer of prime commercial and office space, the Company's principal operating risks includes but is not restricted to: completion of its developments in time and within specifications; the level of occupancy and average per square metre rental rate; access to adequate and reasonably cost funding; being able to source new and reasonably priced land; and not suffering any adverse local or central policies or regulations. In addition the Company is also subject to: changes in PRC laws & regulations; RMB-S$-US$ translation gains & losses; compliance with government requirements & debt covenants; and banker's and capital provider's perception of property and China risk. The Audit Committee assesses these risks continuously but formally undertakes a review of such risks with management and the Internal Auditors once a year. All identified risks are classified and the Internal Auditor is charged with checking the adequacy of controls: annually for high risk or risks with significant potential negative impacts; once every two years for medium risks; and once every three years for low risk. The Internal Auditor is required to apply and has confirmed that they apply standards that meet that required by the IIA. The Audit Committee and the Board of Directors are of the opinion that the internal controls of the Company are adequate.

While the AC understands the importance in ensuring that the management maintains a sound internal control framework, the committee recognizes that no cost effective internal control system will preclude all errors and irregularities as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Company recognizes the importance of establishing an internal audit function that is independent of the activities it audits. The internal audit function is currently outsourced to Yang Lee & Associates who reports directly to the chairman of the AC.

The AC has reviewed the work of the internal auditors and is satisfied that the existing internal controls in the Company are adequate. The AC also provides a channel of communication between the Board, the management and the external auditors on matters relating to audit.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the management, full discretion to invite any Executive Director or officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC meets with both the internal auditors and external auditors, without the presence of management, at least once a year to review any matter that might be raised.

During the current financial year, there was no non-audit fees paid to the external auditors of the Company and the AC is satisfied with the independence of the external auditors.

In order to provide assurance to the Board, the Group CEO and Group CFO provide a written certification to the Board confirming the soundness of financial reporting on an annual basis.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders
Principle 15: Shareholder Participation

The Company is mindful of its obligations to provide material information in a fair and organized manner on a timely basis to its shareholders. The Company strives to engage in regular, effective and fair communication with its shareholders, and be as descriptive, detailed and forthcoming as possible in disclosing information.

The Company does not practice selective disclosure of material information. Material developments, press releases, quarterly and full year results announcements and presentation slides are always released through the SGXNET on a timely basis for dissemination to shareholders and the public in accordance with the requirements of the SGX-ST.

All shareholders will receive the annual report of the Company and notice of AGM by post and through notices published in the newspapers within the mandatory period. shareholders of the Company can also access information on the Company at the SGX-ST website.

Shareholder communication is valued at the company. All shareholders are invited to write to the Company c/o our Chief Financial Officer, Mr. Lim Boon Ping (email: ir@yingligj.com). The Company strives to reply to emails within 2 or 3 working days. During the year, an email brought to the attention of the Company certain rumours which were investigated and resolved to the satisfaction of the sender of the email and the Board of Directors.

Subsequent to the release of the full year results announcement for financial year ended 31 December 2009 in February 2010, the Company held briefing with respect to its final results and which were attended by analysts.

The Board views the AGM as an opportunity to communicate directly with its shareholders and encourages greater shareholders' participation. The Chairman and other Directors will attend the AGM and be available to take questions from shareholders. The external auditors are also present to assist the Directors in addressing any relevant queries from shareholders.

DEALINGS IN SECURITIES

Directors and employees of the Company are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the quarterly results, one month before the announcement of the full year results.

Directors and employees of the Company have also been advised not to trade in the Company's securities when in possession of unpublished price-sensitive information or on short-term considerations.

INTERESTED PERSON TRANSACTIONS

All interested person transactions to be entered into by the Company will be reviewed by the AC to ensure that the terms and charges are fair and reasonable prior to recommending to the Board for approval.

The director concerned will not participate and is refraining from the approval of the transactions.

The Company's disclosure in accordance with Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions for the financial year ended 31 December 2009 as follows:

Name of 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 of the SGX Listing Manual) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S$100,000) RMB'000
Mr. Xu Shi Quan Provide professional advices to the CEO	1,471.6	-

Note:

Mr. Xu Shi Quan is the father of our Executive Director, Ms Xu Li.

Saved as disclosed, there are no other material contracts entered into by the Company and its subsidiaries involving the interest of the Chief Executive Officer, Director or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of previous financial year.

DIRECTORS' REPORT

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2009.

NAME OF DIRECTORS

The directors in office at the date of this report are:

Fang Ming
Xie Xin
Xu Li
Lee Chong Min (Resigned on 3 November 2009)
He Zhao Ju @ Danny Ho
Christopher Chong Meng Tak
Xiao Zu Xiu
Lui Seng Fatt

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body other than as disclosed in this report.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, the following directors who held office at the end of the financial year were interested in shares of the Company and its related corporations as follows:

	Number of ordinary shares			
	Direct interest		**Deemed interest**	
	As at 1.1.2009	**As at 31.12.2009**	**As at 1.1.2009**	**As at 31.12.2009**
Ordinary shares of the Company				
Ying Li International Real Estate Limited				
Fang Ming	–	**–**	941,739,014	**926,739,014** (2)
Xie Xin (1)	–	**–**	941,739,014	**926,739,014**
Xu Li (1)	–	**–**	941,739,014	**926,739,014** (2)
Ordinary shares of USD1 each of the ultimate holding company				
(Newest Luck Holdings Limited)				
Fang Ming	8,000	**8,000**	–	**–**
Xie Xin (1)	–	**–**	2,000	**2,000**
Xu Li (1)	2,000	**2,000**	–	**–**

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2010.

Notes:

(1) Mr. Xie Xin is the husband of Ms Xu Li. Mr. Xie Xin is deemed to have interests in the shares of the Company that Ms Xu Li has an interest in.

(2) Mr. Fang Ming and Ms Xu Li are deemed to have interests in the shares of the Company through their shareholdings in Newest Luck.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

DIRECTORS' CONTRACTUAL BENEFITS

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Note 19 to the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

SHARE OPTIONS

a) Options to take up unissued shares

No options were granted during the financial year to take up unissued shares of the Company or of its subsidiaries.

b) Options exercised

No shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries.

c) Unissued shares under option

There were no unissued shares of the Company and of the subsidiaries under option at the end of the financial year.

AUDIT COMMITTEE

The audit committee comprises the following members:

Christopher Chong Meng Tak (Chairman)
Xiao Zu Xiu
Lui Seng Fatt

The audit committee (AC) carried out its functions in accordance with Section 201B(5) of the Companies Act, Cap. 50 ("the Act"), including the following:

– Reviews the audit plans of the internal and external auditors of the Company, and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors

– Reviews the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the board of directors

– Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors

– Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC

– Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators

– Reviews the cost effectiveness and the independence and objectivity of the external auditors

– Reviews the nature and extent of non-audit services provided by the external auditors

– Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit

– Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate

– Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

There was no non-audit fee paid to the external auditors of the Company. The AC has also conducted a review of interested person transactions.

DIRECTORS' REPORT (CONT'D)

AUDIT COMMITTEE (CONT'D)

The Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, Foo Kon Tan Grant Thornton LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

AUDITORS

The auditors, Foo Kon Tan Grant Thornton LLP, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

....
FANG MING

....
XIE XIN

Date: 9 April 2010

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the accompanying statements of financial position, consolidated statements of comprehensive income, changes in equity and cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date, and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

....
FANG MING

....
XIE XIN

Date: 9 April 2010

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED

We have audited the accompanying financial statements of Ying Li International Real Estate Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2009, the consolidated statements of comprehensive income, changes in equity and cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENTS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 ("the Act") and International Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion:

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results, changes in equity and the cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton LLP
Public Accountants
and Certified Public Accountants

Singapore
Date: 9 April 2010

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

		The Group		The Company	
		31 December 2009	31 December 2008	**31 December 2009**	31 December 2008
	Note	**RMB**	RMB	**RMB**	RMB
Assets					
Non-Current					
Property, plant and equipment	3	**15,803,459**	3,749,353	**169,057**	16,196
Investment properties	4	**1,449,400,000**	1,279,949,000	**–**	–
Investments in subsidiaries	5	**–**	–	**2,826,787,459**	2,768,750,572
		1,465,203,459	1,283,698,353	**2,826,956,516**	2,768,766,768
Current					
Land for development	6	**967,521,304**	572,735,709	**–**	–
Development properties	7	**577,544,957**	105,550,069	**–**	–
Trade and other receivables	8	**245,639,252**	24,151,146	**147,070,554**	2,797,549
Amount owing by a subsidiary	9	**–**	–	**682,658,400**	–
Cash and bank balances	10	**255,166,536**	100,141,434	**30,097,650**	25,860,137
		2,045,872,049	802,578,358	**859,826,604**	28,657,686
Total assets		**3,511,075,508**	2,086,276,711	**3,686,783,120**	2,797,424,454
Equity					
Capital and Reserves					
Share capital	11	**3,527,574,647**	2,637,682,042	**3,527,574,647**	2,637,682,042
Retained profits		**690,407,633**	626,179,297	**(6,590,508)**	4,000,356
Other reserves		**(1,993,412,994)**	(1,977,589,655)	**(4,792,937)**	427,773
		2,224,569,286	1,286,271,684	**3,516,191,402**	2,642,110,171
Minority interests		**50,948,910**	23,253,621	**–**	–
Total equity		**2,275,518,196**	1,309,525,305	**3,516,191,402**	2,642,110,171
Liabilities					
Non-Current					
Deferred tax	12	**219,120,229**	190,676,247	**–**	–
Borrowings	13	**415,860,000**	269,250,000	**–**	–
		634,980,229	459,926,247	**–**	–
Current					
Trade and other payables	14	**373,382,031**	208,131,699	**140,550,468**	155,314,283
Amount owing to a director	15	**41,927,287**	11,904,937	**30,041,250**	–
Provision for taxation		**80,177,765**	68,618,523	**–**	–
Borrowings	13	**105,090,000**	28,170,000	**–**	–
		600,577,083	316,825,159	**170,591,718**	155,314,283
Total equity and liabilities		**3,511,075,508**	2,086,276,711	**3,686,783,120**	2,797,424,454

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Note	**Year ended 31 December 2009 RMB**	Year ended 31 December 2008 RMB
Revenue	16	**132,159,407**	86,724,359
Cost of sales		**(58,079,349)**	(60,680,069)
Gross profit		**74,080,058**	26,044,290
Other income	17	**1,397,419**	539,884,958
Selling expenses		**(5,606,802)**	(7,233,611)
Administrative expenses		**(36,567,759)**	(22,732,097)
Fair value gain/(loss) on investment properties	4	**113,775,930**	(50,458,000)
Finance costs		**(12,219,520)**	(4,706,849)
Other operating expenses	18	**–**	(125,396,822)
Profit before taxation	19	**134,859,326**	355,401,869
Taxation	20	**(40,215,431)**	165,361
Profit for the year		**94,643,895**	355,567,230
Other comprehensive income:			
Foreign currency translation differences (at nil tax)		**(18,543,609)**	9,889,683
Other comprehensive income for the year		**(18,543,609)**	9,889,683
Total comprehensive income for the year		**76,100,286**	365,456,913
Profit attributable to:			
Equity holders of the parent		**66,948,606**	357,438,609
Minority interests		**27,695,289**	(1,871,379)
		94,643,895	355,567,230
Total comprehensive income attributable to:			
Equity holders of the parent		**48,404,997**	367,328,292
Minority interests		**27,695,289**	(1,871,379)
		76,100,286	365,456,913
Earnings per share (cents)			
Basic	21	**0.04**	0.63
Diluted	21	**0.04**	0.63

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FINANCIAL YEAR ENDED 31 DECEMBER 2009

The Group	Share capital RMB	Reverse acquisition reserve RMB	Statutory common reserve RMB	Translation reserve RMB	Retained profits RMB	Total RMB	Minority interests RMB	Total equity RMB
Balance at 1 January 2008	78,761,917	–	151,730	–	254,081,997	332,995,644	–	332,995,644
Total comprehensive income for the year	–	–	–	9,889,683	357,438,609	367,328,292	(1,871,379)	365,456,913
Transfer to statutory common reserve	–	–	6,080,662	–	(6,080,662)	–	–	–
Issue of shares pursuant to the reverse acquisition	2,588,169,848	487,336,494	–	–	–	3,075,506,342	–	3,075,506,342
Share issue expenses	(29,249,723)	–	–	–	–	(29,249,723)	–	(29,249,723)
Adjustments due to reverse acquisition	–	(2,481,048,224)	–	–	20,739,353	(2,460,308,871)	(20,739,353)	(2,481,048,224)
Minority interests arising from acquisition of subsidiaries	–	–	–	–	–	–	45,864,353	45,864,353
Balance at 31 December 2008	**2,637,682,042**	**(1,993,711,730)**	**6,232,392**	**9,889,683**	**626,179,297**	**1,286,271,684**	**23,253,621**	**1,309,525,305**
Balance at 1 January 2009	**2,637,682,042**	**(1,993,711,730)**	**6,232,392**	**9,889,683**	**626,179,297**	**1,286,271,684**	**23,253,621**	**1,309,525,305**
Total comprehensive income for the year	**–**	**–**	**–**	**(18,543,609)**	**66,948,606**	**48,404,997**	**27,695,289**	**76,100,286**
Transfer to statutory common reserve	**–**	**–**	**2,720,270**	**–**	**(2,720,270)**	**–**	**–**	**–**
Equity-settled share-based payment transactions	**842,495**	**–**	**–**	**–**	**–**	**842,495**	**–**	**842,495**
Issue of shares	**889,050,110**	**–**	**–**	**–**	**–**	**889,050,110**	**–**	**889,050,110**
Balance at 31 December 2009	**3,527,574,647**	**(1,993,711,730)**	**8,952,662**	**(8,653,926)**	**690,407,633**	**2,224,569,286**	**50,948,910**	**2,275,518,196**

* *Reverse acquisition reserve relates to the difference in the par value of shares of Fortune Court Holdings Ltd and consideration paid in connection with the reverse acquisition completed in 2008.*

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Note	2009 RMB	2008 RMB
OPERATING ACTIVITIES			
Profit before taxation		**134,859,326**	355,401,869
Adjustments for:			
Depreciation of property, plant and equipment	3	**1,118,063**	918,654
Fair value (gain)/loss on investment properties	4	**(113,775,930)**	50,458,000
Negative goodwill	17	**–**	(485,395,842)
Goodwill written off	18	**–**	109,372,659
Interest expense	19	**12,219,520**	4,706,849
Interest income	17	**(18,518)**	(545,982)
Gain on disposal of property, plant and equipment		**(212,357)**	–
Operating profit before working capital changes		**34,190,104**	34,916,207
Increase in land for development		**(669,540,000)**	(131,881,074)
Increase in development properties		**(81,593,071)**	(76,006,408)
(Increase) / decrease in trade and other receivables		**(220,897,263)**	154,696,790
Increase / (decrease) in trade and other payables		**(17,306,880)**	(31,744,897)
Cash used in operations		**(955,147,110)**	(50,019,382)
Interest paid		**(38,018,795)**	(27,556,562)
Interest received		**18,517**	545,982
Income tax paid		**(212,207)**	(2,161,685)
Net cash used in operating activities		**(993,359,595)**	(79,191,647)
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(2,977,381)**	(854,729)
Net proceeds from disposal of assets and liabilities	27	**–**	12,662,959
Proceeds from disposal of property, plant and equipment		**800,000**	–
Cash outflow on acquisition of subsidiaries	5	**–**	(146,248,570)
Net cash used in investing activities		**(2,177,381)**	(134,440,340)
FINANCING ACTIVITIES			
Proceeds from issuance of shares		**889,050,110**	458,086,771
Cash at bank - restricted		**(3,724,666)**	(6,800,700)
Advances from a director		**51,722,350**	11,904,937
Proceeds from bank loans		**374,304,695**	–
Repayment of bank loans		**(165,156,500)**	(188,887,502)
Net cash from financing activities		**1,146,195,989**	274,303,506
Net increase in cash and cash equivalents		**150,659,013**	60,671,519
Cash and cash equivalents at beginning of year		**81,981,513**	21,309,428
Effects of exchange rate changes on cash and cash equivalents		**641,423**	566
Cash and cash equivalents at end of year	10	**233,281,949**	81,981,513

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 GENERAL

Ying Li International Real Estate Limited (the "Company") is a limited liability company incorporated in the Republic of Singapore. The Company was listed on SGX Mainboard on 31 October 2008.

The registered office is located at 6 Temasek Boulevard, #24-04 Suntec Tower Four, Singapore 038986. Its principal place of business is located at Chongqing, the People's Republic of China (the "PRC") at Level 4 Tower A, Minsheng Mansion, 181 Minsheng Road, Yuzhong District, Chongqing 400010.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

<u>Reverse acquisition accounting</u>
On 26 September 2008, the Company completed the acquisition of the Fortune Court Group from Newest Luck Holdings Ltd ("Newest Luck") for a purchase consideration of RMB2,584 million (S$545.4 million) ("Acquisition"). The Fortune Court Group comprises the following 3 companies:

(1) Fortune Court Holdings Limited ("Fortune Court")
(2) Chongqing Yingli Real Estate Development Co,. Ltd. ("Chongqing Yingli")
(3) Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd. ("San Ya Wan")

The purchase consideration was satisfied by the allotment and issuance of 1,652.7 million new shares in the capital of the Company at RMB1.563969 (S$0.33) per share. Following the allotment and issuance of the shares, Newest Luck emerged as the single largest shareholder of the Company, owning 60.9% equity interest in the Company, thereby becoming the holding corporation of the Company.

Subsequent to the completion of the reverse acquisition, the Company disposed of the business of the kitchen products and accessories (Note 27).

Upon completion of the above exercises, the Company became a property development and investment company in Singapore. Chongqing Yingli engages principally in the development, sale, rental, management and long-term ownership of high quality commercial and residential properties in Chongqing.

<u>At Group level</u>
The Acquisition was accounted for as a reverse acquisition in accordance with the requirement of IFRS 3 "Business Combinations" and the legal subsidiary (i.e. Fortune Court) is considered the acquirer for accounting purposes. Accordingly, the Group's consolidated statement of financial position and consolidated statements of comprehensive income, changes in equity and cash flows for the year ended 31 December 2008 were presented as a continuation of the Fortune Court Group's financial results and operations.

1 GENERAL (CONT'D)

Since such consolidated financial statements represents a continuation of the financial statements of the Fortune Court Group's:

(a) the assets and liabilities of the Fortune Court Group were recognised and measured in the consolidated statement of financial position at their pre-combination carrying amounts;

(b) the retained earnings and other equity balances recognised in the consolidated financial statements were the retained earnings and other equity balances of the Fortune Court Group immediately before the business combination;

(c) the amount recognised as issued equity instruments in the consolidated financial statements was determined by adding to the issued equity of the Fortune Court Group immediately before the business combination, the cost of the combination of the acquisition. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) reflect the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the legal parent (i.e. the Company) to effect the combination; and

(d) the comparative figures presented in the consolidated financial statements for the year ended 31 December 2008 were prepared on a pro-forma basis. They included the unaudited consolidated financial statement of the Fortune Court Group which included Fortune Court and Chongqing Yingli assuming that the present structure existed during the previous financial year.

Consolidated financial statements prepared following a reverse acquisition shall reflect the fair values of the assets, liabilities and contingent liabilities of the legal parent (i.e. the acquiree for accounting purposes). Therefore, the cost of the business combination for the acquisition was allocated to the identifiable assets, liabilities and contingent liabilities of the legal parent that satisfied the recognition criteria at their fair values at 26 September 2008.

Any excess of the cost of the reverse acquisition over the acquirer's interest in the net fair values of the acquiree was immediately written off in profit or loss.

The Company and its subsidiaries before the acquisition of the Fortune Court Group being the acquiree for reverse acquisition accounting purposes, contributed accumulated losses amounting to approximately RMB13,410,508 to the Group during 2008.

<u>At Company level</u>

Reverse acquisition accounting applies only at the consolidated financial statements at the Group level. Therefore, in the Company's financial statements, the investment in the legal subsidiaries (i.e. Fortune Court Group) is accounted for at cost less accumulated impairment losses in the Company's statement of financial position.

In the Company's (the legal parent) separate financial statements, the investment in the Fortune Court Group (the legal subsidiary) is accounted for in accordance with the requirement of IAS 27 "Consolidated and Separate Financial Statements".

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and on the historical cost basis except as disclosed in the accounting policies below.

The consolidated financial statements were authorised for issue by the Board of Directors on 9 April 2010.

These consolidated financial statements are presented in Renminbi (RMB), which are the presentation currency of the Company and the functional currency of the principal operating subsidiaries of the Group.

2.1 Significant accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

2.2 Critical assumptions used and accounting estimates in applying accounting policies

Carrying value of development properties

Significant judgement is required in assessing the recoverability of the carrying value of development properties. Analysis has been carried out based on assumptions regarding the selling price and costs of properties. Significant judgement is required in determining total costs of properties, including construction costs and variation orders. The Group estimates total construction costs based on contracts awarded and the experience of qualified project managers. Barring unforeseen circumstances, the carrying amount of development propertiesas reflected in the consolidated statement of financial position will be recoverable. The Group will closely monitor the property price index and market sentiment, and adjustments will be made if future market activity indicates that such adjustments are appropriate.

Significant judgement is also required to assess provision made for foreseeable losses, if any, where the total estimated construction costs exceeds estimated selling price.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the assets are tested for impairment. The recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss.

2 BASIS OF PREPARATION (CONT'D)

2.2 Critical assumptions used and accounting estimates in applying accounting policies (cont'd)

Management judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections could materially affect the net present value used in the impairment test and as a result affects the Group's results.

Impairment of investments in subsidiaries
Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates.

Depreciation of property, plant and equipment
Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 30 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Valuation of investment properties
The Group's investment properties are stated at estimated fair values based on the valuation performed by independent professional valuers. The estimated fair values may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, in determining a fair value, the valuers have used a method of valuation which involves certain estimates, including comparison with recent sale transactions of similar neighbouring properties.

Since the assumptions involve many variables, it is not practically possible to estimate the degree of sensitivity of the fair value of the investment properties to changes in the assumptions underlying the fair value estimation.

Income tax
Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2 BASIS OF PREPARATION (CONT'D)

2.2 Critical assumptions used and accounting estimates in applying accounting policies (cont'd)

Allowance for bad and doubtful debts

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

2.3 Adoption of new and revised international financial reporting standards

On 1 January 2009, the Group adopted the new or amended IFRSs and interpretations from International Financial Reporting Interpretations Committee ("IFRICs") that are mandatory for application from that date. The new or revised IFRSs and IFRICs adopted during the financial year are as follows:

Amendments to IAS 1	Presentation of Financial Statements
Amendments to IAS 16	Property, Plant and Equipment
Amendments to IAS 19	Employee Benefits
Amendments to IAS 20	Government Grants and Disclosure of Government Assistance
IAS 23 (revised 2007)	Borrowing Costs
Amendments to IAS 32	Financial Instruments: Presentation - Amendments relating to puttable instruments and obligations arising on liquidation
Amendments to IAS 36	Impairment of Assets
Amendments to IAS 38	Intangible Assets
Amendments to IAS 39	Financial Instruments: Recognition and Measurement
Amendments to IAS 40	Investment Property
Amendments to IFRS 1/IAS 27	Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (revised 2008)	Share-based Payment - Vesting Conditions and Cancellations
Amendments to IFRS 7/IAS 39	Reclassification of Financial Assets - initial application
IFRS 8	Operating Segments
Improvements to IFRSs 2008	
IFRIC 15	Agreements for the Construction of Real Estate

The adoption of these new and revised IFRS and interpretations does not result in substantial changes to the Group's accounting policies and has had no material impact on the financial statements of the Group.

2 BASIS OF PREPARATION (CONT'D)

2.4 International financial reporting standards not yet effective

IAS 24 (Revised 2009)	Related Party Disclosures
Amendments to IAS 32	Classification of Rights Issues
Amendments to IAS 39	Financial Instruments: Recognition and Measurement
IFRS 1 (Revised 2009)	First-time Adoption of International Financial Reporting Standards
IFRS 2 (Revised 2009)	Share-based Payment - Vesting Conditions and Cancellations
IFRS 3 (Revised 2008)	Business Combinations - Comprehensive revision on applying the acquisition method
Amendments to IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 9	Financial Instruments: Classification and Measurement
Improvements to IFRSs 2009	
IFRIC 14	IAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfer of Assets from Customers
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The directors do not anticipate that the adoption of such standards and interpretations will have a material impact on the consolidated financial statements of the Group.

2.5 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Information on its subsidiaries is given in Note 5.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated statement of comprehensive income from the effective date in which control is transferred to the Group or in which control ceases, respectively.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

2 BASIS OF PREPARATION (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

Consolidation (cont'd)

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated below.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income on the date of acquisition.

Where the accounting policies of a subsidiary do not conform with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

Subsidiaries

For consolidation purposes, a subsidiary is an entity controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether there is control.

Shares in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of minority interest.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

2 BASIS OF PREPARATION (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

Property, plant and equipment and depreciation (cont'd)
Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Leasehold buildings	shorter of lease term or 30 years
Office equipment	3 to 5 years
Motor vehicles	5 years
Computers	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate as a change in estimates.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before that expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Investment properties
Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are treated as non-current investments and are initially recognised at cost and subsequently carried at fair value, representing open market value determined annually by the directors based on valuations by independent professional valuer. Gross changes in fair values and the related tax impact are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

2 BASIS OF PREPARATION (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

Investment properties (cont'd)

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

When developed properties for sale are reclassified as investment properties, the lower of cost and net realisable value of developed properties for sale at the date of reclassification becomes its cost on initial recognition. Subsequent to initial recognition, investment properties are measured at fair value with gross changes in fair values and the related tax impact recognised in profit or loss.

Development properties

Development properties are properties being constructed or developed for sale in the ordinary course of business.

The cost of properties under development comprise specifically identified costs, including capitalised borrowing costs directly attributable to the development of the properties, aggregate cost of development, materials and supplies, wages and other direct expenses, less any allowance considered necessary by the directors.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. Capitalisation of borrowing costs ceases on issue of Temporary Occupation Permit. The capitalisation rate is determined by reference to the actual rate payable on borrowings for properties for sale under development, weighted as applicable.

When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete the development and selling expenses.

Land for development

Land for development is land held for future sale as part of development properties in the ordinary course of business. Cost comprises the cost of land use rights, borrowing costs and other costs directly attributable to bringing the leasehold land to the condition necessary for it to be ready for development. Land for development is stated at the lower of cost and net realizable value.

2 BASIS OF PREPARATION (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

Financial assets

Financial assets can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each reporting date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not hold any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in profit or loss.

Receivables are provided against when objective evidence is received that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Loans and receivables are included in trade and other receivables in the statement of financial position.

2 BASIS OF PREPARATION (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits (other than those pledged).

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of cash management.

Impairment of non-financial assets

The carrying amounts of non-financial assets subject to impairment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually or more often if there are indicators of impairment. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

2 BASIS OF PREPARATION (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

Impairment of non-financial assets (cont'd)
With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a decrease in that impairment loss is reversed through profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to an impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting date.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Dividends
Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Operating leases
Where the Group is a lessor
Assets leased out under operating leases are included in investment properties and are stated at fair value and not depreciated. Rental income (net of any incentives given to lessee) is recognised on a straight-line basis over the lease term.

Where the Group is a lessee
Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made.

2 BASIS OF PREPARATION (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

Financial liabilities

The Company's financial liabilities include borrowings, bank loans and overdraft, trade and other payables. They are included in the statement of financial position items "non-current financial liabilities", "current financial liabilities" and "trade and other payables".

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of borrowing using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings in the statement of financial position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date. Borrowings to be settled within the Group's normal operating cycle are considered as current. Other borrowings due to be settled more than twelve months after the reporting date are included in non-current borrowings in the statement of financial position.

Trade payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Financial guarantees

Financial guarantee contracts entered into to guarantee the indebtedness of other group entities are initially recognised at their fair value plus transaction costs.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In that case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

2 BASIS OF PREPARATION (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

Provisions

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Borrowing costs

Borrowing costs are recognised in profit or loss as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for.

Disclosures on financial risk management objectives and policies are provided in Note 25.

Employee benefits

Pension obligations

The Company and the Group pay contributions to post-employment benefits under defined contribution plans on a mandatory basis. Contributions to defined contribution plans are charged to profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the reporting date.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain key executive officers are considered key management personnel.

2 BASIS OF PREPARATION (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

Share-based payments

The fair value of options granted to vendors is measured using the Binomial model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

The fair value of options is recognised as an expense in profit or loss over the vesting period of the option.

When the share options are exercised, the proceeds received (net of any directly attributable transaction costs) and the related balance previously recognised in the share-based compensation reserve is credited to share capital when new ordinary shares are issued.

Income taxes

The liability method of tax effect accounting is adopted by the Company and the Group. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Deferred income tax is provided on all temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised (unless the deferred tax asset arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

The statutory tax rates enacted or substantively enacted at the reporting date are used to determine deferred income tax.

2 BASIS OF PREPARATION (CONT'D)

2.5 Summary of significant accounting policies (cont'd)

Revenue

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the purchaser. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of the goods.

<u>Sale of properties</u>

Revenue from sale of properties is recognised when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon signing of the property handover notice by the buyer, whichever is the earlier. Payments received from buyers prior to this stage are recorded as advances from customers for sales of properties and is classified as current liabilities.

<u>Rental income</u>

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease terms on a straight-line basis.

<u>Interest income</u>

Interest income is recognised on a time proportion basis using the effective interest method.

<u>Consultancy fee income</u>

Consultancy fee income is recognised when services are rendered.

Statutory Common Reserve

Statutory reserve represents the amount transferred from profit after taxation of the subsidiaries incorporated in the People's Republic of China ("PRC") in accordance with the PRC requirement. The statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off any accumulated losses or increasing capital.

Operating Segments

For management reporting purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the chief executive officer who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

3 PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings RMB	Office equipment RMB	Motor vehicles RMB	Computers RMB	Total RMB
The Group					
Cost					
At 1 January 2008	–	607,818	6,565,685	373,016	7,546,519
Acquisition of subsidiary	–	330,804	167,562	23,731	522,097
Other additions	–	62,931	746,465	45,333	854,729
Reclassifications	–	169,558	–	(169,558)	–
At 31 December 2008	**–**	**1,171,111**	**7,479,712**	**272,522**	**8,923,345**
Additions	**–**	**263,483**	**1,516,143**	**1,197,755**	**2,977,381**
Transfer from development properties* (Note 7)	**10,777,517**	**–**	**–**	**–**	**10,777,517**
Disposals	**–**	**(663,057)**	**(898,700)**	**(135,718)**	**(1,697,475)**
Translation differences	**–**	**6,142**	**–**	**392**	**6,534**
At 31 December 2009	**10,777,517**	**777,679**	**8,097,155**	**1,334,951**	**20,987,302**
Accumulated depreciation					
At 1 January 2008	–	488,676	3,484,811	281,890	4,255,377
Reclassifications	–	150,391	–	(150,391)	–
Depreciation for the year	–	36,984	863,159	18,511	918,654
Adjustments	–	–	–	(39)	(39)
At 31 December 2008	**–**	**676,051**	**4,347,970**	**149,971**	**5,173,992**
Depreciation for the year	**102,400**	**160,173**	**785,784**	**69,706**	**1,118,063**
Disposals	**–**	**(596,751)**	**(390,935)**	**(122,146)**	**(1,109,832)**
Translation differences	**–**	**1,396**	**–**	**224**	**1,620**
At 31 December 2009	**102,400**	**240,869**	**4,742,819**	**97,755**	**5,183,843**
Carrying amount					
At 31 December 2009	**10,675,117**	**536,810**	**3,354,336**	**1,237,196**	**15,803,459**
At 31 December 2008	–	495,060	3,131,742	122,551	3,749,353

* *The properties were transferred from development properties to property, plant and equipment for internal use mainly as office premises.*

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Location (PRC)	Name of project	Description	GFA (sq. metres)	Tenure
No.6 Walking Street, Guanyinqiao, and No.6 Yi Zhi Road, North Jianxin Road, Jiangbei District, Chongqing	Future International	Office units	1,349.34	40-year land use rights for commercial units expiring in March 2045
No.108 Bayi Road No.169 and No.171 Minzu Road, Yuzhong District, Chongqing	New York, New York	Office units	322.05	40-year land use rights for commercial units expiring in January 2042

	Office equipment RMB	Motor vehicles RMB	Computers RMB	Total RMB
The Company				
Cost				
At 1 January 2008	6,483,362	6,701,370	–	13,184,732
Additions	–	–	17,308	17,308
Disposals	(6,483,362)	(6,701,370)	–	(13,184,732)
At 31 December 2008	**–**	**–**	**17,308**	**17,308**
Additions	**197,508**	**–**	**–**	**197,508**
Translation differences	**6,142**	**–**	**392**	**6,534**
At 31 December 2009	**203,650**	**–**	**17,700**	**221,350**
Accumulated depreciation				
At 1 January 2008	5,213,247	3,132,660	–	8,345,907
Disposals	(5,213,247)	(3,132,660)	–	(8,345,907)
Depreciation for the year	–	–	1,151	1,151
Adjustments	–	–	(39)	(39)
At 31 December 2008	**–**	**–**	**1,112**	**1,112**
Depreciation for the year	**43,368**	**–**	**6,193**	**49,561**
Translation differences	**1,396**	**–**	**224**	**1,620**
At 31 December 2009	**44,764**	**–**	**7,529**	**52,293**
Carrying amount				
At 31 December 2009	**158,886**	**–**	**10,171**	**169,057**
At 31 December 2008	–	–	16,196	16,196

4 INVESTMENT PROPERTIES

The Group	2009 RMB	2008 RMB
At 1 January	**1,279,949,000**	1,330,407,000
Transfer from development properties (Note 7)*	**55,675,070**	–
Fair values gain/(loss) recognised in profit or loss (Note 19)	**113,775,930**	(50,458,000)
At 31 December	**1,449,400,000**	1,279,949,000

* *During the year, due to changes in business conditions and business strategies, certain development properties were redesignated as investment properties for rental income and future capital appreciation. Arising therefrom, amounts of RMB55,675,070 were transferred from development properties to investment properties.*

The following amounts are recognised in profit and loss:		
Rental income	**43,641,494**	30,868,244
Direct operating expenses arising from investment properties that generated rental income	**(6,291,534)**	(4,365,000)
Property tax and other indirect operating expenses arising from investment properties that generated rental income	**(6,591,189)**	(3,907,526)

The investment properties are stated at fair value based on valuations carried out by Jones Lang LaSalle Sallmanns Limited, a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The fair values are based on open market valuations.

Location (PRC)	Name of project	Description	Gross floor area (sq. metres)	Tenure
No. 46 to 52 Cangbai Road, Yuzhong District, Chongqing	Southland Garden*	Commercial and residential units	14,939.31	40-year and 50-year land use rights for commercial and residential units expiring in November 2042 and November 2052 respectively
No. 108 Bayi Road, Yuzhong District, Chongqing	New York, New York	Commercial units	3,583.72	40-year land use rights for commercial units expiring in January 2042

4 INVESTMENT PROPERTIES (CONT'D)

Location (PRC)	Name of project	Description	Gross floor area (sq. metres)	Tenure
No. 181 Minsheng Road, Yuzhong District, Chongqing	Min Sheng Mansion*	Commercial and residential units	7,655.74	40-year and 50-year land use rights for commercial and residential units expiring in September 2033 and September 2043 respectively
No. 6 Walking Street of Guanyinqiao,Jiang Bei District, Chongqing	Future International*	Commercial units	85,326.97	40-year land use rights for commercial units expiring in March 2045
No. 141 to 155 Zourong Road, Yuzhong District, Chongqing	Zou Rong Plaza	Commercial units	6,787.68	50-year land use rights for commercial units expiring in January 2046
No. 8 Bashu Road, Yuzhong District, Chongqing	Bashu Cambridge	Commercial and residential units	10,063.95	40-year and 50-year land use rights for commercial and residential units expiring in September 2044 and November 2054 respectively
Jinshi Avenue, National Agricultural and Technology Zone, Yubei District, Chongqing	San Ya Wan Project (Phase 1)	Commercial units	24,373.10	40-year land use rights for commercial units expiring in January 2045

Investment properties of the Group are held mainly for use by tenants under operating leases.

* *As at December 31, 2009, investment properties with carrying value totalling approximately RMB525,317,415 (2008: RMB545,705,876) were pledged to banks to secure the bank loans granted to the Group. (Note 13)*

5 INVESTMENTS IN SUBSIDIARIES

The Company	**2009 RMB**	2008 RMB
Unquoted equity investment, at cost	**2,826,787,459**	2,768,750,572

5 INVESTMENTS IN SUBSIDIARIES (CONT'D)

The subsidiaries are:

Name	Country of incorporation	Principal activities	Cost of investment (RMB) 2009	Cost of investment (RMB) 2008	Percentage of equity held (%) 2009	Percentage of equity held (%) 2008
Held by the Company						
Fortune Court Holdings Limited[1]	Hong Kong	Investment holding	**2,584,794,135**	2,584,794,135	100	100
Chongqing Yingli Real Estate Development Co., Ltd.[#][1]	China	Property developer	**241,925,058**	183,956,437	51	43.65
Luckzone International Limited[1]	BVI	Investment holding	**68,266**	–	100	–
			2,826,787,459	2,768,750,572		
Held by Luckzone International Limited						
Chongqing Yingli Qipaifang Real Estate Development Co., Ltd.[1]	China	Property developer	**669,549,200**	–	100	–
Held by Fortune Court Holdings Limited						
Chongqing Yingli Real Estate Development Co., Ltd.[#][1]	China	Property developer	**216,237,761**	216,237,761	46.05	52.96
Held by Chongqing Yingli Real Estate Development Co., Ltd.						
Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd.[1]	China	Property developer	**100,500,000**	100,500,000	80	80

(1) *Audited by Foo Kon Tan Grant Thornton LLP for consolidation purposes*

(#) *During the current financial year, the Company contributed RMB57,968,621 in cash to the share capital of Chongqing Yingli Real Estate Development Co., Ltd.. Arising therefrom, the Company's equity interest in Chongqing Yingli Real Estate Development Co., Ltd. increased from 43.65% to 51%. At the same time, Fortune Court Holdings Limited's, a wholly-owned subsidiary, equity interest in Chongqing Yingli Real Estate Development Co., Ltd. was diluted from 52.96% to 46.05%.*

During the prior financial year, Fortune Court acquired Chongqing Yingli Real Estate Development Co., Ltd. (Chongqing Yingli), and Chongqing Yingli in turn acquired Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd.. The subsidiaries acquired contributed all of the Group's profit for the year ended 31 December 2008. If acquisition had occurred on 1 January 2008, Group's revenue and profit would have been RMB108,221,176 and RMB373,515,904. The subsidiary's assets and liabilities at 31 December 2008 were RMB2,041,438,693 and RMB749,710,993 respectively.

5 INVESTMENTS IN SUBSIDIARIES (CONT'D)

The fair value of the identifiable assets and liabilities of the subsidiaries as at the date of acquisition were as follows:

	The Group Acquisition Chongqing Yingli		The Group Acquisition San Ya Wan	
	At fair value RMB	At carrying amount RMB	At fair value RMB	At carrying amount RMB
Net assets acquired				
Property, plant and equipment	3,084,069	3,084,069	522,097	522,097
Investment properties	1,330,407,000	1,330,407,000	–	–
Land for development	246,147,837	246,147,837	194,706,798	101,081,798
Development properties	29,543,661	29,543,661	–	–
Trade and other receivables	37,472,637	37,472,637	64,813,906	64,813,906
Amount owing by shareholder	75,755,517	75,755,517	–	–
Amount owing by related parties	9,120,532	9,120,532	–	–
Cash at bank - restricted	11,359,221	11,359,221	–	–
Cash and cash equivalents	150,092,508	150,092,508	2,208,223	2,208,223
Deferred tax	(203,290,746)	(203,290,746)	–	(90
Bank borrowings	(396,307,502)	(396,307,502)	(90,000,000)	(90,000,000)
Deferred capital grants	–	–	(200,001)	(200,001)
Trade and other payables	(200,855,410)	(200,855,410)	(46,487,636)	(46,487,636)
Provision for taxation	(58,835,429)	(58,835,429)	61,613	61,613
Net assets of the subsidiary	1,033,693,895	1,033,693,895	125,625,000	32,000,000
Net assets attributable to Fortune Court	694,804,364		–	
Net assets attributable to Chongqing Yingli	–		100,500,000	
Purchase consideration	209,408,522		100,500,000	
Negative goodwill on consolidation	(485,395,842)		–	
Purchase consideration	209,408,522		100,500,000	
Cash and bank balances in subsidiary acquired	(161,451,729)		(2,208,223)	
Net cash used in acquisition	47,956,793		98,291,777	
Total net cash used in acquisition	146,248,570		–	

6 LAND FOR DEVELOPMENT

The Group	2009 RMB	2008 RMB
At cost:		
Land for development	**967,521,304**	572,735,709

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6 LAND FOR DEVELOPMENT (CONT'D)

Location	Name of project	Description	Approximate land area (sq. metres)	Tenure
Junction of Minsheng Road and Datong Road, Yuzhong District, Chongqing	Lu Zu Temple	Office and retail units	4,150.00	50-year land use rights expiring on 23 January 2048
Da Shi Road, Da Ping Ring Road, Da Ping Zhen Jie Road Three, Yuzhong District, Chongqing	Da Ping	Retail and residential units	28,226.00	#
No. 456, Jinshi Avenue, National Agricultural and Technology Zone, Yubei District, Chongqing	San Ya Wan Phase 2	Retail	97,973.00*	40-year land use rights expiring on 12 January 2045

At 31 December 2009, Chongqing Yingli Real Estate Development Co., Ltd. has paid 78.6% of the cost of land amounting to RMB669.5 million. The certificate for land use rights of the land is expected to be issued by the local authorities upon payment of the remaining 21.4% of the cost of land amounting to RMB182.1 million in due course. At 31 December 2009, the RMB182.1 million payable was classified under "Other payables – acquisition of land". Chongqing Yingli Real Estate Development Co., Ltd. has commenced preparation work on the land.

* *As at December 31, 2009, land with carrying value totaling approximately RMB108,628,674 (2008 : RMB108,628,674) was pledged to a bank to secure a bank loan granted to the Group (Note 13).*

7 DEVELOPMENT PROPERTIES

The Group	**2009 RMB**	2008 RMB
Properties under development, at cost		
At 1 January	**–**	21,686,369
– Costs incurred	**563,264,300**	86,356,011
– Transfer to completed units	**–**	(108,042,380)
At 31 December (A)	**563,264,300**	–
Completed units, at cost		
At 1 January	**105,550,069**	31,599,710
– Transfer from properties under development	**–**	108,042,680
– Transfer to property, plant and equipment (Note 3)	**(10,777,517)**	–
– Transferred to investment properties (Note 4)	**(55,675,070)**	–
– Units sold during the year	**(40,679,357)**	(57,037,854)
– Cost incurred for maintenance	**15,862,532**	22,945,533
At 31 December (B)	**14,280,657**	105,550,069
Development properties, at cost (A) + (B)	**577,544,957**	105,550,069
Borrowing costs capitalised during the year	**26,641,770**	23,597,291

7 DEVELOPMENT PROPERTIES (CONT'D)

Properties under development as at 31 December 2009 are as follows:

Location (China)	Project name	Description	Stage of completion	Expected date of completion	Approximate land area (sq. metres)	Gross floor area (sq. metres)	Group's effective interest in the property
No. 456, Jinshi Avenue, National Agricultural and Technology Zone, Yubei District, Chongqing	San Ya Wan Phase 1A	Retail development	Building is finished, architecture, mechanical engineering works are in progress	June 2010	#	18,434.64	80%
Intersection of Zhonghua Road, Minquan Road and Qingnian Road, Yuzhong District, Chongqing	International Financial Centre	Financial hub	Construction in progress	May 2011	8,025.00	173,438.00	100%

Properties under San Ya Wan Phase 1A are being constructed on the same plot of land as San Ya Wan Phase 1.

As at December 31, 2009, land with carrying value totaling approximately RMB456,854,404 (2008: Nil) was pledged to a bank to secure a bank loan granted to the Group (Note 13).

7 DEVELOPMENT PROPERTIES (CONT'D)

Completed units for sale as at 31 December 2009 are as follows:

Location (China)	Project name	Description	Approximate land area (sq. metres)	Gross floor area (sq. metres)	Group's effective interest in the property
No.181 Minsheng Road, Yuzhong District, Chongqing	Min Sheng Mansion	Office, Retail and Residential	3,251.50	63,341.64	100%
No.141 to 155 Zourong Road, Yuzhong District, Chongqing	Zou Rong Plaza	Office, Retail and Residential	6,712.00	102,488.64	100%
No.46 to 52 Cangbai Road,Yuzhong District, Chongqing	Southland Garden	Retail and Residential	2,316.70	56,877.94	100%
No.108 Bayi Road, Yuzhong District, Chongqing	New York, New York	Office and Retail	860.00	41,336.93	100%
No.6 Walking Street of Guanyinqiao, Jiang Bei District, Chongqing	Future International	Office and Retail	8,719.80	135,539.94	100%
No.8 Bashu Road, Yuzhong District, Chongqing	Bashu Cambridge	Residential and Retail	2,534.10	42,781.90	100%
No.456 Jinshi Avenue, National Agricultural and Technology Zone, Yubei District, Chongqing	San Ya Wan (Phase 1)	Retail	38,415.00	52,739.00	80%

8 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB	RMB	**RMB**	RMB
Trade receivables	**20,275,709**	8,651,248	**–**	–
Other receivables:				
Rental deposits	**496,733**	483,466	**496,733**	483,466
Prepayments	**4,175,148**	114,072	**451,908**	114,072
Staff advances and allowances [(1)]	**156,520**	1,123,703	**–**	–
Refundable tender deposits	**173,671,294**	1,000,000	**146,071,294**	–
Advance to sub-contractors	**41,505,032**	2,969,198	**–**	–
Advance to management agents	**4,600,000**	6,500,000	**–**	–
Refundable deposits	**21,309**	281,946	**–**	–
Distribution of net capital upon liquidation of an ex-related corporation	**–**	1,288,343	**–**	1,288,343
Other receivables	**737,507**	1,739,170	**50,619**	911,668
	225,363,543	15,499,898	**147,070,554**	2,797,549
Total trade and other receivables	**245,639,252**	24,151,146	**147,070,554**	2,797,549

(1) Advances to staff are unsecured, interest-free and repayable on demand.

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB	RMB	**RMB**	RMB
Renminbi	**244,634,341**	21,353,597	**146,072,373**	–
Singapore dollars	**1,004,911**	2,797,549	**998,181**	2,797,549
	245,639,252	24,151,146	**147,070,554**	2,797,549

The ageing analysis of trade receivables which are not impaired is as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB	RMB	**RMB**	RMB
Past due 0 to 3 months	**4,263,310**	–	**–**	–
Past due 3 to 6 months	**4,023,492**	523,571	**–**	–
Past due 6 to 9 months	**1,581,153**	1,110,936	**–**	–
Past due 9 to 12 months	**1,455,000**	60,611	**–**	–
Past due 12 months	**8,952,754**	6,956,130	**–**	–
	20,275,709	8,651,248	**–**	–

8 TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that were past due but not impaired relate to a wide range of customers for whom there has not been a significant change in the credit quality. Based on past experience, management believes that no impairment allowance is necessary and the balances are still considered fully recoverable.

Trade receivables are granted credit term of 90 days. The Group does not require collateral in respect of trade receivables.

9 AMOUNT OWING BY A SUBSIDIARY

The non-trade amounts owing by a subsidiary comprises mainly advances which are unsecured, non-interest bearing and repayable on demand.

10 CASH AND CASH EQUIVALENTS

	The Group	
	2009	2008
	RMB	RMB
Cash and bank balances	**255,166,536**	100,141,434
Cash and cash equivalents in the consolidated statements of financial position	**255,166,536**	100,141,434
Less: restricted bank balance		
Secured bank loans	**10,000,000**	10,000,000
Sale of properties #	**11,884,587**	8,159,921
	21,884,587	18,159,921
Cash and cash equivalents in the consolidated statement of cash flows	**233,281,949**	81,981,513

Notes:

\# *Certain customers have obtained bank loans to finance their purchase of properties from the Group. The Group is required to keep 5% of the loan borrowed by the customers as restricted bank balance for payment to the banks in the event of customers' default payment on the loans.*

Cash and bank balances are denominated in the following currencies:

	The Group	
	2009	2008
	RMB	RMB
Singapore dollars	**30,589,100**	29,706,492
United States dollars	**302,380**	33,589,405
Renminbi	**224,275,056**	36,845,537
	255,166,536	100,141,434

11 SHARE CAPITAL

	No. of ordinary shares		Amount	
	2009	2008	**2009**	2008
			RMB	RMB
The Group and the Company				
Issued and fully paid:				
Balance at beginning of year	**1,782,149,429**	127,000,000	**2,637,682,042**	78,761,917
Issue of shares	**380,343,000**	1,655,149,429	**936,627,838**	2,588,169,848
Share issue expenses	**–**	–	**(47,577,728)**	(29,249,723)
Equity-settled share based payment transactions	**–**	–	**842,495**	–
	2,162,492,429	1,782,149,429	**3,527,574,647**	2,637,682,042

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

During 2008, the Company issued:

(i) 1,652,714,429 ordinary shares at RMB1.563969 (S$0.33) per share in satisfaction of the purchase consideration for the reverse acquisition (Note 1); and

(ii) 2,435,000 ordinary shares at RMB1.38633 (S$0.30) per share fully paid in cash in compliance with the regulatory shareholding and distribution requirements.

During 2009, the Company issued:

(i) 107,143,000 new ordinary shares at S$0.28 per share for cash pursuant to a private placement. The net proceeds of S$28.7 million (equivalent to RMB140 million) from the share issue was utilised as the refundable tender deposit for the acquisition of a land for the Da Ping project (Note 6);

(ii) 20,000,000 new ordinary shares at S$0.279 per share for cash. The shares were issued to a bank on its exercise of an option granted by the Company. In February 2009, the Company obtained a loan of S$13 million from the bank and granted the bank an option to purchase shares in the Company. The loan was repaid during the year. The fair value of the option amounted to RMB842,495 was recorded within interest expense (Note 19). The net proceeds of S$5.58 million (equivalent to RMB27 million) from the share issue was utilised as part of the loan repayment in October 2009; and

(iii) 253,200,000 new ordinary shares at S$0.61 per share for cash pursuant to a private placement. Net proceeds from the share issue was S$145.2 million (equivalent to RMB717.2 million) and S$138 million (RMB669.5 million) was used to fund the remaining balance of the acquisition of the land for the Da Ping project (Note 6). The balance of the net proceeds of S$7.2 million was used for general working capital.

12 DEFERRED TAX

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

The Group – deferred tax liabilities	**2009 RMB**	2008 RMB
Fair value gain on investment properties	**219,120,229**	190,676,247

Movement in temporary differences during the year is as follows:

The Group – deferred tax liabilities	**2009 RMB**	2008 RMB
Investment properties:		
Balance at 1 January	**190,676,247**	203,290,746
Recognised in profit or loss (Note 20)	**28,443,982**	(12,614,499)
Balance at 31 December	**219,120,229**	190,676,247

13 BORROWINGS

	The Group		**The Company**	
	2009 RMB	2008 RMB	**2009 RMB**	2008 RMB
Amount repayable within one year				
– Bank loans at variable rates (secured)*	**83,390,000**	28,170,000	**–**	–
– Short term loan at fixed rate (unsecured)	**21,700,000**	–	**–**	–
	105,090,000	28,170,000	**–**	–
Amount repayable after one year				
– Bank loans at variable rates (secured)*	**415,860,000**	269,250,000	**–**	–
	520,950,000	297,420,000	**–**	–

* *The bank loans are secured by:*

(a) mortgage of the investment properties (Note 4); and

(b) fixed and floating charges on assets of subsidiaries including fixed deposits pledged amounting to RMB10 million (2008: RMB10 million) (Note10).

The bank loans have an weighted average effective interest rate of 8.32% (2008 – 8.12%) per annum at the reporting date. Interest on loans with variable rate is repriced every 12 months (2008: 12 months).

13 BORROWINGS (CONT'D)

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB	RMB	**RMB**	RMB
Bank loan at fixed rates	**73,000,000**	115,000,000	**–**	–
Fair value	**73,000,000**	114,530,699	**–**	–

The bank loans are denominated in Renminbi.

14 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB	RMB	**RMB**	RMB
Trade payables	**107,994,852**	103,016,980	**–**	–
Other payables:				
Subsidiaries (non-trade)	**–**	–	**130,052,770**	128,273,868
Accrued expenses	**19,149,741**	7,630,112	**10,310,833**	7,286,260
Advances from customers	**12,235,158**	44,946,994	**–**	–
Land Appreciation Tax payables	**378,365**	4,914,109	**–**	–
Business and other tax payables	**10,254,514**	7,860,725	**–**	–
Rental and option deposits	**34,164,163**	14,019,771	**–**	–
Other creditors - professional fees	**186,865**	19,746,558	**186,865**	19,746,558
Acquisition of land	**182,090,800**	–	**–**	–
Advances from sub-contractors	**3,000,000**	–	**–**	–
Commission to retailers	**1,387,020**	–	**–**	–
Others	**2,540,553**	5,996,450	**–**	7,597
	265,387,179	105,114,719	**140,550,468**	155,314,283
Total trade and other payables	**373,382,031**	208,131,699	**140,550,468**	155,314,283

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB	RMB	**RMB**	RMB
Singapore dollars	**9,072,974**	19,563,684	**139,125,744**	19,563,686
Renminbi	**362,884,333**	181,091,286	**–**	–
Hong Kong dollars	**–**	166,021	**–**	166,021
United States dollars	**1,424,724**	7,310,708	**1,424,724**	135,584,576
	373,382,031	208,131,699	**140,550,468**	155,314,283

Trade payables have credit terms between 60 to 180 days.

15 AMOUNT OWING TO A DIRECTOR

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB	RMB	**RMB**	RMB
Interest-bearing at 8% per annum	**30,041,250**	–	**–**	–
Interest-free	**11,886,037**	11,904,937	**30,041,250**	–
	41,927,287	11,904,937	**30,041,250**	–

The amount owing to a director related to advances are unsecured and repayable on demand.

16 REVENUE

	2009	2008
The Group	**RMB**	RMB
Sale of development properties	**88,517,913**	55,856,115
Rental income	**43,641,494**	30,868,244
	132,159,407	86,724,359

17 OTHER INCOME

	2009	2008
The Group	**RMB**	RMB
Consultancy fees	**–**	35,625,000
Overprovision of Land Appreciation Tax in prior years	**–**	13,939,335
Interest income	**18,518**	545,982
Negative goodwill	**–**	485,395,842
Advertisement*	**200,000**	–
Gain on disposal of property, plant and equipment	**212,358**	–
Rental income from office subleases	**816,349**	–
Others	**150,194**	4,378,799
	1,397,419	539,884,958

* *This relates to income derived from leasing out fence erected around the construction site to third parties for advertising their products/services.*

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18 OTHER OPERATING EXPENSES

The Group	2009 RMB	2008 RMB
Write-off of goodwill on reverse acquisition	**–**	109,372,659
Donation for Sichuan earthquake	**–**	10,400,000
Others	**–**	5,624,163
	–	125,396,822

19 PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after (crediting)/charging:

The Group	**Note**	**2009 RMB**	2008 RMB
Net foreign exchange (gain)/loss		**(1,015,548)**	4,970,162
Fair value (gain)/loss on investment properties	4	**(113,775,930)**	50,458,000
Depreciation of property, plant and equipment	3	**1,118,063**	918,654
Bad debts written off		**–**	151,377
Directors' fees		**1,389,148**	430,045
Interest expense on bank loans #		**12,219,520**	4,706,849
Staff costs:			
Directors' remuneration other than fees			
– salaries and related costs		**3,174,034**	313,867
– employer's contributions to defined contribution plans		**40,968**	23,256
Key management personnel (other than directors)			
– salaries, wages and other related costs		**1,200,578**	300,874
– employer's contributions to defined contribution plans		**37,507**	61,822
Other than directors and key management personnel			
– salaries, wages and other related costs		**5,095,500**	3,069,582
– employer's contributions to defined contribution plans		**32,297**	940,053
		9,580,884	4,709,454

\# *Include an amount of RMB842,495 (2008: Nil) related to the fair value of option granted to a bank to purchase shares in the Company (Note 11).*

20 TAXATION

The Group	2009 RMB	2008 RMB
Current taxation	**11,771,449**	12,449,138
Deferred taxation (Note 12)	**28,443,982**	(12,614,499)
	40,215,431	(165,361)

The tax expenses on the results of the financial year vary from the amount of income tax determined by applying the PRC statutory rate of income tax on profit as a result of the following:

The Group	2009 RMB	2008 RMB
Profit before taxation	**134,859,326**	355,401,869
Tax at statutory rate of 25%	**33,714,831**	88,850,467
Adjustment:		
Expenses not deductible for tax purposes	**4,567,332**	30,538,478
Income not subject to tax	**–**	(121,348,960)
Effect of different tax rates in foreign jurisdictions	**1,854,615**	1,305,601
Deferred tax assets on temporary difference not recognized	**78,653**	2,339,224
Others	**–**	(1,850,171)
	40,215,431	(165,361)

At the reporting date, the Group had unutilised tax losses amounting to approximately RMB9.3 million (2008: RMB9 million) related to a subsidiary in PRC.

These tax losses, which can be carried forward to subsequent tax years to offset against future taxable profits over a period not exceeding five years, expire in 2013.

The Group has not recognised a deferred tax asset in respect of the tax losses because it is not reasonably certain that these tax losses will be allowed by the relevant tax authorities in the future.

21 EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The Group	**2009**	2008
	RMB	RMB
Profit attributable to equity holders of the parent	**66,948,606**	357,438,609
Weighted average number of ordinary shares (basis and diluted)	**1,847,862,352**	565,486,843
Earnings per share (cents)	**RMB**	RMB
– Basic	**0.04**	0.63
– Diluted	**0.04**	0.63

The Company did not have any stock options or dilutive potential ordinary shares at 31 December 2008 and 2009.

22 RELATED PARTY TRANSACTIONS

Other than the related party information disclosed elsewhere in the financial statements, the following are related party transactions entered into by the Company with related parties at negotiated rates:

The Group	**2009** **RMB**	2008 RMB
With Directors:		
Interest paid to a director	**464,520**	–
With Common-Director Entity:		
Rental income from office premises	**(403,812)**	(403,812)
With Others:		
Advisory fee expense	**1,471,555**	–

23 OPERATING LEASE COMMITMENTS

(A) Where the Company is the lessee

At the reporting date, the Company was committed to making the following rental payments in respect of operating leases of office premises with an original term of more than one year:

The Company and The Group	**2009** **RMB**	2008 RMB
Not later than one year	**1,733,543**	1,432,374
Later than one year and not later than five years	**2,094,698**	3,995,570
	3,828,241	5,427,944

The lease expire in expire in March 2012 with an option to renewal at the prevailing market rent.

23 OPERATING LEASE COMMITMENTS (CONT'D)

(B) Where the Company and the Group are lessors

At the reporting date, the Company and the Group had the following rental income under lease for commercial premises with a term of more than one year:

	The Group		The Company	
	2009	2008	**2009**	2008
	RMB	RMB	**RMB**	RMB
Not later than one year	**43,785,819**	42,952,965	**218,571**	–
Later than one year and not later than five years	**207,209,986**	162,776,720	**264,107**	–
Later than five years	**332,874,371**	453,849,743	**–**	–
	583,870,176	659,579,428	**482,678**	–

The leases related to the Company's subleases of office premises and the Group's investment properties expire between 2012 and 2026, respectively. Subsequent renewals are negotiated with the lessees. There are no contingent rents arising from the lease of the Company's office premises and the Group's investment properties.

24 OPERATING SEGMENTS

The Group

For management reporting purposes, the Group is organised into the following reportable operating segments which are the Group's strategic business units as follows:

1) Property development segment relates to the development of commercial and residential properties for sale; and
2) Property investment segment is the business of investing in properties for rental and investment holding

The Group's Chief Executive Officer ("CEO") monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment.

The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

24 OPERATING SEGMENTS (CONT'D)

Group financing and income taxes are managed on a group basis and are not allocated to operating segments.

	2009				2008			
	Property investment	Property development	Others and unallocated	Total	Property investment	Property development	Others and unallocated	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Segment assets	1,463,006,985	1,773,927,756	–	3,236,934,741	1,289,427,603	690,160,771	–	1,979,588,374
Consolidated total assets				3,511,075,508				2,086,276,711
Segment liabilities	25,710,356	855,412,193	2,164,784	883,287,333	58,708,094	388,612,060	–	447,320,154
Consolidated total liabilities				1,235,557,312	–	–		776,751,406
Capital expenditure	–	–		2,977,381	–	–		854,729
Depreciation of property, plant and equipment	–	–		1,118,063	–	–		918,654

	2009				2008			
	Property investment	Property development	Others and unallocated	Total	Property investment	Property development	Others and unallocated	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
REVENUE								
External revenue	43,641,494	88,517,913	–	132,159,407	30,868,244	55,856,115	–	86,724,359
Segment results	30,758,771	21,176,585	–	51,935,356	25,486,910	19,641,289	–	45,128,199
Unallocated corporate expenses	–	–	(19,493,452)	(19,493,452)	–	–	(11,130,646)	(11,130,646)
Interest income	–	8,105	10,412	18,517	–	–	545,982	545,982
Interest expenses	–	–	(11,377,025)	(11,377,025)	–	–	(4,706,849)	(4,706,849)
Negative goodwill	–	–	–	–	–	–	485,395,842	485,395,842
Goodwill written off	–	–	–	–	–	–	(109,372,659)	(109,372,659)
Fair value gain/(loss) on investment properties	113,775,930	–	–	113,775,930	–	–	(50,458,000)	(50,458,000)
Profit before income tax	144,534,701	21,184,690	(30,860,065)	134,859,326	25,486,910	19,641,289	310,273,670	355,401,869

The group's consolidated sales are solely generated in PRC. Therefore, no geographical information is presented.

24 OPERATING SEGMENTS (CONT'D)

Reconciliation of reportable segment assets:

The Group	2009 RMB	2008 RMB
Total assets for reportable segment	**3,236,934,741**	1,979,588,374
Property, plant and equipment	**15,803,459**	3,749,353
Other receivables	**3,170,772**	2,797,550
Cash and cash equivalents	**255,166,536**	100,141,434
Consolidated total assets	**3,511,075,508**	2,086,276,711

Reconciliation of reportable segment liabilities:

The Group	2009 RMB	2008 RMB
Total liabilities for reportable segment	**883,287,333**	447,320,154
Provision for taxation	**80,177,765**	68,618,523
Deferred taxation	**219,120,229**	190,676,247
Accrued expenses	**11,044,698**	58,231,545
Amount owing to a director	**41,927,287**	11,904,937
Consolidated total liabilities	**1,235,557,312**	776,751,406

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company and the Group have documented financial risk management policies. These policies set out the Company's and the Group's overall business strategies and its risk management philosophy. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and market risk (currency risk and interest rate risk). The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance.

The Company and the Group do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash is held with reputable financial institutions.

(ii) Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's and the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows, including estimated interest payments:

	2009				2008			
	Less than 1 year	**Between 2 and 5 years**	**Over 5 years**	**Total**	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
The Group	**RMB**	**RMB**	**RMB**	**RMB**	RMB	RMB	RMB	RMB
Trade and other payables	**373,382,031**	**–**	**–**	**373,382,031**	208,131,699	–	–	208,131,699
Borrowings	**190,200,987**	**325,502,100**	**284,127,100**	**799,830,187**	101,350,252	179,769,200	177,828,300	458,947,752
	563,583,018	**325,502,100**	**284,127,100**	**1,173,212,218**	309,481,951	179,769,200	177,828,300	667,079,451

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(ii) Liquidity risk (cont'd)

	2009				2008			
	Less than 1 year	**Between 2 and 5 years**	**Over 5 years**	**Total**	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
The Company	**RMB**	**RMB**	**RMB**	**RMB**	RMB	RMB	RMB	RMB
Trade and other payables	**140,550,468**	**–**	**–**	**140,550,468**	155,314,283	–	–	155,314,283
Borrowings	**32,444,550**	**–**	**–**	**32,444,550**	30,041,250	–	–	30,041,250
	172,995,018	**–**	**–**	**172,995,018**	185,355,533	–	–	185,355,533

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from loans at variable rates which are contractually repriced every 12 months (2008: 12 months) from the reporting date.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 (2008 - 50) basis points lower/higher with all other variables in particular foreign currency rates held constant, the Group's profit net of tax at 25% (2008 -25%) would have been RMB1,872,000 (2008 - RMB684,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings.

(iv) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Most of the Group's transactions are carried out in RMB which is the functional currency of the Group's operational entities.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iv) Currency risk (cont'd)

The Group's and the Company's exposure to foreign currency risk was as follows based on notional amounts:

The Group	**2009**			2008		
	United States Dollars RMB	**Hong Kong Dollars RMB**	**Singapore Dollars RMB**	United States Dollars RMB	Hong Kong Dollars RMB	Singapore Dollars RMB
Trade and other receivables	**–**	**–**	**1,004,911**	–	–	2,797,549
Cash and cash equivalents	**302,380**	**–**	**30,589,100**	33,589,405	–	29,706,492
Trade and other payables	**(1,424,724)**	**–**	**(9,072,975)**	(7,310,708)	(166,021)	(19,563,684)
Currency exposure	**(1,122,344)**	**–**	**22,521,036**	26,278,697	(166,021)	12,940,357

The Company	**2009**			2008		
	United States Dollars RMB	**Hong Kong Dollars RMB**	**Singapore Dollars RMB**	United States Dollars RMB	Hong Kong Dollars RMB	Singapore Dollars RMB
Trade and other receivables	**–**	**–**	**–**	–	–	2,797,549
Cash and cash equivalents	**130,141**	**–**	**29,967,509**	3,557	–	25,856,580
Trade and other payables	**(1,424,724)**	**–**	**(139,125,744)**	(135,584,576)	(166,021)	(19,563,684)
Currency exposure	**(1,294,583)**	**–**	**(109,158,235)**	(135,581,019)	(166,021)	9,090,445

Sensitivity analysis for foreign currency risk

A strengthening of RMB, as indicated below, against the United States Dollars ("USD"), Hong Kong Dollars ("HKD") Singapore Dollars ("SGD") at 31 December would have increased (decreased) equity and profit or loss after tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

The Group		**2009 RMB**		2008 RMB	
		Profit/(loss), net of tax RMB	**Increased/ (decreased) in equity RMB**	Profit/(loss), net of tax RMB	Increased/ (decreased) in equity RMB
USD	Strengthened 1% (2008 - 1%)	**(8,418)**	**(8,418)**	197,090	197,090
HKD	Strengthened 1% (2008 - 1%)	**–**	**–**	(1,245)	(1,245)
SGD	Strengthened 1% (2008 - 1%)	**169,397**	**169,397**	97,549	97,549

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Sensitivity analysis for foreign currency risk (cont'd)

The Company		**2009 RMB**		2008 RMB	
		Profit/(loss), net of tax RMB	**Increased/ (decreased) in equity RMB**	Profit/(loss), net of tax RMB	Increased/ (decreased) in equity RMB
USD	Strengthened 1% (2008 - 1%)	**(11,262)**	**(11,262)**	(1,179,554)	(1,179,554)
HKD	Strengthened 1% (2008 - 1%)	**–**	**–**	(1,444)	(1,444)
SGD	Strengthened 1% (2008 - 1%)	**(960,592)**	**(960,592)**	79,995	79,995

26 FINANCIAL INSTRUMENTS

Fair values

The carrying amounts of the financial assets and financial liabilities with a maturity of less than one year approximate their fair values due to the short period to maturity.

27 DISPOSAL OF ASSETS AND LIABILITIES

In 2008, subsequent to the completion of the reverse acquisition, the Company disposed of the business of bathroom, kitchen products and accessories to Showy Pte Ltd for a cash consideration of RMB22,168,959 (SGD4,664,203), determined on a willing-seller and willing-buyer basis, based on the fair value of the assets and liabilities.

	2009 RMB	2008 RMB
Net assets disposed		
Write off of goodwill on reverse acquisition		
Property, plant and equipment	**–**	5,940,947
Trade receivables	**–**	8,314,656
Cash and cash equivalents	**–**	9,506,000
Inventories	**–**	6,517,119
Trade payables	**–**	(7,667,017)
Income tax payables	**–**	(442,746)
	–	22,168,959
Proceeds from disposal of assets and liabilities	**–**	22,168,959
Gain on disposal of assets and liabilities	**–**	–
Proceeds from disposal of assets and liabilities	**–**	22,168,959
Cash and cash equivalents disposed of	**–**	(9,506,000)
Net cash received from disposal	**–**	12,662,959

28 CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;

(b) To support the Group's stability and growth; and

(c) To provide capital for the purpose of strengthening the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The Group monitors capital using a Gearing Ratio, which is net debt divided by total equity. Net debt represents total borrowings less cash and cash equivalents, excluding restricted bank balance.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

The Group	**2009** **RMB**	2008 RMB
Total borrowings (A)	**562,877,287**	309,324,937
Cash and cash equivalents	**255,166,536**	100,141,434
Less: Restricted bank balance	**(21,884,587)**	(18,159,921)
(B)	**233,281,949**	81,981,513
Net debt (C)=(A)-(B)	**329,595,338**	227,343,424
Total equity (D)	**2,275,518,196**	1,309,525,305
Net debt to total equity ratio (times) (C)/(D)	**0.14**	0.17

29 SUBSEQUENT EVENTS

Subsequent to year end, the Company:

- acquired Shiny Profit Enterprises Limited, a company incorporated in the British Virgin Islands, with an initial capital contribution of US$10,000 comprising 10,000 shares of US$1.00 each. The principal activities of the subsidiary relating to those of investment holding; and

- issued 4.00% convertible bonds due 2015 amounting to S$200 million.

30 COMPARATIVES

Certain comparatives have been reclassified to conform to current year's presentation.

FRS 1 (Revised 2008) Presentation of Financial Statements

The Group applies revised IAS 1 Presentation of Financial Statements (Revised 2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income as other comprehensive income.

STATISTICS OF SHAREHOLDINGS
AS AT 22 MARCH 2010

NUMBER OF SHARES ISSUED	:	2,162,492,429
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	4,930	43.31	38,071,000	1.76
10,001 - 1,000,000	6,412	56.33	332,556,000	15.38
1,000,001 & ABOVE	41	0.36	1,791,865,429	82.86
TOTAL	11,383	100.00	2,162,492,429	100.00

TWENTY LARGEST SHAREHOLDERS

	NO. OF SHARES	%
NEWEST LUCK HOLDINGS LIMITED	605,003,448	27.98
DMG & PARTNERS SECURITIES PTE LTD	411,185,634	19.01
PHILLIP SECURITIES PTE LTD	351,536,753	16.26
HSBC (SINGAPORE) NOMINEES PTE LTD	56,223,390	2.60
CITIBANK NOMINEES SINGAPORE PTE LTD	48,835,636	2.26
DBS NOMINEES PTE LTD	48,470,192	2.24
KIM ENG SECURITIES PTE. LTD.	44,076,000	2.04
TAN HOO LANG	29,972,391	1.39
LIM HONG CHING	25,208,000	1.17
ABN AMRO NOMINEES SINGAPORE PTE LTD	20,000,000	0.92
RAFFLES NOMINEES (PTE) LTD	18,379,310	0.85
OCBC SECURITIES PRIVATE LTD	17,514,000	0.81
UNITED OVERSEAS BANK NOMINEES PTE LTD	13,442,000	0.62
YEO SOCK KON	10,222,000	0.47
LEE CHEE WEE	9,853,000	0.46
DB NOMINEES (S) PTE LTD	8,360,000	0.39
DBS VICKERS SECURITIES (S) PTE LTD	6,373,000	0.29
UOB KAY HIAN PTE LTD	6,336,000	0.29
CIMB-GK SECURITIES PTE. LTD.	6,079,000	0.28
LIM & TAN SECURITIES PTE LTD	4,965,000	0.23
	1,742,034,754	80.56

STATISTICS OF SHAREHOLDINGS (CONT'D)

AS AT 22 MARCH 2010

SUBSTANTIAL SHAREHOLDERS

	Direct interest	%	Indirect interest	%
Newest Luck Holdings Limited	825,438,201	38.18		
Leap Forward Holdings Limited	409,530,634	18.94		
The Trustee of Columbia University in The City of New York			409,530,634	18.94
Zana Capital Pte Ltd (3)			409,530,634	18.94
Zana China Fund L.P. (4)			409,530,634	18.94
Chan Hock Eng (5)			409,530,634	18.94
Fang Ming (1)	20,250,000	0.94	825,438,201	38.18
Ng Koon Siong (5)			409,530,634	18.94
Xie Xin (2)			825,438,201	38.18
Xu Li (1)			825,438,201	38.18

Note

(1) Mr. Fang Ming and Ms Xu Li hold 80% and 20% respectively of the issued Share Capital of Newest Luck Holdings Limited, and are therefore deemed interested in the shares of the Company held by Newest Luck Holdings Limited by virture of their shareholdings in Newest Luck Holdings Limited.

(2) Mr. Xie Xin is the husband of Ms Xu Li. Mr. Xie Xin is deemed to have interests in the shares of the Company that Ms Xu Li has an interest in.

(3) Zana Capital Pte Ltd is deemed interested in the shares of the Company held by Leap Forward Holdings Limited by virtue of the provision of Section 7 of the Companies Act (Cap. 50) as it is a fund manager of Zana China Fund L.P. and manages its funds on a discretionary basis.

(4) Zana China Fund L.P. is deemed interested in the shares of the Company held by Leap Forward Holdings Limited by virtue of the provision of Section 7 of the Companies Act (Cap. 50).

(5) Mr. Chan Hock Eng and Mr. Ng Koon Siong hold 20.73% each of the issued share capital of Zana Capital Pte. Ltd., and are therefore deemed interested in the shares held by Leap Forward Holdings Limited by virtue of their shareholdings in Zana Cpaital Pte. Ltd.

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 22 March 2010, approximately 41.94 per cent of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at NTUC Centre, No. 1 Marina Boulevard, Room 701, Level 7, Singapore 018989 on Wednesday, 28 April 2010 at 9.00a.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2009, together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To re-elect Mr. Fang Ming, being a Director who retires by rotation pursuant to Article 106 of the Articles of Association of the Company. [see Explanatory Note 1] **(Resolution 2)**

3. To re-elect Ms Xu Li, being a Director who retires by rotation pursuant to Article 106 of the Articles of Association of the Company. **(Resolution 3)**

4. To re-elect Mr. Christopher Chong Meng Tak, being a Director who retires by rotation pursuant to Article 106 of the Articles of Association of the Company. [see Explanatory Note 2] **(Resolution 4)**

5. To re-elect Mr. Lui Seng Fatt, being a Director who retires by rotation pursuant to Article 106 of the Articles of Association of the Company. [see Explanatory Note 3] **(Resolution 5)**

6. To approve the payment of Directors' fees of S$295,000 for the financial year ended 31 December 2009. [2008: S$212,500] **(Resolution 6)**

7. To approve the payment of Directors' fees of S$245,000 for the financial year ending 31 December 2010. **(Resolution 7)**

8. To re-appoint Messrs Foo Kon Tan Grant Thornton as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

As Special Business:

To consider and if deemed fit to pass the following Ordinary Resolutions with or without modifications:-

9. **"SHARE ISSUE MANDATE"**

That pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), authority be and is hereby given to the Directors of the Company to:

1. (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options (collectively, "instruments") that may or would require shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

2. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force,

provided that :

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued share capital of the Company (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued share capital of the Company (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued share capital shall be calculated based on the issued share capital of the Company (excluding treasury shares) at the time of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;
(ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) the 50% limit in sub-paragraph (a) above may be increased to 100% for the Company to undertake pro-rata renounceable rights issues;

(d) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(e) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held or in relation to sub-paragraph (c) above, 31 December 2010 or such other deadline as may be extended by the SGX-ST, whichever is the earlier. [See Explanatory Note 4] **(Resolution 9)**

10. **PLACEMENT OF SHARES UNDER THE SHARE ISSUE MANDATE AT MORE THAN 10% DISCOUNT**

THAT subject to the grant of the Share Issue Mandate proposed to be tabled as Resolution (9) above, the Directors of the Company be hereby authorised and empowered to issue shares other than on a pro-rata basis at a discount exceeding ten per centum (10%) but not more than twenty per centum (20%) to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement in relation to such shares is executed (or if not available for a full market day, the weighted average price shall be based on trades done on the preceding market day up to the time the placement or subscription agreement is executed) provided that:

(a) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST (unless such compliance has been waived by the SGX-ST) for the time being in force, all applicable legal requirements under the Companies Act and the Company's Articles of Association for the time being of the Company; and

(b) (Unless revoked or varied by the Company in a general meeting) such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, or 31 December 2010 or such other deadline as may be extended by the SGX-ST, whichever is the earlier. [Explanatory Note 5] **(Resolution 10)**

11. To transact any other business that may properly be transacted at an Annual General Meeting.

By Order of the Board

Soh Chun Bin
Lim Boon Ping
Company Secretaries

Singapore, 13 April 2010

Explanatory Notes

(1) **Resolution 2** – Mr Fang Ming, when re-elected, will remain as a Member of the Nominating Committee. He is a Chairman and Chief Executive Officer of the Company.

(2) **Resolution 4** – Mr Chong Meng Tak, Christopher, when re-elected, will remain as a Chairman of the Audit Committee, Member of the Nominating Committee and the Remuneration Committee. He is a Co-Lead Independent Director of the Company.

(3) **Resolution 5** – Mr Lui Seng Fatt, when re-elected, will remain as a Co-Chairman of the Nominating Committee, a member of the Nominating Committee and the Remuneration Committee. He is a Co-Lead Independent Director of the Company.

(4) **Resolution 9,** if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number of issued shares in the capital of the Company (excluding treasury shares), of which up to 20% may be issued other than on a pro-rata basis to shareholders. The 50% limit referred to in the preceding sentence may be increased to 100% for the Company to undertake pro-rata renounceable rights issues.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time this resolution is passed, after adjusting for:-

(a) new shares arising from the conversion or exercise of any convertible securities
(b) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
(c) any subsequent bonus issue, consolidation or subdivision of shares.

The 100% renounceable pro-rata rights issue limit is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 which became effective on 20 February 2009 and will expire on 31 December 2010 unless extended. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlement through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the Company makes periodic announcements on the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

(5) **Resolution 10** is to authorise the Directors to issue new shares other than on a pro-rata basis to subscribers or placees at a discount exceeding 10% but not more than 20% to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed.

The maximum pricing discount of 20% is proposed pursuant to the SGX-ST's news release of 19 February 2009 which introduced further measures to accelerate and facilitate the fund raising efforts of listed issuers.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend in his stead. A proxy need not be a member of the Company.

2. A member of the Company which is a corporate is entitled to appoint its authorised representatives or proxies to vote on its behalf.

3. The instrument appointing a proxy must be deposited at the Office of the Share Registrar of the Company, B.A.C.S Private Limited at 63 Cantonment Road, Singapore 089758, not less than 48 hours before the time appointed for holding of the Annual General Meeting.

YING LI INTERNATIONAL REAL ESTATE LIMITED

(Incorporated in the Republic of Singapore)
(Registration No. 199106356W)

PROXY FORM – ANNUAL GENERAL MEETING

I/We, ______________________________ (name) of ______________________________

______________________________ (address) being a member/members of YING LI INTERNATIONAL REAL ESTATE LIMITED (the "**Company**"), hereby appoint :

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the Annual General Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 9.00a.m. on Wednesday, 28 April 2010 at NTUC Centre, No. 1 Marina Boulevard, Room 701, Level 7, Singapore 018989 and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting)

	ORDINARY BUSINESS	**For**	**Against**
Resolution 1	To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 December 2009, together with the Auditors' Report thereon.		
Resolution 2	To re-elect Mr. Fang Ming, a Director retiring pursuant to Article 106 of the Company's Articles of Association.		
Resolution 3	To re-elect Ms Xu Li, a Director retiring pursuant to Article 106 of the Company's Articles of Association.		
Resolution 4	To re-elect Mr. Christopher Chong Meng Tak, a Director retiring pursuant to Article 106 of the Company's Articles of Association.		
Resolution 5	To re-elect Mr. Lui Seng Fatt, a Director retiring pursuant to Article 106 of the Company's Articles of Association.		
Resolution 6	To approve payment of Directors' Fees for financial year ended 31 December 2009.		
Resolution 7	To approve payment of Directors' Fees for financial year ending 31 December 2010.		
Resolution 8	To re-appoint Messrs Foo Kon Tan Grant Thornton as Auditors.		
	SPECIAL BUSINESS		
	Ordinary Resolutions :		
Resolution 9	To authorise the Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50.		
Resolution 10	To authorise the Directors to allot shares under the share issue mandate at more than 10% discount.		

Date this ____________ day of ____________________ 2010

Total Number of Shares held in :	
CDP Register	
Register of Members	

____
Signature(s) of members(s) or Common Seal

IMPORTANT : PLEASE READ THE NOTES OVERLEAF

NOTES :

1. Please insert the total number of Shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or, if he/she holds two or more shares, two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. The instrument appointing a proxy or proxies must be deposited at the Office of the Share Registrar of the Company, B.A.C.S Private Limited at 63 Cantonment Road, Singapore 089758 not less than 48 hours before the time set for the meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

General :

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER
199106356W

REGISTERED OFFICE
6 Temasek Boulevard
#24-04 Suntec Tower Four
SiNGapore 038986
Tel: (65) 6334 9052
Fax: (65) 6733 3458

BOARD OF DIRECTORS

Fang Ming	*Chairman & Chief Executive Officer*
Xie Xin	*Executive Director*
Xu Li	*Executive Director*
He Zhao Ju @ Danny Ho	*Non-Executive Director*
Christopher Chong Meng Tak	*Co-Lead Independent Director*
Lui Seng Fatt	*Co-Lead Independent Director*
Xiao Zu Xiu	*Independent Director*

NOMINATING COMMITTEE

Xiao Zu Xiu	*Co-Chairman*
Lui Seng Fatt	*Co-Charman*
Fang Ming	
Christopher Chong Meng Tak	

REMUNERATION COMMITTEE

Xiao Zu Xiu	*Chairman*
Christopher Chong Meng Tak	
Lui Seng Fatt	

AUDIT COMMITTEE

Christopher Chong Meng Tak	*Chairman*
Xiao Zu Xiu	
Lui Seng Fatt	

COMPANY SECRETARY
Soh Chun Bin and Lim Boon Ping
Stamford Law Corporation
9 Raffles Place #32-00
Republic Plaza
Singapore 048619
Tel: (65) 6389 3000
Fax: (65) 6389 3099

SHARE REGISTRAR
B.A.C.S Private Limited
63 Cantonment Road
Singapore 089758

AUDITOR
Foo Kon Tan Grant Thornton
Certified Public Accountants
47 Hill Street, #05-01
Singapore Chinese Chamber of
Commerce & Industry Building,
Singapore 179365
Partner-in-charge: Chin Sin Beng, CPA

PRINCIPAL BANKER
Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

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英利国际置业
YING LI INTERNATIONAL REAL ESTATE LIMITED

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