英利国际置业
YING LI INTERNATIONAL REAL ESTATE

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YING LI INTERNATIONAL REAL ESTATE LIMITED

LOCATION • QUALITY • PRESTIGE

ANNUAL REPORT **2011**

Corporate Profile

Ying Li International Real Estate Limited ("Ying Li" or "the Group") 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"). The Group engages principally in the development, sale, rental, management and long-term ownership of high quality commercial and residential properties in prime locations of Chongqing. 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 solid track record in urban renewal, having transformed old city areas into high quality and premier design developments. Chongqing Yingli has successfully modernised the landscape of the city centre in Chongqing's main business districts, developing several landmark commercial buildings such as New York New York, Zou Rong Plaza, and Future International.

Over the years, Chongqing Yingli has also 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 2009 and 2011. 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.

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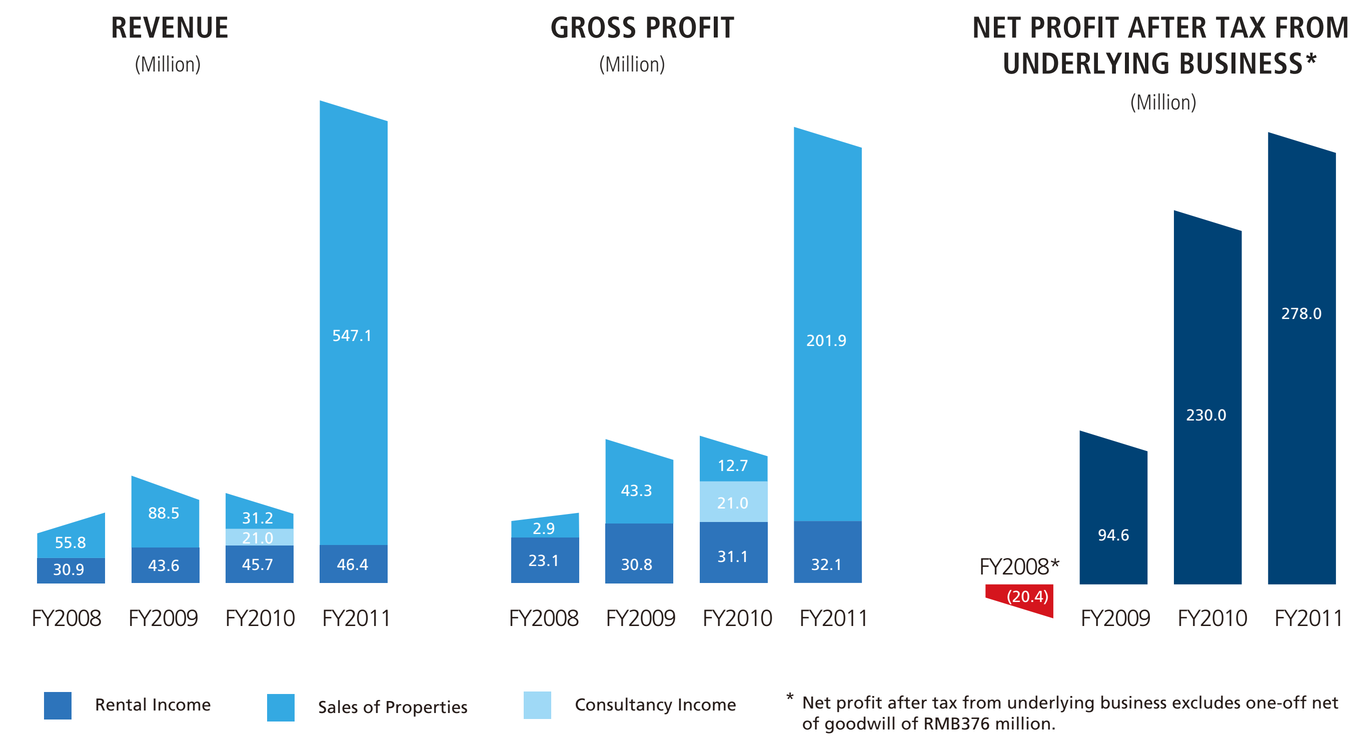
YING LI - PREMIER COMMERCIAL PROPERTY DEVELOPER IN CHONGQING

Financial Highlights



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

	FY2008	FY2009	FY2010	FY2011
Key Financial Ratios				
Earnings Per Share (RMB)	0.63	0.04	0.10	0.13
Net Assets Value Per Share (RMB)	0.72	1.03	1.15	1.30
Debt to Equity Ratio (%)	23.62	24.74	64.51	67.32
Net debt to Equity Ratio (%)	17.36	14.48	41.13	56.95
Cash Flow Statement				
Net cash used in operating activities	(79.2)	(993.3)	(648.0)	(674.1)
Net cash used in investing activities	(134.4)	(2.2)	(4.4)	9.3
Net cash used from financing activities	274.3	1,146.2	1,019.7	228.8
Net increase in cash	60.7	150.7	367.3	(436.0)
Cash at the beginning of year	21.3	82.0	233.3	596.2
Effects of exchange rate changes on cash and cash equivalents	–	0.6	(4.4)	138.1
Cash at end of year	82.0	233.3	596.2	298.3

Results at a Glance

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31

- Mainly due to disposal of property, plant and equipment
- Mainly due to incremental costs incurred for IFC and fair value gain
- Mainly due to amortisation of long term expenses
- Mainly due to incremental development costs of IFC, Da Ping and Wu Yi Road
- Mainly due to sale of IFC office units
- Mainly used for project development costs and working capital
- Mainly due to translation gain of Renminbi against Singapore Dollars
- Mainly due to fair value gain from investment properties
- Mainly for new project & working capital
- Mainly due to partial buyback of convertible bonds
- Mainly due to higher project cost
- Mainly due to higher operating profit
- Mainly for new project & working capital
- Mainly used in project costs

	31-Dec-11	31-Dec-10	Variances	
	RMB'000	RMB'000	RMB'000	%
ASSETS				
Non-current assets:				
Property, plant and equipment	9,755	18,502	(8,747)	-49.3%
Investment properties	2,571,699	2,243,571	328,128	14.6%
Prepayment	1,209	1,708	(499)	-29.2%
Total non-current assets	2,582,663	2,263,781	318,882	14.1%
Current assets:				
Land for development	7,418	7,418	–	0.0%
Development properties	2,830,149	2,271,277	558,872	24.6%
Trade and other receivables	171,750	59,901	111,849	186.7%
Cash and cash equivalents	342,845	618,359	(275,514)	-44.6%
Total current assets	3,352,162	2,956,955	395,207	13.7%
Total assets	5,934,825	5,220,736	714,089	13.7%
EQUITY AND LIABILITIES				
Capital and reserves:				
Capital contribution	3,528,340	3,527,575	765	0.0%
Other reserves	(1,896,520)	(1,943,762)	47,242	-2.4%
Retained profits	1,190,135	913,601	276,534	30.3%
Non-Controlling Interest	55,048	54,048	1,000	1.9%
Total equity	2,877,003	2,551,462	325,541	12.8%
Non-current liabilities:				
Deferred taxation	348,635	307,578	41,057	13.3%
Other borrowings - unsecured	19,477	–	19,477	n.m.
Convertible bonds (liability component)	951,366	979,594	(28,228)	-2.9%
Total non-current liabilities	1,319,478	1,287,172	32,306	2.5%
Current liabilities:				
Trade and other payables	664,165	646,169	17,996	2.8%
Provision for taxation	108,360	70,073	38,287	54.6%
Other borrowings - unsecured	73,038	–	73,038	n.m.
Bank borrowings - secured	892,781	665,860	226,921	34.1%
Total current liabilities	1,738,344	1,382,102	356,242	25.8%
Total equity and liabilities	5,934,825	5,220,736	714,089	13.7%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31

	31-Dec-11 RMB'000	31-Dec-10 RMB'000	Change %
Revenue	593,495	97,862	506.5%
Cost of sales	(359,518)	(33,011)	989%
Gross profit	233,977	64,851	260.8%
Other income	19,845	9,885	100.8%
Selling expenses	(27,192)	(5,315)	411.6%
Administrative expenses	(55,839)	(43,544)	28.2%
Fair value gain on investment properties	229,999	355,058	-35.2%
Finance costs	(19,448)	(57,150)	-66.0%
Profit before tax	381,342	323,785	17.8%
Income tax expense	(103,312)	(93,802)	10.1%
Profit for the period	278,030	229,983	20.9%
Profit attributable to:			
Owners of the parent	277,030	226,884	22.1%
Non-controlling interests	1,000	3,099	-67.7%
	278,030	229,983	20.9%

Revenue Increased:
- Mainly due to sales recognition of IFC office units and San Ya Wan Phase 1A.
- More investment properties units sold in Future International, New York New York and San Ya Wan.
- Higher rental income mainly due to increase in rental rate for some tenants at Future International.

Gross profit increased:
- Mainly contributed from the sales recognition of IFC office units and San Ya Wan Phase 1A.

Other income increased:
Mainly due to:-
(i) Government subsidy to help finance infrastructure development for the seafood wholesale market at San Ya Wan.
(ii) One-off government grant received in relation to relocation activities of IFC Project.
(iii) Gain on disposal of property, plant and equipment.

Selling expenses increased:
- Mainly due to higher advertising and marketing expenses incurred for IFC and Ying Li International Plaza projects.

Administrative expenses increased:
- Mainly due to higher staff cost, travelling and related expenses, donation to the city's tree planting campaign, legal and professional fees, land use tax, expenses related to payment of land use right and corporate tax and was partially offset mainly by lower stamp duty expenses.

Fair value gain decreased:
- Mainly due to fewer new assets being added as investment properties.
- More inverstment properties units sold.

Finance expenses decresed:
- Mainly due to lesser interest expense from the convertible bond. More interest being capitalised as a results of fund being utilised.

Income tax expense increased:
- Mainly due to operating profit derived from the sales recognition of IFC office units and San Ya Wan Phase 1A offset by lower deferred tax expense as a results of lower fair value gain recognised.

Profit attributable to owners of the parent increased
- Mainly due to profit achieved from the sales recognition of IFC office units and San Ya Wan Phase 1A offset by lower fair value gain.

总裁致辞

方明
英利国际置业董事长兼总裁

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2011年12月31日（“2011年度”）的年度报告。在此，我将与股东们分享过去一年英利的财务表现和运营亮点，并将展示集团的土地储备情况和未来发展计划，以及我们对市场前景的观点。

2012年，英利将迈开全新的步伐。大坪、IFC等项目都进入全面租售期，英利将以收获的姿态、以卓越的业绩向股东们展现公司的执行能力和持续增长能力。而重庆这座中国经济增长最快的城市，也将为英利带来更广阔的发展空间。

业绩稳步增长

2011年中国楼市遭遇史上最严厉调控，资本市场也因欧美经济动荡而呈现低迷状态，尽管如此，集团运营仍然保持稳健，在充满挑战的大环境下，异军突起，表现卓越，实现总收入5.93亿元人民币，利润达到278亿元人民币，IFC写字楼按计划租售，IFC商场准时顺利开业及英利国际广场成功开盘，成功展现英利的执行能力。这些市场表现，充分体现出英利对国内外宏观环境的适应能力和持续发展能力。

基于我们专业团队的丰富经验，公司不断强化在重庆核心商业区开发高端商业综合体物业的竞争优势，并在项目品质上精益求精，从而成功奠定了消费者对英利品牌的忠诚度和美誉度，以优质的质量和品质吸引著客户愿意高价购买并始终追捧我们的项目。公司坚守一贯稳健踏实的经营模式和专注商业地产，因此受到房地产调控政策的影响有限。同时各个储备项目也顺利推进，不断提升著英利的品牌力量。

与此同时，市场也给予我们广泛认同。2011年，公司荣获重庆市建设委员会、重庆市城市建设综合开发管理办公室颁发的第七届“重庆市房地产开发企业五十强”，公司已连续六届10年荣膺此荣誉。2011年3月公司被重庆市城乡建设委员会评为“2011年重庆市“十一五”建筑节能先进集体”，并被重庆市房地产开发协会评为“2010-2011年度重庆市房地产开发行业信用品牌企业”，此外还荣获重庆日报、重庆市房地产业协会颁发的“幸

福重庆”地产贡献办榜样企业、重庆市渝台经济和信息化交流促进会颁发的渝台经济促进榜样企业。英利IFC凭借其高端的硬件配置，环保节能方面的优秀表现，获得低碳、环保、节能的最高奖项，成为重庆首个国际LEED预认证金奖的写字楼,同时该项目荣获2011第六届中国商业地产年会组委会颁发的“2011中国写字楼100强”殊荣，并被中国指数研究院/清华大学房地产研究院评为”2011中国商业地产项目品牌价值TOP10”，被中国房产信息集团评为“2011十大最值得期待楼盘”，被重庆日报、重庆市房地产业协会评为“幸福重庆”地产贡献力商业地标，此外，还被搜房网评为“2012年度第七届中国房地产网络人气榜/重庆最具人气地标”。

同时公司在信息披露和企业管理方面也取得显著进展，2011年由新加坡国立大学商学院的治理、机构和组织中心和《商业时报》联合推出的监管与透明度指数公布公司排名显示，英利国际置业排名第34位，“监管与透明度指数”排名大幅提升，在新加坡上市的中国上市企业中，我司排名第二。

除了消费者和权威机构的认可，银行也对集团的持续增长能力表示出信任和肯定，在国内外资本市场低迷的大背景下，2011年，英利成功获得渣打银行和华侨银行的7亿元人民币贷款发展英利国际广场，由此可见，银行对英利项目的前景十分看好。

中国和重庆的市场前景

2011年，中国国内生产总值（GDP）达到471564亿元，按可比价格计算，比上年增长9.2%。社会消费品零售总额同比增17.1%、社会固定资产投资同比增23.8%、全国房地产开发投资同比增27.9%、规模以上工业增加值同比增13.9%、城乡居民收入分别增8.4%和11.4%。面对欧洲债务危机和全球金融动荡等复杂多变的国际形势和国内经济运行出现的新情况新问题，中国国民经济继续保持平稳较快发展，并朝著宏观调控预期方向发展，实现了“十二五”时期经济社会发展良好开局。

而重庆这座长江上游的经济中心，中国五大中心城市之一，　在2011年经济发展更是突飞猛进。2011年重庆全市生产总值达到10011.13亿元，同比增长16.4%，经济增速跃居全国第一，是中国GDP增长增长最快的城市。全年外商投资破百亿美元大关，实际利用外资达105.79亿美元，同比增长66.1%，总量位居中西部第一，速度全国第一，是西部利用外资最多的城市。2011年，重庆市外贸进出口总值达292．2亿美元，同比增长1．4倍，增长幅度位列全国第一。内陆开放高地基本形成，开放的重庆，正以更大的气魄和力度广聚国内外资源。

同时，作为中国第四个并且是西部唯一的直辖市，西部大开发政策和两江新区的成立，吸引了越来越多的跨国企业和金融机构来渝。因重庆良好的投资环境、政策优势和发展条件，越来越多的世界500强企业相继入住。去年来重庆直接投资的世界500强企业超过200家，数量居中西部第一。重庆对跨国公司的吸引力、凝聚力不断提高，正成为海外投资者抢滩的热土。

与此同时，重庆与日俱增的发展潜力，也获得众多权威机构的认可。美中经贸投资总商会（USCGC）、欧美亚工商界投资合作联盟(EAACU)和世界城市世界企业研究会（WWRA）联合推选出的“2011年度中国最具投资潜力城市50强”中，重庆位列北京、上海、香港之后，排名全国第四，并居西部第一。此外，2011年底，中国最具幸福感城市评选，重庆市继2011年之后，再次被评为中国最具幸福感城市。

从房地产市场来看，2011年，为稳定房地产市场发展，中国国务院、银监会等相继出台多项政策，房地产调控在原有基础上进一步趋紧，限购、限贷、限价、房产税等调控措施的贯彻落实以及银行信贷政策的趋严，对中国住宅市场特别是高端住宅市场的调控效果日益显现。与此同时，商业房地产因为承担扩大内需、增加就业机会、持续税收方面的特殊作用，不受到调控的直接影响，从而在整个市场上异军突起，获得越来越多投资者的青睐。来自CBRE世邦魏理仕的市场报告数据也显示，中国的商业地产市场增长势头良好，写字楼和商业的租赁增长，空置率低。戴德梁行研究报告也表明，城镇化与服务业是推动商业房地产两大助力。相比一二线城市，中国庞大的中小城镇在未来十年将进入大规模的建设高峰期，随之而来的城市基础设施建设和新区发展，将刺激商业需求，带动商业房地产的发展。

就重庆房地产市场本身而言，相比北京、上海等一线城市，重庆的房价远远低于一线城市的房价，重庆的市场比较健康，外来购房比例也较低，投资和投机性购房占比较小，刚性需求是市场的绝对主力。由此可见，目前的整体影响是短暂的，未来重庆还有很大的发展上升空间。并且重庆目前正经历著经济的高速增长。作为中国内陆市场的主要门户，重庆城市地位的不断提升和城市化进程加速使得市场对商业地产的刚性需求旺盛，商业房地产未来走势相对强劲，并且我们相信，随著重庆经济的飞速发展势头，这种需求还将继续保持。而重庆与一线城市相比，商业地产和写字楼市场还有长远的发展，市场潜力巨大。与此同时，伴随重庆打造长江上游金融中心的推进，基础设施建设和投资环境不断完善，吸引著越来越多的世界500强企业以及金融机构不断涌入，对于核心CBD地段A级写字楼的需求也会随之激增。这些都为英利提供了更多的发展机遇和市场机会。

总裁致辞

来自各家专业机构的资料也显示，重庆甲级写字楼和主要商业市场强劲，租金上浮，并未受到国家和重庆本地宏观政策的影响。

作为重庆商业地产的领军企业，英利一直致力于在重庆CBD黄金地段打造商业地产和商业综合体，主要针对核心商圈棚户区改造。英利所开发的项目均不在目前重庆实施的相关房地产政策调控范围内，受到的政策影响有限，而且得益于重庆经济的快速增长和市场对商业地产的认可，英利在2011年调控大环境下项目获得了较好的销售收益。基于此，英利对重庆的经济增长以及重庆市场，特别是主城CBD地区对商业地产的需求持积极乐观的态度。

更为重要的是，公司一直执行严谨的企业结构治理和稳健的经营模式，能够帮助企业抵御各项风险。由此我们有理由相信，凭借我们的丰富经验，英利国际置业在2012年的业绩一定能再上一层楼。

储备项目进展

在未来3-4年，公司总可租可售面积达到100万平方米。目前公司各储备项目均稳步推进。

位于解放碑CBD核心的"IFC"项目按原定计划已顺利落成，重庆又一新的城市地标诞生。凭借前瞻配置，IFC项目获得国内外领袖企业的认可，成为重庆市场售价最高的写字楼，销售业绩斐然。IFC-MALL商场于2011年12月18日顺利试营业，众多国内外品牌入驻，目前经营状况良好。

大坪"英利国际广场"项目进展如火如荼。2011年底重庆市政府公众信息网发布信息：渝中区按照"一极三区一带"板块布局，投资580亿元，重点开发建设大坪、高九路和化龙桥三大板块的西部区域，为"1000亿渝中"及重庆城市发展贡献力量。其中大坪板块，特别提到推动"英利国际广场"等项目，再造形成主城核心商圈。目前该项目首期住宅已实现预售，项目地段和品质得到消费者的广泛认可，同时工程进展也按原计划顺利展开。

随著重庆政府对五一路金融街的推进，十二五期间，渝中区将依托重庆金融街建设五一路金融总部集聚区，以打造中国"西部华尔街"为目标，在未来形成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。公司在原有的五一路检法两院项目基础上，于2011年收购了位于重庆金融街的第二个地块即味苑地块，并将与原有的检法两院项目联合开发，土地面积增加到大约17000㎡，总规划面积约为24万㎡，将建成集甲级写字楼和高端商场为一体的高端综合性项目，打造为解放碑五一路金融街地标建筑。将这是位于重庆金融街的单体最大的综合性项目和解放碑CBD中央商务区目前仅剩的顶级黄金口岸，为解放碑所有待开发地块中位置最优者。

此外，公司也在积极推进同样位于渝中区解放碑豪华酒店商务街区的"鲁祖庙花市地块"建设和位于两江新区的"三亚湾项目"。因为"两江新区"是继上海浦东新区和天津滨海新区之后全国第三个国家级开发开放新区，"三亚湾项目"的市场价值也随之倍增。前期一直处在政府对该项目的规划政策调整阶段，现调规工作已进入后期阶段，正在办理相关手续，预计将为股东带来更高价值。

不仅如此，公司也在积极寻求重庆核心商圈和其他热点地区的机会，使公司能不断的增加土地储备，保证业绩的长期稳定增长。

除此之外，英利并不局限于目前的业绩，在未来的发展中，将筹备房地产信托上市，通过房地产投资信托管理，把持有的甲级写字楼和高端商场的价值体现出来，使公司具备更大的资金能力来获得更多的商业物业的开发机会。

展望未来

新的一年，我们相信中国和重庆的经济能继续保持良好的增长。英利将继续巩固作为在中国发展最快的城市中的商业地产行业领导地位。2012年，大坪、IFC等项目进入全面租售期，将推动英利业绩进入新一轮的发展，我们有信心，英利会在2012迎来新的辉煌。在此背景下，集团将继续保持稳健的投资策略和明智的财政政策，并不断提高我们的产品和服务质量，以满足客户需求。同时公司将进一步提高治理水平，有效提高企业运作效率和整个组织体系的专业水准，为股东和客户创造更大价值。

致谢

代表我们的董事会，感谢各位股东在过去一年给予我们的大力支持和信任。尽管面对的经营环境复杂多变，我们将坚定不移，为实现股东的长远利益而继续努力。

方明

英利国际置业董事长兼总裁

Chairman's Statement

Dear Shareholders,

It is my 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 2011 ("FY 2011"). I would like to take this opportunity to share with you the Group's financial performance, project development and land banks status, as well as our views on the outlook of Chongqing's real estate market.

IN 2012, THE GROUP WILL CAPITALIZE ON THE RAPID DEVELOPMENT OF CHINA AND CHONGQING TO FURTHER SOLIDIFYING ITS LEADERSHIP POSITION AS THE LEADING COMMERCIAL CBD LANDLORD IN THIS FASTEST GROWING CITY IN CHINA. THIS WILL BE THE YEAR WHERE BOTH OUR IFC AND YING LI INTERNATIONAL PLAZA PROJECTS ARE IN FULL-FLEDGED SALES AND LEASING ACTIVITIES, AND THEY WILL MAKE MAIDEN CONTRIBUTIONS TO THE GROUP'S RENTAL INCOME AND OPERATING CASHFLOW.

Robust Growth

In 2011, China's real estate sector experienced the most severe residential property tightening measures introduced by the China Central Government. The challenges were further intensified by Europe's debt turmoil and global economic slowdown. Despite of the uncertain environment, the Group achieved excellent results with total revenue of RMB 593million and net profit after tax of RMB 278million. Ying Li had once again demonstrated its execution ability by successfully selling and leasing its Ying Li International Financial Centre ("IFC") office units, launching of Ying Li IFC mall and pre-selling of Ying Li International Plaza's residential units.

Capitalizing on our professional team's extensive experience, the Group continues to strengthen its competitive advantage in developing integrated commercial properties and place greater emphasis on quality. The strategy on "Prime Location, Premium Quality and Prestigious Clientele" had paid off. Our consistent effort to create quality products in prime locations has enabled us to enjoy strong brand loyalty, which in turn allows the Group to command a premium pricing for its products. Also, given that the Group focused on commercial real estate property development and adhered to its prudent business model, ongoing restrictive policies on the residential property sector has limited impact on its operations.

Concurrently, the Group had also received recognitions for its commitment to develop quality projects in prime locations of Chongqing. For six consecutive sessions over a 10 year period, the Group was again accredited as one of the "Chongqing's Top 50 Real Estate Enterprise" in 2011 by the Chongqing Municipal Construction Commission. Our emphasis on brand value and creditability had also led us to receive other awards such as the "2010 - 2011 Chongqing Real Estate Developer Trustworthy Credit Brand Enterprise". The Group was also honored as a role model enterprise by both Chongqing Real Estate Association and Chongqing-Taiwan Economic Exchange Committee.

Chongqing Urban and Rural Construction Committee had recognized the Group's continuous commitment to develop eco-friendly green buildings and sustainable design initiatives, and awarded us "Chongqing's Municipal Eleventh Five-Year Plan Advanced Building Energy Efficiency Enterprise". Ying Li IFC, with its high quality hardware configuration, environmentally friendly low-carbon emission and energy-saving capabilities, is the only premier Grade A office building in Chongqing awarded with the LEED Gold Level Precertification by U.S. Green Building Council (USGBC). In 2011, this high-profile, multi-award winning building also received the following major accolades:

- "2011 China Top 100 Office Building" by the 2011 6th China Commercial Real Estate Association Annual Conference
- "2011 Top 10 China Commercial Real Estate by Brand Value" by Development Research Center of State Council, Real Estate Research Institute of Tsinghua University and China Index Academy
- "2011 Top 10 Highly-Anticipated Building" by China Real Estate Information Corporation
- "Happiness Chongqing - Commercial Landmark Contribution" award by Chongqing Daily and Chongqing Municipal Real Estate Association
- "2011 7th China Real Estate Internet Popularity Index - Chongqing Municipal Most Popular Landmarks"

The Group had also made great achievement in maintaining high standards of corporate governance, accountability and transparency. Based on the Governance and Transparency Index compiled by National University of Singapore and The Business Times, the Group's position improved significantly from 352nd to 34th and became the 2nd best ranking China companies listed on SGX in 2011.

Besides gaining recognitions from the clients and various reputable institutions, the banking community had also continued to show confidence in the Group's strong fundamental and growth potential. Amidst the sluggish market and credit tightening environment, the Group had successfully secured a RMB 700million syndicated loan from Standard Chartered Bank and Overseas-Chinese Banking Corporation in December 2011 for project development. This is a strong endorsement of our prospects.

Property Sector Outlook for China and Chongqing

Despite of the ongoing European debt crisis and global financial turmoil, China's economy remains resilient and maintained its steady growth in GDP of 9.2% in the year 2011. Total retail sales of consumer goods grew 17.1% year-on-year. Fixed Asset Investment (FAI) jumped 23.8% year-on-year and Real Estate Investment expanded 27.9%. Disposable incomes for urban and rural household grew 8.4% and 11.4% respectively.

Being one of China's five key cities, Chongqing's development in 2011 was even more rapid. In 2011, Chongqing's GDP exceeded RMB 1 trillion-mark for the first time, with a 16.4% year-on-year increase. This strong growth rate placed Chongqing as the fastest growing city in China. Growth rate for Foreign Direct Investment into Chongqing was also ranked first in

Chairman's Statement

Western China with a 66.1% year-on-year increase to USD 10.6 billion. Chongqing's foreign trade import and export value surged 1.4 times, the fastest growth in China, reaching USD 29.22 billion.

As China's fourth and only directly-administrated inland municipality, Chongqing continues to benefit from the Central Government's favorable economic policies. With the implementation of the Central's Government's "Go West" campaign policies and the establishment of a "Special Economic Zone" in the City's Liangjiang New Area, and coupled with the strong fundamentals and positive investment environment, Chongqing attracted more than 200 of Fortune 500 companies, making it one of the most popular investment destinations in China.

Chongqing's growth potential had also received many international endorsements. At the 8th annual World Famous Brands Assembly (WFBA), the U.S.-China Economic Trade and Investment General Chamber of Commerce (USCGC), the Europe-America-Asia Cooperation Union for Investment in Industry and Commerce, and the World Cities and World Business Research Association jointly released a list of the "2011 Top 50 Chinese Cities with Strongest Investment Potential". Chongqing was ranked 4th in the list, behind Beijing, Shanghai and Hong Kong. Besides its impressive economic growth, Chongqing was also ranked as a favorable city to reside in. In 2011, Chongqing was voted once again for the second consecutive year as the "China's Happiest Cities" by Xinhua News Agency.

On China's real estate market front, the Chinese Central Government issued a series of policies such as housing purchase restrictions, property taxes and credit tightening to curb the escalating residential property prices, especially on high-end luxury residential market. However, as China commercial real estate properties development reinforces the Central Government's plans to expand domestic consumption and increase employment opportunities, it has attracted more and more investors' attention. In a CBRE market report, with a low vacancy rate, China's commercial real estate market is forecasted to continue its growth momentum with higher commercial and office rental. Another separate report from DTZ pointed out that urbanization and growth in the services sector had increased the demand for commercial spaces. In the next decade, China's large and small townships will enter into stages of large-scale construction peak, followed by construction of urban infrastructure and new districts, which will in turn stimulate business demand and drive the development of commercial real estate properties.

Chongqing's residential real estate property pricing remains relatively healthy, with prices significantly lower than that of first-tier cities such as Beijing and Shanghai. With the government's effort to accelerate the urbanization process, the real demand for residential units continues to drive the market, rather than by foreign or speculative buyers. The city of Chongqing is currently experiencing rapid economic growth and establishing itself as the major gateway into western China. We believe this positive trend, coupled with urbanization growth, will continue to create a strong demand for commercial real estate.

Compared with the tier-one cities, Chongqing's commercial real estate market has a huge growth potential with many years of good investment opportunities ahead. Chongqing municipal government has also placed great emphasis to transform the city into a world class financial hub at the upper reaches of Yangtze River. The enhanced favorable policies, coupled with the development of modern infrastructures, have since attracted many Fortune 500 companies and financial institutions into the city, thus causing a surge in demand for premium quality Grade A offices within the core CBD areas. Reports from various professional bodies have also shown that the demand for Grade A offices and commercial spaces in Chongqing had resulted in rental rate increase. These are all positive signs for the Group as it continues to seek growth opportunities.

Being the leading commercial CBD landlord in Chongqing, Ying Li has been focusing on the development of prime CBD high-end integrated projects and urban renewal. The current slew of residential property tightening regulations and credit tightening have limited impact on the Group. Riding on Chongqing's rapid economic growth, the Group had achieved a better result and we continue to be optimistic on the demand for commercial real estate properties going forward.

More importantly, the Group has adopted a strict corporate governance and prudent business model to minimize various potential risks. With our extensive experiences and tested capabilities, we are confidence that the Group will rise to a whole new level in 2012.

Project Development Progress

The Group has approximately 1 million square meters of planned GFA to be developed over the next 3 – 4 years. Ongoing pipeline projects are progressing smoothly.

Ying Li International Financial Centre, the highest specification landmark skyscraper located in the heart of Chongqing Jiefangbei CBD was successfully completed on schedule. Since the commencement of its pre-sales and leasing activities, IFC office tower continues to be well-received by major international financial institutions, offices of consulates and multinational companies. On 18 December 2011, the highly-anticipated IFC retail mall raised its curtain, capturing the hearts of many shoppers with its flagship stores of an extensive range of renowned international and domestic brands.

Our next upcoming key project, Ying Li International Plaza, likewise is currently progressing smoothly in various phases of development. In 2011, Chongqing municipal government announced that it will invest a total of RMB 58billion in Da Ping, Gaojiulu and Hualongqiao to create a RMB 100billion Yuzhong District Development Zone. This announcement specifically highlighted Ying Li International Plaza as the key strategic project in Da Ping area. During the year, the Group successfully launched the pre-sales of Ying Li International Plaza residential units with strong take up rates. Capitalizing on the strong market support, the Group plans to continue the launch of subsequent phases over the course this year.

Following the successful leasing of Ying Li IFC retail mall, the Group also announced the commencement of Ying Li International Plaza retail mall's global marketing effort. With approximately 100,000sq.m of retail space, the Group plans to bring a new retail concept together with popular fashion brands, dining, shopping, entertainment, family and lifestyle brands to cater to a wide variety of customers, so as to maximise the location advantages and complement the living spaces offered by the integrated residential units.

With the progression of Chongqing Financial Street development, and as part of the 12th Five-year plan, Chongqing government plans to develop it to be the "Wall Street" of Western China. Poised to become a world class financial centre in the upper reaches of Yangtze River, Chongqing Financial Street will house headquarters of major international financial institutions and, other large multinational and domestic companies. The Group announced earlier that it had successfully acquired the second plot of land, Wei Yuan land plot, beside the existing Wu Yi Road project along this highly anticipated Chongqing Financial Street. The two plots of lands, with a combined 17,000sq.m area, will be jointly developed as an integrated Grade A office and retail mall project with a total planned area of approximately 240,000sq.m. This combined project is the single largest remaining and best located site in Chongqing Financial Street, and is also situated closest to Jiefangbei with frontage exposures to four main roads and offers excellent transport accessibility.

Lu Zu project is another land parcel we have in the luxury hotel and commercial zone of Jiefangbei. Lastly, our San Ya Wan land parcel is located in the master plan of Liangjiang New Area, China's third state level economic development zone after Shanghai Pudong New Area and Tianjin Binhai New Area. The Group is anticipating the release of new land utilization plan and revised plot ratio for the project. Once the renewed government master plan is completed, we have confidence to develop this land parcel and position it better, and eventually achieve a better return for our shareholders.

To capitalize on Chongqing's development and achieve sustainable long-term growth, the Group will actively seek new opportunities to expand its land bank in Chongqing's core CBD and other key districts.

In addition, the Group will be starting the preparation works for its real estate investment trust ("REIT") listing. Together with a team of professional managers, the Group plans to realize the value of its Grade A office and high-end retail mall assets via the REIT structure, and at the same time, enhance our funding capability for new development opportunities.

Looking Ahead

In 2012, the Group will capitalize on the rapid development of China and Chongqing to further solidifying its leadership position as the leading commercial CBD landlord in this fastest growing city in China. This will be the year where both our IFC and Ying Li International Plaza projects are in full-fledged sales and leasing activities, and they will make maiden contributions to the Group's rental income and operating cashflow. Going forward, the Group will continue to maintain its steady investment strategies and prudent financial management while continuing to enhance our products and service offerings to meet the demand of our esteem customers. We will also further improve the level of governance, operational efficiency and the overall organization's professional standard. Through such efforts and implementations, the Group will strive to create greater value for both our shareholders and customers.

Appreciation

On behalf of our Board of Directors, I would like to thank all our shareholders for their trust and unwavering support throughout the past years. Despite the fact that macroeconomic environment is complex and uncertain, we will continue to strive hard and achieve steady growth, and bring greater return to our shareholders.

Fang Ming

Chairman and Chief Executive Officer

Operations and Financial Review

Operations Review

The Group's revenue increased 506.5% from RMB 97.8million in FY2010 to RMB 593.5million in FY2011 due to the increase in revenue recorded under sale of properties segment. Revenue from the sale of properties increased 1,654.5% to RMB 547.1million mainly due to the sales of IFC office units, San Ya Wan Phase 1A and investment properties units. Annual rental revision from existing tenants resulted in net rental income rising 1.6% to RMB 46.4million.

Group's gross profit increased 260.8% to RMB 234.0million in FY2011 as a result of higher sales achieved from the sale of properties segment. Gross profit from the sales of properties segment increased by 1,487% to RMB 201.9million due to sales recognition of IFC office units and San Ya Wan Phase 1A. Gross profit margin narrowed 26.9 percentage points to 39.4% due to sales of revalued investment properties at approximately fair market value and absence of a one-off consultancy income.

Administrative expenses for the year ended 31 December 2011 increased by RMB 12.3million to RMB 55.8million resulted from the recruitment and expansion of professional team, travelling related expenses, donation to Chongqing's tree planting campaign, legal and professional fees, land use tax, expenses related to payment of land use right and corporate tax and was partially offset mainly by lower stamp duty expenses.

During the year, selling expenses increased to RMB 27.2million mainly due to the higher advertising, promotion, sales and marketing expenses incurred for sales and leasing of IFC office, leasing of the IFC mall and Ying Li International Plaza project.

Finance cost decreased by 66% to RMB 19.4million due to the lower interest expenses incurred from the convertible bonds. In August 2011, the Group announced the repurchase of convertible bonds with S$ 5million aggregate principal amount due in 2015. The interest income received from the buyback portion was offset against the bond interest expense and part of this interest expense was capitalized as project cost.

The Group continues to implement prudent financial approach while enhancing its relationships with the commercial banks on the basis of long-term cooperation and good credibility. On 20 Dec 2011, the Group announced that it has secured a RMB 700million four years syndicated loan from Standard Chartered Bank and Overseas-Chinese Banking Corporation for the development of Ying Li International Plaza project.

Other income advanced 100.8% to RMB 19.8million in FY2011 due to infrastructure subsidy from local government for our Sa Ya Wan project, one-off government grant received in relation to relocation activities of IFC project and gain on disposal of property, plant and equipment.

Income tax expenses rose RMB 9.5million due to higher Group profit achieved from the sales recognition of IFC office units. The effective tax rate for FY2011 was 25.6% due to non-deductible expenses such as provisions and expenses incurred from the corporate office and subsidiaries incorporated in tax free countries.

In FY2011, fair value gains on investment properties for the Group decreased by 35.2% to RMB 230.0million as fewer new assets were included into investment properties as compared to FY2010.

As a result of the above, the Group profit attributable to shareholders in FY2011 grew 22.1% to RMB 277.0million as compared to RMB 226.9million in FY2010.

Financial Position

The Group's total assets value increased by RMB 714.1million to RMB 5,934.8million in FY2011. The increase was mainly attributed to the increase in investment and development properties of RMB 887.0million from incremental cost incurred on IFC and Ying Li International Plaza, fair value gain, trade and other receivables amounting to RMB 111.8million. These gains were partially offset by the RMB 8.7million disposal of property, plant and equipment, RMB 0.5million amortisation of long term prepayment expenses and cash used of RMB 275.5million on the IFC and Ying Li International Plaza.

The value of investment properties increased by RMB 328.1million to RMB 2,571.7million in FY2011, comprising RMB 230.0million of fair value gains and RMB 98.1million of additional costs incurred on assets designated as investment properties.

Group's total liabilities increased by RMB 388.5million to RMB 3,057.8million in FY2011 due to increase in borrowings amounting to RMB 319.4million for the incremental project cost incurred on IFC and Ying Li International Plaza, income and deferred tax of RMB 79.3million due to higher operating profit and fair value gain from investment properties, and trade and other payable of RMB 18.0million. These gains were offset by a decline in the liability component of the convertible bonds buyback amounting to RMB 28.2million.

Operations and Financial Review

Group's total equity rose by RMB 325.5million to RMB 2,877.0million in FY2011, as a result of higher operating profit, foreign exchange gain and issuance of new shares.

Project Development

Progress at the Group's various developments remains on schedule.

Ying Li IFC, the latest iconic landmark building in Chongqing Jiefangbei CBD, was successfully completed. Named as one of 2011 China Top 100 Office Building by Soufun, Ying Li IFC sold its Grade A office space at a record unit price of RMB 27,000 per sq.m during the preview sale in 1H 2011.

The Group also launched the soft-opening of its retail mall on 18 December 2011 with more than 80% committed occupancy. The IFC retail mall has attracted an extensive range of international renowned and top domestic brands with many of them establishing their Chongqing entry flagship stores.

Development progress at Ying Li International Plaza is also being carried out smoothly. The project is currently in various stage of development and will progressively be available for pre-sales. Ying Li International Plaza Phase 1 residential unit pre-sales was launched In December 2011 with good response from our customers. The Group intends to build on the success by launching subsequent phases over the year.

During the year, the Group announced the successful acquisition of Wei Yuan land plot, the second plot of land, beside the existing Wu Yi Road project along the highly-anticipated Chongqing Financial Street. The two plots will be jointly developed as an integrated Grade A office and retail mall project with a total planned area of approximately 240,000sq.m over a combined 17,000sq.m land area.

Human Resource

The Group regards our human resource as the most valuable asset and pursues a people-oriented policy to impetus the Group's long-term success. We are committed to establish a positive working environment for all of our employees to develop their individual strengths and capabilities. The Group has implemented a series of comprehensive training programs that aims to support and enhance our employees' skills set and career progression opportunities.

In July 2011, the Group was awarded the "3rd Private Enterprise Excellent Corporate Culture – The Most Caring Employee Development Enterprise" by Tencent Chongqing Talent, one of the leading local professional recruitment consultancy agency, for its effort in nurturing talent and human resource management.

Also, the Group focuses on the work-life balance and employee care system. Through organizing recreational and cultural activities, the Group hopes to promote healthy lifestyle, both physically and mentally, as well as foster a cohesive teamwork spirit among its employees.

Corporate Social Responsibilities

As a corporate citizen, the Group upholds the beliefs in contributing and giving back to the society and environment. The Group has established a social responsibility management initiative to participate in charitable donation, and contribute in education and environmental protection.

During the year, the Group's employees went to an elementary school in Chongqing's Liangping County, with a donation to the educational funds and beautify the surrounding environment through trees planting with the students. Also, as part of the continuous effort to enhance the scenic and greenery view of the Chongqing city, the Group has contributed significantly to the "Green Action Yangtze River in Chongqing" initiatives by China's National Afforestation Committee, State Forestry Administration, China Green Foundation and Chongqing Municipal People's Government.

Playing its part to preserve the environment for our future generation, the Group adheres to its commitment to green development and integrated environmentally friendly elements in its projects' development. Completed in end 2011, Ying Li IFC became the only premier Grade A office building in Chongqing to be awarded the LEED Gold Level Precertification by the U.S. Green Building Council. Our perseverance and effort was recognized by the Chongqing Urban and Rural Construction Committee and awarded the Group as "Chongqing's Municipal Eleventh Five-Year Plan Advanced Building Energy Efficiency Enterprise".

Ying Li International Plaza

Ying Li International Plaza (previously known as the Da Ping project) is an iconic modern and vibrant integrated commercial development project which spans a total planned area of approximately 400,000sq.m. Designed with a vibrant "Live-Work-Play" theme, this state-of-the art project comprises 3 high-end residential towers, 1 SOHO tower and a 200m tall Grade A office tower as well as a retail mall that features popular fashion, dining, shopping, entertainment, family and lifestyle brands to cater to a wide variety of consumers.

Strategically located in the centre of Da Ping, the most densely populated area in Yuzhong district, with about 200,000 population within 1 kilometre radius area, Ying Li International Plaza benefits from the wide frontage exposures and access to two main roads of Da Ping Main Street (大坪正街) and Changjiang 2nd Road (长江二路). Ying Li International Plaza is also supported by a comprehensive public transport network infrastructure that includes 42 bus line services and a basement underpass that connects its retail mall to the Da Ping Subway interchange station. This is the interchange station for two existing subway lines, 1 and 2. Line 1 connects the Ying Li International Plaza to Jiefangbei CBD (4 subway stations away) to Shapingba CBD (7 subway stations away) while Line 2 connects to Yangjiaping CBD (3 subway stations away), Jiefangbei CBD (7 subway stations away), and Dadukou CBD (8 subway stations away). Many surrounding amenities such as schools, banks, medical facilities, sports and recreation centres are all within the vicinity.

Named as the second CBD in Yuzhong district after Jiefangbei CBD, the Chongqing Municipal government announced its plans to invest RMB 5.8billion into Da Ping, Gaojiulu and Hualongqiao to create a RMB 100billion Yuzhong District Development Zone, attracting Global Top 500 companies and leading domestic enterprises. By then, Da Ping area is expected to be transformed into a bustling commercial district with construction of over 1 million sq.m of high-end commercial buildings and shopping malls within its core 1 kilometre square area.

The well-positioned iconic Ying Li International Plaza features 2 helipads on the roofs of both SOHO and Grade A office tower, energy saving low-E hollow glass, more than 2000 parking lots with intelligent car locator guidance system, high-speed imported elevators as well as broadband fibre optic network. Upon completion, this project will transform the immediate vicinity into a vibrant retail destination and bustling commercial hub, serving a large catchment population, as well as the working professionals in the upcoming Yuzhong District Development Zone.

Board of Directors

1. MR. FANG MING
Chairman & Chief Executive Officer

Mr. Fang Ming is the Group's Chairman and Chief Executive Officer. He is also the President and General Manager of Chongqing Yingli Real Estate Development Co., Ltd., and has been responsible for the overall management since its inception in 1994. With more than 19 years of extensive experience in the property development industry, Mr. Fang 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 in Chongqing's core CBD areas and established good long-term relationships with the local government authorities and business partners. Prior to establishing Chongqing Yingli, Mr. Fang held senior position in Chongqing Yunji Company. Mr. Fang is also a member of the Chongqing Committee of CPPCC, member of Standing Committee Member of Chongqing Yuzhong District Committee of CPPCC, President of the Real Estate Chamber of the Chongqing Federation of Industry and Commerce, and the Vice President of the Yuzhong District Federation of Industry and Commerce. Mr. Fang graduated from Chongqing Broadcasting University School of Management and is currently pursuing an MBA at Chongqing Technology and Business University.

2. MS. YANG XIAO YU
Executive Director

Ms. Yang Xiao Yu is an Executive Director of the Group and the Deputy General Manager of Human Resources and Administration Department. She oversees the management of administrative affairs and human resource management of the Group. Prior to joining the Group, Ms. Yang held various positions, including Deputy Editor of Chongqing Municipal Committee Magazine (Dang Dai Dang Yuan), Standing Director of Chongqing Publication Institution, President of Chongqing Dang Hong Cultural Communication Company and the Director of the Chongqing Municipal Government Office for Economic Cooperation. Ms. Yang has obtained the title of Senior Economist certification from Chongqing Municipal Personnel Bureau, a college degree in Chinese and Economic Management, Bachelor degree in Law and postgraduate in Psychology from Southwest Normal University in 1998.

3. 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 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 HongkongBank Group where he held the positions 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, listed on the Stock Exchanges of Australia and Singapore. 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.

4. 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 30 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 Bachelors 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.

Board of Directors



5. MR. XIAO ZU XIU
Independent Director

Mr. Xiao Zu Xiu is an Independent Director of the Group and serves as the Co-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. He was also Chairman of the Chongqing Veteran's Sports Association from 1997 to 2003 and the Chairman of the Association of Researching the System of the People's Congress from 2003 to 2009. He has been serving successively as the Vice Chairman and the Chairman of the Committee for Care of the Next Generation since 2004. Mr. Xiao has also been the Director-General of Chongqing Education Development Foundation since 2010. Mr. Xiao was elected as a representative to the Chongqing Municipal People's Congress and chosen as the Vice Chairman of the Chongqing Municipal 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 and1963 respectively.

6. MR. CHAN HOCK ENG
Non-Executive Director

Mr. Chan Hock Eng was appointed as a Non-Executive Director of the Group in May 2010. Mr. Chan is currently a Managing Partner of Zana Capital. Prior to joining Zana Capital, Mr. Chan was a Partner of CMIA Capital Partners from 2005 to 2009. Prior to that, he was a Chief Operating Officer of Esmart Holdings from 2003 to 2005 and Executive Vice-President of E-Smart Distribution Pte Ltd from 2000 to 2003. He has more than 15 years of experience in business management & operation, joint ventures and direct investments. Mr. Chan graduated with a Bachelor of Engineering (Electrical & Electronics) from the National University of Singapore in 1992.

7. MR. HE ZHAO JU @ DANNY HO
Non-Executive Director

Mr. He Zhao Ju @ Danny Ho is a Non-Executive Director of the Group and serves as the Co- Chairman of the Remuneration Committee. Mr. Ho 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. Ho started his career as an Investment Analyst at Brierley Investments. Mr. Ho 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.

Key Management

MR. LIM GEE KIAT
Group Senior Vice President (Finance) and Advisor to the Chairman

Mr. Lim Gee Kiat is the Group Senior Vice President (Finance) and Advisor to the Chairman of Ying Li International Real Estate. He leads the team in areas such as corporate strategy, investments, corporate finance, cash flow planning, financial reporting, tax planning as well as other finance-related matters. Mr. Lim's extensive experience in the finance industry spans more than ten years, including stints in GIC Special Investments, SembCorp Industries, Fortune Venture Investment Group and DBS Vickers Securities. Mr. Lim graduated with a Bachelor of Engineering (First Class Honours) in Electrical & Electronics from Nanyang Technological University and has a Master of Business Administration from Nanyang Business School. Mr. Lim is also a Certified Public Accountant with the Institute of Certified Public Accountants of Singapore. In addition, he is an independent director of China Minzhong Food Corporation Ltd.

MR. LIM BOON PING
Group Chief Financial Officer

Mr. Lim Boon Ping is our Group 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, Chartered Association of Certified Accountants of United Kingdom and Singapore Institute of Directors.

MR. WANG ZE MIN
Deputy General Manager, Senior Engineer

Mr. Wang Ze Min is our Deputy General Manager and a qualified Senior Engineer with more than 20 years of experience in the construction industry. He joined the Group in 1997 and is in charge of the engineering, construction, quality control and safety aspects of our Group's properties. Prior to joining the Group, Mr. Wang was the Group C project manager of Chongqing South Group Corporation Ltd (重庆南方集团), the Director of the Construction Department of Shanghai San Jiu Property Co., Ltd. (上海三九物业公司) and the manager of Chongqing Kuixinglou Stock Co., Ltd. (重庆魁星楼股份有限公司). Mr. Wang holds a Bachelor degree in Mining from the Central South University.

MR. WU SHAO MING
Deputy General Manager, Research and Design

Mr. Wu Shao Ming is our Deputy General Manager and the Head of Research and Design Department. As a qualified Senior Engineer, he brings to the Group more than 20 years of experience in architecture design. Prior to joining the Group, he held senior positions at Chongqing Hengwei Real Estate, Chongqing Jiali Real Estate as well as was an architect at the Chongqing Iron and Steel Designing Institute (重庆钢铁设计研究院) and the Deputy General Architect in Hainan Bonded Zone Development Co., Ltd. Mr. Wu holds a Bachelor degree from the Xian Highway College (西安公司学院) (now known as Chang'an University).

MR. YANG FANG HENG
Standing Deputy General Manager

Mr. Yang Fang Heng joined Chongqing Yingli since its inception, serving as our Standing Deputy General Manager. He has more than 18 years of experience in real estate project development and management. Mr. Yang oversees the management of several key departments such as the Budgeting, Operations, Purchasing and Auditing & Legal Departments. Prior to joining the Company, Mr. Yang held senior positions in the Nan'an Department Store.

MS. DAI LING
Chief Financial Officer of Chongqing Yingli Real Estate Development Co., Ltd.

Ms. Dai Ling is the Chief Financial Officer of Chongqing Yingli and a qualified Accountant. Ms. Dai has over 30 years of experience in finance and accounting with 20 years experiences in real estate financial management. Ms. Dai joined the Company since its inception and oversees the Company's finance department. She is in charge of the development, supervision and maintenance of the accounting system and policies as well as the Group's financial management and corporate tax planning. Prior to joining the Company, she served as the Chief Accountant in Nan'an Department Store and Nan'an District Federation of Industry and Commerce. Ms. Dai graduated with an accounting certification from Chongqing Business College.

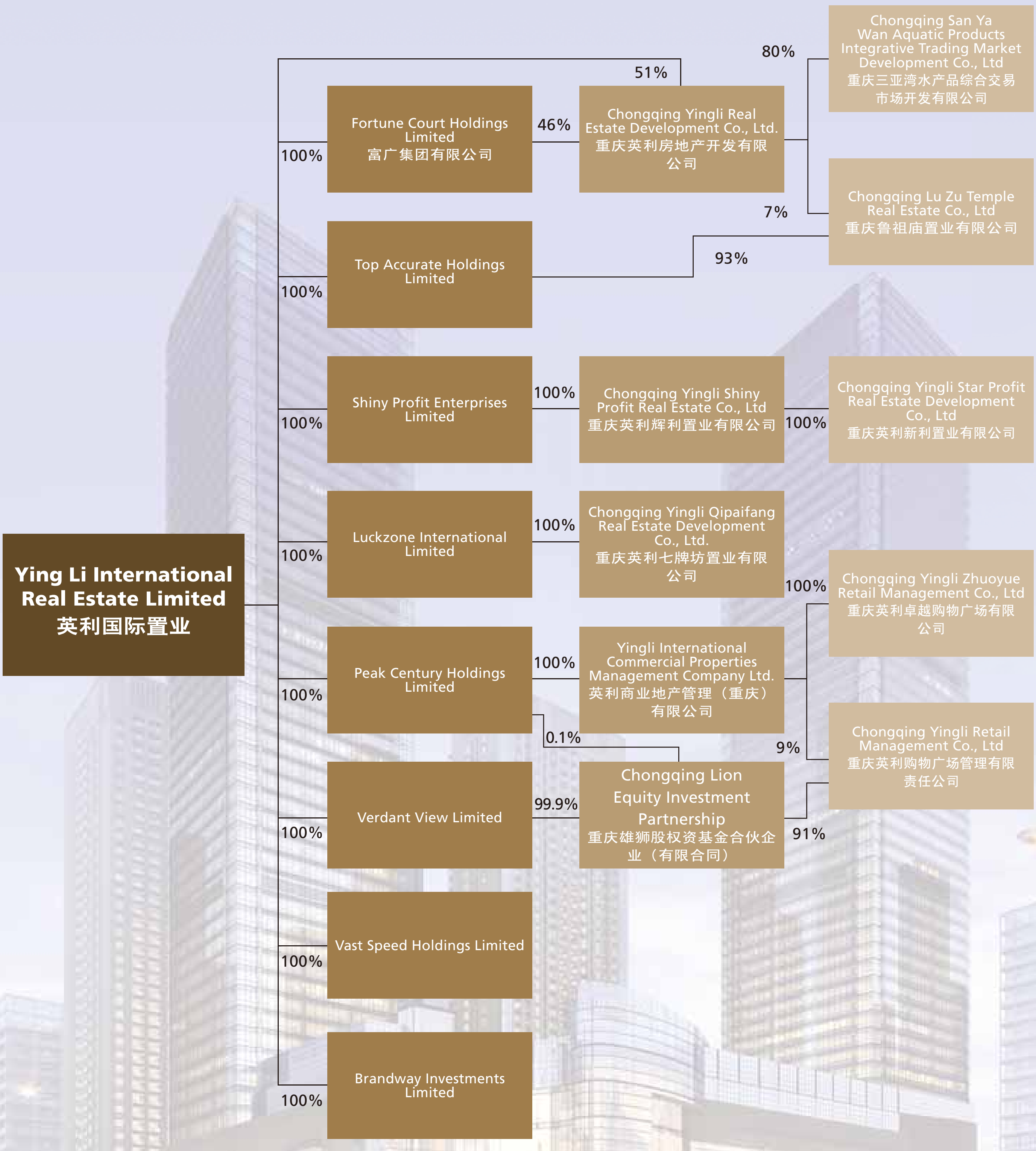
MR. HOU BAO JUN
Deputy General Manager

Mr. Hou Bao Jun is our Deputy General Manager and approved Senior Engineer. Mr. Hou joined the Company in 2011 and oversees the Project Development and Management Department. He is responsible for land acquisitions, initial project development management and liaising with the government and relevant authorities. Prior to joining the Company, he held senior positions in the Chongqing Fire Safety Department. Mr. Hou has a Bachelor degree of Fire Control Automation from Chinese People's Armed Police Force Institute of Technology and postgraduate degree from Chongqing Municipal Administration School of Law.

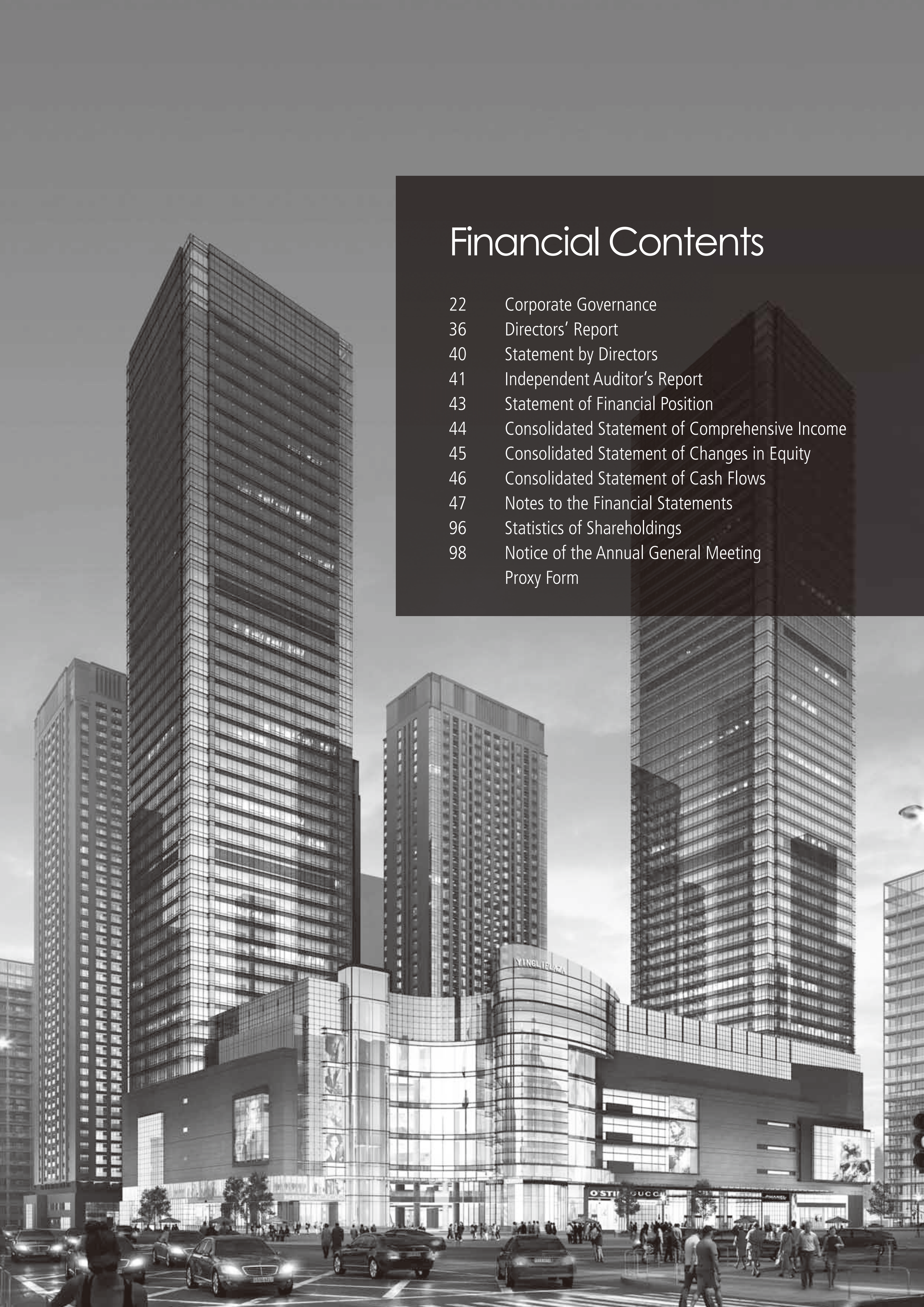
MR. ZHANG GUANG WEI
Deputy General Manager

Mr. Zhang Guang Wei is our Deputy General Manager and is in charge of the marketing and sales operations for the Company. He holds a Real Estate Broker license with more than 16 years of real estate marketing experience, particularly in product positioning, sales strategy formulation and execution. He oversees the marketing management as well as the sales, leasing and promotions for our Group's projects. Prior to joining the Company, he was the Assistant Sales Manager in Chongqing Jinshan Real Estate Development Co., Ltd and Marketing Director in Dun'an Real Estate Development Co., Ltd. Mr. Zhang graduated with a Bachelor degree in Real Estate Management from Chongqing Broadcasting University and is currently pursuing an EMBA from Zhejiang University.

Corporate Structure



Financial Contents



Corporate Governance

The Board of Directors and Management of Ying Li Real Estate International Limited (the "Company") is committed to setting and maintaining high standards of corporate governance, improve and ensure good corporate governance practices, promote corporate transparency, and 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, executing these strategies and strengthens the robustness of the Company.

The principal duties and responsibilities of the Board include:

- 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, risk management, financial reporting and compliance; and
- Approving material acquisitions and disposals of assets, mergers and acquisitions, major corporate policies on key areas of operations, annual budget, major funding and investment proposals, issuance of shares and, dividend and other form of returns to shareholders proposals, the release of the Group's quarterly, half yearly and full year results and interested person transactions of material nature.
- Assuming responsibility for corporate governance.

During the financial year under review, the Board conducted regular and scheduled meetings. Ad-hoc meetings were convened when circumstances required. The Company's Articles of Association allows 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 Board and Board Committees may also made decisions through circulating resolutions.

The attendances and the frequency of these meetings held in the financial year ended 31 December 2011 are disclosed in the following table.

	BOARD OF DIRECTORS			AUDIT COMMITTEE			REMUNERATION COMMITTEE			NOMINATING COMMITTEE		
		No. of meetings			No. of meetings			No. of meetings			No. of meetings	
	Position held	held	attended while in office	Position held	held	attended while in office	Position held	held	attended while in office	Position held	held	attended while in office
Fang Ming	C	4	4	–	–	–	–	–	–	–	–	–
Yang Xiao Yu (1)	M	4	2	–	–	–	–	–	–	–	–	–
Xie Xin (2)	M	4	2	–	–	–	–	–	–	–	–	–
Christopher Chong Meng Tak	M	4	4	C	4	4	M	2	2	M(3)	4	3
Lui Seng Fatt	M	4	4	M	4	4	M	2	2	C	4	4
Xiao Zu Xiu	M	4	4	M	4	4	C	2	2	C	4	4
Chan Hock Eng	M	4	4	–	–	–	–	–	–	M	4	4
He Zhao Ju @ Danny Ho	M	4	4	–	–	–	C	2	2	M	4	4

Note:

(1) Miss Yang Xiao Yu was appointed as Executive Director on 31 May 2011.
(2) Mr Xie Xin resigned as Executive Director on 31 May 2011.
(3) Mr. Christopher Chong Meng Tak was reappointed as Member of NC on 11 April 2011.

For the appointment of directors, the Company will provide a formal letter to each of them, setting out his or her duties and obligations. The director will then undergo an orientation program and familiarize himself or herself with the business and governance practices of the Company. Directors will also be invited to meet the management in order to have a better understanding of the business and operations of the Company.

The Directors will be informed of and encouraged to attend relevant courses, conferences and seminars conducted by the Singapore Institute of Directors, Singapore Exchange Limited, business and financial consultants, external professionals, including changes in legislation and financial reporting standards, government policies and regulations and guidelines from SGX-ST on a regular basis. All Directors are encouraged to undergo at least three hours of training every year. During the year under review, the Directors attended seminars on updates relating to the best practice guidance on the role of directors, industry-related trends and developments, legal and regulatory requirements. All Directors had achieved more than three training hours during the year.

Principle 2: Board Composition and Guidance

The Board comprises seven Directors of which two are executive, two are non-executive and three are independent directors.

Corporate Governance

The independence of each director is reviewed annually by the NC and the criterion for independence is based on the Code's definition regarding what constitutes an independent director. Each independent director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines set out in the Code.

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

The Board is of the view that the current size of the Board is appropriate to facilitate effective decision making and that no individual or small group of individuals dominates the Board's decision making process. The Board is satisfied that it has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. Each director has been appointed based on his or her strength, experience and stature. They are expected to bring a valuable range of experience and expertise and contribute to the development of the Group strategy and business performance.

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 and are available to address shareholder's 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 for 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.

The Board is mindful of the need to ensure that there is a succession plan. As a result, the Company has formed an Executive Committee comprising senior employees who can operate and run the Company in the event that Mr. Fang Ming is unable to meet his obligations in any way.

Principle 4: Board Membership

The Nominating Committee ("NC") comprises five Directors, three of whom are independent directors. The NC is co-chaired by Mr. Xiao Zu Xiu and Mr. Lui Seng Fatt, and has Mr. Christopher Chong Meng Tak, Mr. He Zhao Ju @ Danny Ho and Mr. Chan Hock Eng as its members. Both the NC co-chairmen are not associated in any way with the substantial shareholders of the Company.

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 known to the Directors directly, and is empowered to engage professional search firms. 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. This is to ensure that there is no misunderstanding and expectation short-fall.

Every year, the NC reviews and affirms 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 consider themselves independent despite not being involved in any relationship which may 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, compensation received from the Company or any of its related corporations, relationship with executive director of the Company or its related corporations, immediate family member being 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.

Corporate Governance

Other than Mr. Christopher Chong Meng Tak who held six concurrent directorships in other listed companies, the remaining directors do not hold any concurrent directorships in any other listed companies. The NC has reviewed and is satisfied that Mr. Christopher Chong Meng Tak, who sits on multiple boards, has been able to devote sufficient time and attention to the affairs of the Company and adequately discharge his duties as director of the Company. The Board recognises the contribution of its independent directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide valuable contributions to the Group. As such, the Board has not set a fixed term of office for each of its independent directors so as to be able to retain the services of the directors as necessary.

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

Name of Director	Date of first appointment/ last re-election	Directorships in other listed companies	
		Current	Past 3 years
Fang Ming (Chairman & CEO)	26 September 2008/ 28 April 2010	Nil	Nil
Yang Xiao Yu (Executive Director)	31 May 2011	Nil	Nil
Xie Xin (1) (Executive Director)	26 September 2008/ 28 April 2010	Nil	Nil
Christopher Chong Meng Tak (Co-Lead Independent Director)	19 December 2007(5)/ 28 April 2010	– ASL Marine Holdings Ltd – GLG Corp Ltd (2) – Koda Ltd – Koon Holdings Limited (4) – Lorenzo International Limited – Xpress Holdings Ltd	– SKY China Petroleum Services Limited – Win Fund (3) – Imagi International Holdings Ltd. (6)
Lui Seng Fatt (Co-Lead Independent Director)	19 December 2007(5)/ 28 April 2010	Nil	Nil
Xiao Zu Xiu (Independent Director)	26 September 2008/ 28 April 2011	Nil	Nil
Chan Hock Eng (Non-Executive Director)	5 May 2010/ 28 April 2011	Nil	Nil
He Zhao Ju @ Danny Ho (Non-Executive Director)	26 September 2008/ 28 April 2009	Nil	Nil

(1) Mr. Xie Xin resigned from the Board as Executive Director on 31 May 2011
(2) Listed on the Australian Stock Exchange
(3) Listed on the Luxembourg Stock Exchange
(4) Listed on both the Singapore and the Australian Stock Exchange
(5) Prior to 26 September 2008 and RTO, the Company was previously known as Showy International Limited
(6) Listed on the Hong Kong Stock Exchange

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

In order to improve the Board's performance, the NC encourages all directors to attend relevant courses, such as courses conducted by the SGX-ST and other relevant courses in the PRC and in Singapore. The Company will be paying for such courses. The NC is also supportive of other extensive courses such as the diplomas or certificated courses such as those held by the Australian Institute of Company Directors.

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 NC Director, which is then collated, analyzed and discussed on the findings. The result of the Board's performance assessment are reviewed by the NC and circulated to the Board for consideration thereafter. Appropriate recommendations to further enhance the effectiveness of the Board will be implemented.

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 has 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 or her performance or re-nomination as Director of the Company.

The Board has taken the view that financial indicators, as set out in the Code as a guide for the evaluation of the Board and its directors, may not be appropriate as these are more of a measurement of Management's performance and therefore less applicable to directors, whose role is seen to be more in formulating, rather than executing, strategies and policies.

Principle 6: Access to Information

In order to ensure that the Board is able to discharge its responsibilities effectively, the Company had provided the directors with regular updates on the operational and financial performance of the Company, and furnished the 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. However, sensitive matters may only be tabled at the meeting itself or discussed without papers being distributed.

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 among the Board members and its Board Committees, 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.

Corporate Governance

In situations where the Directors, whether individually or as a group, do need to seek independent professional advice, they can select the professional advisor to be engaged 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 four Directors, three of whom are independent directors. The RC is co-chaired by Mr. Xiao Zu Xiu and Mr. He Zhao Ju @ Danny Ho 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;

Proposing appropriate measures and identifying meaningful targets for assessing the performance of the Executive Directors; and

Administer the Ying Li Performance Share Plan ("PSP") and Ying Li Employee Share Option Scheme ("ESOS") adopted at the Extraordinary General Meeting held on 28 April 2010, in accordance with the rules of the PSP and ESOS.

No director is involved in deciding his own remuneration.

The RC has separate access to expert advice in the field of executive compensation where required.

Principle 8: Level and Mix of Remuneration

The remuneration structure of the Company is to ensure the the compensation scheme is competitive and sufficient to attract, retain and motivate 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 payout will only occur when the Company's profit before tax (arising from underlying business) exceeds the budgeted figure.

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, as well as the 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 the Company's AGM.

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 2011 are:

Remuneration Bands	**Salary**	**Fees**	**Other benefits**	**Total**
	%	**%**	**%**	**%**
Directors of the Company				
S$300,001 to S$400,000				
Fang Ming	100			100
Below S$100,001 to S$200,000				
Yang Xiao Yu (Appointed on 31 May 2011)	100			100
Below S$100,000				
Chan Hock Eng		100		100
Christopher Chong Meng Tak		100		100
He Zhao Ju @ Danny Ho		100		100
Lui Seng Fatt		100		100
Xiao Zu Xiu		100		100
Xie Xin (Resigned on 31 May 2011)	100			100
Top 5 executives of the Company				
S$100,001 to S$200,000				
Lim Boon Ping	95		5	100
Lim Gee Kiat	97		3	100
Below S$100,000				
Hou Bao Jun	100			100
Yang Fang Heng	100			100
Yang Xiao Yu	100			100

None of the employee who is an immediate family member of an Executive Director received more than $150,000 in remuneration in FY2011.

Corporate Governance

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 chaired by Mr. Christopher Chong Meng Tak, a Chartered Accountant and has Mr. Lui Seng Fatt, a property specialist and Mr. Xiao Zu Xiu, who has experience overseeing the financial, taxation and auditing function during his tour as an Executive Deputy Mayor of Chongqing as its members.

The principal duties and responsibilities of the AC include:

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

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

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

- Reviewing the assistance given by management to the internal auditors and external auditors to ensure that there is no restriction hindering 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 audited annual financial statements, key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have an impact on the financials and any other announcements 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.

The members of the AC, collectively, have expertise or experience in financial management and are qualified to discharge the AC's responsibilities.

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 an 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 limited to: completion of its developments on time and within specifications; achieve minimum level of occupancy and average per square meter rental rate; access to adequate and reasonably funding cost; ability to to source new and reasonably priced land; and not suffering from any adverse local or central policies and regulations. In addition to that, the Company is also subjected 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 the country and property sector risk. The Audit Committee assesses these risks continuously but undertakes a review of such risks formally with management and the Internal Auditors once a year. The Audit Committee uses a methodology to identify, judge and assess risks similar to that used by enterprise risk management systems. Once all identified risks are classified, the Internal Auditor is charged with checking the adequacy of controls: annually for high risk areas or risks with significant potential negative impacts; once every two years for medium risks areas; and once every three years for low risk areas. The Internal Auditor is required to apply and has confirmed that they applied standards that meet the requirement equivalent to IIA. In additional, the Audit Committee has put in place certain additional controls with respect to cash management; certain additional monitoring and feedback mechanisms; and the Audit Committee Chairman meets with the Audit Partner privately at least twice a year. 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 of ensuring the management maintains a sound internal control framework, it also recognizes that no 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 it can only provide 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 team leader in-charge is a Certified Internal Auditor and the audit work is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing pronounced by The Institute of Internal Auditors.

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

Corporate Governance

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 their independence.

The AC has recommended to the Board the re-appointment of Foo Kon Tan Grant Thornton LLP as the Company's external auditors at the forthcoming AGM.

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.

WHISTLE-BLOWING POLICY

The Company had put in place a whistle-blowing policy and procedures duly endorsed by the AC, where employees of the Group may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters such as suspected fraud, corruption, dishonest practices etc. All reports, including anonymous reports, reports that are lacking in details and verbal reports, will all be investigated into. All complaints will be treated as confidential and will be brought to the attention of the AC.

Assessment, investigation and evaluation of complaints are conducted by or at the direction of the AC, if it deems appropriate, independent advisors engaged at the Group's expense. Following investigation and evaluation of a complaint, the AC will then decide on recommended disciplinary or remedial action, if any. Appropriate actions that are determined by the AC shall then be brought to the Board or to the appropriate members of Senior Executive for authorisation or implementation respectively.

In the event that the report is about a director, that director will not be involved in the review and any decisions with respect to that report. The policy aims to encourage reporting of such matters in good faith, with the confidence that any employees making such reports will be treated fairly and be protected from reprisals. Details of the whistle-blowing policy have been made available to all employees.

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 and on a timely basis to its shareholders. The Company strives to engage regular, effective and fair communication with its shareholders, and be as descriptive, detailed and forthcoming as possible in disclosing the 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 materials on the quarterly and full year financial results are available on the Company's website – www.yingligj.com. The website also contains various others investor-related information about the Company which serves as an important resource for the investors.

Briefings for analysts are held in conjunction with the release of the Company's quarterly and full year results, with the Chairman and CEO, CFO and senior executive officers answering questions which the media and analysts may have.

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

All shareholders are invited to write to the Company c/o our Head, Strategic Development and Investor Relations, Mr. Liew Kah Khong (email: ir@yingligj.com). The Company strives to reply to emails received between 2 to 3 working days.

All registered shareholders are invited to participate and given the right to vote on resolutions at general meetings. Every matter requiring shareholders' approval will be proposed as a separate resolution. Each item of special business included in the meeting notice will be accompanied by, where appropriate, an explanation for the proposed resolution. Proxy form will be sent with notice of general meeting to all shareholders. If any shareholder is unable to attend the general meeting in person, he is allowed to appoint up to two proxies and vote on his behalf. The Company also allows CPF investors to attend general meetings as observers. Voting in absentia by mail, facsimile or e-mail is currently not possible as such voting methods would need to be cautiously evaluated to ensure that there is no compromise on the integrity of the information and the authentication of the shareholders' identity.

The Chairman and other Directors will attend the AGM and be available to take questions from the shareholders. The external auditors are also invited to attend the AGM and are available to assist the Directors in addressing any relevant queries from the shareholders relating to the conduct of the audit and, the preparation and content of the auditors' report. After the AGM, the Company shall publish the results on both the SGX-ST Website and its website.

DEALINGS IN SECURITIES

Directors, key executives of the Group and their connected persons are not allowed to deal in the Company's securities during the "black-out" period – being two weeks and one month immediately preceding the announcement of the Company's quarterly and full-year results respectively, or if they are in possession of unpublished price-sensitive information of the Group. In additions, directors, key executives and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

Corporate Governance

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.

When a potential conflict of interest arises, the director concerned will not participate in the discussion and will be refrained from exercising any influence over other members of the Board.

As a listed company on the Singapore Exchange, the Company is required to comply with Chapter 9 of the Singapore Exchange Listing Manual on interested person transactions. To ensure compliance with Chapter 9, the Company has taken the following steps:

– The Board meets quarterly to review whether the Company will be entering into any interested person transaction. If the Company is intending to enter into an interested person transaction, the Board will ensure that the Company complies with the requisite rules under Chapter 9.

– The Audit Committee also meets once every three months to review if the Company will be entering into an interested person transaction, and if so, the Audit Committee ensures that the relevant rules under Chapter 9 are complied with.

With respect to interested person transactions for the financial year ended 31 December 2011 and In accordance with Rule 907 of the SGX-ST Listing Manual, the Company discloses the following:

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 $100,000) RMB'000
Newest Luck Holdings Limited Interest receivable from the Company	1,122.4	–
ACH Investments Pte Ltd Rental of office from the Company	1,124.6	–

Note:

Mr. Fang Ming is the director and shareholder of Newest Luck Holdings Limited.

Mr. Christopher Chong Meng Tak is the executive director and shareholder of ACH Investments Pte Ltd. The rental paid by ACH Investments Pte Ltd is equivalent to the rental paid by the Company to the landlord.

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.

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual, the Company confirms that there was no material contract entered into between the Company and its subsidiaries, which the CEO, any of the directors or controlling shareholders, has interest in, either still subsisting at the end of the financial year, or was entered into since the end of the previous financial year.

Directors' Report

for the financial year ended 31 December 2011

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 2011.

Name of directors

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

Fang Ming
Yang Xiao Yu
Christopher Chong Meng Tak
Lui Seng Fatt
Xiao Zu Xiu
Chan Hock Eng
He Zhao Ju @ Danny Ho

Arrangements to enable directors to acquire shares or 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

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year (including those of their spouses and infant children) shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Direct interest			Deemed interest		
	As at 1.1.2011	**As at 31.12.2011**	**As at 21.01.2012**	As at 1.1.2011	**As at 31.12.2011**	**As at 21.01.2012**
Ordinary shares of the Company						
Ying Li International Real Estate Limited						
Fang Ming [1]	21,250,000	**23,600,000**	**23,600,000**	813,438,201	**829,438,201**	**829,438,201**
Xie Xin (Resigned on 31 May 2011)	–	**–**	**–**	825,438,201	**–**	**–**
Chan Hock Eng [2]	–	**–**	**–**	409,530,634	**409,530,634**	**409,530,634**
Ordinary shares of USD1 each of the ultimate holding company (Newest Luck Holdings Limited)						
Fang Ming	8,000	**10,000**	**10,000**	–	**–**	**–**

Directors' interests in shares or debentures (Cont'd)

Notes:

(1) Mr. Fang Ming is deemed to be interested in the shares of the Company through his shareholding in Newest Luck Holdings Limited, the ultimate holding company.

(2) Mr. Chan Hock Eng is deemed to be interested in the shares of the Company by virtue of Leap Forward Holdings Limited's shareholding in the Company.

Directors' interests in contracts

Except as disclosed in Note 20 and Note 23, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company and/or its related corporations with the director, or with a firm of which he is a member or with a company in which he 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.

Directors' Report
for the financial year ended 31 December 2011

Audit committee

The audit committee ("AC") comprises the following members:

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

The AC performs the functions set out in Section 201B(5) of the Companies Act, Chapter 50, the SGX Listing Manual and the Code of Corporate Governance. Responsibilities of the AC include:

– Reviewing the audit plans of the internal and external auditors of the Company, and reviewing 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;

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

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

– Meeting with the internal and 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;

– Reviewing 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;

– Reviewing the quarterly financial information and the financial statements of the Group and the Company prior to consideration and approval of the Board;

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

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

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

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

Independent auditor

The auditor, Foo Kon Tan Grant Thornton LLP, Certified Public Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

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FANG MING

....

YANG XIAO YU

Dated: 30 March 2012

Statement by Directors

for the financial year ended 31 December 2011

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position of the Company, 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 2011 and the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and International Financial Reporting Standards; and 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

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FANG MING

....

YANG XIAO YU

Dated: 30 March 2012

Independent Auditor's 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 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and International Financial Reporting Standards, and for 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.

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 about 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.

Independent Auditor's Report

to the members of Ying Li International Real Estate Limited

Opinion

In our opinion, 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 to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company 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
Dated: 30 March 2012

Statements of Financial Position

as at 31 December 2011

		The Group			The Company		
	Note	31 December 2011 RMB	31 December 2010 RMB Re-stated	1 January 2010 RMB Re-stated	31 December 2011 RMB	31 December 2010 RMB Re-stated	1 January 2010 RMB Re-stated
Assets							
Non-Current							
Property, plant and equipment	3	**9,755,315**	18,501,987	15,803,459	**49,463**	116,892	169,057
Investment properties	4	**2,571,699,535**	2,243,571,002	1,449,400,000	**–**	–	–
Subsidiaries	5	**–**	–	–	**2,827,185,774**	2,826,991,239	–
Other non-current assets	8	**1,208,327**	1,708,331	–	**–**	–	2,826,787,459
		2,582,663,177	2,263,781,320	1,465,203,459	**2,827,235,237**	2,827,108,131	2,826,956,516
Current							
Land for development	6	**7,418,343**	7,418,343	967,521,304	**–**	–	–
Development properties	7	**2,830,149,351**	2,271,277,047	577,544,957	**72,583,709**	–	–
Trade and other receivables	8	**171,749,667**	59,896,889	245,639,252	**1,019,165**	864,289	147,070,554
Amounts owing by a subsidiary	9	**–**	–	–	**1,625,108,411**	1,538,878,370	682,658,400
Amount owing by a shareholder	17	**–**	4,204	–	**–**	4,204	–
Cash and cash equivalents	10	**342,844,634**	618,358,894	255,166,536	**25,774,549**	259,584,730	30,097,650
		3,352,161,995	2,956,955,377	2,045,872,049	**1,724,485,834**	1,799,331,593	859,826,604
Total assets		**5,934,825,172**	5,220,736,697	3,511,075,508	**4,551,721,071**	4,626,439,724	3,686,783,120
Equity							
Capital and Reserves							
Share capital	12	**3,528,339,856**	3,527,574,647	3,527,574,647	**3,528,339,856**	3,527,574,647	3,527,574,647
Retained earnings		**1,190,135,494**	913,601,036	690,407,633	**(109,513,689)**	(79,633,840)	(6,590,508)
Other reserves	13	**(1,896,519,677)**	(1,943,761,638)	(1,992,987,878)	**36,959,493**	75,750,232	(4,367,621)
		2,821,955,673	2,497,414,045	2,224,994,402	**3,455,785,660**	3,523,691,039	3,516,616,518
Non-controlling interests		**55,047,670**	54,047,653	50,948,910	**–**	–	–
Total equity		**2,877,003,343**	2,551,461,698	2,275,943,312	**3,455,785,660**	3,523,691,039	3,516,616,518
Liabilities							
Non-Current							
Deferred tax liabilities	14	**348,634,560**	307,578,549	219,120,229	**–**	–	–
Borrowings	15	**970,842,546**	979,593,738	–	**951,365,746**	979,593,738	–
		1,319,477,106	1,287,172,287	219,120,229	**951,365,746**	979,593,738	–
Current							
Trade and other payables	16	**664,165,797**	646,168,974	372,956,915	**3,196,421**	123,154,947	140,125,352
Amounts owing to a director		**–**	–	41,927,287	**–**	–	30,041,250
Provision for taxation		**108,360,349**	70,073,738	80,177,765	**–**	–	–
Amount owing to subsidiaries	9	**–**	–	–	**118,981,687**	–	–
Borrowings	15	**965,818,577**	665,860,000	520,950,000	**22,391,557**	–	–
		1,738,344,723	1,382,102,712	1,016,011,967	**144,569,665**	123,154,947	170,166,602
Total equity and liabilities		**5,934,825,172**	5,220,736,697	3,511,075,508	**4,551,721,071**	4,626,439,724	3,686,783,120

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2011

	Note	Year ended 31 December 2011 RMB	Year ended 31 December 2010 RMB
Revenue	18	**593,494,845**	97,862,422
Cost of sales		**(359,518,454)**	(33,011,095)
Gross profit		**233,976,391**	64,851,327
Other operating income	19	**19,845,629**	9,884,309
Selling expenses		**(27,191,917)**	(5,315,150)
Administrative expenses		**(55,838,533)**	(43,543,725)
Fair value gain on investment properties	4	**229,998,785**	355,058,425
Finance costs	20	**(19,447,981)**	(57,150,182)
Profit before taxation	20	**381,342,374**	323,785,004
Income tax expense	21	**(103,312,148)**	(93,801,782)
Profit for the year		**278,030,226**	229,983,222
Other comprehensive income:			
Foreign currency translation differences (at nil tax)		**47,426,397**	(4,163,915)
Other comprehensive income for the year		**47,426,397**	(4,163,915)
Total comprehensive income for the year		**325,456,623**	225,819,307
Profit attributable to:			
Ordinary shareholders of the Company		**277,030,209**	226,884,480
Non-controlling interests		**1,000,017**	3,098,742
		278,030,226	229,983,222
Total comprehensive income attributable to:			
Ordinary shareholders of the Company		**324,456,606**	222,720,565
Non-controlling interests		**1,000,017**	3,098,742
		325,456,623	225,819,307
Earnings per share (RMB)			
Basic	22	**0.13**	0.10
Diluted	22	**0.12**	0.10

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2011

The Group	Share capital RMB	Other reserves: Equity compensation reserve RMB	Other reserves: Reverse acquisition reserve RMB	Other reserves: Statutory common reserve RMB	Other reserves: Convertible bonds reserve RMB	Other reserves: Translation reserve RMB	Retained earnings RMB	Total RMB	Non-controlling interests RMB	Total equity RMB
At 1 January 2011, as reported	**3,527,574,647**	**–**	**(1,993,711,730)**	**12,643,739**	**49,444,008**	**(12,817,841)**	**913,601,036**	**2,496,733,859**	**54,047,653**	**2,550,781,512**
Reclassification (Note 29)	**–**	**680,186**	**–**	**–**	**–**	**–**	**–**	**680,186**	**–**	**680,186**
At 1 January 2011, as re-stated	**3,527,574,647**	**680,186**	**(1,993,711,730)**	**12,643,739**	**49,444,008**	**(12,817,841)**	**913,601,036**	**2,497,414,045**	**54,047,653**	**2,551,461,698**
Total comprehensive income for the year	**–**	**85,023**	**–**	**–**	**–**	**47,426,396**	**277,030,209**	**324,541,628**	**1,000,017**	**325,541,645**
Transfer to statutory common reserve	**–**	**–**	**–**	**495,751**	**–**	**–**	**(495,751)**	**–**	**–**	**–**
Issue of performance shares	**765,209**	**(765,209)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2011	**3,528,339,856**	**–**	**(1,993,711,730)**	**13,139,490**	**49,444,008**	**34,608,555**	**1,190,135,494**	**2,821,955,673**	**55,047,670**	**2,877,003,343**
At 1 January 2010, as reported	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
Reclassification (Note 29)	–	425,116	–	–	–	–	–	425,116	–	425,116
At 1 January 2010, as re-stated	3,527,574,647	425,116	(1,993,711,730)	8,952,662	–	(8,653,926)	690,407,633	2,224,994,402	50,948,910	2,275,943,312
Total comprehensive income for the year	–	255,070	–	–	–	(4,163,915)	226,884,480	222,975,635	3,098,743	226,074,378
Transfer to statutory common reserve	–	–	–	3,691,077	–	–	(3,691,077)	–	–	–
Equity component of convertible bonds	–	–	–	–	49,444,008	–	–	49,444,008	–	49,444,008
At 31 December 2010	3,527,574,647	680,186	(1,993,711,730)	12,643,739	49,444,008	(12,817,841)	913,601,036	2,497,414,045	54,047,653	2,551,461,698

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2011

	Note	Year ended 31 December 2011 RMB	Year ended 31 December 2010 RMB
OPERATING ACTIVITIES			
Profit before taxation		**381,342,374**	323,785,004
Adjustments for:			
Depreciation of property, plant and equipment	3	**1,893,109**	1,608,137
Share-based expenses	20	**85,023**	255,070
Fair value gain on investment properties	4	**(229,998,785)**	(355,058,425)
Interest income	19	**(1,102,424)**	(2,724,472)
Interest expense	20	**19,447,980**	57,150,182
(Gain)/loss on disposal of property, plant and equipment		**(2,743,203)**	2,308
Properties, plant and equipment written off		**303,704**	77,619
Operating profit before working capital changes		**169,227,778**	25,095,423
Change in investment properties		**27,219,662**	10,031,700
Change in development properties		**(684,231,714)**	(1,090,646,864)
Change in trade and other receivables		**(111,392,829)**	184,034,032
Change in trade and other payables		**18,256,997**	276,573,373
Cash used in operations		**(580,920,106)**	(594,912,336)
Interest paid		**(70,282,988)**	(40,369,159)
Interest received		**1,102,424**	2,724,472
Income tax paid		**(23,969,526)**	(15,447,489)
Net cash used in operating activities		**(674,070,196)**	(648,004,512)
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(1,643,362)**	(4,422,570)
Proceeds from disposal of property, plant and equipment		**10,935,375**	42,601
Net cash generated from/(used in) investing activities		**9,292,013**	(4,379,969)
FINANCING ACTIVITIES			
Cash at bank – restricted		**(22,377,789)**	(324,098)
Repayment of advances from a director		**–**	(41,927,287)
Proceeds from bank loans		**355,116,774**	250,000,000
Repayment of bank loans		**(39,020,000)**	(105,090,000)
Repurchase of convertible bonds		**(23,483,953)**	–
Proceeds from issuance of convertible bonds		**–**	936,911,203
Repayment of interest expense on convertible bonds		**(41,445,449)**	(19,887,266)
Net cash generated from financing activities		**228,789,583**	1,019,682,552
Net (decrease)/increase in cash and cash equivalents		**(435,988,600)**	367,298,071
Cash and cash equivalents at beginning of year		**596,150,209**	233,281,949
Effects of exchange rate changes on cash and cash equivalents		**138,096,548**	(4,429,811)
Cash and cash equivalents at end of year	10	**298,258,157**	596,150,209

Significant non-cash transaction:

During the financial year ended 2011, 454,545 ordinary shares were issued to Group Chief Financial Officer in connection with a grant of award of performance shares (Note 12).

Notes to the Financial Statements

for the financial year ended 31 December 2011

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 Ltd (the "Company") is a limited liability company incorporated in the Republic of Singapore. The Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited 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 Level 4 Tower A, Minsheng Mansion, 181 Minsheng Road, Yuzhong District, Chongqing 400010, the People's Republic of China (the "PRC").

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.

The consolidated financial statements for the year ended 31 December 2011 relate to the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The immediate and ultimate holding company is Newest Luck Holdings Limited, a company incorporated in the British Virgin Islands.

2(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") including related interpretations promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Renminbi (RMB), which is the presentation currency of the Group and the functional currency of the principal operating subsidiaries of the Group. All financial information has been presented in RMB, unless otherwise stated.

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.

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(a) Basis of preparation (Continued)

Critical assumptions used and accounting estimates in applying accounting policies are described below:

Carrying value of properties for sale under development

Significant judgement is required in assessing the recoverability of the carrying value of properties for sale under development. 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 the properties for sale under development as 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 allowance made for foreseeable losses, if any, where the total estimated construction costs exceeds estimated selling price. No allowance is required for the current year.

Carrying value of developed properties for sale

Developed properties for sale are those properties which are acquired as completed properties and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less costs to be incurred in selling the properties.

Management judgement is required in assessing the estimated selling price which may differ from the price at which the properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. 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. A 5% (2010 : 5%) difference in the expected useful lives of these assets from management's estimates would result in approximately 0.02% (2010 : 0.02%) variance in the Group's profit for the financial year.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(a) Basis of preparation (Continued)

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.

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 investments in subsidiaries and associates are 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.

Valuation of investment properties

The Group's investment properties are stated at estimated fair value based on the valuation performed by independent professional valuers. The estimated fair value 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 based on a method of valuation which involves certain estimates, including comparison with recent sale transactions of similar neighbouring properties.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(a) Basis of preparation (Continued)

Impairment of bad and doubtful debts

Impairment of bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Impairment is 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.

Income tax

Significant judgement is involved in determining the provision for income taxes. 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(b) New accounting standards and interpretations

Adoption of new or revised accounting standards and interpretations

In the current financial year, the Group adopted the new and amended IFRSs and interpretations from International Financial Reporting Interpretations Committee ("IFRICs") that are relevant and effective for financial years beginning on or after 1 January 2011.

IFRS 3	Business Combinations – Amendments resulting from May 2010 Annual Improvements to IFRSs
IAS 24	Related Party Disclosures – Revised definition of related parties
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
	Annual Improvements to IFRSs and IASs

The adoption of these new/revised IFRSs and IFRICs did not result in any changes to the Group's accounting policies nor any significant impact on these financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(b) New accounting standards and interpretations (Continued)

Accounting standards and interpretations not yet effective

At the date of authorisation of these financial statements, the following IFRSs and IFRICs were issued but not yet effective:

IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets
IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
IFRS 7	Financial Instruments: Disclosures – Amendments requiring disclosures about the initial application of IFRS 9
IFRS 9	Financial Instruments – Classification and measurement of financial assets
IFRS 9	Financial Instruments – Accounting for financial liabilities and derecognition
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented
IAS 12	Income Taxes – Limited scope amendment (recovery of underlying assets)
IAS 19	Employee Benefits – Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects
IAS 27	Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in 2011)
IAS 28	Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)
IAS 32	Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities

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.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(c) Summary of significant accounting policies

Basis of Consolidation

Business combinations

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group"). The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition data. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(c) Summary of significant accounting policies (Continued)

Basis of Consolidation (Continued)

Subsidiaries

Subsidiaries are entities 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. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses. The accounting policies for subsidiaries are adjusted to be consistent with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

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.

Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in retained profits within equity attributable to the equity holders of the Company.

Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are translated the the respective functional currencies of the Group entitles at the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(c) Summary of significant accounting policies (Continued)

Foreign currency (Continued)

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate. Foreign currency differences arising on retranslation are recognised in profit and loss.

<u>Foreign operations</u>

The assets and liabilities of foreign operations are translated to Renminbi at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Renminbi at average exchange rates.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

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.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold building	30 years
Office equipment	3 to 5 years
Motor vehicles	5 years
Computers	3 to 5 years

The residual values, depreciation methods and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at the reporting date.

Notes to the Financial Statements
for the financial year ended 31 December 2011

2(c) Summary of significant accounting policies (Continued)

Property, plant and equipment and depreciation (Continued)

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.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the income statement.

Investment properties

Investment properties, principally comprising shop units, are held for long-term rental yields and are not occupied by the Group. 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 on annual basis by an independent firm of professional valuers. 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.

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

<u>Transfers</u>

Transfers to, or from, investment properties are made where there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment;
- commencement of development with a view to sell, for a transfer from investment properties to development properties; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(c) Summary of significant accounting policies (Continued)

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 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 realisable value.

Development properties

Properties for sale under development are recorded as current assets and are stated at specifically identified cost, 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 completion of development. The capitalisation rate is determined by reference to the actual rate payable on borrowings for properties for sale under development, weighted as applicable.

Properties for sale under development are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

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

Completed properties 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 the estimated selling expenses.

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 Group 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.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(c) Summary of significant accounting policies (Continued)

Financial assets (Continued)

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 recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are 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.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the assset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. For the purpose of the statement of cash flows, pledged bank balances are excluded while bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(c) Summary of significant accounting policies (Continued)

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property and inventories 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.

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 are recognised in profit and loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

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.

Financial liabilities

The Group's financial liabilities include bank borrowings, loans from a shareholder, and 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 Group 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.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(c) Summary of significant accounting policies (Continued)

Financial liabilities (Continued)

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.

Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to shares at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

When the conversion option is exercised, its carrying amount will be transferred to the share capital. When the conversion option lapses, its carrying amount will be transferred to revenue reserve.

When a convertible bond is being repurchased before its maturity date, the purchase consideration (including directly attributable costs, net of tax effects) are allocated to the liability and equity components of the instrument at the date of transaction. Any resulting gain or loss relating to the liability component is recognised in the profit or loss.

Interest and gains and losses related to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

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.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(c) Summary of significant accounting policies (Continued)

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

<u>Where the Group is a lessor</u>

Assets leased out under operating leases are included in investment properties and are stated at fair value and not depreciated. Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

<u>Where the Group is a lessee</u>

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 a reduction of rental expense on a straight-line over the term of the lease term.

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 this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(c) Summary of significant accounting policies (Continued)

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected costs of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

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.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to define contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

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.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(c) Summary of significant accounting policies (Continued)

Employee benefits (Continued)

Share-based payments

For equity-settled share-based payment transactions, the fair value of the services received is recognised as an expense in the income statement with a corresponding increase in equity over the vesting period during which the employees become unconditionally entitled to the equity instrument. The fair value of the services received is determined by reference to the fair value of the equity instrument granted at the date of the grant. The fair value of performance shares award granted to employees is recognised as an expense in profit or loss over the vesting period of the share award with a corresponding credit to equity under the equity compensation reserve. At each balance sheet date, the number of equity instruments that are expected to be vested are estimated. The impact on the revision of original estimates is recognised as an expense and as a corresponding adjustment to equity over the remaining vesting period.

When the award shares are issued, the related balance previously recognised in the equity compensation reserve is credited to share capital.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Financial Statements
for the financial year ended 31 December 2011

2(c) Summary of significant accounting policies (Continued)

Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the asset.

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.

Sale of properties

Revenue from sale of properties is recognised when the control and risk and rewards of the properties have been transferred to the buyer, i.e. 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.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms. Rental income from sub-leased property is recognised as other income.

Interest income

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

Consultancy fee income

Consultancy fee income is recognised when services are rendered.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise unquoted convertible bonds.

Notes to the Financial Statements

for the financial year ended 31 December 2011

2(c) Summary of significant accounting policies (Continued)

Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer who makes strategic resources allocation decisions.

3 Property, plant and equipment

	Leasehold building RMB	Office equipment RMB	Motor vehicles RMB	Computers RMB	Total RMB
The Group					
Cost					
At 1 January 2010	10,777,517	777,679	8,097,155	1,334,951	20,987,302
Additions	–	843,352	3,466,415	112,803	4,422,570
Disposals	–	(148,188)	(580,623)	(73,790)	(802,601)
Translation differences	–	10,835	–	942	11,777
At 31 December 2010	10,777,517	1,483,678	10,982,947	1,374,906	24,619,048
Additions	**–**	**884,582**	**76,842**	**681,938**	**1,643,362**
Disposals	**(8,672,446)**	**(166,447)**	**(935,770)**	**(103,110)**	**(9,877,773)**
Translation differences	**–**	**(10,471)**	**–**	**(1,944)**	**(12,415)**
At 31 December 2011	**2,105,071**	**2,191,342**	**10,124,019**	**1,951,790**	**16,372,222**
Accumulated depreciation					
At 1 January 2010	102,400	240,869	4,742,819	97,755	5,183,843
Depreciation for the year	359,251	256,325	892,060	100,501	1,608,137
Disposals	–	(119,375)	(522,561)	(38,137)	(680,073)
Translation differences	–	4,439	–	715	5,154
At 31 December 2010	461,651	382,258	5,112,318	160,834	6,117,061
Depreciation for the year	**169,448**	**299,647**	**1,302,865**	**121,149**	**1,893,109**
Disposals	**(480,275)**	**(45,214)**	**(845,077)**	**(11,331)**	**(1,381,897)**
Translation differences	**–**	**(9,670)**	**–**	**(1,696)**	**(11,366)**
At 31 December 2011	**150,824**	**627,021**	**5,570,106**	**268,956**	**6,616,907**
Carrying amount					
At 31 December 2011	**1,954,247**	**1,564,321**	**4,553,913**	**1,682,834**	**9,755,315**
At 31 December 2010	10,315,866	1,101,420	5,870,629	1,214,072	18,501,987

Notes to the Financial Statements

for the financial year ended 31 December 2011

3 Property, plant and equipment (Continued)

	Office equipment RMB	Computers RMB	Total RMB
The Company			
Cost			
At 1 January 2010	203,650	17,700	221,350
Additions	–	21,175	21,175
Translation differences	10,835	942	11,777
At 31 December 2010	**214,485**	**39,817**	**254,302**
Additions	–	20,427	20,427
Translations differences	(10,470)	(1,944)	(12,414)
At 31 December 2011	**204,015**	**58,300**	**262,315**
Accumulated depreciation			
At 1 January 2010	44,764	7,529	52,293
Depreciation for the year	69,436	10,527	79,963
Translation differences	4,439	715	5,154
At 31 December 2010	**118,639**	**18,771**	**137,410**
Depreciation for the year	71,861	14,947	86,808
Translation differences	(9,672)	(1,694)	(11,366)
At 31 December 2011	**180,828**	**32,024**	**212,852**
Carrying amount			
At 31 December 2011	**23,187**	**26,276**	**49,463**
At 31 December 2010	95,846	21,046	116,892

4 Investment properties

The Group	2011 RMB	2010 RMB
At 1 January	**2,243,571,002**	1,449,400,000
Transfer from land for development	–	108,628,676
Transfer from completed properties for sale (Note 7)*	**125,349,410**	340,515,601
Properties sold	**(34,098,196)**	(10,031,700)
Fair value gain recognised in profit or loss (Note 20)	**229,998,785**	355,058,425
At 31 December	**2,564,821,001**	2,243,571,002
Deferred lease incentives@	**6,878,534**	–
	2,571,699,535	2,243,571,002

* During the year, due to changes in business conditions and business strategies, certain development properties were re-designated as investment properties for rental income and future capital appreciation. Arising therefrom, amounts of RMB125,349,410 (2010 – RMB340,515,601) were transferred from development properties to investment properties.

@ Deferred lease incentives relate to costs assumed by the Group on leasehold improvements to investment properties leased to tenants under operating leases commencing January 2012. The lease incentives are recognised as an expense over the lease term on the same basis as the lease income.

Notes to the Financial Statements

for the financial year ended 31 December 2011

4 Investment properties (Continued)

The fair value of investment properties is determined by Jones Lang LaSalle Sallmanns Limited, an independent firm of professional valuers who have appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

The valuations are based on a combination of the direct comparision method, income approach and discounted cash flow analysis.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income method takes into consideration the estimated net rent at a capitalisation rate applicable to the nature and type of asset in question. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.

The investment properties are leased to non-related parties under operating leases.

The following amounts are recognised in profit and loss:

	2011 **RMB**	**2010** **RMB**
Rental income	**46,403,683**	45,692,342
Direct operating expenses arising from investment properties that generated rental income	**(5,820,000)**	(5,820,000)
Property tax and other direct operating expenses arising from an investment property that did not generate rental income	**(8,497,161)**	(8,731,522)

Notes to the Financial Statements

for the financial year ended 31 December 2011

4 Investment properties (Continued)

Details of the investment properties are:

Location	Name of project	Description	Approximate gross floor area (sq. meters)	Tenure
No.46 to 52 Cangbai Road, Yuzhong District, Chongqing, PRC	Southland Garden*	Commercial and residential units	13,242.93	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, PRC	New York, New York	Commercial units	277.15	40-year land use rights for commercial units expiring in January 2042
No.181 Minsheng Road, Yuzhong District, Chongqing, PRC	Min Sheng Mansion	Commercial and residential units	10,191.35	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, PRC	Future International*	Commercial units	82,942.34	40-year land use rights for commercial units expiring in March 2045
No.141 to 155 Zourong Road, Yuzhong District, Chongqing, PRC	Zou Rong Plaza	Commercial units	6,851.60	50-year land use rights for commercial units expiring in January 2046
No.8 Bashu Road, Yuzhong District, Chongqing, PRC	Bashu Cambridge	Commercial and residential units	10,495.47	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, PRC	San Ya Wan Project (Phase 1)	Commercial units	13,288.76	40-year land use rights for commercial units expiring in January 2045
Jinshi Avenue, National Agricultural and Technology Zone, Yubei District, Chongqing, PRC	San Ya Wan Project (Phase 2)	Commercial units	124,600.00	40-year land use rights for commercial units expiring in January 2045
No.26 & 28 Minquan Road, Yuzhong District, Chongqing, PRC	IFC Project	Commercial units	57,460.28	40-year land use rights for commercial units expiring in 20 December 2044

* As at December 31, 2011, investment properties with carrying value totalling RMB627,810,287 (2010: RMB607,091,875) were mortgaged to banks to secure the bank loans granted to the Group (Note 15).

Notes to the Financial Statements

for the financial year ended 31 December 2011

5 Subsidiaries

The Company	2011 RMB	2010 RMB
Unquoted equity investments, at cost	**2,827,185,774**	2,826,991,239

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective interest held by the Group (%) 2011 %	2010 %
Held by the Company				
Fortune Court Holdings Limited [1]	Hong Kong	Investment holding	**100**	100
Chongqing Yingli Real Estate Development Co., Ltd [1]	PRC	Property development	**51**	51
Luckzone International Limited [1]	BVI	Investment holding	**100**	100
Shiny Profit Enterprises Limited [1]	BVI	Investment holding and property consultancy	**100**	100
Peak Century Holdings Limited [1]	BVI	Investment holding	**100**	100
Top Accurate Holdings Limited [1]	BVI	Investment holding	**100**	100
Verdant View Limited[1]	BVI	Investment holding	**100**	–
Vast Speed Limited[1]	BVI	Investment holding	**100**	–
Brandway Investment Limited[1]	BVI	Investment holding	**100**	–
Held by Luckzone International Limited				
Chongqing Yingli Qipaifang Real Estate Development Co., Ltd [1]	PRC	Property development	**100**	100
Held by Fortune Court Holdings Limited				
Chongqing Yingli Real Estate Development Co., Ltd [1]	PRC	Property development	**46.05**	46.05
Held by Chongqing Yingli Real Estate Development Co., Ltd				
Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd [1]	PRC	Property development	**80**	80
Chongqing Lu Zu Temple Real Estate Co., Ltd [1]	PRC	Property development	**6.7**	–
Held by Shiny Profit Enterprises Limited				
Chongqing Yingli Shiny Profit Real Estate Co., Ltd [1]	PRC	Property development	**100**	100

Notes to the Financial Statements

for the financial year ended 31 December 2011

5 Subsidiaries (Continued)

Name of subsidiary	Country of incorporation	Principal activities	Effective interest held by the Group (%) 2011 %	2010 %
Held by Chongqing Yingli Shiny Profit Real Estate Co., Ltd				
Chongqing Yingli Star Profit Real Estate Development Co., Ltd [(1)]	PRC	Property development	**100**	–
Held by Peak Century Holdings Limited				
Yingli International Commercial Properties Management Co., Ltd. [(1)]	PRC	Property consultancy, sale, marketing and management services	**100**	100
Chongqing Lion Equity Investment Partnership [(1)]	PRC	Investment holding	**0.1**	–
Held by Yingli International Commercial Properties Management Co., Ltd.				
Chongqing Yingli Retail Management Co., Ltd [(1)]	PRC	Property consultancy, sale, marketing and management services	**9**	–
Chongqing Yingli Zhuoyue Retail Management Co., Ltd [(1)]	PRC	Property consultancy, sale, marketing and management services	**100**	–
Held by Top Accurate Holdings Limited				
Chongqing Lu Zu Temple Real Estate Co., Ltd [(1)]	PRC	Property development	**93.3**	100
Held by Verdant View Limited				
Chongqing Lion Equity Investment Partnership [(1)]	PRC	Investment holding	**99.9**	–
Held by Chongqing Lion Equity Investment Partnership Co., Ltd				
Chongqing Yingli Retail Management Co., Ltd [(1)]	PRC	Property consultancy, sale, marketing and management services	**91**	–

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

Notes to the Financial Statements

for the financial year ended 31 December 2011

6 Land for development

The Group	2011 RMB	2010 RMB
Land for development, at cost	**7,418,343**	7,418,343

7 Development properties

The Group	2011 RMB	2010 RMB
Properties under development, at cost		
At 1 January	**2,267,222,689**	563,264,300
– Costs incurred	**770,084,627**	2,039,285,083
– Transfer to completed properties for sale	**(207,157,965)**	(335,326,694)
At 31 December (A)	**2,830,149,351**	2,267,222,689
Completed properties for sale, at cost		
At 1 January	**4,054,358**	14,280,657
– Transfer from properties under development	**207,157,965**	335,326,694
– Transfer to investment properties (Note 4)	**(125,349,410)**	(340,515,601)
– Units sold during the year	**(85,862,913)**	(5,037,392)
At 31 December (B)	**–**	4,054,358
Development properties, at cost (A)+(B)	**2,830,149,351**	2,271,277,047
Borrowing costs capitalised during the year	**129,660,658**	50,454,215

At 31 December 2011, land related to properties under development with carrying value totaling approximately RMB469,999,220 (2010: RMB469,999,220) was mortgaged to secure a bank loan granted to a subsidiary (Note 15).

Notes to the Financial Statements

for the financial year ended 31 December 2011

8 Trade and other receivables

	The Group		The Company	
	2011	2010	2011	2010
	RMB	RMB	RMB	RMB
Current assets				
Trade receivables (A)	**128,653,102**	18,259,227	**–**	–
Rental deposits	**519,296**	548,286	**500,569**	526,977
Prepayments	**4,088,579**	2,167,385	**238,366**	305,765
Staff advances and allowances [(1)]	**221,422**	40,300	**–**	–
Advances to sub-contractors	**24,260,161**	31,674,132	**–**	–
Advance to management agents	**3,600,000**	3,600,000	**–**	–
Refundable deposits	**8,321,903**	–	**–**	–
Prepaid legal consultancy service fees[#]	**500,000**	500,000	**–**	–
Other receivables	**1,585,204**	3,107,559	**280,230**	31,547
Other receivables (B)	**43,096,565**	41,637,662	**1,019,165**	864,289
(A) + (B)	**171,749,667**	59,896,889	**1,019,165**	864,289
Other non-current assets				
Prepaid legal consultancy service fees[#]	**1,208,327**	1,708,331	**–**	–

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

[#] Prepaid legal consultancy service fees relate to legal services to be rendered by a law firm for a period of 5 years commencing May 2010.

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2011	2010	2011	2010
	RMB	RMB	RMB	RMB
Renminbi	**170,730,502**	59,034,517	**–**	1,917
Singapore dollars	**1,019,165**	862,372	**1,019,165**	862,372
	171,749,667	59,896,889	**1,019,165**	864,289

Notes to the Financial Statements

for the financial year ended 31 December 2011

8 Trade and other receivables (Continued)

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

	The Group		The Company	
	2011	2010	2011	2010
	RMB	RMB	RMB	RMB
Past due less than 3 months	**85,918,365**	–	**–**	–
Past due 3 months to less than 6 months	**41,837,895**	972,319	**–**	–
Past due 6 months to less than 9 months	**–**	–	**–**	–
Past due 9 months to less than 12 months	**–**	–	**–**	–
Past due 12 months and more	**896,842**	17,286,908	**–**	–
	128,653,102	18,259,227	**–**	–

Trade receivables are granted credit terms of between 90 to 180 days. The Group does not require collateral in respect of trade receivables.

9 Amounts owing by/(to) subsidiaries

The amounts owing by/(to) subsidiaries, comprising mainly advances, are denominated in Renminbi, unsecured, non-interest bearing and repayable on demand.

10 Cash and cash equivalents

	The Group		The Company	
	2011	2010	2011	2010
	RMB	RMB	RMB	RMB
Cash and bank balances	**342,844,634**	479,243,623	**25,774,549**	259,584,730
Fixed deposits	**–**	139,115,271	**–**	–
	342,844,634	618,358,894	**25,774,549**	259,584,730
Cash and cash equivalents in the consolidated statement of financial position	**342,844,634**	618,358,894	**25,774,549**	–
Restricted bank balance#	**(44,586,477)**	(22,208,685)	**(22,391,557)**	–
Cash and cash equivalents in the consolidated statement cash flows	**298,258,157**	596,150,209	3,382,992	–

At 31 December 2011, the weighted average effective interest rate of interest-earning bank balances was 0.3% (2010: 0.2%). At 31 December 2010, the weighted average effective interest rate of interest-earning fixed deposits was 1.5%.

Restricted bank balance represents deposits pledged to banks to secure certain mortgage loans provided by banks to customers for purchase of the Group's develoment properties.

Notes to the Financial Statements

for the financial year ended 31 December 2011

10 Cash and cash equivalents (Continued)

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	RMB	**RMB**	**RMB**	**RMB**
Singapore dollars	**122,206,107**	562,691,618	**25,765,974**	259,575,715
United States dollars	**146,496**	218,303	**8,575**	9,015
Renminbi	**220,492,031**	55,448,973	**–**	–
	342,844,634	618,358,894	**25,774,549**	259,584,730

11 Equity compensation benefits

In 2008, the Company granted award of shares comprising 454,545 ordinary shares without a charge to Group Chief Financial Officer as part of the employee compensation. The fair value of the performance shares was determined to be Singapore dollars (S$) 0.33 based on the market price of the Company's share at the grant date. The shares vest over three years from the grant date.

At the reporting date, the number of shares granted under the award is summarised below:

	2011	**2010**	**2009**
Number of performance shares outstanding			
At 1 January	**454,545**	454,545	454,545
#Issued	**(454,545)**	–	–
At 31 December	**–**	454,545	454,545
Number of performance shares vested			
At 1 January	**300,000**	150,000	–
Vested	**154,545**	150,000	150,000
#Issued	**(454,545)**	–	–
At 31 December	**–**	300,000	150,000

During the financial year ended 2011, 454,545 ordinary shares were issued to Group Chief Financial Officer in settlement of the performance shares granted (Note 12, Note 13).

Notes to the Financial Statements
for the financial year ended 31 December 2011

12 Share capital

	No. of ordinary shares 2011	No. of ordinary shares 2010	Amount 2011	Amount 2010
The Company				
Issued and fully paid, with no par value				
At 1 January	**2,162,492,429**	2,162,492,429	**3,527,574,647**	3,527,574,647
Issue of shares	**454,545**	–	**765,209**	–
At 31 December	**2,162,946,974**	2,162,492,429	**3,528,339,856**	3,527,574,647

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 the financial year ended 2011, 454,545 ordinary shares were issued pursuant to performance shares awarded to Group Chief Financial Officer (Note 11 and Note 13).

13 Other reserves

	The Group			The Company		
	31 December 2011 RMB	31 December 2010 RMB Re-stated	1 January 2010 RMB Re-stated	31 December 2011 RMB	31 December 2010 RMB Re-stated	1 January 2010 RMB Re-stated
Reverse acquisition reserve	**(1,993,711,730)**	(1,993,711,730)	(1,993,711,730)	**–**	–	–
Statutory common reserve	**13,139,490**	12,643,739	8,952,662	**–**	–	–
Equity compensation reserve	**–**	680,186	425,116	**–**	680,186	425,116
Convertible bonds reserve (Note 15)	**49,444,008**	49,444,008	–	**49,444,008**	49,444,008	–
Translation reserve	**34,608,555**	(12,817,841)	(8,653,926)	**(12,484,515)**	25,626,038	(4,792,737)
	(1,896,519,677)	(1,943,761,638)	(1,992,987,878)	**36,959,493**	75,750,232	(4,367,621)

The reverse acquisition reserve relates to the excess of purchase consideration over the fair value of the net assets of Fortune Court Holdings Limited acquired under a reverse acquisition in 2008.

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13 Other reserves (Continued)

The statutory common reserve represents the amount transferred from profit after taxation of the subsidiaries incorporated in the PRC in accordance with PRC regulations. The statutory common reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off the accumulated losses or increasing capital.

The equity compensation reserve comprises the cumulative value of employee services received for the issue of performance shares. During the financial year ended 2011, 454,545 ordinary shares were issued pursuant to performance shares awarded to Group Chief Financial Officer (Note 11 and Note 12). Upon issue of the shares, expense in respect of the performance shares previously recognised in the equity compensation reserve was credited to share capital as illustrated in the statement of changes in equity.

The convertible bonds reserve comprises the equity component of the convertible bonds net of directly attributable transaction costs.

The translation reserve records exchange differences arising from the translation of the financial statements of Group entities whose functional currencies are different from that of the Group's presentation currency.

14 Deferred tax liabilities

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 balance sheets as follows:

The Group – deferred tax liabilities	**2011** **RMB**	**2010** **RMB**
Fair value gain on investment properties	**348,634,560**	307,578,549

Movement in temporary differences during the year is as follows:

Investment properties:		
Balance at 1 January	**307,578,549**	219,120,229
Recognised in profit or loss (Note 21)	**41,056,011**	88,458,320
Balance at 31 December	**348,634,560**	307,578,549

Notes to the Financial Statements

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15 Borrowings

		The Group		The Company	
		2011	**2010**	**2011**	**2010**
	Maturity	**RMB**	**RMB**	**RMB**	**RMB**
Bank loans					
– Repayable within one year or less	2012	**56,571,557**	55,220,000	**22,391,557**	–
– Repayable after one year but within the normal operating cycle	2021	**836,209,020**	610,640,000	**–**	–
Loan from a shareholder (i)	2012	**73,038,000**	–	**–**	–
Presented as current liabilities		**965,818,577**	665,860,000	**22,391,557**	–
Liability component of convertible bonds	2015	**951,365,746**	979,593,738	**951,365,746**	979,593,738
Loan from a shareholder (ii)	2014	**19,476,800**	–	**–**	–
Presented as non-current liabilities		**970,842,546**	979,593,738	**951,365,746**	979,593,738
		1,936,661,123	1,645,453,738	**973,757,303**	979,593,738

Bank loans

At 31 December 2011, the bank loans are secured by:

(a) a mortgage over the investment properties (Note 4);

(b) land related to properties under development with carrying value totaling approximately RMB469,999,220 (Note 7);

(c) fixed and floating charges on assets of certain subsidiaries including fixed deposits pledged amounting to RMB10 million.

At 31 December 2010, the bank loans were secured by:

(a) way of a mortgage over the investment properties (Note 4);

(c) land related to properties under development with carrying value totaling approximately RMB469,999,220 (Note 7); and

(d) fixed and floating charges on assets of certain subsidiaries including fixed deposits pledged amounting to RMB10 million.

The bank loans have a weighted average effective interest rate of 8.18% (2010: 7.73%) per annum at the reporting date. Interest on the bank loans is repriced within 12 months (2010: 12 months).

The bank loans are denominated in Renminbi.

Notes to the Financial Statements

for the financial year ended 31 December 2011

15 Borrowings (Continued)

Loans from a shareholder

Loan from a shareholder (i) is unsecured and bears a fixed interest rate of 16% per annum.

Loan from a shareholder (ii) is unsecured and bears a variable interest rate at 6.75% plus 12-month SIBOR which is 7.34% at 31 December 2011.

Interest rates on the loans are based on commercial rates payable by the shareholder to a bank.

Convertible bonds

In March 2010, the Company issued Singapore dollar (S$) 200 million principal amount of Convertible Bonds (the "Bonds") due 3 March 2015 (the "Maturity Date") which carry interest rate at 4% per annum. The 2010 Bonds are convertible by holders into new ordinary shares in the capital of the Company (the "Shares") at the conversion price of S$0.8029 per share at any time on and after 13 April 2010 up to the close of business on 21 February 2015.

At any time on or after 3 March 2013 and prior to the date falling 10 business days prior to the Maturity Date, the Company may mandatorily convert all but not some only of the Bonds outstanding into the Shares, provided that no such conversion may be made unless the volume weighted average price of the Shares for each of 30 consecutive trading days, the last of which occurs not more than 10 trading days prior to the date of the notice of conversion, was at least 130% of the applicable conversion price then in effect.

If at any time the aggregate principal amount of the Bonds outstanding is less than 10% of the aggregate principal amount originally issued, the Company shall have the option to redeem such outstanding Bonds in whole but not in part at their early redemption amount together with accrued, but unpaid, interest (calculated up to, but excluding, the date fixed for such redemption).

The Company will, at the option of the Bondholder, redeem all or some only of such Bondholder's Bonds on 3 March 2013 at 108.136% of their principal amount as at the relevant date fixed for redemption together with interest accrued to the date fixed for redemption.

In the event of certain changes in the laws and regulations relating to taxation in Singapore, the Company may, subject to certain conditions being satisfied, give notice to redeem the Bonds in whole but not in part at their early redemption amount, together with accrued, but unpaid, interest calculated up to, but excluding the date fixed for redemption.

Upon: (i) the delisting of the Shares, or the suspension of the Shares for a period of 30 trading days or more, from the SGX-ST or, if applicable, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in; or (ii) a change in control of the Company, the Bondholder will have the right, at such Bondholder's option, to require the Company to redeem all or some only of such Bondholder's Bonds at a price equal to their early redemption amount together with interest accrued to the date fixed for redemption.

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem each Bond at 114.496% of its principal amount plus unpaid accrued interest thereon on the Maturity Date.

There has been no redemption or conversion by the bondholders of any of the above convertible bonds during the year (2010: Nil).

There was no conversion of the Bonds into the Shares during the year ended 31 December 2011.

Notes to the Financial Statements

for the financial year ended 31 December 2011

15 Borrowings (Continued)

Convertible bonds (Continued)

	2011 RMB	2010 RMB
Proceeds from issue of convertible bonds	**979,593,738**	974,620,000
Transaction costs	**(37,708,797)**	(37,708,797)
Net proceeds	**941,884,941**	936,911,203
Amount classified as equity (Note 13)	**(49,444,008)**	(49,444,008)
Accreted interest	**35,582,537**	47,347,971
Convertible bonds repurchased (but not cancelled)	**(23,483,953)**	–
Translation differences	**46,826,229**	44,778,572
Carrying amount of liability at 31 December 2011	**951,365,746**	979,593,738

The amount of the convertible bonds classified as equity of RMB49,444,008 is net of attributable transaction costs of RMB1,991,163.

At the reporting date, the Company has utilised RMB724,140,652 (2010:RMB387,993,000) of the net proceeds as follows:

	2011 RMB	2010 RMB
Investments in subsidiaries, by the Company and other subsidiaries for property development	701,929,652	365,782,000
Repayment of advances from a director	22,211,000	22,211,000
	724,140,652	387,993,000

The utilisation is in accordance with the intended use of proceeds of the Offering as stated in the Convertible Bonds Announcement.

Notes to the Financial Statements

for the financial year ended 31 December 2011

16 Trade and other payables

	The Group			The Company		
	31 December 2011 RMB	31 December 2010 RMB Re-stated	1 January 2010 RMB Re-stated	31 December 2011 RMB	31 December 2010 RMB Re-stated	1 January 2010 RMB Re-stated
Trade payables:	**559,305,371**	534,854,211	302,105,551	**–**	–	–
Other payables:						
Subsidiaries (non-trade)	**–**	–	–	–	118,855,702	130,052,770
Accrued expenses	**49,263,959**	52,638,862	18,724,625	**3,196,421**	4,287,433	9,885,717
Advances from customers	**10,392,845**	9,260,336	12,235,158	**–**	–	–
Rental and option deposits	**35,413,813**	35,583,761	34,164,163	**–**	–	–
Project deposits	**28,290,170**	33,100,000	–	**–**	–	–
Advances from sub-contractors	**1,984,732**	11,759,137	3,000,000	**–**	–	–
Accrued land costs	**–**	–	–	**–**	–	
Others	**7,805,077**	2,072,667	2,727,418	**–**	11,812	186,865
	133,150,596	111,314,763	70,851,364	**3,196,421**	123,154,947	140,125,352
Total trade and other payables	**664,165,797**	646,168,974	372,956,915	**3,196,421**	123,154,947	140,125,352

Trade and other payables are denominated in the following currencies:

	The Group			The Company		
	31 December 2011 RMB	31 December 2010 RMB Re-stated	1 January 2010 RMB Re-stated	31 December 2011 RMB	31 December 2010 RMB Re-stated	1 January 2010 RMB Re-stated
Singapore dollars	**4,319,047**	4,389,204	8,647,858	**3,196,421**	121,376,046	138,700,628
Renminbi	**659,846,750**	641,779,770	362,884,333	**–**	1,778,901	1,424,724
United States dollars	**–**	–	1,424,724	**–**	–	–
	664,165,797	646,168,974	372,956,915	**3,196,421**	123,154,947	140,125,352

Trade payables have credit terms of between 60 to 180 days.

Notes to the Financial Statements
for the financial year ended 31 December 2011

17 Amount owing by a shareholder

	The Group		The Company	
	2011 RMB	2010 RMB	2011 RMB	2010 RMB
Amount owing by a shareholder	–	4,204	–	4,204

At 31 December 2010, amount owing by a shareholder related to expenses paid by the Group on behalf of the shareholder was denominated in Renminbi, unsecured, interest-free and repayable on demand. The amount was repaid during the financial year ended 31 December 2011.

18 Revenue

The Group	2011 RMB	2010 RMB
Sale of development properties	**547,091,162**	31,182,144
Rental income from investment properties	**46,403,683**	45,692,342
Consultancy fee income	**–**	20,987,936
	593,494,845	97,862,422

19 Other operating income

The Group	2011 RMB	2010 RMB
Interest income		
– fixed deposits	**215,321**	1,931,965
– bank balances	**887,103**	792,507
	1,102,424	2,724,472
Rental income	**1,655,513**	2,736,243
Government grants	**14,021,663**	3,759,999
Gain on disposal of property, plant and equipment	**2,743,203**	–
Others	**322,826**	663,595
	19,845,629	9,884,309

Notes to the Financial Statements

for the financial year ended 31 December 2011

20 Profit before taxation

The following items have been included in arriving at profit before taxation:

The Group	Note	2011 RMB	2010 RMB
Audit fees		**1,183,396**	1,019,210
Exchange loss, net		**804,781**	2,194,232
Depreciation of property, plant and equipment	3	**1,893,109**	1,608,137
(Gain)/loss on disposal of property, plant and equipment		**(2,743,203)**	2,308
Properties, plant and equipment written off		**303,704**	77,619
Fair value gain on investment properties	4	**(229,998,785)**	(355,058,425)
Trade receivables written off		**–**	2,357,306
Interest expense:			
– bank loans		**783,137**	–
– loans from a shareholder		**1,186,012**	–
– advances from a director		**–**	382,476
– convertible bonds		**17,478,831**	56,767,706
		19,447,980	57,150,182
Directors' fees		**1,648,522**	1,435,195
Staff costs:			
Directors' remuneration other than fees			
– salaries, wages and other related costs		**3,812,536**	3,053,271
– contributions to defined contribution plans		**–**	52,125
Key management personnel (other than directors)			
– salaries, wages and other related costs		**4,725,311**	1,755,012
– contributions to defined contribution plans		**61,205**	82,734
– share-based expenses		**85,203**	255,070
Other than directors and key management personnel			
– salaries, wages and other related costs		**16,092,303**	10,140,268
– contributions to defined contribution plans		**129,287**	1,109,491
		24,905,845	16,447,971

There were no non-audit fees paid or payable to the auditors of the Group for the years ended 31 December 2010 and 2011.

Notes to the Financial Statements

for the financial year ended 31 December 2011

21 Income tax expense

The Group	2011 RMB	2010 RMB
Current tax expense	**62,256,137**	5,343,462
Deferred tax expense (Note 14)	**41,056,011**	88,458,320
	103,312,148	93,801,782

Reconciliation of effective tax rate

The Group	2011 RMB	2010 RMB
Profit before taxation	**381,342,374**	323,785,004
Tax at statutory rate of 25% (2010 – 25%)	**95,335,594**	80,946,251
Expenses not deductible for tax purposes	**248,559**	350,000
Deferred tax assets on losses not recognised	**7,727,995**	12,505,531
	103,312,148	93,801,782

The Group has not recognised a deferred tax asset in respect of tax losses incurred during the financial year because management believes that it is not probable that these tax losses would be allowed by the tax authorities.

22 Earnings per share

The Group	2011 RMB	2010 RMB
Profit attributable to ordinary shareholders of the Company	**277,030,209**	226,884,480
Profit impact of conversion of the dilutive potential ordinary shares	**17,478,831**	*
Adjusted net profit attributable to equity holders of the Company	**294,509,040**	*
Weighted average number of ordinary shares used in calculation of basic earnings per share	**2,162,583,338**	2,162,492,429
Weighted average number of unissued ordinary shares from convertible bonds	**249,097,023**	*
Weighted average number of ordinary shares used in calculation of diluted earnings per share	**2,411,680,361**	*
Earnings per share (RMB)		
– Basic	**0.13**	0.10
– Diluted	**0.12**	0.10*

* Diluted earnings per ordinary share was not computed as potential ordinary shares related to convertible bonds were anti-dilutive.

Notes to the Financial Statements

for the financial year ended 31 December 2011

23 Related party transactions

Other than as disclosed elsewhere in the financial statements, transactions with related parties based on terms agreed between the parties are as follows:

The Group	2011 RMB	2010 RMB
Interest expense on advances from a director	**–**	382,476
Interest expense on loans from a shareholder	**1,186,012**	–
Business consultancy fees expense paid and payable to a director	**240,000**	–
Rental income from sub-letting of office premises to a firm of which a director of the Company is a member	**1,124,594**	1,288,600
Advisory fees paid and payable to a party related to directors	**–**	984,002

24 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 a non-cancellable operating lease of office premises.

The Company	2011 RMB	2010 RMB
Not later than one year	**394,611**	1,830,299
Later than one year and not later than five years	**–**	381,312
	394,611	2,211,611

The lease expires in March 2012 with an option to renew the lease after that date.

Notes to the Financial Statements

for the financial year ended 31 December 2011

24 Operating lease commitments (Continued)

(B) Where the Company and the Group are lessors

At the reporting date, the Company and the Group had the following rentals receivable under non- cancellable operating leases for commercial and residential premises:

	The Group		The Company	
	2011 RMB	2010 RMB	2011 RMB	2010 RMB
Not later than one year	**76,691,044**	42,107,315	**234,290**	1,086,694
Later than one year and not later than five years	**364,643,380**	154,932,013	**–**	226,394
Later than five years	**595,304,657**	356,079,908	**–**	–
	1,036,639,081	553,119,236	**234,290**	1,313,088

These operating leases of these commercial and residential premises expire between 2012 and 2026 and contain renewal options.

25 Operating segments

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 investment segment relates to the development of commercial and residential properties for rental and capital appreciation;

2) Property development segment relates to the development of commercial and residential properties for sale and the provision of property development consultancy services; and

3) Others comprises investment holding and property consultancy, sale, marketing and management services.

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

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. Intersegment pricing is determined on an arm's length basis.

The Group's income taxes and cash resources are managed on a group basis and are not allocated to operating segments.

Notes to the Financial Statements

for the financial year ended 31 December 2011

25 Operating segments (Continued)

	At 31 December 2011				At 31 December 2010			
	Property investment RMB	Property development RMB	Others RMB	Total RMB	Property investment RMB	Property development RMB	Others RMB	Total RMB
REVENUE								
External revenue	**46,403,683**	**547,091,162**	**–**	**593,494,845**	45,692,342	31,182,144	20,987,936	97,862,422
Segment results	**32,081,196**	**147,084,379**	**(28,219,635)**	**150,945,940**	22,379,279	15,104,050	–	37,483,329
Interest income	**–**	**–**	**1,102,424**	**1,102,424**	–	–	2,724,472	2,724,472
Interest expenses	**–**	**–**	**(19,447,980)**	**(19,447,980)**	–	(57,150,182)	–	(57,150,182)
Government grants	**–**	**14,021,663**	**–**	**14,021,663**	–	3,759,999	–	3,759,999
Rental income	**–**	**–**	**1,655,513**	**1,655,513**	–	–	2,736,243	2,736,243
Gain on disposal of property, plant and equipment	**2,743,203**	**–**	**–**	**2,743,203**	–	–	–	–
Other income	**–**	**–**	**322,826**	**322,826**	–	–	663,595	663,595
Fair value gain on investment properties	**229,998,785**	**–**	**–**	**229,998,785**	355,058,425	–	–	355,058,425
Profit before income tax	**264,823,184**	**161,106,042**	**(44,586,852)**	**381,342,374**	377,437,704	(38,286,133)	6,124,310	345,275,881
Segment assets	**1,873,446,266**	**3,706,102,798**	**12,431,474**	**5,591,980,538**	2,169,716,323	2,413,270,999	19,386,481	4,602,377,803
Consolidated total assets	**–**	**–**		**5,934,825,172**				5,220,736,697
Segment liabilities	**429,457,295**	**1,446,381,082**	**1,073,623,102**	**2,949,461,479**	341,005,967	1,274,203,759	984,671,721	2,599,881,447
Consolidated total liabilities	**–**	**–**	**–**	**3,057,821,829**	–	–	–	2,669,955,185
Other information								
Capital expenditure	**–**	**–**	**1,643,362**	**1,643,362**	–	–	4,422,570	4,422,570
Depreciation of property, plant and equipment	**–**	**–**	**1,893,107**	**1,893,107**	–	–	1,608,137	1,608,137
Trade receivables written off	**–**	**–**	**–**	**–**	–	2,357,306	–	2,357,306
Loss on disposal of property, plant and equipment	**–**	**–**	**90,693**	**90,693**	–	–	2,308	2,308
Properties, plant and equipment written off	**–**	**–**	**303,704**	**303,704**	–	–	77,619	77,619

The group derived all its revenue from the PRC. Therefore, no geographical information is presented.

Notes to the Financial Statements

for the financial year ended 31 December 2011

25 Operating segments (Continued)

	At 1 January 2010 (Re-stated)			
	Property investment RMB	Property development RMB	Others RMB	Total RMB
REVENUE				
External revenue	43,641,494	88,517,913	–	132,159,407
Segment results	30,758,771	21,176,585	(19,817,501)	32,117,855
Interest income	–	8,106	10,412	18,518
Rental income	–	–	816,349	816,349
Other income	–	–	350,194	350,194
Interest expenses	–	(12,219,520)	–	(12,219,520)
Fair value gain on investment properties	113,775,930	–	–	113,775,930
Profit before income tax	144,534,701	8,965,171	(18,640,546)	134,859,326
Segment assets	1,463,006,985	1,776,092,540	16,809,447	3,255,908,972
Consolidated total assets				3,511,075,508
Segment liabilities	244,830,585	855,794,984	54,753,978	1,155,379,547
Consolidated total liabilities				1,235,557,312
Other information				
Capital expenditure	–	–	2,977,381	2,977,381
Depreciation of property plant and equipment	–	–	1,118,063	1,118,063
Gain on disposal of property, plant and equipment	–	–	(212,357)	(212,357)

Reconciliation of reportable segment assets:

The Group	**2011 RMB**	**2010 RMB**
Segment assets	**5,591,980,538**	4,602,377,803
Unallocated assets:		
Cash and cash equivalents	**342,844,634**	618,358,894
Consolidated assets	**5,934,825,172**	5,220,736,697

Notes to the Financial Statements

for the financial year ended 31 December 2011

25 Operating segments (Continued)

Reconciliation of reportable segment liabilities:

The Group	2011 RMB	2010 RMB
Segment liabilities	**2,949,461,480**	2,599,881,447
Unallocated liabilities:		
Provision for taxation	**108,360,349**	70,073,738
Consolidated liabilities	**3,057,821,828**	2,669,955,185

26 Financial risk management

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group is 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. 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 Group's financial performance.

Credit risk

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual growth while minimising losses arising from credit risk exposure. 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. The Group closely monitors and avoid any significant concentration of credit risk on any of its development properties sold. In addition, receivable balances and payment profile of the debtors are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. 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.

At the reporting date, other than as disclosed in Note 8, no allowances for impairment have been considered necessary in respect of trade and other receivables based on the creditworthiness of the counterparties and credit quality and past collection history of the customers.

Cash and cash equivalents are placed with or entered into with reputable financial institutions.

Notes to the Financial Statements

for the financial year ended 31 December 2011

26 Financial risk management (Continued)

Interest rate risk

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

The Group's exposure to interest rate risk arises from its variable rate bank borrowings and fixed deposits. Interest on bank borrowings is repriced within 12 months (2008: 12 months).

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, a 50 basis points ("bp") change in interest rates at the reporting date would have increase/(decreased) profit before tax and equity by amounts as shown below. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before tax – increase (decrease)		Equity – increase (decrease)	
	50 bp increase	**50 bp decrease**	**50 bp increase**	**50 bp decrease**
31 December 2011				
Variable rate bank loans	**(4,561,287)**	**3,329,300**	**(4,561,287)**	**3,329,300**
Variable rate bank balances	**1,084,814**	**(1,084,814)**	**1,084,814**	**(1,084,814)**
	(3,476,473)	**3,476,473**	**(3,476,473)**	**3,476,473**
31 December 2010				
Variable rate bank loans	(3,329,300)	3,329,300	(3,329,300)	3,329,300
Variable rate bank balances and fixed deposits	1,993,193	(1,993,193)	1,993,193	(1,993,193)
	(1,336,107)	1,336,107	(1,336,107)	1,336,107

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 most of the group entities.

Notes to the Financial Statements

for the financial year ended 31 December 2011

26 Financial risk management (Continued)

Currency risk (Continued)

Sensitivity analysis – Foreign currency risk

A 5% (2010: 1%) strengthening of the above currencies against the functional currencies of the Group entities at the reporting date would have increased/decreased profit before tax and equity 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 and does not take into account the associated tax effects.

A 5% (2010: 1%) weakening of the above currencies against the functional currencies of the Group entities at the reporting date would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

	2011			2010		
The Group	**United States Dollars**	**Singapore Dollars**	**Total**	**United States Dollars**	**Singapore Dollars**	**Total**
Renminbi equivalent	**RMB**	**RMB**	**RMB**	**RMB**	**RMB**	**RMB**
RMB weakened						
Profit before tax – increase (decrease)	**6,695**	**4,765,875**	**4,772,570**	1,527	3,030,259	3,031,786
Equity – increase (decrease)	**6,695**	**4,765,875**	**4,772,570**	1,527	3,030,259	3,031,786
The Company						
RMB weakened						
Profit before tax – increase (decrease)	**429**	**–**	**429**	90	(17,770)	(17,680)
Equity – increase (decrease)	**429**	**–**	**429**	90	(17,770)	(17,680)

Fair values of financial instruments

The carrying values of variable rate bank loans approximate their fair values.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, balances with related parties, cash and cash equivalents, trade and other payables and interest-bearing borrowings) or those which reprice regularly approximate their fair values because of the short period to maturity or repricing.

Notes to the Financial Statements

for the financial year ended 31 December 2011

26 Financial risk management (Continued)

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices.

The Group is not exposed to any movement in price risk as it does not hold any quoted or marketable financial instruments.

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 Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. 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 flow, including estimated interest payments.

The Group

		Contractual cash flows			
31 December 2011	**Carrying amount RMB**	**Total RMB**	**Less than 1 year RMB**	**Between 2 and 5 years RMB**	**Over 5 years RMB**
Trade and other payables	**664,165,797**	**664,165,797**	**664,165,797**	**–**	**–**
Borrowings	**1,936,661,123**	**2,246,086,589**	**226,043,863**	**1,720,598,026**	**299,444,700**
	2,600,826,920	**2,910,252,386**	**890,209,660**	**1,720,598,026**	**299,444,700**
31 December 2010					
Trade and other payables	646,168,974	646,168,974	646,168,974	–	–
Borrowings	1,645,453,738	2,166,073,690	147,403,107	1,561,268,883	457,401,700
	2,292,302,898	2,812,922,850	794,252,267	1,561,268,883	457,401,700

Notes to the Financial Statements

for the financial year ended 31 December 2011

26 Financial risk management (Continued)

Liquidity risk (Continued)

The Company

31 December 2011	Carrying amount RMB	Total RMB	Less than 1 year RMB	Between 2 and 5 years RMB	Over 5 years RMB
Trade and other payables	**3,196,421**	**3,196,421**	**3,196,421**	**–**	**–**
Borrowings	**973,757,303**	**974,321,570**	**38,372,860**	**935,948,710**	**–**
	976,953,724	**977,517,991**	**41,569,281**	**935,948,710**	**–**
31 December 2010					
Trade and other payables	123,154,947	123,154,947	123,154,947	–	–
Borrowings	979,593,738	1,194,486,190	39,983,607	1,154,502,583	–
	1,102,748,685	1,317,641,137	163,138,554	1,154,502,583	–

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

27 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;

(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 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 Company 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.

Notes to the Financial Statements

for the financial year ended 31 December 2011

27 Capital management (Continued)

The Group	**2011 RMB**	**2010 RMB**
Total borrowings (A)	**1,936,661,123**	1,645,453,738
Cash and cash equivalents	**342,844,634**	618,358,894
Less: Restricted bank balance	**(44,586,477)**	(22,208,685)
(B)	**298,258,157**	596,150,209
Net debt (C)=(A)-(B)	**1,638,402,966**	1,049,303,529
Total equity (D)	**2,877,003,343**	2,551,461,698
Gearing ratio (times) (C)/(D)	**0.57**	0.41

28 Contingent liabilities

The Group	**2011 RMB**	**2010 RMB**
Guarantees given to financial institutions in connection with facilities given to certain end-purchasers of properties	44,586,477	22,208,685

The financial effects of FRS 39 relating to financial guarantee contracts issued by the Group and the Company are not material to the financial statements and are, therefore not recognised.

No material losses under these guarantees are expected.

29 Comparatives

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

(A) In 2008, the Company granted an award of shares comprising 454,545 ordinary shares without a charge to Group Chief Financial Officer as part of the employee compensation. Expense on these performance shares is recognised over a three-year vesting period. In prior years, the credit entry of this employee remuneration expense was presented within accrued expenses instead of equity in the statement of financial position.

The Group has reclassified the expense on the performance shares from accrued expenses to equity compensation reserve within equity as at 31 December 2010. The reclassification has no effect on the net assets or the results of the Group.

Notes to the Financial Statements

for the financial year ended 31 December 2011

29 Comparatives (Continued)

	31 December 2010 As reported RMB	Reclassification RMB	31 December 2010 As re-stated RMB
The Group			
Other reserves	(1,944,441,824)	680,186	(1,943,761,638)
Trade and other payables	646,849,160	(680,186)	646,168,974
The Company			
Other reserves	75,070,046	680,186	75,750,232
Trade and other payables	123,835,133	(680,186)	123,154,947

	1 January 2010 (As reported) RMB	Reclassification RMB	1 January 2010 (As re-stated) RMB
The Group			
Other reserves	(1,993,412,994)	425,116	(1,992,987,878)
Trade and other payables	373,382,031	(425,116)	372,956,915
The Company			
Other reserves	(4,792,737)	425,116	(4,367,621)
Trade and other payables	140,550,468	(425,116)	140,125,352

(B) Certain assets and liabilities have been reclassified between reportable operating segments based on the strategic business units to which they belong.

Notes to the Financial Statements

for the financial year ended 31 December 2011

29 Comparatives (Continued)

Segment assets at 31 December 2010

	Unallocated assets RMB	Property investment assets RMB	Property development assets RMB	Others assets MBR	Consolidated total assets RMB
As reported at 31 December 2010	648,515,638	2,165,618,843	2,406,602,216	–	5,220,736,697
Reclassification					
Property, plant and equipment	(18,501,987)	–	–	18,501,987	–
Other receivables	(11,654,757)	4,097,480	6,668,783	888,494	–
As re-stated at 31 January 2010	618,358,894	2,169,716,323	2,413,270,999	19,390,481	5,220,736,697

Segment liabilities at 31 December 2010

	Unallocated liabilities RMB	Property investment liabilities RMBRMB	Property development liabilities RMB	Others liabilities RMB	Consolidated total liabilities RMB
As reported at 1 January 2010	1,378,523,913	28,365,441	1,263,065,831	–	2,669,955,185
Reclassification	–				
Deferred taxation	(307,578,549)	307,578,549	–	–	
Accrued expenses	(1,000,871,626)	5,061,977	11,137,928	984,671,721	–
As re-stated at 1 January 2010	70,073,738	341,005,967	1,274,203,759	984,671,721	2,669,955,185

Segment assets at 1 January 2010

	Unallocated assets RMB	Property investment assets RMB	Property development assets RMB	Others assets RMB	Consolidated total assets RMB
As reported at 1 January 2010	274,140,767	1,463,006,985	1,773,927,756	–	3,511,075,508
Reclassification					
Property, plant and equipment	(15,803,459)	–	–	15,803,459	–
Other receivables	(3,170,772)	–	2,164,784	1,005,988	–
As re-stated at 1 January 2010	255,166,536	1,463,006,985	1,776,092,540	16,809,447	3,511,075,508

Notes to the Financial Statements

for the financial year ended 31 December 2011

29 Comparatives (Continued)

Segment liabilities at 1 January 2010

	Unallocated liabilities RMB	Property investment liabilities RMB	Property development liabilities RMB	Others liabilities RMB	Consolidated total liabilities RMB
As reported at 1 January 2010	352,269,979	25,710,356	855,412,193	2,164,784	1,235,557,312
Reclassification					
Deferred taxation	(219,120,229)	219,120,229	–	–	–
Accrued expenses	(11,044,698)	–	382,791	10,661,907	
Amount As reported s owing to a director	(41,927,287)	–	–	41,927,287	–
As re-stated at 1 January 2010	80,177,765	244,830,585	855,794,984	54,753,978	1,235,557,312

Statistics of Shareholdings

AS AT 19 MARCH 2012

ISSUED AND FULLY PAID-UP CAPITAL	:	S$753,071,144
NUMBER OF SHARES	:	2,162,946,974
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE
NUMBER OF TREASURY SHARES	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	2	0.02	50	0.00
1,000 – 10,000	3,685	38.68	28,441,068	1.32
10,001 – 1,000,000	5,800	60.89	313,927,545	14.51
1,000,001 & ABOVE	39	0.41	1,820,578,311	84.17
TOTAL	9,526	100.00	2,162,946,974	100.00

	TWENTY LARGEST SHAREHOLDERS	NO. OF SHARES	%
1	NEWEST LUCK HOLDINGS LIMITED	609,003,448	28.16
2	DMG & PARTNERS SECURITIES PTE LTD	410,903,634	19.00
3	CITIBANK NOMINEES SINGAPORE PTE LTD	173,323,391	8.01
4	HSBC (SINGAPORE) NOMINEES PTE LTD	164,379,390	7.60
5	DBS NOMINEES PTE LTD	130,237,748	6.02
6	PHILLIP SECURITIES PTE LTD	82,659,213	3.82
7	MAYBANK KIM ENG SECURITIES PTE LTD	71,097,696	3.29
8	LIM HONG CHING	25,208,000	1.17
9	RAFFLES NOMINEES (PTE) LTD	25,075,291	1.16
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	24,337,000	1.13
11	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	13,673,000	0.63
12	DBSN SERVICES PTE LTD	9,742,500	0.45
13	OCBC SECURITIES PRIVATE LTD	9,088,000	0.42
14	UOB KAY HIAN PTE LTD	8,928,000	0.41
15	DBS VICKERS SECURITIES (S) PTE LTD	8,205,000	0.38
16	TAN BOY TEE	7,400,000	0.34
17	YEO SOCK KON	4,322,000	0.20
18	HONG LEONG FINANCE NOMINEES PTE LTD	3,275,000	0.15
19	OCBC NOMINEES SINGAPORE PTE LTD	2,955,000	0.14
20	KWEE LIONG PHING	2,769,000	0.13
		1,786,582,311	82.61

SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES	%
NEWEST LUCK HOLDINGS LIMITED	609,003,448	28.16
DMG & PARTNERS SECURITIES PTE LTD	410,903,634	19.00
CITIBANK NOMINEES SINGAPORE PTE LTD	173,323,391	8.01
HSBC (SINGAPORE) NOMINEES PTE LTD	164,379,390	7.60
DBS NOMINEES PTE LTD	130,237,748	6.02

Substantial Shareholders

	Direct interest	%	Indirect interest	%
Newest Luck Holdings Limited[(1) (2)]	829,438,201	38.35		
Leap Forward Holdings Limited[(3)]	409,530,634	18.93		
The Trustee of Columbia University in The City of New York[(4)]			409,530,634	18.93
Zana Capital Pte Ltd[(5)]			409,530,634	18.93
Zana China Fund L.P.[(6)]			409,530,634	18.93
Chan Hock Eng[(7)]			409,530,634	18.93
Ng Koon Siong[(7)]			409,530,634	18.93
Fang Ming[(8)]	23,600,000	1.09	829,438,201	38.35
	1,262,568,835	58.37		
Held in the hand of public		41.63		

Note

(1) Newest Luck Holdings Limited has a total beneficial interest in the 829,438,201 shares, of which 220,434,753 shares are held in the names of nominees.

(2) Balance of 65,300,813 shares (3.02%) which was transferred out in Jan 2010 pursuant to a securities lending agreement has yet to be returned. If this shares are to be included, total number of shares held will be 894,739,014 (41.37%).

(3) Total number of shares are are held in the names of nominees.

(4) The Trustee of Columbia University in The City of New York holds 28.41% of the issued share capital of Leap Forward Holdings Limited.

(5) 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.

(6) 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).

(7) Mr. Chan Hock Eng and Mr. Ng Koon Siong hold 26.56% 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 Capital Pte. Ltd.

(8) Mr. Fang Ming holds 100% of the issued Share Capital of Newest Luck Holdings Limited and is deemed interested in the shares of the Company held by Newest Luck Holdings Limited by virture of his shareholdings in Newest Luck Holdings Limited.

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company and to the best knowledge of the Company as at 19 March 2012, approximately 41.63% 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 compiled with.

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Meeting Room 309, Level 3 Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Monday, 23 April 2012 at 9.00 a.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To re-elect Mr. Lui Seng Fatt being a Director who retires pursuant to Article 106 of the Company's Articles of Association. **[Explanatory Note 1]** **(Resolution 2)**

3. To re-elect Mr. He Zhao Ju@Danny Ho being a Director who retires pursuant to Article 106 of the Company's Articles of Association. **[Explanatory Note 2]** **(Resolution 3)**

4. To re-appoint Mr. Xiao Zu Xiu as Director of the Company to hold office until the conclusion of the next Annual General Meeting pursuant to Section 153(6) of the Companies Act, Cap. 50. **[Explanatory Note 3]** **(Resolution 4)**

5. To re-elect Ms. Yang Xiao Yu being a Director who retires pursuant to Article 90 of the Company's Articles of Association. **[Explanatory Note 4]** **(Resolution 5)**

6. To approve additional payment of Directors' Fees of S$6,700 for the financial year ended 31 December 2011. **[Explanatory Note 5]** **(Resolution 6)**

7. To approve the payment of Directors' Fees of S$323,700 for the financial year ending 31 December 2012, payable half-yearly in arrears. **[Explanatory Note 6]** **(Resolution 7)**

8. To re-appoint Messrs Foo Kon Tan Grant Thornton as Auditors of the Company for the financial year ending 31 December 2012 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 (the "Companies Act") and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:–

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

(b) 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;

II. (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 total number of 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 existing 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, consolidated or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of 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

(d) 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 (the "AGM") or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. **[Explanatory Note 7]** **(Resolution 9)**

Notice of the Annual General Meeting

10. **AUTHORITY TO ISSUE AND ALLOT SHARES UNDER**

(a) YING LI EMPLOYEE SHARE OPTION SCHEME

THAT the Directors of the Company be and are hereby authorized to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Ying Li Employee Share Option Scheme (the "Scheme") provided always that the aggregate number of shares to be issued pursuant to the Scheme, when added to the number of shares issued and/or issuable under other share-based incentives schemes of the Company shall not exceed five per cent (5%) of the total issued share capital (excluding treasury shares) of the Company from time to time. **[Explanatory Note 8]** **(Resolution 10a)**

(b) YING LI PERFORMANCE SHARE PLAN

THAT the Directors of the Company be and are hereby authorized to offer, allot and issue or deliver from time to time such number of fully paid-up shares as may be required to be issued pursuant to the vesting of awards under the Ying Li Performance Share Plan (the "Plan") provided always that the aggregate number of shares to be issued pursuant to the Plan, when added to the number of shares issued and/or issuable under other share-based incentives schemes of the Company, shall not exceed five per cent (5%) of the total issued share capital (excluding treasury shares) of the Company from time to time. **[Explanatory Note 8]** **(Resolution 10b)**

11. **GRANT OF OPTIONS TO MR. FANG MING**

THAT the grant of options to, Mr. Fang Ming, a Controlling Shareholder and Executive Chairman of the Company, in accordance with the provisions of the Scheme on the following terms;

(i)	Proposed date of grant	:	Anytime no later than one month from the passing of this AGM resolution
(ii)	Number of options	:	1,514,000 options
(iii)	Exercise price of options	:	A discount of 20% to the market price **[Explanatory Note 9]**
(iv)	Validity period of the options	:	Four (4) years from the date of grant
(v)	Exercise period of the options	:	Half of the options may be exercised after the second anniversary of the date of grant and all of the options may be exercised after the third anniversary of the date of grant

be and is hereby approved. **(Resolution 11)**

12. **GRANT OF SHARE AWARDS TO MR. FANG MING**

THAT the grant of share awards to, Mr. Fang Ming, a Controlling Shareholder and Executive Chairman of the Company, in accordance with the provisions of the Plan on the following terms:-

(i)	Proposed date of grant	:	Anytime no later than one month from the passing of this AGM resolution
(ii)	Number of shares which are the subject of the share awards granted	:	2,271,000 shares
(iii)	Vesting period of the share awards	:	The share awards will vest over a period of four (4) years, with one quarter of the shares vesting on each of the first, second, third and fourth anniversary of the date of grant, subject to certain conditions being met.

be and is hereby approved. **(Resolution 12)**

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

By Order of the Board

Lim Boon Ping
Soh Chun Bin
Company Secretaries

Singapore, 9 April 2012

Notice of the Annual General Meeting

Explanatory Notes:

(1) **Resolution 2** – Mr. Lui Seng Fatt, if re-elected, will remain as a Co-Chairman of the Nominating Committee, a member of the Audit Committee and the Remuneration Committee. He is a Co-Lead Independent Director of the Company.

(2) **Resolution 3** – Mr. He Zhao Ju@Danny Ho, if re-elected, will remain as Co-Chairman of Remuneration Committee & a Member of the Nominating Committee. He is a Non-Executive Director of the Company.

(3) **Resolution 4** – Mr. Xiao Zu Xiu who is over the age of 70 years, if re-appointed, will remain as Co-Chairman of the Remuneration Committee, Co-Chairman of the Nominating Committee, and a Member of the Audit Committee until the conclusion of the next Annual General Meeting. He is an Independent Director of the Company.

(4) **Resolution 5** – Ms. Yang Xiao Yu, if re-elected, will remain as an Executive Director of the Company.

(5) **Resolution 6** – This additional fee of S$6,700 arose due to the appointment of Mr Christopher Chong Meng Tak as a Member of the Nominating Committee.

(6) **Resolution 7** – This is to facilitate the payment of Directors' fees during the financial year in which the fees are incurred. The Directors' fees will be paid half yearly in arrears. The aggregate amount of Directors' fees provided in the resolution is calculated on the assumption that all the present Directors will hold office for the whole of the financial year ending 31 December 2012 ("FY 2012"). Should any Director hold office for only part of FY 2012 and not the whole of FY 2012, the Director's fee payable to him will be appropriately pro-rated.

(7) **Resolution 9** – If passed, will empower the Directors, effective until (i) the conclusion of the next Annual General Meeting of the Company; (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of issued share capital of the Company (excluding treasury shares), of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

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 Resolution 9, provided the options or awards were granted in compliance with Part VIII or Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

(8) **Resolutions 10(a) & 10(b)** – the aggregate number of shares to be issued under Ying Li Employee Share Option Scheme and Ying Li Share Performance Plan shall not exceed 5% of the total issued ordinary share capital (excluding treasury shares) of the Company from time to time.

(9) **Resolution 11** – the market price is the average closing price of 5 working days preceding the date of grant.

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 and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, 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 appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

3. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he deems fit.

4. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.

5. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney.

6. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. 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 (Chapter 50).

7. The signature on the instrument appointing a proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.

8. 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 or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.

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 or adjourned meeting, as certified by The Central Depository (Pte) Limited to the Company.

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YING LI INTERNATIONAL REAL ESTATE LIMITED

(Incorporated in the Republic of Singapore)

(Reg. No. 199106356W)

1. For investors who have used their CPF monies to buy shares in the capital of Ying Li International Real Estate Limited, this report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM – ANNUAL GENERAL MEETING

I/We, ______________________________ (full name in capital letters) NRIC No./Passport No./ Company No. ______________________________ of ______________ ______________________________(full 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 Meeting Room 309, Level 3 Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 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 matters arising at the Annual General Meeting and at any adjournment thereof.)

Resolution No.	ORDINARY BUSINESS	For	Against
Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon.		
Resolution 2	To re-elect Mr. Lui Seng Fatt, a Director retiring pursuant to Article 106 of the Company's Articles of Association.		
Resolution 3	To re-elect Mr. He Zhao Ju@Danny Ho, a Director retiring pursuant to Article 106 of the Company's Articles of Association.		
Resolution 4	To re-appoint Mr. Xiao Zu Xiu, as Director of the Company to hold office until the conclusion of the next Annual General Meeting pursuant to Section 153(6) of the Companies Act, Cap. 50.		
Resolution 5	To re-elect Ms Yang Xiao Yu, a Director retiring pursuant to Article 90 of the Company's Articles of Association.		
Resolution 6	To approve payment of Directors' Fees for financial year ended 31 December 2011.		
Resolution 7	To approve payment of Directors' Fees for financial year ending 31 December 2012.		
Resolution 8	To re-appoint Auditors.		
	SPECIAL BUSINESS		
	Ordinary Resolution		
Resolution 9	To approve and adopt Share Issue Mandate.		
Resolution 10a	To authorize the Directors to allot and issue shares pursuant to the Ying Li Employee Share Option Scheme.		
Resolution 10b	To authorize the Directors to allot and issue shares under the Ying Li Performance Share Plan.		
Resolution 11	To approve the grant of options to Mr. Fang Ming.		
Resolution 12	To approve the grant of share awards to Mr. Fang Ming.		

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Dated this ______________ day of ______________ 2012

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

____

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

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

3. Where a member appoints more than one proxy, 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 appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstained as he thinks fit.

5. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.

6. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney.

7. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. 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.

8. The signature on the instrument appointing a proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.

9. 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 or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.

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 or adjourned meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Corporate Information

COMPANY REGISTRATION NUMBER
199106356W

REGISTER OFFICE
6 Temasek Boulevard
#24-04 Suntec Tower Four
Singapore 038986
Tel: (65) 6334 9052
Fax: (65) 6733 3458
Website: www.yingligj.com

BOARDS OF DIRECTORS
Fang Ming (Chairman & Chief Executive Officer)
Yang Xiao Yu (Executive director)
Christopher Chong Meng Tak (Co-Lead Independent Director)
Lui Seng Fatt (Co-Lead Independent Director)
Xiao Zu Xiu (Independent director)
Chan Hock Eng (Non-Executive Director)
He Zhao Ju @ Danny Ho (Non-Executive director)

NOMINATING COMMITTEE
Xiao Zu Xiu (Co-Chairman)
Lui Seng Fatt (Co-Chairman)
Chan Hock Eng
Christopher Chong Meng Tak
He Zhao Ju @ Danny Ho

REMUNERATION COMMITTEE
Xiao Zu Xiu (Co-Chairman)
He Zhao Ju @ Danny Ho (Co-Chairman)
Christopher Chong Meng Tak
Lui Seng Fatt

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

COMPANY SECRETARY
Soh Chun Bin
Stamford Law Corporation
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315
Tel: (65) 6389 3000
Fax: (65) 6389 3099

Lim Boon Ping

SHARE REGISTER
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: Toh Kim Teck, CPA

PRICIPAL BANKERS
China Construction Bank
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank

Designed and produced by
TOPPAN
TOPPAN VITE PTE. LTD.
(65) 6578 6522

英利国际置业
YING LI INTERNATIONAL
REAL ESTATE

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