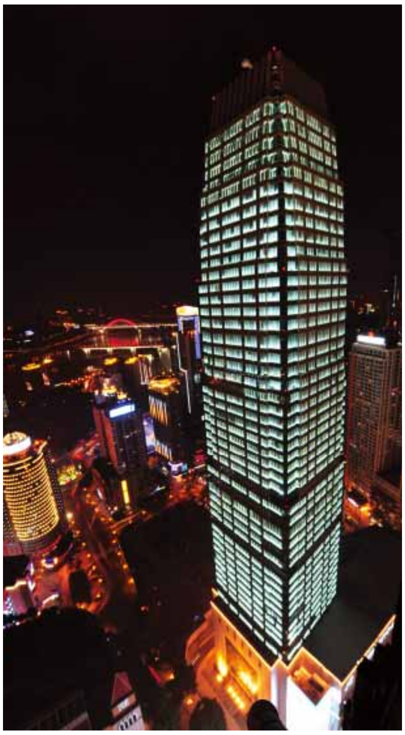
英利国际置业

YING LI INTERNATIONAL
REAL ESTATE

PRIME LOCATION
PREMIUM QUALITY
PRESTIGIOUS CLIENTELE

ANNUAL REPORT **2012**

CORPORATE PROFILE



Ying Li International Financial Centre

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 in 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, Future International and Ying Li International Financial Centre.

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 it to continuously secure land in prime locations, build premium commercial developments and attract prestigious clientele.

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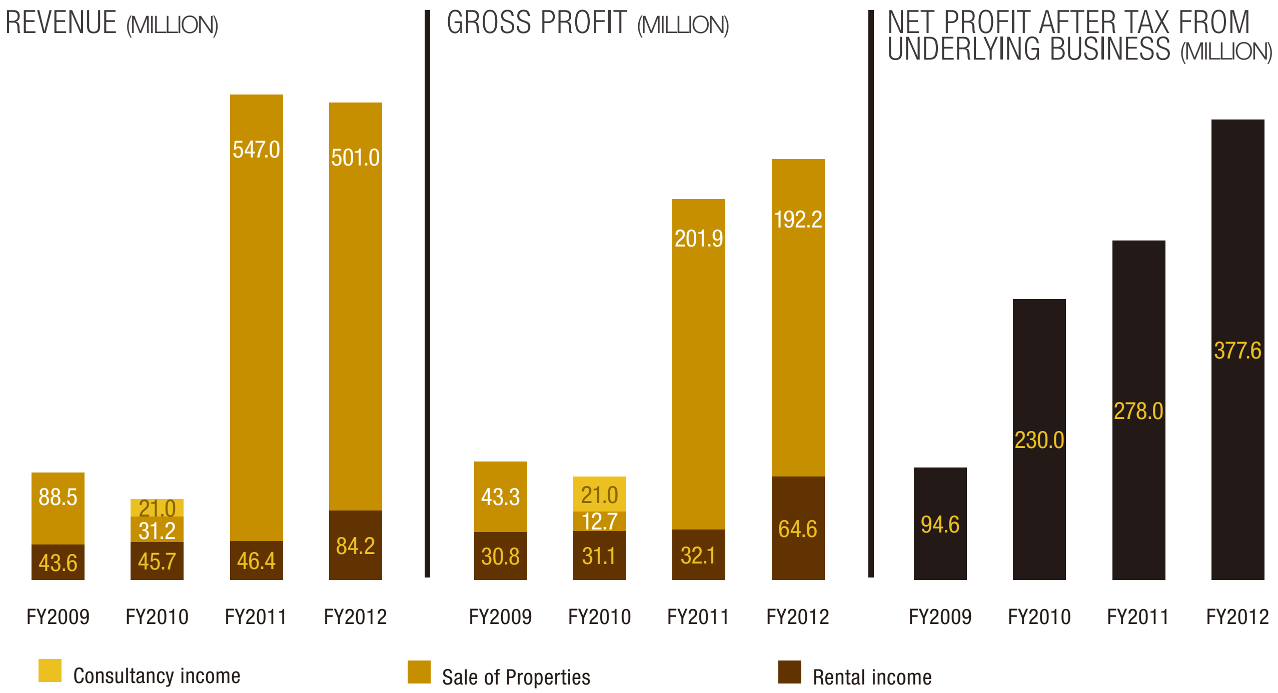
FINANCIAL HIGHLIGHTS



	FY2009	FY2010	FY2011	FY2012
Key Financial Ratios				
Earnings Per Share (RMB)	0.04	0.10	0.13	0.17
Net Assets Value Per Share (RMB)	1.03	1.15	1.30	1.47
Debt to Equity Ratio (%)	24.74	64.51	67.32	78.01
Net debt to Equity Ratio (%)	14.48	41.13	56.95	54.53
Cash Flow Statement (RMB million)				
Net cash used in operating activities	(993.3)	(648.0)	(571.5)	(76.0)
Net cash used in investing activities	(2.2)	(4.4)	9.3	(2.1)
Net cash used from financing activities	1,146.2	1,019.7	270.0	380.1
Net increase in cash	150.7	367.3	(292.0)	302.0
Cash at the beginning of year	82.0	233.3	596.2	298.3
Effects of exchange rate changes on cash and cash equivalents	0.6	(4.4)	(5.9)	7.5
Cash at end of year (unrestricted)	233.3	596.2	298.3	607.7

RESULTS AT A GLANCE

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31

- **Due to disposal, depreciation of property, plant and equipment**
- **Mainly due to Ying Li International Plaza mall being added into and San Ya Wan phase 2 being taken out from the investment properties portfolio**
- **Mainly due to amortisation of long term deferred assets**
- **Mainly due to incremental development costs of Ying Li International Plaza and Chongqing financial street project, inclusion of San Ya Wan phase 2 and re-classification of Ying Li International Plaza mall to investment properties**
- **Mainly due to receivables from sale of IFC office units and San Ya Wan Phase 1 / 1A**
- **Mainly due to Ying Li International Plaza pre-sales proceeds collected**
- **Mainly due to increase in Share-based compensation reserve and translation loss of Renminbi against Singapore Dollars**
- **Mainly due to fair value gain from investment properties**
- **Due to loan repayment made in FY2012**
- **Mainly due to Ying Li International Plaza pre-sales proceeds collected**
- **Mainly due to higher operating profit achieved in FY2012**
- **Due to loan repayment made in FY2012**
- **Mainly used to fund the project development costs and refinance outstanding loans**

	31-Dec-12	31-Dec-11	Variances	
	RMB'000	RMB'000	RMB'000	%
ASSETS				
Non-current assets:				
Property, plant and equipment	9,549	9,755	(206)	-2.1%
Investment properties	3,115,951	2,571,699	544,252	21.2%
Prepayment	708	1,209	(501)	-41.4%
Total non-current assets	**3,126,208**	**2,582,663**	**543,545**	**21.0%**
Current assets:				
Land for development	7,418	7,418	–	0.0%
Development properties	3,055,431	2,830,149	225,282	8.0%
Trade and other receivables	427,088	171,750	255,338	148.7%
Cash and cash equivalents	758,974	342,845	416,129	121.4%
Total current assets	**4,248,911**	**3,352,162**	**896,749**	**26.8%**
Total assets	**7,375,119**	**5,934,825**	**1,440,294**	**24.3%**
EQUITY AND LIABILITIES				
Capital and reserves:				
Capital contribution	3,528,340	3,528,340	–	0.0%
Other reserves	(1,917,772)	(1,896,520)	(21,252)	1.1%
Retained profits	1,567,319	1,190,135	377,184	31.7%
Non-Controlling Interest	55,473	55,048	425	0.8%
Total equity	**3,233,360**	**2,877,003**	**356,357**	**12.4%**
Non-current liabilities:				
Deferred taxation	430,540	348,635	81,905	23.5%
Other borrowings – unsecured	8,238	19,477	(11,239)	-57.7%
Convertible bonds (liability component)	1,044,199	951,366	92,833	9.8%
Total non-current liabilities	**1,482,977**	**1,319,478**	**163,499**	**12.4%**
Current liabilities:				
Trade and other payables	1,052,789	664,165	388,624	58.5%
Provision for taxation	136,213	108,360	27,853	25.7%
Other borrowings – unsecured	–	73,038	(73,038)	-100.0%
Bank borrowings – secured	1,469,780	892,781	576,999	64.6%
Total current liabilities	**2,658,782**	**1,738,344**	**920,438**	**52.9%**
Total equity and liabilities	**7,375,119**	**5,934,825**	**1,440,294**	**24.3%**

RESULTS AT A GLANCE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31

	31-Dec-12 RMB'000	31-Dec-11 RMB'000	Change %
Revenue	585,220	593,495	-1.4%
Cost of sales	(328,415)	(359,518)	-8.7%
Gross profit	**256,805**	**233,977**	**9.8%**
Other income	17,057	19,845	-14.0%
Selling expenses	(40,611)	(27,192)	49.3%
Administrative expenses	(80,503)	(55,839)	44.2%
Fair value gain	378,332	229,999	64.5%
Finance costs	(15,274)	(19,448)	-21.5%
Profit before tax	**515,806**	**381,342**	**35.3%**
Income tax expense	(138,197)	(103,312)	33.8%
Profit for the period	**377,609**	**278,030**	**35.8%**
Profit attributable to:			
Owners of the parent	377,184	277,030	36.2%
Non-controlling interests	425	1,000	-57.5%
	377,609	**278,030**	**35.8%**

Revenue decreased:
- Mainly comprises of IFC units sold in 2012 and fewer sales of other non-IFC properties
- Higher rental income mainly due to more shops commenced operations in the IFC mall and more IFC office space being leased out in 2012

Gross profit increased:
- Mainly attributable to the mix of properties sold and higher contribution margin from rental income

Selling expenses increased:
- Mainly due to sales and marketing costs incurred on the pre-sales activities of Ying Li International Plaza in FY2012

Administrative expenses increased:
- Due to charges incurred on the demolition of the existing structures at San Ya Wan phase 2 in anticipation of the change in allowable land usage
- Share based expenses arising from the Employee Share Option Scheme and Performance Share Plan granted in April 2012

Fair value gain increased:
- Mainly due to fair value gain from additional assets being included as investment properties

Finance costs decreased:
- Mainly due to capitalisation of interest expense from the convertible bond as funds were being applied to development works
- Lower interest expense due to repayment of shareholder's loan made during the financial year

Income tax expense increased:
- Mainly due to higher operating profits generated from the sales of IFC office units and rental income in FY2012

Profit attributable to owners of the parent increased:
- Mainly due to profit achieved from the sales of IFC office units and higher fair value gains from additional assets being classified as investment properties

总裁致辞

尊敬的各位股东：

本人在此欣然呈报英利国际置业股份有限公司(下称“英利”，并连同其他集团公司，总称为“集团”)截至2012年12月31日(“2012年度”) 的年度报告。在此，除了对过去一年的财务表现和经营亮点进行回顾，我也将与股东们分享集团的土地储备情况和未来发展计划，以及我们对房地产行业前景的观点。

运营亮点

2012年，国际经济形势日趋严峻，中国国内改革发展稳定的任务非常繁重，中国政府按照稳中求进的工作总基调，以稳增长为主，宏观政策实行了一系列预调微调措施，但同时中央及相关部委密集强调房地产调控不放松，调控政策稳中趋紧，作为房地产企业，公司也面临著重大考验。尽管如此，集团运营仍然保持稳健，在充满挑战的大背景下，公司经营班子和全体职工同心同德、锐意进取，较圆满地完成集团各项经营计划，实现总收入5.85亿元人民币，利润达到3.78亿元人民币。英利国际广场按计划租售，赢得市场和客户广泛认可，创造了良好的销售业绩；IFC写字楼租售也顺利推进，各储备项目也在稳步进行。这些市场表现，显示出公司强大的抗风险能力和可持续发展潜力。

公司在经营活动中的良好表现，也赢得政府及各个领域的广泛认同。2012年，公司被重庆市房地产开发协会评为“2011-2012年度重庆市房地产开发行业信用品牌企业”；被重庆市工商联(总商会)房地产商会授予“2011年度最佳会员企业”；被中国绿化基金会授予“2011生态中国贡献奖”；被重庆市工商行政管理局渝中区分局授予“2011-2012年度守合同重信用单位”，被重庆市慈善总会授予2012年慈善捐赠“慈善捐赠爱心奖”等；我也很荣幸地被中共重庆市委、重庆市人民政府授予“重庆市优秀民营企业家”称号，并成功当选重庆市总商会副会长。

与此同时，公司在信息披露和企业管理方面也卓有成效，2012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(简称“GTI”)公布公司排名显示，在所有新加坡上市的中国企业中，我司得分排名第一。

除了获得众多权威机构和消费者的认可，银行也对集团的持续增长能力表示出信任和肯定，我们所完成的募资证明了投资者对我们的支持和信任，以及对重庆的看好。我们感谢投资者们的支持。

我们将继续致力于加强在重庆的核心商业区开发高端商业物业和综合性物业的竞争优势，为市场打造出一流的商业综合体，进一步加强英利在中国国内房地产行业的品牌力量。同时我们相信通过不断提高产品和服务质量，积极应对市场变化，将可持续为公司实现盈利。

中国和重庆的房地产行业前景

2012年，中国国内生产总值(GDP)达到519322亿元，按可比价格计算，比上年增长7.8%。全年固定资产投资364835亿元，比上年名义增长20.6%；全年全国房地产开发投资71804亿元，比上年名义增长16.2%；全国规模以上工业增加值按可比价格计算比上年增长10.0%；全年社会消费品零售总额207167亿元，比上年名义增长14.3%；全年进出口总额38667.6亿美元，比上年增长6.2%；全年城镇居民人均总收入26959元。其中，城镇居民人均可支配收入24565元，比上年名义增长12.6%；全年农村居民人均纯收入7917元，比上年名义增长13.5%。面对复杂严峻的国际经济形势和国内改革发展稳定的繁重任务，中国政府坚持以科学发展为主题，以加快转变经济发展方式为主线，及时加强和改善宏观调控，国民经济运行缓中企稳，经济社会发展稳中有进。

而重庆这座中国最大的直辖市、长江上游地区经济中心，在2012年也迎来经济的稳步发展。面对复杂形势和困难挑战，重庆市委、市政府坚持把握好稳中求进的总基调，紧紧围绕“科学发展、富民兴渝”总任务，在密集出台的一系列“稳增长”措施保障下，全市经济呈现平稳快速增长态势。2012年重庆市实现地区生产总值11459.00亿元人民币，同比增长13.6%，较全国平均水平高5.8个百分点；GDP增幅排全国第二，西部第一。2012年重庆人均GDP达到39083元，超过38449元的全国人均GDP水平，为率先在西部地区建成全面小康社会打下坚实基础。2012年重庆固定资产投资平稳较快，房地产开发逐步趋稳。全市完成固定资产投资额9380.00亿元，同比增长22.9%，比全国平均水平高2.3个百分点；全市房地产开发投资2508.35亿元，同比增长24.5%，比全国平均水平高8.3个百分点。面对持续低迷的外需市场，重庆市对外贸易再创新高，外商投资稳定增长。2012年重庆进

总裁致辞

出口总额532.04亿美元，增长82.2%，高出全国平均水平76.0个百分点；全市利用外商投资连续两年破百亿，2012年实际利用外商投资105.33亿美元，与上年持平。截止2012年，重庆城镇化率上升到56.98%，比上年提高了1.96个百分点，是中国城市化进程最快的城市。面对重庆良好的发展形势，和西部大开发、两江新区、保税港区的各项政策倾斜，超过225家世界500强企业选择在渝投资，数量居中西部第一。重庆经济数据和各方面的强劲表现，也显示重庆已然成为中国西部经济发展最快的城市、海外投资者抢滩的热土。

从房地产市场来看，2012年，国内外形势都出现了新的变化，把稳增长放在了更加重要的位置，宏观政策采取了一系列预调微调措施。同时房地产调控政策整体延续了2011年的调控思路，中央层面多次强调坚持房地产调控不动摇，随著有关调控措施的继续实施，投机投资性购房需求得到有效遏制，新建商品住房销售价格和二手住房销售价格涨幅明显放缓，保障性安居工程建设快速推进，房地产维持低位运行。但在总体经济形势回暖的大背景下，受经济增长企稳等因素拉动,下半年以来，房价环比出现上涨迹象，从低谷开始回暖。重庆房地产市场也呈现出“稳中有进”平稳健康发展的局面，显现出逐渐成熟的标志。2012年重庆商品房总体成交建面均价6775元/平方米，比2011年的6027元平方米上涨12.4%。

2013年初，国务院出台了新国五条及“二套房首付提高，卖房款差额征20%税”的政策，以促进房地产市场平稳健康发展。此举主要针对炒房与投资卖房，目的是让住宅回归居住功能。就英利本身来说，我们的住宅项目主要以刚性需求为主，而不是重在投资功能，随著重庆城镇化进程的不断加快，将产生越来越多的刚性需求客户，我们的项目并不会受到房地产调控新政的影响。而与此同时，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，伴随重庆城市地位的不断提升和经济的不断发展，以及越来越多的世界500强企业和国际企业选择入渝，我们相信，市场对商业地产的需求也将继续保持并不断旺盛。

2013年，是全面贯彻落实十八大精神的开局之年，是实施“十二五”规划承前启后的关键一年。国家层面，中央的经济工作会已为今年的经济工作定调，要继续把握好稳中求进的工作总基调，以提高经济增长质量和效益为中心，稳中求进，扎实工作。同时中央经济工作会还提出要继续实施积极的财政政策和稳健的货币政策，积极稳妥推进城镇化，著力提高城镇化质量。重庆本地层面，市委书记孙政才在重庆市民营经济发展座谈会也明确指出，进一步落实和完善民营经济发展政策，进一步改善和优化民营经济发展环境，并为支持民企发展做出了“真正降低准入门槛、优化政策、政务、市场、法治、舆论环境”六点指示，全力推动民营经济大发展。

国家层面和地方层面这样的经济政策大背景，给重庆民营企业和房地产行业带来了更大的发展空间和更多的发展机会。同时重庆经济良好的发展势头，也赋予了英利极大的发展优势；新的城市契机之下，不断加速的城市化进程将带给重庆地产业难得的发展良机和企业前景。我们有理由相信，英利国际置业能够在2012年良好经营业绩的基础上，开创新一年的辉煌。

总裁致辞

储备项目进展

在未来3年，公司总可租可售面积达到100万平方米，横跨重庆解放碑、大坪、两江新区三大中心商圈。目前公司各储备项目均稳步推进。

大坪"英利国际广场"项目进展稳步推进。住宅和SOHO已实现预售，由于精确的针对刚性需求的产品定位和良好的品质，一经推出便赢得市场热捧，销售业绩斐然。同时工程进度按计划顺利推进，住宅部分3、4、5号楼已顺利封顶。商场裙楼招商工作也如火如荼，韩国乐天玛特、保利影院等众多国内外品牌也相继签约入驻。

位于解放碑CBD核心的"IFC"项目以其一流的硬件品质赢得国内外众多金融机构和领袖企业的认可，租售工作继续稳步推进。IFC-MALL商场也进入正常运营状态。

地处重庆市政府打造的未来西部"西部华尔街"——五一路金融总部集聚区的"英利•五一路项目"，工程进度也在稳步展开，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。

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"。随著"两江新区"这个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的发展，"三亚湾项目"的市场价值也不断提升。三亚湾二期为都市综合体升级项目，荟萃高尚住宅及精品商业等，建成后将成为两江新区的大型综合商业核心项目，功能辐射两江。

当然，公司也在积极寻求重庆核心商圈和其他热点地区的机会，不断增加土地储备，以保证业绩的长期稳定增长。

随著公司对各核心商圈高端物业和商场的稳步运营，在未来，公司也将考虑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，从而使公司具备更大的资金能力，获得更多商业物业的开发机会。

展望未来

新的一年，面对中国和重庆良好的经济政策大背景，我们相信中国和重庆的经济能继续保持良好的增长，英利的业绩也将迈入新一轮的发展。公司将继续保持稳健和审慎的投资战略，继续稳中求进、开拓创新；并将积极加强企业管治，进一步完善集团公司的管理运作体系，强化发展战略的制定、项目投资决策、财务管理控制、人力资源配置等企业治理环节。同时我们相信人才是企业成功制胜的法宝，为了更好地促进企业的长远发展，我们积极吸纳更多高素质的国际型人才加入

英利。公司新任CEO许庆和先生的加入，将大大增强我们管理团队的实力，许先生成功的职业背景、丰富的经验和极强的领导能力，将帮助英利带来新的发展局面和寻求新的增长良机。我有信心，有董事会和管理团队的支持作后盾，我们绝对有优秀的人才和足够的实力为股东创造出更大价值。

致谢

代表我们的董事会，我在此衷心地感谢各位股东的支持和信任。实现股东的长远利益，是我们持之以恒的目标和责任。我们将坚定不移，并为之而继续努力。

方明
英利国际置业董事长

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is with great pleasure that I present to you 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 2012 ("FY 2012"). Besides sharing with you the Group's financial performance, I will also like to take the opportunity to highlight the status of our project development as well as our views on the outlook of the Group and Chongqing's real estate industry.

Operational Highlights

In 2012, in view of the unstable global economy, the China Central Government implemented a series of macroeconomic policies aimed at achieving long term sustainable growth for China's economy. The Central Government continued to tighten its rein on the residential property market further by introducing various measures, which posed severe challenges to the residential property developers.

Despite the unfavorable macroeconomic environment, the Group has persevered and delivered another set of good results, achieving revenue of RMB585 million and a 36% year-on-year increase in net profit after tax to reach RMB378 million in FY2012. With our sharp focus on operational excellence, coupled with strong teamwork among employees, Ying Li has successfully executed its business plan. The market responded well to the pre-sales of Ying Li International Plaza's residential units, leasing of Ying Li International Financial Centre (IFC) office units and Ying Li International Plaza's retail mall space. This commendable performance reflects Ying Li's capability and resiliency in the face of the uncertain economic climate.

Our commitment to business excellence and delivering quality projects has won us widespread recognition both from the government and industry groups. In 2012, the Group was bestowed with the following awards and accolades:

- "2011 – 2012 Chongqing Real Estate Developer Trustworthy Credit Brand Enterprise" by Chongqing Real Estate Development Association,
- "2011 Best Member Company" by the Real Estate Branch of the Chongqing General Chamber of Commerce,
- "2011 China Ecology Contribution Award" by China Green Foundation,
- "2011 – 2012 Trustworthy Enterprise" by Chongqing Municipal Yuzhong District Federation of Industry and Commerce, and
- "2012 Chongqing Charity Contribution Award" by Chongqing Municipal Charity Federation.

On the personal front, I was awarded the title of "Chongqing's Outstanding Private Entrepreneur" by the Chinese Communist Party Chongqing Municipal Party Committee and Chongqing Municipal People's Government. In addition, I was elected as the Vice President of the Chongqing Chamber of Commerce.

At the same time, the Group continues to adhere to its commitment in maintaining high standards of corporate governance, integrity, accountability and transparency. In the latest Governance and Transparency Index ("GTI") compiled by National University of Singapore and The Business Times, the Group improved by 9 positions compared to 2011 and was ranked 25th among 674 SGX-listed companies covered in the 2012 Index.

Besides the recognition from our customers, business groups and government authorities, the Group is grateful to the banking and investment community as they have extended their unwavering support and demonstrated confidence in the Group's strong fundamentals and robust growth potential.

The Group will continue to capitalize on our competitive advantage in developing premium integrated commercial projects within Chongqing's central business districts as well as the "Ying Li" brand in the China real estate industry. We believe that by continuously enhancing the quality of our products and services and responding swiftly to changes in the market place, the Group will be well-positioned to achieve sustainable growth and profitability.

Property Sector Outlook for China and Chongqing

China's 2012 full year GDP grew by 7.8% to RMB51.9 trillion while Fixed Asset Investments increased by 20.6% year-on-year to RMB36.4 trillion. Several other China economic indicators continued to show growth. Industrial Added Value on national scale recorded a year-on-year increase of 10%; Investments in the real estate sector increased by 16.2% to RMB7.1 trillion; Retail Consumption grew 14.3% to RMB20.7 trillion and Foreign Trade increased by 6.2% to RMB3.8 trillion. Per Capita Disposable Income of urban households grew 12.6% to reach RMB24,565 while Per Capita Net Income of rural households was up 13.5% to RMB7,917. While domestic and global economic conditions posed challenges to China's growth, the Chinese government continued to focus on technological advancements as part of its main effort to quicken the transformation of its economic growth model and strengthening macroeconomic policies to achieve stable economic and social development.

CHAIRMAN'S STATEMENT

Chongqing, the largest municipality directly under the Central Government and the economic centre of the upstream Yangtze River, has achieved high economic growth in 2012. Faced with challenging external economic conditions, the Chongqing government introduced several policies that successfully achieved stable economic growth and social development. The strong GDP growth of 13.6% in 2012 placed Chongqing as the fastest growing city in western China and second fastest growing city in China. Per capita GDP for Chongqing was RMB39,083 in 2012, higher than the national average of RMB38,449, representing a step forward towards achieving the target of creating a prosperous society for Chongqing residents. Chongqing's Fixed Asset Investments and Real Estate sector investments both grew strongly in 2012. Chongqing Fixed Asset Investments grew by 22.9% to RMB938 billion, 2.3 percentage points higher than national average. Real Estate sector investments in Chongqing grew 24.5% to RMB250.8 billion, 8.3 percentage points higher than the national average. Despite challenging market conditions, Chongqing's foreign trade rose 82.2% to RMB53.2 billion, 76 percentage points higher than national average. Foreign Direct Investments (FDI) also crossed USD10 billion for 2 consecutive years, achieving an FDI of USD10.5 billion in 2012. Chongqing was also the fastest urbanizing city in China, achieving an urbanization rate of 56.9%, 1.96 percentage points higher than previous year. With its strong fundamentals, supportive policies such as the Liangjiang New Area, Cuntan Bonded Port and preferential tax rates, Chongqing has attracted investments from 225 of the Fortune Global 500 companies, the highest among all the cities in western China. Given the strong fundamentals and rapid economic growth, Chongqing is now considered the leading and most attractive investment destination in western China.

From the property market perspective, the global and domestic developments have placed more emphasis on achieving steady growth in 2012. The Central Government has on many occasions, stressed the need for continuing curbs on escalating residential property prices and has followed through their efforts from 2011 to cool the residential property market. The efforts by policy makers have reduced speculative activities in the property market and slowed down the price increases for both primary and secondary property transactions. However, on the back of emerging recovery in the global economy, property prices started to increase gradually in the second half of 2012. Similarly, the Chongqing property market has also shown stable growth in the past year. Commodity (i.e. private) residential property prices in Chongqing rose by 12.4% from RMB6,027 psm in 2011 to RMB6,775 psm in 2012.

In order to further stabilize the market and curb speculative activities, the Central Government recently announced two new policies to increase the initial deposit requirement for second home purchases and to impose a 20% capital gains tax on residential property transactions. The impact of these new policies on the Company is deemed to be low as the residential component makes up a small portion of our projects. We believe that our focus on developing commercial projects in the prime CBD locations enables us to leverage on the strong Chongqing economic growth and increasing demand from global corporations.

2013 is a critical year of implementing the 12th Five-year plan of the Chinese Central Government. The government's work plan continues to place emphasis on stable growth, active financial policies, stable foreign exchange rates and keeping a steady pace while enhancing the quality of urbanization. The Chongqing Government and new Party Secretary, Mr. Sun Zhengcai, have stated that further support would be provided for the development of private enterprises with more pro-business policies such as lowering costs of doing businesses and reducing red tape.

The continued strong economic growth, government support and rapid pace of urbanization will create more opportunities for Chongqing enterprises and real estate developers. With the positive property development outlook and Ying Li's strong competitive advantages, we believe we can build on our track record and foundation to develop and grow our business further in the coming years.

Project Development Progress

The Group has approximately 1 million square meters of planned Gross Floor Area in Jiefangbei CBD, Da Ping CBD and Liangjiang New Area to be developed over the next few years. Currently, ongoing projects under development are progressing smoothly.

Ying Li International Plaza is advancing steadily according to schedule with the topping up of Towers 3, 4 and 5. During the year, the Group launched the pre-sales of the Ying Li International Plaza residential units with strong take up rates. The Group will capitalize on the strong market support further by launching the SOHO and Grade A office units in phases over this year. In addition, the Group has made good progress in attracting tenants for the Ying Li International Plaza's retail mall. To-date, the Group has successfully secured the likes of Korean Lotte Group, who will open its first establishment and flagship supermarket in Chongqing, Poly Cinema Group and many other international and domestic brands.

CHAIRMAN'S STATEMENT

Ying Li International Financial Centre, the highest specification landmark office building located in the heart of Yuzhong Jiefangbei CBD, has continued to attract major international and domestic financial institutions, as well as leading global enterprises into its premises. Together with the fully operational retail mall, Ying Li IFC is expected to provide the Group with a steady stream of rental income.

As the Chongqing Municipal Government continues its plan to further develop the "Wall Street" of Western China in Yuzhong Jiefangbei CBD, the ongoing development of Ying Li Chongqing Financial Street Project is proceeding smoothly. By securing the best land plot along the highly anticipated Chongqing Financial Street, Ying Li plans to develop an iconic landmark high-end integrated project that consists of international premium Grade A offices and a retail mall.

In addition, the Group is currently in the planning stage for the development of Lu Zu project, a prime land parcel in the luxury hotel and commercial zone of Jiefangbei. Lastly, the Group has witnessed the value of its San Ya Wan land plot appreciating significantly after being re-zoned into Liangjiang New Area. The Liangjiang New Area is China's third state level economic development zone after the Shanghai Pudong New Area and Tianjin Binhai New Area. Upon finalizing the details with the government, San Ya Wan is poised to be developed into an integrated project comprising premium residential units and retail mall and become a core development in the Liangjiang New Area.

The Group will continue to actively seek new opportunities to expand its land bank in Chongqing's core CBD and other key districts so as to sustain our growth over the long term.

The Group will explore the establishment of a listed real estate investment trust (REIT) for our premium office and retail mall assets. This will allow the Group to realize the value of its office and retail mall assets and enhance our funding capability for new development opportunities.

Looking Ahead

Riding on the growth of an improving China and Chongqing economy, we expect the Group to perform well in 2013. Going forward, the Group will continue to maintain prudent financial management and strong corporate governance while improving on innovation, product quality and customer services. In addition, the Group will enhance its development strategies, operational efficiency, professional standards as well as human resource management. Believing that people are the most important assets to the organization's long-term development, the Group continues to place emphasis on attracting talent of all levels. We welcome Mr. Ko Kheng Hwa who joined the Company in March 2013 as its Group Chief Executive Officer. Tapping on Mr. Ko's successful career, extensive experience as well as strong leadership skills, I am confident Mr. Ko will guide the Group to greater heights.

Appreciation

On behalf of the Board, I would like to express our sincere appreciation to our shareholders, customers, partners and staff for their trust and unwavering support of the Group. We will continue to dedicate our professional capabilities and team energies to create greater value for our shareholders.

Fang Ming
Executive Chairman

OPERATIONS AND FINANCIAL REVIEW

Operations Review

Revenue of the Group decreased slightly to RMB585.2 million as compared to FY2011. The decline is partly due to decrease in revenue from the sale of properties segment by 8.4% to RMB501.2 million. This is primarily due to the fact that revenue from the sale of properties recognized in FY2011 included all the cumulative contracted pre-sales of IFC office units that started in 4Q2010, plus sales from other older projects. Rental income for the Group increased by 81.1% to RMB84.0

million as more shops commenced operations in the IFC mall and a higher number of IFC office units were being leased out in 2012.

The Group's gross profit increased by RMB22.8 million as compared to prior year despite a decrease in revenue for the year. This is mainly due to the mix of properties sold, as well as higher contribution from rental income. Gross profit from rental income surged by 101.4% to RMB64.6 million due to increase in the number of retail and office units leased out in the IFC.

Selling expenses for the year increased by 49.3% to RMB40.6 million mainly due to higher advertising, sales and marketing expenses incurred on the pre-sales activities of Ying Li International Plaza, which was absent in 2011.

Normal recurring administrative expenses decreased by 13.8% to RMB48.1 million. The decrease was due to an absence of RMB2.4 million fines paid in 2011 for delays in the development of San Ya Wan Phase 2 and lower unrealized exchange losses amounting to RMB1.2 million.

OPERATIONS AND FINANCIAL REVIEW

Fair value gain for FY2012 increased by RMB148.3 million to RMB378.3 million, mainly due to development work which resulted in investment properties being added to the portfolio during the period under review as compared to the same period last year.

Other Income was similar in FY2012 as compared to FY2011 largely because decline in Government grants was compensated for by a sharp increase in local government infrastructure subsidies.

Income tax expenses rose RMB34.9 million due to higher deferred taxation expenses arising from the higher fair value gain on investment properties in FY2012. The effective income tax rate for FY2012 was 26.7% as a result of non-deductible expenses such as provisions and expenses incurred by the corporate office and subsidiaries incorporated in tax free countries.

As a result of the above, the Group profit attributable to shareholders in FY2012 grew 36.2% to RMB 377.2 million as compared to RMB 277.0 million in FY2011.

Financial Position

The Group's total assets increased by RMB1,440.3 million to RMB7,375.1 million as compared to FY2011. The increase in assets was mainly due to the capitalization of construction costs incurred on Ying Li International Plaza and the Chongqing Financial Street Project, increase in trade and other receivables from the sale of IFC office units and payments received relating to Ying Li International Plaza residential units pre-sales and inclusion of gains from the revaluation of Investment properties. These increases were partially off-set by the demolition of the existing structures at San Ya Wan phase 2 in anticipation of the change in allowable land usage, amortization of long term prepayment expense, depreciation charge, disposal of investment properties and sale of office units in the IFC.

The Group's total liabilities increased by RMB 1,089.4 million to RMB 4,147.2 million during the year. The increase in liabilities was mainly due to increase in net borrowings for Ying Li International Plaza project construction cost; increase in the liability component of the convertible bonds and increase in deferred income and provisions

OPERATIONS AND FINANCIAL REVIEW

for taxation. Included in deferred Income and provisions for taxation are advance payments received from the pre-sales of residential units at Ying Li International Plaza and provisions for Land Appreciation Tax ("LAT") for IFC office unit sold.

The Group's total equity increased by RMB356.4 million to RMB3,233.4 million during the period under review. The net increase was due to translation loss, share-based compensation reserve and profits achieved in 2012.

Project Development

Developments at the Group's various pipeline projects are progressing as planned.

Ying Li International Plaza, the upcoming integrated project in the Yuzhong Da Ping area, has successfully launched its pre-sales of the residential and SOHO units during the past year, recording strong take up rates. Launching this year will be the Tower 1 which comprises Grade A office units. The development is progressing smoothly with the retail mall and residential Tower 3, 4 and 5 structurally completed. Leasing of retail spaces in Ying Li International Plaza Mall is actively ongoing and has since successfully secured various international and domestic brands such as the Lotte Group from Korea. This is Lotte's first foray into Chongqing and they will set up their flagship supermarket in the mall.

Ying Li International Financial Centre (IFC), the highest specification landmark office building located in the heart of Yuzhong Jiefangbei CBD, continues to attract major international and domestic financial institutions as well as leading global enterprises such as DBS Bank, OCBC Bank, Deloitte & Touche and Taikang Insurance. Over the year, the Ying Li IFC retail mall management team has also attracted new tenants such as Tommy Hilfiger, Just Cavalli, Blumarine and Brook Brothers into the mall, widening the brand variety for our shoppers.

OPERATIONS AND FINANCIAL REVIEW

Developments at the Ying Li Chongqing Financial Street Project site has started. Subject to the final approval from the government, the Group plans to further maximise the potential value of this project along the highly-anticipated Chongqing Financial Street. Chongqing Financial Street Project is poised to become the crown jewel of Chongqing Jiefangbei CBD.

Earthworks for San Ya Wan Phase 2 has commenced and the development is progressing according to schedule. Located in the heart of Liangjiang New Area, China's third state level economic development zone after Shanghai Pudong New Area and Tianjin Binhai New Area, San Ya Wan Phase 2 is slated to be an integrated commercial project comprising high-end residential units and retail spaces. Upon finalization of the details with the government, this project will become the centre of attraction in the new commercial hub in Chongqing Yubei District once completed.

Human Resources

The Group recognises that human resource is one of the most important assets for our organization and the Group regards retaining high-caliber talents as a key factor to long-term success. To ensure healthy and sustainable development of the Group, Ying Li has put in place an effective human resource management system to enable the company to achieve its objectives. This includes a rigorous recruitment, selection, training and rewarding employee process.

The Group is committed to establish a conducive and healthy working environment for its employees to develop their strengths and capabilities. By implementing a series of comprehensive training programs, ample career advancement opportunities and attractive incentive schemes, the employees are motivated to enhance their individual skills set and excel in their area of expertise.

The Group also understands the importance of work-life balance. Through organizing recreational and cultural activities, the Group helps to improve physical and mental well-being, as well as foster a cohesive teamwork spirit among its employees.

Corporate Social Responsibilities and Awards

The Group adheres closely to its philosophy of being a responsible corporate citizen, contributing back to the society and environment through participation in charitable donations, educational assistance programs and environmental protection initiatives.

The Group believes that "children are the future of the world" and has put in significant efforts in ensuring all children are given an equal opportunity to receive proper education. During the year, the Group's employees travelled to Chongqing's Liangping County, which was the most severely affected area during the 2008 Sichuan Wenchuan Earthquake, and re-visited the children at a local elementary school. The Group's employees participated in a school event and presented awards to students for their outstanding academic achievement. In addition, the Group has donated RMB300,000 to fund an elementary school located in Tibet Autonomous Region's Changdu Prefecture, Markam County.

OPERATIONS AND FINANCIAL REVIEW

Besides donating to educational funds, the Group also actively participates in community service activities. An example of such an event is a cleanliness event in Jiefangbei CBD where the Group's employees, armed with brooms, rags and other cleaning equipment, were given the task of cleaning the streets of Chongqing Jiefangbei CBD. This is to recognise the efforts of the unsung heroes who worked tirelessly everyday to maintain the city's cleanliness and greenery. In addition, the Group also presented food gifts to the more than 2,000 city environment sanitation workers during the event. Ying Li was honored by the Chongqing Municipal Charity Federation with the "2012 Chongqing Charity Contribution Award", in recognition of the Group's efforts and contributions to the community.

The Group adheres closely to its green development commitment and integrates environmentally friendly features and designs into its projects. Working with strategic partners, the Group procures quality construction materials that meet energy-saving and low-carbon emission environmental standards for its green architectural buildings. These building are designed according to national green building standards. To reduce pollutant emission during the construction phase, the Group adopts construction technologies and processes that meet green environmental standards. This perseverance and effort were recognised when the Group received "2011 China Ecology Contribution Award" issued by China Green Foundation.

BOARD OF DIRECTORS

01 Mr. Fang Ming
02 Mr. Ko Kheng Hwa
03 Ms. Yang Xiao Yu
04 Mr. Christopher Chong
05 Mr. Lui Seng Fatt
06 Mr. Xiao Zu Xiu
07 Mr. Chan Hock Eng
08 Mr. He Zhao Ju @ Danny Ho

BOARD OF DIRECTORS

01 MR. FANG MING

Executive Chairman

Mr. Fang Ming is the Group's Chairman and the President of Chongqing Yingli Real Estate Development Co., Ltd. He is responsible for the overall management since its inception in 1994. With more than 20 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, Vice President of Chongqing General Chamber of Commerce, 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 has an MBA from the Chongqing Technology and Business University.

02 MR. KO KHENG HWA

Executive Director and Group Chief Executive Officer

Mr. Ko Kheng Hwa was appointed Executive Director and Group Chief Executive Officer on 1 March 2013. Mr. Ko was CEO of Singbridge International Singapore Pte Ltd. Singbridge, which is wholly-owned by Temasek Holdings, invests in and master-develops large scale integrated townships, mainly in China; an example of which is the 123-sqkm Sino-Singapore Guangzhou Knowledge City project. Mr. Ko's previous appointments include: CEO of Sustainable Development & Living Business Division of Keppel Corporation Ltd, Managing Director of Economic Development Board, CEO of JTC Corporation (a major developer of industrial and business parks and properties), Chief Executive of the former National Computer Board, Chairman of the former NASDAQ-listed Pacific Internet Ltd, Chairman of Ascendas Land (Singapore) Pte Ltd (formerly Arcasia Land) and Board Executive Committee Chairman of Bangalore IT Park Ltd (India).

Currently, Mr. Ko is Senior Advisor, Singbridge Corporate Pte Ltd, advising the company on the Sino-Singapore Guangzhou Knowledge City and the Sino-Singapore Tianjin Eco-city projects. He also serves as Board Director of the China-incorporated joint venture companies developing these two projects.

Mr. Ko attended the Advanced Management Program at Harvard Business School, graduated with Masters in Management from Massachusetts Institute of Technology and B.A. (Honours) in Civil Engineering from Cambridge University and is a Fellow of the Institution of Engineers Singapore. He was awarded the President's Scholarship and the Public Administration Medal (Gold) by the Singapore Government.

03 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.

04 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. Mr. Chong 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, Mr. Chong trained with Ernst & Young, London. Chris is a director of several public companies, listed on the Stock Exchanges of Australia and Singapore.

BOARD OF DIRECTORS

Mr. Chong 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. He has a BSc. Econ (1st Hon) from the University College of Wales and a MBA from the London Business School.

05 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.

06 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 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 and 1963 respectively.

07 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, a leading private equity firm whose investor base includes institutional investors such as endowments, pension funds, funds of funds, government and corporate funds, and family offices in North America, Europe, Middle East and Asia. 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.

08 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, a leading private equity firm whose investor base includes institutional investors such as endowments, pension funds, funds of funds, government and corporate funds, and family offices in North America, Europe, Middle East and Asia. 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)

Mr. Lim Gee Kiat is the Senior Vice President (Finance) of Ying Li International Real Estate Ltd. 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 10 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 Honors) 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. CAI MINGYI

Group Financial Controller

Mr. Cai Mingyi is the Group Financial Controller of Ying Li International Real Estate Ltd. He oversees the Group's financial functions in relation to accounting, internal controls, financial and management reporting, tax, treasury, financial analysis, M&A support and risk management. In addition, he is also responsible for liaising with external parties in respect of the Group's financial matters. Prior to joining the Group, Mr. Cai was a manager with the Advisory practice of an international Big Four accounting firm. Mr. Cai holds a Bachelor of Accountancy Degree and a Bachelor of Business Management Degree from the Singapore Management University. He is a member of the Institute of Certified Public Accountants of Singapore.

MR. WANG ZE MIN

Deputy General Manager, Senior Engineer

Mr. Wang Ze Min is the 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 the Group's properties. Prior to joining the Group, Mr. Wang was the Group C project manager of Chongqing South Group Corporation Ltd, the Director of the Construction Department of Shanghai San Jiu Property Co., Ltd. and the manager of Chongqing Kuixinglou Stock Co., Ltd. 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 the 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 and was an architect at the Chongqing Iron and Steel Designing Institute and the Deputy General Architect in Hainan Bonded Zone Development Co., Ltd. Mr. Wu holds a Bachelor degree from the Xian Highway College (now known as Chang'an University).

MR. YANG FANG HENG

Standing Deputy General Manager

Mr. Yang Fang Heng joined the Company since its inception, serving as the 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 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, Project Development

Mr. Hou Bao Jun is the 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 in Fire Control Automation from the 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, Sales and Marketing

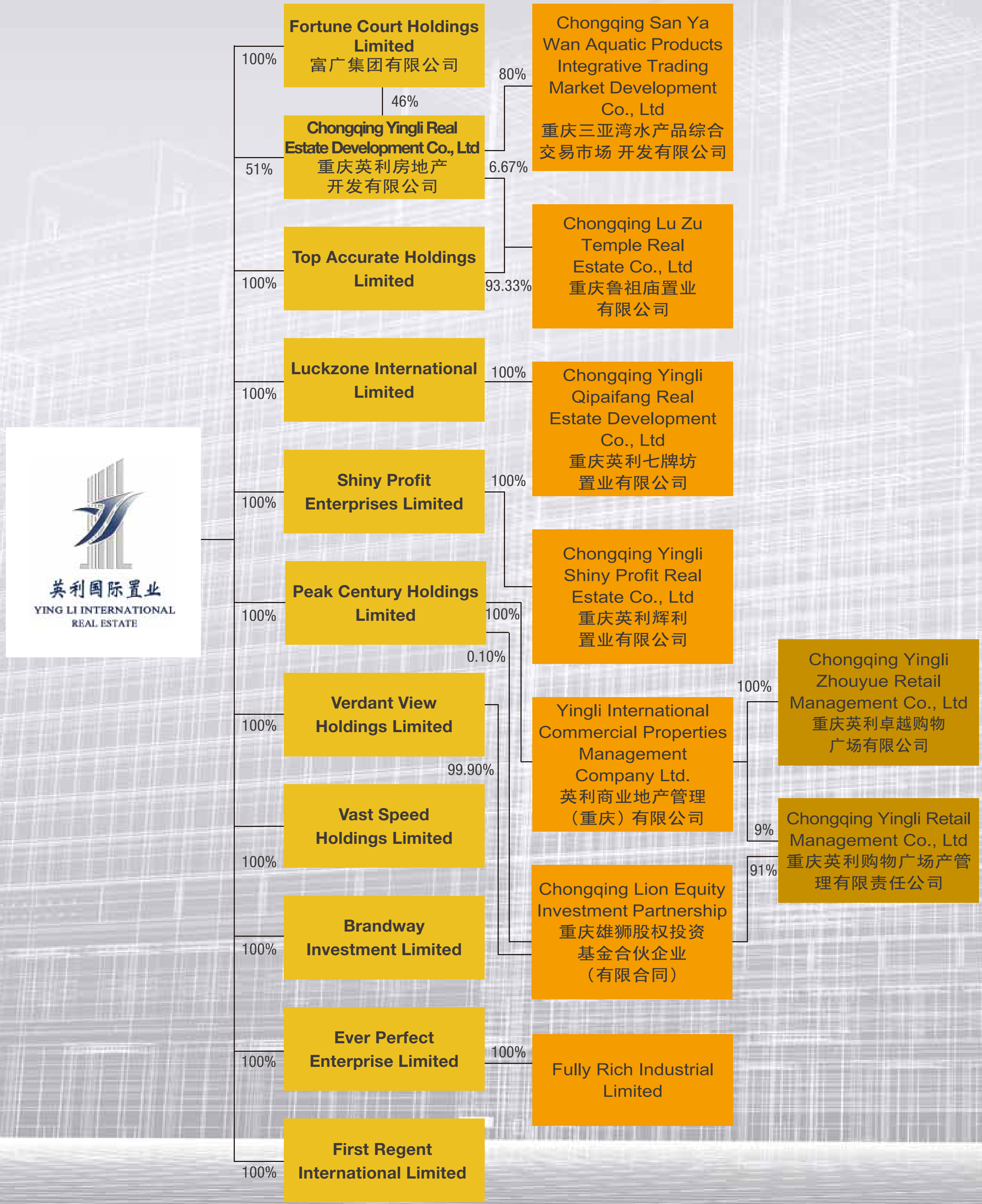
Mr. Zhang Guang Wei is the Deputy General Manager and is in charge of the marketing and sales operations for the Company. He holds a Real Estate Broker license with more than 16 years of real estate marketing experience, particularly in product positioning, sales strategy formulation and execution. He oversees the marketing management as well as the sales, leasing and promotions for the 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.

MR. DENG LU ZHONG

General Manager, Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd

Mr. Deng Lu Zhong is the General Manager of Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd (San Ya Wan Project). He joined the Company in 2011 and has been responsible for the overall management and development of San Ya Wan project. He is familiar with various governmental policies and has vast experience in working and liaising with the government and relevant authorities. Prior to joining the Company, he had served as the Office Deputy Director of the People's Government of Chongqing Yuzhong District, the Deputy Director of the United Front Work Department of Chongqing Yuzhong District, the Secretary of Party Committee and the First Vice President of Yuzhong District Federation of Industry and Commerce. Mr. Deng is a trained economist.

CORPORATE STRUCTURE



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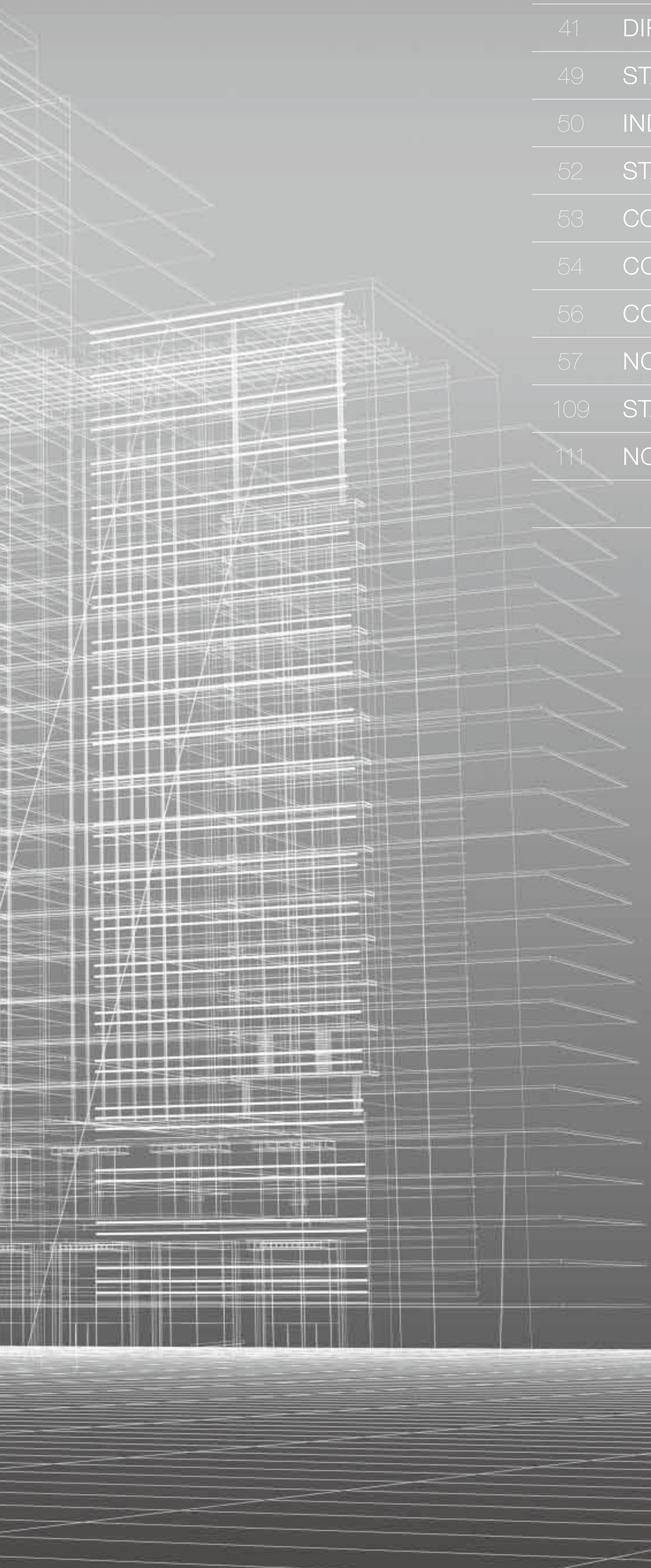

CORPORATE GOVERNANCE

The Board of Directors (the "Board") is committed to ensuring that the highest standards of corporate governance are practiced throughout Ying Li International Real Estate Limited (the "Company") and its subsidiaries (the "Group"), as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

The Corporate Governance Council conducted a comprehensive review of the Code and submitted its recommendations to the Monetary Authority of Singapore ("MAS") in November 2011. The MAS issued a revised Code of Corporate Governance on 2 May 2012, (the "2012 Code") which replaces the Code of Corporate Governance issued in July 2005 (the "2005 Code"). The 2012 Code has taken effect in respect of annual reports relating to financial years commencing from 1 November 2012. The 2012 Code is not mandatory, but listed companies are required under the Singapore Exchange Listing Rules to disclose their corporate governance practices and give explanations for deviations from the 2012 Code in their annual reports.

This report describes the Group's corporate governance practices and structures that were in place during the financial year ended 31 December 2012, with specific reference to the principles and guidelines of the 2012 Code, and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Singapore Companies Act and the Audit Committee Guidance Committee ("ACGC") Guidebook which was issued on 30 October 2008, focusing on areas such as internal controls, risk management, financial reporting, internal and external audits.

The Board is pleased to confirm that the Group has adhered to all principles and guidelines set out in the 2012 Code as set out below.

The 2012 Code

The 2012 Code is divided into four main sections, namely:

(A) Board Matters

(B) Remuneration Matters

(C) Accountability and Audit

(D) Communication with Shareholders

BOARD MATTERS

The Board of Directors as at the date of this Annual Report comprises the following:

Mr. Fang Ming (Executive Chairman)[1]
Mr. Ko Kheng Hwa (Executive Director and Group Chief Executive Officer)[2]
Ms. Yang Xiao Yu (Executive Director)
Mr. Christopher Chong Meng Tak (Co-Lead Independent Director)
Mr. Lui Seng Fatt (Co-Lead Independent Director)
Mr. Xiao Zu Xiu (Independent Director)
Mr. Chan Hock Eng (Non-Executive Director)
Mr. He Zhao Ju @ Danny Ho (Non-Executive Director)

CORPORATE GOVERNANCE

(1) : Resigned as Group Chief Executive Officer of the Group on 1 March 2013
(2) : Appointed as Executive Director and Group Chief Executive Officer on 1 March 2013

Principle 1: Board's Conduct of Its Affairs

The Board is responsible for setting the Group's strategic direction, executing these strategies and strengthening the robustness of the Group.

The principal duties and responsibilities of the Board include:

- Approving the Group's overall long-term strategies and financial objectives;
- Monitoring the implementation of the strategy, business performance and results;
- Approving the appointment of Directors and other key personnel;
- Establishing and maintaining a framework of good corporate governance in the Group, including the risk management systems and internal controls to safeguard shareholders' interests and the Group's assets; 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, dividends and other form of returns to shareholders proposals, release of the Group's quarterly, half yearly and full year results and interested person transactions of material nature.

The Board objectively makes decisions in the interests of the Group. The Board has delegated specific responsibilities to three Committees, namely the Audit, Nominating and Remuneration Committees. Information on each of the three committees is set out below. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. The effectiveness of each Committee is also constantly monitored by the Board.

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 meetings 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 communicate as a group, without requiring the directors' physical presence at the meeting. The Board and Board Committees may also make decisions through circulating resolutions.

CORPORATE GOVERNANCE

The attendance and the frequency of these meetings held in the financial year ended 31 December 2012 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	M	4	4	–	–	–	–	–	–	–	–	–
Christopher Chong Meng Tak	M	4	4	C	4	4	M	2	2	M	2	2
Lui Seng Fatt	M	4	4	M	4	4	M	2	2	C	2	2
Xiao Zu Xiu	M	4	3	M	4	3	C	2	1	C	2	1
Chan Hock Eng	M	4	4	–	–	–	–	–	–	M	2	2
He Zhao Ju @ Danny Ho	M	4	4	–	–	–	C	2	2	M	2	2

A formal letter is provided to each director upon his appointment, setting out his or her duties and obligations. The director will then undergo an orientation program and familiarize himself or herself with the business activities of the Group, its strategic direction and the corporate governance practices. Directors will also be invited to meet the management in order to have a better understanding of the business and operations of the Group.

In order to keep themselves abreast of new laws, regulations, changing commercial risks and accounting standards, all existing and new 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 and external professionals on a regular basis at the Group's expense. 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, and legal and regulatory requirements. For the year under review, all directors had achieved more than three hours of training each.

Principle 2: Board Composition and Guidance

The Board currently comprises eight members of which three are executive directors, two are non-executive directors and three are independent directors.

All directors are required to disclose any relationships or appointments which would impair their independence to the Board on a timely basis. The independence of each director is reviewed annually by the Nominating Committee 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.

CORPORATE GOVERNANCE

None of the directors have served the Company for a period exceeding nine years. As and when directors serve beyond nine years, the Nominating Committee will perform a particularly rigorous review to assess the independence of the relevant directors. Where the Nominating Committee considers such directors to be independent, it will disclose the reasons for its considerations accordingly.

The Board reviews the size of the Board on an annual basis, and is of the view that the current size of the Board is appropriate for the current scope and nature of the Group's operations. As independent and non-executive directors make up almost two thirds of the Board, 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 provided in the "Directors' Profile" section of the annual report.

Mr. He Zhao Ju @ Danny Ho leads and co-ordinates the activities of the non-executive directors of the Group and aids the independent and non-executive directors to: constructively challenge management; help management develop goals and objectives; and monitor management's performance. The independent and non-executive directors meet regularly on their own without management presence.

Principle 3: Chairman and Chief Executive Officer

Mr. Fang Ming has been both the Chairman of the Board and the Chief Executive Officer ("CEO") of the Group during the financial year ended 31 December 2012.

Although the roles and responsibilities of both the Chairman and the CEO have been vested in Mr. Fang Ming, the Board is of the opinion that there has been both sufficient and a strong independent element on the Board and all resolutions of the Board have been arrived at after due consideration and collectively; and that no single individual exercises any concentration of power or influence.

Following the recommendation of the Code, the Group has appointed both Mr. Christopher Chong Meng Tak and Mr. Lui Seng Fatt as the Co-Lead Independent Directors. Shareholders with concerns are invited to contact them directly, when contact through the normal channels via the Chairman, Chief Executive Officer, Senior Vice President (Finance), Financial Controller or Investor Relations has failed to provide satisfactory resolution, or when such contact is inappropriate.

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

CORPORATE GOVERNANCE

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.

Mr. Fang Ming has resigned from his position as CEO of the Group on 1 March 2013. The Group has appointed Mr. Ko Kheng Hwa as Executive Director and Group CEO on the same day. Mr. Fang Ming remains as the Executive Chairman of the Group.

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 such as the recent appointment of Mr. Ko Kheng Hwa, 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 are no misunderstandings or a short-fall in expectations. New directors are provided with briefings by management, the Chairman of the Audit Committee and the Chairman of the Nominating Committee. The new directors are also provided opportunities to speak to the external auditors, the internal auditors and the Company's legal advisers. The new Directors are also flown to Chongqing for meetings with staff and to see our projects and to meet with our property consultants.

CORPORATE GOVERNANCE

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 disclosures 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 organization to which the Company or its subsidiaries received significant payments in the current or immediate past financial year. The NC will then review the checklist completed by each director to determine whether the director is independent.

Other than Mr. Christopher Chong Meng Tak who held five 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, can and has been able to devote sufficient time and attention to the affairs of the Group and adequately discharge his duties. The Board is mindful of the need for directors to devote sufficient time and attention to the affairs of the Group and will evaluate each director on a case-by-case basis and hence it does not presently set a limit on the number of listed board representations that each director can hold concurrently. The Board recognizes the contribution of its independent directors who over time, have developed deep insights 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 (Executive Chairman)	26 September 2008/ 28 April 2010	Nil	Nil
Ko Kheng Hwa (Executive Director & Group CEO)	1 March 2013	Nil	Nil
Yang Xiao Yu (Executive Director)	31 May 2011/ 23 April 2012	Nil	Nil
Christopher Chong Meng Tak (Co-Lead Independent Director)	19 December 2007[4]/ 28 April 2010	– ASL Marine Holdings Ltd – GLG Corp Ltd [1] – Koda Ltd – Koon Holdings Limited [3] – Lorenzo International Limited	– Xpress Holdings Ltd – SKY China Petroleum Services Limited – Win Fund [2] – Imagi International Holdings Ltd [5]

CORPORATE GOVERNANCE

Name of Director	Date of first appointment/ last re-election	Directorships in other listed companies	
Lui Seng Fatt (Co-Lead Independent Director)	19 December 2007[(4)]/ 23 April 2012	Nil	Nil
Xiao Zu Xiu (Independent Director)	26 September 2008/ 23 April 2012	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/ 23 April 2012	Nil	Nil

(1) Listed on the Australian Stock Exchange
(2) Listed on the Luxembourg Stock Exchange
(3) Listed on both the Singapore and the Australian Stock Exchange
(4) Prior to 26 September 2008 and the RTO, the Company was previously known as Showy International Limited
(5) 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.

The information on each director's qualifications, shareholdings, relationships (if any), directorship and other principal commitment is presented in the "Board of Directors" and "Directors' Report" section of this annual report.

Principle 5: Board Performance

The Board has implemented a process for assessing its effectiveness as a whole and for assessing the contribution by each director to the effectiveness of the Board. The evaluation of the Board's performance is conducted by means of an evaluation questionnaire completed by each director on the Board, which is then collated and analyzed. The result of the Board's performance assessment are reviewed by the NC and circulated to the Board for consideration thereafter. Benchmark against other listed real estate developers is also conducted. Appropriate recommendations to further enhance the effectiveness of the Board will be implemented. The Board assessment considered the following key performance criteria:

- Board size and composition;
- Board information;
- Board processes;
- Board accountability;
- Performance benchmark; and
- Board performance in discharging principal functions.

CORPORATE GOVERNANCE

In order to improve the Board's performance, the NC encourages all directors to attend relevant courses, expenses of which are borne by the Group. These include courses conducted by the SGX-ST and other relevant courses in the People's Republic of China ("PRC") and in Singapore. 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, when 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 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 ensured 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.

Principle 6: Access to Information

In order to ensure that the Board is able to discharge its responsibilities effectively, the Company provides the directors with regular updates on the operational and financial performance of the Group, and furnishes 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 to the respective meeting. However, and occasionally, 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 Group's senior management and the Company Secretary. The responsibilities of the Company Secretary 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.

Under the Articles of Association of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

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 Group. The cost of such professional advice will be borne by the Group.

CORPORATE GOVERNANCE

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;
- Determining specific remuneration packages for the Executive Directors and Group 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
- Administering 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 reviews the reasonableness of the contracts of service of executive directors and key management personnel. Where necessary, the RC obtains advice from external remuneration consultants for the Group's benchmarking of such contracts.

Principle 8: Level and Mix of Remuneration

The remuneration structure of the Group is to ensure that the compensation scheme is competitive and sufficient to attract, retain and motivate directors and key management of the required quality to run the Group successfully.

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

CORPORATE GOVERNANCE

The remuneration package of executive directors and other senior management of deputy general manager grade or its equivalent and above consists of the following components:

(a) *Fixed and Variable Wage Components*

The fixed component consists of basic salary and annual wage supplement. To ensure that key executives' remuneration is consistent and comparable with market practice, the RC regularly benchmarks remuneration component against those of companies in similar industry, while continuing to be mindful that there is a general correlation between increased remuneration/incentives and performance improvements.

The variable component comprises variable bonus based on the Group's and individual's performance, as well as the monthly variable component of the basic salary. To link rewards to performance, the more senior the executive is within the Group, the higher is the percentage of the variable component against total compensation. A comprehensive and structured assessment of the performance of key executives is undertaken each year. Bonuses payable to key executives are reviewed by the RC and approved by the Board to ensure alignment of their interests with those of shareholders.

(b) *Benefits*

Benefits provided are consistent with market practice and include medical benefits and usage of Group's vehicle. Eligibility of these benefits will depend on individual salary grade and length of service.

(c) *Share Options and Performance Shares*

Key executives are eligible for the grant of options and performance shares under the Ying Li ESOS and the Ying Li PSP respectively. Both the Scheme and Plan had been previously approved by the shareholders on 28 April 2010. The options and shares granted will vest over a three-year and a four-year period of service with the Group respectively, commencing from the grant date. The directors and other management are encouraged to hold their shares beyond the vesting periods.

The Group has in place service contracts for every Executive Director which sets out the framework of their remuneration package. Their service contracts are for a fixed period of between 3 to 5 years; do not contain onerous removal clauses and a termination notice period of between three to 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.

Besides the basic fee, every director will receive:

- Lead Independent Director's allowance if he is the Lead Independent Director; and
- The relevant allowance (depending on whether he was Chairman or a member of the relevant Board Committee) for each position he holds in the Board Committee during the financial year.

CORPORATE GOVERNANCE

Principle 9: Disclosure of Remuneration

The remuneration of the Directors of the Group for the financial year ended 31 December 2012 are as follows:

	Salary and bonus[1]	Fees	Others	Shares/ Option based compensation plan[2]	Total
	SGD'000	**SGD'000**	**SGD'000**	**SGD'000**	**SGD'000**
Executive Directors					
Fang Ming	355	–	–	112	467
Yang Xiao Yu	184	–	–	36	220
Non-Executive Directors					
Chan Hock Eng	–	40	–	–	40
He Zhao Ju @ Danny Ho	–	53	47[3]	–	100
Independent Directors					
Christopher Chong Meng Tak	–	84	–	–	84
Lui Seng Fatt	–	75	–	–	75
Xiao Zu Xiu	–	72	–	–	72
	539	**324**	**47**	**148**	**1,058**

Denotes:

(1) Includes allowances and contributions to approved defined contribution plans (where applicable)

(2) Refers to the expense on performance shares granted to the executive directors/employees recognized in the financial statements.

(3) Refers to business consultancy fees paid to Mr Danny Ho for consultancy services rendered to the Group during the financial year ended 31 December 2012.

CORPORATE GOVERNANCE

The remuneration bands of the top five Key Executives of the Group for the financial year ended 31 December 2012 are as follows:

Remuneration Bands	Salary and bonus[1]	Fees	Other benefits, including Shares/ options based compensation plan[2]	Total
	%	%	%	%
Top 5 executives of the Company				
S$500,000 to S$750,000				
Lim Gee Kiat	81	–	19	100
Below S$250,000				
Lim Boon Ping (Resigned on 31 December 2012)	100	–	–	100
Hou Bao Jun	66	–	34	100
Wang Zemin	61	–	39	100
Yang Fang Heng	54	–	46	100

Denotes:

(1) Includes allowances and contributions to approved defined contribution plans (where applicable).

(2) Refers to the expense on performance shares granted to the executive directors/employees recognized in the financial statements.

During the financial year ended 31 December 2012, persons occupying a managerial position who is a relative of a director, chief executive officer or substantial shareholder of Ying Li International Real Estate Limited (the "Company") are as follows:

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mr. Fang Xin Nian	51	Mr. Fang Xin Nian is the brother of Mr. Fang Ming.	Manager of Materials Department of Chongqing Yingli Real Estate Development Co., Ltd. He is responsible for the management of the Department and been in this position since 2002.	Nil.

None of the employees who is an immediate family member of an Executive Director received more than S$50,000 in remuneration in FY2012.

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 Group'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: Risk Management and Internal Controls

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk. The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performances against them. In addition to determining the approach to risk governance, the Board sets and instills the right risk focused culture throughout the Group for effective risk governance.

The Board, with the assistance of the Audit Committee ("AC"), has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems. The assessment considered issues dealt with in reports reviewed by the Board during the year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for the financial year ended 31 December 2012.

As a property developer of prime commercial and office space, the Group's principal operating risks includes but is not limited to: completion of its developments on time and within specifications; achievement of minimum levels of occupancy and average per square meter rental rates and sales price; access to adequate and reasonably funding cost; ability to source new and reasonably priced land; and not suffering from any adverse local or central policies and regulations. In addition to that, the Group 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 AC assesses these risks continuously but undertakes a review of such risks formally with management and the Internal Auditors once a year. The AC 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 The Institute of Internal Auditors. In additional, the AC has put in place certain additional controls with respect to cash management; certain additional monitoring and feedback mechanisms; and the AC Chairman meets with the Audit Partner privately at least twice a year.

CORPORATE GOVERNANCE

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.

In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group is exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them.

The Board has obtained a written confirmation from the Group CEO and FC that as at 31 December 2012:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) regarding the effectiveness of the Group's risk management systems.

Based on the internal controls including financial, operational and compliance controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls addressing material financial, operational and compliance risks are adequate as at 31 December 2012 to meet the needs of the Group, taking into account the nature and scope of its operations.

Principle 12: Audit Committee

The Audit Committee ("AC") comprises three Directors, all of whom are independent directors. The AC is chaired by Mr. Christopher Chong Meng Tak, a Chartered Accountant and has Mr. 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;

CORPORATE GOVERNANCE

- 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 Group;
- 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 Group 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 Group'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 Group.

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 Group and the AC is satisfied with their independence. Audit fees paid/payable to the external auditors of the Group amounted to RMB1,250,472 (2011: RMB1,183,396) for the financial year ended 31 December 2012.

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

WHISTLE-BLOWING POLICY

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Group has 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.

CORPORATE GOVERNANCE

Assessment, investigation and evaluation of complaints are conducted by or at the direction of the AC, if it deems appropriate, independent advisors will be 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 Senior Executive of the Group management 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.

None of the members nor the Chairman of the AC are former partners or directors of the Group's auditing firm.

Principle 13: Internal Audit

The Group 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 Group are adequate. The AC also provides a communication channel between the Board, the management and the external auditors on matters relating to audit.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders

The Group is mindful of its obligations to provide material information in a fair and organized manner and on a timely basis to its shareholders. The Group 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 Group 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 Group which serves as an important resource for the investors.

CORPORATE GOVERNANCE

Briefings for analysts are held in conjunction with the release of the Company's quarterly and full year results, with the Chairman and CEO, Senior Vice President (Finance), CFO, FC 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.

The Group has a dedicated investor relations team which communicates with its shareholders and analysts on a regular basis and attends to their queries or concerns. This dedicated investor relations team manages our website (www.yingligj.com). They ensure that the website is comprehensive and that all our financial information, announcements, policies, and developments are uploaded in a timely manner. 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. The team also manages the dissemination of corporate information to the media, public, institutional investors and public shareholders, and acts as a liaison point for such entities and parties.

No dividend was declared or recommended for the financial year ended 31 December 2012. The Group is currently in its growth phase and thus has need for and can generate significant returns on the cash it retains. However, the Group is committed to start paying dividends once such a situation changes.

Principle 16: Conduct of shareholder meetings

The Group believes in encouraging shareholder participation at general meetings. All registered shareholders are invited to participate and given the right to vote on resolutions at general meetings. Proxy forms will be sent together 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 Group 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.

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. Separate resolutions are proposed for substantially separate issues at the meeting.

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 will publish the results on both the SGX-ST website as well as on the Group's website at www.yingligj.com.

CORPORATE GOVERNANCE

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 addition, 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.

INTERESTED PERSON TRANSACTIONS

All interested person transactions to be entered into by the Group 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 refrain 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 Group will be entering into any interested person transaction. If the Group is intending to enter into an interested person transaction, the Board will ensure that the Group complies with the requisite rules under Chapter 9.

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

CORPORATE GOVERNANCE

With respect to interested person transactions for the financial year ended 31 December 2012 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	12,092.5	–
ACH Investments Pte Ltd Rental of office from the Company	957.1	–

Note:

(1) Mr. Fang Ming is a director and shareholder of Newest Luck Holdings Limited. Newest Luck Holdings Limited is a shareholder of the Company and has extended a shareholder's loan to the Company.

(2) Mr. Christopher Chong Meng Tak is the executive director and shareholder of ACH Investments Pte Ltd. ACH Investments has entered into a sub-lease arrangement with the Company for the rental of office space from the Company. The rental paid by ACH Investments Pte Ltd for the space taken is equivalent to the rental paid by the Company to the landlord.

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual, save as disclosed above, the Company confirms that there was no material contract entered in to 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 2012

The directors submit this annual report to the members of the Company together with the audited consolidated financial statements for the financial year ended 31 December 2012 and statement of financial position of the Company as at 31 December 2012.

Name of directors

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

Fang Ming
Ko Kheng Hwa (Appointed on 1 March 2013)
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 of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50 (the "Act"), the following directors who held office at the end of the financial year were interested in shares of the Company and its related corporations as follows:

	Direct interest		**Deemed interest**	
	As at 1.1.2012	**As at 31.12.2012**	As at 1.1.2012	**As at 31.12.2012**
Ordinary shares of the Company				
Ying Li International Real Estate Limited				
Fang Ming [1]	23,600,000	**93,600,000**	829,438,201	**780,439,014**
Chan Hock Eng [2]	–	**–**	409,530,634	**409,530,634**
Ordinary shares of USD1 each of the ultimate holding company (Newest Luck Holdings Limited)				
Fang Ming	10,000	**8,500**	–	**–**

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Directors' interests (Cont'd)

	Direct interest		Deemed interest	
	As at 1.1.2012	**As at 31.12.2012**	As at 1.1.2012	**As at 31.12.2012**
Options to subscribe for ordinary shares exercisable from 22/4/2014 to 22/4/2016 at an exercise price of Singapore dollars (S$) 0.263 per share				
Fang Ming	–	**1,514,000**	–	**–**
Award of performance shares of the Company to be delivered after 21 April 2013 (Ying Li International Real Estate Limited)				
Fang Ming	–	**2,271,000**	–	**–**
Options to subscribe for ordinary shares exercisable from 1/4/2014 to 1/4/2016 at an exercise price of Singapore dollars (S$) 0.278 per share				
Yang Xiao Yu	–	**454,000**	–	**–**
Award of performance shares of the Company to be delivered after 1 April 2013 (Ying Li International Real Estate Limited)				
Yang Xiao Yu	–	**681,000**		

Notes:

(1) Mr. Fang Ming is deemed to have an interest 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 have an interest 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 this report, since the end of the last financial year, no director has received or has become entitled to receive by reason of a contract made by the Company or a related corporation 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 other than as disclosed in the financial statements.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2013.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Share plans

(a) Ying Li Employee Share Option Scheme

The Ying Li Employee Share Option Scheme (the "Option Scheme") was approved by its members at an Extraordinary General Meeting held on 28 April 2010. The Option Scheme is administered by the Remuneration Committee.

The exercise price will be determined by the Remuneration Committee at:

(1) market price of the Company's shares; or

(2) a price which is set at a discount to the market price, the quantum of such discount to be determined by the Remuneration Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the market price and is approved by the shareholders in general meeting in a separate resolution.

The aggregate number of new shares over which options may be granted under the Option Scheme, when aggregated with the number of new shares to be issued pursuant to the exercise of options and/or such number of fully paid shares in the Company as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan, shall not exceed 5% of the total number of issued shares in the capital of the Company (excluding treasury shares) on the day preceding that date.

Furthermore, the aggregate number of shares over which options may be granted under the Option Scheme to controlling shareholders and their associates shall not exceed 25% of the shares available under the Option Scheme, and the number of shares over which an option may be granted under the Option Scheme to each controlling shareholder or his associate shall not exceed 10% of the shares available under the Option Scheme.

The Option Scheme shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Option Scheme is adopted by shareholders in general meeting, provided that the Option Scheme may continue beyond the aforesaid period of time with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Share plans (Cont'd)

(a) Ying Li Employee Share Option Scheme (Cont'd)

Other information regarding the Option Scheme:

(1) Options granted to employees and executive directors have a contractual life of 10 years commencing from the date of grant and expiring on the day immediately preceding the 10th anniversary of the date of grant.

(2) The options vest in two equal tranches on the second and third anniversary from the date of grant.

(3) All options are settled by physical delivery of shares.

Details of the share options are as follows:

Option grant date	Exercise Price (S$)	Options outstanding at 1 January 2012	Options granted	Options forfeited/ Expired/ lapsed	Options exercised	Options outstanding at 31 December 2012	Exercise period
2/4/2012	0.278	–	28,767,257	–	–	28,767,257	1/4/2014-1/4/2016
23/4/2012	0.263	–	1,514,000	–	–	1,514,000	22/4/2014-22/4/2016
		–	30,281,257	–	–	30,281,257	

30,281,257 share options were granted during the financial year ended 31 December 2012. No share options were granted during the financial year ended 31 December 2011.

At 31 December 2012, no options were exercisable.

The weighted average remaining contractual life of share options outstanding at 31 December 2012 was 9.75 years.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Share plans (Cont'd)

(a) Ying Li Employee Share Option Scheme (Cont'd)

Details of options granted to directors of the Company under the Option Scheme are as follows:

Participants	Options granted for financial year ended 31 December 2012	Aggregate options granted since commencement of the Option Scheme to 31 December 2012	Aggregate options lapsed since commencement of the Option Scheme to 31 December 2012	Aggregate options exercised since commencement of the Option Scheme to 31 December 2012	Aggregate options outstanding as at 31 December 2012
Group Executive Directors					
Fang Ming	1,514,000	–	–	–	1,514,000
Yang Xiao Yu	454,000	–	–	–	454,000
	1,968,000	–	–	–	1,968,000

Since the commencement of the Option Scheme, no participant, including the controlling shareholder, under the Scheme has been granted 5% or more of the total options available under the Option Scheme.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company and its subsidiary.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

(b) Ying Li Performance Share Plan

The Ying Li Performance Share Plan (the "Share Plan") was approved by its members at an Extraordinary General Meeting held on 28 April 2010. The Share Plan is administered by the Remuneration Committee.

The aggregate number of new shares over which awards may be granted under the Share Plan, when aggregated with the number of fully paid shares in the Company to be issued pursuant to the vesting of awards under the Performance Share Plan and new shares to be issued pursuant to the exercise of options under the Option Scheme, shall not exceed 5% of the total number of issued shares in the capital of the Company (excluding treasury shares) on the day preceding that date.

Furthermore, the aggregate number of shares over which awards may be granted under the Share Plan to controlling shareholders and their associates shall not exceed 25% of the shares available under the Share Plan and the number of shares over which an award may be granted under the Share Plan to each controlling shareholder or his associate shall not exceed 10% of the shares available under the Share Plan.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Share plans (Cont'd)

(b) Ying Li Performance Share Plan (Cont'd)

The Share Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Share Plan is adopted by shareholders in general meeting, provided that the Share Plan may continue beyond the aforesaid period of time with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

The shares which are subject to the share awards will vest over a period of four 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 service and non-market performance conditions being met.

Information with respect to the number of awards granted under the Share Plan is as follows:

Grant date	Fair value	Balance as at 1/1/2012	Shares granted	Shares vested	Shares cancelled/ lapsed	Balance as at 31/12/2012
2/4/2012	0.278	–	43,150,886	–	–	43,150,886
23/4/2012	0.263	–	2,271,000	–	–	2,271,000
		–	45,421,886	–	–	45,421,886

Details of awards granted to directors of the Company under the Share Plan are as follows:

Participants	Awards granted for financial year ended 31 December 2012	Aggregate awards granted since commencement of the Share Plan to 31 December 2012	Aggregate awards lapsed since commencement of the Share Plan to 31 December 2012	Aggregate awards released since commencement of the Share Plan to 31 December 2012	Aggregate awards outstanding as at 31 December 2012
Group Executive Director					
Fang Ming	2,271,000	–	–	–	2,271,000
Yang Xiao Yu	681,000	–	–	–	681,000
	2,952,000	–	–	–	2,952,000

Since the commencement of the Share Plan, no participant under the Scheme, including the controlling shareholder, has been granted 5% or more of the total options available under the Share Plan.

The awards granted by the Company do not entitle the holders of the awards, by virtue of such holding, to any rights to participate in any share issue of any other company.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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, Cap. 50, the SGX Listing Manual and the revised Code of Corporate Governance 2012 ("Revised Code"). 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 Group's management to the external and internal auditors;

- Reviewing effectiveness of the Group'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 auditor;

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

- 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 annual financial statements of the Group and the Company before submission to the directors of the Company for approval; and

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

- Reviewing interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

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.

Audit fees paid/payable to the external auditors of the Company amounted to RMB1,250,472 (2011: RMB1,183,396) for the financial year ended 31 December 2012. No non-audit fees were paid/payable to the external auditors of the Company for the financial years ended 31 December 2011 and 2012.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 willingness to accept re-appointment.

On behalf of the Board of Directors

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FANG MING

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YANG XIAO YU

Dated: 28 March 2013

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

In the opinion of the directors, the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of 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

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YANG XIAO YU

Dated: 28 March 2013

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED

Report on the financial statements

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 of the Company as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and 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 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 2012 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: 28 March 2013

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	The Group 31 December 2012 RMB	The Group 31 December 2011 RMB	The Company 31 December 2012 RMB	The Company 31 December 2011 RMB
ASSETS					
Non-Current					
Property, plant and equipment	3	**9,548,936**	9,755,315	**54,574**	49,463
Investment properties	4	**3,115,951,312**	2,571,699,535	**–**	–
Subsidiaries	5	**–**	–	**2,827,257,014**	2,827,185,774
Other non-current assets	8	**708,323**	1,208,327	**–**	–
		3,126,208,571	2,582,663,177	**2,827,311,588**	2,827,235,237
Current					
Land for development	6	**7,418,343**	7,418,343	**–**	–
Development properties	7	**3,055,430,605**	2,830,149,351	**149,207,448**	72,583,709
Trade and other receivables	8	**427,087,715**	171,749,667	**8,833,515**	1,019,165
Amount owing by subsidiaries	9	**–**	–	**1,637,287,972**	1,625,108,411
Cash and bank balances	10	**758,973,920**	342,844,634	**17,411,599**	25,774,549
		4,248,910,583	3,352,161,995	**1,812,740,534**	1,724,485,834
Total assets		**7,375,119,154**	5,934,825,172	**4,640,052,122**	4,551,721,071
EQUITY					
Share capital	12	**3,528,339,856**	3,528,339,856	**3,528,339,856**	3,528,339,856
Retained earnings		**1,567,319,087**	1,190,135,494	**(156,670,756)**	(109,513,689)
Other reserves	13	**(1,917,771,799)**	(1,896,519,677)	**93,031,793**	36,959,493
Equity attributable to owners of the Company		**3,177,887,144**	2,821,955,673	**3,464,700,893**	3,455,785,660
Non-controlling interests		**55,472,767**	55,047,670	**–**	–
Total equity		**3,233,359,911**	2,877,003,343	**3,464,700,893**	3,455,785,660
LIABILITIES					
Non-Current					
Deferred tax liabilities	14	**430,539,924**	348,634,560	**–**	–
Borrowings	15	**1,052,437,475**	970,842,546	**1,052,437,475**	951,365,746
		1,482,977,399	1,319,477,106	**1,052,437,475**	951,365,746
Current					
Amount owing to subsidiaries	9	**–**	–	**119,050,833**	118,981,687
Trade and other payables	16	**1,052,788,650**	664,165,797	**3,862,921**	3,196,421
Borrowings	15	**1,469,780,084**	965,818,577	**–**	22,391,557
Provision for taxation		**136,213,110**	108,360,349	**–**	–
		2,658,781,844	1,738,344,723	**122,913,754**	144,569,665
Total liabilities		**4,141,759,243**	3,057,821,829	**1,175,351,229**	1,095,935,411
Total equity and liabilities		**7,375,119,154**	5,934,825,172	**4,640,052,122**	4,551,721,071

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Year ended 31 December 2012 RMB	Year ended 31 December 2011 RMB
Revenue	17	**585,220,382**	593,494,845
Cost of sales		**(328,415,021)**	(359,518,454)
Gross profit		**256,805,361**	233,976,391
Other income	18	**17,057,429**	19,845,629
Selling expenses		**(40,611,231)**	(27,191,917)
Administrative expenses		**(80,503,153)**	(55,838,533)
Fair value gain on investment properties	4	**378,331,633**	229,998,785
Finance costs	19	**(15,274,311)**	(19,447,981)
Profit before taxation	19	**515,805,728**	381,342,374
Tax expense	20	**(138,197,038)**	(103,312,148)
Profit for the year		**377,608,690**	278,030,226
Other comprehensive income:			
Foreign currency translation differences (at nil tax)		**(41,980,617)**	47,426,397
Other comprehensive income for the year		**(41,980,617)**	47,426,397
Total comprehensive income for the year		**335,628,073**	325,456,623
Profit attributable to:			
Ordinary shareholders of the Company		**377,183,593**	277,030,209
Non-controlling interests		**425,097**	1,000,017
		377,608,690	278,030,226
Total comprehensive income attributable to:			
Ordinary shareholders of the Company		**335,202,976**	324,456,606
Non-controlling interests		**425,097**	1,000,017
		335,628,073	325,456,623
Earnings per share (RMB)			
Basic	21	**0.17**	0.13
Diluted	21	**0.17**	0.12

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Attributable to owners of the Company									
	Share capital RMB	Equity compensation reserve RMB	Reverse acquisition reserve RMB	Statutory common reserve RMB	Convertible bonds reserve RMB	Translation reserve RMB	Retained earnings RMB	Total RMB	Non-controlling interests RMB	Total equity RMB
At 1 January 2012	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
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	377,183,593	377,183,593	425,097	377,608,690
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	(41,980,617)	–	(41,980,617)	–	(41,980,617)
Total comprehensive income for the year	3,528,339,856	–	(1,993,711,730)	13,139,490	49,444,008	(7,372,062)	1,567,319,087	3,157,158,649	55,472,767	3,212,631,416
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Share-based payment transactions	–	20,728,495	–	–	–	–	–	20,728,495	–	20,728,495
Total contributions by and distributions to owners of the Company	–	–	–	–	–	–	–	20,728,495	–	20,728,495
Total transactions with owners of the Company	–	20,728,495	–	–	–	–	–	20,728,495	–	20,728,495
At 31 December 2012	3,528,339,856	20,728,495	(1,993,711,730)	13,139,490	49,444,008	(7,372,062)	1,567,319,087	3,177,887,144	55,472,767	3,233,359,911

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Attributable to owners of the Company									
	Share capital RMB	Equity compensation reserve RMB	Reverse acquisition reserve RMB	Statutory common reserve RMB	Convertible bonds reserve RMB	Translation reserve RMB	Retained earnings RMB	Total RMB	Non-controlling interests RMB	Total equity RMB
At 1 January 2011	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										
Profit for the year	–	–	–	–	–	–	277,030,209	277,030,209	1,000,017	278,030,226
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	47,426,396	–	47,426,396	–	47,426,396
Total comprehensive income for the year	3,527,574,647	680,186	(1,993,711,730)	12,643,739	49,444,008	34,608,555	1,190,631,245	2,821,870,650	55,047,670	2,876,918,320
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Share-based payment transactions	–	85,023	–	–	–	–	–	85,023	–	85,023
Issue of performance shares	765,209	(765,209)	–	–	–	–	–	–	–	–
Total contributions by and distributions to owners of the Company	765,209	(680,186)	–	–	–	–	–	85,023	–	85,023
Total transactions with owners of the Company	765,209	(680,186)	–	–	–	–	–	85,023	–	85,023
Transfer to statutory common reserve	–	–	–	495,751	–	–	(495,751)	–	–	–
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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Year ended 31 December 2012 RMB	Year ended 31 December 2011 RMB (Restated)
OPERATING ACTIVITIES			
Profit before taxation		**515,805,728**	381,342,374
Adjustments for:			
Depreciation of property, plant and equipment	3	**2,324,832**	1,893,109
Amortisation of other non-current assets		**1,296,226**	500,004
Share-based expenses	19	**20,728,495**	85,023
Fair value gain on investment properties	4	**(378,331,633)**	(229,998,785)
Write-off of investment properties		**11,822,320**	–
Interest income	18	**(1,063,132)**	(1,102,424)
Interest expense	19	**15,274,311**	19,447,980
Loss/(Gain) on disposal of property, plant and equipment		**32,131**	(2,439,499)
Operating profit before working capital changes		**187,889,278**	169,727,782
Change in investment properties		**76,002,497**	27,219,662
Change in development properties		**(439,918,134)**	(642,369,866)
Change in trade and other receivables		**(255,389,227)**	(111,896,083)
Change in trade and other payables		**388,391,866**	16,836,239
Cash used in operations		**(43,023,720)**	(540,482,266)
Interest paid		**(5,637,971)**	(8,164,054)
Interest received		**1,063,132**	1,102,424
Income tax paid		**(28,438,913)**	(23,969,526)
Net cash used in operating activities		**(76,037,472)**	(571,513,422)
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(2,148,382)**	(1,643,362)
Proceeds from disposal of property, plant and equipment		**–**	10,935,375
Net cash (used in)/generated from investing activities		**(2,148,382)**	9,292,013
FINANCING ACTIVITIES			
Cash at bank – restricted		**(106,674,568)**	(22,377,789)
Proceeds from bank loans		**810,701,060**	355,116,774
Repayment of bank loans		**(234,653,112)**	(39,020,000)
Purchase of convertible bonds		**–**	(23,483,953)
Loan from a shareholder		**(97,462,694)**	–
Repayment of Loan from a shareholder		**8,238,254**	–
Net cash generated from financing activities		**380,148,940**	270,235,032
Net increase/(decrease) in cash and cash equivalents		**301,963,086**	(291,986,377)
Cash and cash equivalents at beginning of year		**298,258,157**	596,150,209
Effects of exchange rate changes on cash and cash equivalents		**7,491,632**	(5,905,675)
Cash and cash equivalents at end of year	10	**607,712,875**	298,258,157

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).

Interest paid was RMB109,354,568 (2011: RMB95,972,864) of which RMB142,824,678 (2011: RMB129,660,658) was capitalised into development properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 2012 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

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Renminbi (RMB). The functional currency of the Company is Singapore Dollars. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2(a) Basis of preparation (Continued)

Critical accounting estimates, assumptions and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Identification of functional currencies

The functional currency for each entity in the Group is the currency of the primary economic environment in which it operates.

These financial statements are presented in RMB, which is the functional and presentational currency of most of the Group entities.

Determination of functional currency involves significant judgment and other mining companies may make different judgments based on similar facts.

The functional currency of Group entities is principally determined by the primary economic environment in which the respective entity operates.

The Group reconsiders the functional currency of its entities if there is a change in the underlying transactions, events and conditions which determine their primary economic environment. The determination of functional currency affects the carrying value of non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the income statement. It also impacts exchange gains and losses included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2(a) Basis of preparation (Continued)

Critical accounting estimates, assumptions and judgements (Continued)

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires the determination of the most appropriate valuation model, and is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Estimation of net realisable value of land for development and development properties

Net realisable value in respect of land for development and development properties is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction, estimated remaining revenues and estimated costs necessary to make the sale.

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, maintenance programmes, 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% (2011-5%) difference in the expected useful lives of these assets from management's estimates would result in approximately 0.02% (2011-0.02%) variance in the Group's profit for the financial year.

Impairment of non-financial assets

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash generating units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2(a) Basis of preparation (Continued)

Critical accounting estimates, assumptions and judgements (Continued)

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 determination of the fair value of investment property requires the use of historical transaction comparables and estimates such as future cash flows from assets and capitalisation rates applicable to those assets. 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.

Impairment of loans and receivables

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible.

A significant degree of judgement is applied by management when considering whether a trade receivable is impaired. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics, default of payments, indications of financial difficulties of the specific customer, and general economic conditions.

Income tax

Significant estimates are required to determine the current and deferred assets and liabilities for income taxes. Some of these estimates are based on interpretations of existing tax laws or regulations. Management believes that the estimates are reasonable and that the recognised liability for income tax is adequate. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2(b) New accounting standards and interpretations

Adoption of new or revised accounting standards and interpretations

In the current financial year, the Group adopted new or revised IFRS and interpretations issued by the International Financial Reporting Interpretations Committee that are effective for financial years beginning on or after 1 January 2012.

Reference	Description
IFRS 1(Revised)	Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'
IFRS 7	Amendments enhancing disclosures about transfers of financial assets
IAS 12	Income Taxes – Limited scope amendment (recovery of underlying assets)

The Group has changed its accounting policies in the following areas:

Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has adopted the amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets on 1 January 2012. The amendments to IAS 12 apply to the measurement of deferred tax liabilities and assets arising from investment properties measured using the fair value model under IAS 40 Investment Property, including investment property acquired in a business combination and subsequently measured using the fair value model.

The amended IAS 12 has introduced a rebuttable presumption that the carrying amount of an investment property measured at fair value is recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The Group has considered the application of the amended IAS 12 and concluded that it does not rebut the presumption. Capital gain on sale of the Group's investment properties is taxable. The adoption of the amended IAS 12 has no impact on these financial statements.

The adoption of these new or revised accounting standards 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 2012

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

Accounting standards and interpretations not yet effective

The Group has not applied the following new accounting standards and interpretations that have been issued but are not yet effective:

Reference	Description
IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities Financial Instruments: Disclosures – Amendments requiring disclosures about the initial application of IFRS 9
IFRS 9	Financial Instruments – Classification and measurement of financial assets Financial Instruments – Accounting for financial liabilities and derecognition requirements
IFRS 10	Consolidated Financial Statements Amendments to transitional guidance Amendments for investment entities
IFRS 11	Joint Arrangements Amendments to transitional guidance
IFRS 12	Disclosure of Interests in Other Entities Amendments to transitional guidance Amendments for investment entities
IFRS 13	Fair Value Measurement
IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented
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) Amendments for investment entities
IAS 28	Investments in Associates and Joint Ventures – 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 in future periods 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 2012

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 (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are translated to 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.

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.

Foreign operations

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.

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

Property, plant and equipment and depreciation (Continued)

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.

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 are properties held to earn rental income and/or for capital appreciation 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

Investment properties (Continued)

Transfers

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.

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 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 upon 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 costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

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.

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.

<u>Loans and receivables</u>

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 Group 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 asset'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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

Financial assets (Continued)

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.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties carried at fair value; 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

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.

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

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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings with agreements incorporating an overriding repayment on demand clause, which gives the lenders the right to demand repayment at any time, at their sole discretion and irrespective of whether a default event has occurred are considered as current. Borrowings to be settled within the Group's normal operating cycle are considered as current. Other borrowings due to be settled more than 12 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

Compound financial instruments (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

Share-based payment transactions

The fair value of the employee share options and is measured using the binomial option pricing model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the Company's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on an estimation of general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Operating leases

Where the Group is a lessor

Assets leased out under operating leases are included in investment properties and are stated at fair value and not depreciated. 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.

Where the Group is a lessee

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as 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 2012

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 2012

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.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 quoted convertible bonds, share options and performance shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 buildings RMB	Office equipment RMB	Motor vehicles RMB	Computers RMB	Total RMB
The Group					
Cost					
At 1 January 2011	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**
Additions	**–**	**237,514**	**1,479,874**	**430,994**	**2,148,382**
Disposals	**–**	**(19,100)**	**(213,409)**	**–**	**(232,509)**
Translation differences	**–**	**9,737**	**–**	**2,783**	**12,520**
At 31 December 2012	**2,105,071**	**2,419,493**	**11,390,484**	**2,385,567**	**18,300,615**
Accumulated depreciation					
At 1 January 2011	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**
Depreciation for the year	**70,169**	**533,588**	**1,228,867**	**492,208**	**2,324,832**
Disposals	**–**	**(8,309)**	**(192,069)**	**–**	**(200,378)**
Translation differences	**–**	**8,773**	**–**	**1,545**	**10,318**
At 31 December 2012	**220,993**	**1,161,073**	**6,606,904**	**762,709**	**8,751,679**
Carrying amount					
At 31 December 2012	**1,884,078**	**1,258,420**	**4,783,580**	**1,622,858**	**9,548,936**
At 31 December 2011	1,954,247	1,564,321	4,553,913	1,682,834	9,755,315

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

3 Property, plant and equipment (Continued)

	Office equipment RMB	Computers RMB	Total RMB
The Company			
Cost			
At 1 January 2011	214,485	39,817	254,302
Additions	–	20,427	20,427
Translation differences	(10,470)	(1,944)	(12,414)
At 31 December 2011	**204,015**	**58,300**	**262,315**
Additions	**51,909**	**–**	**51,909**
Translation differences	**9,737**	**2,783**	**12,520**
At 31 December 2012	**265,661**	**61,083**	**326,744**
Accumulated depreciation			
At 1 January 2011	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**
Depreciation for the year	**36,609**	**12,391**	**49,000**
Translation differences	**8,773**	**1,545**	**10,318**
At 31 December 2012	**226,210**	**45,960**	**272,170**
Carrying amount			
At 31 December 2012	**39,451**	**15,123**	**54,574**
At 31 December 2011	23,187	26,276	49,463

4 Investment properties

The Group	2012 RMB	2011 RMB
At 1 January	**2,564,821,001**	2,243,571,002
Transfer from completed properties for sale (Note 7)*	**549,070,961**	125,349,410
Properties sold	**(75,206,275)**	(34,098,196)
Write-off	**(11,822,320)**	–
Transfer to development properties	**(295,326,000)**	–
Fair value gain recognised in profit or loss	**378,331,633**	229,998,785
At 31 December	**3,109,869,000**	2,564,821,001
Deferred lease incentives**	**6,082,312**	6,878,534
	3,115,951,312	2,571,699,535

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

4 Investment properties (Continued)

* During the year, due to changes in business conditions and business strategies, certain completed properties for sale were re-designated as investment properties for rental income and future capital appreciation. Arising therefrom, amounts of RMB549,070,961 (2011: RMB125,349,410) were transferred from completed properties for sale 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.

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 valuation is based on direct comparison method and income approach in arriving at the fair value of the properties. 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 investment properties are leased to non-related parties under-operating leases.

The following amounts are recognised in profit and loss:

	2012 RMB	**2011 RMB**
Rental income	**84,219,968**	46,403,683
Direct operating expenses arising from investment properties that generated rental income	**(14,192,344)**	(11,460,101)
Direct operating expenses arising from investment properties that did not generate rental income	**(5,218,368)**	(2,857,060)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

4 Investment properties (Continued)

Details of the investment properties are as follows:

Location (Chongqing, PRC)	Name of project	Description	Total net lettable area (sq. meters)	Group's effective interest in the property	Tenure (Years)
No. 46 to 52 Cangbai Road, Yuzhong District	Southland Garden*	Commercial and residential units	13,242.93	97%	40-year and 50-year land use rights for commercial and residential units expiring in November 2042 and November 2052, respectively
No. 108 Bayi Road, Yuzhong District, Chongqing	New York, New York	Commercial units	277.15	97%	40-year land use rights for commercial units expiring in January 2042
No. 181 Minsheng Road, Yuzhong District	Min Sheng Mansion	Commercial and residential units	10,191.35	97%	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	Future International*	Commercial units	82,227.46	97%	40-year land use rights for commercial units expiring in March 2045
No. 141 to 155 Zourong Road, Yuzhong District, Chongqing	Zou Rong Plaza	Commercial units	6,851.60	97%	50-year land use rights for commercial units expiring in January 2046
No. 8 Bashu Road, Yuzhong District	Bashu Cambridge	Commercial and residential units	7,069.97	97%	40-year and 50-year land use rights for commercial and residential units expiring in September 2044 and September 2054, respectively
No. 19 Daping Zheng Jie Yuzhong District	Yingli International Plaza	Retail units	98,438.84	100%	40-year and 50-year land use rights for commercial and residential units expiring in July 2050 and July 2060, respectively
No. 26 & 28 Minquan Road, Yuzhong District	International Financial Centre	Retail units	58,525,68	97%	40-year land use rights for commercial units expiring in 20 December 2044

* As at 31 December 2012, investment properties with carrying value of approximately RMB1,547,888,000 (2011: RMB627,810,000) are 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 2012

5 Subsidiaries

The Company	2012 RMB	2011 RMB
Unquoted equity investments, at cost	**2,827,257,014**	2,827,185,774

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective interest by the Group (%) 2012	2011
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]	British Virgin Islands ("BVI")	Investment holding	**100**	100
Shiny Profit Enterprises Limited [1]	BVI	Investment holding	**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**	100
Vast Speed Limited [1]	BVI	Investment holding	**100**	100
Brandway Investment Limited [1]	BVI	Investment holding	**100**	100
Ever Perfect Enterprise Limited [1]	BVI	Investment holding	**100**	–
First Regent International Limited [1]	Hong Kong	Investment holding	**100**	–
Held by Ever Perfect Enterprise Limited				
Fully Rich Industrial Limited [1]	Hong Kong	Purchasing of construction material and equipment	**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	**77.6**	77.6
Chongqing Lu Zu Temple Real Estate Co., Ltd [1]	PRC	Property development	**6.5**	6.5
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 2012

5 Subsidiaries (Continued)

Name of subsidiary	Country of incorporation	Principal activities	Effective interest by the Group (%) 2012	2011
Held by Chongqing Yingli Shiny Profit Real Estate Co., Ltd				
Chongqing Yingli Star Profit Real Estate Development Co., Ltd [1]	PRC	Property development	**100**	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**	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**	9
Chongqing Yingli Zhuoyue Retail Management Co., Ltd [1]	PRC	Property consultancy, sale, marketing and management services	**100**	100
Held by Top Accurate Holdings Limited				
Chongqing Lu Zu Temple Real Estate Co., Ltd [1]	PRC	Property development	**93.3**	93.3
Held by Verdant View Limited				
Chongqing Lion Equity Investment Partnership [1]	PRC	Investment holding	**99.9**	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**	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 2012

6 Land for development

The Group	2012 RMB	2011 RMB
Land for development, at cost	**7,418,343**	7,418,343

Land for development as at 31 December 2012 is as follows:

Location (Chongqing, PRC)	Intended use	Site area (sq. meters)	Group's effective interest
Junction of Minsheng Road and Datong Road, Yuzhong District,	Retail and office	4,150	100%

7 Development properties

	The Group		The Company	
	2012 RMB	2011 RMB	2012 RMB	2011 RMB
Properties under development, at cost				
At 1 January	**2,830,149,351**	2,267,222,689	**72,583,709**	–
– Costs incurred	**809,540,363**	770,084,627	**76,623,739**	72,583,709
– Transfer from investment properties	**295,326,000**	–	**–**	–
– Transfer to completed properties for sale	**(879,585,109)**	(207,157,965)	**–**	–
At 31 December (A)	**3,055,430,605**	2,830,149,351	**149,207,448**	72,583,709
Completed properties for sale, at cost				
At 1 January	**–**	4,054,358	**–**	–
– Transfer from properties under development	**879,585,109**	207,157,965	**–**	–
– Transfer to investment properties (Note 4)	**(549,070,961)**	(125,349,410)	**–**	–
– Units sold during the year	**(330,514,148)**	(85,862,913)	**–**	–
At 31 December (B)	**–**	–	**–**	–
Development properties, at cost (A)+(B)	**3,055,430,605**	2,830,149,351	149,207,448	72,583,709
Borrowing costs capitalised during the year	**142,824,678**	129,660,658	**76,623,739**	72,583,709

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

7 Development properties (Continued)

Properties for sale under development as at 31 December 2012 are as follows:

Location (Chongqing, PRC)	Intended use	Stage of completion	Expected date of completion	Site area (sq. meters)	Approximate gross floor area (sq. meters)	Group's effective interest
No. 19 Daping Zheng Jie Yuzhong District	Office, residential and car parks	46%	2013/2014	28,226	306,561	100%
Wu Yi Road, Yuzhong District	Retail, office and car parks	1%	2016/2017	17,000	240,000	100%
Jinshi Avenue, National Agricultural and Technology Zone, Yubei District	Retail, residential and car parks	4%	2015/2016	89,726	124,600	77.6%

Completed properties for sale as at 31 December 2012 are as follows:

Location (Chongqing, PRC)	Description	Existing use	Site area (sq. meters)	Gross floor area (sq. meters)	Group's effective interest
No. 26 & 28 Minquan Road, Yuzhong District	Office units and car parks	Office and car parks	8,026	90,599	97%

At 31 December 2012, land related to properties under development with carrying value totaling approximately RMB534,005,000 (2011: RMB511,155,000) related to properties under development was mortgaged to secure a bank loan granted to a subsidiary (Note 15).

Development properties at the company level comprises of capitalised interest expense arising from loans taken out to fund the construction of projects.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

8 Trade and other receivables

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RMB	**RMB**	**RMB**	**RMB**
Current assets				
Trade receivables (A)	**264,040,863**	131,010,407	**–**	–
Impairment loss	**(2,257,659)**	(2,357,305)	**–**	–
	261,783,204	128,653,102	**–**	–
Rental deposits	**543,188**	519,296	**524,461**	500,569
Prepayments	**75,965,791**	4,310,001	**7,717,743**	238,366
Advances to sub-contractors	**5,674,066**	24,260,161	**–**	–
Advances to management agents	**3,600,000**	3,600,000	**–**	–
Refundable contract deposits	**76,417,770**	8,321,903	**5,439**	–
Prepaid legal consultancy service fees #	**500,000**	500,000	**–**	–
Other receivables	**2,603,696**	1,585,204	**585,872**	280,230
Other receivables (B)	**165,304,511**	43,096,565	**8,833,515**	1,019,165
Trade and other receivables (A) + (B)	**427,087,715**	171,749,667	**8,833,515**	1,019,165
Other non-current assets				
Prepaid legal consultancy service fees#	**708,323**	1,208,327	**–**	–
Movements in allowance for impairment loss:				
At 1 January	**2,357,305**	2,357,305	**–**	–
Allowance reversed	**(99,646)**	–	**–**	–
At 31 December	**2,257,659**	2,357,305	**–**	–

At 31 December 2012, prepayments include sales and business taxes on pre-sold properties, loan commitment fees of RMB74,758,296. At 31 December 2012, refundable contract deposits include of relocation costs of RMB65,605,000 for a property development.

Prepaid legal consultancy service fees relate to legal services to be rendered by a law firm for a period of 5 years commencing May 2011.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

8 Trade and other receivables (Continued)

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2012	2011	2012	2011
	RMB	RMB	RMB	RMB
Renminbi	**418,254,200**	170,730,502	**–**	–
Singapore dollar	**8,833,515**	1,019,165	**8,833,515**	1,019,165
	427,087,715	171,749,667	**8,833,515**	1,019,165

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

	The Group		The Company	
	2012	2011	2012	2011
	RMB	RMB	RMB	RMB
Past due less than 3 months	**75,520,000**	41,837,895	**–**	–
Past due 3 months to less than 6 months	**202,769**	–	**–**	–
Past due 6 months to less than 9 months	**–**	–	**–**	–
Past due 9 months to less than 12 months	**–**	–	**–**	–
Past due 12 months and more	**294,364**	896,842	**–**	–
	76,017,133	42,734,737	**–**	–

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

9 Amount owing by subsidiaries

The amount owing by subsidiaries, comprising mainly advances, are denominated in Renminbi, unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

10 Cash and cash equivalents

	The Group		The Company	
	2012	2011	2012	2011
	RMB	RMB	RMB	RMB
Cash and bank balances	**758,973,920**	342,844,634	**17,411,599**	25,774,549
Restricted bank balance #	**(151,261,045)**	(44,586,477)	**–**	(22,391,557)
Cash and cash equivalents in the consolidated statement of cash flows	**607,712,875**	298,258,157	**17,411,599**	3,382,992

At 31 December 2012, the weighted average effective interest rate of interest-earning bank balances is 0.3% (2011-0.3%).

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

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2012	2011	2012	2011
	RMB	RMB	RMB	RMB
Singapore dollar	**25,988,016**	122,206,107	**17,403,133**	25,765,974
United States dollar	**145,983**	146,496	**8,466**	8,575
Renminbi	**732,839,921**	220,492,031	**–**	–
	758,973,920	342,844,634	**17,411,599**	25,774,549

11 Equity compensation benefits

(a) Share options (equity-settled)

The Ying Li Employee Share Option Scheme (the "Option Scheme") was approved by its members at an Extraordinary General Meeting held on 28 April 2010. The Option Scheme is administered by the Remuneration Committee.

The exercise price will be determined by the Remuneration Committee at:

(1) market price of the Company's shares; or

(2) a price which is set at a discount to the market price, the quantum of such discount to be determined by the Remuneration Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the market price and is approved by the shareholders in general meeting in a separate resolution.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

11 Equity compensation benefits (Continued)

(a) Share options (equity-settled) (Continued)

The aggregate number of new shares over which options may be granted under the Option Scheme, when aggregated with the number of new shares to be issued pursuant to the exercise of options and/or such number of fully paid shares in the Company as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan (Note 11(b)), shall not exceed 5% of the total number of issued shares in the capital of the Company (excluding treasury shares) on the day preceding that date.

Furthermore, the aggregate number of shares over which options may be granted under the Option Scheme to controlling shareholders and their associates shall not exceed 25% of the shares available under the Option Scheme, and the number of shares over which an option may be granted under the Option Scheme to each controlling shareholder or his associate shall not exceed 10% of the shares available under the Option Scheme.

The Option Scheme shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Option Scheme is adopted by shareholders in general meeting, provided that the Option Scheme may continue beyond the aforesaid period of time with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

Other information regarding the Option Scheme:

(1) Options granted to employees and executive directors have a contractual life of 4 years commencing from the date of grant and expiring on the day immediately preceding the 4th anniversary of the date of grant.

(2) The options vest in two equal tranches on the second and third anniversary from the date of grant.

(3) All options are settled by physical delivery of shares.

Details of the share options are as follows:

Option grant date	Exercise Price (S$)	Options outstanding at 1 January 2012	Options granted	Options forfeited/ Expired/ lapsed	Options exercised	Options outstanding at 31 December 2012	Exercise period
2/4/2012	0.278	–	28,767,257	–	–	28,767,257	1/4/2014-1/4/2016
23/4/2012	0.263	–	1,514,000	–	–	1,514,000	22/4/2014-22/4/2016
		–	30,281,257	–	–	30,281,257	

S$ denotes Singapore dollars.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

11 Equity compensation benefits (Continued)

(a) Share options (equity-settled) (Continued)

30,281,257 share options were granted during the financial year ended 31 December 2012. No share options were granted since the announcement of the Option Scheme to 31 December 2011.

At 31 December 2012, no options were exercisable.

The weighted average remaining contractual life of share options outstanding at 31 December 2012 was 3.75 years.

Fair value of share options and assumptions

The fair value of share options was determined using the binomial option pricing model with the following inputs:

Date of award	**2 April 2012**	**23 April 2012**
Fair value of shares at measurement date	**S$0.184**	S$0.145
Exercise price at grant date	**S$0.278**	S$0.263
Expected volatility	**61.85%**	58.65%
Risk-free interest rate	**0.33%**	0.31%
Expected dividend yield	**0%**	0%
Expected option life	**3.25 years**	3.25 years

The exercise price at the grant date was based on the average share price for 5 consecutive trading days prior to the grant date. The expected volatility was based on the historical volatility of the share price over the most recent period that was commensurate with the expected life of the option. The risk-free interest rate was based on the extrapolated zero-coupon Singapore Government bond yield on the grant date with a tenure matching the expected option life. Expected dividend yield was based on expected dividend over one-year volume-weighted average share price prior to the grant date.

(b) Share plan

The Ying Li Performance Share Plan (the "Share Plan") was approved by its members at an Extraordinary General Meeting held on 28 April 2010. The Share Plan is administered by the Remuneration Committee.

The aggregate number of new shares over which awards may be granted under the Share Plan, when aggregated with the number of fully paid shares in the Company to be issued pursuant to the vesting of awards under the Performance Share Plan and new shares to be issued pursuant to the exercise of options under the Option Scheme (Note 15(a)), shall not exceed 5% of the total number of issued shares in the capital of the Company (excluding treasury shares) on the day preceding that date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

11 Equity compensation benefits (Continued)

(b) Share plan (Continued)

Furthermore, the aggregate number of shares over which awards may be granted under the Share Plan to controlling shareholders and their associates shall not exceed 25% of the shares available under the Share Plan and the number of shares over which an award may be granted under the Share Plan to each controlling shareholder or his associate shall not exceed 10% of the shares available under the Share Plan.

The Share Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Share Plan is adopted by shareholders in general meeting, provided that the Share Plan may continue beyond the aforesaid period of time with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

The shares which are subject to the share awards will vest over a period of four 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 service and non-market performance conditions being met.

Information with respect to the number of awards granted under the Share Plan is as follows:

Grant date	Fair value	Balance as at 1/1/2012	Shares granted	Shares vested	Shares cancelled/ lapsed	Balance as at 31/12/2012
2/4/2012	0.278	–	43,150,886	–	–	43,150,886
23/4/2012	0.263	–	2,271,000	–	–	2,271,000
		–	45,421,886	–	–	45,421,886

The fair value of the performance shares was based on the market price of the Company's share at the grant date.

(c) Performance shares

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

11 Equity compensation benefits (Continued)

(c) Performance shares (Continued)

At 31 December 2012, the number of shares granted under the award is summarised below:

	2012	**2011**
Number of performance shares outstanding		
At 1 January	–	454,545
#Issued	–	(454,545)
At 31 December	–	–
Number of performance shares vested		
At 1 January		
Vested	–	300,000
#Issued	–	154,545
At 31 December	–	454,545

During the financial year ended 31 December 2011, 454,545 ordinary shares were issued to Group Chief Financial Officer in settlement of the performance shares granted (Note 12).

12 Share capital

	No. of ordinary shares		**Amount**	
	2012	**2011**	**2012 RMB**	**2011 RMB**
The Company				
Issued and fully paid, with no par value				
At 1 January	**2,162,946,974**	2,162,492,429	**3,528,339,856**	3,527,574,647
Issue of shares	**–**	454,545	**–**	765,209
At 31 December	**2,162,946,974**	2,162,946,974	**3,528,339,856**	3,528,339,856

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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

13 Other reserves

	The Group		The Company	
	31 December 2012 RMB	31 December 2011 RMB	31 December 2012 RMB	31 December 2011 RMB
Equity compensation reserve	**20,728,495**	–	**20,728,495**	–
Reverse acquisition reserve	**(1,993,711,730)**	(1,993,711,730)	**–**	–
Statutory common reserve	**13,139,490**	13,139,490	**–**	–
Convertible bonds reserve (Note 15)	**49,444,008**	49,444,008	**49,444,008**	49,444,008
Translation reserve	**(7,372,062)**	34,608,555	**22,859,290**	(12,484,515)
	(1,917,771,799)	(1,896,519,677)	**93,031,793**	36,959,493

The equity compensation reserve comprises the cumulative value of employee services received for the issue of performance shares and share options.

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.

The statutory common reserve represents the amount transferred from profit after taxation of the subsidiaries incorporated in the PRC in accordance with the PRC requirement. 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 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

	2012 RMB	2011 RMB
The Group-deferred tax liabilities	**430,539,924**	348,634,560

Movement in temporary differences during the year is as follows:

	2012	2011
Investment properties:		
– Balance at 1 January	**348,634,560**	307,578,549
– Recognised in profit or loss (Note 20)	**81,905,364**	41,056,011
– Balance at 31 December	**430,539,924**	348,634,560

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

15 Borrowings

		The Group		The Company	
		31 December 2012	31 December 2011	31 December 2012	31 December 2011
	Maturity	RMB	RMB	RMB	RMB
Bank loans					
– repayable within one year or less	2012	**94,921,137**	56,571,557	**–**	22,391,557
– repayable after one year but within the normal operating cycle	2021	**1,374,858,947**	836,209,020	**–**	–
Loan from a shareholder (i)	2014	**–**	73,038,000#	**–**	–
Presented as current liabilities		**1,469,780,084**	965,818,577	**–**	22,391,557
Liability component of convertible bonds	2015	**1,044,199,221**	951,365,746	**1,044,199,221**	951,365,746
Loan from a shareholder (ii)	2014	**8,238,254***	19,476,800@	**8,238,254***	–
Presented as non-current liabilities		**1,052,437,475**	970,842,546	**1,052,437,475**	951,365,746
		2,522,217,559	1,936,661,123	**1,052,437,475**	973,757,303

Bank loans

At 31 December 2012, the bank loans are secured by:

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

(b) land related to development properties with carrying value totaling approximately RMB534,005,000 (2011: RMB511,155,000) (Note 7); and

(c) fixed and floating charges on assets of certain subsidiaries including fixed deposits pledged amounting to RMB100 million (2011: RMB10 million).

The bank loans have a weighted average effective interest rate of 6.98% (2011-8.18%) per annum at the reporting date. Interest on the bank loans is repriced within 12 months (2011: 12 months).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

15 Borrowings (Continued)

Loans from a shareholder

* At 31 December 2012, loan from a shareholder is unsecured and bears a fixed interest rate of 7% per annum. Interest rate on the loans was based on comparable commercial rate payable on similar loan.

@ At 31 December 2011, loan from a shareholder was unsecured and bore a fixed interest rate of 16% per annum. This loan was repaid during the financial year ended 31 December 2012. Interest rate on the loans was based on rate payable by the shareholder.

At 31 December 2011, loan from a shareholder was unsecured and bone fixed interest rate at 6.75% plus 12-month SIBOR which was 7.34% at 31 December 2011. This loan was repaid during the financial year ended 31 December 2012. Interest rate on the loans was based on rate payable by the shareholder.

The bank loans are denominated in the following currencies:

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RMB	**RMB**	**RMB**	**RMB**
Singapore dollar	**1,052,437,475**	1,043,880,546	**1,052,437,475**	973,757,303
Renminbi	**1,374,858,947**	892,780,577	**–**	–
United States dollar	**94,921,137**	–	**–**	–
	2,522,217,559	1,936,661,123	**1,052,437,475**	973,757,303

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. The conversion price may be adjusted for certain specified dilutive events.

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.

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15 Borrowings (Continued)

Convertible bonds (Continued)

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 of the Bonds during the years ended 31 December 2011 and 2012.

	2012 RMB	2011 RMB
Proceeds from issue of convertible bonds	**974,620,000**	974,620,000
Transaction costs	**(37,708,797)**	(37,708,797)
Net proceeds	**936,911,203**	936,911,203
Amount classified as equity (Note 13)	**(49,444,008)**	(49,444,008)
Accreted interest	**133,277,402**	91,678,572
Convertible bonds repurchased (but not cancelled)	**(23,020,970)**	(21,972,265)
Translation differences	**46,475,594**	(5,807,756)
Carrying amount of liability at 31 December	**1,044,199,221**	951,365,746

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 RMB774,492,152 (2011-RMB724,140,652) of the net proceeds as follows:

	2012 RMB	2011 RMB
Investments in subsidiaries	**724,140,652**	701,929,652
Repayment of advances from a director	**–**	22,211,000
Payment for the acquisition of land parcel for development	**50,351,500**	–
	774,492,152	724,140,652

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 2012

16 Trade and other payables

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	31 December 2012 RMB	31 December 2011 RMB	31 December 2012 RMB	31 December 2011 RMB
Trade payables:	**347,438,152**	531,015,201	**–**	–
Other payables:				
Accrued expenses	**14,113,866**	49,263,959	**3,862,411**	3,196,421
Advances from customers	**622,790,134**	10,392,845	**–**	–
Rental and option deposits	**40,449,064**	35,413,813	**–**	–
Project deposits	**25,000,000**	28,290,170	**–**	–
Advances from sub-contractors	**2,402,037**	1,984,732	**–**	–
Others	**595,397**	7,805,077	**510**	–
	705,350,498	133,150,596	**3,862,921**	3,196,421
Trade and other payables	**1,052,788,650**	664,165,797	**3,862,921**	3,196,421

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	31 December 2012 RMB	31 December 2011 RMB	31 December 2012 RMB	31 December 2011 RMB
Singapore dollar	**4,205,442**	4,319,047	**3,862,921**	3,196,421
Renminbi	**1,048,583,208**	659,846,750	**–**	–
	1,052,788,650	664,165,797	**3,862,921**	3,196,421

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

17 Revenue

The Group	2012 RMB	2011 RMB
Sale of development properties	**501,000,414**	547,091,162
Rental income from investment properties	**84,219,968**	46,403,683
	585,220,382	593,494,845

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

18 Other income

The Group	2012 RMB	2011 RMB
Interest income		
– fixed deposits	**314,712**	215,321
– bank balances	**748,420**	887,103
	1,063,132	1,102,424
Sublet rental income	**1,104,355**	1,655,513
Government grants	**14,661,664**	14,021,663
Gain on disposal of property, plant and equipment	**–**	2,743,203
Others	**228,278**	322,826
	17,057,429	19,845,629

19 Profit before taxation

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

The Group	Note	2012 RMB	2011 RMB
Exchange loss, net		**1,145,491**	804,781
Depreciation of property, plant and equipment	3	**2,324,832**	1,893,109
Loss on disposal of property, plant and equipment		**32,131**	303,704
Donations		**3,155,000**	3,016,550
Operating lease expense		**1,881,497**	2,093,438
Write-off of investment properties	4	**11,822,320**	–
Interest expense:			
– bank loans		**1,211,214**	783,137
– loans from a shareholder		**48,822**	1,186,012
– convertible bonds		**14,014,275**	17,478,831
		15,274,311	19,447,980
Directors' fees		**1,646,112**	1,648,522
Staff costs:			
Key management personnel			
– Directors' remuneration other than fees			
– salaries, wages and other related costs		**3,037,390**	3,812,536
– contributions to defined contribution plans		**206,245**	–
– share-based expenses		**1,047,223**	–
– Other than directors			
– salaries, wages and other related costs		**6,313,835**	4,725,311
– contributions to defined contribution plans		**419,499**	61,205
– share-based expenses		**4,654,166**	85,203
Other than key management personnel			
– salaries, wages and other related costs		**12,373,650**	16,092,303
– contributions to defined contribution plans		**675,470**	129,287
– share-based expenses		**15,027,106**	–
		43,754,584	24,905,845

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

20 Tax expense

The Group	2012 RMB	2011 RMB
Current tax expense		
Current taxation	**56,291,674**	62,256,137
Deferred tax expense		
Movements in temporary differences (Note 14)	**81,905,364**	41,056,011
	138,197,038	103,312,148

Reconciliation of effective tax rate

The Group	2012 RMB	2011 RMB
Profit before taxation	**515,805,728**	381,342,374
Tax at statutory rate of 25% (2011: 25%)	**128,951,432**	95,335,594
Expenses not deductible for tax purposes	**72,250**	–
Deferred tax assets on current year losses not recognised	**5,134,688**	5,560,146
Effect of tax rates in foreign jurisdictions	**4,038,668**	2,416,408
	138,197,038	103,312,148

At the reporting date the Group had unabsorbed tax losses of RMB59 million (2011: RMB51 million) attributable to certain subsidiaries expiring from 2014 through 2018.

These unabsorbed tax losses are available for carry forward and set-off against future taxable income, subject to agreement by the tax authorities and compliance with certain provisions of the tax legislations of the respective countries in which the subsidiaries operate.

Deferred tax assets of approximately RMB14 million (2011: RMB13 million) have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

21 Earnings per share

The Group	2012 RMB	2011 RMB
Profit attributable to ordinary shareholders of the Company	**377,183,593**	277,030,209
Profit impact of conversion of the dilutive potential ordinary shares	**43,211,877**	17,478,831
Adjusted net profit attributable to equity holders of the Company	**420,395,470**	294,509,040
Weighted average number of ordinary shares used in calculation of basic earnings per share	**2,162,583,338**	2,162,583,338
Weighted average number of unissued ordinary shares from convertible bonds	**249,097,023**	249,097,023
Weighted average number of unissued ordinary shares	**56,546,766**	–
Weighted average number of ordinary shares used in calculation of diluted earnings per share	**2,468,227,127**	2,411,680,361
Earnings per share (RMB)		
– Basic	**0.17**	0.13
– Diluted	**0.17**	0.12

The share options were not included in the computation of diluted earnings per share because they were anti-dilutive.

22 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	2012 RMB	2011 RMB
Interest expense on loans from a shareholder	**12,092,522**	1,186,012
Business consultancy fees expense paid and payable to a director	**240,000**	240,000
Rental income from sub-letting of office premises to a firm of which a director of the Company is a member	**957,072**	1,124,594

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

23 Operating lease commitments

(A) Where the Company is the lessee

At the reporting date, the Company was committed to making the following rental payments in respect of a non-cancellable operating lease of office premises.

The Company	2012 RMB	2011 RMB
Not later than one year	**1,450,760**	394,611
Later than one year and not later than five years	**3,665,077**	–
	5,115,837	394,611

The lease expires in March 2015 with an option to renew the lease after that date.

(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	
	2012 RMB	2011 RMB	2012 RMB	2011 RMB
Not later than one year	**103,311,488**	76,691,044	**725,380**	234,290
Later than one year and not later than five years	**358,751,036**	364,643,380	**1,832,539**	–
Later than five years	**414,260,158**	595,304,657	**–**	–
	876,322,682	1,036,639,081	**2,557,919**	234,290

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

24 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 business of investing in properties to earn rentals and for capital appreciation;

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

3) Others comprise property consultancy, sale, marketing and management services and corporate office functions.

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 2012

24 Operating segments (Continued)

	31 December 2012				31 December 2011			
	Property investment	**Property development**	**Others**	**Total**	Property investment	Property development	Others	Total
Revenue	**83,856,978**	**501,363,404**	**–**	**585,220,382**	46,403,683	547,091,162	–	593,494,845
Segment results	**51,367,187**	**125,562,991**	**(41,207,071)**	**135,723,107**	29,461,697	147,084,379	(25,296,432)	151,249,644
Interest income	**–**	**–**	**1,063,132**	**1,063,132**	–	–	1,102,424	1,102,424
Interest expense		**–**	**(15,274,311)**	**(15,274,311)**	–	–	(19,447,980)	(19,447,980)
Government grants	**–**	**14,661,664**	**–**	**14,661,664**	–	14,021,663	–	14,021,663
Rental income	**–**	**–**	**1,104,355**	**1,104,355**	–	–	1,655,513	1,655,513
(Loss)/Gain on disposal of property, plant and equipment	**–**	**–**	**(32,131)**	**(32,131)**	–	–	2,439,499	2,439,499
Other income	**–**	**166,368**	**61,911**	**228,279**	–	–	322,826	322,826
Fair value on investment properties	**378,331,633**	**–**	**–**	**378,331,633**	229,998,785	–	–	229,998,785
Profit before tax	**429,698,820**	**140,391,023**	**(54,284,115)**	**515,805,728**	259,460,482	161,106,042	(39,224,150)	381,342,374
Segment assets	**1,819,757,917**	**4,726,799,455**	**69,587,862**	**6,616,145,234**	1,873,446,266	3,706,102,798	12,431,474	5,591,980,538
Total assets				**7,375,119,154**	–	–	–	5,934,825,172
Segment liabilities	**8,273,907**	**2,568,004,419**	**1,429,267,807**	**4,005,546,133**	429,457,296	1,446,381,082	1,073,623,102	2,949,461,480
Total liabilities				**4,141,759,243**	–	–	–	3,057,821,829
Other information								
Capital expenditure	**–**	**–**	**2,148,382**	**2,148,382**	–	–	1,643,362	1,643,362
Depreciation of property, plant and equipment	**–**	**–**	**2,324,832**	**2,324,832**	–	–	1,893,107	1,893,107
Equity-settled Share-based payment transactions	**288,698**	**14,738,408**	**5,701,389**	**20,728,495**	–	–	85,023	85,023

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 2012

24 Operating segments (Continued)

Reconciliations of reportable segment assets:

The Group	2012 RMB	2011 RMB
Segment assets	**6,616,145,234**	5,591,980,538
Unallocated assets:		
Cash and cash equivalents	**758,973,920**	342,844,634
Consolidated assets	**7,375,119,154**	5,934,825,172

Reconciliations of reportable segment liabilities:

The Group	2012 RMB	2011 RMB
Segment liabilities	**4,005,546,133**	2,949,461,480
Unallocated liabilities		
Provision for taxation	**136,213,110**	108,360,349
Consolidated liabilities	**4,141,759,243**	3,057,821,829

25 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, market risk and liquidity 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. The Group closely monitors and avoids 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 on-going basis with the result that the Group's exposure to bad debts is not significant. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

25 Financial risk management (Continued)

Credit risk (Continued)

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 allowance for impairment is necessary in respect of trade and other receivables past due and not past due based on the credit quality and past collection history of the counterparties.

At the reporting date there is no significant concentration of credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

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 bank balances. Interests on bank borrowings are repriced within 12 months (2011: 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 increased/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 RMB'000	50 bp Decrease RMB'000	50 bp Increase RMB'000	50 bp Decrease RMB'000
31 December 2012				
Variable rate bank loans	**(4,922)**	**4,922**	**(4,922)**	**4,922**
Variable rate bank balances	**2,670**	**(2,670)**	**2,670**	**(2,670)**
	(2,252)	**2,252**	**(2,252)**	**2,252**
31 December 2011				
Variable rate bank loans	(3,713)	3,713	(3,713)	3,713
Variable rate bank balances	1,084	(1,084)	1,084	(1,084)
	(2,629)	2,629	(2,629)	2,629

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

25 Financial risk management (Continued)

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.

The Group is exposed to currency risk on borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the Singapore dollar (SGD) and US dollar (USD).

The Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

Sensitivity analysis – Foreign currency risk

A 5% change in exchange rates 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.

	2012			2011		
	SGD strengthened 5% RMB'000	USD strengthened 5% RMB'000	Total RMB'000	SGD strengthened 5% RMB'000	USD strengthened 5% RMB'000	Total RMB'000
The Group						
Profit before tax – increase (decrease)	**(4,333)**	**7**	**(4,326)**	140	7	147
Equity – increase (decrease)	**(4,333)**	**7**	**(4,326)**	140	7	147
The Company						
Profit before tax – increase (decrease)	**–**	**1**	**1**	–	1	1
Equity – increase (decrease)	**–**	**1**	**1**	–	1	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

25 Financial risk management (Continued)

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 borrowings) or those which reprice regularly approximate their fair values because of the short period to maturity or repricing.

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 Group's and the Company's financial liabilities based on contractual undiscounted cash flow, including estimated interest payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

25 Financial risk management (Continued)

Liquidity risk (Continued)

		Contractual undiscounted cash flows			
The Group	**Carrying amount RMB**	**Total RMB**	**Less than 1 year RMB**	**Between 2 and 5 years RMB**	**Over 5 years RMB**
31 December 2012					
Trade and other payables	1,052,788,650	1,052,788,650	1,052,788,650	–	–
Borrowings	2,522,217,559	2,889,108,804	1,399,537,194	1,149,419,110	340,152,500
	3,575,006,209	3,941,897,454	2,452,325,844	1,149,419,110	340,152,500
31 December 2011					
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
The Company					
31 December 2012					
Trade and other payables	3,862,921	3,862,921	3,862,921	–	–
Borrowings	1,052,437,475	1,053,587,145	1,044,199,221	9,387,924	–
	1,056,300,396	1,057,450,066	1,048,062,142	9,387,924	–
31 December 2011					
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	–

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

25 Financial risk management (Continued)

Financial instruments by category

	The Group		The Company	
	31 December 2012 RMB	**31 December 2011 RMB**	**31 December 2012 RMB**	**31 December 2011 RMB**
Financial assets				
Financial assets measured at amortised cost:				
Trade and other receivables*	**350,621,924**	166,936,666	**1,115,772**	780,799
Amounts owing by a subsidiary	**–**	–	**1,637,287,972**	1,625,108,411
Cash and cash equivalents	**758,973,920**	342,844,634	**17,411,599**	25,774,549
	1,109,595,844	509,781,300	**1,655,815,343**	1,651,663,759

* Pre-payments are excluded from the trade and other receivables balance, as this analysis is required only for financial instruments.

	The Group		The Company	
	31 December 2012 RMB	**31 December 2011 RMB**	**31 December 2012 RMB**	**31 December 2011 RMB**
Financial liabilities				
Financial liabilities measured at amortised cost:				
Amount owing to subsidiaries	**–**	–	**119,050,833**	118,981,687
Trade and other payables	**1,052,788,650**	664,165,797	**3,862,921**	3,196,421
Borrowings	**2,522,217,559**	1,936,661,123	**1,052,437,475**	973,757,303
	3,575,006,209	2,600,826,920	**1,175,351,229**	1,095,935,411

26 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 Group'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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

26 Capital management (Continued)

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

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

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

The Group	2012 RMB	2011 RMB
Total borrowings (A)	**2,522,217,559**	1,936,661,123
Cash and cash equivalents	**758,973,920**	342,844,634
Less: Restricted bank balance	**(151,261,045)**	(44,586,477)
(B)	**607,712,875**	298,258,157
Net debt (C)=(A)–(B)	**1,914,504,684**	1,638,402,966
Total equity (D)	**3,233,359,911**	2,877,003,343
Gearing ratio (times) (C)/(D)	**0.59**	0.57

27 Contingent liabilities

The Group	2012 RMB	2011 RMB
Deposits pledged to banks to secure certain mortgage loans provided by banks to customers for purchase of the Group's development properties (Note 10)	**151,261,045**	44,586,477

The financial effect of IAS 39 relating to financial guarantee contracts issued by the Group is not material to the financial statements and are, therefore not recognised.

Management has assessed the credit profit of the customers. No material losses under these guarantees are expected.

28 Subsequent events

Subsequent to year end, the Company redeemed the convertible bonds at 108.136% of their principal amounts totaling S$210.87 million (equivalent to RMB1,062.34 million) in accordance with the terms of the agreement.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2013

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	1	0.01	40	0.00
1,000 – 10,000	3,197	40.30	24,492,305	1.13
10,001 – 1,000,000	4,695	59.18	257,677,545	11.91
1,000,001 & ABOVE	40	0.51	1,880,777,084	86.96
TOTAL	7,933	100.00	2,162,946,974	100.00

	TWENTY LARGEST SHAREHOLDERS	NO. OF SHARES	%
1	NEWEST LUCK HOLDINGS LIMITED	711,507,801	32.90
2	DMG & PARTNERS SECURITIES PTE LTD	409,964,634	18.95
3	DBS NOMINEES PTE LTD	129,386,996	5.98
4	HSBC (SINGAPORE) NOMINEES PTE LTD	121,987,740	5.64
5	RAFFLES NOMINEES (PTE) LTD	103,370,702	4.78
6	CITIBANK NOMINEES SINGAPORE PTE LTD	102,851,805	4.76
7	PHILLIP SECURITIES PTE LTD	80,117,213	3.70
8	UOB KAY HIAN PTE LTD	39,308,000	1.81
9	UNITED OVERSEAS BANK NOMINEES PTE LTD	25,665,000	1.19
10	LIM HONG CHING	25,208,000	1.17
11	MAYBANK KIM ENG SECURITIES PTE LTD	22,415,000	1.04
12	CHEN LI-JIUN	16,400,000	0.76
13	DBSN SERVICES PTE LTD	12,425,399	0.57
14	DBS VICKERS SECURITIES (S) PTE LTD	7,425,000	0.34
15	BANK OF SINGAPORE NOMINEES PTE LTD	7,347,000	0.34
16	CHEONG CHOONG KONG	7,300,000	0.34
17	OCBC SECURITIES PRIVATE LTD	6,854,000	0.32
18	DB NOMINEES (S) PTE LTD	5,096,794	0.24
19	CIMB SECURITIES (SINGAPORE) PTE LTD	4,214,000	0.19
20	YUN KWANG HUN	4,000,000	0.18
		1,842,845,084	85.20

SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES	%
NEWEST LUCK HOLDINGS LIMITED	711,507,801	32.90
DMG & PARTNERS SECURITIES PTE LTD	409,964,634	18.95
DBS NOMINEES PTE LTD	129,386,996	5.98
HSBC (SINGAPORE) NOMINEES PTE LTD	121,987,740	5.64

Note to the Secretary: The “Substantial Shareholders” are the registered shareholders as shown in the Register of Shareholders and do not include shares in which they are deemed to have interest.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2013

Substantial Shareholders

	Direct interest	%	Indirect interest	%
Newest Luck Holdings Limited(1)(2)	780,439,014	36.08		
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)	93,600,000	4.33	780,439,014	36.08
	1,283,569,648	59.34		
Held in the hand of public		40.66		

Note

(1) Newest Luck Holdings Limited has a total beneficial interest in the 780,439,014 shares, of which 68,931,213 shares are held in the names of nominees.

(2) Balance of 44,300,000 shares (2.05%) 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 824,739,014 (38.13%).

(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 30.91% 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 85% 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 virtue of his shareholdings in Newest Luck Holdings Limited.

SHAREHOLDING HELD IN HAND OF PUBLIC

Based on the information available to the Company and to the best knowledge of the Company as at 20 March 2013, approximately 40.66% 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 (the "**AGM**") of the Company will be held at Possibility Room, Level 5, National Library Building, 100 Victoria Street, Singapore 188064 on Monday, 29 April 2013 at 9.30 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 2012 together with the Reports of the Directors and Auditors thereon. (Resolution 1)

2. To re-elect Mr. Fang Ming being a Director who retires pursuant to Article 106 of the Company's Articles of Association. **[Explanatory Notes 1 and 3]** (Resolution 2)

3. To re-elect Mr. Christopher Chong Meng Tak being a Director who retires pursuant to Article 106 of the Company's Articles of Association. **[Explanatory Notes 2 and 3]** (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 4]** (Resolution 4)

5. To re-elect Mr. Ko Kheng Hwa being a Director who retires pursuant to Article 90 of the Company's Articles of Association. **[Explanatory Note 5]** (Resolution 5)

6. To approve the appointment of Mr. Ho Sheng as a Director of the Company with effect from the date of the AGM, being 29 April 2013. **[Explanatory Note 6]** (Resolution 6)

7. To approve the appointment of Mr. Tan Kim Seng as a Director of the Company with effect from the date of the AGM, being 29 April 2013. **[Explanatory Note 6]** (Resolution 7)

8. To approve the appointment of Mr. Tan Sek Khee as a Director of the Company with effect from the date of the AGM, being 29 April 2013. **[Explanatory Note 6]** (Resolution 8)

9. To approve the payment of Directors' Fees of S$377,000 for the financial year ending 31 December 2013, payable half-yearly in arrears. **[Explanatory Note 7]** (Resolution 9)

10. To re-appoint Messrs Foo Kon Tan Grant Thornton as Auditors of the Company for the financial year ending 31 December 2013 and to authorise the Directors to fix their remuneration. (Resolution 10)

NOTICE OF THE ANNUAL GENERAL MEETING

As Special Business

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

11. **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

NOTICE OF THE ANNUAL GENERAL MEETING

(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 8]** (Resolution 11)

12. **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 9]** (Resolution 12a)

(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 9]** (Resolution 12b)

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

By Order of the Board

Cai Mingyi
Ng Joo Khin
Company Secretaries

Singapore, 12 April 2013

NOTICE OF THE ANNUAL GENERAL MEETING

Explanatory Notes:

(1) **Resolution 2** – Mr. Fang Ming, if re-elected, will remain as Executive Chairman of the Company.

(2) **Resolution 3** – Mr. Christopher Chong Meng Tak, if re-elected, will remain as an Independent Director of the Company.

(3) **Resolution 2 and 3** – Mr. Fang Ming, Mr. Christopher Chong Meng Tak, Mr. Chan Hock Eng and Mr. Lui Seng Fatt are retiring pursuant to Article 106 of the Company's Articles of Association. Mr. Chan Hock Eng and Mr. Lui Seng Fatt will not be standing for re-election.

(4) **Resolution 4** – Mr. Xiao Zu Xiu who is over the age of 70 years, if re-appointed, will remain as an Independent Director of the Company.

(5) **Resolution 5** – Mr. Ko Kheng Hwa, if re-elected, will remain as an Executive Director of the Company.

(6) **Resolution 6, 7 and 8** – The Board, with the recommendation of the Nominating Committee, has approved the appointments of Mr. Tan Sek Khee as an Independent Director of the Company and the appointment of Mr. Ho Sheng and Mr. Tan Kim Seng as Non-Executive Directors of the Company, subject to shareholders' approval being obtained for the same during the AGM.

(7) **Resolutions 9** – 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 (i) all the Directors will hold office for the whole of the financial year ending 31 December 2013 ("FY 2013"); and (ii) shareholders' approval has been obtained for Resolution 3, 4, 6, 7 and 8 in relation to the appointment of Mr. Christopher Chong Meng Tak, Mr. Xiao Zu Xiu, Mr. Ho Sheng, Mr. Tan Kim Seng and Mr. Tan Sek Khee. Should any Director hold office for only part of FY 2013 and not the whole of FY 2013, the Director's fee payable to him will be appropriately pro-rated.

(8) **Resolution 11** – If passed, will empower the Directors, effective until (i) the conclusion of the next Annual General Meeting of the Company; or (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.

(9) **Resolution (12a) & (12b)** – 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.

NOTICE OF THE ANNUAL GENERAL MEETING

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)

PROXY FORM – ANNUAL GENERAL MEETING

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.

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 9.30 a.m. on Monday, 29 April 2013 at Possibility Room, Level 5, National Library Building, 100 Victoria Street, Singapore 188064 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 2012 together with the Reports of the Directors and Auditors thereon		
Resolution 2	To re-elect Mr. Fang Ming being a Director who retires pursuant to Article 106 of the Company's Articles of Association		
Resolution 3	To re-elect Mr. Christopher Chong Meng Tak being a Director who retires 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 Mr. Ko Kheng Hwa being a Director who retires pursuant to Article 90 of the Company's Articles of Association		
Resolution 6	To approve the appointment of Mr. Ho Sheng as a Director of the Company with effect from the date of the AGM, being 29 April 2013		
Resolution 7	To approve the appointment of Mr. Tan Kim Seng as a Director of the Company with effect from the date of the AGM, being 29 April 2013		
Resolution 8	To approve the appointment of Mr. Tan Sek Khee as a Director of the Company with effect from the date of the AGM, being 29 April 2013		
Resolution 9	To approve the payment of Directors' Fees of S$377,000 for the financial year ending 31 December 2013		
Resolution 10	To re-appoint Messrs Foo Kon Tan Grant Thornton as Auditors of the Company for the financial year ending 31 December 2013 and to authorise the Directors to fix the Auditor's remuneration		
	SPECIAL BUSINESS		
	Ordinary Resolution		
Resolution 11	To approve and adopt Share Issue Mandate		
Resolution 12a	To authorize the Directors to allot and issue shares pursuant to the Ying Li Employee Share Option Scheme		
Resolution 12b	To authorize the Directors to allot and issue shares under the Ying Li Performance Share Plan		

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Dated this ____________ day of ____________ 2013

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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COMPANY REGISTRATION NUMBER

199106356W

REGISTERED OFFICE

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

BOARD OF DIRECTORS

Fang Ming (Executive Chairman)
Ko Kheng Hwa (Executive Director and Group CEO)
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 SECRETARIES

Ng Joo Khin
Stamford Law Corporation
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315
Tel: (65) 6389 3000
Fax: (65) 6389 3099

Cai Mingyi

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

AUDITORS

Foo Kon Tan Grant Thornton LLP
Certified Public Accountants
47 Hill Street, #05-01
Singapore Chinese Chamber of
Commerce & Industry Building,
Singapore 179365
Partner-in-charge: Ong Soo Ann, CPA
(with effect from financial year ended
31 December 2012)

PRINCIPAL BANKERS

China Construction Bank
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
Hua Xia Bank

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

英 利 国 际 置 业
YING LI INTERNATIONAL REAL ESTATE LIMITED

6 Temasek Boulevard
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Website: www.yingligj.com