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### YING LI INTERNATIONAL REAL ESTATE LIMITED (Company Registration No. 199106356W)

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## ISSUE OF CONVERTIBLE BONDS

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### 1. INTRODUCTION

The Board of Directors of Ying Li International Real Estate Limited (the "**Company**") is pleased to announce that the Company has priced the Offering (as defined below) of convertible bonds due 3 March 2015. J.P. Morgan (S.E.A.) Limited is the Sole Bookrunner and Lead Manager for the Offering (the "**Lead Manager**").

The Company shall offer S\$200 million in aggregate principal amount of 4.00% convertible bonds due 2015 (the "**Firm Bonds**"), and may issue up to an additional S\$75 million in aggregate principal amount of 4.00% convertible bonds due 2015 (the "**Optional Bonds**", collectively with the Firm Bonds, the "**Convertible Bonds**") pursuant to the exercise of an option granted by the Company to the Lead Manager (as defined below), exercisable in whole or in part, on one or more occasions, at any point in time on or before the thirtieth day following the closing on 3 March 2010 (the "**Upsize Option**", and together with the offering of the Convertible Bonds, the "**Offering**"). Subject to the applicable terms and conditions of the Convertible Bonds (the "**Conditions**"), the Convertible Bonds are convertible into new ordinary shares of the Company (the "**Conversion Shares**").

### 2. PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Principal Size of the Offering : S\$200 million in aggregate principal amount of Firm Bonds (excluding the Optional Bonds).

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- Upsize Option : Up to an additional S\$75 million in aggregate principal amount of Optional Bonds, pursuant to the exercise of the Upsize Option by the Lead Manager.
- Maturity Date : 3 March 2015.
- Issue Price : 100% of the aggregate principal amount of the Firm Bonds.
- Interest Rate : The Convertible Bonds will bear interest at the rate of 4.00% per annum.
- Yield-to-put / Maturity : 6.50% per annum calculated on a semi-annual basis.
- Method of Issue : The Convertible Bonds are proposed to be offered only to institutional and/or accredited or other investors under Sections 274 and 275 of the SFA and will be made outside the United States in accordance with Regulation S and other exemptions of the U.S. Securities Act of 1933.
- Conversion Period : The conversion right attaching to any Convertible Bond may be exercised, at the option of the holder of the Convertible Bond (the "**Bondholder**"), at any time on and after 13 April 2010 up to the close of business (at the place where the certificate evidencing such Convertible Bond is deposited for conversion) on 21 February 2015.
- Conversion Price : The price at which the Conversion Shares will be issued upon conversion, as adjusted from time to time (the "**Conversion Price**"), will initially be S\$0.8029 per Conversion Share, but will be subject to adjustment in the manner provided in the Terms and Conditions.
- Mandatory Conversion at the Option of the Company : 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 Convertible Bonds outstanding into shares in the capital of the Company ("**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.
- Redemption at the Option of the Company : If at any time the aggregate principal amount of the Convertible Bonds outstanding is less than 10% of the aggregate principal amount originally issued, the Company shall have the option to redeem such outstanding Convertible 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).
- Redemption at the Option of the Bondholder : The Company will, at the option of the Bondholder, redeem all or some only of such Bondholder's Convertible 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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| Redemption for Change of Control or Delisting | : | Upon:<br><br>(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<br><br>(ii) a change in control of the Company,<br><br>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 Convertible Bonds at a price equal to their early redemption amount together with interest accrued to the date fixed for redemption. |
| Redemption on Maturity                        | : | Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem each Convertible Bond at 114.496% of its principal amount plus unpaid accrued interest thereon on 3 March 2015.  |
| Settlement and Payment                        | : | Subject to fulfillment of the conditions of the Subscription Agreement (as defined below), settlement and payment for the Convertible Bonds is expected to take place on 3 March 2010 or such other date as may be agreed between the Company and the Lead Manager.   |
| Listing                                       | : | An application will be made for the listing of the Convertible Bonds and the Conversion Shares on the Singapore Exchange Securities Trading Limited (the " <b>SGX-ST</b> ").  |
| Governing Law                                 | : | The laws of England.  |

### **3. STATUS OF THE CONVERTIBLE BONDS AND THE CONVERSION SHARES**

Based on a Conversion Price of S\$0.8029 and assuming no adjustments thereto, the number of Conversion Shares to be allotted and issued by the Company pursuant to the full conversion of the Convertible Bonds is 249,097,000. The 249,097,000 Conversion Shares represent approximately 11.52% of the existing issued share capital of the Company as at the date of this Announcement.

The Conversion Shares, when allotted and issued on conversion of the Convertible Bonds will, with effect from the relevant date of issue, rank *pari passu* in all respects with the other shares then outstanding, except for any dividends, rights, allotments or other distributions, the record date for which is prior to the date of issue of the Conversion Shares.

The Convertible Bonds will constitute senior, direct, unconditional, unsecured and unsubordinated obligations of the Company, and will at all times rank *pari passu* without any preference among themselves and with all other present and future unconditional, unsecured and unsubordinated obligations of the Company other than those preferred by statute or applicable law.

The Conversion Shares will be issued pursuant to specific approval to be obtained from the shareholders of the Company at an extraordinary general meeting to be convened. A circular

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containing, among others, information pertaining to the Offering will be despatched to shareholders of the Company in due course.

### 4. MATERIAL AGREEMENTS

In relation to the Offering, the following agreements dated 21 January 2010 have been entered into between the parties as set out below:

- (a) a subscription agreement has been entered into between the Company and the Lead Manager (the "**Subscription Agreement**"), pursuant to which the Company shall issue the Convertible Bonds to the Lead Manager; and
- (b) a securities lending agreement has been entered into between Newest Luck Holdings Limited ("**Newest Luck**") and the Lead Manager, pursuant to which Newest Luck has agreed to lend the Lead Manager, and the Lead Manager has agreed to borrow from Newest Luck, 122,000,000 existing Shares held by Newest Luck for the sole purpose of on-lending such Shares to the subscribers of the Convertible Bonds.

### 5. USE OF PROCEEDS

Pursuant to the Offering (assuming that the Upsize Option is not exercised and including estimated issue expenses of S\$8 million), the Company intends to raise gross proceeds of approximately S\$200 million. The net proceeds (after deducting the estimated issue expenses relating to the Offering) of approximately S\$192 million will be used in the estimated proportions as set out below:

| <u>Use of Proceeds</u>   | <u>Percentage Allocation (%)</u> |
|--|----------------------------------|
| Fund the acquisition of new development sites, possible strategic investments, joint ventures, other acquisitions and strategic alliances when appropriate opportunities arise | 90 - 100                         |
| General corporate and working capital requirements   | 0 - 10                           |

If the Upsize Option is exercised, the additional proceeds will be used for the purposes, and according to the percentage allocation, as stated above.

The actual apportionment of the net proceeds for the aforementioned purposes would be subject to the availability and size of investment and acquisition opportunities, the relative timing of the various requirements for funds, and the Company's overall objective of achieving an optimal cost of capital to fund its growth initiatives. The Company will make periodic announcements on the utilization of proceeds from the Offering as and when such proceeds are materially disbursed.

### 6. CONDITIONS PRECEDENT

The Offering is conditional upon, among others:

- (a) (i) the SGX-ST shall have granted approval in-principle for the listing of the Convertible Bonds, subject to any conditions reasonably satisfactory to the Lead Manager (or, the Lead Manager being reasonably satisfied that such listing will be granted); and (ii) the conditions to the approval in-principle of the SGX-ST for the listing of the Convertible Bonds shall have been fulfilled;

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- (b) the SGX-ST having granted approval in-principle for listing of the Conversion Shares issuable upon conversion of the Convertible Bonds (or, the Lead Manager being reasonably satisfied that such listing will be granted);
- (c) the representations and warranties of the Company contained in the Subscription Agreement being accurate and correct in all material respects at the closing date for the issue of the Convertible Bonds (the "**Closing Date**"), and as if made on the Closing Date;
- (d) at the Closing Date, there shall not have occurred any change, or any development or event reasonably likely to involve a prospective change, in the financial condition, earnings, operations or business prospects of the Company and its subsidiaries as a whole, which, in the opinion of the Lead Manager, is material and adverse and which makes it, in the opinion of the Lead Manager, impracticable to market the Convertible Bonds on the terms and in the manner contemplated in the Subscription Agreement;
- (e) the Company having obtained all consents and approvals in respect of the issue of the Conversion Shares; and
- (f) the Lead Manager shall have been satisfied with the results of its due diligence investigations on the Company and its subsidiaries for the purposes of the preparation of the offering circular for the offering of the Convertible Bonds, and such offering circular shall have been prepared in form and content satisfactory to the Lead Manager.

### 7. **FINANCIAL EFFECTS**

The financial effects of the issue of the Convertible Bonds will be disclosed in a further announcement to be released by the Company.

### 8. **CLOSING DATE**

The closing date for the Offering is expected to be on or about 3 March 2010.

### 9. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors and substantial shareholders of the Company, or any other person listed in Rule 812(1) of the Listing Manual, has any interest, direct or indirect, in the Offering (other than by virtue of their respective shareholder interests in the Company).

### 10. **OTHER INFORMATION**

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful.

This announcement is not an offer of securities for sale in the United States. The securities referred to herein may not be offer or sold in the United States absent registration or an exemption from registration requirements under the U.S. Securities Act of 1933. Any public offering of the securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the Company and management, as well as financial statements.

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By Order of the Board  
**Ying Li International Real Estate Limited**

Xie Xin  
Director  
22 January 2010

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*J.P. Morgan (S.E.A.) Limited is the financial adviser to the Company in relation to the reverse takeover of the Group. This announcement has been prepared and released by the Group.*