YING LI INTERNATIONAL REAL ESTATE LIMITED
Company Registration No. 199106356W
(the "**Company**")

Ying Li 3.0: Transforming and Growing Ying Li

The Board of Directors of Ying Li International Real Estate Limited (the "**Company**") is pleased to announce that the Company has formulated a strategy called ***Ying Li 3.0*** to transform Ying Li organisationally and create a new growth curve for the Company, details of which are found below:

Ying Li 3.0 – Our New Strategic Growth Plan

1. In the past 20 years, Ying Li has grown to become a leader in integrated commercial property development in Chongqing[1] , particularly in central business districts and urban renewal projects. It has earned a sterling reputation and excellent stakeholders' trust and forged strong working relationship with the local government, having successfully developed various landmark, innovative and quality projects.

2. The property market in China, including Chongqing, is expected to remain strong and sustainable in the coming decades, driven by massive urbanization and urban renewal, robust economic growth, greater emphasis on consumption-led economic growth, propensity of the Chinese dream to own properties, and the "Go West" national development policy. The resultant rise in disposable income and middle class population will change consumer spending pattern and propel growth in the services industry (e.g. IT, health care, education, finance and lifestyle) as well as in the manufacturing industry to support the demand for consumer goods and urbanization. These will translate into strong and continuing demand for a wide spectrum of real estate products including office, retail and residential.

3. We have formulated a strategy called ***Ying Li 3.0*** to transform Ying Li organisationally and create a new growth curve for the company by building on its existing strong foundation to capitalise on the market trends and exploit the vast opportunities ahead. This document summarises the ***Ying Li 3.0*** strategic growth plan.

Ying Li 3.0 Goals

4. Our goals for ***Ying Li 3.0*** are:

    a. <u>To be a leading niche and ecologically-responsible developer and manager of integrated commercial, residential and thematic real estate;</u>

    We aspire to lead by being among the best in class, rather than the biggest in class. We will select the niche products and markets where we have a comparative advantage. We

[1] With a population of nearly 30 million people, Chongqing is one of China's largest cities. Its economic growth is also one the fastest among China's cities.

will transform Ying Li into a green company where we will significantly reduce the carbon footprint of our daily operations. All our new projects and major refurbishments of existing properties will meet or exceed China's national and/or internationally recognised green building standards.

b. To invest in products which are renowned for their design, quality, innovation, eco-friendliness and customer experience;

Our real estate products will be differentiated and remembered for their outstanding design, premium quality, useful innovations, eco-friendliness and rich customer experience for better working, living and lifestyle.

c. To focus our corporate social responsibility efforts on the local community, the environment and education;

We aim to contribute to the local communities where we operate in through spin-offs of our property development projects in areas such as economic, social and environmental enhancement. We will also support selected initiatives where there are sustained efforts in education and the environment. Our buildings will be wheelchair-accessible.

d. To create continual value for our stakeholders

This comprises both financial and non-financial value for our shareholders, investors, employees, partners, customers, local government and the community, among others.

Business Strategy

5. To achieve these goals, Ying Li will grow by entering new markets and developing new products. Specifically, we plan to:

    a. Exploit the Chongqing market in depth and strengthen our foothold in Chongqing. Besides the core CBD, Ying Li will expand into district CBDs and suburban centres in Chongqing, including the Liangjiang New Area (a key national initiative to drive the development of central and western China);

    b. Expand into 2nd/3rd tier cities in China. Ying Li will focus on one or two initial cities which we have forged good relationships with the local government and partners, and build critical mass of business in each of these cities; and

    c. Develop new real estate products and businesses, particularly in residential townships, thematic commercial developments and property capital management. We plan to develop these new products in addition to growing our integrated commercial property business which is our current core strength.

6. A typical residential township is a well-planned development with supporting amenities housing a community of about 10,000 residential units to be built in phases and is targeted at middle income mass housing market. There is sustainable demand due to the rapid urbanization and fast growing middle-income families. This segment can also provide a steady stream of revenue to the company through regular release of units for sale each year.

7. A thematic development is typically a commercial project which focuses on a specific theme or industry cluster like IT, media, education and health care services. We aim to cluster a synergistic theme-based ecosystem of enterprises, products and services in each development. This will create value and competitive advantage for our clients and differentiate our developments.

8. Ying Li plans to start and build its Property Capital Management business as part of our strategy to recycle our capital such as through Real Estate Investment Trusts (REITs) for our investment properties as well as managing investors' funds in joint ventures in Ying Li's development projects and completed investment properties.

Financial Strategy

9. To support the ***Ying Li 3.0*** business goals and growth strategies, we will adopt the following principles in our financial strategy:

    a. Optimise capital recycling;

    b. Optimise capital leverage for project development and investment asset holding;

    c. Increase recurring income to reduce lumpy swings in annual revenue and profit; and

    d. Maintain effective control of the projects, investment properties and branding as far as possible.

10. Based on the above principles, we plan to pursue the following to support the implementation of ***Ying Li 3.0***:

    a. Attract strategic investors in Ying Li through new share issuance. We will target internationally reputable investors who can contribute capital as well as bring value-add to the company such as strong endorsement of Ying Li and ***Ying Li 3.0***, access to their global networks and potential project partners;

    b. Issue bonds through a Medium Term Note programme (this will be in addition to bank loans);

    c. Enter into joint ventures for selected development projects in which Ying Li will be the lead developer;

    d. Select and incubate our investment properties (currently comprising mainly retail malls) for establishing a REIT and subsequently listing the REIT. We plan to act as the manager of the REIT and hold a significant stake in it; and

    e. Grow our stream of recurring income from rentals from investment properties, sale of residential township housing units and property capital management fees.

11. These strategies can enable Ying Li to diversify our capital structure, gain access to more sources of funding, increase leverage, monetise our investment assets and create synergy through a co-ordinated pipeline of organic development properties for subsequent injection into our property funds and REITs.

Competitive Advantage

12. In ***Ying Li 3.0***, we will differentiate and compete by building products which have:

    a. Outstanding design;
    b. Premium quality;
    c. Green features;
    d. Rich user experience; and

e. Excellent property management.

13. To sustain our competitive edge, Ying Li will strive to be among the best in class in the company's core activities of:

    a. Property development;
    b. Property management;
    c. Property enhancement; and
    d. Property capital management.

Realising Ying Li 3.0

14. Ying Li will build new and strengthen existing core competencies to implement ***Ying Li 3.0***, including the leadership team and the company's functional expertise. In addition, Ying Li will step up its continuing efforts to enhance our corporate culture and values, staff development and growth, organisational structure, business processes and corporate governance to support the implementation of ***Ying Li 3.0***.

15. The Board and Senior Management have co-created ***Ying Li 3.0*** and is fully committed to implement it. The pace of implementation and feasibility of specific measures will depend on several factors, such as market conditions, some of which the company may have little control of.

Conclusion

16. In summary, the key transformations under the ***Ying Li 3.0*** strategic plan are as follows:

Ying Li 3.0 – Transforming and Growing Ying Li

Now		Ying Li 3.0
Markets Chongqing Central Business District	→	**Markets** • 2nd/3rd Tier cities • Suburban Chongqing • Chongqing Central Business District
Products Integrated Commercial Development	→	**Products** • Integrated Thematic Commercial Development • Residential Township Development • Investment, Asset & Fund Management • Integrated Commercial Development
Financing Sources Bank Loans	→	**Financing Sources** • Strategic Investors (new share issues) • Bonds • Project Joint Ventures • Real Estate Investment Trusts (REITS) and Funds • Bank Loans
Green IFC project certified LEED Gold	→	**Green** • All future projects to meet or exceed Green Standards • Ying Li to be a green enterprise

17. ***Ying Li 3.0*** will transform and create a new growth curve for the company by building on its excellent foundation to exploit the vast opportunities ahead. We have started the exciting journey towards ***Ying Li 3.0***.

By Order of the Board
Ying Li International Real Estate Limited

Fang Ming
Executive Chairman
22 July 2013