OFFER INFORMATION STATEMENT DATED 18 NOVEMBER 2009
(Lodged with the Monetary Authority of Singapore on 18 November 2009)

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER.

A copy of this Offer Information Statement (the "**OIS**") issued by Ying Li International Real Estate Limited (the "**Company**") has been lodged with the Monetary Authority of Singapore (the "**Authority**"). The Authority assumes no responsibility for the contents of the OIS. Lodgment of this OIS with the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Placement and the Placement Shares (all as defined hereinafter) being offered or in respect of which an invitation is made, for investment.

An application will be made to Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the admission to the Main Board of the SGX-ST and dealing in, listing of and quotation for the Placement Shares. Upon receipt of the approval in-principle from the SGX-ST, an announcement will be released by the Company via SGXNET. Approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries, its Shares and the Placement Shares. The Placement Shares will not be admitted to the Main Board of the SGX-ST until after all certificates relating thereto have been issued and the notification letters from The Central Depository (Pte) Limited (the "**CDP**") have been despatched. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and opinions expressed in this OIS.

All the documentation relating to the Placement has been seen and approved by the Directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in these documents misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that the information is accurately extracted from such sources, or as the case may be, reflected or reproduced in this OIS.

The Placement Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**"), and subject to certain exceptions, may not be offered or sold within the United States (as defined in Regulation S under the US Securities Act ("**Regulation S**")). The Placement Shares offered are not transferable except in accordance with restrictions described under "Transfer Restrictions" of this OIS.

No securities shall be allotted or allocated on the basis of this OIS later than six (6) months after the lodgment of this OIS.

英利国际置业
YING LI INTERNATIONAL REAL ESTATE

YING LI INTERNATIONAL REAL ESTATE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199106356W)

PLACEMENT OF 253,200,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "PLACEMENT SHARES") AT A PRICE OF S$0.61 FOR EACH PLACEMENT SHARE

Sole Bookrunner, Lead Manager and Joint Placement Agent for the Placement Shares

J.P.Morgan

Co-Lead Manager and Joint Placement Agent for the Placement Shares

DBS

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For the purpose of this OIS, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

Companies

"Chongqing San Ya Wan"	:	Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd. (重庆三亚湾水产品综合交易市场开发有限公司)
"Chongqing Yingli"	:	Chongqing Yingli Real Estate Development Co., Ltd. (重庆英利房地产开发有限公司)
"Company"	:	Ying Li International Real Estate Limited
"Fortune Court"	:	Fortune Court Holdings Limited (富广集团有限公司)
"Fortune Court Group"	:	Fortune Court and its subsidiary, Chongqing Yingli, and Chongqing Yingli's subsidiary, Chongqing San Ya Wan
"Group"	:	The Company and its subsidiaries
"LFH"	:	Leap Forward Holdings Limited
"Newest Luck"	:	Newest Luck Holdings Limited

General

"Acquisition"	:	Has the meaning ascribed to it in paragraph 9(b) of Part IV "Key Information" of this OIS
"Act"	:	Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
"Authority"	:	The Monetary Authority of Singapore
"Board of Directors" or "Board"	:	The board of directors of the Company for the time being
"Borrowed Shares"	:	Such number of existing Shares held by LFH, equivalent to the number of Placement Shares, to be borrowed by J.P. Morgan under the Share Lending Agreement
"Catalist"	:	SGX-ST Sponsor-Supervised Listing Platform, which took effect from 17 December 2007 and replaces the SESDAQ
"CDP"	:	The Central Depository (Pte) Limited
"Commission"	:	The commission payable to each of the Joint Placement Agents, being 3.0% of the Placement Price for each Placement Share to be issued pursuant to the Placement
"Completion"	:	Completion of the Placement
"Completion Date"	:	The date of the issue of the Placement Shares to LFH for the purpose of returning the Borrowed Shares, which is expected to be on or about 26 November 2009

"DBS"	:	DBS Bank Ltd.
"Directors"	:	The directors of the Company as at the date of this OIS
"Disposal"	:	Has the meaning ascribed to it in paragraph 9(b) of Part IV "Key Information" of this OIS
"Enlarged Share Capital"	:	The enlarged share capital of the Company on a fully diluted basis immediately after Completion
"EPS"	:	Earnings per share
"FY"	:	Financial year ended 31 December
"GFA"	:	Gross floor area
"GST"	:	Goods and services tax
"HY"	:	Financial half year ended 30 June
"IFRS"	:	International Financial Reporting Standards
"J.P. Morgan"	:	J.P. Morgan (S.E.A.) Limited
"Latest Practicable Date"	:	13 November 2009, being the latest practicable date prior to the lodgment of this OIS with the Authority
"Listing Manual"	:	The Listing Manual of the SGX-ST and its relevant rule(s) ("**Rule**"), as amended, modified or supplemented from time to time
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"OCBC"	:	Oversea-Chinese Banking Corporation Limited
"OIS"	:	This document and all other accompanying documents, including, where the context requires, any supplementary or replacement document, which may be issued by the Company in connection with the Placement
"n.a."	:	Not applicable
"n.m."	:	Not meaningful
"NAV"	:	Net asset value
"NTA"	:	Net tangible assets
"NTL"	:	Net tangible liabilities
"Placement"	:	The proposed offering by the Company of the Placement Shares

"Joint Placement Agents"	:	J.P. Morgan and DBS, the joint placement agents appointed by the Company in relation to the Placement
"Joint Underwriters"	:	J.P. Morgan and DBS, the joint underwriters appointed by the Company in relation to the Placement
"Placement Agreement"	:	The placement agreement dated 18 November 2009 entered into between the Company and the Joint Placement Agents in relation to the Placement
"Placement Price"	:	The price of S$0.61 for each Placement Share
"Placement Shares"	:	253,200,000 new Shares to be offered at the Placement Price pursuant to the Placement
"PRC"	:	The People's Republic of China, and except where the context otherwise requires and for the purpose of this OIS only, references to the PRC do not include Hong Kong, Macau and Taiwan
"Record Date"	:	In relation to any dividend, right, allotment or other distributions, the date as at the close of business, on which members of the Company must be registered in order to participate in such dividend, right, allotment or other distributions
"Redeemable Loan Stock"	:	Redeemable loan stock subscribed by LFH, Mr Tan Fuh Gih and Mr Tan Hoo Lang pursuant to their respective Redeemable Loan Stock Subscription Agreements
"Reverse Takeover"	:	The Acquisition and the Disposal collectively
"Securities Account"	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
"SESDAQ"	:	Stock Exchange of Singapore Dealing and Automated Quotation
"Settlement Date"	:	The date of the transfer of the Borrowed Shares from J.P. Morgan to the placees in settlement of the Placement Shares which such placees have agreed to subscribe, which is expected to be on or about 23 November 2009
"SFA"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
"SFR"	:	Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005, as amended, modified or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SGX-SESDAQ"	:	The SGX-ST Dealing and Automated Quotation System

"Share Lending Agreement"	:	The share lending agreement dated 18 November 2009 entered into between J.P. Morgan and LFH for purpose of delivering the Loan Shares to the placees procured by the Joint Placement Agents
"Shareholders"	:	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders' Securities Account
"Shares"	:	Ordinary shares in the capital of the Company
"3Q"	:	Third quarter of the financial year ended 30 September

<u>Currencies, Units and Others</u>

"S$" and "cents"	:	Singapore dollars and cents
"RMB" or "RMB cents"	:	Renminbi and Renminbi cents, respectively
"US$"	:	United States dollars
"%" or "per cent"	:	Per centum or percentage
"sq m"	:	Square metres

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this OIS to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Act, the SFA or the Listing Manual or any statutory modification thereof and used in this OIS shall, where applicable, have the meaning assigned to it under the Act, the SFA or the Listing Manual or such statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to "announcement" of or by the Company in this OIS includes announcements by the Company posted on the website of the SGX-ST, http://www.sgx.com.

Any reference to a time of day in this OIS shall be a reference to Singapore time unless otherwise stated. Any reference to a date and/or time in this OIS in relation to the Placement shall include such other date(s) and/or time(s) as may be announced from time to time by or on behalf of the Company.

Any discrepancies in the figures included herein between the listed amounts and totals thereof are due to rounding. Accordingly, the figures shown as totals in this OIS may not be an arithmetic aggregation of the figures that precede them.

THIS OIS HAS BEEN PREPARED SOLELY IN RELATION TO THE SUBSCRIPTION OF THE PLACEMENT SHARES BY THE PUBLIC IN SINGAPORE AND SUCH OTHER PLACEES TO BE IDENTIFIED BY J.P. MORGAN, DBS OR ANY SUB-PLACEMENT AGENT APPOINTED BY J.P. MORGAN OR DBS AND SHALL NOT BE RELIED UPON FOR ANY OTHER PURPOSE.

Persons wishing to subscribe and/or acquire or purchase the Placement Shares should, before deciding whether to do so, carefully read this OIS in its entirety in order to make an informed assessment of the assets and liabilities, profits and losses, financial position, risk factors, performance and prospects of the Company and the Group. They should also make their own independent enquiries and investigations of any bases and assumptions, upon which financial projections, if any, are made or based and carefully consider this OIS in the light of their personal circumstances (including financial and taxation affairs). It is recommended that such persons seek professional advice from their stockbroker, bank manager, solicitor, accountant, tax or other professional adviser before deciding whether to subscribe and/or acquire or purchase the Placement Shares.

No person has been authorised to give any information or to make any representations other than those contained in this OIS in connection with issue and/or sale of the Placement Shares and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or the Joint Placement Agents. Save as expressly stated in this OIS, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Company and/or the Group. Neither the delivery of this OIS nor issue and/or sale of the Placement Shares shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the affairs of the Company, the Fortune Court Group and/or the Group or any of the information contained herein since the date thereof. Where such changes occur after the date hereof and are material, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority.

Neither the Company nor either of the Joint Placement Agents is making any representation to any person regarding the legality of an investment in or acquisition of the Placement Shares, by such person under any investment or any other laws or regulations. No information in this OIS should be considered to be business, legal or tax advice. Each prospective subscriber and/or purchaser of the Placement Shares should consult his own professional or other adviser for business, legal or tax advice regarding an investment and/or acquisition in respect thereof.

The Joint Placement Agents do not make any representation, warranty or recommendation whatsoever as to the merits of the Placement Shares, the Company, the Fortune Court Group and/or the Group or any other matter related thereto or in connection therewith. Nothing in this OIS or its accompanying documents shall be construed as a recommendation to subscribe and/or acquire the Placement Shares. Prospective subscribers and/or purchasers of the Placement Shares should rely on their investigation of the financial condition and affairs, appraisal and determination of the merits of investing in the Company, the Fortune Court Group and/or the Group and shall be deemed to have done so.

This OIS and its accompanying documents have been prepared solely for the purpose of acceptance and subscription and/or sale of the Placement Shares and may not be relied upon by any persons (other than prospective subscribers and/or purchasers of the Placement Shares), or for any other purpose.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Placement Shares being offered for placement outside Singapore, or the possession, circulation or distribution of this document or any other material relating to the Company, the Group or the Shares, in any jurisdiction where action for the purpose is required. Accordingly, the Placement Shares may not be offered or sold, directly or indirectly, and neither this OIS nor any other offering material or advertisements in connection with the Placement Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The distribution of this OIS and/or its accompanying documents and the offering of the Placement Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this OIS are required by the Company and the Joint Placement Agents to inform themselves about, and to observe and comply with, any restrictions at their own cost and expense and without liability to the Company and the Joint Placement Agents. Persons to whom a copy of this OIS has been dispatched shall not circulate to any other person, reproduce or otherwise distribute this OIS or any information herein for any purpose whatsoever nor permit or cause the same to occur.

SELLING RESTRICTIONS

United States

The New Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities law, and may not be offered or sold, delivered or otherwise transferred, directly or indirectly, within the United States (as defined in Regulation S under the Securities Act). The New Shares may be offered, sold, delivered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. Each of the subscribers of the New Shares will be deemed by its acceptance of the New Shares to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing New Shares that (i) the subscriber shall be acquiring the New Shares outside the United States in an "offshore transaction" in compliance with Regulation S, and (ii) the Company and Placement Agent and their respective affiliates, their respective officers, agents or employees, and others will rely on the truth and accuracy of the representations, agreements and acknowledgements made by the subscribers of the New Shares.

Hong Kong

The New Shares have not been and shall not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

There have not been issued and shall not be issued, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

FORWARD LOOKING STATEMENTS

All statements contained in this OIS, statements made in public announcements, press releases and oral statements that may be made by the Company or their respective Directors, officers or employees acting on its behalf, that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by words that have a bias towards the future or are forward-looking such as, without limitation, "anticipate", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "possible", "probable", "project", "should", "will" and "would" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group's expected financial position, operating results, business strategies, plans and future prospects of the Group's industry are forward-looking statements. These forward-looking statements, including but not limited to statements as to the Group's revenue and profitability, prospects, future plans and other matters discussed in this OIS regarding matters that are not historical facts, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Group's actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Given the risks, uncertainties and other factors that may cause the Group's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this OIS, undue reliance must not be placed on these statements. The Group's actual results may differ materially from those anticipated in these forward-looking statements. Each of the Company, the Joint Placement Agents and any other person does not represent or warrant that the Group's actual future results, performance or achievements will be as discussed in those statements.

Further, the Company and the Joint Placement Agents disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. Where such developments, events or circumstances occur after the lodgment of this OIS with the Authority but before the Completion Date and are material, or are required to be disclosed by law and/or the SGX-ST, the Company may make an announcement of the same to the SGX-ST and, if required, lodge a supplementary or replacement document with the Authority. The Company is also subject to the provisions of the Listing Manual regarding corporate disclosure.

TRANSFER RESTRICTIONS

No actions have been taken to register or qualify the Shares offered by this document or otherwise to permit a public offer of the Shares in any jurisdiction outside Singapore. The Shares have not been and will not be registered under the US Securities Act or any other applicable securities laws outside of Singapore, and may not be offered or sold in the United States except pursuant to an effective registration statement or in accordance with an applicable exemption from the registration requirements of the US Securities Act and such other laws. Accordingly, the Placement is being made outside the United States pursuant to Regulation S under the US Securities Act.

Each purchaser of Shares outside the United States and Singapore will be deemed to have represented and agreed that:

(1) It is purchasing the Shares outside the United States in an offshore transaction in accordance with Regulation S under the US Securities Act.

(2) It will not offer, sell, pledge or otherwise transfer any ordinary shares, except:

   (a) outside the United States in offshore transactions in reliance on Regulation S under the US Securities Act, or

   (b) within the United States to persons reasonably believed to be qualified institutional buyers in accordance with the exemption from the registration requirements of the US Securities Act provided by Rule 144A, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Each purchaser of Shares offered pursuant to Regulation S will be required, or deemed by its purchase, to confirm that the purchaser is aware of the restrictions on the offer and sale of ordinary shares offered pursuant to Regulation S described in this document.

PART II

IDENTITY OF DIRECTORS, ADVISERS AND AGENTS

1. Provide the names and addresses of each of the directors or equivalent persons of the relevant entity.

Name of Directors	Address	Position
Fang Ming	No. 1, 3rd Floor, Datong Lane 9, Yuzhong District, Chongqing, China	Chairman and Chief Executive Officer
Xie Xin	B9E East Gate Plaza Apartment, No. 39 Dongzhong Street, Dongcheng District, Beijing, China	Executive Director and Senior Vice President
Xu Li	No. 5, Floor 34, Southland Garden, No. 66 Cangbai Road, Yuzhong District, Chongqing, China	Executive Director and Senior Vice President
He Zhao Ju @ Danny Ho	Blk 221, #07-181, Bishan Street 23, Singapore 570221	Non-Executive Director
Christopher Chong Meng Tak	31 Club Street, Emerald Gardens, #902, Singapore 069468	Co-Lead Independent Director
Lui Seng Fatt	2A Boscombe Road, Singapore 439734	Co-Lead Independent Director
Xiao Zu Xiu	No. 59, Jinhong Residential Area, No.1 Jinshan Road, Yubei District, Chongqing, China	Independent Director

2. Provide the names and addresses of –

(a) the issue manager to the offer, if any;

(b) the underwriter to the offer, if any; and

(c) the legal adviser for or in relation to the offer, if any.

		Name	Address
Sole Bookrunner, Lead Manager, Joint Placement Agent and Joint Underwriter	:	J.P. Morgan (S.E.A.) Limited	168 Robinson Road 17th Floor, Capital Tower Singapore 068912
Co-Lead Manager, Joint Placement Agent and Joint Underwriter	:	DBS Bank Ltd.	6 Shenton Way DBS Building Tower One Singapore 068809
Legal Advisers to the Company	:	Stamford Law Corporation	9 Raffles Place #32-00 Republic Plaza Singapore 048619

Legal Advisers to the Company in respect of PRC laws	:	Yuan Tai Law Offices	14/F Hua Xia Bank Plaza 256 South Pudong Road Shanghai, PRC 200120
Legal Advisers to the Company in respect of BVI laws	:	Conyers Dill & Pearman	50 Raffles Place #18-04 Singapore Land Tower Singapore 048623
Legal Advisers to the Joint Placement Agents and the Joint Underwriters in respect of Singapore laws	:	Herbert Smith LLP	50 Raffles Place #24-01 Singapore Land Tower Singapore 048623
Legal Advisers to the Joint Placement Agents and the Joint Underwriters in respect of US laws		Herbert Smith	15 Queen's Road Central 23rd Floor Gloucester Tower Hong Kong

3. Provide the names and addresses of the entity's registrars, transfer agents and receiving bankers for the securities being offered, where applicable.

		Name	**Address**
Share Registrar & Transfer Agent	:	B.A.C.S. Private Limited	63 Cantonment Road Singapore 089758
Auditors to the Company	:	Foo Kon Tan Grant Thornton Certified Public Accountants	47 Hill Street, #05-01, Singapore Chinese Chamber of Commerce & Industry Building, Singapore 179365

PART III

OFFER STATISTICS AND TIMETABLE

1. For each method of offer, state the number of securities being offered.

Placement Shares	:	253,200,000 Placement Shares to be issued at the Placement Price, representing approximately 11.7% of the Enlarged Share Capital of the Company.
Placement Price	:	S$0.61 per Placement Share.
Status of Placement Shares	:	The Placement Shares will, upon allotment and issue, and the Borrowed Shares will, upon transfer, rank *pari passu* in all respects with the existing Shares for any dividends, rights, entitlements, allotments or other distributions, save that it shall not rank for any dividends, rights, entitlements, allotments or distributions (if any), the Record Date of which falls prior to the date of issue of the Placement Shares and the transfer of the Borrowed Shares, respectively.

2. Provide the information referred to in paragraphs 3 to 7 of this Part to the extent applicable to –

(a) the offer procedure; and

(b) where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.

Please refer to paragraphs 3 to 7 below.

3. State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgment of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure of the offer period shall be made public.

Pursuant to the Placement Agreement, the Company has agreed to allot and issue, and the Joint Placement Agents have agreed to procure placees to subscribe for 253,200,000 Placement Shares at the Placement Price, failing which the Joint Underwriters will subscribe for the balance of the Placement Shares which have not been placed out.

Pursuant to the Share Lending Agreement, LFH has agreed to lend J.P. Morgan and J.P. Morgan has agreed to borrow from LFH 253,200,000 Borrowed Shares for the purpose of delivering such Borrowed Shares to the placees procured by the Joint Placement Agents, in settlement of the Placement Shares which such placees have agreed to subscribe.

Under the Placement Agreement and the Share Lending Agreement, it is contemplated that LFH shall prior to the Settlement Date transfer the Borrowed Shares to J.P. Morgan, and J.P. Morgan shall on the Settlement Date transfer the Borrowed Shares to the placees procured by the Joint Placement Agents in settlement of the Placement Shares which such placees have agreed to subscribe. The Company shall on the Completion Date allot and issue 253,200,000 Placement Shares, at the direction of J.P. Morgan, to LFH for the purpose of returning the Borrowed Shares to LFH.

Completion of the Placement is conditional upon, *inter alia*, the representations and warranties set out in the Placement Agreement being true and correct as at the Completion Date, and the delivery by LFH and the receipt by J.P. Morgan of the Borrowed Shares not later than two (2) Market Days prior to the Completion Date.

The Placement Agreement may be terminated if Completion does not occur by 18 December 2009 or such date as may be agreed between the Company and the Joint Placement Agents.

The Company has agreed that it will not issue, offer, sell, encumber or otherwise dispose of any other Shares or convertible securities in addition to the Placement Shares during the period commencing from the date of the Placement Agreement to the date ending 180 days after the Completion Date, unless with the prior written consent of the Joint Placement Agents.

4. State the method and time limit for paying up for the securities and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.

On or prior to the Completion Date, J.P. Morgan shall pay to such bank account notified by the Company the gross proceeds from the Placement, less the Commission and other costs and expenses incurred by the Joint Placement Agents in relation to the Placement. The placees shall pay for the Borrowed Shares on or prior to the Settlement Date.

5. State, where applicable, the methods of and time limits for –

(a) the delivery of the documents evidencing title to the securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and

(b) the book-entry transfers of the securities being offered in favour of subscribers or purchasers.

Pursuant to the Placement Agreement, J.P. Morgan shall deliver the Borrowed Shares to the placees procured by the Joint Placement Agents in settlement of the Placement Shares subscribed by such placees. On the Settlement Date, J.P. Morgan shall deliver to CDP the relevant share transfer forms in respect of the Borrowed Shares duly executed in favour of the placees, and shall procure such Borrowed Shares to be debited from J.P. Morgan's CDP account and credited to the placees' CDP accounts.

6. In the case of any pre-emptive rights to subscribe for or purchase the securities being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.

Not applicable.

7. Provide a full description of the manner in which results of the allotment or allocation of the securities are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).

Upon Completion, the Company will release an announcement on the website of the SGX-ST at http://www.sgx.com. The Company does not expect to receive any excess amounts in respect of the Placement Shares.

PART IV

KEY INFORMATION

1. In the same section, provide the information set out in paragraphs 2 to 7 of this Part.

Noted.

2. Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph and paragraph 3 of this Part as the net proceeds). Where only a part of the net proceeds will go to the relevant entity, indicate the amount of the net proceeds that will be raised by the relevant entity. If none of the proceeds will go to the relevant entity, provide a statement of that fact.

The net proceeds from the Placement to be received by the Company, after deducting estimated costs and expenses of S$7,500,000 incurred in relation to the Placement (which includes the Commission, professional fees and lodgment fees), is approximately S$146,952,000.

3. Disclose how the net proceeds raised by the relevant entity from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors or equivalent persons of the relevant entity, must be raised by the offer of securities.

The Company intends to use the net proceeds from the Placement for the following purposes:

	Intended use of proceeds	**Estimated percentage allocation (%)**
(a)	Funding for the Da Ping Project	85
(b)	Future acquisitions of land and general working capital	15
	Total	100

The Company will announce any material disbursements of the proceeds of the Placement and will provide a status report on the use of the proceeds of the Placement in the annual report(s) of the Company. Pending the deployment of the net proceeds from the Placement, the net proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

4. For each dollar of the proceeds from the offer that will be raised by the relevant entity, state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.

Based on the intended uses of the proceeds described in paragraph 3 above, for each dollar of the gross proceeds from the Placement, the estimated amount that will be allocated for each of the intended uses and to pay for the costs and expenses incurred in connection with the Placement are as follows:

	Intended use of proceeds	For each S$ of gross proceeds raised
(a)	Funding for Da Ping Project	0.81
(b)	Future acquisitions of land and general working capital	0.14
(c)	Estimated costs and expenses	0.05
	Total	**1.00**

5. If any of the proceeds to be raised by the relevant entity will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from an interested person of the relevant entity, identify the interested person and state how the cost to the relevant entity is or will be determined.

Not applicable.

6. If any of the proceeds to be raised by the relevant entity will be used to finance or refinance the acquisition of another business, briefly describe the business and give information on the status of the acquisition.

Not applicable.

7. If any material part of the proceeds to be raised by the relevant entity will be used to discharge, reduce or retire the indebtedness of the relevant entity or, if the relevant entity is the holding company or holding entity of a group, of the group, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.

Not applicable.

8. In the section containing the information referred to in paragraphs 2 to 7 of this Part or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.

The Commission payable to J.P. Morgan and DBS for the placement and the underwriting of the Placement Shares is 3.0% of the gross proceeds raised from the Placement.

9(a) Provide information on the address and telephone and facsimile numbers of the Company's registered office and principal place of business (if different from those of its registered office).

Registered Office

Address	:	6 Temasek Boulevard #24-04 Suntec Tower Four Singapore 038986
Tel	:	+(65) 6334 9052
Fax	:	+(65) 6733 3458

Principal Place of Business

Address	:	Level 4, Tower A, Minsheng Mansion 181 Minsheng Road, Yuzhong District Chongqing, The PRC 400010
Tel	:	+(86) 23-6371-9452
Fax	:	+(86) 23-6371-9452

9(b) Provide information on the nature of the operations and principal activities of the relevant entity or, if it is the holding company or holding entity of a group, of the group.

The Company was incorporated in Singapore on 20 December 1991 as a private limited company under the name of "Koon Ching International Trading Pte Ltd", but it changed its name to "Showy International Pte Ltd" on 21 November 2000. On 9 June 2003, the Company was converted from a private company limited by shares into a public company and renamed "Showy International Limited". The Company was listed on the SESDAQ on 28 July 2003, which was subsequently replaced by Catalist on 17 December 2007.

The Company was previously engaged in the design, manufacture, trade and distribution of sanitary fittings, bathroom products and accessories, and kitchen products and accessories in Singapore as well as overseas markets (the "**Original Business**"). Following the Reverse Takeover, the principal business of the Company became that of the Fortune Court Group, which is principally the development, sale, rental, management and long-term ownership of high quality commercial and residential properties in Chongqing. The Company was thereafter renamed "Chongqing Yingli International Real Estate Limited", and it became listed on the Main Board of the SGX-ST on 24 October 2008.

As at the Latest Practicable Date, the subsidiaries of the Company and their principal activities are as follows:

Name of company	**Country of incorporation**	**Principal activities**	**Equity interest held**
Fortune Court Holdings Limited (富广集团有限公司)	Hong Kong	Investment holding	100.00%
Chongqing Yingli Real Estate Development Co., Ltd. (重庆英利房地产开发有限公司)	PRC	Property development	97.05%

Name of company	Country of incorporation	Principal activities	Equity interest held
Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd. (重庆三亚湾水产品综合交易市场开发有限公司)	PRC	Property development	80.00%

FORTUNE COURT GROUP

Fortune Court

Fortune Court, the holding company of Chongqing Yingli, was incorporated under the laws of Hong Kong on 3 September 1996 as a private company limited by shares. Fortune Court is a Chinese-Hong Kong joint venture company established under the laws of Hong Kong.

Chongqing Yingli

Since its establishment in 1993, Chongqing Yingli, Fortune Court's main operating subsidiary, has been one of the leading commercial property developers in Chongqing, ranking amongst the top 50 property developers in the Chongqing property market. Chongqing Yingli's success as a premium property developer is evident with four consecutive bi-annual awards as one of the Top 50 Chongqing Real Estate Companies between the years 1999 to 2007.

Chongqing Yingli engages principally in the development, sale, rental, management and long-term ownership of high quality commercial and residential properties in Chongqing. Both external and internal resources are employed to market its properties. Chongqing Yingli's properties are managed by Chongqing Jingli Property Development Co., Ltd., of which Mr Fang Ming is a controlling shareholder. Certain commercial properties that Chongqing Yingli has developed are, however, retained by it to enhance their value on an ongoing basis through quality property management services.

Chongqing Yingli also focuses on the development and construction of restorative projects of old living quarters in the urban districts of Chongqing. This business model of undertaking development involving urban renewal is a unique aspect of Chongqing Yingli's business, with the reconstruction of old city areas into high quality and first-class design developments. As at the Latest Practicable Date, Chongqing Yingli holds six (6) investment properties, mostly located in the Jiefangbei district, which is the financial and cultural centre of Chongqing.

The following table sets out an overview of the completed properties and land banks of Chongqing Yingli as at the Latest Practicable Date:

Completed Properties

Name of Property	Location	Uses	Total GFA (sq m)
Min Sheng Mansion (民生商厦)	No. 181 Minsheng Road, Yuzhong District, Chongqing	Office, Retail and Residential	63,341
Zou Rong Plaza (邹容广场)	Odd No. 37-69 Linjiang Road and Odd No.141-155 Zourong Road, Yuzhong District, Chongqing	Office, Retail and Residential	102,489

Name of Property	Location	Uses	Total GFA (sq m)
Southland Garden (南国丽景)	No. 46, No. 48, No. 50 and No. 52 Cangbai Road, Yuzhong District, Chongqing	Retail and Residential	56,878
New York New York (纽约纽约)	No. 108 Bayi Road, No. 169 and No. 171 Minzu Road, Yuzhong District, Chongqing	Office and Retail	41,337
Future International Building (未来国际)	No.6 Walking Street, Guanyinqiao, and No. 6 Yi Zhi Road, North Jianxin Road, Jiangbei District, Chongqing	Office and Retail	135,540
Bashu Cambridge (巴蜀剑桥)	No. 8 Bashu Road, Yuzhong District, Chongqing	Residential and Retail	42,782
San Ya Wan Project Phase 1 (三亚湾项目建设第一阶段)	No. 456, Jinshi Avenue, National Agricultural and Technology Zone, Yubei District, Chongqing	Retail	52,739[(1)]

Land Bank

Name of Property	Location	Uses	Total GFA (sq m)
Lu Zu Temple Project (鲁祖庙地块)	Junction of Minsheng Road and Datong Road, Yuzhong District, Chongqing	Office and Retail	137,987 (planned GFA)
International Financial Centre (国际开发金融大厦)	Intersection of Zhonghua Road, Minquan Road and Qingnian Road, Yuzhong District, Chongqing	Office and Retail	173,438 (planned GFA)
Jingong Restaurant Project (观音桥金弓酒店项目)	Entrance of the Guanyinqiao Jiangbei District	Office and Retail	126,000 (planned GFA)
San Ya Wan Project Phase 2 (三亚湾项目建设第二阶段)	No. 456, Jinshi Avenue, National Agricultural and Technology Zone, Yubei District, Chongqing	Retail	144,377[(1)]
Da Ping Project (大坪项目建设)	Yuzhong District, Da Shi Road, Da Ping Ring Road, Da Ping Zhen Jie Road Three	Retail and Residential	370,000 (planned GFA)

Note:

(1) The total saleable/leaseable GFA for the parcel of land to which Chongqing San Ya Wan has land use rights is 197,116 sq m. Chongqing Yingli has a 80% equity interest in Chongqing San Ya Wan, and accordingly, the attributable saleable/leaseable GFA is 157,693 sq m.

As the founder of Chongqing Yingli, Mr Fang Ming has been instrumental in managing the business of the Fortune Court Group since its inception and has successfully developed and managed all the real estate development projects of Chongqing Yingli. Under his leadership, Chongqing Yingli has received numerous awards and accreditations. Mr Fang Ming has also been awarded, among others, the Most Outstanding Entrepreneur in China Award in 2003, the Distinguished Entrepreneurial Member of the Democratic National Construction Association and the Top Ten Chongqing Entrepreneurs Award in 2008, and has been named as an Outstanding Socialist Contributor from the Non-Public Economic Sector in Chongqing by both the district and municipal governments in 2006.

In addition, Chongqing Yingli's focus on the area of urban renewal has also enabled it to build up a specialised field of property development, combining premier design and high quality construction in modernising the landscape of prime areas of Chongqing's city centre.

As at the Latest Practicable Date, Chongqing Yingli holds a 80% shareholding interest in Chongqing San Ya Wan, a project company that holds the land use rights to the land parcel in respect of the San Ya Wan Project. Chongqing Yingli had acquired (a) a 69% interest in Chongqing San Ya Wan for the sum of RMB65,300,000 from Chongqing Pu Hui Real Estate Development Co., Ltd and Chongqing Da He Aquatic Products Limited Liability Co. in May 2008 and (b) a further 11% interest in Chongqing San Ya Wan for the sum of RMB35,200,000 from Liao Shou Gou and Wu Cheng Xuan in November 2008. The vendors in respect of such acquisitions are not related to the directors or controlling shareholders of Chongqing Yingli.

COMPETITIVE STRENGTHS

The Group believes that its competitive strengths as set out below have contributed and will continue to contribute to its growth.

Strong growth opportunity in Chongqing

As one of the fastest growing cities in the PRC, Chongqing experiences rapid economic development as the fourth directly administered municipality in the PRC. Chongqing enjoys greater autonomy and favourable economic policies due to the PRC government's "Go West" campaign and Special Economic Zone status. The PRC government intends to accelerate the industrial and urbanization process of Chongqing by investing RMB2,000 billion to develop the city centre of Chongqing, with RMB600 billion earmarked for the reconstruction and development of Chongqing city. Further, with the establishment of the Third National Level Development Zone in Chongqing known as the "Liang Jiang New Zone", Chongqing is well poised to experience strong economic growth. Chongqing's GDP year-on-year growth rate is expected to be over 14.5% in 2009.[(1)]

Due to the many favourable regulatory policies that Chongqing enjoys, such as being the only inland free trade zone within the PRC, numerous domestic and multi-national corporations have been setting up their offices in Chongqing. The Company expects that this will spur demand for real estate investment, particularly in office and retail developments in Chongqing. The Group believes that because of its established presence in Chongqing, its current and future developments will be able to benefit from the robust and growing real estate market.

Many domestic and multi-national corporations have and are setting up their offices in Chongqing, which is widely recognised as one of the key economic centres in Western China. In particular, Jiefangbei of the Yuzhong District, the core commercial and business district of Chongqing, has attracted many foreign-funded banks and branches of commercial banks in Chongqing. The rental rates of properties in Jiefangbei are one of the highest amongst all the commercial areas in Chongqing, and the Group is able to benefit from such high rental rates with many of the properties that it has retained for investment therein. With the recent economic recovery and the limited supply of office and retail properties in Jiefangbei, the Executive Directors expect that the rental and occupancy rates in the area will continue to rise.

Note:

(1) *Source:* http://english.cq.gov.cn/ChongqingToday/News/2427.htm.

Established track record in urban renewal development

The Group has over the years established a track record of successfully acquiring prime land and undertaking urban renewal developments in the central business districts of Chongqing, in particular Jiefangbei in Yuzhong and Guanyinqiao in Jiangbei. Completed projects of the Group include the Min Sheng Mansion, Zou Rong Plaza, Southland Garden, New York New York, Future International Building, Bashu Cambridge and San Ya Wan Phase I Project. Capitalising on its excellent track record, the Group is well positioned to embark on future projects and continue with ongoing projects, namely the International Financial Centre, the Da Ping Project, the Jingong Restaurant Project, the Lu Za Temple Project and the San Ya Wan Phase 2 Project, all of which are also located in key business districts of Chongqing. The Group enjoys significant barriers to entry in respect of urban renewal works in the central business districts of Chongqing as the process requires specialised expertise which involves the relocation of existing inhabitants, foundation and piling works in Chongqing's hilly terrain and the careful construction planning admist busy districts.

Diversified earnings base and balanced business model

In recent years, the Group has gradually increased the proportion of stable and recurrent rental income by retaining commercial properties in prime locations, so as to enjoy the potential capital appreciation of its key investment properties. However, the Group also sells the properties it develops as it allows the Company to have a shorter cash conversion cycle whilst providing the Company with additional cash flow for reinvestment. By carefully balancing the proportion of rental income and income from sales of properties, the Group is able to reduce the volatility of its income.

Well established reputation and premium brand equity

The Group is a leading property developer in Chongqing with a niche in developing high quality commercial buildings in the prime areas within the key districts of Chongqing, such as Jiefangbei in Yuzhong and Guanyinqiao in Jiangbei. The Group has a proven track record of over 14 years and has completed more than 495,000 sq m (GFA) of quality developments[(1)], including the Future International Building, New York New York, Zou Rong Plaza, Min Sheng Mansion, Southland Garden and Bashu Cambridge. Its iconic and innovative designs have received many accolades, with New York New York being awarded "Most Stylish Landmark", "China's Famous Building" and the highest national accolade of "Best Construction Design"[(2)]. Further, Southland Garden has been named the "Most Anticipated Building by Consumers", and the International Financial Centre is expected to be the tallest building in Western China upon its completion. The numerous accolades that have been awarded to the Group by various government and non-government agencies in the PRC are testimony to the success of its projects and business operations. This recognition of the Group's efforts has helped the Group to continue securing land in prime locations and to attract partners to collaborate with them.

With its high quality properties and innovative designs, the Group has established a strong brand name in the Chongqing property market. The Group has a good reputation among its customers, business partners, government authorities and the public due to the smooth execution and timely delivery of its projects.

Note:

(1) This includes the total saleable/leaseable GFA for San Ya Wan Phase I Project (based on a 100% equity interest). Chongqing Yingli has a 80% equity interest in Chongqing San Ya Wan.

(2) Awarded by the China Construction Academy.

Proactive and strategic approach in acquisition of land bank

The Group adopts a proactive and strategic approach in the replenishment of its land bank to maintain a land bank that is sufficient to support a development pipeline of three to five years on a rolling basis. The Group acquires land parcels through direct acquisitions or through the acquisition of other property companies with suitable development sites. It also leverages on its first mover advantage by acquiring land in the early stages of the land appreciation cycle. The Group's approach enables it to acquire land at prime locations at the appropriate time and at attractive costs to maximise profit returns to its Shareholders.

The Group has acquired sufficient land bank in strategic locations to support its development pipeline for the next three to five years, of which more than 50% of the land bank size (by GFA) is expected to be investment properties that the Group intends to retain to generate stable and recurrent rental income.

Experienced management team

The Group has an experienced management team that is led by Mr Fang Ming, who has more than 16 years of experience in the property development industry. Over the past decade, Mr Fang Ming has been instrumental in introducing international designs and quality standards into the real estate sector in Chongqing, gaining recognition from the city and state governments. Under his leadership, the Group has developed a number of award winning buildings such as New York New York and the Future International Building, both of which have become prominent buildings in Chongqing.

Mr Fang Ming and his management team have in-depth knowledge of the local markets and established good long-term relationships with the local government authorities and business partners. In addition, key members of the management team have an average of more than 10 years of experience in the property sector and a number of the general managers have been with Chongqing Yingli since its incorporation. This Group has been able to tap on this wealth of experience in identifying and acquiring prime sites early and subsequently reap lucrative returns, and this is evidenced by its track record and acquisition of other properties. The Group is well positioned to capitalize on its excellent business relationships and strong fundamentals to ensure seamless execution and delivery of its projects.

Good working relationship with local authorities

The Group has worked closely with the Chongqing government authorities on the International Financial Centre, New York New York and Future International Building projects. The Group's good relationship with the local government authorities as well as its expertise and track record has enabled it to identify and source for development sites in prime areas, and obtain the land use rights certificates in respect of such development sites. Given its track record in building quality and iconic developments, the Group's property developments are often visited by government officials from around the PRC areas. This gives the Group a competitive advantage in identifying and acquiring prime sites for its future developments.

COMPLETED PROJECTS

As at the Latest Practicable Date, the Group holds seven (7) completed properties. Most of these properties are located in the Jiefangbei and Guanyinqiao areas, which are the financial and cultural centres of Chongqing and one of the biggest central business districts of the western region of the PRC. The following are details of each of the investment properties of the Group:

Min Sheng Mansion (民生商厦)

Min Sheng Mansion is located at No. 181 Minsheng Road, Yuzhong District, Chongqing, in the centre of the Jiefangbei area in the Yuzhong District. It was the first property development of the Company and the first skyscraper in the district at the time of the completion of construction. Some of the key tenants of this development include China Everbright Bank, Yuzhong Tobacco Co., Ltd. and Guotaijunan Securities.

This development has a saleable/leaseable GFA of 63,341.64 sq m and occupies a site area of 3,251.50 sq m. This is a mixed residential, office and retail complex, including car park space. Construction of this development commenced in July 1995 and was completed in December 1997. As at the Latest Practicable Date, 32,066.64 sq m of the total GFA has been sold and 10,885.69 sq m of the property has been retained for rental.

Summary	
Site Area	3,251.50 sq m
Total Saleable / Leaseable GFA	63,341.64 sq m[(1)]
Remaining Saleable / Leaseable GFA held for investment	There is no remaining saleable GFA. The remaining leaseable GFA is 10,885.69 sq m.
Use	Office, retail, residential
Construction start date	July 1995
Construction end date	December 1997
Location	No. 181 Minsheng Road, Yuzhong District, Chongqing

Note:

(1) Part of the total saleable/leaseable GFA comprising 20,389.64 sq m is used for resettlement.

Zou Rong Plaza (邹容广场)

Zou Rong Plaza is located at Odd No. 37-69 Linjiang Road and Odd No. 141-155 Zourong Road, Yuzhong District, Chongqing. Known in the industry as the major financial hub of Chongqing and located at the centre of the Jiefangbei area in the Yuzhong District, the tenants of Zou Rong Plaza include major financial institutions such as the Bank of Communications, the Industrial and Commercial Bank of China, China Pacific Insurance (Group) Co., Ltd. and Chongqing Commercial Bank.

This development has a saleable/leaseable GFA of 102,488.64 sq m and occupies a site area of 6,712.00 sq m. This is a mixed residential, office and retail complex, including car park space. The construction of this development commenced in March 1998 and was completed in December 2000. As at the Latest Practicable Date, 77,231.11 sq m of the total GFA has been sold and 6,851.58 sq m of the property has been retained for rental.

Summary	
Site Area	6,712.00 sq m
Total Saleable / Leaseable GFA	102,488.64 sq m(1)
Remaining Saleable / Leaseable GFA held for investment	There is no remaining saleable GFA. The remaining leaseable GFA is 6,851.58 sq m.
Use	Office, retail, residential
Construction start date	March 1998
Construction end date	December 2000
Location	Odd No. 37-69 Linjiang Road and Odd No. 141-155 Zourong Road, Yuzhong District, Chongqing

Note:

(1) Part of the total saleable/leaseable GFA comprising 18,405.95 sq m is used for resettlement.

Southland Garden (南国丽景)

Southland Garden is located at No. 46, No. 48, No. 50 and No. 52 Cangbai Road, Yuzhong District, Chongqing. It is a high-end residential and commercial property, located at the intersection of the Yangtze River and the Jialing River in the Jiefangbei area in the Yuzhong District and is next to a popular tourist destination.

This development has a GFA of 56,877.94 sq m and occupies a site area of 2,316.70 sq m. This is a mixed use development which is predominantly residential and retail, including car park space. Construction of this development commenced in June 2002 and was completed in December 2004. As at the Latest Practicable Date, 41,283.68 sq m of the total GFA has been sold and 15,725.96 sq m of the property, comprising retail facilities and a car park, has been retained for rental.

Summary	
Site Area	2,316.70 sq m
Total Saleable / Leaseable GFA	56,877.94 sq m
Remaining Saleable / Leaseable GFA held for investment	There is no remaining saleable GFA. The remaining leaseable GFA is 15,725.96 sq m.
Use	Retail and residential
Construction start date	June 2002
Construction end date	December 2004
Location	No. 46, No. 48, No. 50 and No. 52 Cangbai Road, Yuzhong District, Chongqing

New York New York (纽约纽约)

New York New York is located at No. 108 Bayi Road, No. 169 and No. 171 Minzu Road, Yuzhong District, Chongqing. It stands out amongst other skyscrapers with its exquisite and characteristic architecture and is a landmark building located at the heart of the Jiefangbei area in the Yuzhong District. Some of the main tenants of New York New York include the Chongqing Office of KFC, the fast food chain and Chongqing Jinfuren Industrial Co., Ltd (中国金夫人集团).

This development has a saleable/leaseable GFA of 41,336.93 sq m and occupies a site area of 860.00 sq m. New York New York is primarily an office building with retail facilities, including car park space. The commencement of construction took place in December 2002 and was completed in March 2005. As at the Latest Practicable Date, 31,080.03 sq m of the total GFA has been sold and 4,652.34 sq m of the property, comprising office space and car park spaces, has been retained for rental.

Summary	
Site Area	860.00 sq m
Total Saleable / Leaseable GFA	41,336.93 sq m[(1)]
Remaining Saleable / Leaseable GFA held for investment	There is no remaining saleable GFA. The remaining leaseable GFA is 3,350.00 sq m.
Use	Office, retail
Construction start date	December 2002
Construction end date	March 2005
Location	No. 108 Bayi Road, No. 169 and No. 171 Minzu Road, Yuzhong District, Chongqing

Note:

(1) Part of the total saleable/leaseable GFA comprising 5,604.56 sq m is used for resettlement.

Future International Building (未来国际)

Future International Building is located at No. 6 Walking Street, Guanyinqiao, and No. 6, Yi Zhi Road, North Jianxin Road, Jiangbei District, Chongqing. It is the tallest building in Chongqing and has the largest GFA in the prime area of Guanyinqiao business area. This is an iconic and landmark structure in Chongqing.

It houses big listed retail establishments, such as the New World Department Store (China) Co., Ltd., Unicom, a big telecommunications company in China and Chongqing Department Store Co., Ltd., as well as international companies, such as Konka Group Co., Ltd.

This development has a saleable/leaseable GFA of 135,539.94 sq m and occupies a site area of 8,719.80 sq m. It is an office and retail complex, and includes car park space. The Group commenced construction of this development in November 2004 and completed construction in December 2006. As at the Latest Practicable Date, 44,073.79 sq m of the total GFA has been sold, 1,870.16 sq m remains for sale and 91,466.15 sq m of the property, comprising retail, office and car park space, has been retained for rental.

Summary	
Site Area	8,719.80 sq m
Total Saleable / Leaseable GFA	135,539.94 sq m
Remaining Saleable / Leaseable GFA held for investment	The remaining saleable GFA is 1,870.16 sq m. The remaining leaseable GFA is 89,264.12 sq m.
Use	Office, retail
Construction start date	November 2004
Construction end date	December 2006
Location	No. 6 Walking Street, Guanyinqiao, and No. 6, Yi Zhi Road, North Jianxi Road, Jiangbei District, Chongqing

Bashu Cambridge (巴蜀剑桥)

Bashu Cambridge is located at No. 8 Bashu Road, Yuzhong District, Chongqing. It is a high-end residential development with some retail units, located near Bashu High School, a leading secondary education institute of Chongqing.

This development has a saleable/leaseable GFA of 42,781.90 sq m and occupies a site area of 2,534.10 sq m. It is a residential and retail complex, including a car park. The Group commenced construction of this development in December 2005 and completed construction in February 2007. As at the Latest Practicable Date, 30,784.66 sq m of the total GFA has been sold, 522.49 sq m remains for sale and 11,371.49 sq m of the property, comprising commercial space and car park space, has been retained for rental.

Summary	
Site Area	2,534.10 sq m
Total Saleable / Leaseable GFA	42,781.90 sq m[(1)]
Remaining Saleable / Leaseable GFA held for investment	The remaining saleable GFA is 522.49 sq m. The remaining leaseable GFA is 10,849.00 sq m.
Use	Residential, retail
Construction start date	December 2005
Construction end date	February 2007
Location	No. 8 Bashu Road, Yuzhong District, Chongqing

Note:

(1) Part of the total saleable/leaseable GFA comprising 625.75 sq m is used for resettlement.

San Ya Wan Project Phase 1 (三亚湾项目建设第一阶段)

Artist Impression

This development, with a GFA of 52,739 sq m and a site area of 38,415 sq m, is located at Yubei District, Chongqing. The Group commenced construction of the development in February 2006 and completed construction in April 2009, and the San Ya Wan Project was officially opened on 15 April 2009. The San Ya Wan Project is a retail development with a total GFA of 197,116 sq m[(1)], of which 52,739 sq m relates to Phase 1 and 144,377 sq m will come on stream with the launch of Phase 2. Upon completion, the San Ya Wan Project will be the largest integrated seafood wholesale centre in the western part of the PRC.

Summary	
Site Area	38,415 sq m
Total Saleable / Leaseable GFA	52,739 sq m
Type / Use	Retail
Construction start date	February 2006
Construction end date	April 2009
Location	No. 456, Jinshi Avenue, National Agricultural and Technology Zone, Yubei District, Chongqing (重庆渝北国家农业科技园金石大道456号)

Note:

(1) The total saleable/leaseable GFA for the parcel of land to which Chongqing San Ya Wan has land use rights is 197,116 sq m. Chongqing Yingli has a 80% equity interest in Chongqing San Ya Wan, and accordingly, the attributable saleable/leaseable GFA is 157,693 sq m.

LAND BANK

Land bank includes land currently held for sale and development, land held for future development, as well as land to be acquired by the Group in the PRC. As at the Latest Practicable Date, the Group has one property under development which is the San Ya Wan Project located at Yubei District, Chongqing. The following are the details of the plans of the Group for its land bank:

International Financial Centre (国际开发金融大厦)

Artist Impression

For the land parcel located at the intersection of Zhonghua Road, Minquan Road and Qingnian Road, Yuzhong District, Chongqing, the Group intends to develop a flagship landmark to be named the International Financial Centre. Located in the heart of the Jiefangbei area, this property is expected to be a new major financial hub and to house major international financial institutions, offices of consulates and other multinational companies. Upon completion, it is expected to be the highest skyscraper in the southwest of China.

This development has a planned GFA of 173,438.00 sq m and occupies a site area of 8,025.00 sq m. Chongqing Yingli intends to develop this site into a retail and office building, with a GFA of 36,920.00 sq m and 108,388.00 sq m respectively. Chongqing Yingli was also issued with the land use rights certificate for the International Financial Centre Project on 22 May 2008.

Summary	
Site Area	8,025.00 sq m
Total Saleable / Leaseable GFA	173,438.00 sq m
Use	Office, retail
Construction start date	Estimated 2008
Construction end date	Estimated 2010
Location	Jianshe Apartment Community of Jiaochangkou, Yuzhong District, Chongqing

San Ya Wan Project Phase 2 (三亚湾项目建设第二阶段)

Artist Impression

This parcel of land, with a GFA of approximately 144,377 sq m and a site area of 97,943 sq m, is located at Yubei District, Chongqing. As stated above, the San Ya Wan Project is a retail development with a total GFA of 197,116 sq m[(1)], of which 144,377 sq m is attributable to Phase 2 and 52,739 sq m is attributable to Phase 1. The San Ya Wan Project is intended for development into an integrated complex containing a seafood wholesale trading and processing centre, logistics and warehousing facilities, as well as hotels and convention centres. Upon completion, the San Ya Wan Project will be the largest integrated seafood wholesale centre in the western part of the PRC.

Summary	
Site Area	144,377 sq m
Total Saleable / Leaseable GFA	197,116 sq m
Type / Use	Retail
Construction start date	Estimated 2009
Construction end date	Estimated 2012
Location	No. 456, Jinshi Avenue, National Agricultural and Technology Zone, Yubei District, Chongqing (重庆渝北国家农业科技园金石大道456号)

Note:

(1) The total saleable/leaseable GFA for the parcel of land to which Chongqing San Ya Wan has land use rights is 197,116 sq m. Chongqing Yingli has a 80% equity interest in Chongqing San Ya Wan, and accordingly, the attributable saleable/leaseable GFA is 157,693 sq m.

Jingong Restaurant Project (观音桥金弓酒店项目)

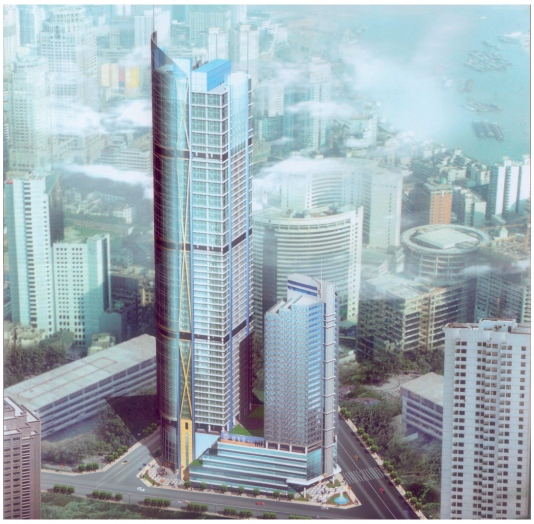
Artist Impression

This parcel of land is situated at the entrance of the Guanyinqiao area and next to one of the Group's completed property developments, Future International Building. It is accessible and centrally located, thus providing easy access to transportation and roads. It is envisaged that this parcel of land will be developed into a commercial and entertainment skyscraper that will house exhibition facilities for international conventions and exhibitions.

This parcel of land has a GFA of approximately 126,000.00 sq m and a site area of 6,825.00 sq m. On 14 January 2008, the Chongqing North Land Reserve (Land Auction) Center (重庆北部土地储备 (土地拍卖) 中心), the Chongqing Jiangbei District Guanyinqiao Commercial Circle Administrative Office (重庆市江北区观音桥商圈管理办公室) and Chongqing Yingli entered into Yubei Village Two Jingong Plot Joint Regularisation Contract (渝北二村金弓地块联合整治协议) (the "**Regularisation Contract**"), pursuant to which Chongqing Yingli would provide funds to the former two parties for the regularisation of the Jingong plot. Under the Regularisation Contract, Chongqing Yingli has to pay RMB50 million as down payment and RMB1 million as deposit for performance of the contract. Further to the Regularisation Contract, if Chongqing Yingli subsequently obtains the right to develop the Jingong plot under a tender process, the Jiangbei District Financial Bureau (江北区财政局) undertakes to pay 35% of the land grant fee and all the supporting urban construction fees which will be shared by the Jiangbei District in accordance with the finance sharing system to Chongqing Yingli. If Chongqing Yingli fails to win the tender, all regularization expenses paid by Chongqing Yingli will be returned to it when the local authorities receive the fees from the winning tender. Chongqing Yingli will also receive 70% of the difference from the winning tender as compensation, such amount not to exceed the regularisation expenses.

Summary	
Site Area	6,825.00 sq m
Total Saleable / Leaseable GFA	126,000.00 sq m
Use	Office and Retail
Construction start date	Estimated 2010
Construction end date	Estimated 2012
Location	Yubei Village 2 of Guanyinqiao, Jiangbei District, Chongqing

Lu Zu Temple Project (鲁祖庙地块)



Artist Impression

This parcel of land has a site area of approximately 4,150 sq m. The Group intends to construct a building for retail and office uses with an estimated GFA of approximately 137,987.00 sq m. The land use rights of a portion of the land, with a site area of approximately 4,150.00 sq m, has been granted for a term of 50 years expiring on 23 January 2048 for residential and commercial uses. This portion of the land is located beside the International Finance Centre and the building will only be constructed later. The land use rights for the remaining portion has been allocated and will be issued upon payment of the relevant land premium and relocation fees estimated (by the management of the Group in accordance with the guidelines issued by the relevant PRC authorities) to be approximately RMB180 million.

Summary	
Site Area	4,150.00 sq m
Total Saleable / Leaseable GFA	137,987.00 sq m
Use	Office, retail
Construction start date	Estimated 2012
Construction end date	Estimated 2014
Location	Junction of Minsheng Road and Datong Road, Yuzhong District, Chongqing

Da Ping Project (大坪项目建设)

Artist Impression

This parcel of land is located at Yuzhong District, Chongqing. The said parcel of land, strategically located at the prime city centre of Chongqing, is being developed into a commercial building for retail and residential purposes with a planned total GFA of over 300,000 square metres. Intended to be an integrated development project, the Da Ping Project will comprise high-end residential, hospitality and retail components and is expected to be completed by the end of June 2013. Completion of the Da Ping Project will allow the Group to capitalise on the rapid growth trend in the prime central business district area of Chongqing. The Company expects to commence presale of the residential units in 2010.

Summary	
Site Area	28,226 sq m
Total Saleable / Leaseable GFA	370,000 sq m
Type / Use	Retail and Residential
Construction start date	Estimated 2010
Construction end date	Estimated 2013
Location	Yuzhong District, Da Shi Road, Da Ping Ring Road, Da Ping Zhen Jie Road Three

9(c) Provide information on the general development of the business from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the relevant entity or the group, as the case may be, since –

(i) the end of the most recent completed financial year for which financial statements of the relevant entity have been published; or

(ii) the end of any subsequent period covered by interim financial statements, if interim financial statements have been published.

General Developments in FY2006

The construction of Future International Building was completed in 2006 and the tenanted units of Future International Building began operations in September that year, including New World Department Store (China) Co., Ltd which achieved a turnover of more than RMB10 million per day. In June 2006, Chongqing Yingli signed a lease contract with Shanghai Motel Hotel Management Co., Ltd for an area of up to 13,000 sq m in Southland Garden. In September 2006, Chongqing Yingli also entered into a lease contract with the Chongqing Department Store Co., Ltd to operate a supermarket with an area of up to 13,000 sq m in Future International Building. Chongqing Yingli has since changed its business approach to focus on the leasing of properties in the Future International Building.

In 2006, Chongqing Yingli had entered into a relocation agreement with the Yuzhong District Land Regulation and Resettlement Office (the "**Resettlement Office**") in relation to the International Financial Centre Project being part of the urban renewal process for Chongqing. With the entrance into such an agreement with the Resettlement Office, Chongqing Yingli was able to obtain more assistance and direct help in the resettlement of existing tenants occupying the said property. This improved the efficiency of the procedures and paperwork, facilitated the resettlement process and also enabled Chongqing Yingli to complete the resettlement process smoothly, allowing for an earlier commencement of construction.

General Developments in FY2007

In February 2007, the construction of Bashu Cambridge was completed. The sales of units in Bashu Cambridge and Future International Building were also completed in 2007.

On 4 September 2007, the Chongqing Foreign Economic and Trade Cooperation Committee issued an Approval Letter Regarding the Increase of Investment of the Company (reference number Yu Wai Jing Mao Fa [2007] No. 299) for the increase of the registered capital of Chongqing Yingli to US$68,548,892. On 5 September 2007, the Chongqing Municipal People's Government issued a Certificate of Approval for Establishment of Enterprises with Foreign Investment in the PRC (reference number Wai Zi Yu Zi Zi [1993] No. 0557) for the approval for the increase in registered capital to US$68,548,892.

General Developments in FY2008

In January 2008, Chongqing Yingli entered into the Regularisation Contract for the Jingong Area project with an area of about 7,000 sq m with the Chongqing North Land Reserve Center and the Chongqing Jiangbei District Guanyinqiao Commercial Circle Administrative Office for the development of the Jingong plot. For further details on the Regularisation Contract, please refer to paragraph 9(b) under Part IV "Key Information" of this OIS.

In January 2008, Fortune Court entered into:

(a) a redeemable loan stock subscription agreement with LFH (the "**First RLSSA**"), as amended by a supplemental agreement in May 2008, pursuant to which Fortune Court issued an aggregate of S$85 million in principal value of Redeemable Loan Stock to LFH; and

(b) a redeemable loan stock subscription agreement with Mr Tan Fuh Gih and Mr Tan Hoo Lang (also known as the "**Tan Brothers**") (the "**Second RLSSA**"), as amended by a supplemental agreement in July 2008, pursuant to which Fortune Court issued an aggregate of S$10 million in principal value of Redeemable Loan Stock to the Tan Brothers.

(collectively, the "**Pre-RTO Investment**").

In January 2008, the Pre-RTO Investment was contributed in five tranches of approximately US$38 million, US$0.1 million, S$5 million, S$5 million and S$30 million (equivalent to approximately RMB260 million, RMB0.7 million, RMB24 million, RMB24 million and RMB146 million respectively at an exchange rate of US$1 :RMB6.8582 and S$1 :RMB4.8799 as of 8 August 2008). Approximately RMB214 million of the amounts received by Fortune Court under the Pre-RTO Investment was subsequently contributed to Chongqing Yingli's registered capital in March 2008 to increase Fortune Court's interest in Chongqing Yingli.

In August 2008, Fortune Court subsequently redeemed the Redeemable Loan Stock, and the debt owing to LFH and the Tan Brothers pursuant thereto was capitalised by the allotment and issue of 131,428,846 shares in Fortune Court to LFH and the Tan Brothers.

In May 2008, Chongqing Yingli acquired a 69% interest in Chongqing San Ya Wan for the sum of RMB65,300,000 from Chongqing Pu Hui Real Estate Development Co., Ltd and Chongqing Da He Aquatic Products Limited Liability Co.. Subsequently, in November 2008, Chongqing Yingli acquired another 11% interest in Chongqing San Ya Wan for the sum of RMB35,200,000 from Liao Shou Gou and Wu Cheng Xuan. Chongqing San Ya Wan is the project company that holds the land use rights to the land parcel in respect of the San Ya Wan Project.

In July 2008, the Company undertook the Reverse Takeover whereby:

(a) the Company entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which the Company acquired the entire issued and paid-up share capital of Fortune Court comprising 381,428,846 shares of par value HK$0.00004 each, at an aggregate consideration of S$545,395,762 to be satisfied by the allotment and issue of the consideration shares (the "**Consideration Shares**") to (i) Newest Luck, a company incorporated in the British Virgin Islands with 80% and 20% of its issued share capital legally and beneficially owned by Mr Fang Ming and Ms Xu Li respectively; (ii) LFH; and (iii) the Tan Brothers (the "**Acquisition**"); and

(b) the Company entered into a business transfer agreement (the "**Business Transfer Agreement**"), pursuant to which the Company disposed of the Original Business in its entirety to Showy Pte. Ltd., a company wholly-owned by Mr Lim Hong Ching and Mdm Yeo Sock Kon, both previous directors and controlling shareholders of the Company, for the cash consideration of S$4,664,000 (the "**Disposal**").

The Reverse Takeover was subsequently completed upon the passing of the shareholders' resolutions relating thereto at an extraordinary general meeting held on 26 September 2008, and the principal business of the enlarged Group became that of the Fortune Court Group.

Following the Reverse Takeover, the vendors (and/or their nominees) of the Acquisition held 92.87% of the issued share capital of the Company. In compliance with the shareholding and distribution requirements of the Listing Manual and to achieve a 15% public float for listing on the Main Board of the SGX-ST, the Company undertook a compliance placement in October 2008, pursuant to which 2,435,000 Shares were allotted and issued to 700 placees for the consideration of S$730,500, being the aggregate issue price of S$0.30 for each Share (the "**Compliance Placement**").

General Developments from 1 January 2009 to the Latest Practicable Date

In February 2009, the Company entered into a loan and option agreement with Newest Luck and OCBC (the "**Loan and Option Agreement**"), pursuant to which OCBC had advanced a loan of S$13,000,000 to the Company, and the Company and Newest Luck had granted OCBC an option to subscribe for 20,000,000 new Shares from the Company at the exercise price of S$0.279 per Share and to acquire a further 15,000,000 existing Shares from Newest Luck. OCBC subsequently exercised the option to subscribe for 10,000,000, 5,000,000 and 5,000,000 new Shares from the Company on 15 September 2009, 16 September 2009 and 22 September 2009 respectively for an aggregate consideration of S$5,580,000.

In August 2009, the Company undertook a private placement pursuant to which the Company allotted and issued 107,143,000 new Shares for the consideration of S$30,000,040, being the aggregate issue price of S$0.28 per Share (the "**Previous Placement**"). The net proceeds of approximately S$28,700,000 raised will be used for the development of the International Financial Centre, repayment of bank loans and general working capital.

In September 2009, the Company successfully secured a land parcel at the prime city centre of Chongqing within the Yuzhong District for RMB851,640,000 in a government land auction for the purposes of developing a commercial building under the Da Ping Project. Intended to be an integrated development project, the Da Ping Project will comprise high-end residential, hospitality and high-grade retail components. The purpose of this Placement is for the Company to raise funds for the Da Ping Project, as well as for future acquisitions of land and general working capital.

In September 2009, Chongqing Yingli entered into a loan agreement with OCBC Bank (CHINA) Limited ("**OCBC China**"), pursuant to which OCBC China has agreed to extend to Chongqing Yingli a loan of RMB50,000,000 for a term of five (5) years. The loan is intended to be used for the development of the International Financial Centre.

9(d) Provide information on the equity capital and the loan capital of the entity as at the latest practicable date, showing –

(i) in the case of the equity capital, the issued capital; or

(ii) in the case of the loan capital, the total amount of the debentures issued and outstanding, together with the rate of interest payable thereon;

As at the Latest Practicable Date, the equity and loan capital of the Group comprise:

Issued and Paid-Up Share Capital	:	S$590,803,353 divided into 1,909,292,429 Shares
Loan Capital	:	Nil

9(e) Provide information on, where –

(i) the relevant entity is a corporation, the number of shares of the entity owned by each substantial shareholder as at the latest practicable date; or

(ii) the relevant entity is not a corporation, the amount of equity interests in the entity owned by each substantial interest-holder as at the latest practicable date;

The interests of the Substantial Shareholders as at the Latest Practicable Date are as set out as follows:

	Direct Interest		Deemed Interest	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Newest Luck[(1)]	926,739,014	48.54	–	–
LFH	509,530,634	26.69	–	–

Notes:

(1) Mr Fang Ming and Ms Xu Li hold 80% and 20% respectively of the issued share capital of Newest Luck, and are therefore deemed interested in the shares of the Company through their shareholding in Newest Luck.

9(f) Provide information on any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, which have had in the 12 months immediately preceding the date of lodgment of the offer information statement, a material effect on the financial position or profitability of the entity or, where the entity is a holding company or holding entity of a group, of the group;

As at the Latest Practicable Date, the Directors are not aware of any legal or arbitration proceedings to which the Company or any of its subsidiaries is a party, including those which are pending or known to be contemplated, that, in the opinion of the Directors, may have or have had in the 12 months immediately preceding the date of lodgment of this OIS, a material effect on the financial position or profitability of the Group.

9(g) Provide information on, where any securities or equity interests of the entity have been issued within the 12 months immediately preceding the latest practicable date –

(i) if the securities or equity interests have been issued for cash, state the prices at which the securities have been issued and the number of securities or equity interests issued at each price; or

(ii) if the securities or equity interests have been issued for services, state the nature and value of the services and give the name and address of the person who received the securities or equity interests;

Save as disclosed below, no securities or equity interests of the Company have been issued within the 12 months immediately preceding the Latest Practicable Date:

(a) pursuant to the completion of the Acquisition, the Company has on 26 September 2008 allotted and issued 1,652,714,429 new Shares to the vendors (and/or their nominees) at an issue price of S$0.33 each credited as fully paid up, in consideration for the acquisition of the entire issued and paid-up share capital of Fortune Court comprising 381,428,846 ordinary shares of par value HK$0.00004 each, on and subject to the terms and conditions of the Sale and Purchase Agreement;

(b) pursuant to the completion of the Compliance Placement, the Company has on 22 October 2008 allotted and issued 2,435,000 new Shares for the consideration of S$730,500, being the aggregate issue price of S$0.30 per Share;

(c) pursuant to the completion of the Previous Placement, the Company has on 4 September 2009 allotted and issued 107,143,000 new Shares for the consideration of S$30,000,040, being the aggregate issue price of S$0.28 for each Share; and

(d) pursuant to the exercise by OCBC of its option under the Loan and Option Agreement, the Company has on 15 September 2009, 16 September 2009 and 22 September 2009 allotted and issued 10,000,000, 5,000,000 and 5,000,000 new Shares respectively to OCBC for the aggregate consideration of S$5,580,000, being the aggregate exercise price of S$0.279 per new Share.

9(h) Provide a summary of each material contract, other than a contract entered into in the ordinary course of business, to which the entity or, if the entity is the holding company or holding entity of a group, any member of the group is a party, for the period of 2 years immediately preceding the date of lodgment of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the entity or any other member of the group, as the case may be.

Save as disclosed below, neither the Company nor any of its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years preceding the date of the lodgment of this OIS:

(a) the First RLSSA dated 3 January 2008 entered into between Fortune Court and LFH, as amended by a supplemental agreement dated 26 May 2008, pursuant to which Fortune Court issued an aggregate of S$85,000,000 in principal value of Redeemable Loan Stock to LFH;

(b) the Second RLSSA dated 6 January 2008 entered into between Fortune Court and the Tan Brothers, as amended by a supplemental agreement dated 7 July 2008, pursuant to which Fortune Court issued an aggregate of S$10,000,000 in principal value of Redeemable Loan Stock to the Tan Brothers;

(c) the Sale and Purchase Agreement dated 7 July 2008 entered into between the Company, Newest Luck, LFH and the Tan Brothers in respect of the Acquisition, pursuant to which the Company acquired from the vendors the entire issued and paid-up share capital of Fortune Court comprising 381,428,846 ordinary shares of par value HK$0.00004 each, for the consideration of S$545,395,762 which was satisfied by the allotment and issue of the Consideration Shares to the vendors;

(d) the Business Transfer Agreement dated 7 July 2008 entered into between the Company and Showy Pte. Ltd in respect of the Disposal, pursuant to which Showy Pte. Ltd acquired from the Company the Original Business in its entirety for the cash consideration of S$4.664 million; and

(e) a placement agreement dated 16 October 2008 entered into between the Company and J.P. Morgan, pursuant to which J.P. Morgan agreed to procure on a best efforts basis subscriptions for, and the Company agreed to allot and issue, up to 5,000,000 new Shares at an issue price of S$0.30 per Share;

(f) the Loan and Option Agreement dated 26 February 2009 entered into between the Company, Newest Luck and OCBC, pursuant to which OCBC advanced a loan of S$13,000,000 to the Company, and the Company and Newest Luck agreed to grant an option to OCBC to subscribe for 20,000,000 new Shares from the Company at the exercise price of S$0.279 per Share and a further 15,000,000 existing Shares from Newest Luck;

(g) a placement agreement dated 25 August 2009 entered into between the Company and OCBC, pursuant to which OCBC agreed to use its best efforts to procure subscriptions for, and the Company agreed to allot and issue, up to 107,143,000 new Shares at an issue price of S$0.28 per Share; and

(h) a loan agreement dated 27 September 2009 entered into between Chongqing Yingli and OCBC China, pursuant to which OCBC China has agreed to extend to Chongqing Yingli a loan of RMB50,000,000 for a term of five (5) years.

PART V

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

1. Provide selected data from –

(a) the audited income statement of the entity or, if the entity is the holding company or holding entity of a group, the audited consolidated income statement of the entity or the audited combined income statement of the group, for each financial year (being one of the 3 most recent completed financial years) for which that statement has been published; and

(b) any interim income statement of the entity or, if the entity is the holding company or holding entity of a group, any interim consolidated income statement of the entity or interim combined income statement of the group, for any subsequent period for which that statement has been published.

2. The data referred to in paragraph 1 of this Part shall include the line items in the audited income statement, audited consolidated income statement, audited combined income statement, interim income statement, interim consolidated income statement or interim combined income statement, as the case may be, and shall in addition include the following items:–

(a) dividends declared per share in both the currency of the financial statements and the Singapore currency, including the formula used for any adjustment to dividends declared;

(b) earnings or loss per share; and

(c) earnings or loss per share, after any adjustment to reflect the sale of new securities.

Following the completion of the Reverse Takeover on 26 September 2008, the principal business of the Group became that of the Fortune Court Group. Fortune Court itself is an investment holding company, which completed its equity injection into Chongqing Yingli on 12 March 2008, pursuant to which Chongqing Yingli became a subsidiary of Fortune Court. Prior to 12 March 2008, Chongqing Yingli was an associated company of Fortune Court.

As such, for FY2006 and FY2007, the relevant income statement data as set out herein is that of Chongqing Yingli as it is the main operating entity of the Group.

Further, as the acquisition of the Fortune Court Group has been accounted for as a reverse acquisition, the Group's consolidated financial results for FY2008 is presented as a continuation of the financial results of the Fortune Court Group. Accordingly, the relevant income statement data for FY2008 as set out herein is that of the Fortune Court Group. However, as such income statement data for FY2008 only captures Chongqing Yingli's operations from 13 March 2008 to 31 December 2008, the proforma income statement data of Chongqing Yingli from 13 March 2007 to 31 December 2007 ("9M2007") has been provided for a better comparison of the performance of the Group in FY2008.

The Group's consolidated financial results for HY2008 and HY2009 have been reviewed by the Auditors and are presented separately from the financial results for 3Q2008 and 3Q2009 which have not been similarly reviewed. The relevant income statement data for HY2008 only captures Chongqing Yingli's operations from 13 March 2008 to 30 June 2008, which results in a low base when compared to that of HY2009.

Further details relating to the financial results of the Group from FY2008 onwards and the financial results of Chongqing Yingli in FY2006 and FY2007 are available in the announcements, annual reports and circulars posted by the Company on the website of the SGX-ST, http://www.sgx.com, and other public sources.

The audited income statement of Chongqing Yingli for FY2006 and FY2007, the unaudited proforma income statement of Chongqing Yingli for 9M2007, as well as the audited income statement of the Group for FY2008 are set out in the table below:

Income statement

	Group	**Chongqing Yingli**	**Chongqing Yingli**	**Chongqing Yingli**
	FY2008 (Audited) RMB	**9M2007 (Unaudited Proforma) RMB**	**FY2007 (Audited) RMB**	**FY2006 (Audited) RMB**
Revenue	86,724,359	90,633,240	245,929,899	228,596,790
Cost of sales	(60,680,069)	(47,275,598)	(167,879,166)	(150,959,163)
Gross profit	26,044,290	43,357,642	78,050,733	77,637,627
Other income	539,884,958	13,133	13,133	–
Reversal of depreciation of investment properties	–	–	21,553,048	–
Selling expenses	(7,233,611)	(4,691,930)	(6,311,531)	(6,546,775)
Administrative expenses	(22,732,097)	(6,438,284)	(8,640,000)	(22,726,700)
Fair value gain/(loss) on investment properties	(50,458,000)	834,716,036	813,162,988	–
Other operating expenses	(125,396,822)	–	–	–
Finance costs	(4,706,849)	(295,662)	(328,452)	(93,506)
Profit before taxation	355,401,869	866,660,935	897,499,919	48,270,646
Tax credit/(expense)	165,361	(207,229,351)	(217,406,215)	(21,337,143)
Profit for the year/period	**355,567,230**	**659,431,584**	**680,093,704**	**26,933,503**
Attributable to:				
Equity holders of the Company	**357,438,609**	**659,431,584**	**680,093,704**	**26,933,503**
Minority interests	**(1,871,379)**	**–**	**–**	**–**
	355,567,230	**659,431,584**	**680,093,704**	**26,933,503**
Earnings per share (cents per share)				
- Basic	0.63	n.a.	n.a.	n.a.
- Diluted	0.63	n.a.	n.a.	n.a.
Dividends declared per Share	–	–	–	–
Weighted average no. of Shares	565,486,843	n.a.	n.a.	n.a.
Proforma:				
Earnings per share after adjusting for the Placement	0.44	n.a.	n.a.	n.a.
Weighted average no. of Shares after the Placement (1)	818,686,843	n.a.	n.a.	n.a.

Note:

(1) The weighted average number of Shares after the Placement is calculated based on the assumption that the Placement Shares were issued at the beginning of the financial year, and does not take into account the Shares issued pursuant to the Previous Placement.

The reviewed consolidated income statement of the Group for HY2008 and HY2009, and the unreviewed consolidated income statement of the Group for 3Q2008 and 3Q2009 are set out in the table below:

Income statement

	Group 3Q2009 (Unreviewed) RMB	Group 3Q2008 (Unreviewed) RMB	Group HY2009 (Reviewed) RMB	Group HY2008 (Reviewed) RMB
Revenue	31,379,794	18,044,010	62,274,512	16,227,489
Cost of sales	(11,413,506)	(6,376,208)	(36,812,548)	(5,244,775)
Gross profit	19,966,288	11,667,802	25,461,964	10,982,714
Other income	286,243	6,459,461	437,807	509,827,170
Selling expenses	(1,202,034)	(472,529)	(1,621,120)	(880,546)
Administrative expenses	(7,150,766)	(9,670,287)	(15,407,845)	(2,938,991)
Fair value gain/(loss) on investment properties	–	–	–	565,604
Other operating expenses	(76,903)	(109,888,648)	(22,852)	(12,719,978)
Finance costs	(2,712,175)	(209,402)	(5,997,568)	(36,704)
Profit before taxation	9,110,653	(102,113,603)	2,850,386	504,799,269
Taxation	(3,752,277)	(5,285,344)	(2,639,662)	(2,969,560)
Profit / (loss) for the period	5,358,376	(107,398,947)	210,724	501,829,709
Attributable to:				
Equity holders of the Company	3,819,841	(107,398,947)	751,401	501,829,709
Minority interests	1,538,535	–	(540,677)	–
	5,358,535	(107,398,947)	210,724	501,829,709
Earnings per share (cents per share)				
- Basic	–	(0.5)	–	3.95
- Diluted	–	(0.5)	–	3.95
Dividends declared per Share	–	–	–	–
Weighted average no. of Shares	–			
- Basic	1,816,637,049	216,821,436	1,782,149,429	127,000,000
- Diluted	1,816,637,049	216,821,436	1,782,997,431	127,000,000

Proforma:				
Earnings per share after adjusting for the Placement(1)				
- Basic	–	(0.23)	–	1.32
- Diluted	–	(0.23)	–	1.32
Weighted average no. of Shares after Placement				
- Basic	2,069,837,049	470,021,436	2,035,349,429	380,200,000
- Diluted	2,069,837,049	470,021,436	2,036,197,431	380,200,000

Note:

(1) The proforma EPS after adjusting for the Placement Shares is computed based on the weighted average number of Shares in issue during FY2008, HY2009 and 3Q2009, assuming that the Placement Shares were issued at the beginning of the financial year/period, and does not take into account the effects of the use of proceeds from the Placement Shares on the earnings of the Group.

3. In respect of –

(a) each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and

(b) any subsequent period for which interim financial statements have been published,

provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected profit or loss before tax of the entity or, if it is the holding company or holding entity of a group, of the group, and indicate the extent to which such profit or loss before tax of the entity or the group, as the case may be, was so affected. Describe any other significant component of revenue or expenditure necessary to understand the profit or loss before tax for each of these financial periods.

Following the completion of the Reverse Takeover on 26 September 2008, the principal business of the Group became that of the Fortune Court Group. Fortune Court itself is an investment holding company, which completed its equity injection into Chongqing Yingli on 12 March 2008, pursuant to which Chongqing Yingli became a subsidiary of Fortune Court. Prior to 12 March 2008, Chongqing Yingli was an associated company of Fortune Court.

As such, for FY2006 and FY2007, the relevant income statement data as set out herein is that of Chongqing Yingli as it is the main operating entity of the Group.

Further, as the acquisition of the Fortune Court Group has been accounted for as a reverse acquisition, the Group's consolidated financial results for FY2008 is presented as a continuation of the financial results of the Fortune Court Group. Accordingly, the relevant income statement data for FY2008 as set out herein is that of the Fortune Court Group. However, as such income statement data for FY2008 only captures Chongqing Yingli's operations from 13 March 2008 to 31 December 2008, the proforma income statement data of Chongqing Yingli for 9M2007 has been provided for a better comparison of the performance of the Group in FY2008.

The Group's consolidated financial results for HY2008 and HY2009 have been reviewed by the Auditors and are presented separately from the financial results for 3Q2008 and 3Q2009 which have not been similarly reviewed. The relevant income statement data for HY2008 only captures Chongqing Yingli's operations from 13 March 2008 to 30 June 2008, which results in a low base when compared to that of HY2009.

Further details relating to the financial results of the Group from FY2008 onwards and the financial results of Chongqing Yingli in FY2006 and FY2007 are available in the announcements, annual reports and circulars posted by the Company on the website of the SGX-ST, http://www.sgx.com, and other public sources.

FY2006 vs FY2007

Revenue

Chongqing Yingli's revenue increased by RMB17.3 million or 7.6% from RMB228.6 million in FY2006 to RMB245.9 million in FY2007. The increase was primarily the result of Bashu Cambridge's sales of completed properties. Rental income formed a significantly larger proportion of Chongqing Yingli's total income in FY2007 at 16.2%, and as a result, the sale of properties had a smaller proportion of total income in FY2007 at 83.8%. This is attributable to the management's change in strategy in FY2007 to have rental income comprise an increasing proportion of its total income.

(i) Sale of properties

The sale of units in the Future International Building comprising a GFA of 18,993 sq m and the sale of units in Bashu Cambridge comprising a GFA of 26,628 sq m accounted for 51.3% and 45.9% of the sale of properties in FY2007 respectively. The units sold in Southland Garden comprising a GFA of 469 sq m and the units sold in Zou Rong Plaza comprising GFA of 1,291 sq m also accounted for a small proportion of the sale of properties.

(ii) Rental revenue

In FY2007, rental revenue experienced a significant increase of RMB32.9 million or 471.0%, from RMB7.0 million to RMB39.9 million as the full year rental revenue was recorded for Future International and Southland Garden. For Southland Garden, Chongqing Yingli recorded rental revenue from leasing to Shanghai Motel 168, a leading motel chain in China. Moreover, it adopted tighter management control and made significant reforms in the car park rental business, collecting increased car park rental income.

Cost of sales

In FY2007, Chongqing Yingli's cost of sales increased by RMB16.9 million or 11.2% to RMB167.9 million from RMB151.0 million in FY2006.

Gross profit margin

In FY2007, Chongqing Yingli's gross profit increased by RMB0.4 million or 0.5% to RMB78.1 million from RMB77.6 million in FY2006. Chongqing Yingli's gross margin for FY2007 was 31.7% compared to 34.0% in FY2006.

Other income

In FY2007, Chongqing Yingli's other income relates to interest income.

Reversal of depreciation of investment properties

This is attributed to the change in accounting policy of investment property effective for FY2007.

Selling expenses

Selling expenses decreased from 2.9% of sales in 2006 to 2.6% in FY2007. It decreased by RMB0.2 million or 3.6%, from RMB6.5 million in 2006 to RMB6.3 million in FY2007. Since FY2006, Chongqing Yingli had a change in marketing strategy and employed third party agents and advertising agencies for the rental of its developed units, instead of using internal marketing force.

Administrative expenses

Employee benefit expenses continued to experience an increase of RMB1.1 million or 48.7% from RMB2.2 million in FY2006 to RMB3.3 million in FY2007. This is the result of an increase in staff salaries.

Fair value gain

In FY2007, Chongqing Yingli experienced a one-time fair value gain on investment properties of RMB813.2 million. This is attributed to its change in accounting policy of investment property. Chongqing Yingli used the IAS 40 cost method in FY2005 and FY2006, but changed to the fair value method from 1 January 2007. The fair value gain represents the difference between the present value of future rental income or capital gains or both on investment properties, and the carrying amount of the investment properties.

Finance costs

Chongqing Yingli's finance costs increased by RMB0.2 million or 251.3% from RMB0.1 million in FY2006 to RMB0.3 million in FY2007.

Profit for the year attributable to shareholders

Chongqing Yingli's profit attributable to shareholders increased from RMB26.9 million in FY2006 to RMB680.1 million in FY2007, representing an increase of RMB653.2 million or 2425.1%. This is largely attributable to the recognition of fair value gain on investment properties in FY2007, as compared to FY2006 and FY2005 investment properties which are recorded at cost.

Taxation

Chongqing Yingli's tax expenses for FY2007 increased by RMB196.1 million or 918.9% from RMB21.3 million in FY2006 to RMB217.4 million in FY2007. This is attributable to the huge increase in profit before tax, due to the change in accounting policy relating to investment properties. By attributing investment property using the fair value method, Chongqing Yingli recognises the fair value gain and losses on investment property under the income statement and creates deferred tax provision under IAS 12. In FY2007, the deferred tax amounted to RMB203.3 million, comprising the bulk of the total taxation amount of RMB217.4 million.

9M2007 vs FY2008

Revenue

The Group's revenue for FY2008 decreased by 4.3% or RMB3.9 million, largely due to a decline in the sales of other development properties. The sale of the San Ya Wan Project accounted for RMB43.1 million and revenue from other development properties accounted for RMB12.8 million in FY2008. For 9M2007, revenue from other development properties accounted for RMB60.3 million.

(i) Sale of properties

Sale of properties decreased by 7.3% or RMB4.4 million from RMB60.3 million in 9M2007 to RMB55.9 million in FY2008, largely due to a decline in the sales of other development properties. Revenue attributing to the sale of San Ya Wan Phase I Project was RMB43.1 million and sale from other development properties accounted for the balance of RMB12.8 million for FY2008. In comparison, revenue from other development properties accounted for RMB60.3 million for 9M2007.

(ii) Rental revenue

Rental revenue remained fairly constant from 9M2007 to FY2008. Rental revenue was RMB30.4 million in 9M2007 and RMB30.9 million in FY2008.

Cost of sales

Cost of sales increased by RMB13.4 million or 28.4% from RMB47.3 million in FY2007 to RMB60.7 million in FY2008. Cost of sales consist of mainly land costs, construction costs, relocation costs and capitalised interest costs. The increase in cost of sales was mainly due to higher development costs and property management fee.

Gross profit margin

Gross profit margins decreased significantly from 47.8% in 9M2007 to 30.0% in FY2008. This was entirely due to the lower margins from the sale of certain units under the San Ya Wan Phase I Project. Ahead of the acquisition of Chongqing San Ya Wan, Chongqing San Ya Wan had agreed to sell certain units under the San Ya Wan Phase I Project to the previous shareholders at attractive prices, thus a lower margin.

Other income

Other income for FY2008 comprises mainly the recognition of negative goodwill of RMB485.4 million, consultancy fee income of RMB35.6 million and reversal of the Land Appreciation Tax (LAT) of RMB13.9 million provided for in previous years.

Selling expenses

Selling expenses increased from RMB4.7 million in 9M2007 to RMB7.2 million in FY2008, mainly due to the selling expenses incurred for the sale of Phase 1 of the San Ya Wan Project.

Administrative expenses

Administrative expenses for FY2008 increased from RMB6.4 million in 9M2007 to RMB22.7 million in FY2008 due to higher administrative expenses incurred by the sale of Phase 1 of the San Ya Wan Project, expenses incurred by the new holding company, higher travelling expenses, foreign currency exchange losses, as well as a one-time write off expense of RMB5.6 million arising from the Reverse Takeover.

Fair value loss

The investment properties were revalued at RMB1,280 million by Jones Lang Lasalle Sallmanns Limited. This revaluation only covers completed properties and excluded the revaluation of land for development.

Other operating expenses

Other operating expenses of RMB125.4 million for FY2008 arose due to:

(a) a one-off write down of RMB5.2 million worth of investments in an associated company. The associated company, Baijiang Industrial Development Co., Ltd, has now been liquidated;

(b) a non-recurring charitable donation of RMB10.0 million made by YingLi for the Sichuan earthquake. A donation was for the rebuilding of a primary school; and

(c) a one-off write off goodwill of RMB109.4 million which arose from the reverse acquisition by Fortune Court Group of Showy.

Finance costs

The finance costs for FY2008 increased from RMB0.3 million to RMB5.0 million mainly due to interest expense related to the San Ya Wan Phase I Project.

Profit for the year/period attributable to shareholders

Profit after income tax of RMB355.6 million for FY2008 include fair value loss on investment property net of tax of RMB37.8 million. Without taking into account such fair value loss, profit after income tax for FY2008 would be RMB393.4 million.

Taxation

The negative income tax for FY2008 was due to the deferred tax effect on recognising the fair value loss on investment property. The income tax expenses for 9M2007 was due to the provision of deferred tax arising from the recognition of a fair value gain on investment properties.

<u>HY2009 vs HY2008</u>

Revenue

The Group's revenue increased by 283.8% from RMB16.2 million in HY2008 to RMB62.3 million in HY2009. The apparent sharp rise in revenue was due to the low HY2008 base. The Group's revenue of RMB16.2 million in HY2008 only captured part of Chongqing Yingli's revenue as Chongqing Yingli was acquired only in March 2008.

(i) Sale of properties

Sale of properties increased by RMB35.3 million or 595.1% from RMB5.9 million in HY2008 to RMB41.2 million in HY2009. In HY2009, 86.6% of the revenue from the sale of properties was generated from the sale of units at the Future International Building and the remainder was attributable to the sale of units at the San Yan Wan Phase I Project. In comparison, in HY2008, the sale of properties revenue related to the sale of units at Bashu Cambridge.

(ii) Rental revenue

Rental revenue increased from RMB10.3 million in HY2008 to RMB21.0 million in HY2009, representing an increase of 104.4% or RMB10.7 million. The apparent sharp increase is due to the relatively low rental revenue base in HY2008.

Cost of sales

In HY2009, cost of sales increased by 601.9% or RMB31.6 million from RMB5.2 million in HY2008 to RMB36.8 million in HY2009. The increase was primarily the result of the increase in revenue from the sale of properties in HY2009.

Gross profit margin

Gross profit increased by RMB14.5 million or 131.8% from RMB11.0 million in HY2008 to RMB25.5 million in HY2009 due to the low base of HY2008. The Group's gross profit only captured part of Chongqing Yingli's gross profit as it was only acquired in March 2008.

Other income

In HY2009, other income of RMB0.4 million relates mainly to rental earned from subletting office space in Singapore. In HY2008, other income of RMB509.8 million relates mainly to the negative goodwill of RMB485.4 million, a non-recurring item.

Selling expenses

Selling expenses increased by RMB0.7 million or 84.1% from RMB0.9 million in HY08 to RMB1.6 million in HY2009. This relates to the sale of some units in San Ya Wan Phase I Project which was substantially completed only in the last quarter of FY2008.

Administrative expenses

The increase in administrative expenses of RMB12.5 million or 424.3.0% from RMB2.9 million in HY2008 to RMB15.4 million in HY2009 was mainly due to the expenses such as directors' remuneration, staff cost, office rental and professional fees incurred by the listed entity, and the administrative expenses relating to Chongqing Sanyanwan which was acquired in May 2008.

Other operating expenses

Other operating expenses incurred in HY2008 relates to the charitable donation of RMB7.3 million for the rebuilding of a school which was destroyed by the Sichuan earthquake and the amount of RMB5.2 million being our investment in an associated company which was written off.

Finance costs

Finance costs of RMB6.0 million was mainly due to the interest expenses of RMB2.5 million arising from the loan obtained in March 2009 by the Company for the purpose of the development of the International Financial Centre as well as an amount of RMB3.5 million incurred on the completed Phase 1 of the San Yan Wan Project. In accordance with *IAS 23 (revised) Borrowing Cost*, capitalisation of finance costs incurred for the financing of the development of properties ceased immediately upon substantial completion in the construction of the property.

Profit for the period attributable to shareholders

In addition, the non-recurring item, negative goodwill of RMB48.4 million, coupled with the higher administrative expenses and finance costs incurred in HY2008, caused profit attributable to shareholders to decline from RMB501.8 million in HY2008 to RMB0.75 million.

Taxation

Income tax expenses decreased by RMB0.4 million or 11.1% from RMB3.0 million in HY2008 to RMB2.6 million in HY2009.

3Q2009 vs 3Q2008

Revenue

The Group's revenue for 3Q2009 was RMB31.4 million, which is 73.9% or RMB13.3 million higher than that of the corresponding period last year.

(i) Sale of properties

The sale of properties increased from RMB6.8 million in 3Q2008 to RMB20.4 million in 3Q2009, an increase of 200% due to the sale of units in Future International Building and San Ya Wan Phase I Project.

(ii) Rental revenue

Rental income fell by a modest 1.9% primarily due to pre-booking of rent on units to be rented out in FY2008, which comprises about RMB0.7 million in 3Q2008.

Cost of sales

Cost of sales increased by 79.0% or RMB5.0 million from RMB6.4 million in 3Q2008 to RMB11.4 million in 3Q2009. The increase was primarily the result of the increase in revenue from the sale of properties in 3Q2009.

Gross profit margin

In 3Q2009, the Group recorded a slight decline in gross profit margin of 63.6% as compared to 64.7% from the previous corresponding period. This was primarily due to the omission of certain direct expenses, amounting to around RMB2.06 million in 3Q2008 which was accounted for only in 4Q2008 and also due to a change in the method applied in the calculation of property duty or tax. For FY2008, the property duty was calculated based on 1.2% of property cost but has since been changed to based on 12% of rental income, and the change takes effect from 1 January 2009 onwards. The consequential impact was a higher property duty payable of RMB1.0 million compared to the same period last year.

Other income

Other income in 3Q2009 mainly comprise of rental earned from subletting office space in Singapore. Other income in 3Q2008 relates mainly to the receipts of relevant portion of the one-year consultancy fee for 2008.

Selling expenses

Selling expenses was RMB1.2 million in 3Q2009 as compared to RMB0.5 million in 3Q2008. Selling expenses rose corresponding with the sharp increase in revenue from the sale of properties from the San Ya Wan Phase I Project.

Administrative expenses

Administrative expenses comprises staff cost, depreciation, directors' fee and remuneration, office rental and professional fees and other administrative expenses. Administrative expenses for 3Q2009 were RMB7.2 million as compared to RMB9.7 million in the same period in FY2008. The decline was due largely to the booking of most of the professional fees relating to the reverse take-over in 3Q2008.

Other operating expenses

Other operating expenses incurred in 3Q2009 comprise a loss on disposal of fixed assets and a charitable donation. In 3Q2008, the other operating expenses relate mainly to the goodwill of RMB109.4 million arising from the acquisition of Fortune Court Group which was written off.

Finance costs

Finance expenses for 3Q2009 was RMB2.7 million as compared to RMB0.2 million. The significant increase was due to two (2) factors: the loan from OCBC which was taken out in February 2009 and the interest on the previously announced bridge loan for the recent tender of the Da Ping Project. As announced on the 15 October 2009, the Company has pre-paid the OCBC loan through the proceeds from OCBC's exercise of the options granted in relation to the loan.

Profit for the period attributable to shareholders

For the three (3) months ending 30 September 2009, the profit attributable to owners of the parent increased by RMB112.8 million to RMB5.4 million. This was largely due to the write-off of non-recurring goodwill of RMB109.4 million in 3Q2008, a non-recurring item.

Taxation

Income tax expense for 3Q2009 was lower as compared to 3Q2008. In 3Q2008, the Company had earnings in the form of consultancy fees which attracts a higher rate of income tax. In 3Q2009 the tax payable arose mainly from the sale of units at San Ya Wan Phase I Project, which had a relatively lower rate of taxation.

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4. Provide selected data from the balance sheet of the entity or, if it is the holding company or holding entity of a group, the group as at the end of –

(a) the most recent completed financial year for which audited financial statements have been published; or

(b) if interim financial statements have been published for any subsequent period, that period.

5 The data referred to in paragraph 4 of this Part shall include the line items in the audited or interim balance sheet of the entity or the group, as the case may be, and shall in addition include the following items:–

(a) number of shares after any adjustment to reflect the sale of new securities;

(b) net assets or liabilities per share; and

(c) net assets or liabilities per share after any adjustment to reflect the sale of new securities.

The audited consolidated balance sheet of the Group as at 31 December 2008, the reviewed consolidated balance sheet of the Group as at 30 June 2009 and the unreviewed consolidated balance sheet of the Group as at 30 September 2009 are set out in the table below.

As the acquisition of the Fortune Court Group has been accounted for as a reverse acquisition, the consolidated balance sheet of the Group as at 31 December 2008 has been presented as a continuation of the Fortune Court's financial results, and the relevant balance sheet data set out herein is that of the Fortune Court Group.

Further details relating to the financial results of the Group from FY2008 onwards and the financial results of Chongqing Yingli in FY2006 and FY2007 are available in the announcements, annual reports and circulars posted by the Company on the website of the SGX-ST, http://www.sgx.com, and other public sources.

Balance Sheet

	As of 30 Sep 2009 (Unreviewed) RMB	As of 30 June 2009 (Reviewed) RMB	As of 31 Dec 2008 (Audited) RMB
Assets			
Non-current assets			
Property, plant and equipment	4,021,097	4,200,609	3,749,353
Investment properties	1,279,949,000	1,279,949,000	1,279,949,000
	1,283,970,097	**1,284,149,609**	**1,283,698,353**
Current assets			
Land for development	627,866,989	604,257,169	572,735,709
Development properties	84,846,400	84,623,209	105,550,069
Trade and other receivables	79,492,305	58,359,568	24,151,146
Refundable tender deposit	171,210,731	–	–
Cash at bank - restricted	17,904,454	40,295,369	18,159,921
Cash and cash equivalents	67,612,051	15,448,147	81,981,513
	1,048,932,930	**802,983,462**	**802,578,358**
Total assets	**2,332,903,027**	**2,087,133,071**	**2,806,276,711**
Equity and liabilities			
Non-current liabilities			
Deferred taxation	190,676,247	190,676,247	190,676,247
Borrowings	215,872,506	241,165,004	269,250,000
	406,548,753	**431,841,251**	**459,926,247**

	As of 30 Sep 2009 (Unreviewed) RMB	As of 30 June 2009 (Reviewed) RMB	As of 31 Dec 2008 (Audited) RMB
Current liabilities			
Trade and other payables	246,247,123	179,974,425	208,131,699
Amount owing to a director	11,894,136	11,899,536	11,904,937
Short term loan for tender deposit	43,960,800	–	–
Provision for taxation	74,798,255	71,045,978	68,618,523
Borrowings	73,161,670	85,031,065	28,170,000
	450,061,984	**347,951,004**	**316,825,159**
Capital and reserves (1)			
Capital contribution	2,802,767,432	2,637,682,042	2,637,682,042
Reserves	(1,981,477,160)	(1,979,984,868)	(1,977,589,655)
Retained profits	630,750,539	626,930,698	626,179,297
	1,452,040,811	1,284,627,872	1,286,271,684
Minority interests	24,251,479	22,712,944	23,253,621
Total equity	**1,476,292,290**	**1,307,340,816**	**1,309,525,305**
Total equity and liabilities	**2,332,903,027**	**2,087,133,071**	**2,086,276,711**
Number of Shares	1,909,292,429	1,782,149,429	1,782,149,429
NAV per Share (cents)	0.76	0.72	0.72
Proforma number of Shares after Placement	2,162,492,429	2,035,349,429	2,035,349,429
Proforma NAV per Share after Placement (cents) (2)	1.01	0.99	0.99

Note:

(1) Net assets comprise capital and reserves.

(2) The proforma net asset value per Share was computed based on the number of Shares in issue as at the end of each of the respective financial year/period and assuming that all the Placement Shares were issued at the end of each of the respective financial year/period.

6. **Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of –**

   (a) **the most recent completed financial year for which financial statements have been published; and**

   (b) **if interim financial statements have been published for any subsequent period, that period.**

The audited consolidated cash flow statement of the Group for FY2008, the reviewed consolidated cash flow statement of the Group for HY2009 and the unreviewed consolidated cash flow statement for 3Q2009 are set out below.

As the acquisition of the Fortune Court Group has been accounted for as a reverse acquisition, the consolidated cash flow statement of the Group as at 31 December 2008 has been presented as a continuation of the Fortune Court's financial results, and the relevant cash flow statement data set out herein is that of the Fortune Court Group.

Further details relating to the financial results of the Group from FY2008 onwards and the financial results of Chongqing Yingli in FY2006 and FY2007 are available in the announcements, annual reports and circulars posted by the Company on the website of the SGX-ST, http://www.sgx.com, and other public sources.

Cash flow statement (RMB)

	3Q2009 (Unreviewed) RMB	HY2009 (Reviewed) RMB	FY2008 (Audited) RMB
Cash flows from operating activities			
Profit before taxation	9,110,653	2,850,386	355,401,869
Adjustments for:			
Depreciation of property, plant and equipment	221,108	589,086	918,654
Property, plant and equipment written off	66,902	–	–
Fair value gain/(loss) on investment properties	–	–	50,548,000
Negative goodwill	–	–	(485,395,842)
Goodwill written off	–	–	109,372,659
Interest expense	2,712,174	5,997,568	4,706,849
Interest income	(4,579)	(8,973)	(545,982)
Share option expenses	396,045	439,967	–
Operating profit before working capital changes	**12,502,303**	**9,868,034**	**34,916,207**
(Increase)/decrease in development properties	(223,191)	20,926,860	(64,209,104)
Increase in land for development	(18,919,624)	(23,249,944)	(161,214,143)
(Increase)/decrease in trade and other receivables	(192,343,468)	(34,208,422)	147,819,265
Increase/(decrease) in trade and other payables	66,267,299	(28,162,675)	(18,209,948)
Cash generated from / (used in) operations	**(132,716,681)**	**(54,826,147)**	**(60,897,723)**
Interest received	4,579	8,973	545,982
Income tax paid	–	(212,207)	(2,604,432)
Net cash used in operating activities	**(132,712,102)**	**(55,029,381)**	**(62,956,173)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	(104,365)	(1,040,848)	(845,729)
Net proceeds from disposal of assets and liabilities	–	–	12,662,959
Acquisition of subsidiaries	–	–	(157,607,791)
Net cash used in investing activities	**(104,365)**	**(1,040,848)**	**(145,799,561)**
Cash flows from financing activities			
Interest paid	(7,402,370)	(14,269,084)	(27,556,562)
Proceeds from issuance of Shares after reverse acquisition adjustments and expenses	165,085,390	–	555,221,337
Cash at bank - restricted	22,390,915	(22,135,448)	(6,067,973)
Proceeds from short term loan for tender deposit	43,960,800	–	–
Loan from bank	–	58,493,500	–
Repayment of bank loan	(37,161,893)	(29,717,431)	262,060,000
Net cash generated from financing activities	**186,872,842**	**(7,628,463)**	**259,536,802**
Exchange translation adjustments	(1,892,471)	(2,834,674)	9,891,017
Net increase / (decrease) in cash and cash equivalents	52,163,904	(66,533,366)	60,672,085
Cash and cash equivalents at beginning of period / year	15,448,147	81,981,513	21,309,428
Cash and cash equivalents at end of period / year	**67,612,051**	**15,448,147**	**81,981,513**

To date, the Group has financed its working capital, capital expenditures, and other capital requirements through share placements, internally generated cash flows, bank borrowings and loans from a director.

Working capital

The Group's cash and bank balances (unrestricted) as of 31 December 2008, 30 June 2009 and 30 September 2009 were RMB82.0 million, RMB15.4 million and RMB67.6 million respectively. The Group believes that its current cash and anticipated cash flow from operations will be sufficient to meet its anticipated cash needs.

The Group may however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions it may decide to pursue. If its existing cash is insufficient to meet its requirements, the Group may seek to sell additional equity securities, debt securities or borrow from lending institutions. Incurrence of debt will increase its interest payments required to service its debt obligations and could result in operating and financial covenants that restrict its operations and its ability to pay dividends to its shareholders.

After taking into account the capital expenditure and funding requirements for its property development projects, the Group believes the company's cash flow reflects the company's healthy financial health.

Cash inflow/outflow

FY2008

The net cash of RMB62.9 million used in operating activities was mainly due to the construction cost associated with the International Financial Centre Project. The net cash used in investing activities of RMB145.8 million was mainly due to the acquisition of Chongqing Yingli, and acquisition of 80% interest in Chongqing San Ya Wan, less cash received from the proceeds from the disposal of the existing business to Showy Pte Ltd.

Net cash generated from financing activities of RMB259.5 million was mainly due to the issuance of shares to fund the acquisition of Fortune Court Group, repayment of bank loans and interest expense.

HY2009

The decrease in cash and bank balances of RMB66.5 million in HY2009 was mainly due to the net cash used in operating activities and financing activities of RM55.0 million and RMB7.6 million respectively.

Net cash used in operating activities relate to changes in working capital while the cash pledge of RMB22.1 million for the additional bank loan of RMB58.5 million obtained,loan repayment of RMB29.7 million and interest paid of RMB14.2 million resulted in the net cash used in financing activities.

3Q2009

For 3Q2009, cash at bank increased by RMB52.2 million. During the period under review, RMB18.9 million development cost was incurred in association with the IFC project. In addition, RMB171.2 million refundable tender deposit was used for the tender of land parcel in Da Ping. RMB15.8 million was paid as advances to subcontractors to buy material for the IFC project. RMB7.4 million was used to finance interest cost.

On the other hand, RMB44.0 million was obtained as a bridging loan to fund the tender of land at Da Ping and another RMB50.0 million borrowed from other creditors to act as reserve money for alternative tender.

Net cash generating from finance activities was due to the issuance of a total of 127.1 million new shares with an aggregate net amount of S$34.3 million or RMB165.1 million in September 2009.

Borrowings

	As of 30 Sep 2009 RMB ('000)	As of 30 June 2009 RMB ('000)	As of 31 Dec 2008 RMB ('000)
Short term borrowings	117,122,470	85,031,065	28,170,000
Long term borrowings	215,872,506	241,165,004	269,250,000
Total borrowings	**332,994,976**	**326,196,069**	**297,420,000**

FY2008

The Group endeavours to maintain its financial strength through prudent capital management. Its borrowings primarily relate to project specific construction loans, for the development of its large-scale property development projects. The project constructions loans are secured by mortgages over its investment properties.

The Group's long term borrowings have a range of maturities from less than one (1) year to 13 years. Its bank loans bear fixed and floating interest rates. The effective interest rates on bank loans range from 6.17% to 9.5% in 2008.

HY2009

Total borrowings in HY2009 increased by RMB28.8 million or 9.7% from RMB297.4 million in FY2008 to RMB326.2 million in HY2009. This was due to the additional borrowing of RMB58.5 million obtained for financing the International Financial Centre Project, offset by the loan repayment of RMB29.7 million.

3Q2009

For 3Q2009, total borrowings (including short term loan for tender deposit) increased by RMB6.8 million or 2.1% from RMB326.2 million in 1H2009 to RMB333.0 million in 3Q2009. This was due to the additional borrowing of RMB44.0 million as bridge loan to fund the recent tender for the Da Ping Project, offset by the loan repayment of RMB37.2 million.

Trade and other payables

FY2008

Trade and other payables comprise mainly trade payables, advances for the sale of properties received from customers, deposits and option money received from the rental of property to tenants and accruals of construction costs. Trade and other payables rose due to retention monies arising from the completion of Phase 1 of the San Ya Wan Project.

HY2009

Trade and other payables decreased by RMB28.1 million or 13.5% to RMB180 million, as compared to RMB208.1 million in FY2008. This was mainly due to the transfer and recognition of advance rent to profit and loss account.

3Q2009

Trade and other payables increased by RMB66.3 million or 36.8% to RMB246.3 million, as compared to RMB180.0 million in 1H2009. This was mainly due to an increase of RMB50.0 million borrowed from other creditors to act as reserve money for alternative tender.

Provision for taxation

FY2008

In FY2008, RMB12.4 million was accrued for tax expense based on taxable profit reported, while RMB2.6 million was paid to the tax bureau.

HY2009

Provision for taxation increased by RMB2.4 million or 3.5% from RMB68.6 million in FY2008 to RMB71.0 million in HY2009. This increase was due to RMB2.6 million of income tax accrued based on sales in the first half of FY2009, while about RMB0.2 million was paid to the tax bureau.

3Q2009

For 3Q2009, RMB3.8 million was accrued for tax expense based on taxable profit reported.

Deferred taxation

FY2008

In FY2008, RMB12.6 million deferred tax expense reversed due to the decrease in fair value of the investment properties.

HY2009

There is no change in deferred tax expenses in HY2009. This is because there is no adjustment in the fair value of investment properties. The Company does not perform a fair valuation of investment properties on an interim period basis.

3Q2009

There is no change in deferred tax expenses in 3Q2009. This is because there is no adjustment in the fair value of investment properties.

Capital Expenditure

The major capital expenditure comprises mainly the acquisition of building, motor vehicles and vessels, as well as plant and machinery. The purchases of such assets are financed mainly by funds generated from operations, loans and borrowings and contributions from investors. The details for major capital expenditure for FY2008, HY2009 and 3Q2009 are as follows:

RMB	3Q2009 RMB	HY2009 RMB	FY2008 RMB
Acquisition of subsidiaries	–	–	157,607,791
Office furniture and equipment	–	200,408	62,931
Vehicles	–	–	746,465
Computers	104,365	840,440	45,333
Construction	17,188,981	37,350,294	310,697,456
Relocation costs	–	2,264,396	7,149,748

Divestment

Save for the Disposal, there were no major divestments for FY2008, HY2009 and 3Q2009

Material commitments and contingencies

At the Latest Practicable Date, the Group has not entered into any definitive agreements for its land banks and has not incurred any contractual obligations and capital commitments.

Mortgage guarantees

Mortgage guarantees (RMB)	As of 30 Sep 2009	As of 30 June 2009	As of Dec 31 2008
Cash at bank - restricted	7,904,454	7,895,369	18,159,921
Collateral for borrowings	10,000,000	32,400,000	–
Total mortgage guarantees	17,904,454	40,295,369	18,159,921

As part of the Group's guarantee obligations, it also provides cash deposits to purchasers' mortgagee banks of approximately 5% of the mortgaged amount. If a purchaser defaults in its payment obligations during the term of its guarantee, the relevant bank may deduct the defaulted mortgage payment from its deposit and require that it immediately replenish its deposit to the original amount.

Included in the mortgage guarantee are fixed deposits of an aggregate of RMB10.0 million placed with banks in China and Singapore.

Except as disclosed above, the Group does not have any outstanding exchangeable or convertible debt, bank overdrafts, liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, or guarantees or other material contingent liabilities outstanding as at the Latest Practicable Date that the Group believes are material.

Except as disclosed above, there are no outstanding derivative financial instruments, off-balance sheet guarantees, interest rate swap transactions or foreign currency forward contracts that have or are reasonably likely to have a current or future effect on the Group's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that the Group believes are material to investors.

Material capital expenditure and divestments

From 1 January 2008 up to the Latest Practicable Date, the Group has no key material capital expenditure and divestments that are not in the ordinary course of its business.

Market risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rate and foreign exchange rates of financial instruments. However, as its normal course of business is primarily in the PRC, it would not be materially subjected to market risk in respect of fluctuations in foreign exchange rates.

Credit Risk

As part of its guarantee obligations, the Group provides cash deposits to purchasers' mortgagee banks of approximately 5% of the mortgaged amount. If a purchaser defaults in its payment obligations during the term of its guarantee, the relevant bank may deduct the defaulted mortgage payment from our deposit and require that the Group immediately replenish its deposit to the original amount.

Interest Rate Risk

The Group is subject to market risks due to fluctuations in interest rates and refinancing of short-term debt. Its net profit is affected by changes in interest rates as a result of the impact such changes have on interest income and interest expense from short-term deposits and other interest-bearing financial assets and liabilities. In addition, an increase in interest rates would adversely affect its prospective customers' willingness and ability to purchase its properties, its ability to service loans that it has guaranteed and its ability to raise and service long-term debt and to finance its developments, all of which in turn would adversely affect its results of operations. The Group's indebtedness consists primarily of bank and other loans. Approximately half of the Group's loans bear interest at variable rates.

Rental Rate Risk

The Group retains certain completed properties for leasing to provide a stable and recurrent source of rental income. The Group typically enters into lease agreements with its tenants for periods of between six (6) years to 20 years and with fixed rental rates. To this extent, the Group is not materially subjected to fluctuations in the rental rates in the market.

Commodities Risk

The Group consumes large quantities of building materials, including raw iron, steel and concrete, in its property development operations. The Group typically enters into fixed or guaranteed maximum price construction contracts with independent construction companies, each of which covers the development of a significant part of its overall project. These contracts typically cover both the supply of the building materials and the construction of the facility, for a construction period of one to three years. If the price of building materials were to increase significantly prior to the Group entering into a fixed or guaranteed maximum price construction contract, it might be required to pay more to prospective contractors.

Inflation Risk

China has not experienced significant inflation or deflation in recent years. China's overall national inflation rate, as represented by the general consumer price index increase, was approximately 1.5% in 2006, 4.8% in 2007 and 5.9% in 2008.(1) The Group has not been materially affected by any such inflation.

Note:

(1) *Source: National Bureau of Statistics of China.*

Foreign Exchange Exposure

The Group carries out most of its business in the PRC where the transactions are denominated in RMB, and it currently does not have any loans which are denominated in RMB. Thus, the exposure to foreign exchange risk is minimal.

Dividends

The Group has not declared, approved and paid any dividend for FY2008, and currently does not have a fixed dividend policy.

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7. Provide a statement by the directors or equivalent persons of the entity as to whether, in their reasonable opinion, the working capital available to the entity or, if it is the holding company or holding entity of a group, to the group, as at the date of lodgment of the offer information statement, is sufficient for present requirements and, if insufficient, how the additional working capital considered by the directors or equivalent persons to be necessary is proposed to be provided.

The Directors are of the reasonable opinion that, as at the date of the lodgment of this OIS, after taking into consideration the Group's current bank facilities, internal resources, operating cashflow and net proceeds from the Placement, the working capital available to the Group is sufficient to meet its present requirements.

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8. If the entity or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the entity's financial position and results or business operations, or the investments by holders of securities in the entity, provide –

(a) a statement of that fact;

(b) details of the credit arrangement or bank loan; and

(c) any action taken or to be taken by the entity or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).

To the best knowledge of the Directors as at the Latest Practicable Date, the Directors are not aware of any breach by any entity in the Group of any terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Group's financial position and results or business operations, or the investments by holders of securities in the Group.

9. Discuss, for at least the current financial year, the business and financial prospects of the entity or, if it is the holding company or holding entity of a group, the group, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.

PROSPECTS

The Directors are positive on the prospects of the business of the Group due to the following factors:

(1) it is a niche property developer that is well positioned to capitalize on the property market growth in Chongqing;

(2) it has a well-established reputation with a proven track record, which the Group may capitalise on to access high quality land banks in prime locations; and

(3) it has the necessary leadership supported by an experienced management team.

TREND INFORMATION

The Group does not have an order book due to the nature of its business as a property company. Most of the units in the properties developed by the Group have been sold while units in investment properties are leased by the Group and outsourced to third party companies for property management.

The Group is of the view that there has been strong growth in the overall PRC property market, with real estate investment in the PRC experiencing a compound annual growth rate of 25.5% from 2000 to 2008.[1] Further, real estate investment in Chongqing experienced a compound annual growth rate of 27.7% from 2000 to 2008, from RMB14 billion in 2000 to RMB99 billion in 2008.[2] The Directors believe that Chongqing which is the world's most populous city would continue to generate strong demand for properties in Chongqing, thus benefiting the Group.

Notes:

(1) *Source: National Bureau of Statistics of China.*

(2) *Source: http://www.cqtj.gov.cn/tjnj/2009/yearbook/indexe.htm.*

STRATEGIES

The goal of the Group is to build on the brand equity that it has already established in Chongqing and to grow its business by expanding into other cities and the commercial property segment. To achieve these business objectives, the Group plans to adopt the following strategies to drive its future growth and increase shareholder value.

The Group intends to continue to acquire prime land in key strategic locations

The Group will continue to replenish its land bank in prime locations for future development at commercially viable prices, either through direct land acquisitions, government tender offers or through the acquisition of other companies that own development sites such that the Group is able to maintain a land bank sufficient to support a development pipeline of three to five years on a rolling basis.

The Group notes that Chongqing has a rapidly growing economy with a high influx of foreign investors, and it intends to continue to focus on the acquisition and development of land in Chongqing in the next three to five years. However, the Group also recognises that there is strong growth in the other parts of China, and in the medium to long term horizon, the Group would be exploring opportunities in other high growth PRC cities in Western and Central China. The Group believes that expansion into other cities will help reduce its exposure to market fluctuations in any particular market. The cities for undertaking projects will be chosen based on qualities such as its economic growth, city positioning, location, the availability of infrastructure, government relationships and profitability.

The Group intends to leverage on its long-standing industry experience and brand equity

The Group believes that its property development capabilities rank alongside the premier property developers in the key economic regions of the PRC, especially in Chongqing. In addition, the Group is equipped with the requisite management abilities to undertake quality developments. Leveraging on its long-standing industry experience and brand equity, the Group aims to continue its core business of building and developing premium and high quality properties for its end users. The Company may also enter into joint venture arrangements with companies that have expertise in a particular niche area of property development in order to broaden its expertise.

The Group intends to achieve a balance between properties developed for sale and investment properties

An important part of the Group's long-term strategy is to achieve and maintain a diversified earnings base balance between development properties which generates profit from selling completed properties and investment properties which produces stable and recurring rental income. This strategy enables the Group to enjoy the potential capital appreciation of its properties and to reduce the volatility of its income, while allowing the Group to address its cash flow needs.

The Group intends to maintain a prudent capital structure so as to be well-positioned to acquire future land bank

One of the objectives for the Group is to continue to be financially stable and to possess the financial capital resources to capitalise on market opportunities. Adequate capital reserves will be maintained to fund the acquisition of development sites as and when suitable opportunities arise for the Group. It also intends to diversify its financing arrangements in the future by assessing the capital and debt markets where appropriate. It has a net gearing ratio(1) of 0.05 times as at 30 September 2009.

Note:

(1) Gearing ratio is defined as net debt to equity ratio.

The Group intends to continue to forge partnerships with constructions firms, suppliers, property management and retail firms and consultants

The Group intends to continue to forge partnerships with other construction firms, suppliers, property management and retail firms and consultants so as to build strategic alliances with these business partners. The Group is currently in partnership with Jones Lang LaSalle Sallmanns Limited ("**JLLS**"), a leading real estate management and services firm. JLLS is the Group's exclusive agent to sell and lease its properties in the central business districts and also provides consultancy services to the Group. The Group believes that the involvement of JLLS in the Group may pave the way for future collaborations or joint ventures for large development projects.

The Group also intends to actively engage its institutional investors, designers, suppliers, tenants and other professional advisers to understand the latest demands and expectations in the industry to better provide its services and build on its future designs and projects.

The Group intends to adopt an asset-light and capital-efficient model

The Group is exploring the possibility of adopting an asset-light and capital-efficient model by securitising its properties and injecting them into a real estate investment trust ("**REIT**") when its rental income stream is steady and its asset size exceeds S$1 billion. This may materialise when its current International Financial Centre project is completed and revalued on a mark-to-market basis, and the Group is currently in talks with established international players for a potential tie-up to tap on their expertise. It is expected that both the International Financial Centre and the Future International Building would be potential candidates for the REIT. The Group believes that this model will allow the Group to recycle capital to provide funding for new projects and affirm its market leadership in the Chongqing and PRC property market.

FUTURE PLANS

The management of the Group intends to continue with and embark on the following projects (including the payment of land premiums, relocation fees and development costs):

(a) the International Financial Centre;

(b) the Da Ping Project;

(c) the Jingong Restaurant Project;

(d) the Lu Zu Temple Project; and

(e) the San Ya Wan Project.

RISK FACTORS

To the best of the Directors' knowledge and belief, all the risk factors that are material to prospective investors in making an informed judgment on the Placement (save for those which have already been disclosed to the general public) are set out below. Prospective investors should carefully consider and evaluate each of the following considerations and all other information contained in this OIS before deciding whether to invest in the Placement. The risks described below are not intended to be exhaustive. In addition to the risks described below, the Group could be affected by risks relating to the industry and countries in which the Group operates as well as economic, business, market and political risks. There may be additional risks not presently known to the Group, or that the Group currently deems immaterial, but which could affect its operations. If any of the following considerations and uncertainties develops into actual events, the business, results of operations, financial conditions and prospects of the Group could be materially and adversely affected. In that event, the trading price of the Placement Shares could decline, and investors may lose all or part of their investment in the Placement Shares.

Risks relating to the Business

Lack of audited financial statements of the Fortune Court Group and the failure by Fortune Court to appoint auditors and prepare auditors' reports for Fortune Court's shareholders may result in penalties on Fortune Court and/or officers of Fortune Court.

Under Section 122 of the Hong Kong Companies Ordinance, the directors of every private company (other than a private company which was a member of a group of companies of which a company other than a private company was a member) shall lay before the company at its annual general meeting a profit and loss account for the period since the preceding accounts and a balance sheet as at the date to which the profit and loss account is made up. If a director of a company fails to take all reasonable steps to comply with Section 122, he may be in violation of the section and be liable to imprisonment of up to 12 months and a fine of up to HK$300,000. Section 129C of the

Hong Kong Companies Ordinance also requires that an auditors' report be attached to the profit and loss account and balance sheet that are laid before the company in general meeting. If any copy of a balance sheet is issued, circulated or published without having annexed thereto a copy of the auditor's report, the company and every officer of the company who is in default may be liable to a summary offence and be liable to a maximum penalty of a fine of HK$150,000. Section 131 of the Hong Kong Companies Ordinance requires that every company shall at each annual general meeting of the company appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting of the company. Where at an annual general meeting of a company no auditors are appointed, the court may, on the application of any member of the company, appoint a person to fill the vacancy. Fortune Court had previously not appointed auditors nor prepared audited financial statements since its incorporation. However, in May 2008 it appointed HLB Hodgson Impey Cheng to act as its auditors and to conduct an audit on all the financial statements of Fortune Court since its incorporation to 31 December 2007. Its financial statements for FY2008 are consolidated under the Group and audited by Foo Kon Tan Grant Thornton. Nevertheless, it cannot be assured that penalties will not be imposed on Fortune Court or officers of Fortune Court for failing to comply with the relevant provisions of the Hong Kong Companies Ordinance.

The Group may be unable to identify or acquire land for development at commercially acceptable prices and the land use rights for some of its development sites will not be formally vested until it has received the relevant land use rights certificates.

Maintaining a sizable and high-quality land bank for future development is critical to sustain the growth of Chongqing Yingli. The Group cannot assure you that it will be able to identify and acquire attractive sites in the future at commercially acceptable prices, or at all. In the PRC, the supply of land is controlled by government authorities, and its ability to acquire land use rights and their corresponding acquisition costs will be affected by government policies toward land supply, development and pricing. The central and local governments regulate the means by which property developers obtain land for development. In particular, on 9 May 2002, the State Bureau of Land Resources of the People's Republic of China promulgated the "Regulations on the Grant of State-owned Land Use Rights through Competitive Bidding, Public Auction and Listing for Sale", which requires that state-owned land to be sold for commercial use or commodity housing development shall be by way of competitive bidding, public auction or listing-for-sale. The new regulations have contributed to an increase in the acquisition costs to property developers throughout China. The Group's inability to identify and acquire attractive new sites at commercially acceptable prices could impair its ability to compete with other property developers and materially and adversely affect its ability to grow its business and maintain its profitability.

In addition, under current PRC land grant policies, upon signing the land grant contract the grantee is required to pay the land premium pursuant to the terms of the land grant contract and the land grant contract is then submitted to the relevant local bureau for the issue of the land use right certificate. The relevant authorities will not issue the formal land use rights certificate for a piece of land until the developer has paid the land premium in full, completed the relocation process and is in compliance with other land grant conditions. At as the Latest Practicable Date, the Group has not yet obtained the formal land use right certificates for the land parcel for the Jingong Restaurant Project, but it has signed the land grant contract with the relevant authorities; the Group also has not yet obtained the state-owned construction land use right certificate in relation to the Da Ping Project, as it has not paid the land grant fee nor signed the land grant contract in relation to the Da Ping Project. Other than the above, the Group has obtained the formal land use rights certificates for all its properties held for investment. Under current land grant policies, the Group is not allowed to begin developing its projects located on its land bank without first obtaining the relevant land use rights certificates. The land that it may acquire in the future will not be formally vested in the Group until it has received the corresponding formal land use rights certificate. The Group cannot assure you that there will not be any delays in the authorities' issuance of the formal land use rights certificates and that the delays will not materially and adversely affect the Group's operations, including its ability to deliver these properties to its customers in a timely fashion. In relation to the Da Ping Project, the Group cannot assure that the relevant government authorities will enter into the land grant contract or issue the state-owned construction land use right certificate. If the Group fails to obtain the land use right certificate of the Da Ping Project, the Group's operations will be materially and adversely affected.

The Group may not have adequate resources to finance land acquisitions or property development.

Property development is capital intensive. The availability of adequate financing is crucial to our ability to acquire land and to complete its development projects according to plan. Historically, the Group financed its land acquisitions from a combination of internal funds, Shareholders' loans and bank loans. Its property development projects are financed through a combination of internal funds, pre-sale proceeds, bank loans and injection of foreign capital through joint venture project companies set up with third parties. Under the "Measures for Administration of Pre-completion Sale of Commodity Buildings" promulgated by the Ministry of Construction in July 2004 and Urban Real Estate Law, pre-sale proceeds may only be used to fund the property development costs of the relevant projects to which they relate. The Group cannot assure you that it will be able to procure sufficient bank borrowings, have sufficient internal funds available for land acquisitions or property development or that it will be able to achieve sufficient pre-sales in order to fund property development. The Group's ability to arrange adequate financing for land acquisitions or property development on commercially acceptable terms depends on a number of factors that are beyond its control, including general economic and political conditions, the terms on which financial institutions are willing to extend credit to them and the availability of equity financing.

For example, the PRC government has in recent years taken a number of policy initiatives in the financial sector to further tighten the lending requirements for real estate developers. In June 2003, the People's Bank of China ("**PBOC**") issued the "Circular on Further Strengthening the Management of Loans for Property Business" which, among other things:

- prohibits PRC commercial banks from granting loans to fund the payment of land premium;
- restricts PRC commercial banks from granting loans for the development of luxury residential properties such as villas; and
- prohibits real estate developers from using borrowings obtained from any local bank to fund property developments outside the region.

In accordance with the "Circular on Adjusting Real Estate Supply Structure and Stabilising Real Estate Price" promulgated by the General Office of the State Council on 24 May 2006, a commercial bank shall not lend to property developers with a project capital ratio of less than 35%, or to accept as security for mortgage loans commodity properties that have been vacant for more than three years.

On 20 December 2008, the General Office of the State Council promulgated the Several Opinions on Promoting the Healthy Development of Real Estate Market (国务院办公厅关于促进房地产市场健康发展的若干意见,), pursuant to which commercial banks shall, according to the principles for credit and requirements for supervision, increase credit support for the construction of small or medium-sized or at low or medium-priced ordinary commercial properties, especially for projects under construction. With regard to the enterprises or projects relating to merger or reorganization by competent and reputable real estate development enterprises, commercial banks shall provide financing support and relating financial services.

In accordance with the Notice Regarding Adjusting Capital Proportion of Fixed Assets Investment Project (国务院关于调整固定资产投资项目资本金比例的通知) promulgated by the State Council on 25 May 2009, the minimum capital proportion for low-income housing projects and ordinary commercial housing projects is 20%, and the minimum capital proportion for other types of real estate development projects is 30%. When providing credit support and services, financial institutions shall carry out independent assessment to prevent financial risks and conduct comprehensive assessment and evaluation on the source of the capital, returns on investment and credit risks with reference to the capital proportion requirements promulgated by the state and the actual status of the borrower and the project, to independently decide whether to grant the loan and the specific amount and proportion of the loan.

These policy initiatives may limit the Group's ability to use bank loans to finance or refinance property developments and therefore, it may need to maintain a relatively high level of internally sourced cash. Furthermore, the incurrence of debt will increase interest payments required to service debt obligations and could result in operating and financial covenants that restrict our operations and its ability to pay dividends to shareholders. The setting up of project companies with third parties to bring in foreign capital for property development may also reduce the economic benefits and control that the Group has over its future projects. If the Group does not have adequate resources to finance land acquisitions or property developments and would have to increase its gearing or set up project companies accordingly with third parties, its business and financial condition may be materially and adversely affected.

The Group may face significant risks before realising any benefits from property development.

The Group's primary business is in the development of office and commercial properties. Property development typically requires substantial capital outlay during the land acquisition and construction phases and may take one or more years before positive cashflows may be generated through pre-sales or sales of a completed property development. Depending on the size of the development, the time span for completing a property development usually lasts for more than a year. Consequently, changes in the business environment during the length of the project may affect the revenue and cost of the development, which in turn has a direct impact on the profitability of the project. Factors that may affect the profitability of a project include the risk that the receipt of government approvals may take more time than expected, the failure to complete construction according to original specifications, schedule or budget, and lacklustre sales or leasing of the properties. The sales and the value of a property development project may be adversely affected by a number of factors, including but not limited to, the international, regional and local economic climate, local real estate conditions, perceptions of property buyers, businesses, retailers or shoppers in terms of the convenience and attractiveness of the projects, competition from other available properties, changes in market rates for comparable sales and increased business and operating costs. If any of the property development risks described above materialises, its returns on investments may be lower than originally expected and its business, financial condition, results of operations and prospects will be materially and adversely affected.

Property valuations may materially differ from prices that can be achieved.

Valuations of the Group's property interests are based upon certain assumptions that are subjective. With respect to properties under development and land banks, the valuations are generally based on the assumptions, among other things, that the properties will be completed or developed as currently proposed, all regulatory and governmental approvals for the proposals have been obtained, the Group is in possession of proper legal titles and is entitled to transfer the properties at no extra land premium, and all land premiums have been paid in connection with such properties. Unanticipated changes in relation to particular properties, or changes in general or local economic or regulatory conditions or other relevant factors could affect such valuations and the returns that the Group can realise from these properties. The actual values that the Group derives from these properties may materially differ from the values attributed to them in such valuations.

The Group may not be able to generate adequate returns on its properties held for long-term investment purposes.

The completed property developments held by the Group are intended to be held for long-term investment. Property investment is subject to varying degrees of risks. The investment returns available from investments in real estate depend, to a large extent, on the amount of capital appreciation generated, income earned from the rental of the relevant properties as well as the expenses incurred. Maximising yields from properties held for long-term investment also depends to a large extent on active ongoing management and maintenance of the properties. The ability to eventually dispose of investment properties will also depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuation in the case of certain types of commercial properties. The revenue derived from and the value of property investment may be adversely affected by a number of factors, including but not limited to, changes in market rates for comparable rentals, the inability to collect rent due to bankruptcy or insolvency of tenants and the costs resulting from periodic maintenance, repair and re-letting. If its property investment business is unable to generate adequate returns, its business, financial condition, results of operations and prospects may be adversely affected.

The Group is subject to legal and business risks if it fails to obtain formal qualification certificates.

In accordance with the "Regulations on Administration of Urban Real Estate Development" promulgated by the State Council on 20 July 1998 (the"**Development Regulations**") and the Provisions on Administration of Qualifications of Real Estate Developers ("**Provisions on Administration of Qualifications**") promulgated by the Ministry of Construction on 29 March 2000, property developers in the PRC are required to obtain the relevant class of qualification certificates for the development of certain types of properties and certain sizes of property developments. The Development Regulations provide that when a property developer engages in the development and sale of real estate without any qualification certificates or beyond its qualification, it must rectify the default within the time limit set by the real estate development authorities under the local government on or above the county level. A fine ranging from RMB50,000 to RMB100,000 will also be imposed. If the property developer fails to rectify the default within the time limit, its business licence may be revoked by the Administration for Industry and Commerce. All qualification certificates are renewable on an annual basis. The property developer's registered capital, property development investments, history of property development, quality of property construction, expertise of the management or any illegalities on the part of the developer will be taken into account by the local authorities in deciding whether to renew the qualification certificates. Should the Group fail to obtain or renew the requisite qualification certificates or rectify any default, it may not be able to carry on all or part of its business and its business, financial condition, results of operations and prospects will be adversely affected. This in turn will have a material adverse effect on its business, financial condition, results of operations and prospects.

Previously, the Group did not conduct its property developments through project companies. However, going forward, the Group may do so for some of its property developments. If any of its project companies is unable to obtain or renew its qualification certificates in a timely manner, or at all, as and when they expire, that project companies may not be permitted to continue to engage in real estate development or to conduct any pre-sales for that development, which in turn could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group's business, results of operations, financial condition and prospects may be adversely affected if it fails to obtain, or if there are material delays in obtaining, requisite governmental approvals for its property developments.

The real estate industry in the PRC is heavily regulated by the PRC government. PRC real estate developers must comply with various requirements mandated by applicable laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In order to develop and complete a property development, a property developer must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including but not limited to land use rights documents, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. The Group cannot assure that it will not encounter problems in obtaining such government approvals or in fulfilling the conditions required for obtaining the approvals, or that it will be able to comply with new laws, regulations or policies that may come into effect from time to time with respect to the real estate industry in general or the particular processes with respect to the granting of approvals. If the Group fails to obtain the relevant approvals or to fulfil the conditions of those approvals for its property developments, these developments may not proceed on schedule, and its business, financial condition, results of operations and prospects may be adversely affected.

The Group has to bear the relocation costs associated with its property developments.

The Group purchases land from both the PRC government and private entities. Where land is obtained from the PRC government, relocation costs are usually included in the land premium payable. Where the land is obtained from other parties, the relocation costs are agreed upon between the seller and the Group. In accordance with the Regulations for the Administration of Demolition and Removal of Urban Housing promulgated by the State of Council on 13 June 2001, a real estate developer in the PRC is required to enter into written agreements with the owners or tenants of existing buildings to be demolished for development to provide compensation for their relocation. The compensation payable by the real estate developer is calculated by applying the prescribed formulae provided by the relevant provincial authorities. When the Group purchases land that is occupied, any delay or difficulty in the relocation process may cause a delay in the delivery of the land to it in whole or in part and may require an increase in the fees payable in connection with the relocation process. However, the Group cannot assure you that the relevant provincial authorities will not change their compensation formulae. If they do, construction costs may increase substantially. Furthermore, if the Group fails to reach agreements with the owners or residents on the amount of compensation payable, any party may apply to the relevant housing relocation authorities for a ruling on the amount of compensation, which may delay the completion schedule of its projects and increase its holding costs.

The Group faces potential liabilities in connection with some of its developments.

New York New York

New York New York has a total of 44 floors, of which the 44th floor does not have a fire lift. According to the Law of the PRC on Municipal Planning (中华人民共和国城市规划法), buildings which were constructed without a permit for construction or not in compliance with the requirements stipulated in such a permit shall, by order of the competent department of city planning administration of the local people's government, be demolished within a prescribed period of time or confiscated. The Notice Regarding the Removal of Illegal Buildings in Chongqing Province (重庆市人民政府关于拆除违法建筑的通告) also states that illegal buildings located in the main city zone (including the Yuzhong District) are not under legal protection and shall be removed. The issue cannot be rectified as the building has already been completed. However, the affected GFA amounts to an aggregate of 322.05 sq m out of a total GFA of 41,336.93 sq m. There remains a risk that the building may be demolished or confiscated as a result of its non-compliance with the applicable laws. If such an event were to occur, the Group may have to incur the costs of demolition, loss of revenue from leases of units in the building and it may be subject to claims from tenants, any of which may have a material adverse effect on its business, results of operations, financial condition and prospects.

Min Sheng Mansion

Chongqing Yingli and Chongqing Jian Wei Housing Development Co., Ltd. ("**Chongqing Jian Wei**") had also entered into a Project Transfer Contract in December 1994, pursuant to which (i) the State-owned land use right and the comprehensive development and operation right of the land located in Datong Road (and on which the Min Sheng Mansion is located) was transferred to Chongqing Yingli, and (ii) Chongqing Jianwei agreed to pay the whole land grant fee in relation to the Min Sheng Mansion Project and release Chongqing Yingli from the requisite payment to the Chongqing Land and Resources Bureau (the "**Bureau**"). On 15 April 1997, Chongqing Yingli entered into a Supplementary Agreement to the Grant Contract with the Bureau, pursuant to which Chongqing Yingli is to pay RMB3 million of the land grant fee. Following subsequent discussions between Chongqing Yingli and the Bureau, it has orally agreed to release Chongqing Yingli from payment of the RMB3 million of the land grant fee. However, there is a risk that in future there may be a dispute over the outstanding land grant fee payable by Chongqing Yingli.

Lu Zu Temple Project

A State-owned Land Use Right Grant Contract was entered into between Chongqing Yingli and the Bureau in relation to the Lu Zu Temple Project on 29 July 1997. Pursuant to this grant contract, Chongqing Yingli was to have commenced construction works in December 1997 and to have completed the construction works by the end of December 2000. According to the contract, the Bureau may impose a charge of not more than 20% of the total land grant fee for the land in respect of which the contract was entered into if there is a failure to begin construction within one year from December 1997, and the Bureau may withdraw the land-use rights granted to Chongqing Yingli if there is a failure to begin construction within two years from December 1997. At present, Chongqing Yingli has not begun construction for this project due to administrative difficulties encountered in the demolishment of an old building situated on the land. Chongqing Yingli has applied to the Chongqing Planning Bureau Yuzhong District Sub-bureau (the "**Sub-bureau**") to extend the period for demolition and construction works. By way of a notice issued by the Sub-bureau (the "**Notice**"), the Sub-bureau has approved Chongqing Yingli's application for an extension of time without imposing any time restrictions or penalties. Thus, it is very unlikely that penalties would be imposed by the Sub-bureau on Chongqing Yingli for its non-compliance with the stipulated time limits for commencement and completion of construction works, and the Sub-bureau would not withdraw the land-use rights granted for the project. However, as the Notice did not state any time restrictions in relation to the length of deferment, there remains a risk that the Bureau may still impose penalties or withdraw the grant of the land-use rights in the future.

International Financial Centre Project

Chongqing Yingli also faces the risk of possible penalties for deferred commencement and completion of construction for the International Financial Centre Project (国际开发金融大厦项目) due to the lack of formal or specific approval from the Chongqing Administrative Bureau for Land and Resources and Real Estate (重庆市国土资源和房屋管理局). Pursuant to the State-owned Land Use Right Grant Contract (国有土地使用权出让合同) (Reference No. Yu Di (2004) He Zi (Zhong Qu) No.494) (渝地(2004)合字(中区)第494号) dated 21 December 2004 signed between Chongqing Yingli and the Chongqing Administrative Bureau for Land and Resources and Real Estate, Chongqing Yingli was to have commenced construction for the International Financial Centre prior to the end of December 2005 and completed construction prior to the end of December 2008. However, construction works have only commenced in the last quarter of 2008. The contract imposes a penalty of no more than 20% of the total amount of the land grant fee if it fails to start construction within one year after December 2005, and the Bureau has the right to withdraw the land-use rights to the land if Chongqing Yingli fails to start construction within two years after December 2005. Notwithstanding the foregoing, the Notice on Approval of Sino-Foreign Joint Chongqing International Financial Centre Project (关于中外合资重庆国际开发金融大厦项目核准的通知) dated 17 January 2008 was issued by the Chongqing Development and Reform Committee (重庆市发展和改革委员会) permitting Chongqing Yingli to proceed with the project, although there was no formal or specific consent given for the extension of time by the Chongqing Administrative Bureau for Land Resources and Real Estate. Furthermore, Chongqing Yingli was also issued with the land use rights certificate for the International Financial Centre Project on 22 May 2008. Therefore, the likelihood that the Chongqing Development and Reform Committee would impose penalties or withdraw the grant of the land-use rights is not very significant.

Zou Rong Plaza

Chongqing Yingli had also entered into a State-owned Land Use Right Grant Contract on 17 October 1995 with the Bureau with respect to the land on which Zou Rong Plaza is built. The land grant fee is RMB3.02 million, but according to invoices provided by Chongqing Yingli, only RMB2,867,800 has been paid. Following subsequent discussions between Chongqing Yingli and the Bureau, it has orally agreed to waive the difference of RMB152,200 and Chongqing Yingli was released from payment. However, there is a risk that the Bureau may claim the outstanding amount in the future.

Future International Building

As Chongqing Yingli intends to reserve the 46th to 48th floors of the Future International Building for its own use, it has not obtained the land use rights and property ownership certificates for these floors. As a result, under the relevant PRC laws and regulations, ownership of these floors cannot be transferred to third parties. The GFA of the 46th to 48th floors amounts to an aggregate of 1,349.34 sq m out of a total GFA of 135,539.94 sq m. However, if Chongqing Yingli intends to sell the 46th to 48th floors in the future, it would have to pay the relevant land grant fee and any administrative penalties to obtain the relevant land use rights and property ownership certificates.

Mr Fang Ming has on 18 August 2008 agreed to indemnify the Company for all losses, costs, damages, claims or other actions arising in relation to each of the above issues against any and all liabilities that may arise in the future.

The Group may forfeit land use rights to the PRC government if it fails to comply with the terms of the land grant contracts.

Under PRC laws, if a developer fails to comply with or develop land according to the terms of the land grant contract (including those relating to payment of fees, land use or the schedule for commencement and completion of the development of the land), the relevant government authority may give a warning to or impose a penalty on the developer or forfeit the land use rights granted to the developer. There can be no assurance that circumstances leading to a possible breach of terms of the land grant contract, for example, a delay in the payment of the land grant fees or delay in the commencement of the development of the land for more than two years from the stipulated date of commencement in the land grant contract, will not arise or forfeiture action will not be taken by the relevant authorities in the future. Therefore, if the Group is affected by circumstances which would cause it to breach the terms of the land grant contract and lead to its land use rights being forfeited by the government, its business and prospects will be adversely affected.

The Group is subject to the effects of the global financial crisis.

The recent global financial crisis has resulted in persisting volatility and reduced liquidity since the last quarter of 2008. While it is widely recognised that the global economy is gradually recovering, it is difficult to predict whether such recovery will continue or the economy will take a downturn, how the Group's business and the industry as a whole will be adversely affected, and what structural or regulatory changes may result. The Group is vulnerable to a potentially prolonged period of unfavourable conditions and uncertainty which may affect the ongoing development projects and sale of its properties. This will in turn have a material impact on the revenue and profitability of the Group.

The Group is subject to risks in relation to interest rate movements and changes in commodity prices.

The Group faces risks in relation to interest rate movements and changes in commodity prices in particular as a result of the debts undertaken by it to finance its developments and the consumption of large quantities of building materials, including raw iron, steel and concrete, in its property development operations. Changes in interest rates will affect its interest income and interest expense from short term deposits and other interest-bearing financial assets and liabilities. This could in turn have a material and adverse effect on its net profits. Furthermore, an increase in interest rates would also adversely affect the willingness and ability of prospective customers to purchase the Group's properties, the Group's ability to service loans that it has guaranteed and the Group's ability to raise and service long-term debt.

In addition, the Group also faces risks of changes in commodity prices. As a property developer, in general, the Group enters into fixed or guaranteed maximum price construction contracts with independent construction companies, each of which concerns the development of a significant part of its overall development project. These contracts typically cover both the supply of the building materials and the construction of the facility, for a construction period of one to three years.

Therefore, should the price of building materials increase significantly prior to the Group's entering into a fixed or guaranteed maximum price construction contract, it might be required to pay more to prospective contractors, which could materially and adversely affect its results of operations and financial condition.

The Group may not have sufficient insurance to cover potential losses and claims.

The Group may not have maintained sufficient insurance coverage against potential losses or damages with respect to its properties. The Group also does not maintain insurance coverage against liability from tortious acts or other personal injuries on its project sites. The Group believes that third-party construction companies should bear these tortious and personal injury liabilities arising from its project sites. In addition, there are certain types of losses, such as losses due to typhoons, flooding, war and civil disorder, which are currently uninsurable in China. Business interruption insurance is also currently unavailable in China. The Group believes that its practice is consistent with the general practice in the PRC property development industry. However, there may be instances when the Group will have to incur losses, damages and liabilities because of its lack of insurance coverage, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The operations of the Group are subject to seasonal variations.

The business of the Group is under the influence of seasonal variations. For example, winter weather conditions can hinder the execution of development projects. In addition, the delivery of properties of the Group in the first quarter of each year is negatively impacted by long vacations at the end of the year and during the Chinese New Year holidays. Therefore, the Group's revenue and profit, recognised upon delivery of properties, in the first half of each year are often much lower than the second half and it will continue to experience significant fluctuations in revenue and profit on an interim basis.

The Group cannot assure that the services rendered by independent contractors will always match its requirements for quality or be available within its budget.

The Group engages independent contractors to provide various services, including construction, piling and foundation, building and property fitting-out works, interior decoration and installation of elevators. The Group selects independent contractors by submission of open tenders. Although the Group invites contractors to tender bids according to their reputation for quality and track record, and although once a contract is awarded it supervises the construction progress, the Group cannot assure that the services rendered by any of these independent contractors will always be satisfactory or match its requirements for quality. In addition, the Group may be required to provide additional capital or other payment in excess of the contractor's bid to complete a property development. Further, the completion of the property developments of the Group may be delayed, and it may incur additional costs due to a contractor's financial or other difficulties. Any of these factors could have a material adverse effect on the business, financial condition and results of operations of the Group.

The investment properties of the Group may be revalued downwards.

The investment properties of the Group are revalued on a yearly basis. However, there can be no assurance that the Group will not be required to make a downward revaluation of its investment properties in the future. Any fall in the gross revenue or net property income earned from the Group's properties will result in the downward revaluation of the properties held by the Group. In addition, the Group is required to measure its investment properties at fair value at each balance sheet date, and any changes in the fair value of the investment properties are reflected in the financial statements of the Group. The changes in fair value may have an adverse effect on the financial results of the Group in the financial years where there is a significant decrease in the valuation of its investment properties.

<u>**Risks relating to the PRC**</u>

The Group's business is dependent on the performance of the PRC property industry in Chongqing.

All of the current and proposed property development projects of the Group are located in Chongqing. The business of the Group is hence dependent on the continuing growth of the PRC economy generally and the property industry of the PRC specifically. The property development market may be adversely affected by economic, political, social, regulatory or diplomatic developments in or affecting the PRC real estate industry generally. The business of the Group may be adversely affected by changes in inflation, interest rates, taxation, or other regulatory, political, social or economic factors affecting Chongqing, and any adverse developments in the supply and demand or housing prices in the property industry. The business of the Group is also subject to the cyclical nature of the property industry, and is hence vulnerable to any downturn in the residential and/or commercial property development market in the PRC.

The PRC property industry is susceptible to the macro-economic policies and austerity measures of the PRC government.

The PRC government has exercised and continues to exercise significant influence over the PRC's economy in general, which, among others, affects the property industry in the PRC. From time to time, the PRC government adjusts its monetary and economic policies to prevent and curtail the overheating of the national and provincial economies, which may affect the real estate markets that the Group operates in. Any action by the PRC government concerning the economy or the real estate industry in particular could have a material adverse effect on the financial condition and results of operations of the Group.

On 2 September 2004, the China Banking Regulatory Commission ("**CBRC**") issued a regulation to limit mortgage loans on residential properties to a maximum of 80% of the purchase price. On 6 March 2005, the PBOC issued a notice which decreased the maximum mortgage loan from 80% to 70% of the purchase price. On 19 August 2006, the PBOC changed the minimum interest rate for mortgage loans of residential properties to 85% of the corresponding PBOC benchmark lending rate with the same terms. On 27 September 2007, the PBOC and CBRC further decreased the maximum mortgage loan to 70% of the purchase price for the purchase of first residential properties with a GFA of 90.00 sq m or above and 60% of the purchase price for the purchase of second residential properties with mortgage loans, and required the interest rate to be not less than 1.1 times of the corresponding PBOC benchmark lending rates if the purchaser obtained his second residential properties again through mortgage loans. According to the Circular on Relevant Issues Concerning Widening the Floating Downward Range of Interest Rate for Commercial Individual Housing Loan (关于扩大商业性个人住房贷款利率下浮幅度等有关问题的通知) promulgated by the PBOC with effect from 27 October 2008, the minimum rate for commercial individual housing loan has been decreased to 70% of the corresponding benchmark lending rate and the minimum amount of down payment has been adjusted to 20% of the purchase price. Financial institutions may give favorable terms on the interest rate and the down payment proportion for loan applications for first owner-occupied ordinary residential units or for the improvement of owner-occupied ordinary residential units. The financial institutions shall appropriately raise the requirements for loan application for non-owner-occupied or non-ordinary residential units. The requirement that the monthly repayment amount for housing loans shall not exceed 50% of the borrower's monthly income remains unchanged. In recent years, the PBOC has also increased the benchmark lending rate several times and, as a result, the minimum interest rate for property mortgages has been increased correspondingly. If the availability or attractiveness of mortgage financing is reduced or limited, the purchasing abilities of the Group's prospective customers may be affected.

The PBOC has adjusted the deposit reserve ratio for commercial banks several times, increasing it to 17.5% on 25 June 2009 and lowering it to 14.5% on 25 December 2008. The deposit reserve refers to the amount of funds that banks must hold in reserve against deposits made by their customers. The increase of the deposit reserve ratio may negatively impact the amount of funds available to be lent to business, including the Group, by commercial banks in the PRC. The central and local authorities may continuously adjust interest rates and other economic policies or impose other regulations or restrictions that may have an adverse effect on the property market in the PRC, which may adversely affect the business of the Group.

The PRC government has recently implemented restrictions on the ability of PRC property developers to obtain offshore financing which could affect how quickly the Group can deploy and its ability to deploy funds raised for its business in the PRC.

On 10 July 2007, the General Affairs Department of the SAFE issued the Notice Regarding the Publication of the List of the First Batch of Property Development Projects with Foreign Investment that Have Properly Registered with the Ministry of Commerce ("**MOC**"). The notice stipulates, among other things, (i) that the SAFE will no longer process foreign debt registrations or approval for settlement of foreign exchange submitted by real estate enterprises with foreign investment who obtained approval certificates from commercial authorities and registered with the MOC on or after 1 June 2007, and (ii) that the SAFE will no longer process foreign exchange registrations (or change of such registrations) or settlement of foreign exchange in the capital account submitted by real estate enterprises with foreign investment who obtained approval certificates from commercial authorities on or after 1 June 2007 but failed to file with the MOC. This new regulation restricts the ability of foreign-invested real estate companies to raise funds offshore for the purpose of injecting such funds into the companies by way of shareholder loans. The increase of the registered capital of Chongqing Yingli by Fortune Court and the Company has already been approved by the Chongqing Foreign Economic and Trade Cooperation Committee (重庆市对外经济贸易委员会) and the Certificate of Approval for Establishment of Enterprises with Foreign Investment in the People's Republic of China has been obtained by Chongqing Yingli on 5 September 2007. This capital increase has also been registered with the MOC on 18 October 2007. The Group cannot assure you that it has obtained or will obtain in a timely manner all relevant necessary approval certificates or have obtained or will obtain in a timely manner all registrations for Chongqing Yingli to comply with the new regulation in the future. Further, the Group cannot assure you that the PRC government will not introduce new policies that further restrict its ability to deploy in the PRC, or that prevent it from deploying in the PRC, the funds raised. Therefore, Chongqing Yingli may not be able to use all or any of the capital that it raises to finance its property acquisitions or new projects in a timely manner or at all.

The Group faces increasing competition in the PRC that could adversely affect its business and financial position.

In recent years, a large number of property developers have begun to undertake property development and investment projects in the PRC. In addition, a number of international developers have expanded their operations into China, including a number of leading Hong Kong and Singapore real estate development and investment groups. Many of these developers, both private and state-owned, have significant financial, managerial, marketing and other resources, as well as experience in property and land development. Competition between property developers is intense and may result in, among other things, increased costs of the acquisition of land for development, oversupply of properties in certain parts of the PRC, a decrease in property prices, a slow down in the rate at which new property developments will be approved and/or reviewed by the relevant government authorities, an increase in construction costs and difficulty in obtaining high quality contractors and qualified employees. Any such consequences may adversely affect the business, results of operations and financial position of the Group. In addition, the real estate market in the PRC is rapidly changing. If the Group cannot respond to changes in market conditions more swiftly or effectively than its competitors do, its ability to generate revenue, its financial condition and its results of operations will be adversely affected.

There is a lack of reliable and updated information on property market conditions in the PRC generally and in particular in the provinces where its property developments are located.

The Group is subject to property market conditions in the PRC generally and in particular, the provinces where its property developments are located, including Chongqing. Currently, reliable and up-to-date information is not generally available in the PRC and in the relevant municipal cities and provinces on the amount and nature of property development and investment activities, the demand for such development, the supply of new properties being developed or the availability of land and buildings suitable for development and investment. Consequently, the investment and business decisions of the Group may not always have been, and may not be in the future, be based on accurate, complete and timely information. Inaccurate information may adversely affect the business decisions of the Group, which could materially and adversely affect its business, results of operations, financial condition and prospects.

Changes in tax laws, regulations, policies, concessions and treatment may materially and adversely affect the financial condition and results of operations of the Group.

Currently, Chongqing Yingli is taxed on a basis as agreed with the Chongqing Tax Authority, in particular, in relation to income tax. If there is a change in the tax laws, regulations, policies, concessions and treatment (including any retrospective change of the basis or to the agreement reached with the local government as aforesaid), its profits may be affected adversely, resulting in a material and adverse effect on its financial condition and results of operations.

Changes in the social, political and economic conditions in the PRC could affect the business of the Group.

Substantially all of the Group's assets and its revenues are derived from its business operations located in the PRC. Accordingly, any significant slowdown in the PRC economy or decline in demand for the properties of the Group from customers in the PRC will have an adverse effect on its business, financial condition and results of operations. Furthermore, any unfavourable changes in the social and political conditions of the PRC may also adversely affect its business and operations.

Since the adoption of the "open door policy" in 1978 and the "socialist market economy" in 1993, the PRC government has been undergoing reforms in its economic and political systems, which are expected to continue. Any changes in the social, political and economic policies of the PRC government may lead to changes in the laws and regulations or the interpretation of the same, as well as changes in the foreign exchange regulations, taxation and land ownership and development restrictions, which may in turn adversely affect its financial performance. Although the Group believes that these reforms will have a positive effect on its overall and long-term development, the Group cannot predict whether changes in PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on its current or future business, results of operations or financial condition.

Interpretation of PRC laws and regulations involves uncertainty.

The operations of the Group in the PRC are subject to the laws and regulations promulgated by the PRC government. The PRC legal system is a codified legal system made up of the PRC constitution, written laws, regulations, circulars, directives and other government orders. The PRC government is still in the process of developing its legal system so as to meet the needs of investors and to encourage foreign investment. Generally, the PRC economy is developing at a faster pace than its legal system. Therefore, some degree of uncertainty exists in connection with whether existing laws and regulations will apply to certain new events or circumstances, and if so, the manner of such application. In particular, unlike common law jurisdictions like Singapore, decided cases do not form part of the legal structure of the PRC and thus have no binding effect. The interpretation, implementation and enforcement of the PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction.

Furthermore, in line with its transformation from a centrally planned economy to a free market oriented economy, the PRC government is still in the process of developing a comprehensive set of laws and regulations. As the legal system in the PRC is still evolving, laws and regulations or the interpretation of the same may be subject to change

Introduction of new laws or changes to existing regulations by the PRC government may adversely affect our business.

The Group's business operations in the PRC are governed by the PRC legal system. The PRC legal system is a codified system comprising written laws, regulations, circulars, administrative directives and internal guidelines. The PRC government is still in the process of developing its legal system, so as to meet the needs of investors and to encourage foreign investment. As the PRC economy is developing at a faster pace than its legal system, some degree of uncertainty exists as to whether, and how, existing laws and regulations will apply to certain new events or circumstances. Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are still at an experimental stage and are therefore subject to policy changes.

Precedents on the interpretation, implementation and enforcement of PRC laws and regulations are currently limited and the decisions of the PRC courts do not bind the same in subsequent cases. As such it cannot be predicted to a reasonable degree of certainty the outcome of any disputes, which the Group may have with its customers and/ or suppliers. Even in cases where judgments are granted in the Group's favour, it may be unable to enforce them if the other party does not have the means to satisfy the judgment. In the event that the Group fails to obtain judgment or are unable to enforce judgments, it may not be able to recover the judgment debt, which it would have otherwise been entitled to. In this way, the Group's business, in particular, its profits may be affected.

Rules on the Mergers and Acquisitions of Domestic Enterprise by Foreign Investors

In particular, on 8 August 2006, the MOC, the China Security and Regulatory Commission ("**CSRC**"), the State Administration for Foreign Exchange ("**SAFE**") and three other PRC authorities promulgated the Rules on the Mergers and Acquisitions of Domestic Enterprise by Foreign Investors (the "**New M&A Rules**"), which came into effect on 8 September 2006 and was amended on 22 June 2009. Pursuant to Articles 39 and 40 of the New M&A Rules, the listing of offshore special purpose vehicles ("**SPVs**"), which are directly or indirectly established or controlled by PRC entities or individuals, are subject to the prior approval from CSRC (the "**CSRC Approval**"). Pursuant to Article 11 of the New M&A Rules, the acquisition of related PRC domestic enterprises by SPVs needs to be approved by MOC. On 21 September 2006, CSRC promulgated permit guidelines on Domestic Enterprises Indirectly Overseas Issuing or Listing and Trading Their Securities (the "**CSRC Permit Guidelines**"). The CSRC Permit Guidelines provide that SPVs referred to in Articles 39 and 40 of the New M&A Rules are subject to CSRC Approval.

The application of the New M&A Rules is however restricted to acquisitions by foreign investors of the equity interest of a PRC domestic enterprise, or a subscription for increased registered capital in a PRC domestic enterprise. Chongqing Yingli had duly obtained status as a foreign invested enterprise prior to the promulgation of the New M&A Rules and as such, the said rules have no impact on Chongqing Yingli. The rules applicable to Chongqing Yingli are the Several Provisions on the Changes in Equity Interest of Investors in Foreign Investment Enterprises (外商投资企业投资者股权变更的若干规定, "**Provision 267**"). Based on Provision 267, the share transfer of the equity interests in Chongqing Yingli does not require approval from or registration with MOC or CSRC, other than approval from the original local authority, the Chongqing Foreign Economic and Trade Cooperation Committee (重庆市对外经济贸易委员会). Further, since the acquisition of shares in Chongqing Yingli by the Company via the acquisition of Fortune Court (a company which is incorporated in Hong Kong) is a share transfer between foreign investors of a foreign enterprise, such acquisitions will have no impact on Chongqing Yingli and will not be subject to the New M&A Rules.

Enterprise Income Tax Law

Chongqing Yingli enjoyed a preferential tax treatment in local income tax in the past pursuant to the relevant tax regulations or policies of Chongqing Municipality and its current unified income tax rate is 25%. On 16 March 2007, the National People's Congress of the PRC passed the Enterprise Income Tax Law of the PRC (the "**EIT Law**"), which took effect as of 1 January 2008. In accordance with the new law, a unified enterprise income tax rate of 25% and unified tax deduction standards will be applied equally to both domestic-invested enterprises and FIEs. However, it adopted some transitional preferential measures for old enterprises established before the promulgation of the EIT Law which enjoy low tax rates or regular tax reduction and exemption preferential treatment under the then-current tax laws and administrative regulations. According to these transitional measures, old enterprises which were entitled to enjoy the then-current preferential income tax treatment at low tax rates under the then-current tax laws may, pursuant to the regulations of the State Council, continue to enjoy a gradually increasing transitional income tax rate within five years after the EIT Law becoming effective (the "**Transitional Arrangement**"). Old enterprises, which were entitled to enjoy regular tax reduction and exemption preferential treatment under the then-current income tax laws, may continue to enjoy the remaining incentives in accordance with the requirements and period specified by the then-current income tax laws. However, for enterprises that have not made any profits and thus not enjoyed such preferential treatment, the period for enjoying preferential income tax treatment shall be calculated from the year in which the EIT Law becomes effective. On 26 December 2007, the State Council promulgated the Notice on the Implementation of Preferential Transitional Enterprise Income Tax Policy. The transitional enterprise income tax rate for enterprises which originally enjoyed the enterprise income tax rate of 15% is 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012; the income tax rate for enterprises which originally enjoyed the enterprise income tax rate of 24% has been fixed at 25% from 2008. As a result, the tax rate and income tax expense of Chongqing Yingli may increase over time. Any increase in Chongqing Yingli's effective tax rate as a result of the above new enterprise income tax law may adversely affect its operating results.

The Group cannot assure that the PRC tax authorities will not enforce the payment of Land Appreciation Tax on disposed properties.

All income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to Land Appreciation Tax ("**LAT**") at progressive rates under PRC tax laws and regulations. There is an exemption available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant tax laws). Sale of commercial properties is not eligible for such exemption. Under relevant regulations, developers were also exempted from the payment of LAT on the first transfer of land and buildings made during the five years commencing on 1 January 1994, subject to certain conditions. According to the "Notice in respect of the Extension of the Period for the Land Appreciation Tax Exemption Policy", the period of LAT exemption was subsequently extended to the end of 2000. Furthermore, according to the "Notice on the Serious Handing of Administration Work in relation to the Collection of Land Appreciation Tax" issued by the State Taxation Bureau on 10 July 2002, for real estate projects whose property development contracts were signed before 1 January 1994 or whose project proposal has been approved, and capital has been injected for development before 1 January 1994, the preferential treatment of LAT exemption for the developed properties that are transferred for the first time will not apply and such property transfer will be subject to the collection of LAT.

On 28 December 2006, the State Taxation Bureau issued the Notice on Administration of Settlement of Land Appreciation Tax of Real Estate Development Enterprises (国家税务总局关于房地产开发企业土地增值税清算管理有关问题的通知) (the "**LAT Notice**") which came into effect on 1 February 2007. The LAT Notice provides further clarifications as to the settlement of LAT. Pursuant to the LAT Notice, LAT shall be paid if the projects meet any of the following requirements: (i) the real estate development project has been completed and fully sold; (ii) the real estate development project has been entirely transferred to other parties although it has not been completed; or (iii) the land use right of the land on which the real estate development project is carried out has been transferred to other parties. Further, the LAT Notice also stipulates that the local tax authorities may order real estate developers to pay LAT if any of the following criteria is met: (i) where more than 85% of the saleable GFA of a completed real estate development project has been transferred; (ii) where less than 85% of the saleable GFA of the completed real estate development project has been transferred but the remaining saleable GFA has been leased out or used by the real estate developer itself; (iii) a real estate development project has not been fully sold within three (3) years from the grant of sale or pre-sale permit; (iv) the real estate developer applies for cancellation of the tax registration without having settled the LAT; or (v) other conditions stipulated by the tax authorities at the provincial level. Local provincial tax authorities can formulate their own implementation rules according to the LAT Notice and local situations.

As at 31 December 2008, the amount of LAT accrued for its properties is approximately RMB4.9 million. The Group has paid RMB1.7 million as at the Latest Practicable Date and adequate provisions have been made to pay the remaining amount of LAT. However, if the Group is required to pay an amount of LAT that significantly exceeds what it has made provision for, its business, financial condition, results of operations and prospects could be adversely affected.

Risks relating to the Shares

Volatility of the new Share price of the Company.

The trading prices of the new Shares could be subject to fluctuations in response to variations in the results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting the Group, the customers or competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies, general stock market price fluctuations and other events or factors. Volatility in market prices of the new Shares may be caused by factors beyond the control of the Group and may be unrelated and disproportionate to the operating results of the Group.

The market price of the new Shares may fluctuate significantly and rapidly as a result of, amongst other things, the following factors, some of which are beyond the control of the Group:

(a) the success or failure of the Group's management team in implementing business and growth strategies;

(b) announcements by the Company of significant contracts, acquisitions, strategic alliances or capital commitments;

(c) loss of the Group's major customers or failure to complete significant orders or contracts;

(d) changes in the Group's operating results;

(e) involvement in litigation;

(f) unforeseen contingent liabilities of the Group;

(g) addition or departure of key personnel of the Group;

(h) changes in share prices of companies with similar business to the Group that are listed in Singapore;

(i) changes in securities analysts' estimates of the Group's financial performance and recommendations;

(j) differences between the Group's actual financial operating results and those expected by investors and securities analysts; and

(k) changes in general market conditions and broad market fluctuations.

10. Where a profit forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or revenues and profit, and discuss the impact of any likely change in business and operating conditions on the forecast.

No profit forecast is disclosed in this OIS.

11. Where a profit forecast or profit estimate is disclosed, state all principal assumptions, if any, upon which the directors or equivalent persons of the entity have based their profit forecast or profit estimate, as the case may be.

No profit forecast is disclosed in this OIS.

12. Where a profit forecast is disclosed, include a statement by an auditor of the entity as to whether the profit forecast is properly prepared on the basis of the assumptions referred to in paragraph 11 of this Part, is consistent with the accounting policies adopted by the entity, and is presented in accordance with the accounting standards adopted by the entity in the preparation of its financial statements.

No profit forecast is disclosed in this OIS.

13. Where the profit forecast disclosed is in respect of a period ending on a date not later than the end of the current financial year of the entity, provide in addition to the statement referred to in paragraph 12 of this Part –

(a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, that the profit forecast has been stated by the directors or equivalent persons of the entity after due and careful enquiry and consideration; or

(b) a statement by an auditor of the entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

No profit forecast is disclosed in this OIS.

14. Where the profit forecast disclosed is in respect of a period ending on a date after the end of the current financial year of the entity, provide in addition to the statement referred to in paragraph 12 of this Part –

(a) a statement by the issue manager to the offer, or any other person whose profession or reputation gives authority to the statement made by him, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast; or

(b) a statement by an auditor of the entity, prepared on the basis of his examination of the evidence supporting the assumptions referred to in paragraph 11 of this Part and in accordance with the Singapore Standards on Auditing or such other auditing

standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast.

No profit forecast is disclosed in this OIS.

15. Disclose any event that has occurred from the end of –

(a) the most recent completed financial year for which financial statements have been published; and

(b) if interim financial statements have been published for any subsequent period, that period,

to the latest practicable date which may have a material effect on the financial position and results of the entity or, if it is the holding company or holding entity of a group, the group, or, if there is no such event, provide an appropriate negative statement.

16. In this Part, "published" includes publication in a prospectus, in an annual report or on the SGXNET.

Saved as disclosed in this OIS and in public announcements made by the Company, the Directors are not aware of any event which has occurred since 30 September 2009 up to the Latest Practicable Date which may have a material effect on the financial position and results of the Group.

SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

PART VI

OFFER AND LISTING

1. Indicate the price at which the securities are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgment of the offer information statement, the method by which the offer price is to be determined must be explained.

The price for each Placement Share is S$0.61.

The Commission payable to J.P. Morgan and DBS for the placement and the underwriting of the Placement Shares is 3.0% of the Placement Price. The placees may be required by the Joint Placement Agents or the sub-placement agents, which may be appointed by the Joint Placement Agents, to pay a brokerage fee.

2. If there is no established market for the securities being offered, provide information regarding the manner of determining the offer price, the exercise price or conversion price, if any, including the person who establishes the price or is responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for determining the price.

Not applicable.

3. If –

(a) any of the entity's shareholders or equity interest-holders have pre-emptive rights to subscribe for or purchase the securities being offered; and

(b) the exercise of the rights by the shareholder or equity interest-holder is restricted, withdrawn or waived, indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.

Not applicable.

4. If securities of the same class as those securities being offered are listed for quotation on any securities exchange –

(a) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –

(i) for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and

(ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date; or

(b) in a case where the first-mentioned securities have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned securities –

(i) for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and

(ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;

(c) disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the securities have been listed for quotation for less than 3 years, during the period from the date on which the securities were first listed to the latest practicable date; and

(d) disclose information on any lack of liquidity, if the securities are not regularly traded on the securities exchange.

(a) The price range and volume of the Shares traded on the SGX-SESDAQ / Catalist / Main Board of SGX-ST over the last 12 months immediately preceding the Latest Practicable Date and for the period from 1 November 2009 to the Latest Practicable Date are as follows:

Price Range

Month	**High (S$)**	**Low (S$)**	**Volume of Shares Traded ('000)**
November 2008	0.38	0.28	45,846
December 2008	0.35	0.30	50,928
January 2009	0.34	0.30	18,873
February 2009	0.32	0.31	10,208
March 2009	0.30	0.26	2,236
April 2009	0.30	0.30	8
May 2009	0.32	0.29	504
June 2009	0.32	0.28	1,617
July 2009	0.28	0.28	329
August 2009	0.55	0.30	6,162
September 2009	0.90	0.51	460,590
October 2009	0.86	0.73	700,808
1 November 2009 to the Latest Practicable Date	0.77	0.71	279,610

Source: Bloomberg

(b) Not applicable. The Shares have been listed for quotation on SGX-SESDAQ / Catalist / Main Board of SGX-ST for more than 12 months immediately preceding the Latest Practicable Date.

(c) Save for temporary trading halts to cater for the release of announcements by the Company on the SGX-ST website at http://www.sgx.com in accordance with the Listing Manual and the suspension of Shares due to the public float of the Company falling less than the minimum requirement of 10% under the Listing Manual after the allotment and issuance of the Consideration Shares, there has not been any significant trading suspension of the Shares that has occurred on the SGX-SESDAQ / Catalist / Main Board of the SGX-ST during the three (3) years immediately preceding the Latest Practicable Date.

(d) The Shares are regularly traded on SGX-SESDAQ / Catalist / Main Board of the SGX-ST. Please refer to the above table for the volume of Shares traded during each of the last 12 calendar months immediately preceding the Latest Practicable Date and for the period from 1 November 2009 to the Latest Practicable Date.

5. Where the securities being offered are not identical to the securities already issued by the relevant entity, provide –

(a) a statement of the rights, preferences and restrictions attached to the securities being offered; and

(b) an indication of the resolutions, authorisations and approvals by virtue of which the entity may create or issue further securities, to rank in priority to or *pari passu* with the securities being offered.

The Placement Shares will, upon allotment and issue, and the Borrowed Shares will, upon transfer, rank pari passu in all respects with the existing Shares for any dividends, rights, entitlements, allotments or other distributions, save that it shall not rank for any dividends, rights, entitlements, allotments or distributions, the Record Date of which falls prior to the date of the issue of the Placement Shares and the transfer of the Borrowed Shares, respectively.

6. Indicate the amount, and outline briefly the plan of distribution, of the securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling effects of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.

J.P. Morgan and DBS have been appointed by the Company as the joint placement agents for the Placement to procure placees on an underwritten basis and the Company has agreed to pay to J.P. Morgan and DBS the Commission.

None of the Placement Shares will be placed by the Joint Placement Agents, to the best of each of their knowledge and belief, to any persons set out as restricted persons under Rule 812(1) of the Listing Manual.

7. Provide a summary of the features of the underwriting relationship together with the amount of securities being underwritten by each underwriter.

The Placement Shares are underwritten by the Joint Underwriters pursuant to the Placement Agreement. Pursuant to the terms of the Placement Agreement, the Joint Placement Agents will procure placees to subscribe for 253,200,000 Placement Shares at the Placement Price, failing which the Joint Underwriters will subscribe for the balance of the Placement Shares which have not been placed out.

SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

PART VII

ADDITIONAL INFORMATION

1. Where a statement or report attributed to a person as an expert is included in the offer information statement, provide such person's name, address and qualifications.

Not applicable.

2. Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert –

(a) state the date on which the statement was made;

(b) state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and

(c) include a statement that the expert has given, and has not withdrawn, his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.

Not applicable.

3. The information referred to in paragraphs 1 and 2 of this Part need not be provided in the offer information statement if the statement attributed to the expert is a statement to which the exemption under regulation 26 (2) or (3) applies.

Not applicable.

4. Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.

J.P. Morgan has given and has not before lodgment of this OIS withdrawn its written consent to the issue of this OIS with the inclusion herein of its name in the form and context in which it appears in this OIS and to act in such capacity in relation to this OIS.

DBS has given and has not before lodgment of this OIS withdrawn its written consent to the issue of this OIS with the inclusion herein of its name in the form and context in which it appears in this OIS and to act in such capacity in relation to this OIS.

5. Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly –

(a) the entity's business operations or financial position or results; or

(b) investments by holders of securities in the entity.

Save as disclosed in this OIS and in public announcements made by the Company, the Directors are not aware of any other matter which could materially affect, directly or indirectly, the Group's business operations, financial position, or results or investments by holders of securities in the Company.

SIXTEENTH SCHEDULE OF THE SECURITIES AND FUTURES (OFFERS OF INVESTMENTS) (SHARES AND DEBENTURES) REGULATIONS 2005

PART VIII

ADDITIONAL INFORMATION REQUIRED FOR OFFER OF DEBENTURES OR UNITS OF DEBENTURES

Not applicable.

PART IX

ADDITIONAL INFORMATION REQUIRED FOR CONVERTIBLE DEBENTURES

Not applicable.

PART X

ADDITIONAL INFORMATION REQUIRED FOR OFFER OF SECURITIES BY WAY OF RIGHTS ISSUE

Not applicable.

DIRECTORS

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Offer Information Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Offer Information Statement are fair and accurate in all material respects as at the date of this Offer Information Statement and there are no material facts the omission of which would make any statement in this Offer Information Statement misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Information Statement.

Fang Ming

Xie Xin

Xu Li

He Zhao Ju @ Danny Ho

Christopher Chong Meng Tak

Lui Seng Fatt

Xiao Zu Xiu