英利国际置业

YING LI INTERNATIONAL REAL ESTATE LIMITED

Prime Location

Premium Quality

Prestigious Clientele

annual report

2010

Corporate Profile

YING LI - PREMIER COMMERCIAL PROPERTY DEVELOPER IN CHONGQING

Ying Li International Real Estate Limited ("Ying Li") is the first significant Chongqing property developer to be listed in Singapore through its key subsidiary, Chongqing Yingli Real Estate Development Co., Ltd. ("Chongqing Yingli" or the "Company"). Chongqing Yingli is a recognised brand in Chongqing for quality, innovation and excellence in commercial property development, and is well-positioned to capitalise on the strong market growth in Chongqing.

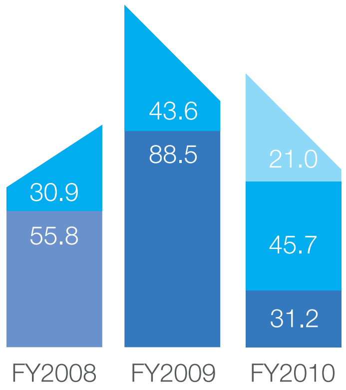
Established in 1993, Chongqing Yingli has an enviable track record in urban renewal, having transformed old city areas into high quality and premier design developments. Chongqing Yingli has successfully worked with local authorities to modernise the landscape of the city centre in Chongqing's main districts, developing several landmark commercial buildings such as New York New York, Zou Rong Plaza, and Future International.

Over the years, Chongqing Yingli has earned numerous awards and accolades such as the Leading Brand in Chongqing Construction in 2007 and Chongqing's Top 50 Real Estate Development Enterprises in 2001, 2003, 2005, 2007 and 2009. The Company's recognised efforts and capabilities have enabled Chongqing Yingli to continuously secure land in prime locations, build premium commercial developments and attract prestigious clientele.

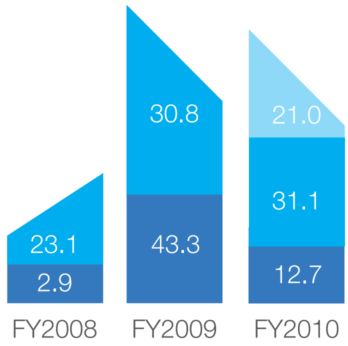
Contents

Financial Highlights

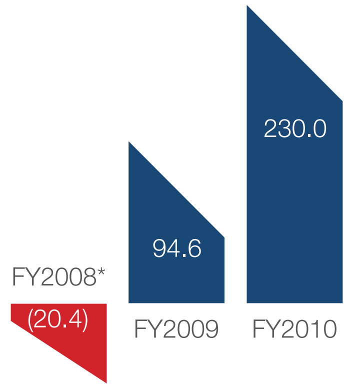
REVENUE
(RMB million)



GROSS PROFIT
(RMB million)



NET PROFIT AFTER TAX FROM UNDERLYING BUSINESS*
(RMB million)



■ Consultancy income ■ Rental Income ■ Sale of Properties

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

	FY2008	FY2009	FY2010
Key Financial Ratios			
Earnings Per Share (RMB)	0.63	0.04	0.10
Net Assets Value Per Share (RMB)	0.72	1.03	1.15
Debt to Equity Ratio (%)	23.62	24.74	64.51
Net debt to Equity Ratio (%)	17.36	14.48	41.14

Cash Flow Statement			
Net cash used in operating activities	-79.2	-993.3	-648.3
Net cash used in investing activities	-134.4	-2.2	-4.4
Net cash from financing activities	274.3	1,146.2	1,019.7
Net increase in cash	60.7	150.7	367.0
Cash at beginning of year	21.3	82.0	233.3
Effects of exchange rate changes on cash and cash equivalents	-	0.6	-4.1
Cash at end of year	82.0	233.3	596.2

Results at a Glance

Consolidated Statement Of Comprehensive Income

	31-Dec-10 RMB' 000	31-Dec-09 RMB' 000	Change %
Revenue	97,862	132,159	(26.0)
Cost of sales	(33,011)	(58,079)	(43.2)
Gross profit	**64,851**	**74,080**	**(12.5)**
Other income	9,885	1,397	607.5
Selling expenses	(5,315)	(5,607)	(5.2)
Administrative expenses	(43,544)	(36,568)	19.1
Fair value gain on investment properties	355,058	113,776	212.1
Finance costs	(57,150)	(12,219)	367.7
Profit before income tax	**323,785**	**134,859**	**140.1**
Income tax expense	(93,802)	(40,215)	133.3
Profit / (loss) for the period	**229,983**	**94,644**	**143.0**
Profit attributable to:			
Owners of the parent	226,884	66,949	238.9
Minority interests	3,099	27,695	(88.8)
	229,983	**94,644**	**143.0**

Revenue decreased

- Overall decreased mainly due to lower sale of properties segment although there was an increased from rental income segment.
- Lower sale from Future International and Phase 1 of San Ya Wan.
- Higher rental income due to increased in rental rate for two main tenants at Future International.
- New consultancy income which is project base and can be ad-hoc in nature.

Gross profit decreased

- Mainly due to lower sale from the sale of properties segment.
- New consultancy income cushioned the lower contribution from the sale of properties segment.

Other income increased

- Mainly due to
  (i) government subsidy to help finance infrastructure development for the seafood wholesale market at San Ya Wan; (ii) interest income; and (iii) short term rental income.

Selling expenses decreased

- Mainly due to saving in promotional expenses for Phase 1 of San Ya Wan.

Administrative expenses increased

- Mainly due to increased in expenses incurred in relation to the issuance of convertible bonds, higher stamp duties, provision for contract discrepancies, additional staff cost, office rental, donation, legal & professional expenses, miscellaneous expenses and offset by lower travelling, GST & utilities expenses.

Fair value gain increased

- Mainly due to the inclusion of the commercial podium of IFC.

Finance expenses increased

- Mainly due to interest expense incurred from the convertible bonds.

Income tax expense increased

- Mainly due to higher fair value gain.

Profit attributable to owners of the parent increased

- Mainly due to the higher fair value gain.

Statement Of Financial Position

	Group	
	31-Dec-10 RMB' 000	31-Dec-09 RMB' 000
ASSETS		
Non-current		
Property, plant and equipment	18,502	15,803
Investment properties	2,243,571	1,449,400
Prepayment	1,708	-
Total non-current assets	**2,263,781**	**1,465,203**
Current		
Lands for development	7,418	967,522
Development properties	2,271,277	577,545
Trade and other receivables	59,901	245,639
Cash and bank balances	618,359	255,167
Total current assets	**2,956,955**	**2,045,873**
Total assets	**5,220,736**	**3,511,076**
EQUITY		
Capital and Reserves		
Share capital	3,527,574	3,527,574
Retained profits	913,601	690,408
Other reserves	(1,944,443)	(1,993,413)
Minority interests	54,048	50,949
Total equity	**2,550,780**	**2,275,518**
LIABILITIES		
Non-Current		
Deferred taxation	307,579	219,120
Convertible bonds	979,594	-
Total non-current liabilities	**1,287,173**	**219,120**
Current		
Trade and other payables	646,849	373,382
Amount owing to a director	-	41,927
Provision for taxation	70,074	80,179
Borrowings	665,860	520,950
Total current liabilities	**1,382,783**	**1,016,438**
Total equity and liabilities	**5,220,736**	**3,511,076**

- Mainly due to acquisition of new motor vehicles.
- Mainly due to transfer from completed development properties, reclassification from land for development and increased in fair value
- Prepayment of legal & professional fees
- Mainly due to transfer of land for development to development properties as development works had started
- Mainly due to the development of IFC, Da Ping & Wu Yi Road
- Mainly due to tender deposit for Da Ping land parcel refunded
- Mainly due to issuance of convertible bonds and increase in bank borrowing
- Mainly due to increase in equity component of the convertible bonds
- Mainly due to fair value gain from investment properties.
- Mainly due to partial accrual of Wu Yi Road land cost
- Amount fully repaid
- Mainly due to payment of previous years income tax
- Fresh bank borrowings mainly for IFC project

总裁致辞

2011年，是英利成长的崭新起点。中国和重庆良好的宏观环境赋予了英利广阔的发展前景，IFC、大坪等项目的销售将使英利的前期耕耘进入收获期。

方明
英利国际置业董事长兼总裁

尊敬的各位股东：

我谨代表董事会，向各位股东呈报英利国际置业股份有限公司（下称“英利”，并连同其他集团公司，总称为“集团”）截至2010年12月31日（“2010年度”）的年度报告。在此，我将与股东们分享过去一年英利所取得的业绩以及重庆房地产市场前景，并将展示集团的土地储备情况和未来发展计划。

业绩稳步增长

2010年起至今是中国房地产调控比较严厉的时期，尽管如此，集团运营仍然稳健，实现总收入9,786万元人民币，利润达到2.3亿元人民币。这些市场表现背后，是全体英利人团结一致、励精图治的动人故事。同时，英利孜孜以求着以先进的设计、优质的质量和品质来打造我们的产品，这种经营思路所创造的竞争优势也因此使我们在重庆市各个核心商圈的项目获得消费者的持续追捧。公司在建的IFC项目预售业绩斐然，高档的品质赢得高端客户们愿意付高价购买我们的产品；此外公司秉承一贯稳健踏实的经营作风，各个储备项目稳步推进，从而保证英利的品牌力量不断提升。这些事实也足以证明英利是一家财务稳健、持续增长、可长期信赖的公司。

与此同时，市场也给予了我们高度的认可。在2010年，英利旗下的纽约•纽约、未来国际分别荣获"重庆巨变*辉煌十一五"最具贡献力商业地标称号、正在建设中的IFC项目获得全球认可的“绿色建筑LEED认证”预认证金奖，这些都是对我们优质产品质量和品质的证明。作为一个有责任感的企业，英利更懂得以实际行动来回报社会，在全国绿化委员会、国家林业局、中国绿化基金会、重庆市人民政府主办的“绿化长江重庆行动”中英利捐款1,000万元，并由此荣获中共重庆市委统战部、重庆市工商联(总商会)颁发的“绿化长江重庆行动突出贡献奖”。2010年12月更荣获重庆市慈善总会颁发的“重庆慈善贡献奖（2006-2010）”。此外，我们还被重庆市工商行政管理局渝中区分局评为“2009-2010年度守合同重信用单位”。

2010年3月初，英利国际置业发行了2亿新币的可转债，我们所完成的募资说明了国际投资者对英利的企业价值和市场地位的认可，以及对重庆投资环境的看好，我们非常感谢投资者们的支持。

2010年公司的所有项目仍处于建设期，因而销售收入和利润情况较上一年度并没有显著提升。伴随着IFC项目、大坪项目、三亚湾项目1期的完工，我们有理由相信未来数年公司将会向投资者展现出更加华丽的答卷。

市场前景

2010年中国国内生产总值(GDP)达到397,983亿元，按可比价格计算，比上年增长10.3%，增速比上年加快1.1个百分点。中国有效巩固和扩大了应对国际金融危机冲击的成果，国民经济运行态势总体良好，经济由回升向好转向平稳较快发展的正常轨道。并且超过日本，成为世界第二大经济体。

在中国整体经济向好的大背景下，重庆的经济继续飞速发展。2010年重庆全市生产总值达到7,800亿元,增长17%。地方财政收入达到1,991亿元，5年增长了4倍。重庆人均生产总值已迈上4,000美元新台阶，赶上了全国水平。重庆实现了历史性跃升，在经济总量翻番的情况下实现了结构优化、质量提升，为未来五年发展奠定了坚实的基础。

同时，作为西部的龙头、国家政策倾斜的洼地，重庆还迎来了新的发展契机。2010年6月18日，国务院正式批准设立“两江新区”，这是中国内陆唯一的国家级新区。一举创下“五个之最”：定位最高、规模最大、政策最优、功能最全、前景最广，不仅如此，其享有的十大优惠政策，叠加优势也超越上海浦东与天津滨海新区。将重庆的发展上升到国家层面。

重庆与日俱增的发展潜力，吸引了众多投资者的关注：福特、微软、惠普、宏基、富士康、英业达等世界500强纷纷落户重庆。众多权威机构也给予重庆充分的认可。2010年4月，中国社科院发布《2010年中国城市竞争力蓝皮书：中国城市竞争力报告》，列举了中国未来10年最具潜力的24个城市，重庆和北京、上海、天津比肩，入围一线城市，当选中国最具潜力城市。

2010年10月，美国知名财经杂志《福布斯》发布未来10年发展最快的城市，重庆摘得亚军，未来10年，重庆将是全球发展最快的城市之一。美国《外交政策》也将重庆列入了全球最具影响力的城市之列，与纽约、中国香港、北京、中国台北等城市并肩而立，《外交政策》对重庆还作出了高度评价：世界的未来之星，中国的芝加哥。

此外，2010年12月，2010中国最具幸福感城市评选，重庆以“五个重庆”当选最具幸福感城市之一，是中国4个直辖市中唯一当选的城市。

由此可见，重庆现在面临着千载难逢的发展机遇，种种利好不断提升着重庆的城市地位和城市价值，商业发展前景非常可观。

从房地产市场来说，2010年，中国为了促进房地产市场健康发展，出台了一系列调控措施。2011年1月26日国务院常务会议确定了房地产市场调控八项政策措施，1月28日重庆随之率先实施了房产税，表面看来这些调控政策比较严厉。但这些政策的调控面和影响面主要是针对高端住宅，目的在于抑制高端住房消费，增加住宅交易及持有成本，对商业地产来说影响甚微，并将投资者的注意力转移到商业地产。同时，英利的主要开发方向是城市核心地段的顶级商业综合体，拥有大量的优质商业资产，这些项目都是市场的稀缺产品，注定了其受政策的影响较小。而且从重庆市场来看，房地产业相对健康，作为国家五大中心城市，其房价却并不与其地位相匹配。

与此同时，我们可以看到，重庆正处于经济的快速发展时期，城市经济的高速发展必将刺激房地产业的发展；两江新区刚刚起步，城市化进程的加快也必然会带来房地产行业的发展，基于这样的认识，我们认为，重庆的房地产还有很大的发展上升空间，我们对重庆经济和重庆房地产的未来充满信心。

更为重要的是，公司一直执行严谨的企业结构治理和稳健的经营模式，能够帮助企业抵御各项风险。由此我们有理由相信，凭借我们丰富的经验和良好的宏观环境，2011年，英利国际置业一定能够开创新的辉煌。

储备项目进展

在未来的3-5年内，英利已有约超过100万平方米的土地储备可供开发，并且公司各储备项目均进展顺利。

位于解放碑CBD核心的“IFC”项目，现主体结构已上升至50层，今年底将全部完工。目前写字楼已进入预售状态，因其引领西部地区写字楼的高端品质，获得市场高度认可，目前售价名列重庆地区最高；商场租赁情况也稳步推进，众多优质品牌表达入住意向，预计在2011年四季度，进入试营业状态。建成后IFC将成为重庆新的地标性建筑。

“大坪商业中心”项目也在稳步推进中，政府有意在三～五年内将该片区培育成为并肩重庆最繁华商圈解放碑的又一购物中心地区，亦是渝中解放碑CBD最重要的延伸部分。而该项目被政府列为在大坪中心区域实现政府战略构想的地标性项目。目前项目工程进度按原计划顺利展开。公寓及住宅部分主体工程已完成地下负二层结构施工；写字楼部分将于4月进行基础开挖，预计8月底达到预售许可条件，计划今年10月份实现住宅预售。

同时公司按之前的承诺积极参与到重庆五一路金融街的建设中，于2010投标竞得位于“五一路金融街”的“检法两院”项目，目前该项目-3F以上的土石方完成，正在进入方案设计。预计2013年完工。 公司将利用建设高端商业物业和地标性建筑方面的丰富经验，将该项目建设成为集高端商务、顶级酒店、精品零售商业、高档酒店式公寓为一体的高品质城市建筑综合体，与金融街其他建筑共同勾勒出渝中半岛丰富的天际轮廓线，共同成为未来重庆乃至中国西部的金融新地标。

此外，公司也在积极推进同样位于渝中区解放碑豪华酒店商务街区的“鲁祖庙花市地块”建设。公司已着手就该项目与政府签订联合整治协议，预计今年启动拆迁，目前进入前期定位策划阶段。拟建设成为集商业、星级酒店、顶级写字楼、商务公寓于一体的城市综合体。该项目与IFC项目邻近，基于市场对IFC项目的认可和追捧，我们对该项目的市场前景充满信心。

而公司位于两江新区的“三亚湾项目”，因为“两江新区”这个全国第三个国家级开发开放新区的成立，市场价值也随之倍增。目前该项目一期建筑面积1.8万平方米的两栋楼将在今年实现预售；同时，由于该项目处于两江新区核心地区， 政府已决定将该地段重新规划。公司将在政府公报新的规划后对该项目二期进行重新定位，为股东带来更高的价值。

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

展望未来

2011年，是英利成长的崭新起点。中国和重庆良好的宏观环境赋予了英利广阔的发展前景，IFC、大坪等项目的销售将使英利的前期耕耘进入收获期。在这样的背景下，新的一年，集团将始终如一的保持稳健的投资策略和明智的财政政策，坚守企业发展的战略定位将工作顺利推进。同时公司还将严格依照国际资本市场的高标准，在成本控制、设计创新、人力资源培训、企业文化建设等方面不断苦练内功。进一步提高治理水平，优化公司的投资决策体系和决策能力，提高整个组织体系的专业水准，努力落实好向股东做出的每项承诺。

致谢

代表我们的董事会，我深深感谢各位股东对英利的长期厚爱和支持。能够长期为股东创造更大价值是我们的心愿。我们将持之以恒，为实现股东的长远利益而不懈努力。

方明
英利国际置业董事长兼总裁

Chairman's Statement

Dear Stakeholders,

It is with great pleasure to present Ying Li International Real Estate Limited's ("Ying Li" and together with its subsidiaries, the "Group") annual report for the financial year ended 31 December 2010 ("FY 2010"). I would like to take the opportunity to share with you my views on the outlook of Chongqing's real estate market, and the Group's project developments and future plans.

Steady Growth

In 2010, the Chinese Central Government introduced several rounds of tightening measures to curb rising residential property prices. Despite these severe tightening measures, the Group remained strong to achieve a total revenue of RMB 97.86million and recorded net profit after tax of RMB 229.98million. Meanwhile, Ying Li continues to focus its efforts to create competitive advantages and set new industry benchmarks by constructing premium quality state-of-the art projects in Chongqing's core CBD. Citing our IFC project as an example, during the preview sales, its premium quality and prime location has attracted high-end customers that are willing to pay record prices for its office units. The company will also continue to strengthen the "Ying Li" brand through a stable and pragmatic business approach, ensuring consistent progress in all of our projects. These facts have once again illustrated that Ying Li is a reliable and financially strong company with sustainable growth.

At the same time, the public continues to recognize the efforts we made to transform and modernize the city. In 2010, our New York New York and Future International were both awarded the title of "Highest Contribution Landmark Commercial Building to Chongqing's Landscape Transformation". Our IFC project has been awarded the Leadership in Energy and Environmental Design (LEED) Gold Level precertification by U.S. Green Building Council (USGBC). These have once again proven our dedication to construct premium quality landmark projects. As a responsible corporation, Ying Li believes in taking practical action to contribute back to the society and environment. In an "Green Action Yangtze River in Chongqing" initiative by the China's National Afforestation Committee, State Forestry Administration, China Green Foundation, and the Chongqing Municipal People's Government, the Group donated RMB 10million and was awarded "Green Action Award for Outstanding Contribution in Chongqing" by the Communist Party of China Chongqing Municipal Committee United Front and Chongqing Municipal Federation Chamber of Industry and Commerce. In December 2010, the Group was awarded "Chongqing Charity Contribution Award (2006 – 2010)" by Chongqing Municipal Charity Federation. We had also received the accolades as "Trustworthy Credit Unit 2009 – 2010" from Chongqing Industry and Commerce Administration, Yuzhong District Branch.

In early March 2010, the Group successfully issued S$200 million convertible bonds. This is a strong testament of institutional investors' confidence in the company's value and resilient growth potential along with the future prospects of Chongqing. We thank all investors for their support and trust.

As most of our projects are still in the construction phase, the Group's 2010 financial performance has not significantly improved as compared to the previous year. In view of our current pipeline projects coming to completion, starting with our IFC and San Ya Wan Phase 1A project, we believe that the Group will start to harvest the fruits of its labour over the next few years.

Property Sector Outlook for China and Chongqing

China's GDP grew 10.3% to RMB 39.7983trillion in 2010, a rate increase of 1.1% as compared to 2009, showing strong recovery after the introduction of key economic stimulus packages during the global financial crisis. The healthy national economic environment and rapid development growth has led China through the global economic slowdown and enabled it to surpass Japan as the world's second largest economy.

Riding on China's strong economy, Chongqing continues its rapid development. In 2010, Chongqing's GDP grew 17% to RMB 780billion with local government revenue increasing 4 times over the past 5 years to RMB 199.1billion. Chongqing's per capita GDP increased to about USD 4,000, catching up with the national average. With structural optimization and quality improvements in placed, Chongqing has laid strong development foundation for the next 5 years.

Chongqing, being the leading city of Western China, welcomed a new development opportunity. On 18th June 2010, the State Council officially approved the establishment of "Liangjiang New Area", China's only inland state level economic development zone. Liangjiang New Area will enjoy more preferential policies on top of the same 10 preferential policies offered to Shanghai Pudong and Tianjin Binhai including the right of first to try in the fields of land, finance, tax, investment, foreign trade, industrial development, technology innovation and management systems. The Liangjiang New Area will give Chongqing new growth drivers and help elevate the city to tier-one status.

Chongqing is highly regarded by many investors such as Ford, Microsoft, HP, Acer, Foxconn, Inventec and other Global 500 corporations, with many setting up their operations in the city. In April 2010, the Chinese Academy of Social Science published "2010 Blue Book of City Competitiveness in China: China Urban Competitiveness Report", listing 24 China cities that has the most potential over the next 10 years and Chongqing was identified as one of the Chinese cities that has the most potential, ranking alongside other tier-one cities such as Beijing, Shanghai and Tianjin.

In October 2010, American financial magazine "Forbes" ranked Chongqing 2nd in the list of the World's Fastest-Growing Cities for the next 10years. Another American magazine "Foreign Policy" included Chongqing into the list of World's Most Influential Cities together with New York, Hong Kong, Beijing, Taipei, etc. Also, "Foreign Policy" has highly praised Chongqing as "The World's Future Star, China's Chicago".

In December 2010, Chongqing was also the only directly-administered municipality to be voted as one of 2010 China's Happiest City.

Thus it can be seen, Chongqing is presented with an unprecedented opportunity to develop and improve the status and value of the city further, offering huge prospects for commercial property developers.

On the China real estate market, the Chinese Central Government introduced a series of control measures to promote healthy development in the residential property market in 2010. On 26th January 2011, the State Council identified and introduced new eight measures to further control the real estate market. On 28th January 2011, Chongqing introduced China's first-ever property tax as part of a series of government measures to further curb soaring residential prices. However, these policies are mainly targeted at villas and high-end residential properties with intention to curb property speculation. Knowing these measures have minimal impact on commercial properties, many investors begin to shift their attention from residential to the commercial properties. Meanwhile, Ying Li's development strategy has always been developing premium quality, high-end integrated commercial projects located in the heart of the prime CBD area, which will be less affected by those policies. On a relative basis, Chongqing's property market has experienced healthy growth and average prices are also lower than other major cities.

At the same time, Chongqing is in a period of rapid economic development, and together with the introduction of Liangjiang New Area and accelerated urbanization process, these factors have stimulated the strong growth of the city's real estate market. Thus, we are very confident of Chongqing's future and believe that Chongqing's real estate market has abundant of growth potential.

More importantly, Ying Li has in placed a strong business model with strict internal control and risk management policies. With our experienced management team and healthy economic environment, we have reasons to believe Ying Li will open a new glorious chapter in 2011.

Project Development Progress

Ying Li currently has about 1 million square meters of planned GFA for development over the next 3 – 5 years with current projects progressing smoothly.

Located in the heart of Yuzhong Jiefangbei prime CBD area, the IFC project has reached its final stages of construction and is on schedule to complete this year. Ying Li has been highly recognized by the market as the leading developer of premium-quality office and commercial space in the western region of China. In the recent preview sales, we did not disappoint as our office units have once again achieved record pricing in Chongqing. The IFC retail mall is expected to be operational in 4th quarter 2011 with the tenant leasing making steady progress and numerous quality brands expressing their intent. After completion, IFC will be the latest premium landmark building in Chongqing's Jiefangbei CBD.

Our next key project, Da Ping project, is also advancing according to schedule. The Yuzhong government plans to nurture this highly important geometric centre of downtown Chongqing to be the 2nd largest commercial centre in Yuzhong district following Jiefangbei CBD. The Yuzhong government has also identified our Da Ping project as the key strategic development to achieve that target. Currently, the project is progressing according to plan with completion of the project's residential structure's two basement floors, while the office building foundation excavation will commence in April 2011. We expect to obtain the pre-sales permit and begin the pre-sales by end of 2011.

Following the company's indication that it will take part in the planning and construction of the Chongqing Financial Street earlier, the Group has successfully acquired the Jian Fa Liang Yuan project along Chongqing Financial Street through public land tender in 2010. The project's earthworks are currently at basement 3 and full completion is expected to be in 2013. The Group will capitalize on its expertise and extensive experience in the construction of high-end commercial properties and landmark buildings to construct a high-end integrated development consisting of grade A offices, luxury hotels, boutique retail malls and service apartments. Combining with the other projects situated along the Chongqing Financial Street, the "Wall Street" of China's Western region will create a modern metropolitan skyline for Chongqing.

In addition, the company has started on the first stages of the Lu Zu project, situated in the luxury hotel and commercial zone of Jiefangbei. The company has commenced on the preliminary resettlement process after signing a resettlement collaboration agreement with the government. The project has now completed the initial designs and plans, that will include a retail mall, luxury hotel, grade A office buildings and service apartments. After receiving overwhelming market responses and recognition from our adjacent IFC project, the company is confident Lu Zu project will be very well-received by the market.

The land value of our San Ya Wan project has appreciated after being zoned into the master plan of the Liangjiang New Area, China's third state level economic development zone. The pre-sales of our 18,000sq.m San Ya Wan Phase 1A will also be taking place this year. Due to pending changes to the land usage and plot ratio after being included into the Liangjiang New Area, our San Ya Wan Phase 2 development will be put on hold. Once the government releases the new land utilization plan, the company will better reposition San Ya Wan Phase 2 to maximize shareholders' returns.

The company will continues to seek out new opportunities to increase its land bank in Chongqing's core CBD area and other key districts to ensure sustainable long-term growth.

Looking Ahead

2011 will be a new key milestone year for Ying Li. With immense development prospects from China and Chongqing's positive economic environment; we will see returns from our efforts in our IFC, Da Ping and other key projects. Going forward, the Group will continue to maintain its investment strategies and prudent financial management while focusing on operational execution, strategic positioning, corporate development, cost control, design innovation, human resource development and enterprise culture. Also, we look to improve the Group's management structure, investment decision-making processes and overall organization's professional standards. Through such efforts, Ying Li will strive to maximize value for all of our shareholders.

Appreciation

On behalf of our Board of Directors, I would like to express our sincerest gratitude to our stakeholders for their long-term trust and unwavering support. We will continue to strive hard to build on our success towards future development and create value for our stakeholders.

Fang Ming
Chairman and Chief Executive Officer

Operations Review

OPERATIONS REVIEW

Group revenue decreased by 26.0% from RMB 132.1million in FY2009 to RMB 97.9million in FY2010 due to the lower revenue recorded by the sales of properties segment. Revenue from the sales of properties declined 64.8% to RMB 31.2million mainly due to lower sales from limited units left in Future International and San Ya Wan Phase 1. Increased rental rate from two main tenants at Future International resulted in rental income rising 4.7% to RMB 45.7million. In FY2010, the Group recognized RMB 21.0million in the form of consultancy income by providing consultancy services to other developers.

Group gross profit reduced by 12.5% to RMB 64.9million in FY2010 in view of lower revenue generated from the sale of properties. Gross profit margin increased by 10.2 percentage points to 66.3% in FY2010 mainly due to revenue derived from consultancy income.

Administrative expenses for the year ended 31 December 2010 increased by 19.1% or RMB 7.0million to RMB 43.5million as compared to FY2009. The increase in the administrative expenses was due to increase in expenses incurred in relation to the issuance of convertible bonds, stamp duties, provision for contract discrepancies, additional staff cost, office rental, donation, legal & professional fee, other miscellaneous expenses and offset by lower travelling, GST and utilities expenses.

Selling expenses decreased by 5.2% to RMB 5.3million as compared to FY2009 through net decrease in the promotional expenses. The saving of promotional expenses for San Ya Wan project was offset by the increase in promotional expenses incurred for the International Financial Center (IFC) project.

Finance costs rose by 367.7% to RMB 57.2million due to the interest expense incurred from the convertible bonds. In March 2010, the Group has announced the successful issuance of S$200million in aggregate principal amount of 4.0% convertible bonds due 2015. The proceeds raised was mainly used to finance the acquisition of new site at Wu Yi Road. Wu Yi Road project is a 9,521sq.m prime commercial development site along Chongqing Financial Street – “Wall Street” of China’s western region, in Yuzhong Jiefangbei CBD area with a total planned GFA of approximately 160,000sq.m. Also, a portion of the proceeds will be used for general corporate working capital.

To further fuel the growth for the Group, on 26 August 2010, the Group announced the signing of a strategic alliance agreement with Standard Chartered Bank (China) Limited which consist of credit facilities of up to US$ 200million. The credit facilities would be used mainly for the development of Da Ping project and other project development.

Other income increased by 607.5%to RMB 9.9million in FY2010 due to the increase in short term rental income, interest income and infrastructure subsidy from local government for our Sa Ya Wan project.

The effective tax rate for FY2010 was 29.0% due to net losses incurred by the corporate office and subsidiaries incorporated in tax free countries which cannot be carried forward to offset future taxable profit.

In FY2010, fair value gains on investment properties for the Group increased by 212.1% to RMB 355.1million. This was mainly due to the inclusion of commercial podium of IFC.

As a result of the above, our Group profit attributable to shareholders in FY2010 was RMB 226.9million as compared to RMB 66.9million in FY2009.

FINANCIAL POSITION

Group assets increase by RMB 1,709.7million to RMB 5,220.7million in FY2010. This was due to the acquisition of land of RMB 696.8million for our Wu Yi Road development, construction costs of RMB 475.9million incurred for our existing projects such as Da Ping, Wu Yi Road, Sa Ya Wan and IFC, increased in fair value gain of RMB 355.1million, additional long term assets of property, plant and equipment and prepayment RMB 4.4million and increase in cash and cash equivalent of RMB 362.9million and decreased in receivables and refundable deposit of RMB 185.4million.

The value of investment properties increased by RMB 794.2million to RMB 2,243.6million in FY2010, comprising of RMB 355.1million of fair value gains and RMB 449.1million of cost being transferred and reclassified from development property and land for development accounts respectively and less RMB 10.0million of investment properties sold.

Group liabilities increased by RMB 1,434.4million to RMB 2,670.0million in FY2010, due to the issuance of our convertible bonds mainly for the acquisition of

Wu Yi Road project and fresh bank borrowings for our IFC project.

During the year, we raised S$200million from the issuance of convertible bonds, as well as RMB 250million in borrowings. RMB 948.6million has so far been incurred in respect of the purchase of land for Wu Yi Road project and the IFC construction cost.

Cash at bank increased by RMB 362.9million to RMB 596.2million as at 31 December 2010. Our Net Asset Value attributable to the ordinary shareholders of the company rose 12.2% to RMB 2,496.7million, equivalent to RMB 1.15 per issued shares as at 31 December 2010.

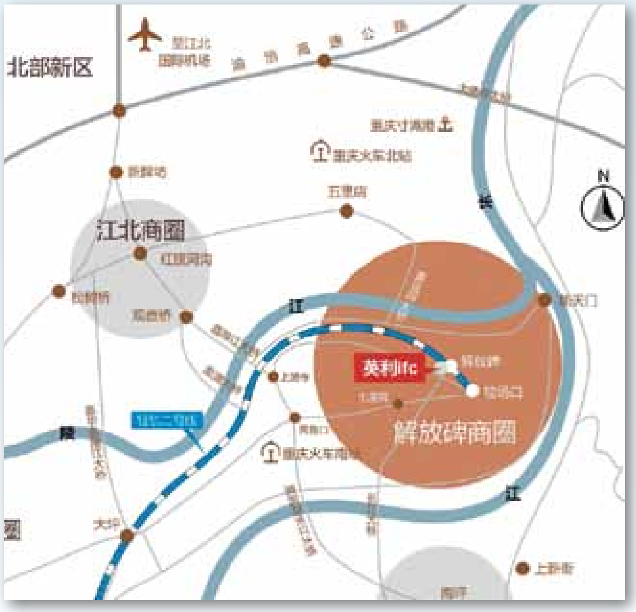
OUTLOOK

Chongqing continues to enjoy favourable economic policies from the Central government. The municipality of Chongqing has been gifted with the Liangjiang New Area, China's third state level economic development zone after Shanghai's Pudong and Tianjin's Binhai New Area. Liangjiang New Area will enjoy privileges in land, finance, taxation, investment and the government supporting important and bold reform measures. As a result, Chongqing's 2010 GDP figure was RMB 780billion, an increase of 17% as compared to 2009. This strong growth rate places Chongqing second in ranking at the National level and the fastest growing city in Western China.

In FY2010, to slow down the surge in residential properties prices and maintaining a stable healthy domestic residential market, China's State Council withdrew its loose monetary policy and proactive financial policy measures introduced during the financial crisis in 2008 and introduced 2 rounds of residential property tightening measures. These tough and exhaustive measures were known to be the most severe real estate control measures and illustrates the government determination to cool the residential property market.

Despite the market uncertainties arising from the introduction of tightening policies, our Group which is focused on development of commercial properties with clients being primarily corporation, believes these measures are unlikely to have any significant direct negative impact to the commercial property market. Instead, our Group will continue to ride on the growth of Chongqing and capitalize on its experience management team, reputation, track record, core competencies in development of high-end commercial property in Chongqing CBD area and urban development, to pursue new opportunities to further enhance its largest commercial CBD landlord leadership position.

Ying Li International Financial Center



Yingli International Financial Center (IFC) is a landmark integrated project consisting of world class international premier Grade A office building and a luxury shopping mall covering a total planned gross floor area (GFA) of 173,500sqm. With 58 storey standing at a height of 288m, it is going to be the tallest skyscraper in Chongqing upon completion. The Ying Li IFC has been nominated the Chongqing 2010 Top 10 landmark building by Chongqing Morning Post. Strategically located in the heart of Chongqing Jiefangbei CBD and next to the highly anticipated Chongqing Financial Street, IFC is set to be the key financial hub that will house major international financial institutions, offices of consulates and other multinational companies. The strategic location of IFC is 30mins drive away from Jiangbei International Airport, 10mins drive away from Chongqing Cuntan Tax-Free Port and is within walking distance to the subway line 1 and 2, offering convenient and quick access to other districts in Chongqing.

Artist Impression

U.S. Green Building Council
YINGLI INTERNATIONAL FINANCIAL CENTER
CHONGQING, P.R. CHINA

Visitors to IFC 91,500sqm prime Grade A office building will be greeted by a 10m high grand lobby with access control system and 20 OTIS U.S. imported elevator compass system. Each storey is constructed with 1m diameter reinforced composite steel/concrete column leading technology to create a large column free space with a floor-to-ceiling height of 4.2m/4.5m. Also, each storey has OA metal adjustable raised floor equipped with 1 gigabyte network fiber optic for high speed networking. To ensure business continuity, the electric system has dual independent circuit electricity supply from two different power station and emergency backup generators in the case of one station being down. The car park has 669 parking lots with intelligent car locator guidance system; more than 10% of parking space equipped with electric charging facility, and has a VIP lounge specially catered for tired drivers.

IFC is leading the era of eco-friendly green buildings by being the only premier Grade A office building in Chongqing to be awarded LEED Gold Level Precertification by U.S. Green Building Council (USGBC). IFC is the first in Chongqing to make use of the double-layer respiration glass curtain wall together with the energy-saving VAV air conditioning system. The outer layer glass wall uses low-E hollow glass with electronic sun-shading blinds in the middle of the 2 glasses. While the sun shading blinds are able to block out intense sunlight and heat, it possess the capability to keep the air warm, perform heat insulation, energy-saving, noise-reduction, dust-proof functions and lighting control.

Artist Impression

Located in Jiefangbei – one of China's top 10 commercial pedestrian streets, IFC's 49,000sqm luxury shopping mall is a prominent and prestigious new mall with its interior design, façade and flagship window display which are customized design by renowned design firms with finishing that uses the finest of materials. By bringing both together with a select tenant mix, it offers shoppers a unique shopping experience. The mall will be home to numerous refine selection of international renowned luxury brand boutiques, popular high street fashion, sport and lifestyle shops, entertainment, restaurant and cafes, with each storey dedicated to the needs of every category of shoppers.

Upcoming Projects

IFC Project

Yingli International Financial Center (IFC) is a landmark integrated project strategically located in the heart of Chongqing Jiefangbei CBD, consisting of world class international premier Grade A office building and a luxury shopping mall with a total planned GFA of 173,500sqm. Standing at 58 storey with a height of 288m, it is going to be the tallest skyscraper in Chongqing upon estimated completion date in 2011.

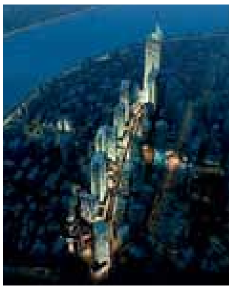
San Ya Wan Phase 1A Project

Located in the heart of Liang Jiang New Zone in Yubei District, San Ya Wan Phase 1A is a 18,000sqm planned GFA retail development extension of the highly successful Phase 1 integrated seafood wholesales centre in Chongqing. The project is estimated to be completed in 2011.

Da Ping Project

Da Ping Project is a prime land bank strategically located in the heart of Yuzhong district, intersected by the LRT and subway lines with direct access to the 42 bus lines and main road intersections leading to Shapingba and Yangjiaping key districts. Intended to be an integrated development project, Da Ping project has a planned GFA of over 370,6000 sqm which comprises of high-end residential / serviced residence, offices and retail components with the estimated completion date in 2013.

Wu Yi Road Project



Wu Yi Road project is an integrated commercial development located strategically along the highly anticipated Chongqing Financial Street in the Chongqing Jiefangbei prime CBD area. Wu Yi Road project will consist of international premier Grade A office building and luxury retail podium with a total planned GFA of 160,000sqm. The project is estimated to be completed in 2013.

San Ya Wan Phase 2 Project

Located in the heart of Liang Jiang New Zone in Yubei District, San Ya Wan Phase 2 was intended for development into an integrated complex containing a seafood wholesales trading and processing centre, logistics and warehouse facilities. However, due to the plot of land located within the newly announced Liang Jiang New Zone, the Group is currently awaiting the re-zoning details with regards to the land utilization and plot ratios.

Lu Zu Project

Lu Zu project is an integrated commercial development with planned GFA of 138,000sqm, consisting of international premier Grade A office, retail and high-end residential components. Lu Zu project is located within the heart of core Chongqing Yuzhong CBD, with direct access to the Jiefangbei pedestrian street. The project is estimated to be completed in 2014.

Board Of Directors

1. MR. FANG MING

Chairman & Chief Executive Officer

Mr. Fang Ming is the Group's Chairman and Chief Executive Officer. Mr. Fang is also the President and the General Manager of Chongqing Yingli, and has been responsible for the overall management of Chongqing Yingli's business since its inception in 1994. Mr. Fang has more than 17 years of experience in the property development industry, and has been instrumental in introducing international designs and quality standards into the real estate sector in Chongqing, gaining recognition from city and state governments. Under his leadership, the Group has developed a number of award winning buildings and established good long term relationships with the local government authorities and business partners. Prior to founding Chongqing Yingli, Mr. Fang held senior positions in Chongqing Yunji and Chongqing Tiancheng. In addition, he is, amongst others, the President of the Chongqing Yuzhong District Small Business Finance Improvement Association and the President of the Real Estate Chamber of the Chongqing Federation of Industry and Commerce and a member of the Federation of Industry and Commerce. Mr Fang graduated from the Management School of Chongqing Broadcasting University.

2. MR. XIE XIN

Executive Director & Senior Vice President

Mr. Xie Xin is the Group Senior Vice President, Corporate Finance and Investments as well as the Senior Vice President, Corporate Finance and Investments, of Chongqing Yingli and Advisor to the Chairman of Chongqing Yingli. He is involved in the capital investments and corporate finance advisory activities of Chongqing Yingli. Prior to joining Chongqing Yingli, he was a Business Director with Guotaijunan Securities Co., Ltd. from 2006 to 2007. He has worked as an assistant manager of the assurance and advisory team in KPMG from 2004 to 2006 and in Ernst & Young from 2000 to 2003. Mr. Xie is a certified public accountant with the Chinese Institute of Certified Public Accountants. He graduated from Wuhan University with a Bachelor of Arts in Auditing in 2000.

3. MR. CHRISTOPHER CHONG MENG TAK

Co-Lead Independent Director

Mr. Christopher Chong Meng Tak was first appointed to the Board in 2007 and is our Lead Independent Director and Chairman of our Audit Committee. He brings to the Group significant experience of corporate strategy, capital markets, securities law and corporate governance. Chris is a partner of ACH Investments Pte Ltd, a corporate advisory firm, since 1998. Prior to this, and for some 12 years, he was with the HongkongBank Group where he held the positions of CEO of HSBC Securities (Singapore), Executive Director of Kay Hian James Capel (now known as UOB Kay Hian) and was an award winning analyst. Prior to joining the HongkongBank Group, Chris trained with Ernst & Young, London. Chris is a director of several public companies and a fund, listed on the Stock Exchanges of Australia, Hong Kong and Singapore. Chris is a Member of the Institute of Chartered Accountants of Scotland and a Fellow of: the Hong Kong Institute of Certified Public Accountants; the Australian Institute of CPAs; the Singapore Institute of Directors; and the Australian Institute of Company Directors. He is also a Senior Stockbroker of the Securities & Derivates Industry Association. Chris has a BSc. Econ (1st Hon) from the University College of Wales, a MBA from the London Business School.

4. MR. LUI SENG FATT

Co-Lead Independent Director

Mr. Lui Seng Fatt is the Co-Lead Independent Director of the Group and serves as the Co-Chairman of the Nominating Committee. Mr. Lui was also an Independent Director of Showy International Ltd. He has over 25 years of experience in real estate and related businesses. Mr. Lui last held the appointment of Regional Director and Head of Investments at Jones Lang LaSalle. He was the President of the GEREG Group of companies with major strategic businesses in Infrastructure, Real Estate and Financial Services in the Asia Pacific region and America. Mr. Lui was also a Senior General Manager of Keppel Land International Limited, and was one of the key founding executives of Pidemco Land Limited, now known as CapitaLand Limited. Mr. Lui was appointed the Honorary Advisor to the Real Estate Developers' Association of Singapore, on Real Estate Consultancy and Valuation. He graduated from the University of Singapore with a Bachelors degree in Architecture in 1979 under a Government of Singapore Merit Scholarship, and holds a Masters in Business Administration with a major in Finance from the National University of Singapore.

5. MR. XIAO ZU XIU

Independent Director

Mr. Xiao Zu Xiu is an Independent Director of the Group and serves as the Co-Chairman of our Remuneration Committee and Co-Chairmen of the Nominating Committee. Mr. Xiao has been the Chairman of the Chinese Nation Cultural Promotion Association since 1995 and Chairman of the Association of Researching the System of the People's Congress since 2003. He was also Chairman of the Chongqing Veteran's Sports Association from 1997 to 2003. Mr. Xiao was elected as a representative to the Chongqing Municipal People's Congress and chosen as the Vice Chairman of the Chongqing Municipal People's Congress Standing Committee in 1997. Prior to that, he was elected as Executive Deputy Mayor of Chongqing in 1993, mainly overseeing the financial, taxation, auditing, educational and monitoring aspects. Mr. Xiao was with the Agricultural Economy Department of Southwest Agricultural University for 23 years before he was appointed as Director of the Committee for Peasants and Workers in 1985, a post he held till 1988. Mr. Xiao studied Agricultural Economics in the Southwest College of Agriculture and the Beijing Agricultural University and graduated in 1960 and 1963 respectively.

6. MR. CHAN HOCK ENG

Non-Executive Director

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

7. MR. HE ZHAO JU @ DANNY HO

Non-Executive Director

Mr. He Zhao Ju @ Danny Ho is a Non-Executive Director of the Group and serves as the Co-Chairman of the Remuneration Committee. Mr. He is a senior partner of Zana Capital. Prior to joining Zana Capital, he was the Vice-President of GIC Special Investments from 2000 to 2006, and was working in corporate finance and advisory roles for four years before that. Mr. He started his career as an Investment Analyst at Brierley Investments. Mr. He is a Chartered Financial Analyst and a member of the Association for Investment Management and Research. He graduated from Otago University, New Zealand with a Bachelor of Commerce (double majors in Finance and Economics) in 1994.

Key Management

MR. LIM BOON PING

Chief Financial Officer

Mr. Lim Boon Ping is our Chief Financial Officer. He oversees the Group's financial functions relating to corporate finance, financial reporting, tax, corporate secretarial matters as well as liaising with external parties in respect of Group's financial matters. His responsibilities include evaluation of new development project, review of the Group's performance and funding structure. Mr. Lim has over 10 years of experience in finance and accounting. Prior to joining our Group, he was the Financial Controller of a company who is engaged in the manufacturing and distribution of ophthalmic lenses. Mr. Lim holds a professional qualification from the Chartered Association of Certified Accountants of United Kingdom and is a member of the Institute of Certified Public Accountants of Singapore, Chartered Association of Certified Accountants of United Kingdom and Singapore Institute of Directors.

MR. WANG ZE MIN

Deputy General Manager, Senior Engineer

Mr. Wang Ze Min is our Deputy General Manager and approved Senior Engineer. He joined our Group in 1997 and is in charge of the engineering and construction aspects of our Group's properties. Mr. Wang was the project manager of Part C of Chongqing South Group Corporation Ltd. (重庆南方集团) during the period from February 1996 to April 1997. Between 1994 and 1996, Mr. Wang was a Director of the Construction Department of Shanghai San Jiu Property Co., Ltd. (上海三九物业公司) and a manager of the Construction Department at Chongqing Kuixinglou Stock Co., Ltd. (重庆魁星楼股份有限公司) from 1992 to 1994. Prior to June 1992 Mr. Wang was the Director of Xiao Nan Hai Mine of Chongqing Steel Corporation (重庆钢铁公司小南海矿), Mr. Wang is a graduate of the Zhongnan Mining and Metallurgy College (中南矿冶学院采矿专业).

MR. WU SHAO MING

Deputy General Manager, Research and Design

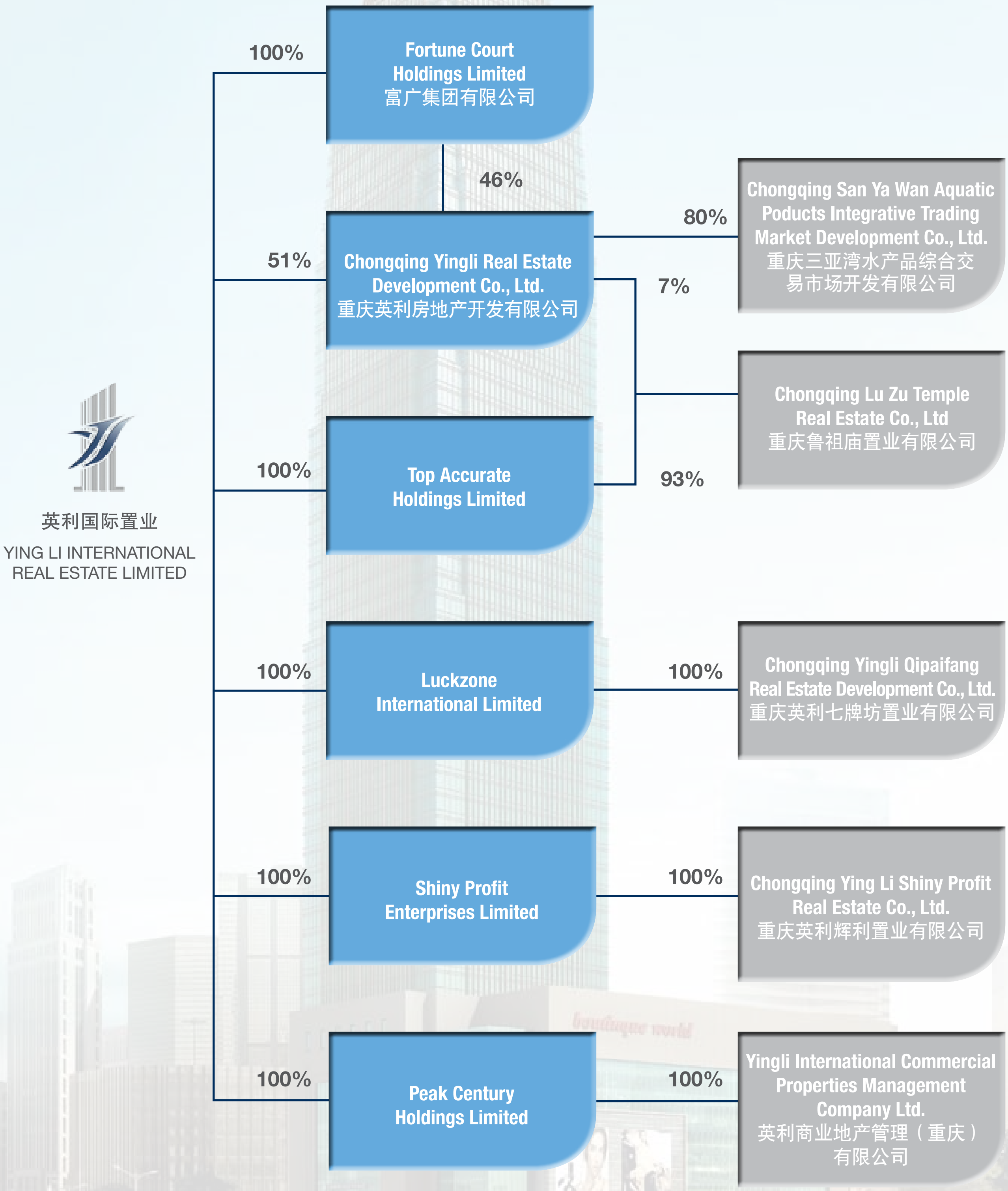
Mr. Wu Shao Ming, is our Deputy General Manager and the head of Research and Design Department. Prior to joining the Group, Mr. Wu held various positions at Chongqing Iron and Steel Designing Institute (重庆钢铁设计研究院), China Properties Group Ltd. (中国地产集团). Mr. Wu holds a Bachelor's degree from the Chongqing Jiaotong University (重庆交通大学学士学位). Mr. Wu is an approved Engineer with Professional Committee of Chongqing Personnel Bureau.

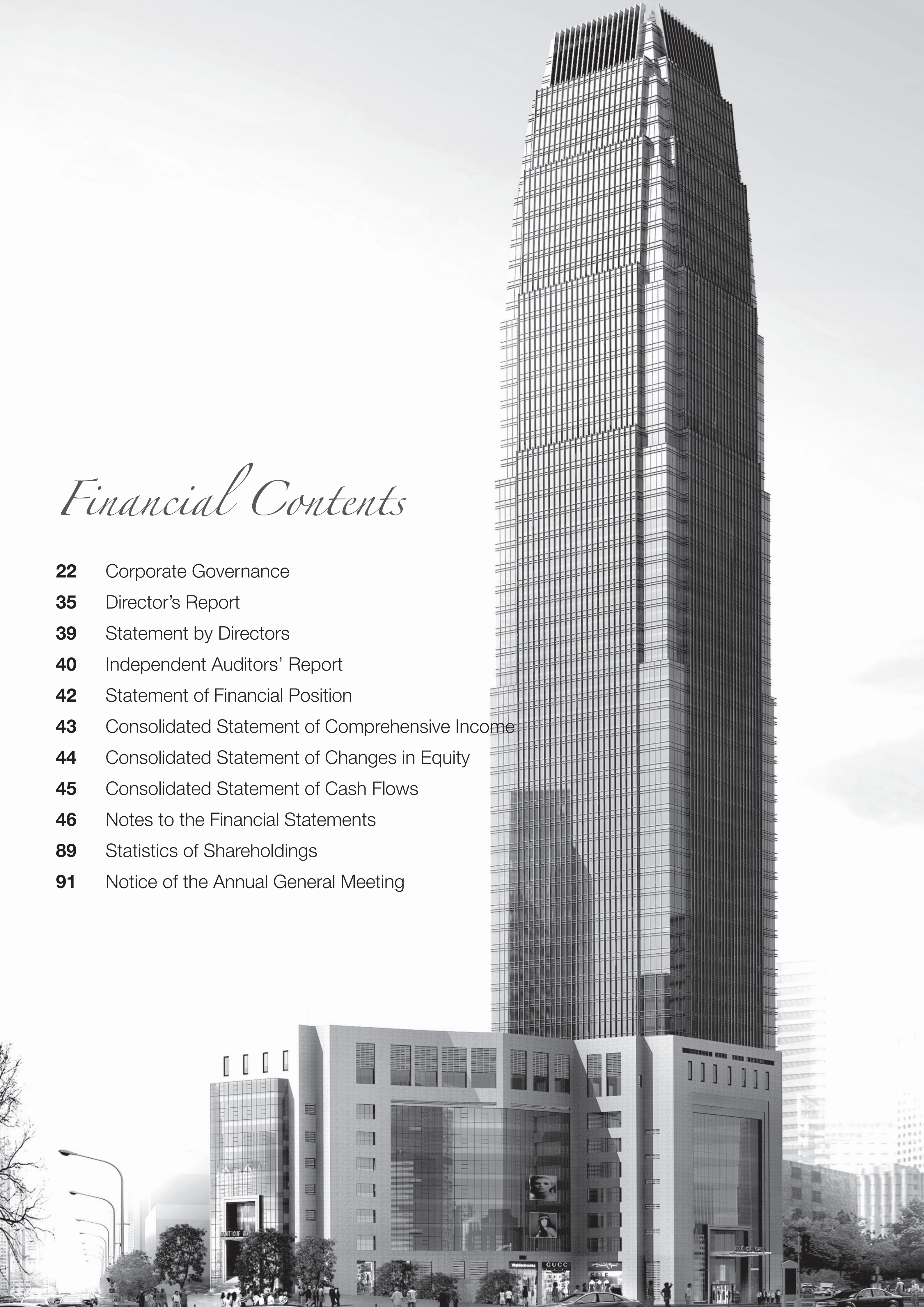
MS. YANG XIAO YU

Deputy General Manager, HR and Administration

Ms. Yang Xiao Yu is our Deputy General Manager and in charge of Human Resources and Administration Department. Prior to joining the Group, Ms. Yang held various senior appointments in government offices. Ms. Yang is a postgraduate from the Psychology Department of Southwest Normal University (西南师范大学心理学专业).

Corporate Structure





Financial Contents

Corporate Governance

The Board of Directors and Management of Ying Li Real Estate International Limited (the "Company") is committed to maintaining a high standard of corporate governance, to improve and ensure good corporate governance practices so as to promote corporate transparency and to protect and enhance shareholders' interest.

Saved for the composition of the Nomination Committee, the Board is pleased to confirm that the Company has complied with the Code of Corporate Governance 2005 (the "Code").

BOARD MATTERS

Principle 1: Board's Conduct of Its Affairs

The Board is responsible for setting the strategic direction and to successfully execute the strategies to strengthen the robustness of the Company.

The principal duties and responsibilities of the Board include:

- Charting and approving the Company's overall long-term strategies and financial objectives;
- Monitoring the implementation of the strategy, the business performance and results;
- Approving the appointment of Directors and other key personnel;
- Overseeing the processes of evaluating the adequacy of internal controls and the establishment of monitoring systems with respect to internal controls, financial reporting and compliance; and
- Approving annual budgets, fund raising proposals, investment and assets acquisitions proposals.

The Board's approval is required for matters specifically relating to the Group's financial plans and annual budget, material acquisitions and disposals of assets, mergers and acquisitions, major funding and investment proposals, issuance of shares and dividend and other return to shareholders proposals, interested person transactions of a material nature and the release of the Company's quarterly and full year results announcements to the Singapore Exchange Securities Trading Limited ("SGX-ST").

During the financial year under review, the Board conducts regular scheduled meetings and attendances by directors are regular. Ad-hoc meetings are convened when circumstances require. The Company's Articles of Association allow a board meeting to be conducted by way of telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other. The Board and Board Committees may also made decisions through circulating resolutions.

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The attendances of the directors at these meetings as well as the frequency of such meetings held for the financial year ended 31 December 2010 are disclosed in the following table.

	BOARD OF DIRECTORS			**AUDIT COMMITTEE**			**REMUNERATION COMMITTEE**			**NOMINATING COMMITTEE**		
		No. of meetings			**No. of meetings**			**No. of meetings**			**No. of meetings**	
	Position held	**held**	**attended while in office**	**Position held**	**held**	**attended while in office**	**Position held**	**held**	**attended while in office**	**Position held**	**held**	**attended while in office**
Fang Ming	C	5	5	-	-	-	-	-	-	M[*1]	2	2
Xie Xin	M	5	5	-	-	-	-	-	-	-	-	-
Xu Li	M	5	3[*2]	-	-	-	-	-	-	-	-	-
Christopher Chong Meng Tak	M	5	5	C	4	4	M	3	3	M[*3]	2	2
Lui Seng Fatt	M	5	5	M	4	4	M	3	3	C	2	2
Xiao Zu Xiu	M	5	3	M	4	3	C[*4]	3	2	C	2	1
Chan Hock Eng	M	5	5	-	-	-	-	-	-	M[*5]	2	1
He Zhao Ju @ Danny Ho	M	5	5	-	-	-	C[*6]	3	3	M[*6]	2	1

Note:

1. Mr. Fang Ming stepped down as a Member of NC on 16 November 2010.
2. Ms Xu Li resigned as Director on 30 September 2010.
3. Mr. Christopher Chong Meng Tak stepped down as Member of NC on 16 November 2010
4. Mr. Xiao Zu Xiu was re-designated as co-Chairman of RC on 17 May 2010.
5. Mr. Chan Hock Eng was appointed a Member of NC on 16 November 2010
6. Mr. He Zhao Ju @ Danny Ho was appointed Co-Chairman of RC and a Member of NC on 17 May 2010.

Upon the appointment of every director, the Company will provide a formal letter to the director, setting out his duties and obligations and undergo an orientation program to be familiar with the business and governance practices of the Company. Directors are also invited to meet with management to gain a better understanding of the business operations of the Company.

Directors are informed of and encouraged to attend relevant courses conducted by the Singapore Institute of Directors, Singapore Exchange Limited and relevant business and financial consultants.

Our Directors are sponsored to attend appropriate courses, conferences and seminars conducted by external professionals including any changes in legislation and financial reporting standards, government policies and regulations and guidelines from SGX-ST on a regular basis. All Directors are required to undergo at least three hours of training every year. During the year under review, the Directors attended seminars on updates relating to the best practice guidance on the role of directors, industry-related trends and developments, legal and regulatory requirements. All Directors have achieved more than three training hours during the year.

Principle 2: Board Composition and Guidance

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

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

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

Mr. He Zhao Ju @ Danny Ho and Mr. Chan Hock Eng were appointed as members of the NC on 17 May 2010 and 16 November 2010 respectively, while Mr. Fang Ming and Mr. Christopher Chong Meng Tak had stepped down as members of the NC on 16 November 2010. Such reconstitution of the NC was intended to facilitate a mix of directors in each of the Committees. Notwithstanding that only half of the directors in the NC are independent following its reconstitution, there has not been any deadlock situation between the independent and the non-independent directors within the NC. Moving forward, in compliance with the guidelines of the Code, the Board intends to re-appoint Mr. Christopher Chong Meng Tak as a member of the NC, such that the NC will comprise a majority of independent directors.

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

Key information regarding the directors is given in the "Directors' Profile" section of the annual report.

Principle 3: Chairman and Chief Executive Officer

Mr. Fang Ming is both the Chairman of the Board and the Chief Executive Officer ("CEO") of the Company. The Board, after much deliberation, shares the view that for the current moment, it is not necessary to segregate the roles of the Chairman and CEO.

Although the roles and responsibilities of both the Chairman and the CEO are vested in Mr. Fang Ming, the Board is of the opinion that there has been sufficient strong independent element on the Board and all resolutions of the Board have been arrived based on collective decision without any individual exercising any concentration of power of influence.

Following the recommendation of the Code, both Mr. Christopher Chong Meng Tak and Mr. Lui Seng Fatt have been appointed as the Co-Lead Independent Director to be available to shareholders to address any of their concerns.

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

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The principal duties and responsibilities of the Chairman include:

- Scheduling of meetings to enable the Board to discharge its duties;
- Coordinating activities of the independent directors and non-executive directors;
- Exercising control over quality, quantity and timeliness of the flow of information between Management and the Board; and
- Assisting in ensuring compliance with the Company's guidelines on corporate governance.

The Board is mindful of the need to ensure that there is a successor to Mr. Fang Ming in the event of death or incapacity. As a result, the Company has formed an Executive Committee comprising senior employees who can operate and run the Company in the event that Mr. Fang Ming is unable to meet his obligations in any way. The Company is seeking to further strengthen this executive committee and the Company generally and has appointed a senior Human Resource Deputy General Manager.

Principle 4: Board Membership

The Nominating Committee ("NC") comprises four Directors, two of whom are independent directors. The NC is co-chaired by Mr. Lui Seng Fatt and Mr. Xiao Zu Xiu and has Mr. He Zhao Ju @ Danny Ho and Mr. Chan Hock Eng as its members.

The principal duties and responsibilities of the NC include:

- Assisting the Board in maximizing shareholders value;
- Assessing the effectiveness of the Board and the contribution and performance of the Directors;
- Identifying new candidates and reviewing all nominations for the appointment or re-appointment of Directors; and
- Determining whether or not a Director is independent pursuant to the guidelines as set out in the Code, and by such amendments made thereto from time to time.

When appointing new directors, the NC would, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The NC will evaluate potential candidates by undertaking background checks, assessing individual competency, knowledge, management skills, financial literacy, experience and qualification hereby ensuring the fulfillment of every requirement. The NC will seek candidates widely and beyond persons directly known to the Directors and is empowered to engage professional search firms and also give due consideration to candidates identified by any person short-listed candidates will be invited to meet the independent directors separately and may also be invited to meet the Board of Directors as a whole to discuss the duties required so as to ensure that there is no expectation gap.

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Every year, the NC reviews and affirmed the independence of the Company's independent non-executive directors. Each director is required to complete a Director's independence checklist annually to confirm their independence. This checklist is based on guidelines provided in the Code and requires each director to assess whether they considers themselves independent despite not being involved in any of relationship which would interfere or be reasonably perceived to interfere with the exercise of independent judgment in carrying out functions as an independent non-executive director of the Company. Among the items included in the Checklist are disclosure pertaining to any employment, including compensation received from the Company or any of its related corporations, relationship to an executive director of the Company or its related corporations, immediate family member employed by the company or any of its related corporations as senior executive officer whose remuneration is determined by the RC, shareholding, or partnership or directorship (including those held by immediate family members) in an organisation to which the Company or its subsidiaries received significant payments in the current or immediate past financial year. The NC will then review the checklist completed by each director to determine whether the director is independent.

Other than Mr. Christopher Chong Meng Tak who held six concurrent directorships in other listed companies, the remaining directors do not hold any concurrent directorships in any other listed companies. The Board is of the view that such multiple board representations do not hinder him from carrying out his duties as director but widen the experience of the Board and give it a broader perspective.

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

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

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(1) Ms Xu Li resigned from the Board as Executive Director on 30 September 2010
(2) Listed on the Australian Stock Exchange
(3) Listed on the Luxembourg Stock Exchange
(4) Listed on both the Singapore and the Australian Stock Exchange
(5) Prior to 26 September 2008 and RTO, the Company was previously known as Showy International Limited

In accordance with the Company's Articles of Association, all directors are required to retire from office at least once every three years and submit themselves for re-election at the next Annual General Meeting ("AGM"). A newly appointed director must also submit himself for re-election at the AGM following his appointment.

Principle 5: Board Performance

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

The NC, in considering the re-appointment of a Director, will evaluate the performance of the Director's contributions, such as his or her attendance record at meetings of the Board and Board Committees, active participation during these meetings and the quality of his or her contributions.

The NC will also evaluate the effectiveness of the Board as a whole and the Board Committee on an annual basis. The evaluation of the Board's performance is conducted by means of a questionnaire completed by each individual Director, which is then collated and the findings analyzed and discussed. The result of the Board's performance assessment are reviewed by the NC and circulated to the Board for consideration thereafter. Recommendations to further enhance the effectiveness of the Board are implemented, as appropriate.

The Board, through the NC, will use its best effort to ensure that directors appointed to the Board, whether individually or collectively, possess the experience, knowledge and expertise critical to the Group's business. It will also ensure that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made. Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as Director of the Company.

Principle 6: Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, the Company has provided the directors with regular updates on the operational and financial performance of the Company and furnished directors with complete and adequate information on matters that require their consideration. Board papers with the relevant background and financial information are circulated prior the respective meeting. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed.

All Directors have separate, unrestricted and independent access to the Company's senior management and the Company Secretaries. The responsibilities of the Company Secretaries include a smooth flow of information within the Board and its Board Committees and between senior management and non-executive Directors. The Company Secretary attends all Board and Board Committee meetings and is responsible for ensuring that proper board procedures are being followed and that applicable rules and regulations are complied with.

Corporate Governance

In situations where the Directors, whether individually or as a group, do need to seek independent professional advice can appoint the professional advisor selected by the Company. The cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") comprises four Directors, three of whom are independent directors. The RC is co-chaired by Mr. Xiao Zu Xiu and Mr. He Zhao Ju @ Danny Ho and has Mr. Christopher Chong Meng Tak and Mr. Lui Seng Fatt as its members.

The principal duties and responsibilities of the RC include:

Recommending to the Board for its endorsement a framework of remuneration which include but not limited to directors' fees, salaries, allowances, bonuses, benefits-in-kind and equity-based incentives such as share options;

Determining specific remuneration packages for the Executive Directors and Chief Executive Officer;

Reviewing the remuneration of senior management/key executives; and

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

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

No director is involved in deciding his own remuneration.

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

Principle 8: Level and Mix of Remuneration

The remuneration structure of the Company is to develop a programme that is competitive and sufficient to attract, retain and motivate directors and key management of the required quality to run the Company successfully. The Company has in place a profit sharing scheme for its key management. The scheme is only applicable when the Company's profit before tax (arising from underlying business) exceeds RMB60 million.

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

The Company has in place service contracts for every Executive Directors which set out the framework of their remuneration package. Their service contracts are for a fixed period of 3 years; do not contain onerous removal clauses and a notice period of six months.

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The independent and non-executive directors received only fees which are reviewed by the RC to ensure that such fees commensurate with the contributions, responsibilities and time spent. These fees paid are subject to the shareholders' approval at each AGM.

Principle 9: Disclosure of Remuneration

The remuneration bands of the Directors and top five Key Executives of the Group for the financial year ended 31 December 2010 are:

Remuneration Bands	**Salary**	**Fees**	**Other benefits**	**Total**
	%	**%**	**%**	**%**
Directors of the Company				
S$200,001 to S$300,000				
Fang Ming	100			100
S$100,000 to S$200,000				
Xie Xin	100			100
Xu Li (Resigned on 30 September 2010)	100			100
Below S$100,000				
Chan Hock Eng (Appointed on 5 May 2010)		100		100
Christopher Chong Meng Tak		100		100
He Zhao Ju @ Danny Ho		100		100
Lui Seng Fatt		100		100
Xiao Zu Xiu		100		100
Top 5 executives of the Company				
S$100,000 to S$200,000				
Lim Boon Ping	96		4	100
Below S$100,000				
Wang Ze Min	87		13	100
Wu Shao Ming	90		10	100
Yang Xiao Yu	92		8	100

None of the employees who are immediate family members of an Executive Director received more than $150,000 in remuneration in FY2010.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is aware of its responsibilities to provide shareholders with a balanced, understandable and comprehensive view of the Company's performance, financial position and prospects on a timely basis. The quarterly and full year results announcements are released via the SGXNET within the mandatory period.

Corporate Governance

Price sensitive information is publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

Currently, the Management will provide the Board with information on the Group's financial performance as well as the progress of the various projects undertaken for effective monitoring and decision making.

Principle 11: Audit Committee
Principle 12: Internal Controls
Principle 13: Internal Audit

The Audit Committee ("AC") comprises three Directors, all of whom are independent directors. The AC chaired by Mr. Christopher Chong Meng Tak, a Chartered Accountant and has Mr. Lui Seng Fatt, a property specialist and Mr. Xiao Zu Xiu, who has experience overseeing the financial, taxation and auditing function during his tour as an Executive Deputy Mayor of Chongqing as its members.

The principal duties and responsibilities of the AC include:

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

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

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

- Reviewing the assistance given by management to the internal auditors and external auditors to ensure that no restrictions are being placed on their work;

- Reviewing the cost effectiveness of the audit, the independence and objectivity of the external auditors and the nature and extent of non-audit services provided by them;

- Recommending to the Board the appointment, re-appointment or removal of the external auditors for the ensuring year and approving their remuneration and terms of engagement;

- Reviewing with the Board, management and the auditors the possible risks or exposures that may exist and identifying the necessary steps to take in order to minimize such risk to the Company;

- Reviewing the quarterly and full year results announcements, the audited annual financial statements, key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have an impact on the financials and any other announcements relating to the financials of the Company before recommending them to the Board for approval; and

- Reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual.

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

Besides assisting the Board to discharge its responsibilities in safeguarding the shareholders' investment and the Company's assets, the AC is constantly involved in developing and maintaining an effective system of internal controls, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Company.

As a property developer of prime commercial and office space, the Company's principal operating risks includes but is not restricted to: completion of its developments in time and within specifications; the level of occupancy and average per square metre rental rate; access to adequate and reasonably cost funding; being able to source new and reasonably priced land; and not suffering any adverse local or central policies or regulations. In addition the Company is also subject to: changes in PRC laws & regulations; RMB-S$-US$ translation gains & losses; compliance with government requirements & debt covenants; and banker's and capital provider's perception of property and China risk. The Audit Committee assesses these risks continuously but formally undertakes a review of such risks with management and the Internal Auditors once a year. The Audit Committee uses a methodology to identify, judge and assess risks similar to that used by enterprise risk management systems. Once all identified risks are classified, the Internal Auditor is charged with checking the adequacy of controls: annually for high risk or risks with significant potential negative impacts; once every two years for medium risks; and once every three years for low risk. The Internal Auditor is required to apply and has confirmed that they apply standards that meet that required by the IIA. In additional, the Audit Committee has put in place certain additional controls with respect to cash management; certain additional monitoring and feedback mechanisms; and the Audit Committee Chairman meets with the Audit Partner privately at least twice a year. The Audit Committee and the Board of Directors are of the opinion that the internal controls of the Company are adequate.

While the AC understands the importance in ensuring that the management maintains a sound internal control framework, the committee recognizes that no cost effective internal control system will preclude all errors and irregularities as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Company recognizes the importance of establishing an internal audit function that is independent of the activities it audits. The internal audit function is currently outsourced to Yang Lee & Associates who reports directly to the chairman of the AC. The team leader in-charge is a Certified Internal Auditor and the audit work is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing pronounced by The Institute of Internal Auditors.

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

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the management, full discretion to invite any Executive Director or officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC meets with both the internal auditors and external auditors, without the presence of management, at least once a year to review any matter that might be raised.

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During the current financial year, there was no non-audit fees paid to the external auditors of the Company and the AC is satisfied with the independence of the external auditors.

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

In order to provide assurance to the Board, the Group CEO and Group CFO provide a written certification to the Board confirming the soundness of financial reporting on an annual basis.

WHISTLE-BLOWING POLICY

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

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

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

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders
Principle 15: Shareholder Participation

The Company is mindful of its obligations to provide material information in a fair and organized manner on a timely basis to its shareholders. The Company strives to engage in regular, effective and fair communication with its shareholders, and be as descriptive, detailed and forthcoming as possible in disclosing information.

The Company does not practice selective disclosure of material information. Material developments, press releases, quarterly and full year results announcements and presentation slides are always released through the SGXNET on a timely basis for dissemination to shareholders and the public in accordance with the requirements of the SGX-ST.

All materials on the quarterly and full year financial results are available on the Company's website – www.yingligj.com. The website also contains various others investor-related information on the Company which serves as an important resource for investors.

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Briefings for analysts are held in conjunction with the release of the Company's quarterly and full year results, with the presence of the Chairman and CEO, CFO and the executive directors to answer the relevant questions which the media and analysts may have.

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

All shareholders are invited to write to the Company c/o our Head, Corporate Development and Investor Relations, Mr. Liew Kah Khong (email: ir@yingligj.com). The Company strives to reply to emails within 2 or 3 working days. During the year, an email brought to the attention of the Company certain rumours which were investigated and resolved to the satisfaction of the sender of the email and the Board of Directors.

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

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

DEALINGS IN SECURITIES

Directors and employees of the Company are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the quarterly results, one month before the announcement of the full year results.

Directors and employees of the Company have also been advised not to trade in the Company's securities when in possession of unpublished price-sensitive information or on short-term considerations.

INTERESTED PERSON TRANSACTIONS

All interested person transactions to be entered into by the Company will be reviewed by the AC to ensure that the terms and charges are fair and reasonable prior to recommending to the Board for approval.

The director concerned will not participate and is refraining from the approval of the transactions.

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

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

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

The Company's disclosure in accordance with Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions for the financial year ended 31 December 2010 as follows:

Name of interested person	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) RMB'000**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000) RMB'000**
Mr. Xu Shi Quan Provide professional advices to the CEO	984.0	-

Note:

Mr. Xu Shi Quan is the father-in-law of our Executive Director, Mr. Xie Xin and has resigned on 15 October 2010 due to personal health problems.

Saved as disclosed, there are no other material contracts entered into by the Company and its subsidiaries involving the interest of the Chief Executive Officer, Director or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of previous financial year.

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual, the Company confirms that there was no material contract entered into between the company and its subsidiaries which involved the interests of any director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which was entered into since the end of the previous financial year.

Directors' report

for the financial year ended 31 December 2010

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2010.

Name of directors

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

Fang Ming
Xie Xin
Xu Li (Resigned on 30 September 2010)
Christopher Chong Meng Tak
Lui Seng Fatt
Xiao Zu Xiu
Chan Hock Eng (Appointed on 5 May 2010)
He Zhao Ju @ Danny Ho

Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body other than as disclosed in this report.

Directors' interests in shares or debentures

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

	Direct interest			**Deemed interest**		
	As at 1.1.2010/ date of appointment	**As at 31.12.2010**	**As at 21.1.2011**	As at 1.1.2010/ date of appointment	**As at 31.12.2010**	**As at 21.1.2011**
Ordinary shares of the Company						
Ying Li International Real Estate Limited						
Fang Ming [1]	-	**21,250,000**	**21,250,000**	926,739,014	**813,438,201**	**813,438,201**
Xie Xin [2]	-	**-**	**-**	926,739,014	**825,438,201**	**12,000,000**
Xu Li [2] (Resigned on 30 September 2010)	-	**12,000,00**	**12,000,000**	926,739,014	**813,438,201**	**-**
Chan Hock Eng [3] (Appointed on 5 May 2010)	-	**-**	**-**	409,530,634	409,530,634	409,530,634
Ordinary shares of USD1 each of the ultimate holding company						
(Newest Luck Holdings Limited)						
Fang Ming	8,000	**8,000**	**10,000**	-	**-**	**-**
Xie Xin [2]	-	**-**	**-**	2,000	**-**	**-**
Xu Li [2]	2,000	**2,000**	**-**	-	**-**	**-**

Directors' report

for the financial year ended 31 December 2010

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

Notes:

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

(2) Mr. Xie Xin is the husband of Ms Xu Li. Ms Xu Li is deemed to be interested in the shares of the Company through her shareholding in Newest Luck Holdings Limited, the ultimate holding company. Mr. Xie Xin is deemed to be interested in the shares of the Company by virtue of Ms Xu Li's deemed interest in the shares of the Company.

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

Directors' Interests in Contracts

Except as disclosed in Note 19 and Note 22, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company and/or its related corporations with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share options

a) Options to take up unissued shares

No options were granted during the financial year to take up unissued shares of the Company or of its subsidiaries.

b) Options exercised

No shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries.

c) Unissued shares under option

There were no unissued shares of the Company and of the subsidiaries under option at the end of the financial year.

Directors' report

for the financial year ended 31 December 2010

Audit committee

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

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

The AC performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the SGX Listing Manual and the revised Code of Corporate Governance 2005 ("Revised Code"). Responsibilities of the AC include:

- Reviewing the audit plans of the internal and external auditors of the Company, and reviewing the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;

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

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

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

- Reviewing legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviewing the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2010 as well as the auditor's report thereon;

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

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

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

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

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

Directors' report

for the financial year ended 31 December 2010

Independent auditor

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

On behalf of the Board of Directors

....
FANG MING

....
XIE XIN

Date: 5 April 2011

Statement by directors

for the financial year ended 31 December 2010

In the opinion of the directors, the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date; and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

....
FANG MING

....
XIE XIN

Date: 5 April 2011

Independent auditor's report

to the members of Ying Li International Real Estate Limited

We have audited the accompanying financial statements of Ying Li International Real Estate Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report

to the members of Ying Li International Real Estate Limited (cont'd)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton LLP
Public Accountants
and Certified Public Accountants

Singapore
Date: 5 April 2011

Statements of financial position

as at 31 December 2010

		The Group			The Company	
		31 December 2010	31 December 2009	1 January 2009	**31 December 2010**	31 December 2009
	Note	**RMB**	RMB	RMB	**RMB**	RMB
Assets						
Non-Current						
Property, plant and equipment	3	**18,501,987**	15,803,459	3,749,353	**116,892**	169,057
Prepayments	8	**1,708,331**	-	-	**-**	-
Investment properties	4	**2,243,571,002**	1,449,400,000	1,279,949,000	**-**	-
Investments in subsidiaries	5	**-**	-	-	**2,826,991,239**	2,826,787,459
		2,263,781,320	1,465,203,459	1,283,698,353	**2,827,108,131**	2,826,956,516
Current						
Land for development	6	**7,418,343**	967,521,304	572,735,709	**-**	-
Development properties	7	**2,271,277,047**	577,544,957	105,550,069	**-**	-
Trade and other receivables	8	**59,896,889**	245,639,252	24,151,146	**864,289**	147,070,554
Amounts owing by a subsidiary	9	**-**	-	-	**1,538,878,370**	682,658,400
Amount owing by a shareholder	16	**4,204**	-	-	**4,204**	-
Cash and bank balances	10	**618,358,894**	255,166,536	100,141,434	**259,584,730**	30,097,650
		2,956,955,377	2,045,872,049	802,578,358	**1,799,331,593**	859,826,604
Total assets		**5,220,736,697**	3,511,075,508	2,086,276,711	**4,626,439,724**	3,686,783,120
Equity						
Capital and Reserves						
Share capital	11	**3,527,574,647**	3,527,574,647	2,637,682,042	**3,527,574,647**	3,527,574,647
Retained earnings		**913,601,036**	690,407,633	626,179,297	**(79,633,840)**	(6,590,508)
Other reserves	12	**(1,944,441,824)**	(1,993,412,994)	(1,977,589,655)	**75,070,046**	(4,792,737)
		2,496,733,859	2,224,569,286	1,286,271,684	**3,523,010,853**	3,516,191,402
Non-controlling interests		**54,047,653**	50,948,910	23,253,621	**-**	-
Total equity		**2,550,781,512**	2,275,518,196	1,309,525,305	**3,523,010,853**	3,516,191,402
Liabilities						
Non-Current						
Deferred taxation	13	**307,578,549**	219,120,229	190,676,247	**-**	-
Borrowings	14	**979,593,738**	-	-	**979,593,738**	-
		1,287,172,287	219,120,229	190,676,247	**979,593,738**	-
Current						
Trade and other payables	15	**646,849,160**	373,382,031	208,131,699	**123,835,133**	140,550,468
Amounts owing to a director	16	**-**	41,927,287	11,904,937	**-**	30,041,250
Provision for taxation		**70,073,738**	80,177,765	68,618,523	**-**	-
Borrowings	14	**665,860,000**	520,950,000	297,420,000	**-**	-
		1,382,782,898	1,016,437,083	586,075,159	**123,835,133**	170,591,718
Total equity and liabilities		**5,220,736,697**	3,511,075,508	2,086,276,711	**4,626,439,724**	3,686,783,120

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated statement of comprehensive income

for the financial year ended 31 December 2010

	Note	**Year ended 31 December 2010 RMB**	Year ended 31 December 2009 RMB
Revenue	17	**97,862,422**	132,159,407
Cost of sales		**(33,011,095)**	(58,079,349)
Gross profit		**64,851,327**	74,080,058
Other income	18	**9,884,309**	1,397,419
Selling expenses		**(5,315,150)**	(5,606,802)
Administrative expenses		**(43,543,725)**	(36,567,759)
Fair value gain on investment properties	4	**355,058,425**	113,775,930
Finance costs	19	**(57,150,182)**	(12,219,520)
Profit before taxation	19	**323,785,004**	134,859,326
Taxation	20	**(93,801,782)**	(40,215,431)
Profit for the year		**229,983,222**	94,643,895
Other comprehensive income:			
Foreign currency translation differences (at nil tax)		**(4,163,915)**	(18,543,609)
Other comprehensive income for the year		**(4,163,915)**	(18,543,609)
Total comprehensive income for the year		**225,819,307**	76,100,286
Profit attributable to:			
Ordinary shareholders of the Company		**226,884,480**	66,948,606
Non-controlling interests		**3,098,742**	27,695,289
		229,983,222	94,643,895
Total comprehensive income attributable to:			
Ordinary shareholders of the Company		**222,720,565**	48,404,997
Non-controlling interests		**3,098,742**	27,695,289
		225,819,307	76,100,286
Earnings per share (RMB)			
Basic	21	**0.10**	0.04
Diluted	21	**0.10**	0.04

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated statement of changes in equity

for the financial year ended 31 December 2010

		----------	----------	Other reserves	----------	----------				
The Group	**Share capital RMB**	**Share option reserve RMB**	**Reverse acquisition reserve RMB**	**Statutory common reserve RMB**	**Convertible bonds reserve RMB**	**Translation reserve RMB**	**Retained earnings RMB**	**Total RMB**	**Minority interests RMB**	**Total equity RMB**
Balance at 1 January 2010	3,527,574,647	-	(1,993,711,730)	8,952,662	-	(8,653,926)	690,407,633	2,224,569,286	50,948,910	2,275,518,196
Total comprehensive income for the year	-		-	-	-	(4,163,915)	226,884,480	222,720,565	3,098,743	225,819,308
Transfer to statutory common reserve	-	-	-	3,691,077	-	-	(3,691,077)	-	-	-
Equity component of convertible bonds	-	-	-	-	49,444,008	-	-	49,444,008	-	49,444,008
Balance at 31 December 2010	3,527,574,647	-	(1,993,711,730)	12,643,739	49,444,008	(12,817,841)	913,601,036	2,496,733,859	54,047,653	2,550,781,512
Balance at 1 January 2009	2,637,682,042	-	(1,993,711,730)	6,232,392	-	9,889,683	626,179,297	1,286,271,684	23,253,621	1,309,525,305
Total comprehensive income for the year	-	-	-	-	-	(18,543,609)	66,948,606	48,404,997	27,695,289	76,100,286
Transfer to statutory common reserve	-	-	-	2,720,270	-	-	(2,720,270)	-	-	-
Equity-settled share-based payment transactions	-	842,495	-	-	-	-	-	842,495	-	842,495
Issue of shares on exercise of share options	842,495	(842,495)	-	-	-	-	-	-	-	-
Issue of shares	889,050,110	-	-	-	-	-	-	889,050,110	-	889,050,110
Balance at 31 December 2009	3,527,574,647	-	(1,993,711,730)	8,952,662	-	(8,653,926)	690,407,633	2,224,569,286	50,948,910	2,275,518,196

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated cash flow statement

for the financial year ended 31 December 2010

	Note	2010 RMB	2009 RMB
OPERATING ACTIVITIES			
Profit before taxation		**323,785,004**	134,859,326
Adjustments for:			
Depreciation of property, plant and equipment	3	**1,608,137**	1,118,063
Fair value gain on investment properties	4	**(355,058,425)**	(113,775,930)
Interest income	18	**(2,724,472)**	(18,518)
Interest expense	19	**57,150,182**	12,219,520
Loss/(gain) on disposal of property, plant and equipment		**2,308**	(212,357)
Properties, plant and equipment written off		**77,619**	-
Operating profit before working capital changes		**24,840,353**	34,190,104
Increase in land for development		**-**	(669,540,000)
Increase in development properties		**(1,172,741,706)**	(81,593,071)
Decrease/ (Increase) in trade and other receivables		**184,034,032**	(220,897,263)
Increase/ (decrease) in trade and other payables		**368,699,915**	(17,306,880)
Cash used in operations		**(595,167,406)**	(955,147,110)
Interest paid		**(40,369,159)**	(38,018,795)
Interest received		**2,724,472**	18,517
Income tax paid		**(15,447,489)**	(212,207)
Net cash used in operating activities		**(648,259,582)**	(993,359,595)
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(4,422,570)**	(2,977,381)
Proceeds from disposal of property, plant and equipment		**42,601**	800,000
Net cash used in investing activities		**(4,379,969)**	(2,177,381)
FINANCING ACTIVITIES			
Proceeds from issuance of shares		**-**	889,050,110
Cash at bank - restricted		**(324,098)**	(3,724,666)
Advances from a director		**-**	51,722,350
Repayment of advances from a director		**(41,927,287)**	-
Proceeds from bank loans		**250,000,000**	308,493,500
Repayment of bank loans		**(105,090,000)**	(99,345,305)
Proceeds from issuance of convertible bonds		**936,911,203**	-
Repayment of interest expenses on convertible bonds		**(19,887,266)**	-
Net cash generated from financing activities		**1,019,682,552**	1,146,195,989
Net increase in cash and cash equivalents		**367,043,001**	150,659,013
Cash and cash equivalents at beginning of year		**233,281,949**	81,981,513
Effects of exchange rate changes on cash and cash equivalents		**(4,174,741)**	641,423
Cash and cash equivalents at end of year	10	**596,150,209**	233,281,949

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the financial statements

for the financial year ended 31 December 2010

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 General

Ying Li International Real Estate Limited (the "Company") is a limited liability company incorporated in the Republic of Singapore. The Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited on 31 October 2008.

The registered office is located at 6 Temasek Boulevard, #24-04 Suntec Tower Four, Singapore 038986. Its principal place of business is located at Level 4 Tower A, Minsheng Mansion, 181 Minsheng Road, Yuzhong District, Chongqing 400010, the People's Republic of China (the "PRC")

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

The consolidated financial statements for the year ended 31 December 2010 relate to the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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

2(a) Basis of preparation

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

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

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Significant accounting estimates and judgements

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

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

Notes to the financial statements

for the financial year ended 31 December 2010

2(a) Basis of preparation (cont'd)

Significant accounting estimates and judgements (cont'd)

Carrying value of properties for sale under development
Significant judgement is required in assessing the recoverability of the carrying value of properties for sale under development. Analysis has been carried out based on assumptions regarding the selling price and costs of properties. Significant judgement is required in determining total costs of properties, including construction costs and variation orders. The Group estimates total construction costs based on contracts awarded and the experience of qualified project managers. Barring unforeseen circumstances, the carrying amount of the properties for sale under development as reflected in the consolidated statement of financial position will be recoverable. The Group will closely monitor the property price index and market sentiment, and adjustments will be made if future market activity indicates that such adjustments are appropriate.

Significant judgement is also required to assess allowance made for foreseeable losses, if any, where the total estimated construction costs exceeds estimated selling price. No allowance is required for the current year.

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

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

Depreciation of property, plant and equipment
Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Impairment of property, plant and equipment
Property, plant and equipment are reviewed to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the assets are tested for impairment. The recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss.

Management judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections could materially affect the net present value used in the impairment test and as a result affects the Group's results.

Notes to the financial statements

for the financial year ended 31 December 2010

2(a) Basis of preparation (cont'd)

Significant accounting estimates and judgements (cont'd)

Impairment of investments in subsidiaries
Determining whether investments in subsidiaries and associates are impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates.

Valuation of investment properties
The Group's investment properties are stated at estimated fair value based on the valuation performed by independent professional valuers. The estimated fair value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, in determining a fair value, the valuers have based on a method of valuation which involves certain estimates, including comparison with recent sale transactions of similar neighbouring properties.

Since the assumptions involve many variables, it is not practically possible to estimate the degree of sensitivity of the fair value of the investment properties to changes in the assumptions underlying the fair value estimation.

Impairment of bad and doubtful debts
Impairment of bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Impairment is applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

Income tax
Significant judgement is involved in determining the provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the financial statements

for the financial year ended 31 December 2010

2(b) New accounting standards and interpretations

Adoption of new or revised FRS

On 1 January 2010, the Group adopted the new and amended IFRSs and interpretations from International Financial Reporting Interpretations Committee ("IFRICs") that are mandatory for application from that date. The new or revised IFRSs adopted during the financial year are as follows:

IAS 27	Consolidated and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3
IAS 27 (Amendments)	Consolidated and Separate Financial Statements - Amendment relating to cost of an investment on first-time adoption
IAS 28	Investments in Associates - Consequential amendments arising from amendments to IFRS 3
IAS 31	Interests in Joint Ventures - Consequential amendments arising from amendments to IFRS 3
IAS 32 (Amendments)	Financial Instruments: Presentation - Amendments relating to puttable instruments and obligations arising on liquidation
IAS 39 (Amendments)	Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items
IAS 39 (Amendments)	Financial Instruments: Recognition and Measurement - Amendments for embedded derivatives when reclassifying financial instruments
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers
	Improvements to IFRSs and IASs 2009 and 2010

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

Notes to the financial statements

for the financial year ended 31 December 2010

2(b) New accounting standards and interpretations (cont'd)

FRS not yet effective

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

IFRS 1(Revised)	First-time Adoption of International Financial Reporting Standards - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters - Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs' - Additional exemption for entities ceasing to suffer from severe hyperinflation
IFRS 7 (Amendments)	Financial Instruments: Disclosures - Amendments enhancing disclosures about transfers of financial assets
IFRS 9 Financial Instruments	Classification and Measurement
IAS 12 (Amendments)	Income Taxes - Limited scope amendment (recovery of underlying assets)
IAS 24 (Amendments)	Related Party Disclosures - Revised definition of related parties
IAS 32 (Amendments)	Financial Instruments: Presentation - Amendments relating to classification of rights issues
IFRIC 14	AS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - November 2009 Amendments with respect to voluntary prepaid contributions
IFRIC 19	IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The directors do not anticipate that the adoption of such standards and interpretations will have a material impact on the consolidated financial statements of the Group.

2(c) Summary of significant accounting policies

Basis of Consolidation

Business combinations

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

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

Notes to the financial statements

for the financial year ended 31 December 2010

2(c) Summary of significant accounting policies (cont'd)

Basis of Consolidation (cont'd)

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

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

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

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

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

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

<u>Subsidiaries</u>
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses. The accounting policies for subsidiaries are adjusted to be consistent with the policies adopted by the Group, only where it is material.

<u>Transactions eliminated on consolidation</u>
All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only.

Notes to the financial statements

for the financial year ended 31 December 2010

2(c) Summary of significant accounting policies (cont'd)

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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

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

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

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before that expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

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

Notes to the financial statements

for the financial year ended 31 December 2010

2(c) Summary of significant accounting policies (cont'd)

Investment properties

Investment properties, principally comprising shop units, are held for long-term rental yields and are not occupied by the Group. Investment properties are treated as non-current investments and are initially recognised at cost and subsequently carried at fair value, representing open market value determined on annual basis by an independent professional valuer. Gross changes in fair values and the related tax impact are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

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

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

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

Development properties

Properties for sale under development are recorded as current assets and are stated at specifically identified cost, including capitalised borrowing costs directly attributable to the development of the properties, aggregate cost of development, materials and supplies, wages and other direct expenses, less any allowance considered necessary by the directors.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. Capitalisation of borrowing costs ceases completion of development. The capitalisation rate is determined by reference to the actual rate payable on borrowings for properties for sale under development, weighted as applicable.

Properties for sale under development are stated at the lower of cost and their estimated net realisable value, net of progress billings. Net realisable value is the estimated selling price less costs to be incurred in selling the properties.

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

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete the development and selling expenses.

Notes to the financial statements

for the financial year ended 31 December 2010

2(c) Summary of significant accounting policies (cont'd)

Land for development

Land for development is land held for future sale as part of development properties in the ordinary course of business. Cost comprises the cost of land use rights, borrowing costs and other costs directly attributable to bringing the leasehold land to the condition necessary for it to be ready for development. Land for development is stated at the lower of cost and net realisable value.

Financial assets

Financial assets can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at each reporting date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not hold any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets.

Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in profit or loss.

Notes to the financial statements

for the financial year ended 31 December 2010

2(c) Summary of significant accounting policies (cont'd)

Loans and receivables (cont'd)

Receivables are provided against when objective evidence is received that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

Impairment of non-financial assets

The carrying amounts of non-financial assets subject to impairment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually or more often if there are indicators of impairment. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

Notes to the financial statements

for the financial year ended 31 December 2010

2(c) Summary of significant accounting policies (cont'd)

Impairment of non-financial assets (cont'd)

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a decrease in that impairment loss is reversed through profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to an impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting date.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Notes to the financial statements

for the financial year ended 31 December 2010

2(c) Summary of significant accounting policies (cont'd)

Operating leases

<u>Where the Group is a lessor</u>
Assets leased out under operating leases are included in investment properties and are stated at fair value and not depreciated. Rental income (net of any incentives given to lessee) is recognised on a straight-line basis over the lease term.

<u>Where the Group is a lessee</u>
Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made.

Financial liabilities

The Group's financial liabilities include bank borrowings and trade and other payables. They are included in the statement of financial position items "non-current financial liabilities", "current financial liabilities" and "trade and other payables".

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of borrowing using the effective interest method.

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

Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings in the statement of financial position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date. Borrowings to be settled within the Group's normal operating cycle are considered as current. Other borrowings due to be settled more than twelve months after the reporting date are included in non-current borrowings in the statement of financial position.

Trade payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Notes to the financial statements

for the financial year ended 31 December 2010

2(c) Summary of significant accounting policies (cont'd)

Compound financial instruments

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

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

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

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

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

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

Financial guarantees

Financial guarantee contracts entered into to guarantee the indebtedness of other group entities are initially recognised at their fair value plus transaction costs.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

Provisions

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

Notes to the financial statements

for the financial year ended 31 December 2010

2(c) Summary of significant accounting policies (cont'd)

Borrowing costs

Borrowing costs are recognised in profit or loss as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

Employee benefits

Pension obligations
The Company and the Group contributes to post-employment benefits under defined contribution plans on a mandatory basis. Contributions to defined contribution plans are charged to profit or loss in the period to which the contributions relate.

Employee leave entitlements
Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the reporting date.

Key management personnel
Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain key executive officers are considered key management personnel.

Share-based payments

The fair value of options granted to vendors is measured using the Binomial model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

The fair value of options is recognised as an expense in profit or loss over the vesting period of the option the option holder is entitled to exercise the option.

When the share options are exercised, the proceeds received (net of any directly attributable transaction costs) and the related balance previously recognised in the share-based compensation reserve is credited to share capital when new ordinary shares are issued.

Income taxes

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

Notes to the financial statements

for the financial year ended 31 December 2010

2(c) Summary of significant accounting policies (cont'd)

Income taxes (cont'd)

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

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

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

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

Revenue

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the purchaser. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of the goods.

<u>Sale of properties</u>
Revenue from sale of properties is recognised using when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon signing of the property handover notice by the buyer, whichever is the earlier. Payments received from buyers prior to this stage are recorded as advances from customers for sales of properties and is classified as current liabilities.

<u>Rental income</u>
Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease terms on a straight-line basis.

<u>Interest income</u>
Interest income is recognised on a time proportion basis using the effective interest method.

<u>Consultancy fee income</u>
Consultancy fee income is recognised when services are rendered.

Notes to the financial statements

for the financial year ended 31 December 2010

2(c) Summary of significant accounting policies (cont'd)

Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the asset.

Earnings per share

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

Operating Segments

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

Notes to the financial statements

for the financial year ended 31 December 2010

3 Property, plant and equipment

	Leasehold buildings RMB	Office equipment RMB	Motor vehicles RMB	Computers RMB	Total RMB
The Group					
Cost					
At 1 January 2009	-	1,171,111	7,479,712	272,522	8,923,345
Additions	-	263,483	1,516,143	1,197,755	2,977,381
Transfer from development properties* (Note 7)	10,777,517	-	-	-	10,777,517
Disposals	-	(663,057)	(898,700)	(135,718)	(1,697,475)
Translation differences	-	6,142	-	392	6,534
At 31 December 2009	10,777,517	777,679	8,097,155	1,334,951	20,987,302
Additions	**-**	**843,352**	**3,466,415**	**112,803**	**4,422,570**
Disposals	**-**	**(148,188)**	**(580,623)**	**(73,790)**	**(802,601)**
Translation differences	**-**	**10,835**	**-**	**942**	**11,777**
At 31 December 2010	**10,777,517**	**1,483,678**	**10,982,947**	**1,374,906**	**24,619,048**
Accumulated depreciation					
At 1 January 2009	-	676,051	4,347,970	149,971	5,173,992
Depreciation for the year	102,400	160,173	785,784	69,706	1,118,063
Disposals	-	(596,751)	(390,935)	(122,146)	(1,109,832)
Translation differences	-	1,396	-	224	1,620
At 31 December 2009	102,400	240,869	4,742,819	97,755	5,183,843
Depreciation for the year	**359,251**	**256,325**	**892,060**	**100,501**	**1,608,137**
Disposals	**-**	**(119,375)**	**(522,561)**	**(38,137)**	**(680,073)**
Translation differences	**-**	**4,439**	**-**	**715**	**5,154**
At 31 December 2010	**461,651**	**382,258**	**5,112,318**	**160,834**	**6,117,061**
Carrying amount					
At 31 December 2010	**10,315,866**	**1,101,420**	**5,870,629**	**1,214,072**	**18,501,987**
At 31 December 2009	10,675,117	536,810	3,354,336	1,237,196	15,803,459

* The properties were transferred from development properties to property, plant and equipment for internal use mainly as office premises.

Notes to the financial statements

for the financial year ended 31 December 2010

3 Property, plant and equipment (cont'd)

The properties being occupied for internal use are:

Location (PRC)	Name of project	Description	GFA (sq. meters)	Tenure
No.6 Walking Street, Guanyinqiao, and No.6 Yi Zhi Road, North Jianxin Road, Jiangbei District, Chongqing	Future International	Office units	1,349.34	40-year land use rights for commercial units expiring in March 2045
No.108 Bayi Road No.169 and No.171 Minzu Road, Yuzhong District, Chongqing	New York, New York	Office units	322.05	40-year land use rights for commercial units expiring in January 2042

	Office equipment RMB	Computers RMB	Total RMB
The Company			
Cost			
At 1 January 2009	-	17,308	17,308
Additions	197,508	-	197,508
Translation differences	6,142	392	6,534
At 31 December 2009	203,650	17,700	221,350
Additions	-	21,175	21,175
Translation differences	10,835	942	11,777
At 31 December 2010	214,485	39,817	254,302
At 1 January 2009	-	1,112	1,112
Depreciation for the year	43,368	6,193	49,561
Translation differences	1,396	224	1,620
At 31 December 2009	**44,764**	**7,529**	**52,293**
Depreciation for the year	69,436	10,527	79,963
Translation differences	4,439	715	5,154
At 31 December 2010	**118,639**	**18,771**	**137,410**
Carrying amount			
At 31 December 2010	**95,846**	**21,046**	**116,892**
At 31 December 2009	158,886	10,171	169,057

Notes to the financial statements

for the financial year ended 31 December 2010

4 Investment properties

The Group	2010 RMB	2009 RMB
At 1 January	**1,449,400,000**	1,279,949,000
Transfer from land for development	**108,628,676**	-
Transfer from developed properties for sale (Note 7)*	**340,515,601**	55,675,070
Properties sold	**(10,031,700)**	-
Fair value gain recognised in profit or loss (Note 19)	**355,058,425**	113,775,930
At 31 December	**2,243,571,002**	1,449,400,000

* During the year, due to changes in business conditions and business strategies, certain development properties were re-designated as investment properties for rental income and future capital appreciation. Arising therefrom, amounts of RMB340,515,601 (2009:RMB55,675,070) were transferred from development properties to investment properties.

The following amounts are recognised in profit and loss:		
Rental income	**45,692,342**	43,641,494
Direct operating expenses arising from investment properties that generated rental income	**(5,820,000)**	(6,291,534)
Property tax and other direct operating expenses arising from an investment property that did not generate rental income	**(8,731,522)**	(6,591,189)

The fair value of investment properties is determined by Jones Lang LaSalle Sallmanns Limited, an independent firm of professional valuers who have appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued. The valuation is based on the income method which takes into consideration the estimated net rent (using the current and projected average rental rates and occupancy), and a capitalisation rate applicable to the nature and type of asset in question.

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

Notes to the financial statements

for the financial year ended 31 December 2010

4 Investment properties (cont'd)

Details of the investment properties are:

Location (PRC)	Name of project	Description	Gross floor area (sq. meters)	Tenure
No.46 to 52 Cangbai Road, Yuzhong District, Chongqing	Southland Garden*	Commercial and residential units	13,242.93	40-year and 50-year land use rights for commercial and residential units expiring in November 2042 and November 2052 respectively
No.108 Bayi Road, Yuzhong District, Chongqing	New York ,New York	Commercial units	3,583.72	40-year land use rights for commercial units expiring in January 2042
No.181 Minsheng Road, Yuzhong District, Chongqing	Min Sheng Mansion	Commercial and residential units	10,191.35	40-year and 50-year land use rights for commercial and residential units expiring in September 2033 and September 2043 respectively
No.6 Walking Street of Guanyinqiao,Jiang Bei District, Chongqing M	Future International*	Commercial units	85,031.92	40-year land use rights for commercial units expiring in March 2045
No.141 to 155 Zourong Road, Yuzhong District, Chongqing	Zou Rong Plaza	Commercial units	6,851.60	50-year land use rights for commercial units expiring in January 2046
No.8 Bashu Road, Yuzhong District, Chongqing	Bashu Cambridge	Commercial and residential units	10,838.64	40-year and 50-year land use rights for commercial and residential units expiring in September 2044 and November 2054 respectively
Jinshi Avenue, National Agricultural and Technology Zone, Yubei District, Chongqing	San Ya Wan Project (Phase 1)	Commercial units	20,897.31	40-year land use rights for commercial units expiring in January 2045

Investment properties of the Group are held mainly for use by tenants under operating leases.

* As at December 31, 2010, investment properties with carrying value totalling RMB607,091,875 (2009: RMB525,317,415) were mortgaged to banks to secure the bank loans granted to the Group (Note 14).

Notes to the financial statements

for the financial year ended 31 December 2010

5 Investments in subsidiaries

The Company	2010 RMB	2009 RMB
Unquoted equity investments, at cost	**2,826,991,239**	2,826,787,459

Details of the subsidiaries are as follows:

	Country of incorporation	Principal activities	Effective interest held by the Group (%) 2010	2009
Held by the Company				
Fortune Court Holdings Limited [1]	Hong Kong	Investment holding	**100**	100
Chongqing Yingli Real Estate Development Co., Ltd [1]	PRC	Property development	**51**	51
Luckzone International Limited [1]	BVI	Investment holding	**100**	100
Shiny Profit Enterprises Limited [1]	BVI	Investment holding and property consultancy	**100**	-
Peak Century Holdings Limited [1]	BVI	Investment holding	**100**	-
Top Accurate Holdings Limited [1]	BVI	Investment holding	**100**	-
Held by Luckzone International Limited				
Chongqing Yingli Qipaifang Real Estate Development Co., Ltd [1]	PRC	Property development	**100**	100
Held by Fortune Court Holdings Limited				
Chongqing Yingli Real Estate Development Co., Ltd [1]	PRC	Property development	**46.05**	46.05
Held by Chongqing Yingli Real Estate Development Co., Ltd				
Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd [1]	PRC	Property development	**80**	80
Held by Shiny Profit Enterprises Limited				
Chongqing Yingli Shiny Profit Real Estate Co., Ltd [1]	PRC	Property development	**100**	-
Held by Peak Century Holdings Limited				
Yingli International Commercial Properties Management Co., Ltd. [1]	PRC	Property consultancy, sale, marketing and management services	**100**	-
Held by Top Accurate Holdings Limited				
Chongqing Lu Zu Temple Real Estate Co., Ltd.	PRC	Property development	**100**	-

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

Notes to the financial statements

for the financial year ended 31 December 2010

6 Land for development

The Group	**2010 RMB**	2009 RMB
Land for development, at cost	**7,418,343**	967,521,304

At 31 December 2009, land with a carrying amount of approximately RMB108,628,676 was mortgaged to secure a bank loan granted to a subsidiary (Note 14).

7 Development properties

The Group	**2010 RMB**	2009 RMB
Properties under development, at cost		
At 1 January	**563,264,300**	-
- Costs incurred	**2,039,285,083**	563,264,300
- Transfer to developed properties for sale	**(335,326,694)**	-
At 31 December (A)	**2,267,222,689**	563,264,300
Developed properties for sale, at cost		
At 1 January	**14,280,657**	105,550,069
- Transfer from properties under development	**335,326,694**	-
- Transfer to property, plant and equipment (Note 3)	**-**	(10,777,517)
- Transfer to investment properties (Note 4)	**(340,515,601)**	(55,675,070)
- Units sold during the year	**(5,037,392)**	(24,816,825)
At 31 December (B)	**4,054,358**	14,280,657
Development properties, at cost (A)+(B)	**2,271,277,047**	577,544,957
Borrowing costs capitalised during the year	**50,454,215**	26,641,770

At 31 December 2010, land related to properties under development with carrying value totaling approximately RMB469,999,220 (2009: RMB456,854,404) related to properties under development was mortgaged to secure a bank loan granted to a subsidiary (Note 14).

Notes to the financial statements

for the financial year ended 31 December 2010

8 Trade and other receivables

	The Group		The Company	
	2010	2009	**2010**	2009
	RMB	RMB	**RMB**	RMB
Trade receivables	**18,259,227**	20,275,709	**-**	-
Other receivables:				
Rental deposits	**548,286**	496,733	**526,977**	496,733
Prepayments	**2,167,385**	4,175,148	**305,765**	451,908
Staff advances and allowances [(1)]	**40,300**	156,520	**-**	-
Refundable tender deposits	**-**	173,671,294	**-**	146,071,294
Advances to sub-contractors	**31,674,132**	41,505,032	**-**	-
Advance to management agents	**3,600,000**	4,600,000	**-**	-
Refundable deposits	**-**	21,309	**-**	-
Prepaid legal consultancy service fees #	**500,000**	-	**-**	-
Other receivables	**3,107,559**	737,507	**31,547**	50,619
	41,637,662	225,363,543	**864,289**	147,070,554
Total trade and other receivables	**59,896,889**	245,639,252	**864,289**	147,070,554

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

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

Prepaid legal consultancy service fees				
Presented as:				
- prepayments under current assets	**500,000**	-	**-**	-
- prepayments under non-current assets	**1,708,331**	-	**-**	-
	2,208,331	-	**-**	-

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2010	2009	**2010**	2009
	RMB	RMB	**RMB**	RMB
Renminbi	**59,034,517**	244,634,341	**1,917**	146,072,373
Singapore dollars	**862,372**	1,004,911	**862,372**	998,181
	59,896,889	245,639,252	**864,289**	147,070,554

Notes to the financial statements

for the financial year ended 31 December 2010

8 Trade and other receivables (cont'd)

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

	The Group		The Company	
	2010	2009	**2010**	2009
	RMB	RMB	**RMB**	RMB
Past due 0 to 3 months	**-**	4,263,310	**-**	-
Past due 3 to 6 months	**972,319**	4,023,492	**-**	-
Past due 6 to 9 months	**-**	1,581,153	**-**	-
Past due 9 to 12 months	**-**	1,455,000	**-**	-
Past due 12 months	**17,286,908**	8,952,754	**-**	-
	18,259,227	20,275,709	**-**	-

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

9 Amounts owing by a subsidiary

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

10 Cash and cash equivalents

	The Group		The Company	
	2010	2009	**2010**	2009
	RMB	RMB	**RMB**	RMB
Cash and bank balances	**479,243,623**	255,166,536	**259,584,730**	30,097,650
Fixed deposits	**139,115,271**	-	**-**	-
	618,358,894	255,166,536	**259,584,730**	30,097,650
Cash and cash equivalents in the consolidated statement of financial position	**618,358,894**	255,166,536		
Restricted bank balance #	**(22,208,685)**	(21,884,587)		
Cash and cash equivalents in the consolidated cash flow statement	**596,150,209**	233,281,949		

At 31 December 2010, the weighted average effective interest rate of interest-earning bank balances and fixed deposits was 0.2% and 1.5%, respectively. At 31 December 2010, there were no interest-earning bank balances or fixed deposits.

Certain customers have obtained bank loans to finance their purchase of properties from the Group. The Group is required to keep 5% of the sales proceeds financed by the loans as restricted bank balance for payment to the banks in the event of customers' default payment on the loans.

Notes to the financial statements

for the financial year ended 31 December 2010

10 Cash and cash equivalents (cont'd)

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2010	2009	**2010**	2009
	RMB	RMB	**RMB**	RMB
Singapore dollars	**562,691,618**	30,589,100	**259,575,715**	29,967,509
United States dollars	**218,303**	302,380	**9,015**	130,141
Renminbi	**55,448,973**	224,275,056	**-**	-
	618,358,894	255,166,536	**259,584,730**	30,097,650

11 Share capital

	No. of ordinary shares		Amount	
	2010	2009	**2010**	2009
			RMB	RMB
The Company				
Issued and fully paid, with no par value				
Balance at beginning of year	**2,162,492,429**	1,782,149,429	**3,527,574,647**	2,637,682,042
Issue of shares	**-**	380,343,000	**-**	936,627,838
Share issue expenses	**-**	-	**-**	(47,577,728)
Equity-settled share based payment transactions	**-**	-	**-**	842,495
	2,162,492,429	2,162,492,429	**3,527,574,647**	3,527,574,647

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

During 2009, the Company issued:

(i) 107,143,000 new ordinary shares at S$0.28 per share for cash pursuant to a private placement. The net proceeds of S$28.7 million (equivalent to RMB140 million) from the share issue was utilised as the refundable tender deposit for the acquisition of a land for a property development project;

(ii) 253,200,000 new ordinary shares at S$0.61 per share for cash pursuant to a private placement. Net proceeds from the share issue was S$145.2 million (equivalent to RMB717.2 million) and S$138 million (RMB669.5 million) was used to fund the remaining balance of the acquisition of the aforementioned land. The balance of the net proceeds of S$7.2 million was used for general working capital; and

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for the financial year ended 31 December 2010

11 Share capital (cont'd)

(iii) 20,000,000 new ordinary shares at S$0.279 per share for cash. The shares were issued to a bank on its exercise of an option granted by the Company. In February 2009, the Company obtained a loan of S$13 million from the bank and granted the bank an option to purchase shares in the Company. The loan was repaid during the year. The fair value of the option amounted to RMB842,495 was recorded within interest expense (Note 19). The net proceeds of S$5.58 million (equivalent to RMB27 million) from the share issue was utilised as part of the loan repayment in October 2009.

12 Other Reserves

	The Group		The Company	
	2010	2009	**2010**	2009
	RMB	RMB	**RMB**	RMB
Reverse acquisition reserve	**(1,993,711,730)**	(1,993,711,730)	**-**	-
Statutory common reserve	**12,643,739**	8,952,662	**-**	-
Convertible bonds reserve (Note 14)	**49,444,008**	-	**49,444,008**	-
Translation reserve	**(12,817,841)**	(8,653,926)	**25,626,038**	(4,792,737)
	(1,944,441,824)	(1,993,412,994)	**75,070,046**	(4,792,737)

The reverse acquisition reserve represents the excess of the fair value of the net assets of Fortune Court Holdings Limited and its subsidiaries acquired under a reverse acquisition over the nominal value of the Company's shares issued in exchange thereof.

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

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

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

Notes to the financial statements

for the financial year ended 31 December 2010

13 Deferred tax

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the balance sheets as follows:

The Group – deferred tax liabilities	**2010 RMB**	2009 RMB
Fair value gain on investment properties	**307,578,549**	219,120,229

Movement in temporary differences during the year is as follows:

The Group – deferred tax liabilities	**2010 RMB**	2009 RMB
Investment properties:		
Balance at 1 January	**219,120,229**	190,676,247
Recognised in profit or loss (Note 20)	**88,458,320**	28,443,982
Balance at 31 December	**307,578,549**	219,120,229

14 Borrowings

		The Group				**The Company**	
	Maturity	**31 December 2010 RMB**	31 December 2009 RMB	1 January 2009 RMB	Maturity	**2010 RMB**	2009 RMB
Bank loans at variable rates (secured) *							
- Within one year or less	2011	**55,220,000**	83,390,000	28,170,000	-	**-**	-
- After one year but within the normal operating cycle	2021	**610,640,000**	415,860,000	269,250,000	-	**-**	-
- Short term loan at fixed rate (unsecured) #	-	**-**	21,700,000	-	-	**-**	-
Presented as current liabilities		**665,860,000**	520,950,000	297,420,000		**-**	-
Amount repayable after one year							
- Convertible bonds	2015	**979,593,738**	-	-	2015	**979,593,738**	-
Presented as non-current liabilities		**979,593,738**	-	-		**979,593,738**	-
		1,645,453,738	520,950,000	297,420,000		**979,593,738**	-

Notes to the financial statements

for the financial year ended 31 December 2010

14 Borrowings (cont'd)

Bank loans

* At 31 December 2010, the variable bank loans are secured by:

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

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

(c) fixed and floating charges on assets of certain subsidiaries including fixed deposits pledged amounting to RMB10 million (2009: RMB10 million)

At 31 December 2009, the variable bank loans were secured by:

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

(b) land for development with a carrying amount of RMB108,628,000 (Note 6);

(c) land related to properties under development with carrying value totaling approximately RMB456,854,404; and

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

The bank loans have a weighted average effective interest rate of 7.73% (2009 - 7.94%) per annum at the reporting date. Interest on loans with variable rate is repriced every 12 months (2009 - 12 months).

The bank loans are denominated in Renminbi.

\# At 31 December 2009, the fixed rate short term bank loan was unsecured and bore interest at 14.4% per annum. The loan was repaid during the current financial year.

Convertible bonds

In March 2010, the Company issued Singapore dollar(S$) 200 million principal amount of Convertible Bonds (the "Bonds") due 3 March 2015 (the "Maturity Date") which carry interest rate at 4% per annum. The 2009 Bonds are convertible by holders into new ordinary shares in the capital of the Company (the "Shares") at an initial conversion price of S$0.8029 per share at any time on and after 13 April 2010 up to the close of business on 21 February 2015. The conversion price is subject to adjustment from time to time in accordance with the Terms and Conditions as set out in the circular dated 26 February 2010.

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

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

Notes to the financial statements

for the financial year ended 31 December 2010

14 Borrowings (cont'd)

Convertible bonds (cont'd)

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

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

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

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

There was no conversion of the Bonds into the Shares during the year ended 31 December 2010.

	2010	2009
	RMB	RMB
Proceeds from issue of convertible bonds	**974,620,000**	-
Transaction costs	**(37,708,797)**	-
Net proceeds	**936,911,203**	-
Amount classified as equity (Note 12)	**(49,444,008)**	-
Accreted interest	**47,347,971**	-
Translation differences	**44,778,572**	-
Carrying amount of liability at 31 December 2010	**979,593,738**	-

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

At the reporting date, the Company has utilised RMB387,993,000 of the net proceeds as follow:

	2010
	RMB
Investments in subsidiaries for property development	**365,782,000**
Repayment of advances from a director	**22,211,000**
	387,993,000

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for the financial year ended 31 December 2010

15 Trade and other payables

	The Group		The Company	
	2010	2009	**2010**	2009
	RMB	RMB	**RMB**	RMB
Trade payables:	**501,754,211**	302,105,551	**-**	-
Other payables:				
Subsidiaries (non-trade)	**-**	-	**118,855,702**	130,052,770
Accrued expenses	**53,319,048**	19,149,741	**4,967,619**	10,310,833
Advances from customers	**9,260,336**	12,235,158	**-**	-
Rental and option deposits	**68,683,761**	34,164,163	**-**	-
Advances from sub-contractors	**11,759,137**	3,000,000	**-**	-
Others	**2,072,667**	2,727,418	**11,812**	186,865
	145,094,949	71,276,480	**123,835,133**	140,550,468
Total trade and other payables	**646,849,160**	373,382,031	**123,835,133**	140,550,468

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2010	2009	**2010**	2009
	RMB	RMB	**RMB**	RMB
Singapore dollars	**5,069,390**	9,072,974	**122,056,232**	139,125,744
Renminbi	**641,779,770**	362,884,333	**1,778,901**	-
United States dollars	**-**	1,424,724	**-**	1,424,724
	646,849,160	373,382,031	**123,835,133**	140,550,468

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

16 Amount owing by a shareholder/Amounts owing to a director

	The Group		The Company	
	2010	2009	**2010**	2009
	RMB	RMB	**RMB**	RMB
Amount owing by a shareholder	**4,204**	-	**4,204**	-
Amounts owing to a director				
- Interest-bearing at 8% per annum	**-**	30,041,250	**-**	30,041,250
- Interest-free	**-**	11,886,037	**-**	-
	-	41,927,287	**-**	30,041,250

Notes to the financial statements

for the financial year ended 31 December 2010

16 Amount owing by a shareholder/Amounts owing to a director (cont'd)

Amount owing by a shareholder related to expenses paid on behalf of the shareholder is unsecured, interest-free and repayable on demand.

At 31 December 2009, the interest-bearing and interest-free amounts owing to a director related to advances were unsecured. These amounts were repaid during the current financial year.

17 Revenue

	2010	2009
The Group	**RMB**	RMB
Sale of development properties	**31,182,144**	88,517,913
Rental income	**45,692,342**	43,641,494
Consultancy fee income	**20,987,936**	-
	97,862,422	132,159,407

18 Other income

	2010	2009
The Group	**RMB**	RMB
Interest income	**2,724,472**	18,518
Short term rental income	**1,649,549**	-
Grant from local government	**3,759,999**	-
Advertisement*	**148,193**	200,000
Gain on disposal of property, plant and equipment	**-**	212,358
Rental income from office subleases	**1,086,694**	816,349
Others	**515,402**	150,194
	9,884,309	1,397,419

* This relates to income derived from leasing out fence erected around a property development site to third parties fsor advertising their products/services.

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for the financial year ended 31 December 2010

19 Profit before taxation

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

The Group	Note	2010 RMB	2009 RMB
Exchange loss/(gain), net		**2,194,232**	(1,015,548)
Depreciation of property, plant and equipment	3	**1,608,137**	1,118,063
Loss/(gain) on disposal of property, plant and equipment		**2,308**	(212,357)
Properties, plant and equipment written off		**77,619**	-
Fair value gain on investment properties	4	**(355,058,425)**	(113,775,930)
Trade receivables written off		**2,357,306**	-
Interest expense:			
- bank loans		**-**	11,755,000[#]
- advances from a director		**382,476**	464,520
- convertible bonds		**56,767,706**	-
Finance costs		**57,150,182**	12,219,520
Directors' fees		**1,435,195**	1,389,148
Staff costs:			
Directors' remuneration other than fees			
salaries, wages and other related costs		**3,053,271**	3,174,034
- employer's contribution to defined contribution plans		**52,125**	40,968
Key management personnel (other than directors)			
- salaries, wages and other related costs		**1,755,012**	1,200,578
- employer's contribution to defined contribution plans		**82,734**	37,507
Other than directors and key management personnel			
- salaries, wages and other related costs		**10,140,268**	5,095,500
- employer's contribution to defined contribution plans		**1,109,491**	32,297
		16,192,901	9,580,884

[#] Included an amount of RMB842,495 related to the fair value of option granted to a bank to purchase shares in the Company (Note 11).

20 Taxation

The Group	2010 RMB	2009 RMB
Current taxation	**5,343,462**	11,771,449
Deferred taxation (Note 13)	**88,458,320**	28,443,982
	93,801,782	40,215,431

Notes to the financial statements

for the financial year ended 31 December 2010

20 Taxation (cont'd)

The tax expenses on the results of the financial year vary from the amount of income tax determined by applying the PRC statutory rate of income tax on profit as a result of the following:

The Group	**2010 RMB**	2009 RMB
Profit before taxation	**323,785,004**	134,859,326
Tax at statutory rate of 25% (2009: 25%)	**80,946,251**	33,714,831
Expenses not deductible for tax purposes	**350,000**	78,653
Deferred tax assets on losses not recognised	**12,505,531**	6,421,947
	93,801,782	40,215,431

The Group has not recognised a deferred tax asset in respect of tax losses incurred during the financial year because management believes that it is not probable that these tax losses are available for carry forward.

21 Earnings per share

The Group	**2010 RMB**	2009 RMB
Profit attributable to ordinary shareholders of the Company	**226,884,480**	66,948,606
Weighted average number of ordinary shares (basis and diluted)	**2,162,492,429**	1,847,862,352
Earnings per share (RMB)		
- Basic	**0.10**	0.04
- Diluted	**0.10***	0.04

* Diluted earnings per ordinary share have not been computed as it is anti-dilutive.

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for the financial year ended 31 December 2010

22 Related party transactions

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

The Group	2010 RMB	2009 RMB
Director:		
Interest expense on loan paid and payable	**382,476**	464,520
Entities with a common director:		
Rental income from sub-letting of office premises received and receivable	**1,288,600**	1,211,390
Party related to directors:		
Advisory fee expense paid and payable	**984,002**	1,471,555

23 Operating lease commitments

(A) Where the Company is the lessee

At the reporting date, the Company was committed to making the following rental payments in respect of operating leases of office premises with an original term of more than one year:

The Company	2010 RMB	2009 RMB
Not later than one year	**1,830,299**	1,733,543
Later than one year and not later than five years	**381,312**	2,094,698
	2,211,611	3,828,241

The lease expires in March 2012 with an option to renewal at the prevailing market rent.

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for the financial year ended 31 December 2010

23 Operating lease commitments (cont'd)

(B) Where the Company and the Group are lessors

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

	The Group		The Company	
	2010	2009	**2010**	2009
	RMB	RMB	**RMB**	RMB
Not later than one year	**42,107,315**	43,785,819	**1,086,694**	218,571
Later than one year and not later than five years	**154,932,013**	207,209,986	**226,394**	264,107
Later than five years	**356,079,908**	332,874,371	**-**	-
	553,119,236	583,870,176	**1,313,088**	482,678

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

There are no contingent rents arising from the lease of investment properties.

24 Operating segments

For management reporting purposes, the Group is organised into the following reportable operating segments which are the Group's strategic business units as follows:

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

2) Property investment segment relates to the development of commercial and residential properties for rental and capital appreciation

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

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

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Intersegment pricing is determined on an arm's length basis.

24 Operating segments (cont'd)

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

	2010				**2009**			
	Property Rental RMB	**Property Development RMB**	**Others RMB**	**Total RMB**	Property Rental RMB	Property Development RMB	Others RMB	Total RMB
REVENUE								
External revenue	**45,692,342**	**31,182,144**	**20,987,936**	**97,862,422**	43,641,494	88,517,913	-	132,159,407
Segment results	**22,379,279**	**15,104,050**	**-**	**37,483,329**	30,758,771	21,176,585	-	51,935,356
Unallocated corporate expenses	**-**	**-**	**(18,091,039)**	**(18,091,039)**	-	-	(18,650,958)	(18,650,958)
Interest income	**-**	**-**	**2,724,472**	**2,724,472**	-	8,106	10,412	18,518
Interest expenses	**-**	**(57,150,182)**	**-**	**(57,150,182)**	-	(12,219,520)	-	(12,219,520)
Grant from local government	**-**	**3,759,999**	**-**	**3,759,999**	-	-	-	-
Fair value gain on investment properties	**355,058,425**	**-**	**-**	**355,058,425**	113,775,930	-	-	113,775,930
Profit before income tax	**377,437,704**	**(38,286,133)**	**(15,366,567)**	**323,785,004**	144,534,701	8,965,171	(18,640,546)	134,859,326
Segment assets	**2,165,618,843**	**2,406,602,216**	**-**	**4,572,221,059**	1,463,006,985	1,773,927,756	-	3,236,934,741
Consolidated total assets				**5,220,736,697**				3,511,075,508
Segment liabilities	**28,365,441**	**1,263,065,831**	**-**	**1,291,431,272**	25,710,356	855,412,193	2,164,784	883,287,333
Consolidated total liabilities				**2,669,955,185**				1,235,557,312
Other information								
Capital expenditure	**-**	**-**	**4,422,570**	**4,422,570**	-	-	2,977,381	2,977,381
Depreciation of property, plant and equipment	**-**	**-**	**1,608,137**	**1,608,137**	-	-	1,118,063	1,118,063
Trade receivables written off	**-**	**2,357,306**	**-**	**2,357,306**	-	-	-	-
Loss/(gain)on disposal of property, plant and equipment	**2,308**	**-**	**-**	**2,308**	(212,357)	-	-	(212,357)
Properties, plant and equipment written off	**77,619**	**-**	**-**	**77,619**	-	-	-	-

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

Notes to the financial statements

for the financial year ended 31 December 2010

24 Operating segments (cont'd)

Reconciliations of reportable segment assets:

The Group	**2010 RMB**	2009 RMB
Segment assets	**4,572,221,059**	3,236,934,741
Unallocated assets:		
Property, plant and equipment	**18,501,987**	15,803,459
Other receivables	**11,654,757**	3,170,772
Cash and cash equivalents	**618,358,894**	255,166,536
Consolidated assets	**5,220,736,697**	3,511,075,508

Reconciliations of reportable segment liabilities:

The Group	**2010 RMB**	2009 RMB
Segment liabilities	**1,291,431,272**	883,287,333
Unallocated liabilities:		
Provision for taxation	**70,073,738**	80,177,765
Deferred taxation	**307,578,549**	219,120,229
Accrued expenses	**1,000,871,626**	11,044,698
Amounts owing to a director	**-**	41,927,287
Consolidated liabilities	**2,669,955,185**	1,235,557,312

25 Financial risk management

The Company and the Group have documented financial risk management policies. These policies set out the Company's and the Group's overall business strategies and its risk management philosophy. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and market risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance.

Credit risk

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

Notes to the financial statements

for the financial year ended 31 December 2010

25 Financial risk management (cont'd)

Credit risk (cont'd)

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

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

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

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

Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's and the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows.

Notes to the financial statements

for the financial year ended 31 December 2010

25 Financial risk management (cont'd)

The Group

			Contractual cash flows		
	Carrying amount	**Total**	**Less than 1 year**	**Between 2 and 5 years**	**Over 5 years**
31 December 2010	**RMB**	**RMB**	**RMB**	**RMB**	**RMB**
Trade and other payables	646,849,160	646,849,160	646,849,160	-	-
Borrowings	1,645,453,738	2,166,073,690	147,403,107	1,561,268,883	457,401,700
	2,292,302,898	2,812,922,850	794,252,267	1,561,268,883	457,401,700
31 December 2009					
Trade and other payables	373,382,031	373,382,031	373,382,031	-	-
Borrowings	520,950,000	799,830,187	190,200,987	325,502,100	284,127,100
Amounts owing to a director	41,927,287	44,330,587	44,330,587	-	-
	936,259,318	1,217,542,805	607,913,605	325,502,100	284,127,100

The Company

	Carrying amount	**Total**	**Less than 1 year**	**Between 2 and 5 years**	**Over 5 years**
31 December 2010	**RMB**	**RMB**	**RMB**	**RMB**	**RMB**
Trade and other payables	123,835,133	123,835,133	123,835,133	-	-
Borrowings	979,593,738	1,194,486,190	39,983,607	1,154,502,583	-
	1,103,428,871	1,318,321,323	163,818,740	1,154,502,583	-
31 December 2009					
Trade and other payables	140,550,468	140,550,468	140,550,468	-	-
Amounts owing to a director	30,041,250	32,444,550	32,444,550	-	-
	170,591,718	172,995,018	172,995,018	-	-

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

Interest rate risk

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

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

Notes to the financial statements

for the financial year ended 31 December 2010

25 Financial risk management (cont'd)

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, 50 basis points ("bp") increase at the reporting date would have the impact as shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss- increase (decrease)		Equity - increase (decrease)	
31 December 2010				
50 bp increase				
Variable rate bank loans	**(3,329,300)**	**3,329,300**	**(3,329,300)**	**3,329,300**
Variable rate bank balances and fixed deposits	**1,993,193**	**(1,993,193)**	**1,993,193**	**(1,993,193)**
	(1,336,107)	**1,336,107**	**(1,336,107)**	**1,336,107**
31 December 2009				
50 bp increase				
Variable rate bank loans	(2,496,250)	2,496,250	(2,496,250)	2,496,250
	(2,496,250)	2,496,250	(2,496,250)	2,496,250

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Most of the Group's transactions are carried out in RMB which is the functional currency of most of the group entities.

The Company's and the Group's exposure to foreign currency risk are as follows:

The Group

	2010		2009	
Renminbi equivalent	United States Dollars RMB	Singapore Dollars RMB	United States Dollars RMB	Singapore Dollars RMB
Trade and other receivables	**-**	**862,372**	-	1,004,911
Cash and cash equivalents	**218,303**	**562,691,618**	302,380	30,589,100
Trade and other payables	**-**	**(5,069,390)**	(1,424,724)	(9,072,974)
Currency exposure	**218,303**	**558,484,600**	(1,122,344)	22,521,037

Notes to the financial statements

for the financial year ended 31 December 2010

25 Financial risk management (cont'd)

The Company

	2010		2009	
Renminbi equivalent	**United States Dollars RMB**	**Singapore Dollars RMB**	United States Dollars RMB	Singapore Dollars RMB
Trade and other receivables	**-**	**862,372**	-	998,181
Cash and cash equivalents	**9,015**	**259,575,715**	130,141	29,967,509
Trade and other payables	**-**	**(122,056,232)**	(1,424,724)	(139,125,744)
Currency exposure	**9,0115**	**138,381,855**	(1,294,583)	(108,160,054)

Sensitivity analysis - Foreign currency risk

A 1% strengthening of the above currencies against the functional currencies of the respective subsidiaries of the Group and the Company at the reporting date would have increased/decreased profit or loss before tax and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects.

A 1% weakening of the above currencies against the functional currencies of the respective subsidiaries of the group and the Company would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

The Group

		2010			2009	
Renminbi equivalent	**United States Dollars RMB**	**Singapore Dollars RMB**	**Total RMB**	United States Dollars RMB	Singapore Dollars RMB	Total RMB
RMB weakened						
Profit or loss- increase (decrease)	**2,183**	**5,584,846**	**5,587,029**	(11,223)	225,210	213,987
Equity - increase (decrease)	**2,183**	**5,584,846**	**5,587,029**	(11,223)	225,210	213,987

The Company

		2010			2009	
Profit or loss- increase (decrease)	**90**	**1,383,819**	**1,383,909**	(12,946)	(1,081,601)	(1,094,547)
Equity - increase (decrease)	**90**	**1,383,819**	**1,383,909**	(12,946)	(1,081,601)	(1,094,547)

Notes to the financial statements

for the financial year ended 31 December 2010

26 Fair values of Financial instruments

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

27 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;

(b) To support the Group's stability and growth; and

(c) To provide capital for the purpose of strengthening the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

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

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

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

The Group	**2010** **RMB**	2009 RMB
Total borrowings (A)	**1,645,453,738**	520,950,000
Cash and cash equivalents	**618,358,894**	255,166,536
Less: Restricted bank balance	**(22,208,685)**	(21,884,587)
(B)	**596,150,209**	233,281,949
Net debt (C)=(A)-(B)	**1,049,303,529**	287,668,051
Total equity (D)	**2,550,781,512**	2,275,518,196
Gearing ratio (times) (C)/(D)	**0.41**	0.13

Notes to the financial statements

for the financial year ended 31 December 2010

28 Comparatives

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

The Group's bank borrowings repayable ofter one year but within the normal operating cycle of the Property Development segment, previously included in 'Borrowing' under non-current liabilities, have been reclassfied to 'Borrowing' under current liabilities.

The Group	**31/12/09 As reported RMB**	**Reclassification RMB**	31/12/09 As restated RMB
Current liabilities			
Bank loans at variable rates (secured) (Note 14)	**105,090,000**	**415,860,000**	520,950,000
Non-current liabilities			
Bank loans at variable rates (secured) (Note 14)	**415,860,000**	**(415,860,000)**	-

The Group	**1/1/09 As reported RMB**	**Reclassification RMB**	1/1/09 As restated RMB
Current liabilities			
Bank loans at variable rates (secured) (Note 14)	**28,170,000**	**269,250,000**	297,420,000
Non-current liabilities			
Bank loans at variable rates (secured) (Note 14)	**269,250,000**	**(269,250,000)**	-

Statistics of Shareholdings

As at 21 March 2011

ISSUED AND FULLY PAID-UP CAPITAL	:	S$752,921,144
NUMBER OF SHARES	:	2,162,492,429
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	2	0.02	636	0.00
1,000 - 10,000	4,088	39.26	31,680,000	1.46
10,001 - 1,000,000	6,284	60.35	337,078,929	15.59
1,000,001 & ABOVE	38	0.37	1,793,732,864	82.95
TOTAL	10,412	100.00	2,162,492,429	100.00

TWENTY LARGEST SHAREHOLDERS	NO. OF SHARES	%
NEWEST LUCK HOLDINGS LIMITED	511,922,448	23.67
DMG & PARTNERS SECURITIES PTE LTD	410,028,634	18.96
PHILLIP SECURITIES PTE LTD	243,355,753	11.25
HSBC (SINGAPORE) NOMINEES PTE LTD	175,259,390	8.10
DBS NOMINEES PTE LTD	89,102,549	4.12
DB NOMINEES (S) PTE LTD	81,286,000	3.76
CITIBANK NOMINEES SINGAPORE PTE LTD	45,038,929	2.08
RAFFLES NOMINEES (PTE) LTD	30,379,659	1.41
TAN HOO LANG	29,972,391	1.39
KIM ENG SECURITIES PTE .LTD.	27,318,969	1.26
UNITED OVERSEAS BANK NOMINEES PTE LTD	26,420,000	1.22
LIM HONG CHING	25,208,000	1.17
OCBC SECURITIES PRIVATE LTD	14,703,000	0.68
UOB KAY HIAN PTE LTD	14,020,000	0.65
DBS VICKERS SECURITIES (S) PTE LTD	10,774,000	0.50
TAN BOY TEE	7,400,000	0.34
YEO SOCK KON	4,822,000	0.22
CIMB SECURITIES (SINGAPORE) PTE LTD	3,991,000	0.18
DBSN SERVICES PTE LTD	3,826,142	0.18
BNP PARIBAS SECURITIES SERVICES SINGAPORE	3,798,000	0.18
	1,758,626,864	81.32

Statistics of Shareholdings

As at 21 March 2011

SUBSTANTIAL SHAREHOLDERS

	Direct interest	%	Indirect interest	%
Newest Luck Holdings Limited [1]	813,438,201	37.62		
Leap Forward Holdings Limited	409,530,634	18.94		
The Trustee of Columbia University in The City of New York [2]			409,530,634	18.94
Zana Capital Pte Ltd [3]			409,530,634	18.94
Zana China Fund L.P. [4]			409,530,634	18.94
Chan Hock Eng [5]			409,530,634	18.94
Fang Ming [6]	21,250,000	0.98	813,438,201	37.62
Ng Koon Siong [5]			409,530,634	18.94
Xie Xin [7]			12,000,000	0.55

Note

(1) Newest Luck Holdings Limited has a total beneficial interest in the 813,438,201 shares, of which 301,515,753 shares are held in the names of nominees.

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

(3) Zana Capital Pte Ltd is deemed interested in the shares of the Company held by Leap Forward Holdings Limited by virtue of the provision of Section 7 of the Companies Act (Cap. 50) as it is a fund manager of Zana China Fund L.P. and manages its funds on a discretionary basis.

(4) Zana China Fund L.P. is deemed interested in the shares of the Company held by Leap Forward Holdings Limited by virtue of the provision of Section 7 of the Companies Act (Cap. 50).

(5) Mr. Chan Hock Eng and Mr. Ng Koon Siong hold 23.29% each of the issued share capital of Zana Capital Pte. Ltd., and are therefore deemed interested in the shares held by Leap Forward Holdings Limited by virtue of their shareholdings in Zana Capital Pte. Ltd.

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

(7) Mr. Xie Xin is the husband of Ms Xu Li. Mr. Xie Xin is deemed to have interests in the shares of the Company that Ms Xu Li has an interest in.

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company and to the best knowledge of the Company as at 21 March 2011, approximately 41.9% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Meeting Room 308, Level 3 Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 28 April 2011 at 9.00 a.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To re-elect Mr. Xie Xin being a Director who retires pursuant to Article 106 of the Company's Articles of Association. **(Resolution 2)**

3. To re-appoint Mr. Xiao Zu Xiu as Director of the Company to hold office until the conclusion of the next Annual General Meeting pursuant to Section 153(6) of the Companies Act, Cap. 50. **[Explanatory Note 1]** **(Resolution 3)**

4. To re-elect Mr. Chan Hock Eng being a Director who retires pursuant to Article 90 of the Company's Articles of Association. **[Explanatory Note 2]** **(Resolution 4)**

5. To approve payment of additional Directors' Fees of S$43,667 for the financial year ended 31 December 2010. **[Explanatory Note 3]** **(Resolution 5)**

6. To approve payment of Directors' Fees of S$313,700 for the financial year ending 31 December 2011, payable half-yearly in arrears. [2010: S$245,000] **[Explanatory Note 4]** **(Resolution 6)**

7. To re-appoint Messrs Foo Kon Tan Grant Thornton as Auditors of the Company for the financial year ending 31 December 2011 and to authorise the Directors to fix their remuneration. **(Resolution 7)**

As Special Business

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

8. **SHARE ISSUE MANDATE**

THAT pursuant to Section 161 of the Companies Act, Chapter 50 (the "Companies Act") and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

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

(b) make or grant offers, agreements or options (collectively, "Instruments") that may or would require shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares,

Notice of the Annual General Meeting

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and;

II. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:-

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued share capital of the Company (excluding treasury shares)(as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued share capital of the Company (excluding treasury shares)(as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued share capital shall be calculated based on the issued share capital of the Company (excluding treasury shares) at the time of the passing of this Resolution, after adjusting for:-

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidated or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(d) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company (the "AGM") or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. **[Explanatory Note 5]** **(Resolution 8)**

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

(a) YING LI EMPLOYEE SHARE OPTION SCHEME

THAT the Directors of the Company be and are hereby authorized to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Ying Li Employee Share Option Scheme (the "Scheme")

Notice of the Annual General Meeting

provided always that the aggregate number of shares to be issued pursuant to the Scheme, when added to the number of shares issued and/or issuable under other share-based incentives schemes of the Company shall not exceed five per cent (5%) of the total issued share capital (excluding treasury shares) of the Company from time to time. **[Explanatory Note 6]** **(Resolution 9a)**

(b) YING LI PERFORMANCE SHARE PLAN

THAT the Directors of the Company be and are hereby authorized to offer, allot and issue or deliver from time to time such number of fully paid-up shares as may be required to be issued pursuant to the vesting of awards under the Ying Li Performance Share Plan (the "Plan") provided always that the aggregate number of shares to be issued pursuant to the Plan, when added to the number of shares issued and/or issuable under other share-based incentives schemes of the Company, shall not exceed five per cent (5%) of the total issued share capital (excluding treasury shares) of the Company from time to time. **[Explanatory Note 6]** **(Resolution 9b)**

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

By Order of the Board

Lim Boon Ping
Soh Chun Bin
Company Secretaries

Singapore, 13 April 2011

Notice of the Annual General Meeting

Explanatory Notes:

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

(2) **Resolution 4** – Mr. Chan Hock Eng, if re-elected, will remain as Member of the Nominating Committee. He is a Non-Executive Director of the Company.

(3) **Resolution 5** – This additional fee of S$43,667 arose due to the appointment of He Zhao Ju @ Danny Ho as Co-Chairman of Remuneration Committee & member of Nominating Committee; and the appointment of Chan Hock Eng as member Nominating Committee.

(4) **Resolution 6** – Is to facilitate payment of Directors' fees during the financial year in which the fees are incurred. The Directors' fees will be paid half yearly in arrears. The aggregate amount of Directors' fees provided in the resolution is calculated on the assumption that all the present Directors will hold office for the whole of the financial year ending 31 December 2011 ("FY 2011"). Should any Director hold office for only part of FY 2011 and not the whole of FY 2011, the Director's fee payable to him will be appropriately pro-rated.

(5) **Resolution 8** – If passed, will empower the Directors, effective until (i) the conclusion of the next Annual General Meeting of the Company, or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of issued share capital of the Company (excluding treasury shares), of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time this Resolution is passed, after adjusting for:-

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 7, provided the options or awards were granted in compliance with Part VIII or Chapter 8 of the Listing Manual of the SGX-ST; and

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

(6) **Resolutions (9a) & (9b)** – the aggregate number of shares to be issued under Ying Li Employee Share Option Scheme and Ying Li Share Performance Plan shall not exceed 5% of the total issued ordinary share capital (excluding treasury shares) of the Company from time to time.

Notice of the Annual General Meeting

Notes:

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

2. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

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

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

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

6. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50).

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

8. The instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758 not less than 48 hours before the time appointed for holding of the Annual General Meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting or adjourned meeting, as certified by The Central Depository (Pte) Limited to the Company.

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YING LI INTERNATIONAL REAL ESTATE LIMITED
(Incorporated in the Republic of Singapore)
(Reg. No. 199106356W)

PROXY FORM – ANNUAL GENERAL MEETING

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

I/We, ______________________________ (full name in capital letters) NRIC No./Passport No./ Company No. ______________________________ of ________

____

____________ (full address) being a member/members of Ying Li International Real Estate Limited (the "Company"), hereby appoint :

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the Annual General Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 9.00 a.m. on Thursday, 28 April 2011 at Meeting Room 308, Level 3 Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matters arising at the Annual General Meeting and at any adjournment thereof.)

Resolution No.	ORDINARY BUSINESS	For	Against
Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon.		
Resolution 2	To re-elect Mr. Xie Xin, a Director retiring pursuant to Article 106 of the Company's Articles of Association.		
Resolution 3	To re-appoint Mr. Xiao Zu Xiu, pursuant to Section 153(6) of the Companies Act, Cap 50.		
Resolution 4	To re-elect Mr. Chan Hock Eng, a Director retiring pursuant to Article 90 of the Company's Articles of Association.		
Resolution 5	To approve payment of additional Directors' Fees for financial year ended 31 December 2010.		
Resolution 6	To approve payment of Directors' Fees for financial year ending 31 December 2011.		
Resolution 7	To re-appoint Auditors.		
	SPECIAL BUSINESS		
	Ordinary Resolution		
Resolution 8	To approve and adopt Share Issue Mandate.		
Resolution 9a	To authorize the Directors to allot and issue shares pursuant to the Ying Li Employee Share Option Scheme.		
Resolution 9b	To authorize the Directors to allot and issue shares under the Ying Li Performance Share Plan.		

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Dated this _________ day of ________________ 2011

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

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

NOTES :

1. Please insert the total number of Shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

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

3. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

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

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

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

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General :

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Corporate Information

COMPANY REGISTRATION NUMBER
199106356W

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

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

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

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

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

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

Lim Boon Ping

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

AUDITOR
Foo Kon Tan Grant Thornton
Certified Public Accountants
47 Hill Street, #05-01
Singapore Chinese Chamber of
Commerce & Industry Building,
Singapore 179365
Partner-in-charge: Toh Kim Teck, CPA

PRINCIPAL BANKER
China Construction Bank
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank

英利国际置业

YING LI INTERNATIONAL
REAL ESTATE LIMITED

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

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