

CIRCULAR DATED 10 FEBRUARY 2010

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of Ying Li International Real Estate Limited (the “**Company**”), please forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No securities may be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements. No public offer of securities is to be made by the Company in the United States.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular. Approval in-principle granted by the SGX-ST to the Company is not to be taken as an indication of the merits of the Bond Issue (as defined herein), the Convertible Bonds (as defined herein), the Conversion Shares (as defined herein), the Company, its subsidiaries and their securities.



**英利国际置业**  
YING LI INTERNATIONAL  
REAL ESTATE

## **YING LI INTERNATIONAL REAL ESTATE LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199106356W)

### **CIRCULAR TO SHAREHOLDERS**

#### **IN RELATION TO**

**THE PROPOSED ISSUE OF 4.00% CONVERTIBLE BONDS DUE 2015 WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO S\$275,000,000 CONVERTIBLE INTO NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY**

#### **Important Dates and Times:**

|  |   |   |
|--|---|---|
| Last date and time for lodgment of Proxy Form  | : | 23 February 2010 at 9.00 a.m.   |
| Date and time of Extraordinary General Meeting | : | 25 February 2010 at 9.00 a.m.   |
| Place of Extraordinary General Meeting         | : | Suntec Singapore<br>International Convention & Exhibition Centre<br>Meeting Room 203, Level 2<br>1 Raffles Boulevard, Suntec City<br>Singapore 039593 |

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## DEFINITIONS

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

|                            |   |  |
|----------------------------|---|--|
| <b>“Agency Agreement”</b>  | : | A paying and conversion agency agreement to be entered into between, <i>inter alia</i> , the Company, the Trustee and the paying agents  |
| <b>“Audit Committee”</b>   | : | The audit committee of the Company, comprising Mr. Christopher Chong Meng Tak, Mr. Lui Seng Fatt and Mr. Xiao Zu Xiu   |
| <b>“Bond Issue”</b>        | : | The proposed issue of the Convertible Bonds convertible into Conversion Shares   |
| <b>“Bondholder”</b>        | : | Holder of the Convertible Bonds  |
| <b>“Business Day”</b>      | : | A day (excluding Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in London, New York and Singapore  |
| <b>“CDP”</b>               | : | The Central Depository (Pte) Limited   |
| <b>“Circular”</b>          | : | This circular dated 10 February 2010   |
| <b>“Closing Date”</b>      | : | 3 March 2010 (or such other time or date as the Company and the Lead Manager shall agree)  |
| <b>“Commission”</b>        | : | Has the meaning ascribed to it in section 4.9 of this Circular   |
| <b>“Companies Act”</b>     | : | The Companies Act (Chapter 50) of Singapore, as may be amended or modified from time to time   |
| <b>“Company”</b>           | : | Ying Li International Real Estate Limited  |
| <b>“Conditions”</b>        | : | The terms and conditions of the Convertible Bonds  |
| <b>“Convertible Bonds”</b> | : | The Firm Bonds and the Optional Bonds, collectively  |
| <b>“Conversion Price”</b>  | : | S\$0.8029, being the price at which each Conversion Share will be allotted and issued upon conversion of the Convertible Bonds, subject to adjustment in the manner provided in the Conditions |
| <b>“Conversion Right”</b>  | : | The right of a holder of the Convertible Bonds to convert such bonds into Shares   |
| <b>“Conversion Shares”</b> | : | Up to 342,508,407 new Shares to be allotted and issued by the Company following the conversion of the Convertible Bonds from time to time in accordance with the Conditions                    |
| <b>“Directors”</b>         | : | The directors of the Company, as at the date of this Circular  |
| <b>“EGM”</b>               | : | The extraordinary general meeting of the Company, notice of which is set out on pages 33 to 34 of this Circular  |
| <b>“Firm Bonds”</b>        | : | 4.00% convertible bonds due 2015 with an aggregate principal amount of S\$200,000,000 to be issued by the Company  |

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## DEFINITIONS

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|----------------------------------|---|---|
| <b>“FY”</b>                      | : | Financial year ended or ending 31 December  |
| <b>“Grant Thornton”</b>          | : | Foo Kon Tan Grant Thornton LLP  |
| <b>“Group”</b>                   | : | The Company and its subsidiaries  |
| <b>“Investment Securities”</b>   | : | Any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other investment securities which are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market |
| <b>“Investors”</b>               | : | The subscribers of the Convertible Bonds as may be procured by the Lead Manager   |
| <b>“Latest Practicable Date”</b> | : | 3 February 2010, being the latest practicable date prior to the printing of this Circular   |
| <b>“Lead Manager”</b>            | : | J.P. Morgan (S.E.A.) Limited  |
| <b>“Leap Forward”</b>            | : | Leap Forward Holdings Limited   |
| <b>“Lender”</b>                  | : | Has the meaning ascribed to it in section 4.7 of this Circular  |
| <b>“Lending Fee”</b>             | : | Has the meaning ascribed to it in section 4.7 of this Circular  |
| <b>“Listing Manual”</b>          | : | The Listing Manual of the SGX-ST, as may be amended or modified from time to time   |
| <b>“Loan Shares”</b>             | : | Has the meaning ascribed to it in section 4.7 of this Circular  |
| <b>“Maturity Date”</b>           | : | 3 March 2015, being the date of maturity of the Convertible Bonds   |
| <b>“NAV”</b>                     | : | Net asset value   |
| <b>“Newest Luck”</b>             | : | Newest Luck Holdings Limited  |
| <b>“Notice of EGM”</b>           | : | Notice of the EGM as set out on pages 33 to 34 of this Circular   |
| <b>“Offering Circular”</b>       | : | The offering circular to be prepared by the Company for use in connection with the issue of the Convertible Bonds and the listing of the Convertible Bonds on the SGX-ST  |
| <b>“On-Loaned Securities”</b>    | : | The Loan Shares which are in turn subject to outstanding loan(s) by the Lead Manager to the Investors pursuant to share lending facilities between the Lead Manager and such Investors  |
| <b>“Optional Bonds”</b>          | : | 4.00% convertible bonds due 2015 with an aggregate principal amount of up to S\$75,000,000 to be issued by the Company if the Upsize Option is exercised in full  |

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## DEFINITIONS

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|---------------------------------------|---|--|
| <b>“Option Closing Date”</b>          | : | The date on which the Optional Bonds are to be issued by the Company against payment for the Optional Bonds, provided that such date shall be no later than 15 business days after the date on which the Upsize Option is exercised                          |
| <b>“Publication Date”</b>             | : | The date of the Offering Circular  |
| <b>“Resolution”</b>                   | : | Has the meaning ascribed to it in section 6 of this Circular   |
| <b>“Securities Lending Agreement”</b> | : | Has the meaning ascribed to it in section 4.7 of this Circular   |
| <b>“SFA”</b>                          | : | The Securities and Futures Act (Chapter 289) of Singapore, as may be amended or modified from time to time   |
| <b>“SGX-ST”</b>                       | : | Singapore Exchange Securities Trading Limited  |
| <b>“Share Issue”</b>                  | : | The allotment and issue of the Conversion Shares arising from the conversion of the Convertible Bonds  |
| <b>“Shareholders”</b>                 | : | Registered holders of Shares   |
| <b>“Shares”</b>                       | : | Issued and fully paid-up ordinary shares in the capital of the Company (excluding treasury shares)   |
| <b>“Subscription Agreement”</b>       | : | The subscription agreement dated 21 January 2010 between the Company and the Lead Manager in relation to the subscription of the Convertible Bonds   |
| <b>“Trust Deed”</b>                   | : | The trust deed constituting the Convertible Bonds to be entered into between the Company and the Trustee   |
| <b>“Trustee”</b>                      | : | The Bank of New York Mellon  |
| <b>“%” or “per cent.”</b>             | : | Percentage or per centum   |
| <b>“S\$”</b>                          | : | Singapore dollars  |
| <b>“United States”</b>                | : | The United States of America   |
| <b>“Upsize Option”</b>                | : | The option granted by the Company to the Lead Manager to subscribe for the Optional Bonds in whole or in part at any time, on or before the thirtieth day following the Closing Date, on one or more occasions, solely at the discretion of the Lead Manager |

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the respective meanings ascribed to them respectively in Section 130A of the Companies Act.

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

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## **DEFINITIONS**

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

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

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## LETTER TO SHAREHOLDERS

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### YING LI INTERNATIONAL REAL ESTATE LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199106356W)

**Directors:**

Mr. Fang Ming (Chairman and Chief Executive Officer)  
Mr. Xie Xin (Executive Director and Senior Vice President)  
Ms. Xu Li (Executive Director and Senior Vice President)  
Mr. He Zhao Ju @ Danny Ho (Non-Executive Director)  
Mr. Christopher Chong Meng Tak (Co-Lead Independent Director)  
Mr. Lui Seng Fatt (Co-Lead Independent Director)  
Mr. Xiao Zu Xiu (Independent Director)

**Registered Office:**

6 Temasek Boulevard  
#24-04 Suntec Tower Four  
Singapore 038986

10 February 2010

To: The Shareholders of the Company

Dear Sir / Madam,

#### 1. PURPOSE OF THE CIRCULAR

On 22 January 2010, the Company announced the Bond Issue, pursuant to which the Company proposes to issue the Firm Bonds and has granted the Lead Manager the Upsize Option to subscribe for the Optional Bonds in whole or in part. Subject to the Conditions, the Convertible Bonds are convertible into Conversion Shares to be allotted and issued by the Company. Accordingly, the Directors wish to convene an EGM to seek the approval of Shareholders for the Bond Issue and the Share Issue.

The purpose of this Circular is to explain the reasons for, and to provide Shareholders with information in relation to the Bond Issue and the Share Issue, and to seek Shareholders' approval therefor at the EGM to be held on 25 February 2010 at 9.00 a.m at Suntec Singapore, International Convention & Exhibition Centre, Meeting Room 203, Level 2, 1 Raffles Boulevard, Suntec City, Singapore 039593.

#### 2. RECEIPT OF APPROVAL IN-PRINCIPLE FROM THE SGX-ST

Applications were made to the SGX-ST for the listing and quotation of the Convertible Bonds and the Conversion Shares on the Official List of the SGX-ST. As announced by the Company on 5 February 2010, the Company has received the approval in-principle from the SGX-ST for the listing and quotation of the Convertible Bonds and the Conversion Shares.

The listing and quotation of the Convertible Bonds and the Conversion Shares are subject to the following conditions:

- (a) compliance with the SGX-ST's listing requirements;
- (b) specific Shareholders' approval for the proposed issue of the Convertible Bonds and the issue of the Conversion Shares pursuant to the conversion;
- (c) submission of a confirmation from the Company and the Lead Manager that the Convertible Bonds to be allotted and issued will not be placed to any of the persons set out in Rule 812 of the Listing Manual;
- (d) announcement of the conditions under which the price of the Conversion Shares may be adjusted and the conditions under which the Convertible Bonds may be redeemed;
- (e) submission of an undertaking from the Company to make periodic announcements as and when proceeds from the Convertible Bonds issue are materially deployed, and to provide a status report on the use of the proceeds in the Company's annual report;

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## LETTER TO SHAREHOLDERS

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- (f) submission of a confirmation from the Company that it will comply with Rule 830 of the Listing Manual to announce any adjustment of the terms of the Convertible Bonds made pursuant to Rule 829(1) of the Listing Manual;
- (g) submission of a confirmation that the Company will comply with Rule 829(2) of the Listing Manual which requires the announcement of the expiry of company warrants or other convertible securities and notice of expiry to be sent to all holders of the company warrants or other convertible securities at least one (1) month before the expiration date;
- (h) submission of a confirmation that the Company will comply with Rule 829(3) of the Listing Manual which requires the Company to obtain Shareholders' approval for any material alteration to the terms of company warrants or other convertible securities after issue to the advantage of the holders of such securities, except where the alterations are made pursuant to the terms of the issue;
- (i) submission of an undertaking from the Company to make announcements via SGXNET on the details of the conversion of the Convertible Bonds (including the Conversion Price and its basis) whenever the right to convert the Convertible Bonds into Shares is exercised;
- (j) submission of an undertaking from the Company that the Convertible Bonds will be offered only to persons specified in Sections 274 and 275 of the SFA in Singapore (or such equivalent terms in the relevant jurisdiction where the Convertible Bonds are offered);
- (k) submission of an undertaking from the Company that the Convertible Bonds will be traded in a minimum board lot size of not less than S\$200,000, or its equivalent in foreign currencies, for so long as the Convertible Bonds are listed on the SGX-ST;
- (l) submission of a written confirmation that the Offering Circular contains all the information that investors would customarily expect to see in the offering circulars or introductory documents for similar debt issues;
- (m) submission of a duly signed undertaking in the format set out in Appendix 2.3.1 of the Listing Manual;
- (n) submission of a copy of the signed Subscription Agreement, agent bank agreement, and fiscal and agency agreement; and
- (o) confirmation from the Company that the requirements in Rule 316 and Part VI of Chapter 7 of the Listing Manual will be complied with.

The approval in-principle given by the SGX-ST in respect of the Convertible Bonds and the Conversion Shares are not indications of the merits of the Convertible Bonds, the Conversion Shares and the Company.

### 3. NON-APPLICABILITY OF RULE 826 OF THE LISTING MANUAL

Rule 826 of the Listing Manual states as follows:

*"If application is made for the listing of company warrants or other convertible securities, the Exchange will normally require a sufficient spread of holdings to provide for an orderly market in the securities. As a guide, the Exchange expects at least 100 warrant holders for a class of company warrants."*

Rule 826 of the Listing Manual does not apply to the Bond Issue on the basis that the Convertible Bonds are issued to institutional and accredited investors only.



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## LETTER TO SHAREHOLDERS

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### 4. THE BOND ISSUE

#### 4.1 Details of the Bond Issue

##### (a) Convertible Bonds and Conversion Shares

The issue price of the Convertible Bonds will be 100% of the aggregate principal amount of the Convertible Bonds. The conversion price of the Convertible Bonds is S\$0.8029 per Conversion Share, subject to adjustment for certain events as provided for in the Conditions. The adjustment events are set out in section 4.3 of this Circular and the details of the adjustment formulae are provided in Appendix 2 of this Circular.

Based on the Conversion Price and assuming there are no adjustments thereto, the number of Conversion Shares to be allotted and issued by the Company pursuant to the full conversion of the Convertible Bonds (including the Optional Bonds to be issued pursuant to the exercise in full of the Upsize Option) is 342,508,407.

As at the Latest Practicable Date, the existing issued share capital of the Company comprises 2,162,492,429 Shares. Accordingly, the 342,508,407 Conversion Shares to be allotted and issued pursuant to the full conversion of the Convertible Bonds represent approximately 15.8% of the existing issued share capital of the Company.

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

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

##### (b) Conditions to Subscription of the Convertible Bonds

Under the Subscription Agreement, the Company has agreed to issue the Firm Bonds and has granted the Lead Manager the Upsize Option to subscribe for the Optional Bonds in whole or in part.

The Lead Manager has agreed to subscribe and pay for, or procure subscribers to subscribe and pay for the Firm Bonds and (if applicable) the Optional Bonds at an issue price of 100% of the principal amount of the Convertible Bonds, subject to the terms and conditions of the Subscription Agreement, including but not limited to the following conditions precedent:

- (i) the Trust Deed and the Agency Agreement, each in a form reasonably satisfactory to the Lead Manager, shall have been executed by all parties thereto on or prior to the Closing Date;
- (ii) the SGX-ST shall have granted approval in-principle for the listing of the Convertible Bonds, subject to any conditions reasonably satisfactory to the Lead Manager (or the Lead Manager being reasonably satisfied that such listing will be granted), and the conditions to the approval in-principle of the SGX-ST for the listing of the Convertible Bonds shall have been fulfilled;
- (iii) the SGX-ST having granted approval in-principle for listing of the Conversion Shares issuable upon conversion of the Convertible Bonds (or the Lead Manager being reasonably satisfied that such listing will be granted);
- (iv) the Lead Manager shall have been satisfied with the results of its due diligence investigations on the Group for the purposes of the presentation of the Offering Circular (including with respect to the unaudited financial results as of and for the

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## LETTER TO SHAREHOLDERS

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year ended 31 December 2009 released by the Company to the SGX-ST (the “**2009 Financial Results**”), and the Offering Circular shall have been prepared in the form and content satisfactory to the Lead Manager, and the Company shall have released the 2009 Financial Results to the SGX-ST by 5 p.m. on 24 February 2010;

- (v) upon the Publication Date, the Closing Date and the Option Closing Date (if any), there shall have been delivered to the Lead Manager comfort letters, dated the applicable date, from Grant Thornton, auditors to the Company, in a form reasonably satisfactory to the Lead Manager;
- (vi) on or prior to the Closing Date and the Option Closing Date (if any), there shall have been delivered to the Lead Manager each in a form reasonably satisfactory to the Lead Manager, opinions, dated the Closing Date or the Option Closing Date, as applicable, of (a) Stamford Law Corporation, legal advisers to the Company as to Singapore law, and (b) Linklaters Allen & Gledhill, international legal advisers to the Lead Manager as to English law, and such other resolutions, consents, authorities and documents relating to the issue of the Convertible Bonds, as the Lead Manager may reasonably require;
- (vii) on or prior to the Closing Date, Newest Luck Holdings Limited shall have executed a lock-up agreement, whereby it undertakes not to sell any Shares or enter into other transactions with a similar effect for a period from the date of the Subscription Agreement until 180 days from the Closing Date;
- (viii) on or prior to the Closing Date, there shall have been delivered to the Lead Manager, each in a form reasonably satisfactory to the Lead Manager, any additional documents required by the Lead Manager and their legal advisers, which is necessary for the completion of the issue or distribution of the Convertible Bonds;
- (ix) at the Closing Date and the Option Closing Date (if any) (a) the representations and warranties of the Company in the Subscription Agreement shall be accurate and correct in all material respects at, and as if made on, such Closing Date, (b) the Company shall have performed all of its obligations under the Subscription Agreement expressed to be performed on or before such Closing Date, and (c) there shall have been delivered to the Lead Manager a certificate dated as of such Closing Date, of a duly authorised officer of the Company to such effect;
- (x) at the Closing Date and the Option Closing Date (if any) there shall not have occurred any change, or any development or event reasonably likely to involve a prospective change, in the financial condition, earnings, operations or business prospects of the Company and its subsidiaries as a whole, which, in the opinion of the Lead Manager, is material and adverse and which makes it, in the opinion of the Lead Manager, impracticable to market the Convertible Bonds on the terms and in the manner contemplated herein;
- (xi) the Company having obtained all consents and approvals in respect of the issue of the Conversion Shares; and
- (xii) the Lead Manager shall have been satisfied with the results of its due diligence investigations on the Company and its subsidiaries for the purposes of the preparation of the Offering Circular, and the Offering Circular shall have been prepared in form and content satisfactory to the Lead Manager.

If any of the conditions set forth in this section 4.1(b) is not satisfied or waived on or prior to the Closing Date or the Option Closing Date (if any), the parties to the Subscription Agreement shall be released and discharged from their obligations relating to the Convertible Bonds. The Lead Manager may at its discretion, waive compliance with the whole or any part of this section 4.1(b) (other than section 4.1(b)(ix)).

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## LETTER TO SHAREHOLDERS

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(c) Rights of Termination under the Subscription Agreement

The Lead Manager may, by notice to the Company given at any time prior to payment of the net subscription monies for the Convertible Bonds to the Company, terminate the Subscription Agreement in any of the following circumstances:

- (i) if there shall have come to the notice of the Lead Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;
- (ii) if there shall have occurred any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls which would in the Lead Manager's view be likely to prejudice materially the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market;
- (iii) if there shall have occurred a general moratorium on commercial banking activities in the United Kingdom or United States or Singapore by any United Kingdom, New York State, United States Federal or Singapore authorities which would in the Lead Manager's view be likely to prejudice materially the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market;
- (iv) if on or after the date hereof there shall have occurred either of the following: (a) a suspension or material limitation of trading in securities generally on the New York Stock Exchange, the Nasdaq Stock Market, Inc., the London Stock Exchange plc, the SGX-ST, (b) a suspension in trading in the Company's securities on the SGX-ST (save in circumstances in which such suspension is routine in nature), which would in the Lead Manager's view be likely to prejudice materially the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market;
- (v) if there shall have occurred an outbreak or escalation of hostilities or act of terrorism which would in the Lead Manager's view be likely to prejudice materially the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market;
- (vi) if there shall have occurred any new law or regulation or any change or development involving a prospective change in existing laws or regulations which, in the Lead Manager's view (after consultation with the Company), would or would likely have a material adverse effect on the financial position of the Company, its subsidiaries and its associated companies taken as a whole; or
- (vii) if any of the conditions specified in section 4.1(b) has not been satisfied or waived by the Lead Manager.

### **4.2 Terms and Conditions of the Bond Issue**

A summary of the terms and conditions of the Convertible Bonds is set out in Appendix 1 of this Circular.

### **4.3 Adjustments to the Conversion Price**

The Conversion Price will be subject to adjustment following the occurrence of certain events. A list of the adjustment events is set forth below and the details of the adjustment formulae are set out in Appendix 2 of this Circular.

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## LETTER TO SHAREHOLDERS

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For the purposes of this section 4.3, “**Shares**” means ordinary shares in the capital of the Company (which include ordinary shares of the Company listed on the SGX-ST) or shares of any class or classes resulting from any subdivision, consolidation or reclassification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Company.

(a) Consolidation, Subdivision or Reclassification

If and whenever there shall be an alteration to the number of issued Shares as a result of consolidation, subdivision or reclassification.

(b) Capitalisation of Profits or Reserves

(i) If and whenever the Company shall issue any Shares credited as fully paid to the holders of Shares by way of capitalisation of profits or reserves including Shares paid up out of distributable profits or reserves issued (except any Scrip Dividend (as defined in Appendix 2 of this Circular)) and which would not have constituted a Capital Distribution (as defined in Appendix 2 of this Circular).

(ii) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price (as defined in Appendix 2 of this Circular) of such Shares on the last Trading Day (as defined in Appendix 2 of this Circular) preceding the date of announcement of the terms of the issue exceeds the amount of the Relevant Cash Dividend (as defined in Appendix 2 of this Circular) or the relevant part thereof and which would not have constituted a Capital Distribution.

(c) Capital Distributions

If and whenever the Company shall pay or make any Capital Distribution to the holder of Shares (except to the extent that the Conversion Price falls to be adjusted under section 4.3(b) above).

(d) Rights Issues of Shares or Options over Shares

If and whenever the Company shall issue Shares to all or substantially all holder of Shares as a class by way of rights, or issue or grant to all or substantially all holders of Shares as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than the Current Market Price per Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant.

(e) Rights Issues of Other Securities

If and whenever the Company shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) to all or substantially all holders of Shares as a class by way of rights or grant to all or substantially all holders of Shares as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares).

(f) Issues at less than Current Market Price

If and whenever the Company shall issue (otherwise than as mentioned in section 4.3(d) above) any Shares (other than Shares issued prior to the Closing Date or on the conversion of the Convertible Bonds or on the exercise of any other rights of conversion into, or exchange or subscription for Shares) or issue or grant (otherwise than as mentioned in section 4.3(d) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue.

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(g) Other Issues at less than Current Market Price

Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this section 4.3(g), if and whenever the Company or any of its subsidiaries (otherwise than as mentioned in section 4.3(d), section 4.3(e) or section 4.3(f)), or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries), any other company, person or entity shall issue any securities (other than the Convertible Bonds excluding for this purpose any further bonds but including any Optional Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares at a consideration per Share which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities.

(h) Modification of Rights of Conversion etc.

If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in section 4.3(g) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification.

(i) Other Offers to Holders of Shares

If and whenever there is an issue, sale or distribution by or on behalf of the Company or any of its subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity of any securities in connection with an offer by or on behalf of the Company or any of its subsidiaries or such other company, person or entity pursuant to which offer the holder of Shares generally (meaning for these purposes the holders of at least 60% of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under section 4.3(d), section 4.3(e), section 4.3(f) or section 4.3(g)).

(j) Other Events

If the Company determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in sections 4.3(a) to 4.3(i).

#### 4.4 Distribution by the Lead Manager

It is intended that the Lead Manager will distribute the Convertible Bonds to one or more Investors on a private placement basis.

Rule 812(1) of the Listing Manual states as follows:

*“An issue must not be placed to any of the following persons:*

- (a) The issuer’s directors and substantial shareholders.*
- (b) Immediate family members of the directors and substantial shareholders.*
- (c) Substantial shareholders, related companies (as defined in Section 6 of the Companies Act), associated companies and sister companies of the issuer’s substantial shareholders.*
- (d) Corporations in whose shares the issuer’s directors and substantial shareholders have an aggregate interest of at least 10%.*
- (e) Any person who, in the opinion of the Exchange, falls within category (a) to (d).”*

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Both the Company and the Lead Manager have provided confirmations to the SGX-ST that the Convertible Bonds to be issued pursuant to the Bond Issue will not be placed to any of the persons set out as restricted persons under Rule 812(1) of the Listing Manual.

### 4.5 Liquidation

In the event that the Company goes into liquidation, the Convertible Bonds will rank:

- (a) junior to any present and future secured debt obligations of the Company;
- (b) on parity among themselves;
- (c) at least on parity with all other present and future unsecured and unsubordinated obligations (other than subordinated obligations and priorities created by law) of the Company; and
- (d) senior to all classes of shares in the capital of the Company.

### 4.6 Adjustment and Modification

The principal terms of the Convertible Bonds are set out in Appendix 1 of this Circular. In compliance with Rules 829 and 830 of the Listing Manual, the Company will:

- (a) announce any adjustment made to the Conversion Price and, where appropriate, the number of the Convertible Bonds, in the event of rights, bonus or other capitalisation issues;
- (b) announce the date of maturity of the Convertible Bonds and send a notice of the maturity to the holders of the Convertible Bonds at least one (1) month before the Maturity Date; and
- (c) obtain Shareholders' approval for any material alteration to the Conditions after the issue of the Convertible Bonds which is to the advantage of the Bondholders, except where the alterations are made pursuant to the Conditions.

### 4.7 Securities Lending Arrangement

The Lead Manager has entered into a securities lending agreement dated 21 January 2010 (the "**Securities Lending Agreement**") with Newest Luck (the "**Lender**"), a substantial shareholder of the Company, pursuant to which the Lender agreed to lend to the Lead Manager up to an aggregate of 122,000,000 Shares (the "**Loan Shares**") for the sole purpose of on-lending such Loan Shares to the Investors (the "**Loan**"). In consideration of the Lender lending the Loan Shares to the Lead Manager, the Lead Manager shall pay the Lender a lending fee equivalent to 1% per annum of the daily market value of the On-Loaned Securities (the "**Lending Fee**").

For the avoidance of doubt, the Lending Fee payable by the Lead Manager to the Lender under the Securities Lending Agreement is independent of the Commission payable by the Company to the Lead Manager under the Subscription Agreement.

Given the commitment provided by those Investors secured by the Lead Manager to subscribe for the Convertible Bonds, the securities lending arrangement as described above is a commercial arrangement between the Lender, the Lead Manager and the Investors which allows the Investors to borrow such Loan Shares so as to partially hedge their risks associated with their investment in the Convertible Bonds during the tenure of the securities lending arrangement.

Notwithstanding the fact that the Lender is entitled to receive the Lending Fee pursuant to the Securities Lending Agreement, the Lender will not be abstaining from exercising its voting rights as Shareholders at the EGM for reasons set out below:

- (a) *The securities lending arrangement with the Lender can be clearly distinguished from interested person transactions*

Interested person transactions are a category of transactions set out in the Listing Manual where it is clearly set out that shareholders who are interested persons are required to abstain from voting on resolutions to approve the relevant interested person transaction. The

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rationale underpinning this requirement must be to avoid situations whereby shareholders who stand to gain financially from the company exercise their right to vote against the interests of the company.

The Company has no contractual relationship with the Lender in respect of the Securities Lending Agreement. The payment of the Lending Fee to the Lender is not made by the Company but the Investors, who are third party investors. Any fee that is earned by the Lender from the Securities Lending Agreement, has no direct financial impact on the Company. Accordingly, the Lender does not obtain any financial benefit from the Company and the Securities Lending Agreement is distinguished from interested person transactions.

(b) *Securities lending arrangement is a common feature in convertible bond transactions*

For convertible bond transactions, investors would, in many instances, typically try to source for securities lending from the open market to partially hedge their equity positions. Apart from companies where there is a lot of liquidity in the trading of their shares on the SGX-ST and where securities lending is available in the market via various prime brokers, securities lending by the main shareholder(s) is a common corollary feature in any convertible bond issue. Securities lending arrangements between substantial shareholders and convertible bond investors allow such investors to partially hedge their risks associated with their investment in the convertible bonds during the tenure of the securities lending arrangement. This would include the ability to sell the shares of the issuer in the market in the event that the market turns bearish to minimise any potential losses. Such hedging typically commences from the time the transaction is priced and before the issue of the convertible bonds. Without such ability to hedge, investors will be less willing to invest in the convertible bonds as they are subject to market risks associated with movements in the trading price of the issuer's shares.

(c) *The securities lending arrangement is for the benefit of the Company*

The securities lending arrangement is introduced to enhance the marketability of the Convertible Bonds. Without any securities lending arrangement in this proposed Bond Issue, it would have been more challenging for the Lead Manager to secure irrevocable commitments from the Investors to subscribe for the Convertible Bonds, especially given the extended settlement period between the signing of the Subscription Agreement and the issue date of the Convertible Bonds due to the Company requiring Shareholders' approval. By introducing the securities lending arrangement, the Directors are of the view that the Company is in a better position to negotiate for better terms such as a lower interest rate which would ultimately lead to long-term savings for the Company.

(d) *Minimal financial gain to the Lender*

From a financial perspective, the Securities Lending Agreement, while enhancing the attractiveness of the proposed Bond Issue, does not present any significant financial gains to the Lender. In consideration for entering into the Securities Lending Agreement, the Lender is entitled to a lending fee equivalent to 1% per annum of the daily market value of the On-Loaned Securities. In a buoyant market, the Lender may be able to profit far more and almost immediately by selling their Shares in the open market compared to the amount which they are entitled to receive in consideration of their participation in the Securities Lending Agreement. In addition, the agreement to participate in the Securities Lending Agreement may be detrimental to the personal interest of the Lender where in the event the Company's share price demonstrates sustainable positive movement, the Lender would not have the flexibility of selling their Shares in the open market, as it has committed those Shares pursuant to the Securities Lending Agreement.

The Lender agreed to enter into the Securities Lending Agreement to facilitate the success of the proposed Bond Issue. The opportunity costs in committing to the securities lending arrangement as explained in section 4.7(c) above may render the Lender to be in a worse off position (from a personal financial perspective). Any securities lending arrangement in the

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market will usually involve the payment of a lending fee. The Directors are of the view that the Lending Fee being paid to the Lender should be seen as partially compensating it for the opportunity costs in locking up their Shares for the purposes of the Securities Lending Agreement.

- (e) *The directors of the Lender form part of the Company's management*

The directors of the Lender, namely Mr. Fang Ming and Ms. Xu Li, are also Directors involved in the management of the Company. Accordingly, the Lender is cognizant of the funding needs of the Company and therefore recommends to Shareholders that Shareholders vote to approve the Bond Issue and the Share Issue. As explained in section 4.7(d) above, the Lender has agreed to enter into the Securities Lending Agreement to further the interests of the Company. As such, the Directors are of the view that it would be inappropriate to deprive the Lender of its propriety right to vote at the EGM.

The commitment by the Lender to provide the Loan to the Company commences on the date of the Securities Lending Agreement and will end upon the termination thereof by the Lender or the Lead Manager as follows:

- (a) the Lender is entitled to terminate the Loan and call for the redelivery of the Shares due and outstanding (i) at any time on or after 12 March 2010 if the Bond Issue has not occurred by such date or (ii) at any time after the earlier of the date on which the Convertible Bonds have been redeemed in full or the date on which all the Convertible Bonds have been converted into Shares in accordance with the Conditions; and
- (b) the Lead Manager is entitled to terminate the Loan at any time, and shall thereafter be required to redeliver the Shares due and outstanding to the Lender in accordance with the Lender's instructions,

provided that the aggregate number of Shares so redelivered by the Lead Manager to the Lender shall not exceed in any period of six (6) months, Shares carrying more than 1% of the voting rights of the Company if, at the time of such redelivery, the Lender holds not less than 30% but not more than 50% of the voting rights of the Company.

### 4.8 Undertakings by Substantial Shareholders

Newest Luck and Leap Forward, both of which are substantial shareholders of the Company, have each provided undertakings that they will vote and/or procure to be voted, in respect of all the Shares held directly or beneficially by them, in favour of the resolution tabled at the EGM to approve the Bond Issue and the Share Issue.

In addition, Newest Luck has provided a further undertaking that, for a period from 21 January 2010 until 180 days from the Closing Date, neither Newest Luck or its nominee nor any person acting on its behalf will, *inter alia*, issue, offer, sell, contract to sell, pledge, encumber or otherwise dispose of any of their Shares or any securities exchangeable for, convertible into or exercisable for Shares, except with the prior written consent of the Lead Manager or pursuant to the Securities Lending Agreement.

### 4.9 Commission and Concession

In consideration of the agreement by the Lead Manager to act as the agent of the Company in relation to the issue of the Convertible Bonds and to procure subscribers and, failing which, subscribe and pay for the Convertible Bonds, the Company will pay to the Lead Manager a combined management and underwriting commission and selling concession of 2.5% of the aggregate principal amount of the Convertible Bonds (the "**Commission**"). Such Commission and concession shall be deducted from the subscription monies for the Convertible Bonds.

In addition, the Company may, at its sole discretion, pay the Lead Manager an incentive fee of 0.5% of the aggregate principal amount of the Convertible Bonds. Such incentive fee (if any) shall also be deducted from the subscription monies for the Convertible Bonds.



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### 5. RISK FACTORS

- 5.1 *The Bondholders have the right to require the Company to redeem the Convertible Bonds in certain circumstances which will reduce the amount of cash flow available to the Company*

The Bondholders are entitled to require the Company to redeem all or some only of their Convertible Bonds in certain circumstances prior to the Maturity Date, such as on 3 March 2013 or upon the delisting of the Shares or a change in control of the Company. Please refer to the sections “Redemption at the Option of the Bondholder” and “Redemption for Change of Control or Delisting” under Appendix 1 for further details. To effect such redemption, the Company will have to utilise its existing cash resources and/or undertake alternative financing to raise cash. In the case of the former, the amount of cash flow available to the Company after effecting the redemption of the Convertible Bonds will be reduced and in the case of the latter, there is no assurance that the Company is able to secure alternative financing on commercially favourable terms.

In the event that the Company is unable to redeem the Convertible Bonds within the timeframe stipulated in the Conditions, this may trigger an event of default under the Conditions, meaning that all the Convertible Bonds will become immediately due and repayable at their early redemption amount plus accrued interest.

- 5.2 *The Conditions provide for downward adjustment of the Conversion Price which will result in further dilution of the shareholding interests of Shareholders upon the conversion of the Convertible Bonds at such lower Conversion Price*

The Conversion Price is subject to downward adjustment in the circumstances mentioned in section 4.3 of this Circular and further elaborated in Appendix 2. Such downward adjustment of the Conversion Price would allow the Bondholders to convert their Convertible Bonds at a lower Conversion Price compared to the Conversion Price initially stipulated in the Conditions. Conversion carried out at a lower Conversion Price will result in the Bondholders receiving more Shares and consequently, may result in a further dilution in the shareholding interests of all other Shareholders.

- 5.3 *The negative pledge undertaken by the Company under the Conditions may place restrictions on the ability of the Company to seek secured financing and/or to conduct its operations*

Details of the negative pledge undertaken by the Company are set out in the section “Negative Pledge” under Appendix 1.

The negative pledge prevents the Company and its subsidiaries from creating or permitting to subsist any security interest upon its undertaking, assets and revenue to secure any Investment Securities or to secure any guarantee of or indemnity in respect of any Investment Securities, save for in limited circumstances. Consequently, this will limit the ability of the Company to seek secured financing. Difficulties by the Company in obtaining secured financing may in turn affect the operations of the Company.

Any failure by the Company to comply with the negative pledge may trigger an event of default under the Conditions, meaning that all the Convertible Bonds will become immediately due and repayable at their early redemption amount plus accrued interest.

- 5.4 *The outstanding indebtedness of the Company will increase substantially with the issue of the Convertible Bonds, which may negatively affect its results of operations or future financing activities*

After giving effect to the issue of the Convertible Bonds, the Company’s long-term debt excluding current portions will increase substantially. This increased indebtedness may impact the Company by (a) increasing its interest expense and related debt service costs, (b) making it more difficult to obtain additional financing and (c) constraining its ability to react quickly in an unfavourable economic climate. Any of these events may in turn negatively affect the results of operations or future financing activities of the Company.

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### 6. RATIONALE FOR SEEKING SHAREHOLDERS' APPROVAL

Pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual, the Directors obtained a resolution (the "**Resolution**") from the Shareholders at its annual general meeting on 28 April 2009 (the "**2009 AGM**") to:

- (a) issue further Shares whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) notwithstanding the authority conferred by the Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors while the Resolution was in force,

provided that the aggregate number of Shares (including Shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to the Resolution) to be issued pursuant to such Resolution, shall not exceed 100% of the issued share capital of the Company (excluding treasury shares) at the time of the passing of the Resolution, of which the aggregate number of the Shares and convertible securities to be issued other than on a *pro rata* basis to Shareholders shall not exceed 20% of the issued Shares, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force:

- (a) until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier; or
- (b) in the case of Shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to the Resolution, until the issuance of such Shares in accordance with the terms of such convertible securities.

Subsequent to the 2009 AGM, the Company undertook private placements pursuant to which the Company has allotted and issued an aggregate of 380,343,000 Shares, and therefore utilised approximately the entire permissible threshold of number of Shares that may be issued other than on a *pro-rata* basis to Shareholders under the Resolution. Accordingly, the Directors propose to convene an EGM to seek the approval of Shareholders for the issue of the Convertible Bonds and the Conversion Shares.

### 7. RATIONALE FOR THE BOND ISSUE AND USE OF PROCEEDS

The estimated net proceeds from the Bond Issue is approximately S\$192,000,000 (assuming that the Upsize Option is not exercised and taking in account estimated issue expenses of S\$8,000,000). The Company proposes to use the net proceeds as follows:

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

If the Upsize Option is exercised, the additional proceeds will be used for the same purposes and in accordance with the percentage allocation as stated above.

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The actual apportionment of the net proceeds for the above purposes would be subject to the availability and size of investment and acquisition opportunities, the relative timing of the various requirements for funds, and the Company's overall objective of achieving an optimal cost of capital to fund its growth initiatives.

The Company shall announce the use of the proceeds as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and the percentage allocated in this Circular. Where there is any material deviation from the stated use of proceeds, the Company shall announce the reasons for such deviation. The Company shall also provide a status report on the foregoing in the annual report of the Company.

### 8. FINANCIAL EFFECTS OF THE BOND ISSUE

The financial effects of the Bond Issue (assuming that the Upsize Option is not exercised) had been announced by the Company on 22 January 2010.

It is not possible at the Latest Practicable Date to determine precisely the financial effects of the Bond Issue on the Company or the Group until the Convertible Bonds have been fully converted or otherwise redeemed. However, for purposes of illustration, we have set out the financial effects of the Bond Issue (assuming that the Upsize Option is exercised in whole) on the share capital, NAV, gearing and earnings of the Group, based on the unaudited consolidated financial information of the Group as at 30 September 2009, taking into account the net proceeds received from the placement of 253,200,000 new Shares by the Company in November 2009 (the "Placement"), as follows:

#### (a) Share Capital

|   | No. of Shares ('000) |
|---|----------------------|
| Issued and paid-up share capital <sup>1</sup>   | 2,162,492            |
| Conversion Shares to be issued upon the conversion of the Convertible Bonds                                       | 342,508              |
| Issued and paid-up share capital after the conversion of the Convertible Bonds and issue of the Conversion Shares | 2,505,000            |

#### (b) Net Asset Value

|   | RMB ('000)       |
|---|------------------|
| NAV based on unaudited accounts as at 30 September 2009   | 1,452,041        |
| Net proceeds received from the Placement  | 718,129          |
| <b>Adjusted NAV before the issue of the Convertible Bonds</b>   | <b>2,170,170</b> |
| Fair value of the equity component of the Convertible Bonds allocated from liabilities                          | 179,802          |
| <b>Adjusted NAV after the issue of the Convertible Bonds but before any conversion of the Convertible Bonds</b> | <b>2,349,972</b> |
| NAV per Share before the issue of the Convertible Bonds   | RMB1.00          |
| NAV per Share before the conversion of the Convertible Bonds  | RMB1.09          |
| <b>Adjusted NAV after the issue of the Convertible Bonds and after the conversion of the Convertible Bonds</b>  | <b>3,685,754</b> |
| NAV per Share after the conversion of the Convertible Bonds   | RMB1.47          |

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## LETTER TO SHAREHOLDERS

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### (c) Gearing

|   | RMB ('000)        |
|---|-------------------|
| Net borrowings / (net cash) as at 30 September 2009 <sup>2</sup>  | 265,422           |
| Net proceeds received from the Placement  | (718,129)         |
| <b>Adjusted net borrowings / (net cash) as at 30 September 2009</b>   | <b>(452,707)</b>  |
| Net proceeds from the issue of the Convertible Bonds  | (1,283,674)       |
| Issue of the Convertible Bonds  | 1,337,160         |
| Fair value of the equity component of the Convertible Bonds allocated to equity   | (179,802)         |
| <b>Adjusted net borrowings / (net cash) after the issue of the Convertible Bonds but before any conversion of the Convertible Bonds</b> | <b>(579,023)</b>  |
| <br>  |                   |
| Total equity as at 30 September 2009 <sup>3</sup>   | 2,170,170         |
| Fair value of the equity component of the Convertible Bonds allocated from liabilities  | 179,802           |
| <b>Adjusted total equity after the issue of the Convertible Bonds but before any conversion of the Convertible Bonds</b>                | <b>2,349,972</b>  |
| <br>  |                   |
| Net debt to equity as at 30 September 2009  | 0.18 <sup>4</sup> |
| Net debt to equity after the Placement  | Net Cash          |
| <b>Net debt to equity after the issue of the Convertible Bonds but before the conversion of the Convertible Bonds</b>                   | Net Cash          |
| Adjusted net borrowing / (net cash) assuming full conversion of the Convertible Bonds   | (1,736,380)       |
| Adjusted net equity assuming full conversion of the Convertible Bonds   | 3,507,330         |
| <b>Net debt to equity after the issue of the Convertible Bonds and after conversion of the Convertible Bonds</b>                        | Net Cash          |

### (d) Earnings

The interest expense in respect of the Convertible Bonds prior to any conversion will be at the effective rate of 6.5% each year plus the amortisation of the fair value of the conversion rights recorded on the date of issue. However, it is not possible to quantify the effects of the issue of the Convertible Bonds on the earnings of the Group until the proceeds from the issue of the Convertible Bonds have been deployed.

**Notes:**

1. Adjusted for the Placement.
2. Net borrowings is defined as total borrowings less cash and cash equivalent (excluding restricted cash balances / deposits).
3. Total equity refers to "Equity attributable to equity holders of the Company", adjusted for the Placement.
4. Assuming tender deposit of RMB171.2 million at 30 September 2009, which was refunded to the Company in January 2010, were included as part of the cash balances at 30 September 2009 for pro forma presentation purposes, the net debt to equity would be 0.06.

## LETTER TO SHAREHOLDERS

### 9. CHANGES IN DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

#### (a) Shareholdings before conversion of the Convertible Bonds

|                                 | Direct interest          |         | Deemed interest          |        |
|---------------------------------|--------------------------|---------|--------------------------|--------|
|                                 | No. of Shares            | %       | No. of Shares            | %      |
| <b>Directors</b>                |                          |         |                          |        |
| Fang Ming                       | -                        | -       | 845,438,201 <sup>2</sup> | 39.10% |
| Xu Li <sup>1</sup>              | -                        | -       | 845,438,201 <sup>2</sup> | 39.10% |
| Xie Xin <sup>1</sup>            |                          |         | 845,438,201              | 39.10% |
| <b>Substantial Shareholders</b> |                          |         |                          |        |
| Newest Luck                     | 845,438,201 <sup>3</sup> | 39.10%  | -                        | -      |
| Leap Forward                    | 409,530,634              | 18.94%  | -                        | -      |
| <b>Other Shareholders</b>       | 907,523,594              | 41.96%  | -                        | -      |
| <b>Total:</b>                   | 2,162,492,429            | 100.00% | -                        | -      |

#### (b) Shareholdings after full conversion of the Convertible Bonds

|                                 | Direct interest          |         | Deemed interest          |        |
|---------------------------------|--------------------------|---------|--------------------------|--------|
|                                 | No. of Shares            | %       | No. of Shares            | %      |
| <b>Directors</b>                |                          |         |                          |        |
| Fang Ming                       | -                        | -       | 845,438,201 <sup>2</sup> | 33.75% |
| Xu Li <sup>1</sup>              | -                        | -       | 845,438,201 <sup>2</sup> | 33.75% |
| Xie Xin <sup>1</sup>            |                          |         | 845,438,201              | 33.75% |
| <b>Substantial Shareholders</b> |                          |         |                          |        |
| Newest Luck                     | 845,438,201 <sup>3</sup> | 33.75%  | -                        | -      |
| Leap Forward                    | 409,530,634              | 16.35%  | -                        | -      |
| <b>Other Shareholders</b>       | 1,250,032,001            | 49.90%  | -                        | -      |
| <b>Total:</b>                   | 2,505,000,836            | 100.00% | -                        | -      |

**Notes:**

1. Mr. Xie Xin is the husband of Ms. Xu Li. Accordingly, Mr. Xie Xin is deemed interested in the Shares held by Ms. Xu Li.
2. Mr. Fang Ming and Ms. Xu Li hold 80% and 20% of the issued share capital of Newest Luck respectively. Accordingly, Mr. Fang Ming and Ms. Xu Li are deemed interested in the Shares held by Newest Luck.
3. As at the Latest Practicable Date, Newest Luck has lent an aggregate of 81,300,813 Loan Shares to the Lead Manager pursuant to the Securities Lending Agreement.

### 10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 33 to 34 of this Circular, will be held on 25 February 2010 at 9.00 a.m. at Suntec Singapore, International Convention & Exhibition Centre, Meeting Room 203, Level 2, 1 Raffles Boulevard, Suntec City, Singapore 039593 for the purpose of considering and, if thought fit, passing with or without amendments the ordinary resolution set out in the Notice of EGM.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote at the EGM unless he is shown to have Ordinary Shares entered against his name in the Depository Register, as certified by the CDP at least 48 hours before the EGM.

### 11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM may complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible, and in any event to reach the registered office of the Company at 6 Temasek Boulevard, #24-04

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## LETTER TO SHAREHOLDERS

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Suntec Tower Four, Singapore 038986 no later than 48 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he subsequently wishes to do so.

### 12. DIRECTORS' RECOMMENDATION

Having considered the rationale for the Bond Issue as set out in section 7 of this Circular, the Directors are of the opinion that the Bond Issue is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the resolution relating to the allotment and issue of the Conversion Shares arising from the conversion of the Convertible Bonds, as set out in the Notice of EGM.

Save as disclosed in section 9 of this Circular, none of the Directors has any interest, direct or deemed, in the Bond Issue and the Share Issue.

### 13. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the terms of the Securities Lending Agreement and having made all reasonable enquiries, is of the view that there is no conflict of interests between the Lender and the Company with respect to the participation by the Lender in the Securities Lending Agreement and the exercise of their votes at the EGM.

The Audit Committee is satisfied, having considered all the reasons set out in section 4.7 of this Circular, that the Lender should not have to abstain from exercising its votes at the EGM and is of the view that the exercise by the Lender of its votes at the EGM will not be prejudicial to the interests of the Company and the minority Shareholders.

### 14. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by all the Directors (including those who have delegated detailed supervision of this Circular) and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate in all material respects and that there are no other material facts the omission of which would make any statement herein misleading.

### 15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 6 Temasek Boulevard, #24-04 Suntec Tower Four, Singapore 038986 during normal business hours from the date hereof up to and including the date of the EGM:

- (a) Subscription Agreement; and
- (b) Memorandum and Articles of Association of the Company.

Yours faithfully,

For and on behalf of the Board of Directors of  
**Ying Li International Real Estate Limited**

Fang Ming  
Chairman and Chief Executive Officer

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## APPENDIX 1

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### SUMMARY OF THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS

*This appendix contains a summary of the terms and conditions of the Convertible Bonds to be issued by the Company, and does not purport to be complete and may not contain all the information that is important to you. You should refer to the actual terms and conditions of the Convertible Bonds, which are set out in their entirety in the Offering Circular. Copies of the Offering Circular are available for inspection at the registered office of the Company at 6 Temasek Boulevard, #24-04 Suntec Tower Four, Singapore 038986 during normal business hours from the date hereof up to and including the date of the EGM. Terms defined in the Subscription Agreement and the terms and conditions of the Convertible Bonds shall, unless otherwise defined in this appendix, have the same meanings in this appendix.*

Principal terms and conditions of the Convertible Bonds are summarised as follows:

|                         |   |  |
|-------------------------|---|--|
| Company                 | : | Ying Li International Real Estate Limited  |
| Principal Size          | : | S\$200,000,000 in aggregate principal amount of Firm Bonds (excluding the Optional Bonds)  |
| Upsize Option           | : | Up to an additional S\$75,000,000 in aggregate principal amount of Optional Bonds, pursuant to the exercise of the Upsize Option by the Lead Manager   |
| Maturity Date           | : | 3 March 2015   |
| Issue Price             | : | 100% of the aggregate principal amount of the Convertible Bonds  |
| Interest Rate           | : | The Convertible Bonds will bear interest at the rate of 4.00% per annum.   |
| Yield-to-put / Maturity | : | 6.50% per annum calculated on a semi-annual basis  |
| Form and Denomination   | : | The Convertible Bonds will be issued in registered form in the denomination of S\$250,000 or integral multiples thereof without coupons attached.  |
| Method of Issue         | : | The Convertible Bonds are proposed to be offered only to institutional and/or accredited or other investors under sections 274 and 275 of the SFA, and will be made outside the United States in accordance with Regulation S of the U.S. Securities Act of 1933.                                  |
| Conversion Period       | : | The conversion right attaching to any Convertible Bond may be exercised, at the option of the Bondholder, at any time on and after 13 April 2010 up to the close of business (at the place where the certificate evidencing such Convertible Bond is deposited for conversion) on 21 January 2015. |
| Conversion Price        | : | The price at which the Conversion Shares will be issued upon conversion, as adjusted from time to time, will initially be S\$0.8029 per Conversion Share, but will be subject to adjustment in the manner provided in the Conditions.  |

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## APPENDIX 1

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- Status of the Convertible Bonds : The Convertible Bonds will constitute senior, direct, unconditional, unsecured and unsubordinated obligations of the Company, and will at all times rank *pari passu* without any preference among themselves and with all other present and future unconditional, unsecured and unsubordinated obligations of the Company other than those preferred by statute or applicable law.
- Status of the Conversion Shares : The Conversion Shares, when allotted and issued on conversion of the Convertible Bonds will, with effect from the relevant date of issue, rank *pari passu* in all respects with the other Shares then outstanding, except for any dividends, rights, allotments or other distributions, the record date for which is prior to the date of issue of the Conversion Shares.
- Mandatory Conversion at the Option of the Company : At any time on or after 3 March 2013 and prior to the date falling 10 business days prior to the Maturity Date, the Company may mandatorily convert all but not some only of the Convertible Bonds outstanding into Shares, provided that no such conversion may be made unless the volume weighted average price of the Shares for each 30 consecutive trading days, the last of which occurs not more than 10 trading days prior to the date of the notice of conversion, was at least 130% of the applicable conversion price then in effect.
- Redemption at the Option of the Company : If at any time the aggregate principal amount of the Convertible Bonds outstanding is less than 10% of the aggregate principal amount originally issued, the Company shall have the option to redeem such outstanding Convertible Bonds in whole but not in part at their early redemption amount together with accrued, but unpaid, interest (calculated up to, but excluding, the date fixed for such redemption).
- Redemption at the Option of the Bondholder : The Company will, at the option of the Bondholder, redeem all or some only of such Bondholder's Convertible Bonds on 3 March 2013 at 108.136% of their principal amount as at the relevant date fixed for redemption together with interest accrued to the date fixed for redemption.
- Redemption for Change of Control or Delisting : Upon (a) 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 (b) 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 Convertible Bonds at a price equal to their early redemption amount together with interest accrued to the date fixed for redemption.
- Redemption on Maturity : Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Convertible Bond at 114.496% of its principal amount plus unpaid accrued interest thereon on 3 March 2015.



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## APPENDIX 1

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- Negative Pledge : So long as any Convertible Bond remains outstanding, the Company will not, and will procure that its subsidiaries will not, create or permit to subsist any security interest upon the whole or part of its undertaking, assets, revenues, present or future, to secure any Investment Securities or to secure any guarantee of or indemnity in respect of any Investment Securities, unless at the same time or prior thereto, the Company's obligations under the Convertible Bonds and the Trust Deed:
- (a) are secured equally and rateably therewith to the satisfaction of the Trustee or as shall be approved by an extraordinary resolution of the Bondholders; or
  - (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an extraordinary resolution of the Bondholders.
- Further Issues : The Company may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Convertible Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Convertible Bonds. Such further bonds may, with the consent of the Trustee, be constituted by a deed supplemented to the Trust Deed.
- The Bondholders do not have any rights under the Conditions to participate in any distributions and/or offers of further securities made by the Company.
- Settlement and Payment : Subject to fulfilment of the conditions of the Subscription Agreement, settlement and payment for the Convertible Bonds is expected to take place on 3 March 2010 or such other date as may be agreed between the Company and the Lead Manager.
- Transfer : Title to the Convertible Bonds passes only by transfer and registration in the Company's Register of Bondholders. Subject to the terms and conditions of the Convertible Bonds and the terms of the Agency Agreement, the Convertible Bonds may be transferred by delivery of the Certificate issued in respect of that Convertible Bond, with the form of transfer on the back duly completed and signed by the Bondholder or his attorney duly authorised in writing, to the specified office of the Registrar or any of the Transfer Agents.
- Upon issue, the Convertible Bonds will be represented by a global certificate deposited with a common depository for, and representing the Convertible Bonds registered in the name of a nominee of, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme.
- Listing : Applications have been made to the SGX-ST for the approval of the listing and quotation of the Convertible Bonds and the Conversion Shares on the Official List of the SGX-ST. The Company has received the approval in-principle from the SGX-ST for the listing and quotation of the Convertible Bonds and the Conversion Shares.
- Governing Law : The laws of England

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## APPENDIX 2

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### ADJUSTMENTS TO CONVERSION PRICE

*The following is in the text of the proposed terms and conditions of the Convertible Bonds:*

The Conversion Price will be subject to adjustment in the following events as set out in the Trust Deed (save and except that no adjustments will be made to the Conversion Price by virtue of the issue of any further Bonds in accordance with Condition 16):

- (1) Consolidation, Subdivision or Reclassification: If and whenever there shall be an alteration to the number of issued Shares as a result of consolidation, subdivision or re-classification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of issued Shares immediately before such alteration; and

B is the aggregate number of issued Shares immediately after such alteration. Such adjustment shall become effective on the date the alteration takes effect.

- (2) Capitalisation of Profits or Reserves:

- (a) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of Shares ("**Shareholders**") by way of capitalisation of profits or reserves including Shares paid up out of distributable profits or reserves issued (except any Scrip Dividend) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of issued Shares immediately before such issue; and

B is the aggregate number of issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (b) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares on the last Trading Day preceding the date of announcement of the terms of the issue exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate number of issued Shares immediately before such issue;

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## APPENDIX 2

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B is the aggregate number of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is such Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and

C is the aggregate number of Shares issued by way of such Scrip Dividend;

or by making such other adjustment as an Independent Investment Bank shall certify to the Trustee is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (3) Capital Distributions: If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(2) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or if a record date is fixed therefor, immediately after such record date.

- (4) Rights Issues of Shares or Options over Shares: If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than the Current Market Price per Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

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## APPENDIX 2

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- (5) Rights Issues of Other Securities: If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be on the Relevant Stock Exchange.

- (6) Issues at less than Current Market Price: If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6(C)(4) above) any Shares (other than Shares issued prior to the Closing Date or on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for Shares) or issue or grant (otherwise than as mentioned in Condition 6(C)(4) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares would purchase at such Current Market Price; and
- C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe, purchase or otherwise acquire Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

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## APPENDIX 2

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- (7) Other Issues at less than Current Market Price: Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(7), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Condition 6(C)(4), Condition 6(C)(5) or Condition 6(C)(6)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries), any other company, person or entity shall issue any securities (other than the Bonds excluding for this purpose any further bonds but including any Optional Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares at a consideration per Share which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

- (8) Modification of Rights of Conversion etc.: If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(7) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such modification;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of the right of subscription attached thereto at the modified conversion, exchange or subscription or purchase price or rate but giving credit in such manner as an Independent Investment Bank considers appropriate (if at all) for any previous adjustment under this Condition 6(C)(8) or Condition 6(C)(7).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

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## APPENDIX 2

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- (9) **Other Offers to Shareholders:** If and whenever there is an issue, sale or distribution by or on behalf of the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity of any securities in connection with an offer by or on behalf of the Issuer or any of its Subsidiaries or such other company, person or entity pursuant to which offer the Shareholders generally (meaning for these purposes the holders of at least 60% of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(C)(4), Condition 6(C)(5), Condition 6(C)(6) or Condition 6(C)(7)) above), in such an event, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share. Such adjustment shall become effective on the date of issue of the securities.
- (10) **Other Events:** If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6, the Issuer shall, at its own expense, consult an Independent Investment Bank to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 6 have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 as may be advised by the Independent Investment Bank to be in their opinion appropriate to give the intended result. For the purposes of these Conditions:
- (11) **Definitions:** For the purposes of these Conditions:

**“Alternative Stock Exchange”** means at any time, in the case of the Shares, if they are not at that time listed and traded on the SGX-ST, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

**“Capital Distribution”** means: (i) any distribution of assets *in specie* by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets *in specie* includes without limitation an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid by way of capitalisation of reserves)); and (ii) any dividend (including any cash or Scrip Dividend) or distribution of any kind by the Issuer for any financial period (whenever paid and however described).

**“Closing Price”** for the Shares for any Trading Day shall be the average closing market price quoted by the SGX-ST or, as the case may be, the Alternative Stock Exchange, for the last five Trading Days prior to such Trading Day.

**“Current Market Price”** means, in respect of a Share at a particular time on a particular date, the average of the daily Volume Weighted Average Price for one Share (being a Share carrying full entitlement to dividend) for the period represented by the 30 consecutive Trading Days ending on

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## APPENDIX 2

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the Trading Day immediately preceding such date; provided that if at any time during the said 30 Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; or
- (ii) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount; and provided further that if the Shares on each of the said 30 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share.

**“Fair Market Value”** means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank, acting as an expert, provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded.

**“Independent Investment Bank”** means an independent investment bank of international repute (acting as an expert) selected by and at the expense of the Issuer and approved by the Trustee. . If the Issuer fails to select an Independent Investment Bank when required in this Condition 6(C), the Trustee may (at its absolute discretion) select such an Independent Investment Bank.

**“Relevant Cash Dividend”** means any cash dividend specifically declared by the Issuer.

**“Relevant Stock Exchange”** means at any time, in respect of the Shares, the SGX-ST or the Alternative Stock Exchange.

**“Scrip Dividend”** means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (and for the avoidance of doubt to the extent that no adjustment is to be made under Condition 6(C)(3) in respect of the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof) but without prejudice to any adjustment required in such circumstances to be made under Condition 6(C)(2)(ii).

**“Trading Day”** means a day when the SGX-ST or, as the case may be an Alternative Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

**“Volume Weighted Average Price”** means, in respect of a Share on any Stock Exchange Business Day, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg or such other source as shall be determined to be appropriate by an Independent Investment Bank on such Stock Exchange Business Day, provided that on any such Stock Exchange Business Day where such price is not available or cannot otherwise be determined as

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## APPENDIX 2

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provided above, the Volume Weighted Average Price of a Share in respect of such Stock Exchange Business Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Stock Exchange Business Day on which the same can be so determined.

- (12) Minor Adjustments: On any adjustment, the relevant Conversion Price, if not an integral multiple of one S\$ cent, shall be rounded down to the nearest S\$ cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1% of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders in accordance with Condition 17 as soon as practicable after the determination thereof.
- (13) Cumulative adjustments: Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in their opinion appropriate in order to give such intended result.
- (14) Upward adjustment: No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 6(C)(1) above.
- (15) Excluded events: No adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are issued, offered or granted to employees (including directors) of the Issuer or any subsidiary of the Issuer pursuant to any Employee Share Scheme (as defined in the Trust Deed), provided that (i) such Employee Share Scheme is in compliance with the listing rules of the SGX-ST or, if applicable, those of an Alternative Stock Exchange, and (ii) the aggregate number of Shares issued pursuant to such Employee Share Scheme does not exceed 3% of the average number of issued and outstanding Shares in the capital of the Issuer during the 12 month period immediately preceding any issuance of such Shares.
- (16) Trustee not obliged to monitor: The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price and will not be responsible to Bondholders for any loss arising from any failure by it to do so.

The Trustee and the Agents shall be under no obligation to calculate, determine or verify the number of Shares to be issued upon conversion of the Bonds or verify the Issuer's or the Independent Investment Bank's determination of such number of Shares or method used in such determination and neither the Trustee nor the Agents shall be responsible to Bondholders or any other person for any loss arising from any failure to do so or for any delay of the Issuer or the Independent Investment Bank in making such determination or any erroneous determination by the Issuer or the Independent Investment Bank.

The Issuer shall within two days of the adjustment event send the Trustee a certificate setting out particulars relating to each adjustment of the Conversion Price. The Issuer shall also cause a notice containing the same information to be given to Bondholders, such notice to be approved by the Trustee before it is given to Bondholders.

- (17) Minimum Conversion Price: Notwithstanding the provisions of this Condition, the Issuer covenants that it will not take any corporate or other action pursuant to Condition 6(C) that would cause the Conversion Price to be adjusted to a price which would render conversion of the Bonds into Shares at such adjusted Conversion Price to be in contravention of applicable law.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### YING LI INTERNATIONAL REAL ESTATE LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199106356W)

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of Ying Li International Real Estate Limited (the “**Company**”) will be held on 25 February 2010, at 9.00 a.m. at Suntec Singapore, International Convention & Exhibition Centre, Meeting Room 203, Level 2, 1 Raffles Boulevard, Suntec City, Singapore 039593 for the purpose of considering, and if thought fit, passing with or without modifications the following resolution, as an ordinary resolution:

#### ORDINARY RESOLUTION

#### THE PROPOSED ISSUE OF 4.00% CONVERTIBLE BONDS DUE 2015 WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO S\$275,000,000 CONVERTIBLE INTO NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

THAT approval be and is hereby given to the Directors:

- (a) to create and issue 4.00% convertible bonds due 2015 with an aggregate principal amount of up to S\$275,000,000 (the “**Convertible Bonds**”), such Convertible Bonds to be convertible, at the option of the holder thereof, into new ordinary shares of the Company (the “**Conversion Shares**”) at a conversion price determined in accordance with the terms and conditions of the Convertible Bonds, and subject to such adjustments as the terms and conditions of the Convertible Bonds shall stipulate;
- (b) to allot and issue:
  - (i) such number of Conversion Shares as may be required or permitted to be allotted or issued on the conversion of the Conversion Bonds, to the holders of the Convertible Bonds on the conversion thereof, subject to and otherwise in accordance with the terms and conditions of the Convertible Bonds, whereby such Conversion Shares shall rank *pari passu* in all respects with the then existing shares of the Company, except for any dividend, rights, allotment or other distributions the record date for which is before the relevant conversion date of the Convertible Bonds;
  - (ii) on the same basis as paragraph (b)(i) above, such further Conversion Shares as may be required to be allotted and issued on the conversion of any of the Convertible Bonds upon the adjustment of the conversion price in accordance with the terms and conditions of the Convertible Bonds; and
- (c) that any Director of the Company be and is hereby authorised to take such steps, make such amendments to the terms and conditions of the Convertible Bonds (provided that the amendments are not material) and exercise such discretion as he may from time to time deem fit, advisable, desirable, expedient or necessary in connection with all or any of the above matters.

BY ORDER OF THE BOARD

**Ying Li International Real Estate Limited**

Lim Boon Ping  
Soh Chun Bin  
Company Secretaries

10 February 2010

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**Notes:**

1. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. If the appointor is a corporation, the proxy form must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company's share registrar, B.A.C.S. Private Limited, at 63 Cantonment Road, Singapore 089758, not less than 48 hours before the time appointed for the Extraordinary General Meeting.

**YING LI INTERNATIONAL  
REAL ESTATE LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199106356W)

**IMPORTANT**

1. For investors who have used their CPF monies to buy Ying Li International Real Estate Limited shares, the Circular 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.

**PROXY FORM**

I/We (Name) \_\_\_\_\_

of (Address) \_\_\_\_\_

being a member/members of Ying Li International Real Estate Limited (the “**Company**”) hereby appoint:

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Extraordinary General Meeting of the Company (the “**Meeting**”) to be held on 25 February 2010 at 9.00 a.m. at Suntec Singapore, International Convention & Exhibition Centre, Meeting Room 203, Level 2, 1 Raffles Boulevard, Suntec City, Singapore 039593 or at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolution to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/her/they will on any matter arising at the Meeting.

| Ordinary Resolution relating to:  | For | Against |
|---|-----|---------|
| Approval for the:   |     |         |
| (a) creation and issue of the Convertible Bonds                             |     |         |
| (b) allotment and issue of the Conversion Shares                            |     |         |
| (c) exercise of discretion by any Director in relation to the above matters |     |         |

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

\_\_\_\_\_  
Signature(s) of Member(s)  
or Common Seal of Corporate Member

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:**

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead by completing and signing the Proxy Form.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a member of the Company.
4. A member should insert the total number of shares held by him. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares held by him. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company's share registrar, B.A.C.S. Private Limited, at 63 Cantonment Road, Singapore 089758, not less than 48 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form 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 the Meeting, as certified by The Central Depository (Pte) Limited to the Company.