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

PROPOSED DISPOSAL OF INTERESTS IN YING LI INTERNATIONAL COMMERCIAL CENTRE PROJECT

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1. INTRODUCTION

The Board of Directors (the "**Board**") of Ying Li International Real Estate Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a conditional sale and purchase agreement ("**SPA**") with Shengyu (BVI) Limited (the "**Purchaser**") in relation to a proposed transaction (the "**Proposed Transaction**") for an aggregate cash consideration of RMB3.29 billion (equivalent to approximately S$671.9 million) (the "**Aggregate Consideration**") comprising:

(i) the sale by the Company of the entire issued and paid-up share capital in its wholly-owned subsidiary Shiny Profit Enterprises Limited ("**Shiny Profit**") (the "**Proposed Disposal**"); and

(ii) in conjunction with the Proposed Disposal, the transfer of a separate parcel of land not connected to the Project (as hereinafter defined) ("**Land Parcel**") to be acquired by the Group, to the Purchaser, at the price at which the Land Parcel will be acquired (the "**Proposed Transfer of Land Use Rights**"). For the avoidance of doubt, the Group is still undergoing the land acquisition process for the Land Parcel.

The Proposed Transaction is considered a major transaction under Rule 1014 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**"), which requires the approval of the shareholders of the Company ("**Shareholders**"). The Company has written to SGX-ST for a waiver ("**Waiver**") of the need to obtain the Shareholders' approval so that the transaction can be completed before the end of the financial year, which is the mutual intention of the parties.

Unless otherwise indicated, RMB amounts in this Announcement have been translated into Singapore dollars, based on the exchange rate of S$1.00 : RMB4.8897 quoted by Bloomberg L.P. on the close of the market day preceding the date of the trading halt.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Information on the Purchaser

The Company has been in discussion with various parties with regard to the Proposed Transaction and the terms offered by the Purchaser are the most favourable to the Company.

The Purchaser is incorporated in the British Virgin Islands and is part of the China Evergrande Group, which is headquartered in Guangzhou and is engaged in the business of real estate, finance, health, tourism, culture and sports. As at 31 December 2016, the China Evergrande Group had total assets of RMB1.35 trillion, total sales of over RMB400 billion and a cash balance of RMB304 billion. In 2017, it had raised another RMB130 billion via shares placement to its strategic investors.

For the avoidance of doubt, the Purchaser is not connected to any of the directors, executive officers or controlling shareholders of the Company.

2.2 **Information on Shiny Profit**

Shiny Profit was incorporated on 11 November 2009 in the British Virgin Islands as an investment holding company. As at the date of this announcement, the Company directly owns the entire issued and paid-up share capital of Shiny Profit of US$10,000 comprising 10,000 ordinary shares (the "**Sale Shares**").

Shiny Profit directly owns the entire registered capital of RMB1,013,081,400 in Chongqing Yingli Shiny Profit Real Estate Co., Ltd. (重庆英利辉利置业有限公司) ("**CQYL Shiny Profit**", together with Shiny Profit, the "**Shiny Profit Group**"), which holds the rights, powers, interests and benefits which the Group has in relation to the Ying Li International Commercial Centre Project (the "**Project**"), which was previously known as the Ying Li Chongqing Financial Street Project. The Project is a premium integrated project currently under construction located in Chongqing's central business district of Jiefangbei comprising two office tower blocks and a 6-storey retail mail. The Project sits on two prime land parcels totalling approximately 18,400 square metres, and features a gross floor area of approximately 320,000 square metres.

Based on the latest announced unaudited consolidated financial statements of the Group for the nine months ended 30 September 2017:

(a) the revenue of Shiny Profit Group was approximately RMB0, which represents 0% of the Group's revenue for such period;

(b) Shiny Profit Group recorded loss before tax for such period of approximately RMB4,409,646, compared to the Group's profit before tax of RMB56,884,285 for such period;

(c) As at 30 September 2017, the net assets of Shiny Profit Group was approximately RMB1,359 million, which represents 27.1% of the Group's net assets as at 30 September 2017; and

(d) as at 30 September 2017, the net tangible assets ("**NTA**") of Shiny Profit Group was approximately RMB1,359 million, which represents 27.1% of the Group's NTA as at 30 September 2017.

As the Sale Shares represent the entire equity interest held by the Company in Shiny Profit Group, the Company will cease to have any interest in Shiny Profit and Shiny Profit will cease to be a subsidiary of the Company following the completion of the Proposed Transaction ("**Completion**").

3. PRINCIPAL TERMS OF THE SPA

3.1 Consideration and Terms of Payment

Under the terms of the SPA, the Aggregate Consideration for the Proposed Transaction is RMB3.29 billion in cash comprising:

(i) the consideration to be paid by the Purchaser in respect of the Proposed Disposal ("**Proposed Disposal Consideration**"), amounting to RMB 2,770.6 million and;

(ii) RMB514.7 million of land tender deposits which have been paid by the Group ("**Land Parcel Acquisition Amount**").

The Aggregate Consideration was arrived at after arm's length negotiations between the parties on a willing-buyer and willing-seller basis, having taken into account a further amount of RMB520 million which remains payable by the Group in respect of the Group's acquisition of the Land Parcel. Under the terms of the SPA, the Purchaser will assume all the existing liabilities in the Shiny Profit Group amounting to approximately RMB898 million in aggregate.

The Aggregate Consideration is payable by the Purchaser in six tranches as follows:

(a) 9.7% of the Aggregate Consideration is to be paid five days after the completion of the Proposed Sale ("**Completion**"), which is targeted to occur before the end of November 2017 if the requirement for Shareholders' approval for the Proposed Transaction and compliance with the requirements of Chapter 10 of the Listing Manual is waived;

(b) 39.6% of the Aggregate Consideration is to be paid 30 days after Completion;

(c) 16.1% of the Aggregate Consideration is to be paid upon the Purchaser having successfully acquired, with the assistance of the Company, the Land Parcel for which the Company has previously placed deposits as part of a land tender, which is expected to occur about three months after the date hereof;

(d) 0.3% of the Aggregate Consideration is to be paid three days after the third tranche payment;

(e) 16.8% of the Aggregate Consideration is to be paid 180 days after the third tranche payment; and

(f) the remaining 17.5% of the Aggregate Consideration is to be paid 180 days after the fifth tranche payment.

3.2 Conditions Precedent

Pursuant to the SPA, the obligations of the parties to complete the Proposed Transaction are conditional upon, *inter alia*, the following conditions being satisfied, fulfilled or waived, as the case may be, before Completion:

(a) the approval of the Board of Directors having been obtained for the Proposed Transaction and, (if required) the requisite approval of the Shareholders having been obtained for the Proposed Transaction;

(b) the results of the due diligence exercise conducted by the Purchaser and/or its advisors in connection with the Proposed Transaction being satisfactory to the Purchaser;

(c) no material adverse changes in the operations and financial conditions of Shiny Profit;

(d) the representations, warranties and undertakings given by the Company under the SPA being in all material respects, complied with, true and accurate and correct as at the closing date of the Proposed Transaction; and

(e) all other consents and approvals required under any and all applicable laws and regulations for the Proposed Transaction, in particular, any consent, approval, or authorisation of any regulatory agency or body having been obtained, unless such consent, approval or authorisation is waived.

3.3 **Representations and Warranties**

Pursuant to the terms of the SPA, each party has furnished to the other party various representations and warranties customary for transactions of a similar nature as the Proposed Transaction.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Proposed Transaction provides an opportunity for the Company to realise the capital value of the Project, which will expedite the capital recycling process and enable the Group to pursue new ventures and investment opportunities in Tier 1 and fast-growing Tier 2 cities in the PRC. The Proposed Transaction would also strengthen the financial position of the Group and allow the Group to redeploy its capital to other fast turnaround projects with a shorter completion cycle.

Accordingly, the Board believes that the Proposed Transaction is in the best interests of the Company and the Shareholders, having regard to the terms of the Proposed Transaction, and market conditions in the property industry in the PRC.

5. USE OF PROCEEDS AND GAIN ON THE PROPOSED DISPOSAL

The net proceeds from the Proposed Transaction, after deducting all costs and expenses, are estimated to be approximately RMB3,285 million (equivalent to approximately S$672 million).

Based on the latest announced unaudited consolidated financial statements of the Group for the nine months ended 30 September 2017, the book value of the Target Company was RMB1,359 million (equivalent to approximately S$278million). For illustrative purposes only, assuming the Proposed Transaction was completed on 30 September 2017, the gain on disposal for the Group would have been approximately RMB343 million (equivalent to approximately S$70 million).

The Company intends to use the net proceeds from the Proposed Transaction mainly for (i) reinvestment in other real estate projects, including the acquisition of new land for development, and (ii) working capital and the repayment of borrowings of the Group.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 Earnings Per Share ("EPS")

Assuming that the Proposed Transaction had been completed on 1 January 2016, its effect on the Group's EPS[1] would have been:

FY2016	**Before the Proposed Transaction**	**After the Proposed Transaction**
Net profit after tax attributable to owners of the Company (RMB'000)	87,672	431,402(2)
Number of Shares(1)	2,557,040,024	2,557,040,024
Earnings per Share (RMB cents)	3.43	16.87

Notes:

(1) Based on the number of issued Shares as at 30 September 2017.

(2) The net profit after tax attributable to the owners of the Company has been determined after deducting the estimated transaction expenses.

6.2 NTA

Assuming that the Proposed Transaction had been completed on 31 December 2016, its effect on the Group's NTA[2] as at 31 December 2016 would have been:

As at 31 December 2016	**Before the Proposed Transaction**	**After the Proposed Transaction**
NTA (RMB'000)	5,003,367	5,347,097(2)
Number of Shares(1)	2,557,040,024	2,557,040,024
NTA per Share (RMB)	1.96	2.09

Notes:

(1) Based on the number of issued Shares as at 30 September 2017.

[1] The effects of the Proposed Transaction on the Group's EPS are calculated based solely on the Proposed Disposal Consideration, as the Land Parcel Acquisition Amount is expected to be the same as the monies expended by the Group in acquiring the Land Parcel. Therefore the amount attributable to the Proposed Transfer of Land Use Rights will be zero.

[2] The effects of the Proposed Transaction on the Group's NTA are calculated based solely on the Proposed Disposal Consideration, as the Land Parcel Acquisition Amount is expected to be the same as the monies expended by the Group in acquiring the Land Parcel. Therefore the amount attributable to the Proposed Transfer of Land Use Rights will be zero.

(2) The NTA has been determined after taking into account the net proceeds to be received, after deducting the estimated transaction expenses.

Shareholders should note that the financial effects set out above were prepared based on the audited consolidated financial statements of the Group for FY2016, and are for illustration purposes only. The results of the Group for FY2016 may not be representative of future performance.

7. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows[3]:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value(1)	27.1%
(b)	Net profits / (loss) attributable to the assets to be disposed, compared with the Group's net profits(2)	(7.8%)
(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares(3)	147.5%
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable to a disposal of assets
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

(1) Based on the total net asset value of Shiny Profit Group and the net asset value of the Group as at 30 September 2017 being RMB1,359 million and RMB5,013 million respectively.

(2) After eliminating all intercompany transactions and based on the net profits of the Group for the nine-month period ended 30 September 2017 of RMB56.883 million. As the Project is still under development, all allowed costs have been capitalised in accordance with the requirements under Singapore Financial Reporting Standards.

(3) Based on the Proposed Disposal Consideration of RMB 2.77 billion and the market capitalisation of the Company of RMB1.88 billion, which is determined by multiplying the issued share capital of the Company of 2,557,040,024 Shares with the weighted average price of S$0.15 transacted on the Mainboard of the SGX-ST on 22 November 2017 (being the last market day on which the Shares were traded prior to the date of the SPA) and based on the exchange rate of S$1:RMB4.8971.

[3] The relative figures under Rule 1006 of the Listing Manual are calculated based solely on the Proposed Disposal Consideration, as the Land Parcel Acquisition Amount is expected to be the same as the monies expended by the Group in acquiring the Land Parcel. Therefore the amount attributable to the Proposed Transfer of Land Use Rights will be zero.

As the relative figures under Rules 1006(a) and (c) of the Listing Manual exceed 20%, the Proposed Transaction constitutes a "major transaction" as defined in Chapter 10 of the Listing Manual and is subject to the approval of Shareholders at an extraordinary general meeting to be convened.

The Company had sought confirmation from the SGX-ST that the Proposed Transaction was entered into in the ordinary course of the Company's business and Chapter 10 of the Listing Manual does not apply to the Proposed Transaction. While the SGX-ST had responded that the Proposed Transaction is a transaction to which Chapter 10 of the Listing Manual applies as it is not in the ordinary course of the Company's business, the Company has sought a waiver from the SGX-ST of the requirement for Shareholders' approval to be obtained for the Proposed Transaction. Further announcements will be made by the Company in due course.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors and controlling shareholders of the Company and their associates have any interests in the Proposed Transaction, other than through the respective shareholdings in the Company.

9. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA may be inspected at the registered office of the Company at 12 Marina Boulevard, #18-05, Marina Bay Financial Centre Tower 3, Singapore 018982 during normal business hours from the date of this Announcement up to and including the date falling three months after the date of this Announcement.

BY ORDER OF THE BOARD
Ying Li International Real Estate Limited

Fang Ming
Executive Chairman and Group CEO
28 November 2017