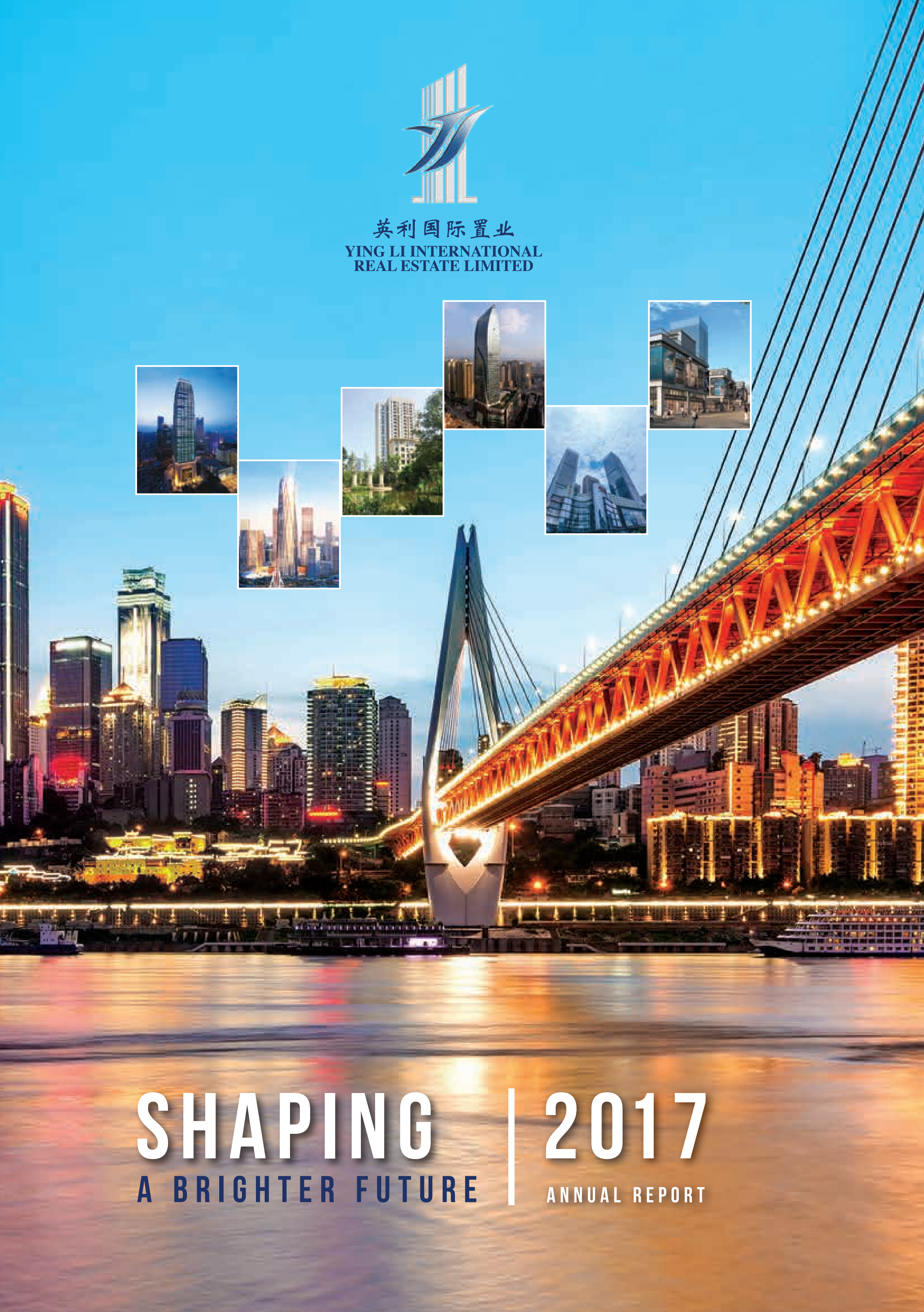


英利国际置业

YING LI INTERNATIONAL REAL ESTATE LIMITED

SHAPING A BRIGHTER FUTURE

2017 ANNUAL REPORT

CONTENTS

For more information, please visit:
www.yingligj.com

CORPORATE PROFILE

Ying Li International Real Estate Limited ("Ying Li" and together with its subsidiaries, the "Group") is a premier Chongqing-based property developer, principally engaged in the development, sale, rental, management and long-term ownership of high quality commercial, residential and bespoke properties in the prime locations of Chongqing.

Established in 1993, Ying Li has a strong reputation for innovative design and urban renewal, having transformed areas of an old city into high-value urban integrated commercial developments of office space and shopping malls. In the process, it has successfully modernised the landscape of Chongqing's main business districts, with several landmark commercial buildings such as New York New York, Zou Rong Plaza, Future International and Ying Li International Financial Centre which are occupied by prestigious companies.

Ying Li is well-recognised for its outstanding design, premium quality, eco-friendly features and rich user-experience in commercial property developments, and is well-positioned to capitalise on the strong market growth in Chongqing as well as other fast-growing regions of China. With China Everbright Limited on board as its strategic partner and shareholder, Ying Li is poised to achieve long-term sustainable growth.

Over the years, Ying Li has won numerous industry awards and accolades including "Chongqing Real Estate Development Industry Trustworthy Brand Award (AAA-highest category)" and Chongqing's "Top 50 Real Estate Development Enterprises Award" for 2001, 2003, 2005, 2007, 2009, 2011, 2013, 2015 and 2017. Ying Li was also conferred the 2015 Most Outstanding Commercial Real Estate Business by China Index Academy, Development Research Centre of the State Council and Institute of Real Estate Studies of Tsinghua University. The Group's strong track record and reputation have provided an advantage in securing land in prime locations, for building premier commercial and residential developments.

Ying Li is listed on the Mainboard of the Singapore Exchange ("SGX-ST") under the stock code 5DM.

RESULTS AT A GLANCE

1. Net decrease due to handover of completed units and divestment of Ying Li International Commercial Centre project.
2. Increase mainly due to an increase in deposit for land tender and divestment of Ying Li International Commercial Centre.
3. Decrease was mainly due to payment made to suppliers, payment for income tax and loan repayment.
4. Decrease mainly due to repayment of loans, and transfer of a loan as a result of the divestment of a subsidiary.
5. Decrease mainly due to progress payment made for construction costs.
6. Increase due to an increase in Retained Profits that is attributable to the disposal gain of a subsidiary and fair value gain on Investment Properties and Other Investment.

	(RMB '000)	As at 31 Dec 2017	As at 31 Dec 2016
	Non-current assets		
	Property, plant and equipment	48,493	54,656
	Investment properties	4,486,742	4,457,926
	Other investment	880,000	620,000
	Deferred tax assets	27,529	28,108
	Total non-current assets	**5,442,764**	**5,160,690**
	Current assets		
1	Development properties	2,099,791	5,187,210
2	Trade and other receivables	2,917,625	841,759
3	Cash and bank balances	626,910	676,315
	Total current assets	**5,644,326**	**6,705,284**
	Total assets	**11,087,090**	**11,865,974**
	Non-current liabilities		
	Deferred tax liabilities	634,322	573,209
4	Borrowings	2,494,430	1,457,056
	Bonds	325,997	347,503
	Total non-current liabilities	**3,454,749**	**2,377,768**
	Current liabilities		
5	Trade and other payables	1,098,922	1,265,015
	Current tax payables	147,048	156,958
4	Borrowings	1,092,662	3,004,222
	Total current liabilities	**2,338,632**	**4,426,195**
	Total liabilities	**5,793,381**	**6,803,963**
6	Capital and reserves	5,234,507	5,003,367
	Non-controlling interest	59,202	58,644
	Total equity	**5,293,709**	**5,062,011**
	Total equity and liabilities	**11,087,090**	**11,865,974**

RESULTS AT A GLANCE

	(RMB '000)	FY2017	FY2016	Change %
A	Revenue	1,100,189	1,079,543	1.9
	Cost of Sales	(798,222)	(741,478)	7.7
B	**Gross Profit**	**301,967**	**338,065**	**(10.7)**
C	Other income	455,195	96,790	370.3
D	Selling expenses	(72,333)	(80,144)	(9.7)
E	Administrative expenses	(110,883)	(128,712)	(13.9)
F	Finance costs	(136,281)	(93,017)	46.5
	Profit before income tax	**437,665**	**132,982**	**229.0**
G	Tax expense	(86,863)	(43,652)	99.0
	Profit for the period	**350,802**	**89,330**	**292.7**
H	**Profit attributable to ordinary shareholders of the company**	**350,244**	**87,672**	**299.5**

Record revenue:

A Mainly driven by the Sales of Properties segment from the continued handover of the Lion City Garden project and Ying Li International Electrical and Hardware Centre (IEC) Phase 1A, commencement of handover for IEC Phase 2A in 2017, and sales of units from some of the older completed projects and investment properties.

Rental income decreased marginally mainly due to loss of rental revenue arising from sales of investment properties previously rented out.

Gross profit and gross profit margin decreased:

B Gross profit and gross profit margin decreased due to the property mix sold, and lower gross profit recorded from the sale of some investment properties as their carrying values were revalued annually to their respective fair values.

Other income increased:

C Mainly due to the gain from the divestment of Ying Li International Commercial Centre project.

Selling expenses decreased:

D Primarily due to lower expenditure incurred for advertising and promotion activities, as well as lower property management expenses.

Administrative expenses decreased:

E Mainly due to a reversal of foreign exchange losses in FY2016 to a foreign exchange gain in FY2017 due to the weakening of the US Dollar.

Finance cost increased:

F Primarily due to a decrease in the amount of finance costs capitalised due to the divestment of Ying Li International Commercial Centre.

Tax expense increased:

G Mainly due to higher deferred tax provision arising from the fair value gain on Investment Properties and Other Investment.

Profit attributable to ordinary shareholders of the company increased:

H Mainly attributable to the gain from the divestment of Ying Li International Commercial Centre and fair value gain on Other Investment.

CHAIRMAN'S STATEMENT

As a property developer engaged in both commercial and residential developments, 2017 marked a year of challenges and opportunities for the Group. Notwithstanding, the Group delivered an improved financial performance for FY2017 with revenue exceeding RMB1 billion for two consecutive years.

DEAR SHAREHOLDERS,

On behalf of the Board, I am pleased to present Ying Li International Real Estate Limited's ("Ying Li" and together with its subsidiaries, the "Group") annual report for the financial year ended 31 December 2017 (FY2017).

2017 ECONOMIC DEVELOPMENT

Despite the persistent threat of various risks and uncertainties, the global economy experienced moderate growth in 2017. In the People's Republic of China (PRC), economic development remained steadfast as it advanced steadily with supply-side structural reforms. Headlining the economic performance was the annual gross domestic product (GDP) which increased 6.9% Y-o-Y to reach RMB82.7 trillion, strengthening its position as the world's second largest economy. Marking the country's first economy acceleration since 2010, the GDP exceeded RMB80 trillion for the first time and taking up approximately 15% of the world's economy market share. In addition, GDP per capita reached RMB59,660 (US$8,836), an increase of 6.3% over the previous year.

Outpacing the nation's GDP growth, Chongqing's economy delivered a healthy GDP growth of 9.3% Y-o-Y and reached RMB1,950.0 billion in 2017. Similarly, major economic indicators remained stable. In particular, total investment in fixed assets, total retail sales of consumer goods, and total value of import/export grew steadily. Permanent residents' urbanisation rate reached 64.1%, while disposable income of residents rose by 9.6% Y-o-Y in 2017. These positive developments denote the city's great potential and room for further growth.

For the year under review, the PRC's real estate market was ardent and dynamic amidst a strong emphasis on deleveraging and curtailing real estate speculation. The latest round of property curbs was exceptionally long-standing and extensive. Several cities with overheated property markets continued to impose policies to limit purchases, mortgages, selling prices, sales, and transactions. According to provisional statistics, more than 150 property-related restrictions have been issued in various PRC cities in 2017. The localised measures imposed in each city were relatively effective in tackling challenges of the different market conditions. As a result, the overall real estate market remained stable. In the first half of 2017, home prices in Tier 2 and Tier 3 soared while that of Tier 1 cities slackened. In the following six months, real estate markets in most cities slowdown following the introduction of more property restrictions. However,

CHAIRMAN'S STATEMENT

the nationwide real estate destocking achieved much progress as floor space of commercial housing sold increased by 7.7% Y-o-Y to 1,694.1 million square meters, while sales of residential housing rose by 13.7% to RMB13,370.1 billion in 2017.

In view of the sky-rocketing prices and surging sales in Chongqing, the city's municipal government strengthened housing policies according to the different districts. Apart from intensifying supply-side structural reforms, the municipal government focused on satisfying the hard core housing demand for first property owners and upgraders, curbing speculation, and cultivating and developing its housing rental market. These measures successfully led to a relatively stable housing market in 2017. Further to that, a series of purchase restriction measures were successively introduced throughout 2017 in Chongqing. They include real estate tax on buyers who has no local household registration, not corporate owners or unemployed, as well as prohibition on selling of homes within two years from the date of purchase. Even as the purchase restrictions limit mortgage and home sales, all in all, these regulations are still fairly subdued and effective in curtailing speculative home purchase to promote a steady and healthy development of the Chongqing real estate market. As evidenced in the data recorded by Chongqing Statistics Bureau for 2017, Chongqing's investment in real estate development increased 6.8% Y-o-Y to RMB398.1 billion, while new construction area for commercial housing increased 16.5% Y-o-Y to 56.8 million square meters. In addition, sales of commercial housing reached a record high in nearly five years to RMB455.8 billion in 2017, an increase of 32.8% Y-o-Y, of which residential sales increased 36.6% Y-o-Y to RMB360.2 billion.

FY2017 PERFORMANCE REVIEW

Financial performance

As a property developer engaged in both commercial and residential developments, 2017 marked a year of challenges and opportunities for the Group. Notwithstanding, the Group delivered an improved financial performance for FY2017 with revenue exceeding RMB1 billion for two consecutive years. Key highlights of the year include:

- Record revenue in FY2017 with main contributions from Ying Li International Hardware and Electrical Centre (IEC) Phases 1A and 2A, continued handover of Lion City Garden and sales of some investment properties which were previously tenanted;
- Lower rental income was mainly due to loss of rental income from the sales of some investment properties which were previously tenanted. Occupancy rate for the IMIX Park malls and Future International mall was healthy and ranged between 94.0% and 99.0% in FY2017;
- Divestment of Ying Li International Commercial Centre (ICC) to China Evergrande Group which is in line with the Group's business approach to expedite its capital recycling strategy in extracting value from assets;
- Investment in Beijing's Tongzhou project, which began in late 2014, has appreciated in value with a fair value gain of RMB260.0 million in 2017 as a result of the increased home prices in Beijing; and
- Total borrowings fell from RMB4.8 billion as at 31 December 2016 to RMB3.9 billion as at 31 December 2017.

OPERATING PERFORMANCE

The Group is currently focusing on the development of two integrated projects, namely Lion City Garden and IEC which made headway in 2017. In particular, the construction and handover of IEC Phase 1A and 2A progressed according

CHAIRMAN'S STATEMENT

to plan. The construction of IEC Phase 1A has since been completed while the construction and handover of Phase 2A commenced in the second half of the year. Following the handover, business owners of the retail shops are priming to kick-start operations at their new premises in 2018. To help shape the hardware and electrical industry and to ensure that businesses can begin operations swiftly and thrive in the hub, the Group formulated supportive measures to aid them in market cultivation and development which include six main areas – marketing, sales support, parking assistance, exhibition centre support and property management fees.

Construction for Lion City Garden Phases 2A, 2B, and 2C has completed. San Ya Wan station on Metro Line 10 which is situated right in front of the project has started operations at the end of 2017, increasing the connectivity of the area to other regions such as the airport which is only four subway stations away. As at 31 December 2017, the total sales and contracted pre-sales for IEC Phases 1A and 2A amounted to RMB1,257.0 million, while that for Lion City Garden Phases 2A, 2B and 2C amounted to RMB839.3 million.

Situated on a superior geographical location in Tongzhou, Beijing, the Group's investment in New Everbright Beijing Center made good progress in 2017. With Tongzhou as the new municipal administrative centre of Beijing, the new suburban railway line officially commenced operations at the end of 2017, shortening the travelling time between the existing Beijing CBD and Tongzhou to 28 minutes. Sales of the project remained stable. As at 31 December 2017, SOHO Tower 2 and 3 were successfully pre-sold and achieved a sell-through rate of 98.0% and 88.0% respectively (SOHO Tower 1 was fully sold upon launch), and the average sale price have risen from RMB34,500 per sqm for SOHO Tower 1 to RMB48,500 per sqm for SOHO Tower 3.

A key development of the year, the Group announced the divestment of ICC to China Evergrande Group for a consideration of RMB3.29 billion in November 2017 upon careful consideration and lengthy discussions. This divestment successfully unlocked value from our asset which is line with our approach to expedite our capital recycling strategy. To leverage on the anticipated strong economic growth in the PRC, this transaction strengthens our financial position and provides us with greater flexibility to invest in other projects with shorter cash-flow cycles in the PRC's Tier 1 cities and other fast-growing cities within the country.

For our retail malls, following continuous adjustment of tenant-mix and optimisation of retail space to capture market trends and consumer preferences, the Group's IMIX Park malls have performed well as occupancy rate, foot traffic and rental income have stabilised or even improved in the year.

As a step further to optimise operations, the Group conducted an organisational restructuring in April 2017 via the implementation of a project-based management model to refine its risks and cost control procedures. With the new optimised system in place, the Group has improved its management and operational efficiency to one that is able to swiftly adapt to business development needs and accelerate efforts in reducing inventory levels.

CHAIRMAN'S STATEMENT

PROSPECTS FOR 2018

The global economy is projected to continue its recovery path and external demand will continue to drive growth positively for the PRC's economy. The economies of both developed and emerging countries have exhibited healthy acceleration even as the international and domestic environment plaguing the PRC's growth remains complex. Notwithstanding, the foundation for the PRC's economic development is sufficiently strong to support a steady growth trajectory in 2018. Poised for a buoyant year, the quality and efficiency of the country's development are targeted to rally alongside the improvement in the quality of the economic activity.

Hailed as a pillar in the western PRC region, Chongqing is a strategic focal city for the development of the region and for the Belt and Road initiative, and also played a critical role in the Yangtze River Economic Belt project. Buoyed by strong policy support, the economic outlook for Chongqing is optimistic. With the continuous implementation of favourable policies such as the pilot Free-Trade Zone, Xinjiang-Europe International Railway, cross-border bonded zone, and the deepening of the China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity project, the influence of the city shall be further elevated. On the property front, Chongqing is expected to usher in more foreign companies and expatriate in 2018 which will drive more hard core housing demand, amongst others. This will spur the healthy and stable development of Chongqing's real estate market.

The Group is cognizant of the challenges that are present in the current real estate sector. For the office market, a relatively high level of new supply will be coming onstream in 2018, but will gradually taper off from 2019. Jiefangbei CBD, as the heart of Chongqing CBD, will remain resilient as the preferred CBD for multinational corporations. On the retail front, e-commerce retailers will continue to gain market share from physical retailers. To combat this threat, experiential retail will further expand in 2018. At the same time, the commencement and impending commencement of several new metro lines will also gradually shift consumers' consumption behaviour and business prosperity to more regions.

In the residential space, the main theme "houses are for living in, not for speculating on" holds strong. To that end, short-term real estate speculation is being curtailed while supply for housing demand for owner-occupation will still be steady. However, continual mortgage tightening is likely to affect domestic demand for home purchases, which will lead to home prices stablising.

Moving forward, the Group remains cautiously optimistic of the development prospects of Chongqing while we continue to be watchful of market conditions. At the same time, the Group will source for sound opportunities to build pipeline growth while focusing on further improving the level of governance and ensuring the smooth progress of development and investment properties to deliver an improved business performance.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend my gratitude to our shareholders, bankers, customers and business partners for your unflagging support and patience throughout the year. I would also like to express my appreciation to our Board of Directors, management team and employees for your dedication and hard work. As part of the Board renewal process, I am pleased to welcome on board Mr. Hu Bing as Executive Director. At the same time, I would like to thank Mr. Ai. Yu, who resigned as our Non-Executive and Non-Independent Director, for his invaluable contributions to the Group. I wish him the best in his future endeavours.

To realize the long-term interest of shareholders, we will continue to work tirelessly in pursuit of this goal.

Yours sincerely,

FANG MING
Executive Chairman & Group CEO

董事局主席致辞

作为一家综合性房地产开发企业，2017年，对于英利来说，是机遇与挑战并存的一年。然而在集团全体员工的共同努力下，集团业绩指标相比2016年都有了提升。

集团的财务表现也符合预期，总收入连续两年超过10亿元。

尊敬的各位股东：

本人在此欣然呈报英利国际置业股份有限公司（下称“英利”，并连同其他集团公司，总称为“集团”）截至2017年12月31日（“2017年度”） 的年度报告。

2017年宏观经济

2017年，全球经济温和增长，但各种风险和不确定性因素依然存在。中国经济在过去的一年里，随着供给侧结构性改革不断地深入推进，经济发展稳中向好，全年国内生产总值（GDP）达到827122亿元人民币，首次超过80万亿元，同比上年增长6.9%，实现了2010年以来经济增长首次提速，占世界经济的比重为15%左右，稳居世界第二位。而且，中国全年人均GDP达59660元人民币（8836美元），比上年增长6.3%。

重庆在过去的一年里，经济运行态势良好，主要经济指标保持平稳。2017年，重庆GDP达19500.27亿元人民币，比上年增长9.3%，增速超过全国平均。固定资产投资、社会消费品零售总额年均稳定增长，进出口总额稳中有升，常住人口城镇化率达到64.1%，居民人均可支配收入同比增长9.6%。重庆仍然有着很大的发展潜力和增长空间。

回顾2017年，中国房地产市场风起云涌，监管部门对于房地产去投机化、去杠杆化的态度十分坚决，本轮楼市调控政策持续时间之久，范围之大，是多年来少有的，热点城市不断限购、限贷、限价、限售、限商。据不完全统计，在2017年，中国各城市出台楼市调控政策超过150余次。得益于“分类调控、因城施策”的楼市调控策略，中国房地产市场总体继续保持稳定。2017上半年，一线城市房价开始涨幅趋缓，而二三线城市房价在上半年飙升明显。进入下半年，随着楼市调控步伐进一步趋严，国内大部分城市的房地产市场开始降温。总体而言，2017年全国房地产去库存效果还算比较显著，全年商品房销售面积达16.9亿平方米，比上年增长7.7%，商品房销售额达到133701亿元，增长13.7%。

面对高涨的房价和销售额，重庆市政府加强分类区域施策，深入推进供给侧结构性改革，满足首套刚需，支持改善需求、遏制投机炒房，培育发展住房租赁市场，全市房地产市场运行保持总体稳定。2017年，重庆先后出台的一系列调控政策，比如对“三无人员”(无户籍、无企业、无工作)新购的首套及以上的普通住房征收房产税，买屋两年内禁止出售住宅物业等等，虽然调控涉及限贷和限售，但整体来看，调控仍然属于比较温和的范畴。这类政策的出台，是为了进一步遏制投机性行为，以促进重庆房地产市场平稳健康发展。房地产企业依旧看好重庆市场。2017年重庆房地产开发投资逼近4千亿，共计3980.08亿元，增长6.8%。2017年，重庆商品房新开工面积5680.04万平方米，同比增长16.5%，2017年重庆商品房销售额突破4千亿，共计4557.85亿元，增长32.8%，创近五年新高。其中住宅销售额3601.56亿元，增长36.6%。

2017财年业绩回顾：

*财务表现

作为一家综合性房地产开发企业，2017年，对于英利来说，是机遇与挑战并存的一年。然而在集团全体员工的共同努力下，集团业绩指标相比2016年都有了提升。

集团的财务表现也符合预期，总收入连续两年超过10亿元：

- 2017年的销售收入主要来自五金机电城项目的第 1A 和2A期、狮城花园项目、和出售一些存殿资产。
- 总租金收入有所减少，是因为有部分带租约的存殿资产被出售了，影响总体租金收入。集团保留的3个商场的总租金持续上涨，各别的出租率都在94-99%的范围内。
- 同时，集团把英利环贸中心项目出售给中国恒大集团，这也为集团带来额外的收益。
- 公司投资北京通州的项目经过2015及2016两年的投资期，在2017年价值增幅开始加快，这主要得益于北京房价上涨的因素。
- 集团的总贷款也从2016年底的48亿下降到39亿。

*运营表现

集团目前重点打造的2个综合性项目，即英利国际五金机电城项目和英利狮城花园项目，均进展顺利。

其中，英利国际五金机电城项目的建设和移交按计划进行中，已开发的一期A已经全部竣工、部分二期A也开始竣工并交付业主，市场正处于紧张的开市启动阶段，计划在2018年内开

董事局主席致辞

业。为做好机电市场，英利集团从市场推广、采购商扶持、停车位扶持、展销中心扶持、物业管理费等六大方面拟定了市场培育发展的扶持政策，帮助市场商家尽快开业经营。英利狮城花园项目2A、2B、2C期已经完成，已售房源已经全部交付给客户。项目的正门处设有重庆市地铁10号线的入口，并且该地铁线已经在2017年底开始运营，从项目的位置到机场仅有3个站台。截至2017年12月31日，英利国际五金机电城的1A及2A期的销售及签约总值为人民币12.57亿元，而狮城花园包括2A，2B及2C期的销售及签约总值为人民币8.42亿元。

集团投资建设的坐落于北京通州的新光大中心进展良好，项目地理位置优越，毗邻北京市的市政行政中心。2017年底，新建设的北京市郊铁路城市副中心线正式开通运营，将北京CBD与通州之间的交通时间缩短至28分钟。该项目的销售稳健，截至2017年12月31日，除了1号楼已经售罄之外，2号楼和3号楼也分别成功预售了98.0%和88.0%，而且3号塔楼的平均售价已经从1号楼的34,500元/平方米上涨到48,500元/平方米。

经过审慎的考虑和长期讨论，在2017年11月，集团宣布以32.9亿元人民币的价格，把持有英利环贸中心项目的全资子公司SHINY PROFIT ENTERPRISES LIMITED的股份出售给中国恒大集团。我们相信中国的经济将保持强劲增长，本次交易的成功，一方面强化了集团的财务状况，另一方面提供了更大的灵活性，有助于我们投资到其他资金周转周期短的项目，以及在中国其它的一线及快速增长的城市中寻求投资机遇。

经过持续的租户组合调整和优化零售空间，紧抓市场潮流和热点，不定期地举行主题促销活动，英利旗下的"大融城"商场已获得了消费者的认可，入住率、人流量和租赁收益稳定走高。

在企业的内部管理上，集团在2017年4月，调整了管控模式和组织架构，实行项目制管理模式，并加强了风险管控。通过优化管理体系，提升了企业的管理效率和运行效能，从而适应业务发展需要，加快了企业去库存的力度。

2018年前景展望

2018年世界经济复苏的态势有望延续，外需对国内经济增长呈现积极的推动效应。当前发达经济体与新兴经济体经济增速均有所加快、趋势向好。尽管中国发展面临的国际国内环境仍然错综复杂，但总体来说，2018年经济发展的支撑能力较强，稳中向好的态势有望继续保持；发展质量和效益有望持续提升，经济运行的品质将继续朝着好的方向加快发展。

重庆作为西部大开发重要的战略支点、"一带一路"和长江经济带重要联结点以及内陆开放高地，享受有力的政策扶持，发展前景良好。凭借自贸试验区、"渝新欧"国际铁路联运大通道、跨境保税、等一系列政策的不断落实，以及"中新（重庆）战略性互联互通示范项目"的深化合作，城市的影响力将进一步的提升，2018年重庆将迎来更多外来企业及人员的进驻，并带来更多的刚性需求，这些都必将促进重庆房地产市场继续健康稳定发展。

我们也清楚地明白，当前面临的房地产市场仍然充满挑战。写字楼市场方面，在2018年写字楼有相对较高的新供应水平，但供应量将从2019年开始逐渐放缓，解放碑作为重庆的极核，将保持弹性，成为跨国企业落户首选CBD。零售市场方面，电商也将继续在线下抢占实体店的市场份额，应对网购的冲击，2018年体验式零售业将持续发展。同时随着重庆地铁线路的加速建设和开通，会逐渐改变消费者的消费习惯，将带来更多地区的商业繁荣。住宅市场方面，当前房地产调控的主要定位是："房子是用来住的、不是用来炒的"，因此，短期投机炒房受到扼制，自住需求将得到稳步释放，不过持续的抵押贷款紧缩政策将有可能影响国内购房需求，平均资本将逐渐稳定。

集团继续看好重庆的发展前景，我们将继续关注市场情况，同时寻找有潜质的项目发展，并进一步提高治理水平，推动各项工作顺利开展，创造出更好的经营业绩。

致谢

代表公司董事会，我在此衷心地感谢股东、银行、客户和合作伙伴给予我们的支持和信任。同时，我也向董事会、管理层团队和集团全体同仁致以衷心的感谢。作为董事会持续更新的一部分，我在此欢迎胡兵先生加入董事会担任执行董事，同时也向曾担任集团非执行和非独立董事的艾渝先生表示由衷的感谢，感谢他在任期里，为集团的发展作出了宝贵的贡献。

实现股东的长远利益是我们持之以恒的目标和责任，我们将为之而不懈努力。

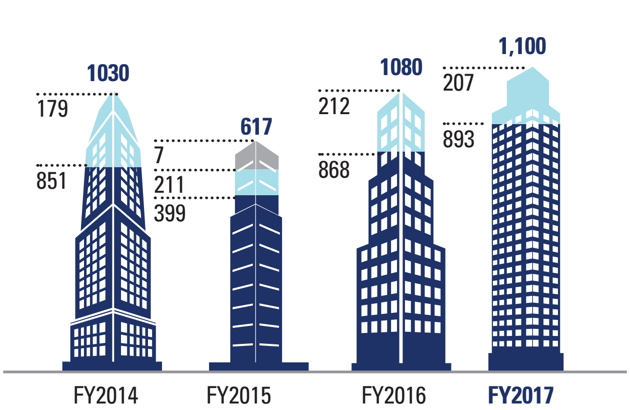
方明

执行董事长兼集团总裁

FINANCIAL REVIEW

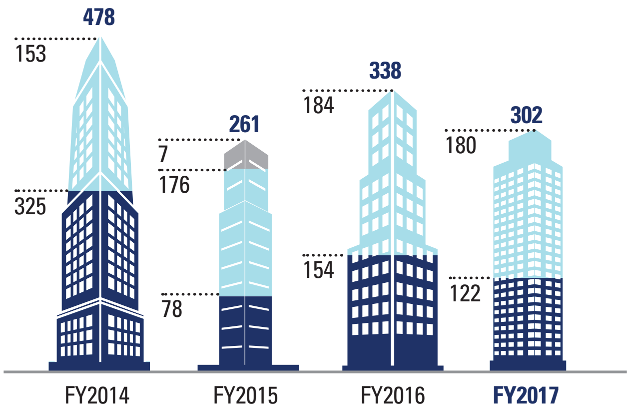
Revenue

RMB 1,100M



Gross Profit

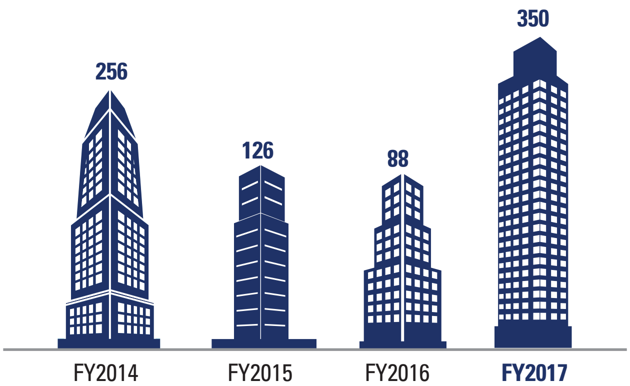
RMB 302M



Sale of Properties   Rental income   Consultancy Income

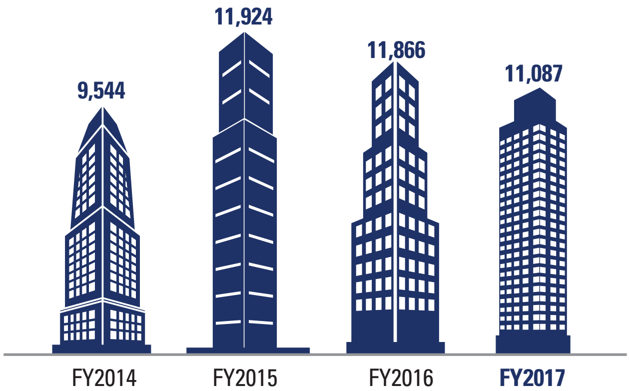
Profit Attributable to Ordinary Shareholders of the Company

RMB 350M



Total Assets

RMB 11,087M



FINANCIAL REVIEW

FINANCIAL RESULTS

For the financial year ended 31 December 2017 (FY2017), the Group posted a record revenue of RMB1.1 billion, an increased by 1.9% Y-o-Y. Sales of Properties increased by 2.9% Y-o-Y to RMB893.0 million in FY2017 on the back of the successful handover of Ying Li International Electrical and Hardware Centre (IEC) Phases 1A and 2A, continued handover of the residential units at Lion City Garden project, as well as sale of units from older completed projects and some of the Group's investment properties. On the other hand, rental income decreased marginally by 2.2% Y-o-Y to RMB207.2 million in FY2017 mainly due to the loss of rental revenue from the sale of investment properties that were previously rented out.

Gross profit and gross profit margin decreased by 10.7% and 3.9 percentage points Y-o-Y in FY2017 respectively to RMB302.0 million and 27.4% mainly due to the mix of properties that were handed over during the year had lower gross profits, as well as the lower gross profit from the sale of some leased properties classified as investment properties as their carrying values were revalued annually to their respective fair values.

Other income grew by 370.3% Y-o-Y to RMB455.2 million in FY2017 mainly due to the gain from the divestment of Ying Li International Commercial Centre (ICC) project.

Selling expenses decreased by 9.7% Y-o-Y to RMB72.3 million in FY2017 primarily due to lower expenditure incurred on advertising and promotion activities and lower property management expenses.

Administrative expenses decreased by 13.9% Y-o-Y to RMB110.9 million in FY2017 mainly due to a reversal of foreign exchange losses in FY2016 to a foreign exchange gain in FY2017 due to a weakened US Dollar.

For FY2017, the Group recorded fair value gain on Investment Properties of RMB39.3 million mainly due to the increase in property prices in the PRC in FY2017. This gain represents the difference between the value of investment properties as at 31 December 2017 and the carrying value of investment properties as at 31 December 2016, adjusted for those Investment Properties sold in the year.

Similarly, the fair value gain on Other Investment (Beijing Tongzhou project) amounted to RMB260.0 million in FY2017.

Finance costs rose by 46.5% Y-o-Y to RMB136.3 million in FY2017 mainly due to a decrease in the amount of finance costs capitalised due to the divestment of ICC.

Tax expense increased by 99.0% Y-o-Y to RMB86.9 million in FY2017 mainly due to a higher tax provision which arose from the fair value gain on Investment Properties and Other Investment.

Profit attributable to ordinary shareholders of the company surged by 299.5% Y-o-Y to RMB350.2 million in FY2017. This was mainly attributable to the gain from the divestment of ICC and fair value gains on Other Investment. Earnings per share increased by RMB10.3 cents Y-o-Y to RMB13.7 cents in FY2017.

FINANCIAL POSITION

For FY2017, the Group's total assets decreased by RMB778.9 million to RMB11.1 billion as compared to FY2016. The decrease was mainly due to a decrease in development properties of RMB3.09 billion arising from the divestment of ICC and the handover of completed properties to buyers. This was offset by an increase in trade receivables of RMB2.08 billion from the divestment of ICC, and an increase in Investment Properties and Other Investment amounting to RMB288.8 million mainly due to revaluation gain on the assets, negated by the sale of some of these Investment Properties.

Total liabilities decreased by RMB1.01 billion to RMB5.8 billion in FY2017. The decrease was mainly due to a reduction in borrowings amounting to RMB895.7 million, and a decrease in trade and other payables of RMB166.1 million due mainly to the progress payment made for construction cost.

The Group's total equity rose by RMB231.7 million to RMB5.3 billion in FY2017. The increase was mainly due to an increase in retained profits attributable to the gain on the divestment of ICC and fair value gain on Investment Properties and Other Investment held by the Group.

Net assets attributable to shareholders increased by RMB231.1 million to RMB5.2 billion as at 31 December 2017 as compared to RMB5.0 billion as at 31 December 2016. This represents a net asset value per share of RMB2.05 as at 31 December 2017 as compared to a net asset value per share of RMB1.96 as at 31 December 2016.

CASH FLOW

The Group registered net cash inflow from operating activities of RMB91.4 million in FY2017. This was mainly attributable to the cash generated from operating profit of RMB136.0 million and a decrease of RMB557.2 million in development properties mainly owing to the divestment of ICC, handover of completed units at IEC and Lion City Garden. This was offset by an increase in trade and other receivables of RMB848.3 million mainly due to receivables from the divestment of ICC, and an increase in trade and other payables of RMB478.0 million mainly due to payment made to suppliers, as well as net interest and income tax paid of RMB244.6 million.

Net cash used in investing activities amounted to RMB1.3 million in FY2017.

Net cash generated from financing activities of RMB147.5 million in FY2017 was mainly due to the release of cash previously pledged to financial institutions as collaterals of RMB286.7million, offset by a net cash outflow from the drawdown and repayment of loans amounting to RMB48.0 million to finance the construction of ongoing projects and payment of distribution on perpetual convertible securities of RMB91.2 million.

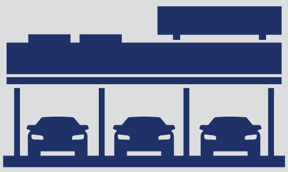
Overall, cash and cash equivalents increased by RMB237.7 million as at 31 December 2017.

OPERATIONS REVIEW

PROPORTION OF GFA BY DIFFERENT TYPES OF INVESTMENT PROPERTIES
as at 31 December 2017.

GFA (sqm)
344,452
As at 31 Dec 2017

Retail
64%



Others
25%

Office
11%

2017 proved to be yet another challenging year for the Group as mounting pressures from the authorities to deleverage and rein in speculative demand in the Chongqing property market brought about challenges from various fronts for the Group. Fresh property purchase restrictions were imposed during the year to curb speculative purchases and rising home prices, while the retail market continued to evolve in view of shifting retail trends. In face of such challenges, keeping abreast of market activities and developments to formulate and adjust strategies based on the respective market conditions was paramount to the survival of the Group. Delivering a credible performance despite the challenging market conditions, the Group posted a record full-year revenue, improved occupancy rates, and has succeeded in unlocking value from the divestment of Ying Li International Commercial Centre project.

SECTOR REVIEW

CHONGQING OFFICE MARKET

Spurred by the city's healthy economic growth in 2017, Chongqing's office market progressed at a steady pace in 2017 driven by robust demand from the finance and professional services sectors. Eight new office projects located mainly in Jiangbeizui entered the market and contributed a new supply of 651,300 sqm, of which 482,700 sqm were Grade A office spaces. In spite of the new supply, the market exhibited positive sentiments as overall net absorption increased by 49.8% Y-o-Y to 502,900 sqm in 2017. Notably, the net absorption of Grade A office improved by 89.0% Y-o-Y to 331,200 sqm boosted by strong office upgrade demand. In line with the positive momentum, the vacancy rate for Grade A office declined by 4.2 percentage points Y-o-Y. Amongst Chongqing's core business districts, Jiefangbei continued to outperform with the lowest vacancy rate and highest average rental in 2017, testament to its strategic and prominent location favoured by multinational corporations.

CHONGQING RETAIL MARKET

Despite a rapidly evolving retail landscape, the market was steadfast and vibrant in 2017. A total of seven new retail projects were launched in 2017 which added 833,600 sqm to the retail market. Demand remained robust in spite of the new supply as net absorption increased by 43.4% Y-o-Y to 711,300 sqm and vacancy rate declined by 0.9 percentage points Y-o-Y. While the retail scene was dominated by F&B and fashion retailers in 2017, evolving purchasing patterns due to the pervasiveness of e-commerce are reshaping the overall retail landscape, from traditional shopping options to an increased desire for service and convenience. As such, the retail market witnessed several major developments in the year targeted to enhance consumers' physical retail experiences. Service-based retailers such as health spas, fitness centres, entertainment facilities and childcare centres rapidly expanded their presence in retails malls. Entertainment, experiential and children-focused concepts were fast becoming important keys to attracting foot traffic. The deployment of online-to-offline business strategies by retailers to enhance shopping experience also became a vital development during the year.

OPERATIONS REVIEW

CHONGQING RESIDENTIAL MARKET

2017 saw new home purchase restrictions being implemented in Chongqing whereby buyers of new residential properties are prohibited from selling two years from the date of purchase with effect from 23 September 2017. Although demand was active throughout the year, the purchase restrictions and mortgage tightening policies led to a sales decrease of 23.3% Y-o-Y to 7,900 premium units in 2017. However, with the launch of several premium projects, the average selling price recorded a significant increase of 38.7% Y-o-Y to RMB18,000 per sqm at the end of 2017 based on data computed by JLL Research.

BEIJING MARKET

With Beijing's municipal government suspending the launch of new residential projects with higher-than-average prices in comparison with neighboring projects, the city's premium residential market slowed down in the beginning of 2017. There was no new project launches and average selling price for premium residential units fell by 1.9% Q-o-Q in 1Q2017. However, following the introduction of a price cap policy whereby the selling price of residential projects are controlled by the Beijing government, new supply and sales transaction volume rebounded considerably albeit at lower average selling prices. Almost 90.0% of the new supply for the premium residential market was launched in 2H2017 and sales transaction volume rebounded by 9.2% Q-o-Q and 76.5% Q-o-Q in 3Q2017 and 4Q2017 respectively.

Prior to the price cap policy, the average selling price of residential projects in Beijing Tongzhou had risen from RMB16,950 per sqm in 2010 to more than RMB50,000 in 2017, based on statistics from Centaline Property.

OPERATIONS REVIEW

SALE OF PROPERTIES

The Group currently has two projects under-development - Lion City Garden and IEC. The Lion City Garden continued its handover in 2017, with Phase 2B and 2C forming the majority. Currently, the project is at its last phase (Phase 2D) of development. The commencement of Metro Line 10 at the end of 2017 will benefit Phase 2D as the San Ya Wan station is situated directly in front of the project.

Bespoke development IEC is progressing in accordance with development plans. The handover of Phase 1A commenced in 4Q2016 and continued through the year while the handover of Phase 2A commenced in 2017. The recognition of the sales from the handover of Phases 1A and 2A formed a large part of the Group's revenue for FY2017.

LEASING OF PROPERTIES

On the retail front, the Group recognises the emerging trends from the evolving retail environment and has made targeted efforts to broaden the value proposition for consumers through repositioning and tenant-mix adjustments. Apart from optimising retail spaces and emphasizing on experiential retailing for both its IMIX Park malls, the Group increased the proportion of service-based retailers, such as popular wellness group Changle Foot Massage, spa chain The Ivy and fitness centre Will's in Ying Li IMIX Park Jiefangbei. For Ying Li IMIX Park Daping, to better serve the residential catchment of Daping district, the Group maintained its focus on family/children and leisure/entertainment concepts which saw the opening of several education centres, indoor entertainment facilities and children-related stores. In addition, Ying Li IMIX Park Daping hosted numerous events throughout the year aimed at creating the mall as a hub for the local community. The Group's efforts have borne fruits as the combined occupancy rate for the IMIX Park malls improved from 91.4% in 4Q2016 to 96.0% in 4Q2017.

INVESTMENT PROJECT

The Group's investment in New Everbright Centre project remained healthy amidst purchase restrictions meant to rein in rising home prices in Beijing Tongzhou. Construction for the SOHO towers is progressing as planned with handover set in 2018. Construction for the office and retail land site has commenced in 2Q2017.

DIVESTMENT OF YING LI INTERNATIONAL COMMERCIAL CENTRE (ICC)

On 28 November 2017, the Group announced the divestment of ICC for a total consideration of RMB3.29 billion. This divestment is in line with the Group's business approach to expedite its capital recycling strategy in extracting value from assets. Coupled with greater financial flexibility, the Group will be able to direct efforts in pursuing new ventures and/or investment opportunities in Tier 1 and fast-growing lower tier cities in the PRC where economic growth is expected to remain strong. The divestment has since been completed.

OPERATIONS REVIEW

STATUS AND SNAPSHOT OF PROJECTS
AS AT 31 DECEMBER 2017

YING LI FUTURE INTERNATIONAL

Project Description
Type: Retail / Office
Status: Completed
Land Area: 8,667 sqm
Total GFA: 135,540 sqm
• **Office:** 54,907 sqm
• **Retail Mall:** 59,600 sqm
• **Car Park / Others:** 21,033 sqm

Future International is located at the heart of the Chongqing's Guangyingqiao CBD, the busiest shopping and entertainment districts in Chongqing. Guanyinqiao CBD is famed for its pedestrian street, one of the top ten pedestrian streets in the PRC. As the first Grade A office skyscraper, Future International and its surrounding landscape brought about the beginning of the transformational developments in Guanyinqiao, leading to its current prime CBD status today. The project was awarded the Highest Contribution Landmark Commercial Building to Chongqing's Landscape Transformation in 2010.

The office space of Future International was fully sold, while the retail mall is retained by the Group and operating on long-term lease arrangements with three master tenants.

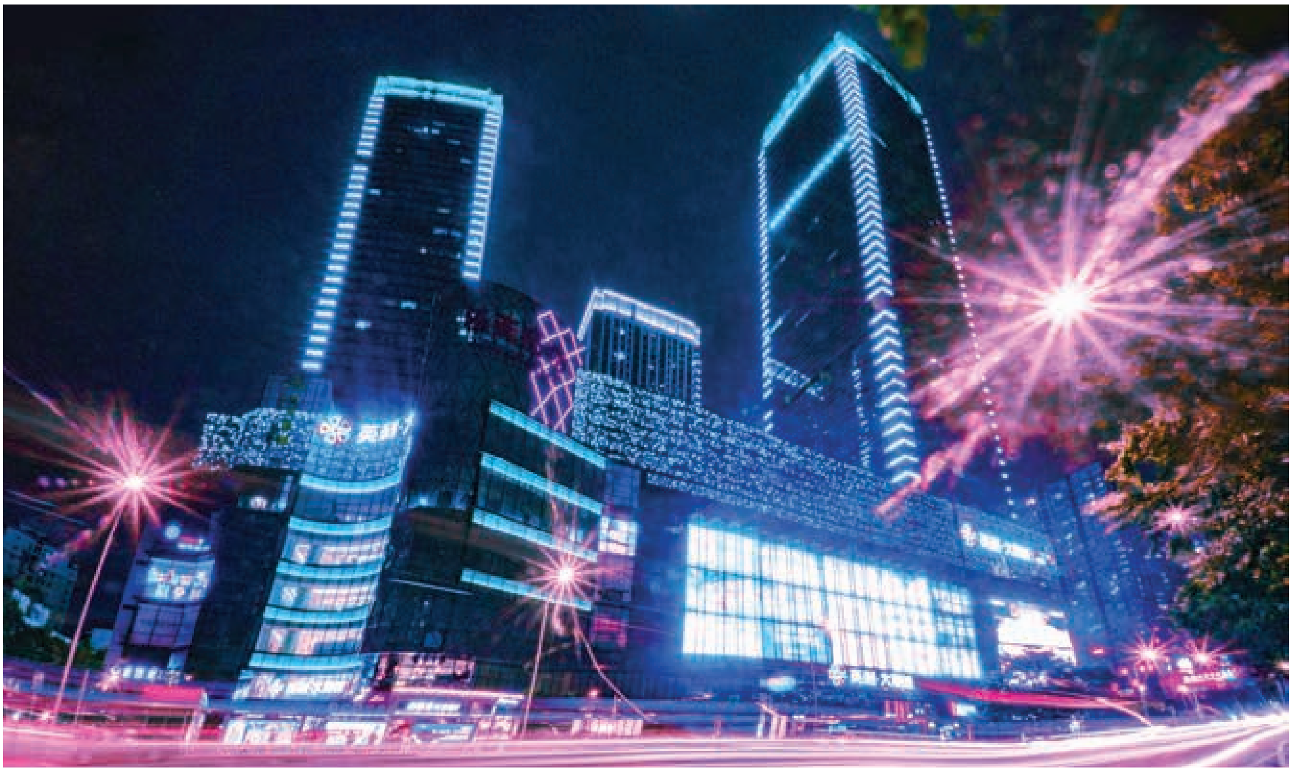
OPERATIONS REVIEW

YING LI INTERNATIONAL FINANCIAL CENTRE (IFC)/ YING LI IMIX PARK JIEFANGBEI (IMIX PARK JFB)

Project Description
Type: Retail / Office
Status: Completed
Land Area: 8,927 sqm
Total GFA: 177,327 sqm
• **Office:** 89,971 sqm
• **Retail Mall:** 49,873 sqm
• **Car Park / Others:** 37,483 sqm

IFC (office)/IMIX Park JFB (mall) is a renowned integrated development located strategically in the heart of Chongqing's traditional and core CBD, Jiefangbei. The development encompasses retail spaces tenanted by popular, fast-moving retail brands and a Grade A office tower with a diversified and prominent tenant base. IMIX Park JFB offers the area's large shopper catchment a mix of retail, dining and lifestyle options through well-received brands such as H&M, Under Armour, Adidas and Xiaomi, as well as a spectrum of notable F&B and health/wellness/entertainment establishments. IFC houses a diversified and prominent tenant mix that includes Samsung, DBS, OCBC, Capitaland, Guocoland, Hitachi, JCDecaux, KFC, Hong Kong Special Administrative Region representative office and Consulate-General of the Kingdom of the Netherlands in Chongqing.

OPERATIONS REVIEW



YING LI INTERNATIONAL PLAZA/ YING LI IMIX PARK DAPING (IMIX PARK DAPING)

Project Description
Type: Retail/Office/Residential
Status: Completed
Land Area: 28,226 sqm
Total GFA: 409,141 sqm
• **Residential / SOHO:** 116,445 sqm
• **Office:** 78,695 sqm
• **Retail Mall:** 100,524 sqm
• **Car Park / Others:** 113,477 sqm

Located in the bustling residential cluster of Yuzhong District, this integrated development enjoys excellent connectivity via the surrounding major thoroughfares, including an underground subway interchange. This development encompasses a retail mall, a Grade A office tower, a SOHO tower and three residential towers. With a family/children and entertainment theme to better cater to local catchment needs, IMIX Park Daping increased its proportion of service-based retailers such as health and wellness chains and education centres in 2017. The mall also expanded its entertainment offerings with Escape Chamber and Will's Fitness Centre, among others, during the year.

OPERATIONS REVIEW

SAN YA WAN PHASE 2 (LION CITY GARDEN)

Project Description
Type: Retail/Residential
Status: Under-development (Phase 2D)
Land Area: approx. 89,726 sqm
Total GFA: approx. 273,656 sqm
Handover • **Phase 2A:** Commenced in 2015 • **Phase 2B:** Commenced in 2016 • **Phase 2C:** Commenced in 2016/2017
Targeted Handover • **Phase 2D:** 2019 (estimated)
Total Sales and Contracted Pre-sales as at 31 December 2017: RMB839.3 million

The Lion City Garden project occupies a strategic location in the Liangjiang New Area, the PRC's only inland and third sub-provincial new area after Shanghai's Pudong New Area and Tianjin's Binhai New Area. The project comprises premium residential townhouses, high-rise apartments as well as retail outlets. The Lion City Garden project is in close proximity to transportation nodes, shopping and lifestyle amenities as well as popular schools. The San Ya Wan station on Metro Line 10 situated directly in front of the project has commenced operations at the end of 2017. As at 31 December 2017, total sales and contracted pre-sales for Phase 2A, 2B and 2C amounted to RMB839.3 million.

OPERATIONS REVIEW

YING LI INTERNATIONAL HARDWARE AND ELECTRICAL CENTRE (IEC)

Project Description
Type: Commercial (Build-to-order Wholesale Centre, Retail, Hotels, Residential, Logistics Distribution Centre)
Status: Under-development
Total Land Area: approx. 360,708 sqm (Phase 1 and 2A) • **Phase 1:** approx. 199,773 sqm • **Phase 2A:** approx. 160,935 sqm
Total GFA: approx. 1.32 million sqm • **Phase 1:** approx. 481,560 sqm • **Phase 2A:** approx. 150,000 sqm
Handover • **Phase 1A:** Commenced in 4Q2016 • **Phase 2A:** Commenced in 3Q2017
Total Sales and Contracted Pre-sales as at 31 December 2017: RMB1,257 million

Nestled in Jiangjin Shuangfu District, the up-and-coming secondary CBD of Chongqing, IEC is the Group's first bespoke mixed-development project. This considerable-sized project comprises a wholesale centre, retail outlets, hotels, residential spaces and a logistics distribution centre. Aimed at amalgamating and strengthening the fragmented traditional hardware and electrical market in Chongqing, this project is a strategic collaboration between the Group and Chongqing Hardware & Electrical Industry Association Alliance which provides a ready customer base from its nine-trade associations. As at 31 December 2017, total sales and contracted pre-sales for Phases 1A and 2A amounted to RMB1,257 million.

OPERATIONS REVIEW

NEW EVERBRIGHT CENTRE – BEIJING TONGZHOU

Project Description
Type: SOHO / Office / Retail
Status: Under-development
Total Land Area: approx. 57,000 sqm
Total GFA: approx. 770,000 sqm
Pre-sales • **SOHO Tower 1:** Commenced in 4Q2015 • **SOHO Tower 2:** Commenced in 2016 • **SOHO Tower 3:** Commenced in 2016
Targeted Handover • **Phase 1 (SOHO):** 2018 • **Phase 2 (Office):** 2021 • **Phase 3 (Office & Retail):** 2021/2022
Total Sales and Contracted Pre-sales as at 31 December 2017: RMB4.3 billion • **SOHO Tower 1:** RMB1.06 billion (100% pre-sold) • **SOHO Tower 2:** RMB1.91 billion (98.0% pre-sold) • **SOHO Tower 3:** RMB1.33 billion (88.0% pre-sold)

Beijing Tongzhou officially became the city's new municipal administration centre in 2017. According to the plan released by the Beijing government in March 2017, Beijing Tongzhou is expected to accommodate a population of 1.3 million by 2030 and will also serve as a hub for business, culture and tourism. With the commencement of one of the new railway lines linking Beijing's CBD with Tongzhou at the end of 2017, commuters only require 28 minutes of travelling time between the two districts.

With an investment stake via a fund structure, this project is the Group's first venture outside of Chongqing, partnering with strategic shareholder China Everbright Limited and other esteemed partners. Construction has completed for the four SOHO towers as final touches are being supplemented including interior renovation and exterior landscaping works. The office/retail land site broke ground in 2Q2017 and pilling works are currently underway. As at 31 December 2017, total contracted pre-sales for the project amounted to RMB4.3 billion, with an average selling price of RMB48,500 per sqm for Tower 3.

PROJECTS AT A GLANCE

MINSHENG MANSION

Description:
First skyscraper in Yuzhong district

Type:
Commercial & Residential

Completion Date:
December 1997

TOTAL GFA (sqm):
63,342

ZOU RONG PLAZA

Description:
Chongqing's first financial industry focused project

Type:
Commercial & Residential

Completion Date:
December 2000

TOTAL GFA (sqm):
102,502

SOUTHLAND GARDEN

Description:
Chongqing's first high-end residential project

Type:
Residential & Retail

Completion Date:
December 2004

TOTAL GFA (sqm):
57,009

PROJECTS AT A GLANCE

NEW YORK NEW YORK

Description:
Received one of China's highest architectural accolades

Type:
Commercial

Completion Date:
March 2005

TOTAL GFA (sqm):
41,337

FUTURE INTERNATIONAL

Description:
First landmark skyscraper in Guanyinqiao CBD

Type:
Commercial & Retail

Completion Date:
December 2006

TOTAL GFA (sqm):
135,540

BASHU CAMBRIDGE

Description:
One of first enterprise educational institution partnerships

Type:
Residential & Retail

Completion Date:
February 2007

TOTAL GFA (sqm):
43,086

PROJECTS AT A GLANCE

SAN YAN WAN PHASE 1 AND 1A

Description:
Largest integrated seafood wholesale center in western PRC

Type:
Commercial

Completion Date:
April 2009

TOTAL GFA (sqm):
72,000

YING LI INTERNATIONAL FINANCIAL CENTRE / YING LI IMIX PARK JIEFANGBEI

Description:
Highest skyscraper and landmark property in Chongqing and Southwest upon completion

Type:
Commercial & Retail

Completion Date:
December 2011

TOTAL GFA (sqm):
177,327

YING LI INTERNATIONAL PLAZA / YING LI IMIX PARK DAPING

Description:
Landmark integrated project in the heart of Yuzhong's bustling Da Ping area

Type:
Commercial, Residential & Retail

Completion Date:
December 2013 (retail); 2014 (remaining phases)

TOTAL GFA (sqm):
409,141

SAN YAN WAN PHASE 2 (LION CITY GARDEN)

Description:
Development of quality apartments

Type:
Residential & Retail

Completion Date:
2015 / 2016 / 2019 (estimated)

TOTAL GFA (sqm):
approx. 273,656

YING LI INTERNATIONAL HARDWARE AND ELECTRICAL CENTRE

Description:
Commercial - Build-to order
wholesale centre, retail, hotels, residential, logistics distribution centre

Type:
Bespoke Commercial & Retail

Expected Completion Date:
2016 / 2017 / 2018 in 3 phases (estimated)

TOTAL GFA (sqm):
approx. 631,560 for Phase 1 and 2A

INVESTMENT PROPERTIES PORTFOLIO

AS AT DECEMBER 31 2017

Minsheng Mansion

Address
No. 181 Minsheng Road,
Yuzhong Yuzhong District, Chongqing

Usage
Office, Retail and Car Park

Gross Floor Area (sqm)
6,431

Gross Rented Area (sqm)
4,360

Land Use Right Expiry
Commercial – September 2033

Market Valuation (RMB)
35,700,000

Completion Date
December 1997

Zou Rong Plaza

Address
Nos. 141 to 155 Zourong Road,
Yuzhong District, Chongqing

Usage
Retail, Office and Car Park

Gross Floor Area (sqm)
6,806

Gross Rented Area (sqm)
6,444

Land Use Right Expiry
Commercial – January 2046

Market Valuation (RMB)
37,080,000

Completion Date
December 2000

Southland Garden

Address
Nos. 46 to 52 Cangbai Road,
Yuzhong District, Chongqing

Usage
Office, Retail and Car Park

Gross Floor Area (sqm)
13,130

Gross Rented Area (sqm)
11,267

Land Use Right Expiry
Commercial – November 2042

Market Valuation (RMB)
72,890,000

Completion Date
December 2004

New York New York

Address
No. 108 Bayi Road,
Yuzhong District, Chongqing

Usage
Car Park

Gross Floor Area (sqm)
277

Gross Rented Area (sqm)
277

Land Use Right Expiry
Commercial – January 2042

Market Valuation (RMB)
1,180,000

Completion Date
March 2005

INVESTMENT PROPERTIES PORTFOLIO

AS AT DECEMBER 31 2017

Future International

Address
No. 6 Guanyinqiao Pedestrian Street, Jiangbei District, Chongqing

Usage
Retail and Car Park

Gross Floor Area (sqm)
82,227

Gross Rented Area (sqm)
81,947

Land Use Right Expiry
Commercial – March 2045

Market Valuation (RMB)
1,006,700,000

Completion Date
December 2006

Bashu Cambridge

Address
No. 8 Bashu Road, Yuzhong District, Chongqing

Usage
Retail and Car Park

Gross Floor Area (sqm)
6,863

Gross Rented Area (sqm)
6,789

Land Use Right Expiry
Commercial – September 2044

Market Valuation (RMB)
16,670,000

Completion Date
February 2007

Ying Li International Financial Centre/ Ying Li IMIX Park Jiefangbei

Address
No. 28 Minquan Road, Yuzhong District, Chongqing

Usage
Office, Retail and Car Park

Gross Floor Area (sqm)
95,642

Gross Rented Area (sqm)
89,772

Land Use Right Expiry
Commercial – December 2044

Market Valuation (RMB)
1,745,090,000

Completion Date
December 2011

Ying Li International Plaza/Ying Li IMIX Park Daping

Address
No. 19 Daping Zheng Jie Road, Yuzhong District, Chongqing

Usage
Retail and Car Park

Gross Floor Area (sqm)
133,246

Gross Rented Area (sqm)
62,384

Land Use Right Expiry
Commercial – July 2050

Market Valuation (RMB)
1,557,600,000

Completion Date
December 2013

BOARD OF DIRECTORS

MR. FANG MING
Executive Chairman and Group Chief Executive Officer

Mr. Fang Ming is the Executive Chairman and Group Chief Executive Officer. He is also the President of Chongqing Yingli Real Estate Development Co., Ltd. Mr. Fang is responsible for the overall management since its inception in 1993. With more than 20 years of experience in the property sector, Mr. Fang has been instrumental in introducing international designs and quality standards into the real estate sector in Chongqing, gaining recognition from both city and state governments. Under his leadership, the Group developed a number of award winning buildings in Chongqing's core central business districts and established good long-term relationships with the local government authorities and business partners. The Group successfully established a long-term strategic cooperative partnership with China Everbright Limited - one of China's most influential financial enterprises in 2014.

Prior to establishing Chongqing Yingli, Mr. Fang held a senior position in Chongqing Yunji Company. Mr. Fang is also a representative of Chongqing People's Congress, Vice President of Chongqing General Chamber of Commerce, President of the Chongqing Real Estate Chamber of Commerce, and the Executive Vice President of the Yuzhong District Federation of Industry and Commerce.

Mr. Fang graduated from Chongqing Broadcasting University School of Management and has a MBA from the Chongqing Technology and Business University.

MR. PAN YING
Non-Executive and Non-Independent Deputy Chairman

Mr. Pan was appointed to the Board in September 2014. He is the Chief Investment Officer and a member of the Management Decision Committee of China Everbright Limited ("CEL"). He is responsible for the real estate fund, institutional sales and financing business of CEL. Mr. Pan is also a Director of Shanghai Jiabao Industry & Commerce (Group) Co., Ltd and a Non-Executive Independent Director of Sinopec Oilfield Service Corporation.

Prior to joining CEL, he worked for the Foreign Exchange Reserve Department of SAFE (China's State Administration of Foreign Exchange), and established SAFE Investment Company Ltd., a Hong Kong-based wholly-owned subsidiary of the People's Bank of China which had AUM of more than HKD20 billion. Mr. Pan joined Seagate, an asset management company in Los Angeles in 1998. In 2004, he co-founded SeaBright, where he acted as CEO, with China Everbright. At SeaBright, he set up two funds that focused on investment opportunities in China, which invested more than USD150 million. Mr. Pan has more than 17 years of experience in private equity and investment. He received a BA in Economics from the Management School of Xi'an Jiaotong University in China.

BOARD OF DIRECTORS

MS. YANG XIAO YU
Executive Director

Ms. Yang Xiao Yu is an Executive Director of the Group, and also serves as the Deputy General Manager and Senior Economist at Chongqing Yingli Real Estate Development Co. Prior to joining the Group, Ms. Yang held various positions, including Deputy Editor of Chongqing Municipal Committee Magazine ("Dang Dai Dang Yuan"), Standing Director of Chongqing Publication Institution, Director and President of Chongqing Dang Hong Cultural Communication Company and Director of the Chongqing Municipal Government Office for Economic Cooperation.

Ms. Yang possesses a college degree in Chinese and Economic Management, and holds a Bachelor degree in Law and a postgraduate in Psychology from Southwest Normal University.

MR. HU BING
Executive Director

Mr. Hu Bing was appointed as Executive Director of the Group and General Manager of the Group's main operating subsidiary Chongqing Yingli Real Estate Development Co., Ltd. on 17 August 2017. With over 15 years of experience in investment and portfolio management of real estate and financial assets, Mr. Hu is responsible for the formulation and execution of business strategies as well as optimisation of internal systems and processes of Chongqing Yingli. Prior to joining the Group, he was the President of EBA (Beijing) Asset Management Co., Ltd and held stints in Lenovo Holdings and Lenovo Raycom Investment.

Mr. Hu graduated from Peking University's Guanghua School of Management and holds a MBA from Hong Kong University of Science and Technology.

BOARD OF DIRECTORS

MR. LIM YEOW HUA @ LIM YOU QIN
Lead Independent Director

Mr. Lim Yeow Hua @ Lim You Qin was appointed to the Board on 11 May 2017. He is the founder and Managing Director of tax and business consultancy service provider Asia Pacific Business Consultants Pte. Ltd. Mr. Lim possesses more than 28 years of experience in tax, financial services and investment banking. Prior to founding Asia Pacific Business Consultants Pte. Ltd., he was a Senior Regional Tax Manager at British Petroleum (BP), Director (Structured Finance) at UOB Asia Ltd., Senior Tax Manager at KPMG, Senior Vice-President (Structured Finance) at Macquarie Investment Pte. Ltd., Senior Tax Manager at PricewaterhouseCoopers, as well as Deputy Director at the Inland Revenue Authority of Singapore. Mr. Lim currently sits on the board as an Independent Director for a number of other public companies listed on SGX.

Mr Lim graduated with a Bachelor of Accountancy degree and obtained a Masters of Business Administration from the National University of Singapore in 1986 and 1992 respectively. He is currently a Fellow Member of the Institute of Singapore Chartered Accountants, an Accredited Tax Advisor of the Singapore Institute of Accredited Tax Professionals, and a full member of the Singapore Institute of Directors.

MR. TAN SEK KHEE
Independent Director

Mr. Tan Sek Khee is an Independent Director of the Group. He is also currently an Independent Director of SGX-listed Europtronic Group Ltd and ASL Marine Holdings Limited. Mr. Tan also serves as Executive Director of several private companies located in Singapore, Indonesia, Thailand and China. Mr. Tan brings to the Group extensive experience in general management, business development, marketing, procurement and logistics. He has more than 30 years of corporate and business experience in Singapore, Indonesia, Thailand and China.

Mr. Tan graduated with a Bachelor's degree of Commerce from Nanyang University in 1979. He is also a registered member of Singapore Institute of Directors.

BOARD OF DIRECTORS

MR. XIAO ZU XIU
Independent Director

Mr. Xiao Zu Xiu is an Independent Director of the Group. He has been the Chairman of the Chinese Nation Cultural Promotion Association since 1995. He was also Chairman of the Chongqing Veteran's Sports Association from 1997 to 2003 and the Chairman of the Association of Researching the System of the People's Congress from 2003 to 2009. He has been serving successively as the Vice Chairman and the Chairman of the Committee for Care of the Next Generation since 2004. Mr. Xiao has also been the Director-General of Chongqing Education Development Foundation since 2010. Mr. Xiao was elected as a representative to the Chongqing Municipal People's Congress and chosen as the Vice Chairman of the Chongqing Municipal People's Congress Standing Committee in 1997. Prior to that, he was elected as Executive Deputy Mayor of Chongqing in 1993, mainly overseeing the financial, taxation, auditing, educational and monitoring aspects. Mr. Xiao was with the Agricultural Economy Department of Southwest Agricultural University for 23 years before he was appointed as Director of the Committee for Peasants and Workers in 1985, a post he held till 1988.

Mr. Xiao studied Agricultural Economics in the Southwest College of Agriculture and the Beijing Agricultural University and graduated in 1960 and 1963 respectively.

KEY MANAGEMENT

MR. LIM GEE KIAT
Group Chief Financial Officer

Mr. Lim Gee Kiat was appointed as Group Chief Financial Officer of Ying Li International Real Estate Ltd on 2 July 2015. He oversees the Group's financial functions, including financial and management reporting, cashflow management, corporate finance, tax and treasury planning, investor relation as well as other finance-related matters. Mr, Lim was previously Senior Vice President (Finance) of the Group from 2011 to 2013. He was Chief Financial Officer of Nera Telecommunications Limited from 2013 to 2015 before rejoining the Group.

Mr. Lim's extensive experience in the finance industry spans more than 15 years, including stints in GIC Special Investments, SembCorp Industries and DBS. Mr. Lim graduated with a Bachelor of Engineering (First Class Honors) in Electrical & Electronics from Nanyang Technological University and has a Master of Business Administration from Nanyang Business School. He is also a Chartered Accountant with the Institute of Singapore Chartered Accountants.

MR. DENG LU ZHONG
Vice President, Ying Li International Real Estate Limited and General Manager, Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd.

Mr. Deng Lu Zhong is the Vice President of the Group, and the General Manager of Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd (San Ya Wan Project) and is also a trained economist. He joined Chongqing Yingli Real Estate Development Co., Ltd. in 2011 and was responsible for the overall management and development of San Ya Wan project. On 29 June 2016, Mr. Deng was appointed as Vice President of the Group. He possesses deep knowledge of the various government policies and has vast experience in working and liaising with the government and relevant authorities. Prior to joining the Group, he had served as the Office Deputy Director of the People's Government of Chongqing Yuzhong District, the Deputy Director of the United Front Work Department of Chongqing Yuzhong District, the Secretary of Party Committee and the First Vice President of Yuzhong District Administration of Industry and Commerce.

MR. CAI MINGYI
Group Financial Controller

Mr. Cai Mingyi is the Group Financial Controller and Company Secretary. He oversees the Group's financial functions in relation to accounting, internal controls, financial and management reporting, tax, treasury, financial analysis, M&A support and risk management. In addition, he is also responsible for liaising with external parties in respect of the Group's financial matters. Prior to joining the Group, Mr. Cai was with PricewaterhouseCoopers LLP for more than five years, serving as manager with the advisory practice before leaving in 2012. Mr. Cai holds a Bachelor of Accountancy degree and a Bachelor of Business Management degree from the Singapore Management University. He is a Chartered Accountant (Singapore) since 2012.

MR. ZHANG XIAO CHUN
Senior Vice President

Mr. Zhang Xiao Chun is the Senior Vice President of Chongqing Yingli Real Estate Development Co., Ltd. With over 20 years of experience in the real estate sector, Mr. Zhang is responsible for the operations and cost management under Chongqing Yingli. Prior to joining the Group, Mr. Zhang worked at EBA Investments Limited, a real estate private equity firm and a subsidiary of China Everbright Limited.

MR. YANG FANG HENG
Senior Vice President

Mr. Yang Fang Heng is the Senior Vice President of Chongqing Yingli Real Estate Development Co., Ltd. He was previously leading the overall management of the Ying Li International Commercial Centre project, including its construction and operations. With more than 20 years of experience in real estate project development and management, Mr. Yang has been with Chongqing Yingli since its inception and has participated in the development of various iconic projects such as New York New York and Future International. Prior to joining the Group, Mr. Yang was the General Manager at Nan'an Department Store.

KEY MANAGEMENT

MS. DAI LING
Deputy General Manager

Ms. Dai Ling is the Deputy General Manager of Chongqing Yingli Real Estate Development Co., Ltd. and is a qualified accountant. Ms. Dai joined the Group since its inception and oversees its finance matters. With over 30 years of experience in finance and accounting, Ms. Dai has established firm relationships with the city's major banks. Prior to joining the Group, she was the Chief Accountant at Nan'an Department Store and Nan'an District Federation of Industry and Commerce. Ms. Dai graduated with an accounting certification from Chongqing Business College.
University.

MR. HUANG YEYAO
Vice President, Chongqing Yingli Real Estate Co., Ltd.

Mr. Huang Yeyao is the Vice President of Chongqing Yingli Real Estate Co., Ltd. and a national first-class registered architect and national registered planner. With a wealth of experience and deep knowledge of architecture design, Mr. Huang is responsible for the technical management of architecture design for the Group's projects. Prior to joining the Group, he had accumulated five years of experience in architecture design and planning at Chongqing Planning & Design Institute and 12 years of experience in examination and approval of buildings, as well as land management and planning management of sub-districts in Chongqing Urban Planning Bureau. Mr. Huang holds a Bachelor of Engineering degree in Architecture from China University of Mining and Technology.

MS. QU MIN LI
General Manager, Corporate Finance department

Ms. Qu Min Li is the General Manager of Corporate Finance at Chongqing Yingli Real Estate Development Co., Ltd. Having an extensive experience in the finance industry, she is responsible for overseeing financial activities concerning investments and financing of Chongqing Yingli. Ms. Qu was the Chief Financial Officer at EBA Investments Limited's Guangzhou project prior to joining Chongqing Yingli. EBA Investments Limited is a real estate private equity firm and a subsidiary of China Everbright Limited.

MR. ZHANG GUANG WEI
Vice President, Chongqing Yingli Real Estate Co., Ltd.

Mr. Zhang Guang Wei is the Vice President of Chongqing Yingli Real Estate Development Co., Ltd. He is in charge of the overall management of the Ying Li International Hardware and Electrical Centre and Lion City Garden projects, including their construction and operations. He holds a real estate broker license and possesses nearly 20 years of real estate experience, specialising in product positioning, sales strategy formulation and execution. Concurrently, Mr. Zhang oversees the marketing department as well as sales, leasing and promotions for the Group's development projects. Prior to joining the Group, he was an Assistant Sales Manager at Chongqing Jinshan Real Estate Development Co., Ltd, and Marketing Director at Dun'an Real Estate Development Co., Ltd. Mr. Zhang graduated with a Bachelor Degree in Real Estate Management from Chongqing Broadcasting University.

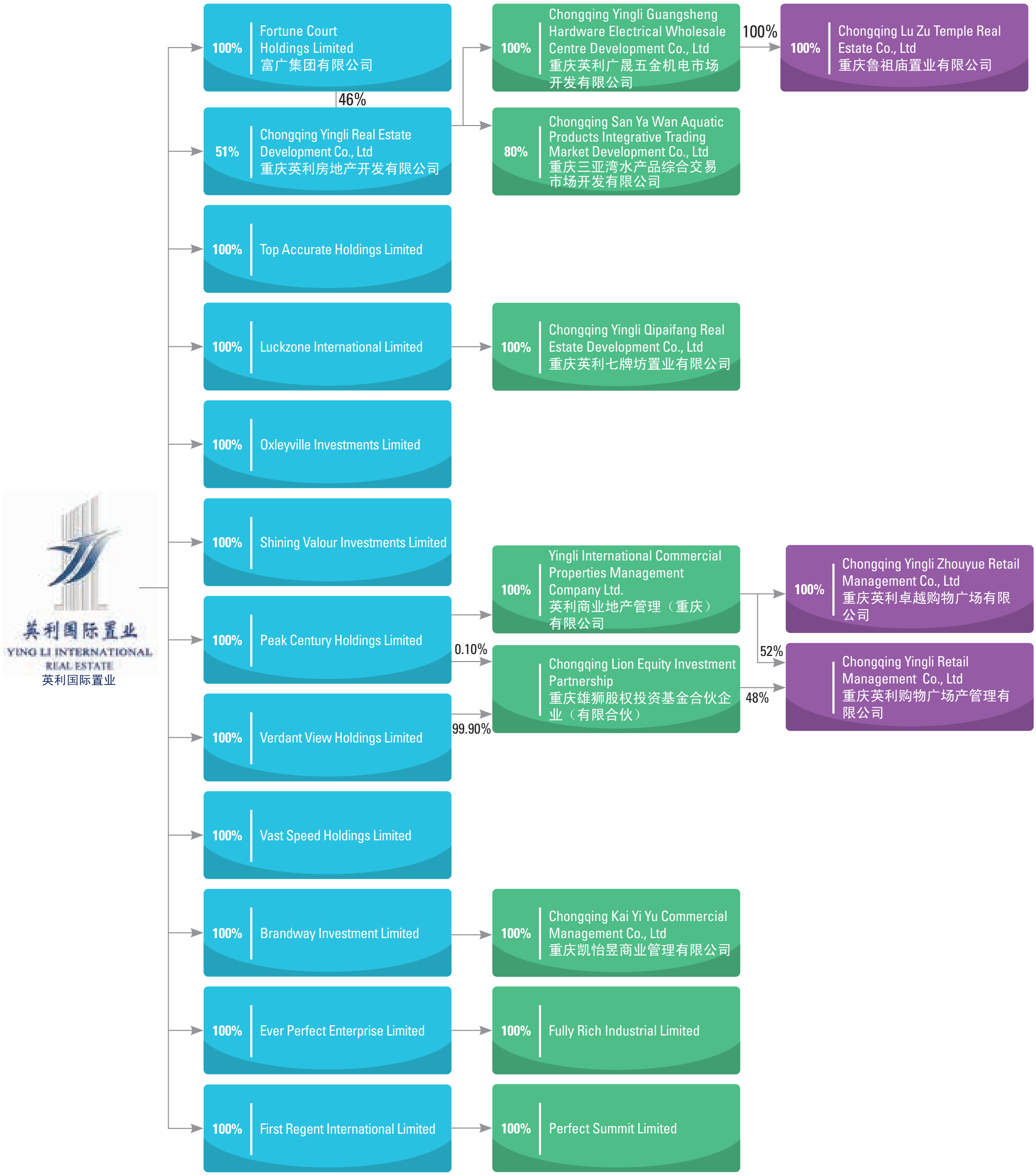
MS. XIONG JIN
Financial Controller, Chongqing Yingli Real Estate Co., Ltd

Ms. Xiong Jin is the Financial Controller of Chongqing Yingli Real Estate Development Co., Ltd. Ms. Xiong oversees Chongqing Yingli's Finance Department and is in charge of the accounting, finance management and corporate tax management. Prior to joining the Group, Ms.Xiong was the Department Head of the Chongqing Branch of BDO China Shu Lun Pan CPA LLP and has extensive experience in the audit of corporations across various industries in China. Ms. Xiong has also led engagement teams in the design of internal risk control systems for various clients. Ms. Xiong graduated with a Bachelor Degree in Accounting from Renmin University of China. Ms. Xiong is a Certified Public Accountant with The Chinese Institute of Certified Public Accountants and is also a Certified Internal Auditor granted by the Institute of Internal Auditors.

MS. TIAN YI MIAO
General Manager, Office Management

Ms. Tian Yi Miao is the General Manager for office management at Chongqing Yingli Real Estate Development Co., Ltd. She has a wealth of experience in the real estate sector and oversees the operations of Chongqing Yingli's office segment. Prior to joining Chongqing Yingli, she was the Project General Manager at Hubei Tanglong Real Estate Co., Ltd., a subsidiary of China Everbright Limited.

CORPORATE STRUCTURE



CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER
199106356W

BOARD OF DIRECTORS

Fang Ming
(Executive Chairman and
Group Chief Executive Officer)
Pan Ying
(Non-Executive and
Non-Independent Deputy Chairman)
Yang Xiao Yu
(Executive Director)
Hu Bing
(Executive Director)
Lim Yeow Hua @ Lim You Qin
(Lead Independent Director)
Tan Sek Khee
(Independent Director)
Xiao Zu Xiu
(Independent Director)

AUDIT COMMITTEE

Lim Yeow Hua @ Lim You Qin
(Chairman)
Tan Sek Khee
Pan Ying

NOMINATING COMMITTEE

Lim Yeow Hua @ Lim You Qin
(Chairman)
Xiao Zu Xiu
Yang Xiao Yu

REMUNERATION COMMITTEE

Tan Sek Khee
(Chairman)
Xiao Zu Xiu
Pan Ying

COMPANY SECRETARIES

Cai Mingyi
Toh Li Ping, Angela

REGISTERED OFFICE

12 Marina Boulevard #18-05
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: (65) 6334 9052
Fax: (65) 6334 9058
Email address: ir@yingligj.com

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

AUDITORS

Foo Kon Tan LLP
Certified Public Accountants
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621

AUDIT PARTNER-IN-CHARGE

Toh Kim Teck
Date of appointment: with effect from
financial year ended 31 December 2017

PRINCIPAL BANKERS

China Construction Bank
DBS Bank
Hang Seng Bank
Ping An Bank
Shanghai Pudong Development Bank
Standard Chartered Bank
United Overseas Bank
Xiamen Bank

AWARDS AND ACCOLADES

CHAIRMAN FANG MING
Chongqing Outstanding Private Entrepreneur
方明董事长荣获
“重庆市优秀民营企业家”称号

Awarded by Chongqing Municipal Government
重庆市人民政府

2017 CHONQGING REAL ESTATE DEVELOPMENT ASSOCIATION TOP 50 ENTERPRISES
2017 第十届重庆市房地产开发协会会员企业50强

Awarded by Chongqing Municipality's Real Estate Development Association
重庆市房地产开发企业50强

2017 FIVE-STAR RATED BUSINESS OFFICE BUILDING – YING LI INTERNATIONAL FINANCIAL CENTRE
2017五星级商务写字楼 –
英利国际金融中心

Awarded by Chongqing Yuzhong Municipal Government
重庆市渝中区人民政府

2016 OUTSTANDING MEMBER AWARD
2016年度优秀会员单位

Awarded by Chongqing Real Estate Development Association
重庆市房地产开发协会

2015 MOST OUTSTANDING COMMERCIAL REAL ESTATE BUSINESS
2015中国商业地产优秀企业

Awarded by China Index Academy, Development Research Centre of The State Council, Tsinghua University
国务院发展研究中心企业研究所，
清华大学房地产研究所，中国指数研究院

2015 HARDWARE & ELECTRICAL MARKET INTEGRITY AWARD
2015年度诚信五金机电市场

Awarded by China Hardware and Electromechanical Chamber of Commerce
全国工商联五金机电商会

2014 – 2015 TRUSTWORTHY CREDIT ENTERPRISE
2014 – 2015年守合同重信用企业

Awarded by State Administration for Industry & Commerce of PRC
国家工商行政管理总局

FINANCIAL CONTENTS

CORPORATE GOVERNANCE

The Board of Directors (the "Board") is committed to ensuring that the highest standards of corporate governance are practiced throughout Ying Li International Real Estate Limited (the "Company") and its subsidiaries (the "Group"), as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

This report describes the Group's corporate governance practices and structures that were put in place during the financial year ended 31 December 2017, with specific reference to the principles and guidelines of the 2012 Code, and where applicable, the SGX-ST Listing Manual, the Singapore Companies Act and the Audit Committee Guidance Committee Guidebook, focusing on areas such as internal controls, risk management, financial reporting, internal and external audits. Any deviations from the guidelines of the Code or areas of non-compliance have been explained accordingly. Save for the deviations disclosed below, the Board confirms that the Company has adhered to the principles and guidelines of the Code (where they are applicable, relevant and practicable to the Group).

BOARD MATTERS

The Board of Directors as at the date of this Annual Report comprises the following:

Mr. Fang Ming (Executive Chairman and Group Chief Executive Officer)
Mr. Pan Ying (Non-Executive and Non-Independent Deputy Chairman)
Mr. Hu Bing (Executive Director)[1]
Ms. Yang Xiao Yu (Executive Director)
Mr. Lim Yeow Hua @ Lim You Qin (Lead Independent Director)[2]
Mr. Tan Sek Khee (Independent Director)
Mr. Xiao Zu Xiu (Independent Director)

Notes:

(1) Mr. Hu Bing was appointed as an Executive Director on 17 August 2017. As at the date of the report, his service agreement is pending finalization.

(2) Mr. Lim Yeow Hua @ Lim You Qin ("Mr Kenny Lim") was appointed as an Independent Director and the Chairman of the Audit Committee and Nominating Committee on 11 May 2017. Mr. Kenny Lim is retiring pursuant to Article 90 of the Constitution of the Company at the forthcoming Annual General Meeting, and will not be seeking re-election. With his retirement, he will also step down as the Chairman of the Audit Committee and Chairman of the Nominating Committee.

As of the date of this Annual Report, no alternate directors have been appointed to any directors.

Principle 1: Board's Conduct of Its Affairs

The Board is responsible for setting the Group's strategic direction, executing these strategies and strengthening the robustness of the Group.

The principal duties and responsibilities of the Board include:

- providing entrepreneurial leadership and guidance to the management in setting the Company's overall long-term strategies and financial objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- Monitoring the implementation of such strategies and the business performance, management performance and results of the Group;
- Identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

CORPORATE GOVERNANCE

- Setting the Company's ethical values and standards in which it conducts businesses and ensure that these are adhered to;
- Approving the appointment of Directors and other key management personnel;
- Establishing and maintaining a framework of good corporate governance within the Group, including risk management systems and prudent and effective internal controls to safeguard shareholders' interests and the Group's assets; and
- Approving material acquisitions and disposals of assets, mergers and acquisitions, major corporate policies in key areas of operations, annual budgets, major funding and investment proposals, issuance of shares, dividends and proposals relating to shareholder returns, the Group's quarterly, half yearly and full year results and material interested person transactions.

The Board will consider sustainability issues such as environmental and social factors as part of its strategic formulation in line with the guidelines of the Code. It believes that when making decisions, all Directors of the Board discharge their duties and responsibilities at all times as fiduciaries and act objectively in the interests of the Company.

The Company has put in place a set of guidelines and clear directions to the management on matters reserved for the Board's decision and approval, and such matters are set out as follows:

- Matters involving a conflict of interest for a substantial shareholder or Director;
- Annual capital expenditure budget or any unbudgeted capital expenditure exceeding 10% of the budgeted capital expenditure;
- Corporate governance policies;
- All new projects or additional investments;
- Disposal of assets or investments not in the ordinary course of business with net book value or fair value exceeding S$5 million;
- Pledging of assets or investments for financing purposes;
- Write-off of bad debts of more than S$5 million; and
- Provision of corporate guarantees or letters of comfort.

The Board has delegated specific responsibilities to three Board Committees, namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). Information on each of the three Board Committees is set out below.

The Board accepts that while these Board Committees have the authority to examine issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility for all matters lies with the Board. The effectiveness of each Board Committee is also constantly monitored by the Board.

CORPORATE GOVERNANCE

During the financial year under review, the Board conducted regular and scheduled meetings. Ad-hoc meetings were convened where circumstances required as such. The Company's Constitution allows board meetings to be conducted by way of telephone conference or other similar means of communication whereby all persons participating in the meeting are able to communicate as a group, without requiring the Directors' physical presence at the meeting. The Board and Board Committees may also make decisions through circulating resolutions.

The number of meetings of the Board and Board Committees held in respect of the FY2017, as well as the attendance of every Board member at these meetings are disclosed in the following table:

	BOARD OF DIRECTORS ("BOD")		**AUDIT COMMITTEE ("AC")**			**REMUNERATION COMMITTEE ("RC")**			**NOMINATING COMMITTEE ("NC")**		
	No. of meetings			No. of meetings			No. of meetings			No. of meetings	
	held	attended	*Pos*	held	attended	*Pos*	held	attended	*Pos*	held	attended
Fang Ming *(Executive Chairman and Group Chief Executive Officer)*	5	4									
Pan Ying *(Non-Executive and Non-Independent Deputy Chairman)*	5	1	M	4	Nil	M(1)	1	1			
Yang Xiao Yu *(Executive Director)*	5	5							M	2	2
Kenny Lim *(Lead Independent Director)*	5	5	C	4	4				C	2	2
Tan Sek Khee *(Independent Director)*	5	3	M	4	4	C	1	1			
Xiao Zu Xiu *(Independent Director)*	5	3				M	1	1	M	2	1
Ai Yu(2) *(Non-Executive and Non-Independent Director)*	2	Nil				M	Nil	Nil			
Hu Bing(3) *(Executive Director)*	3	3									

C denotes Chairman
M denotes Member

Notes:

(1) Mr. Pan Ying was appointed as a member of the RC in place of Mr. Ai Yu who resigned on 17 August 2017. Mr. Pan Ying's attendance at the RC meeting was recorded since his date of appointment thereof.

(2) Mr. Ai Yu resigned as a Non-Executive and Non-Independent Director and member of the Remuneration Committee on 17 August 2017. His attendances at the RC and Board meetings respectively were recorded up to the date of his resignation thereof.

(3) Mr. Hu Bing was appointed as an Executive Director of the Company on 17 August 2017. His attendance at the Board meeting was recorded since his date of appointment thereof.

CORPORATE GOVERNANCE

A formal letter is provided to each newly appointed Non-Executive Director (including Independent Director) upon his or her appointment, setting out his or her duties and obligations whereas Executive Directors will be provided with Service Agreements setting out their terms of office and terms and conditions of appointment. The Director will then undergo an orientation program and familiarize himself or herself with the business activities of the Group, its strategic direction and corporate governance practices. Arrangements will also be made for Directors to meet key management personnel for a better understanding of the businesses and operations of the Group.

In order to keep themselves abreast of new laws, regulations, changing commercial risks and accounting standards, all existing and new Directors will be informed of and encouraged to attend relevant courses, conferences and seminars in areas such as accounting, legal and industry-specific knowledge as appropriate, conducted by the Singapore Institute of Directors, the SGX-ST, business and financial consultants, and external professionals on a regular basis at the Company's expense. All Directors are encouraged to undergo at least three hours of training every year. During the year under review, some Directors attended seminars on relevant industry-related trends/developments and/or legal and regulatory requirements/developments.

Principle 2: Board Composition and Guidance

The Board comprises seven members of whom three are Executive Directors and four are Non-Executive Directors of whom three are independent. Accordingly, pursuant to Guideline 2.1 of the Code, at least one-third of the Board is made up of Independent Directors.

The Board is cognizant of the need to comply, with Guideline 2.2 of the Code which provides that where, *inter alia*, the Chairman is part of management team, not an Independent Director and also the Group Chief Executive Officer ("Group CEO"), the Independent Directors should make up at least half of the Board, by its AGM in 2018. During the year, the Company had conducted an extensive search for suitable candidates who can be appointed as Independent Directors. To date, the Company has yet to identify a suitable candidate who possesses the appropriate expertise and experience that best suit the needs of the Company. The search for an appropriate candidate is still on-going and the Company expects to fill the vacancy within the next 6 months.

In determining the independence of each Director, the Board, taking into account the views of the NC, evaluates whether a Director is independent in character and judgment, and whether there are relationships or circumstances which are likely to affect, or could appear to affect, a Director's judgment. All Directors are required to disclose to the Board any such relationships or appointments, as and when they arise, which would affect their independence, as defined in the Code. Each Independent Director is required to complete a Confirmation of Independence Form annually to confirm his independence based on the guidelines set out in the Code.

Mr. Xiao Zu Xiu has served on the Board for a period exceeding nine years from the date of his first appointment. The NC had conducted a rigorous review of his independence and contributions to the Board to determine if he still remain independent and carry out his duties objectively, taking into account the need for progressive refreshing of the Board. The review included but was not limited to the completion of a detailed questionnaire of his independence with a mixture of close-ended and open-ended questions in respect of whether there are any conflicts of interest or relationship that is/are likely to affect his independence; whether he continues to express his views objectively and seek clarification and amplification when deemed necessary; whether he continues to debate issues objectively; whether he continues to scrutinize and challenge Management on important issues raised at meetings and whether he is able to bring judgement to bear in the discharge of his duties as a Board member and committee member. The questionnaire was completed by Mr. Xiao Zu Xiu.

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The Board had observed the performance of Mr. Xiao Zu Xiu at Board meetings and other occasions and has no reasons to doubt his independence in the course of discharging his duties. Hence, the Board concurred with the NC's view that he is independent in character and judgement despite having served on the Board for more than 9 years. The Board acknowledges his combined strength of character, objectivity and wealth of useful and relevant experience bring himself to continue effectively as an Independent Director of the Company. The Board also acknowledges and recognises the benefits of the experience and stability brought by the long-serving Independent Director and wishes to retain him for his strength of character, objectivity and wealth of extensive business experience, and his knowledge on the Group's business which would enable him to be an effective Independent Director, notwithstanding his long tenure.

The Board reviews the size of the Board on an annual basis, and is of the view that the current size of the Board is appropriate, which facilitates effective decision making. In view of Mr. Kenny Lim's retirement at the forthcoming Annual General Meeting, the Board, having taken into account the current scope and nature of the Group's operations, the requirements of the Group's business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, will appoint an Independent Director to fill the casual vacancy after the Annual General Meeting. No individual or small group of individuals dominates the Board's decision-making process as the Independent Directors and the Non-Executive and Non-Independent Directors make up more than half of the Board.

The Board is satisfied that it has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. Each Director has been appointed based on his or her strength, experience and stature. They are expected to bring a valuable range of experience and expertise, and contribute to the development of the Group's strategy and business performance. Together, the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender (1 female Director) and knowledge of the Company. They also bring with themselves a wide range of core competencies such as accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. The diversity of the directors' background allows for the useful exchange of ideas and views.

Key information regarding the Directors is given in the "Board of Directors" section of this annual report.

The Non-Executive Directors of the Company constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. At every scheduled meeting, the Board sets aside time for Non-Executive Directors to meet without the presence of Management. In addition, the Directors are in frequent contact with one another outside the Board and Board Committees' meetings and hold constant informal discussions amongst themselves.

Principle 3: Executive Chairman and Chief Executive Officer

The principal duties and responsibilities of the Executive Chairman include:

- Leading the Board to ensure its effectiveness on all aspects of its roles;
- Scheduling meetings for the Board to discharge its duties, including setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- Promoting a culture of openness and debate at the Board;
- Coordinating activities of the Independent Directors and Non-Executive Directors and facilitate the effective contribution of Non-Executive Directors;

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- Exercising control over quality, quantity and timeliness of the flow of information between the management and the Board to ensure that the Directors receive complete, adequate and timely information;

- Encouraging constructive relations within the Board and between the Board and Management;

- Ensuring effective communication with shareholders; and

- Assisting in ensuring the Company's compliance with corporate governance guidelines and promote high standards of corporate governance.

The Group CEO is responsible for the overall daily operations, management, sales and marketing functions of the Group.

Mr. Fang Ming serves concurrently as Executive Chairman and Group CEO and accordingly, the roles and responsibilities of both the Executive Chairman and Group CEO are vested in Mr. Fang Ming. The Board is of the opinion that there is a sufficiently strong independent element in the Board, in view that all resolutions of the Board are passed collectively after due consideration and that no single individual exercised any concentration of power or influence.

In accordance with Guideline 3.3 of the Code, the Company have appointed Mr. Kenny Lim as the Lead Independent Director. As the Lead Independent Director, he leads and co-ordinates the activities of the Non-Executive Directors of the Group and aids the Independent and Non-Executive Directors to: (i) constructively challenge the management; (ii) assist the management in developing goals and objectives; and (iii) review and monitor the management's performance. Led by the Lead Independent Director, the Independent Directors will meet periodically without the presence of the other Directors and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

In view of Mr Kenny Lim's retirement at the forthcoming AGM, the Company has commenced the search for a suitable candidate to take on the role of the Lead Independent Director.

Shareholders with concerns are invited to contact the Lead Independent Director directly when contact through normal channels via management has failed to provide a satisfactory resolution, or when such contact is inappropriate.

Principle 4: Board Membership

The terms of reference of the NC provides that the NC shall comprise at least three Directors, the majority of whom including the NC Chairman, shall be Independent Directors. The Lead Independent Director, if any, should be a member of the NC. The composition of the NC is set out below:

Mr. Kenny Lim (Lead Independent Director)	– NC Chairman
Mr. Xiao Zu Xiu (Independent Director)	– NC member
Ms. Yang Xiao Yu (Executive Director)	– NC member

The NC Chairman is not associated in any way with any 10% shareholders of the Company.

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The principal duties and responsibilities of the NC include:

- To review Board succession plans for directors, in particular, the Chairman and CEO;
- To assist the Board in maximizing shareholders value;
- To develop a process for board performance evaluation and assessing annually the effectiveness of the Board as a whole and the contribution and performance of each individual Directors;
- To identify new candidates and review all nominations for the appointment, re-appointment or re-election of Directors;
- To conduct review of training and professional development programs for the Board; and
- To determine annually, and as and when circumstances require, whether or not a Director is independent pursuant to the guidelines set out in the Code, and by such amendments made thereto from time to time.

Although the Board does not have a written policy with regards to diversity in identifying director nominees, it will consider the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. New Directors, if any, will continue to be selected based on objective criteria set as part of the process for appointment of new Directors and the NC will, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The NC will evaluate potential candidates by undertaking background checks, assessing individual competency, knowledge, management skills, financial literacy, experience and qualifications, thereby ensuring the fulfilment of every requirement which the Board as a whole requires to be effective. The NC will seek candidates from a wide pool of individuals not limited to persons known to the Directors directly, and is empowered to engage professional search firms to aid in this process. Short-listed candidates will be invited to meet the Independent Directors separately and may also be invited to meet the Board as a whole to discuss the duties of a Director. This is to ensure that there are no misunderstandings or a mismatch of expectations. The new Directors will be briefed by the management, the AC Chairman and the NC Chairman, and are also provided with opportunities to speak to the external auditors, the internal auditors and the Company's legal advisers. The new Directors are also flown to Chongqing, where the principal activities of the Group are located, for meetings with key management personnel, relevant staff, site visits and to inspect the Group's projects.

Each year, the NC reviews and affirms the independence of the Company's Independent Directors. Each Independent Director is required to complete a Confirmation of Independence Form annually to confirm their independence. This form is based on guidelines provided in the Code and requires each Independent Director to assess whether there are relationships or circumstances which are likely to affect, or could appear to affect their exercise of independent judgment in carrying out their duties as an Independent Director of the Company. In completing the form, the directors are required to confirm, amongst other things, the following items:

- that they do not have any relationships with the Company, its related corporations, its 10% shareholders or its officers;
- that they are not Executive Directors of the Company or any of its related corporations and they have not been employed by the Company or any of its related corporations, for the current financial year or any of the past three financial years;
- they do not have any immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations whose remuneration is determined by the RC;

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- that they or their immediate family member have not accepted any significant compensation from the Company or any of its related corporations, for the provision of services (other than compensation for board service), in the current financial year or the financial year immediately preceding it;

- that they do not have shareholdings, partnerships, offices or directorships (including those held by immediate family members) in an organization to which the Company or its subsidiaries made, or from which the Company or its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current financial year or the financial year immediately preceding it;

- that neither the Directors nor their immediate family members have 10% shareholdings in the Company; and

- that they are not and have not been directly associated with a 10% shareholder of the Company, in the current financial year or the financial year immediately preceding it.

The NC will then review the form completed by each Independent Director to determine whether the Director is independent.

The Board recognises the contributions of its Independent Directors who over time, have developed deep insights into the Group's businesses and operations, and who are therefore able to provide valuable contributions to the Group. The Board, with the concurrence of the NC, having considered the Confirmation of Independence forms submitted by Mr. Kenny Lim, Mr. Tan Sek Khee and Mr. Xiao Zu Xiu, concluded that they are independent and free from any relationships outlined in the Code. As such, the Board has not set a fixed term of office for each of its Independent Directors so as to be able to retain the services of the Directors as necessary. The Board, however, is cognisant of the need for gradual renewal.

The NC determines if a Director is able to and has been adequately carrying out his duties as Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The NC notes the requirement under the Code for companies to fix the maximum number of listed company board representations that their directors may hold and to disclose this in their annual report. No maximum number of listed company board representations has been fixed as time requirements are subjective and the NC recognises that its assessment of each Director's ability to discharge his or her duties adequately should not be confined to the sole criterion of the number of his or her board representations. Thus, in assessing each Director's ability to discharge his or her duties adequately, the Board will also consider, amongst other factors, contributions by Directors during Board and Board Committee meetings, and their attendance at such meetings, in addition to each of their principal commitments.

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Directorships or chairmanships held by the Company's Directors in other listed companies are as follows:

Name of Director	Date of first appointment/ last re-election	Directorships in other listed companies[1]	
		Current	Past 3 Years
Fang Ming (Executive Chairman and Group CEO)	26 September 2008/ 28 April 2015	Nil	Nil
Pan Ying (Non-Executive and Non-Independent Deputy Chairman)	23 September 2014/ 28 April 2017	– Sinopec Oilfield Service Corporation[2] – Shanghai Jiabao Industry and Commerce (Group) Co., Ltd.[3]	Nil
Hu Bing (Executive Director)	17 August 2017	Nil	Nil
Yang Xiao Yu (Executive Director)	31 May 2011/ 27 April 2016	Nil	Nil
Lim Yeow Hua @ Lim You Qin	11 May 2017	– Accrelist Ltd. – KSH Holdings Limited – KTL Global Limited – Oxley Holdings Limited	– China Minzhong Food Corporation Limited – Eratat Lifestyle Limited – Advanced Integrated Manufacturing Corp Ltd
Tan Sek Khee (Independent Director)	29 April 2013/ 28 April 2017	– ASL Marine Holdings Ltd – Europtronic Group Ltd	Nil
Xiao Zu Xiu (Independent Director)	26 September 2008/ 27 April 2016	Nil	Nil

Notes:
[1] The principal commitment of each Director is set out in the "Board of Directors" section of this annual report.
[2] Listed on The Stock Exchange of Hong Kong Limited ("SEHK").
[3] Listed on the Shanghai Stock Exchange.

Mr. Kenny Lim, Mr. Pan Ying and Mr. Tan Sek Khee hold concurrent directorships in other listed companies for the FY2017.

The NC is satisfied that Mr. Kenny Lim, Mr. Pan Ying and Mr. Tan Sek Khee can and have been able to, devote sufficient time and attention to the affairs of the Group and adequately discharge their duties.

In accordance with the Company's Constitution, all Directors are required to retire from office at least once every three years and submit themselves for re-election at the next AGM. A new Director appointed in between AGMs must also submit himself for re-election at the AGM following his appointment. The retiring Directors are eligible to offer themselves for re-election.

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The NC, having considered the attendance and participation of the following Directors at Board and Board Committees meetings, in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Mr. Fang Ming and Mr. Xiao Zu Xiu who will be retiring pursuant to Article 106 of the Constitution of the Company at the forthcoming AGM. The NC had also recommended to the Board the re-election of the two Directors who were appointed during the year, namely Mr. Kenny Lim and Mr. Hu Bing who will be retiring pursuant to Article 90 at the forthcoming AGM.

Mr. Kenny Lim, who is retiring pursuant to Article 90, will not be seeking re-election. Accordingly, Mr. Kenny Lim will be retiring as the Lead Independent Director of the Company at the forthcoming AGM. Following his retirement, he will also cease to be the Chairman of the Audit Committee and the Chairman of the Nominating Committee.

Save for Mr. Kenny Lim, all retiring Directors have consented to continue in office and the Board had accepted the recommendation of the NC and accordingly, the above Directors will be offering themselves for re-election.

Each member of the NC had abstained from voting on any resolution and making any recommendation and/or participated in respect of his re-election, if any, as Director.

The information on each Director's academic and professional qualifications and other principal commitments is presented in the "Board of Directors" section of this annual report and their shareholdings in the company and its related corporations, relationships (if any) is presented in the "Directors' Statement" section of this annual report.

Principle 5: Board Performance

The Board has implemented a process for assessing its effectiveness as a whole and for assessing the contribution by each Director to the effectiveness of the Board. Currently, the Board does not assess the performance of each Director or at the Board Committees' level. The evaluation of the Board's performance is conducted by means of an evaluation questionnaire completed by each Director on the Board, which is then collated and analysed. The results of the Board's performance evaluation will be reviewed by the NC and circulated to the Board for consideration thereafter. To-date, no external facilitator has been used.

When performing such appraisal, the NC and the Board will also take into consideration comparisons with peers in the real estate development industry and appropriate recommendations to further enhance the effectiveness of the Board will be implemented. The NC and the Board also considers the following key performance criteria:

- Board size and composition;
- Board information;
- Board processes;
- Board accountability;
- Performance benchmark; and
- Board performance in discharging its principal functions.

For FY2017, each of the Directors had completed an evaluation questionnaire and forwarded the same to the Company Secretaries to collate the results of the evaluation exercise. The evaluation exercise will seek feedback from each director, his/her views on the Board process and procedures as well as the effectiveness of the Board as a whole. The NC was generally satisfied with the results of the Board performance evaluation for FY2017, which indicated areas of strengths and those that could be improved further. No significant problems were identified. The NC had discussed the results with Board members who agreed to work on those areas that could be improved further. The NC would continue to evaluate the process for such review and its effectiveness from time to time.

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To improve the Board's performance, the NC encourages all Directors to attend relevant courses, the expense of which will be borne by the Company. These include courses conducted by the SGX-ST and other relevant courses in the People's Republic of China ("PRC") and in Singapore. The NC is also supportive of any Directors who wish to attend any diploma or certified courses such as those held by the Singapore Institute of Directors.

When considering the Directors to be nominated for re-election, the NC will evaluate the performance of the Director by considering amongst other things, his or her attendance record at meetings of the Board and Board Committees, active participation during these meetings and the quality of his or her contributions.

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

Principle 6: Access to Information

In order to ensure that the Board is able to discharge its responsibilities effectively, the Company provides the Directors with regular updates on the operational and financial performance of the Company, and furnishes the Directors with complete and adequate information on matters that require their consideration in a timely manner. Board papers with the relevant background (such as Progress Report of the Group's projects) and financial information (with a variance analysis of the financials based on the actual versus budgeted and the financial performance by projects) are circulated prior to the respective meetings every quarter. However, to maintain confidentially, sensitive matters may occasionally only be tabled at the meeting itself or discussed without papers being distributed. The notice(s) of additional meetings, with the relevant board papers, will be circulated prior to the meetings, as and when these meetings are required to be convened.

All Directors have separate, unrestricted and independent access to the Company's senior management and the Company Secretaries. The responsibilities of the Company Secretaries include ensuring a smooth flow of information between the Board and its Board Committees, the senior management and non-executive Directors. At least one of the Company Secretaries attends all Board and Board Committees meetings, and the Company Secretaries are responsible for ensuring that proper Board procedures are being followed and that applicable rules and regulations are complied with. The Company Secretaries also advise the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required.

Under the Constitution of the Company, the decision to appoint or remove the Company Secretary(ies) can only be taken by the Board as a whole.

In situations where the Directors, whether individually or as a group, in the furtherance of their duties, need to seek independent professional advice, they can select the professional advisor to be engaged by the Company. The cost of such professional advice will be borne by the Company.

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REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The terms of reference of the RC provides that the RC shall comprise at least three Directors, the majority of whom including the RC Chairman, shall be Independent Directors. The composition of the RC is set out below:

Mr. Tan Sek Khee (Independent Director)	– RC Chairman
Mr. Xiao Zu Xiu (Independent Director)	– RC member
Mr. Pan Ying (Non-Executive and Non-Independent Deputy Chairman)	– RC member

The RC Chairman is not associated in any way with any 10% shareholders of the Company.

The principal duties and responsibilities of the RC include:

- Reviewing and recommending to the Board for its endorsement a general framework of remuneration for the Board and key management personnel including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

- Reviewing and recommending to the Board for its endorsement the specific remuneration packages for each Executive Director as well as for the key management personnel, and where necessary, obtaining advice from external remuneration consultants in relation to such contracts;

- Reviewing the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;

- Proposing appropriate measures and identifying key performance indicators for assessing the performance of the Executive Directors; and

- Administering the Ying Li Performance Share Plan ("PSP") and Ying Li Employee Share Option Scheme ("ESOS") adopted at the Extraordinary General Meeting held on 28 April 2010 in accordance with their terms.

Each member of the RC will abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his own remuneration.

For FY2017, other than as disclosed elsewhere in this report, the Company has in place service contracts for every Executive Director which sets out their remuneration framework. Such service contracts are for a fixed period of up to five years, do not contain onerous removal clauses and provide for a notice period of up to six months.

The RC, if required, will seek expert advice, both within and outside the Company on remuneration of all Directors. No remuneration consultant was engaged in FY2017.

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Principle 8: Level and Mix of Remuneration

The level and structure of remuneration is designed to be aligned with the long-term interest and risk policies of the Company, and is sufficiently competitive to attract, retain and motivate the Directors to provide good stewardship of the Company and the key management personnel to successfully manage the Company. In determining the remuneration packages of the Executive Directors and key management personnel, the RC takes into consideration their performance, as well as the financial, commercial and business outlook of the Company.

The remuneration packages of the Executive Directors and other key management personnel (individuals who occupy the position of deputy general manager or its equivalent, or more senior positions) consist of the following components:

(a) Fixed and Variable Wage Components

The fixed component consists of a basic salary and annual wage supplement. To ensure that the remuneration packages of Executive Directors and key management personnel is consistent and comparable with market practice, the RC regularly compares this fixed component with those of companies in similar industries, while continuing to be mindful of the fact that there is a general correlation between increased remuneration and incentives, and improvement in performance.

The variable component comprises a variable bonus based on the Group's and individual's performance, as well as the monthly variable component of the basic salary. To link rewards to performance, the more senior the executive is within the Group, the higher the percentage of the variable component against total remuneration. A comprehensive and structured assessment of the performance of key executives is undertaken each year. Bonuses payable to key executives are reviewed by the RC and approved by the Board to ensure the alignment of their interests with those of shareholders.

The Company has in place policies that requires employees to compensate the Company for financial losses suffered by the Company that arose from the misconduct of its employees. This is in addition to any disciplinary actions meted out to employees for any misconduct.

(b) Benefits

Benefits provided are consistent with market practice and include medical benefits and transport allowances. Eligibility to enjoy these benefits will depend on individual salary grade and length of service.

(c) Share Options and Performance Share

On 28 April 2010, the Company adopted the ESOS and PSP which are intended to inculcate in all participants a stronger and more lasting sense of identification with the Group. The purpose of adopting more than one share plan is to give the Company greater flexibility to align the interest of employees, especially Executive Directors and key management personnel, with those of the shareholders. The ESOS and PSP will complement each other in the Company's continuing efforts to reward, retain and motivate employees to achieve superior performance, and will allow the Company give recognition for past contributions and services, as well as motivating participants to generally contribute towards the Group's long-term prosperity. The ESOS and PSP will further strengthen the Company's competitiveness in attracting and retaining employees, especially employees who have the requisite knowledge, technical skills and experience whom the Company believes could contribute to the development and growth of the Group.

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The PSP contemplates the award of fully-paid shares to participants after certain performance targets have been met. These performance targets may be set by the committee comprising Directors of the Group appointed by the Board to administer the ESOS and PSP ("Committee"), taking into account factors such as the Company's and Group's business goals and directions to each financial year, the participant's actual job scope and duties and the prevailing economic conditions. As such, the PSP is targeted at key employees who are in the best position to drive the growth of the Company through superior performance.

In contrast, the assessment criteria for granting options under the ESOS are more general (e.g. length of service and general performance of the Group) as it is intended as a loyalty-driven time-based incentive program.

ESOS

Subject to the absolute discretion of the Committee, employees and Executive Directors of the Company are eligible to participate in the ESOS. If deemed eligible under the terms of the ESOS, a Controlling Shareholder (as defined in the SGX-ST Listing Manual) and his associates may also participate in the ESOS, subject to the absolute discretion of the Committee and provided that their participation and each grant of an option to any of them may only be effected with the specific prior approval of shareholders in a general meeting by a separate resolution (collectively, "**ESOS Participants**").

In compliance with the requirements of the SGX-ST Listing Manual, the aggregate number of shares over which options may be granted on any date under the ESOS, when aggregated with the number of shares issued and/or issuable in respect of all options granted under the ESOS, all awards granted under the PSP and all shares, options or awards granted under any other share option or share scheme of the Company then in force, shall not exceed 5% of the total number of issued shares (excluding treasury shares) on the day preceding the date of the relevant grant. Furthermore, the aggregate number of shares over which options may be granted under the ESOS to Controlling Shareholders and their associates shall not exceed 25% of the shares available under the ESOS, and the number of shares over which an option may be granted under the ESOS to each Controlling Shareholder or his associate shall not exceed 10% of the shares under the ESOS.

The options that are granted under the ESOS may have exercise prices that are set: (i) at a price equal to the average of the last dealt prices for an ordinary share determined by reference to the daily official list published by the SGX-ST for a period of five consecutive days on which the SGX-ST is open for trading in securities immediately prior to the relevant date on which an offer to grant an option is made ("Market Price"); or (ii) at a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price and is approved by shareholders in a general meeting in a separate resolution.

The ability to offer options at a discount to the Market Price will give the Company flexibility in structuring the options granted, and ensures that the Company maintains the competitiveness of its compensation strategy. The Company may also utilise the options as a means to reward the ESOS Participants for their outstanding performance and to motivate them to continue to excel, as well as attract new talent for the Company. The grant of options at a discount to the Market Price operate as a form of cashless reward from the Company which is an effective manner of motivating participants to maximise their performance, which will in turn create better value for shareholders.

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An option granted which is exercisable at Market Price and at a discount to the Market Price shall be exercisable at any time by the ESOS Participant after the 2nd anniversary and the 3rd anniversary respectively of the date the option was granted ("Option Grant Date"), provided that such option must be exercised before the 4th anniversary of the Option Grant Date (or such earlier date as determined by the Committee), failing which the unexercised option shall immediately lapse and become null and void. In view of the longer vesting period for options that are granted at a discount to the Market Price, holders of such options are encouraged to have a long term view of the Company, thereby promoting staff and employee retention and reinforcing their commitment to the Company.

As at 31 December 2017, there were no outstanding share options granted under the ESOS of the Group (31 December 2016: Nil)

PSP

The Company has on 28 April 2010 adopted the PSP to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieved increased performance.

Subject to the absolute discretion of the Committee, employees and Executive Directors of the Company are eligible to participate in the PSP. If deemed eligible under the terms of the PSP, a Controlling Shareholder (as defined in the SGX-ST Listing Manual) and his associates may also participate in the PSP, subject to the absolute discretion of the Committee and provided that their participation and each grant of an option to any of them may only be effected with the specific prior approval of shareholders in a general meeting by a separate resolution (collectively, "**PSP Participants**").

An award under the PSP represents the right of a PSP Participant to receive fully paid shares of the Company free of charge upon the PSP Participant achieving the relevant performance target. Subject to limitations under the rules of the PSP, the number of shares which are the subject of an award to be granted to each PSP Participant shall be determined by the Committee in its absolute discretion, taking into consideration, where applicable, factors such as his rank, past performance, length of service, contribution to the success and development of the Group, potential for future development and prevailing market and economic conditions.

In compliance with the requirements of the SGX-ST Listing Manual, the aggregate number of shares for which an award may be granted on any date under the PSP, when added to the number of shares issued and/or issuable in respect of all awards granted under the PSP and all options granted under the ESOS and all shares, options or awards granted under any other share option or share scheme of the Company then in force shall not exceed 5% of the total number of issued shares (excluding treasury shares) on the day preceding the date of the relevant grant. Furthermore, the aggregate number of shares over which awards may be granted under the PSP to Controlling Shareholders and their associates shall not exceed 25% of the shares available under the PSP, and the number of shares over which an option may be granted under the PSP to each Controlling Shareholder or his associate shall not exceed 10% of the shares under the PSP.

The PSP shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted.

Subject to the Committee being satisfied at its absolute discretion that a PSP Participant has achieved his performance target, the shares granted will vest over a four-year period of service with the Group, commencing from the date of grant.

As at 31 December 2017, there were no outstanding share awards that were granted but not vested (31 December 2016: Nil).

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The Independent and Non-Executive Directors receive fees which are reviewed by the RC to ensure commensuration with the contributions, responsibilities and time spent by such individuals. Such fees are paid subject to shareholders' approval being obtained at the Company's AGM. The Independent Directors are not over-compensated to the extent that their independence is compromised. The RC would consider, if necessary, implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align the interests of such Non-Executive Directors with the interests of Shareholders.

In addition to their basic fee, each Director will also receive an allowance, the sum of which is determined by his or her role in the Board and in the various Board Committees for the relevant financial year.

Principle 9: Disclosure of Remuneration

The remuneration of the Directors of the Group for the FY2017 is as follows:

	Salary/ Directors' fees	Bonus	Share options	Share-based incentives	Total compensation
	%	%	%	%	(S$'000)
Executive Directors					
Fang Ming (Executive Chairman and Group CEO)	67	33	–	–	900
Hu Bing[(1)]	–	–	–	–	–
Yang Xiao Yu	100	–	–	–	73
Non-Executive and Non-Independent Directors					
Pan Ying (Non-Executive and Non-Independent Deputy Chairman)	100	–	–	–	54
Ai Yu[(2)]	100	–	–	–	29
Independent Directors					
Christopher Chong Meng Tak[(3)]	100	–	–	–	27
Lim Yeow Hua @ Lim You Qin[(4)]	100	–	–	–	54
Tan Sek Khee	100	–	–	–	70
Xiao Zu Xiu	100	–	–	–	59

Notes:

(1) Mr. Hu Bing was appointed as an Executive Director of the Company on 17 August 2017.

(2) Mr. Ai Yu resigned a Non-Executive and Non-Independent Director of the Company and a member of the RC on 17 August 2017.

(3) Mr. Christopher Chong Meng Tak retired as an Independent Director of the Company pursuant to Article 106 of the Constitution and the Chairman of the Audit Committee and Nominating Committee at the conclusion of the Annual General Meeting held on 28 April 2017.

(4) Mr Lim Yeow Hua @ Lim You Qin was appointed as the Lead Independent Director of the Company and the Chairman of the Audit Committee and Nominating Committee on 11 May 2017.

CORPORATE GOVERNANCE

The remuneration bands of the top five key management personnel of the Group (who are not Directors or the Group CEO) for the FY2017 is as follows:

	Salary and Bonus	Share options	Share-based incentives
	%	%	%
Above S$500,000 but below S$750,000			
Lim Gee Kiat	100	–	–
Above S$250,000 but below S$500,000			
Huang Ye Yao	100	–	–
Yang Fang Heng	100	–	–
Zhang Guang Wei	100	–	–
Below $250,000			
Deng Lu Zhong	100	–	–

The aggregate remuneration paid to the top five key management personnel (who are not Directors or the Group CEO) for the FY2017 is S$1.93 million.

Save as disclosed below, none of the employees who are immediate family members of a Director or the Group CEO received more than S$50,000 in remuneration for the FY2017:–

Name	**Relationship with Director or the CEO**
Between S$100,000 to S$150,000	
Fang Xin Nian (General Manager of the Operations Management Department of Chongqing Yingli Real Estate Development Co., Ltd)	Brother of Mr. Fang Ming

For FY2017, there were no termination, retirement and post-employment benefits granted to Directors and key management personnel.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is aware of its responsibilities to provide shareholders with a balanced, understandable and comprehensive view of the Company's performance, financial position and prospects on a timely basis. The quarterly and full year results announcements are released via the SGXNET within the mandatory period. Price sensitive information is publicly released either before the Company meets with any group of investors or analysts, or simultaneously with such meetings.

To comply with the Code, the Board has established written policies to ensure compliance with legislative and regulatory requirements where appropriate.

For the financial year under review, the Executive Directors and the Chief Financial Officer (CFO) have provided assurance to the Board that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances. For interim financial statements, the Board provides a statement of negative assurance to shareholders, in line with the SGX-ST listing rules.

The Company has also procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the SGX-ST Listing Manual.

Currently, the management will provide all members of the Board, including Non-Executive Directors, with management accounts and such explanation and information on a quarterly basis to allow effective monitoring and decision making by the Board.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk. The Board approves the key risk management policies and ensures that the management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and will also determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. The Company has established a risk matrix to document risk impact, risk response and follow-up. Risk assessment and control issues are communicated to employees.

As a property developer of prime commercial and office space, the Company's principal operating risks includes but is not limited to:

- Completion of its developments on time and within specifications;
- Achievement of minimum levels of occupancy and average per square meter rental rates and sales price;
- Access to adequate and reasonably priced funding;
- Ability to source for new and reasonably priced land; and
- Local or central government's policies and regulations that are adverse to the interests of the Group.

In addition to the above, the Company is also subject to the following risks:

- Changes in PRC laws and regulations that are adverse to the interests of the Group;
- Foreign exchange losses due to currency conversions (RMB-S$-US$);
- Compliance with government requirements and debt covenants; and
- Negative perceptions about the countries in which the Group has its principal operations and properties.

CORPORATE GOVERNANCE

The Board, with the assistance of the AC, undertakes periodic reviews and a formal annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems. The assessment for the FY2017 considered issues dealt with in reports reviewed by the Board during the year, together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for the FY2017.

The AC continuously assesses these risks but formally undertake a review of such risks with the management and the internal auditors annually. The AC uses a methodology to identify, judge and assess risks similar to that used by enterprise risk management systems. Once all identified risks are classified, the internal auditor is charged with assessing the adequacy of such controls: (i) annually for high risk sectors or risks with significant potential negative impacts; (ii) once every two years for medium risks sectors; and (iii) once every three years for low risk sectors.

The internal auditor is required to apply and has confirmed that the standards applied meet the equivalent of the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. In addition, the AC has put in place certain additional controls with respect to cash management and monitoring and feedback mechanisms, and the AC Chairman meets with the audit partner privately at least twice a year.

The hiring, removal, evaluation and compensation of the accounting/auditing firm to which the internal audit function is outsourced, is approved by the AC. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

While the AC understands the importance of ensuring that the management maintains a sound internal control framework, it also recognises that no internal control system will preclude all errors and irregularities as a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and it can only provide a reasonable but not absolute assurance against material misstatements or losses. To obtain assurance that the Group's risks are managed adequately and effectively, the Board conducted an overview of the risks which the Group is exposed to and reviewed the countermeasures and internal controls implemented to manage such risks.

The Board has obtained a written confirmation from the Executive Directors and the Group Chief Financial Officer that as at 31 December 2017, to the best of their knowledge:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) regarding the effectiveness of the Group's risk management systems and internal control systems.

Based on the internal controls including financial, operational and compliance controls, established and maintained by the Group, work performed by the internal and external auditors, and reviews undertaken by the management, the various Board Committees and the Board are of the opinion that the Group's internal controls addressing material financial, operational, compliance and information technology risks, and risk management systems are adequate and effective as at 31 December 2017 to meet the needs of the Group, taking into account the nature and scope of its operations.

CORPORATE GOVERNANCE

Principle 12: Audit Committee

The terms of reference of the AC provides that the AC shall comprise at least three Directors, the majority of whom including the AC Chairman, shall be Independent Directors. The composition of the AC is set out below:

Mr. Kenny Lim (Independent Director)	– AC Chairman
Mr. Tan Sek Khee (Independent Director)	– AC member
Mr. Pan Ying (Non-Executive and Non-Independent Deputy Chairman)	– AC member

Mr. Kenny Lim is a Chartered Accountant and Mr. Tan Sek Khee has extensive experience in general corporate management, business development, marketing, procurement and logistics. Mr. Pan Ying has more than 17 years of experience in private equity and investment. The AC Chairman is not associated in any way with any 10% shareholders of the Company. The members of the AC, collectively, have expertise or experience in financial management and are qualified to discharge the AC's responsibilities. None of the members nor the AC Chairman are former partners or directors of the Group's existing auditing firm within the last twelve months nor does any of them has any financial interests in the said auditing firm.

The principal duties and responsibilities of the AC include:

- Reviewing the audit plans and the proposed scope of audit examination to be conducted by the internal auditors and external auditors for the purpose of evaluating the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;

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

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

- Reviewing the assistance given by management to the internal auditors and external auditors to ensure that there is no restriction hindering on their work;

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

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

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

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

- Reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual to evaluate whether these transactions are entered into on an arm's length basis and are not prejudicial to the interests of the Company and its minority shareholders.

CORPORATE GOVERNANCE

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

The External Auditors and/or the CFO will update the AC on the changes to accounting standards and issues which have a direct impact on financial statements from time to time. In addition, the AC is entitled to seek clarification from Management, the External Auditor and/or the Internal Auditor or independent professional advice, or attend relevant seminars, informative talks at the Company's expense from time to time to apprise themselves of accounting standards/financial updates.

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

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

For the FY2017, the aggregate amount of fees paid to the external auditors is S$240,000 and there were no fees paid for non-audit services. Pursuant to their annual review of the independence of the external auditors, the AC is also satisfied with their independence for the FY2017.

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

The Board and the AC, having reviewed the adequacy of the resources and experience of Foo Kon Tan LLP, the audit engagement partners assigned to the audit, their other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the audit, were satisfied that the Group had complied with Rules 712 and 715 of the SGX-ST Listing Manual.

WHISTLE-BLOWING POLICY

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Company has put in place a whistle-blowing policy and procedures duly endorsed by the AC, where employees of the Group and any other persons may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters such as suspected fraud, corruption, dishonest practices etc. All reports, including anonymous reports, reports that are lacking in detail and verbal reports, will be thoroughly investigated. All complaints will be treated as confidential and will be brought to the attention of the AC.

Assessment, investigation and evaluation of complaints are conducted by or, at the direction of the AC if it deems appropriate, independent advisors engaged at the Group's expense. Following the investigation and evaluation of a complaint, the AC will then decide on recommended disciplinary or remedial actions, if any. Appropriate actions that are determined by the AC shall then be brought to the Board or to the appropriate senior executive of the Group for authorization or implementation respectively.

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

CORPORATE GOVERNANCE

Principle 13: Internal Audit

The Company recognises the importance of establishing an internal audit function that is independent of the activities it audits. The internal audit function is currently outsourced to Ernst & Young Advisory Pte Ltd which reports directly to the AC Chairman. The team leader in-charge is a Certified Internal Auditor and the audit work is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC reviews the adequacy and effectiveness of the internal audit function annually and is satisfied that it has the appropriate standing and resources to perform its functions effectively and objectively. The AC approves the engagement, evaluation and fees of the Internal Auditors and provides a communication channel between the Board, the management and the external auditors on matters relating to audit.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders

The Company is mindful of its obligations to provide material information in a fair and organized manner and on a timely basis to its shareholders. The Company strives to ensure regular, effective and fair communication with its shareholders, and be as descriptive, detailed and forthcoming as possible in disclosing the information and to inform shareholders of changes in the Company or its business which would likely to materially affect the price or value of the Company's shares.

The Company does not practice selective disclosure of material information. Press releases in relation to material developments, quarterly and full year results announcements and presentation slides are always released through the SGXNET on a timely basis for dissemination to shareholders and the public in accordance with the requirements of the SGX-ST. All materials on the quarterly and full year financial results, as well as the latest annual report of the Company, are available on the Company's website at *www.yingligj.com.* The website also contains various other investor-related information about the Company which serves as an important resource for investors and its shareholders.

In order to solicit and understand the views of the shareholders, briefings for analysts are held in conjunction with the release of the Company's quarterly and full year results, with the Executive Chairman and Group CEO, the Group Chief Financial Officer and senior executive officers in attendance to answer the questions which the media and analysts may have. The Company meets with institutional and retail investors at least once every quarter for its results briefing. The corporate presentation slides are uploaded onto the SGXNET and the Company's website concurrently before these briefings to ensure that they are made also available to all shareholders. Road shows in respect of the Group's developments are held as and when necessary to keep the market abreast of the Group's developments.

All shareholders will receive the annual report of the Company and notice of AGM by post and through notices published in the newspapers within the mandatory period and will be informed of the rules, including voting procedures, which govern general meetings of shareholders.

The Group has a dedicated investor relations team which communicates with its shareholders and analysts on a regular basis through informal meetings and email communications and addresses their queries or concerns. This dedicated investor relations team manages our website and ensures that it is comprehensive and that all our financial information, announcements, policies, and developments are uploaded in a timely manner. All shareholders are invited to write to the Company c/o our Investor Relations team at *ir@yingligj.com* on any questions/concerns which they may have. The Company strives to reply to emails received between two to three working days. The team also manages the dissemination of corporate information to the media, public, institutional investors and public shareholders, and acts as a liaison point for such entities and parties.

In addition, the Group has conducted site visits to the Group's properties to enable shareholders to have a deeper understanding of the Group's businesses and operations.

The Board has via the Company's full-year results announcement released on 28 February 2018 informed that it has not recommended any dividend. No dividend was declared for FY2017 as although the Group has disposed of the Ying Li ICC project during the year, the proceeds from the initial payment tranches need to be applied towards predetermined payment to ensure that conditions stipulated in the Sales and Purchase agreement are fulfilled. The Group will continue to monitor its cashflow situation and will consider reward shareholders when the conditions are met.

(E) PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

The Group believes in encouraging shareholder participation at general meetings. All registered shareholders are invited to participate and given the right to vote on resolutions at general meetings. Proxy forms will be sent with the notice of general meeting to all shareholders. If any shareholder is unable to attend the general meeting in person, he is allowed to appoint up to two proxies to vote on his behalf. The Company also allows CPF investors to attend general meetings as observers. Voting in absentia by mail, facsimile or e-mail is currently not possible as such voting methods would need to be cautiously evaluated to ensure that the authenticity of the vote and the shareholder's identity is not compromised.

Every matter requiring shareholders' approval will be proposed as a separate resolution. Each item of special business included in the meeting notice will be accompanied by, where appropriate, an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

All resolutions are put to vote by poll and the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be made available through SGXNET. The Company has employed electronic polling at its general meetings since September 2014.

The Executive Chairman and all Directors including the Board Committees' Chairmen will attend the AGM and be available to take questions from the shareholders. The external auditors are also invited to attend the AGM and are available to assist the Directors in addressing any relevant queries from the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

Minutes of the AGM and/or Extraordinary General Meeting will be made available to shareholders upon their request.

DEALINGS IN SECURITIES

In line with Rule 1207(19) of the SGX-ST Listing Manual, the Company has adopted a compliance code to issue a notification to all Directors, key executives of the Group and their officers that they are not allowed to deal in the Company's securities during the "black-out" period, being two weeks and one month immediately preceding the announcement of the Company's quarterly and full-year results respectively, or if they are in possession of unpublished price-sensitive information of the Group. In addition, Directors, key executives and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's securities on short-term considerations.

The Board confirms that for FY2017, the Company has complied with Rule 1207(19) of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS

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

When a potential conflict of interest arises, the Director concerned will not participate in the discussion and will refrain from exercising any influence over other members of the Board.

As a listed company on the SGX-ST, the Company is required to comply with Chapter 9 of the SGX-ST Listing Manual on IPTs. To ensure compliance with Chapter 9, the following practices have been implemented:

- The AC meets once every three months to review if the Company will be entering into any IPTs. If the Company intends to do so, the AC will ensure that the Company complies with the requisite rules under Chapter 9; and

- The AC will then recommend the approval of the IPTs, if any, to the Board for review and approval. The Board will review and ensure that the Company complies with the requisite rules under Chapter 9 before such approval.

Based on Rule 907 of the SGX-ST Listing Manual, the IPTs computed for FY2017 are as follows:

Name of Interested Person	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)**	**Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000)**
	RMB'000	**RMB'000**
Prestige Everbright Investment Co., Ltd[(1)] Interest Receivable from the Group	5,456	–
Yixing Everbright Investment Co., Ltd[(2)] Interest Receivable from the Group	35,711	–
Everbright Hero GP Limited[(3)] Fees paid for securing credit facilities	2,242	–
Prestige Everbright Investment Co., Ltd[(1)] Fees paid for securing credit facilities	8,189	–
Everbright Hero Holdings Limited[(4)] Distribution on perpetual convertible securities	90,867	–
EBA (Beijing) Asset Management Co., Ltd Management fees charged by a joint venture of an Interested Person	4,661	–
EBA (Beijing) Asset Management Co., Ltd Staff costs paid to joint venture of an Interested Person	1,341	–

Notes:

(1) A 49% indirectly owned subsidiary of China Everbright Limited

(2) A 100% indirectly owned subsidiary of China Everbright Limited

(3) A 100% indirectly owned subsidiary of China Everbright Limited

(4) A 100% indirectly owned subsidiary of China Everbright Limited

The Group has not obtained a general mandate from shareholders for IPTs.

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the SGX-ST Listing Manual, save as disclosed above, the Company confirms that there were no material contracts entered into between the Company and its subsidiaries, which the Group CEO, any of the Directors or controlling shareholders, has an interest in, either still subsisting at the end of the financial year, or was entered into since the end of the previous financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

We are pleased to submit this annual report to the members of the Company together with the audited consolidated financial statements for the financial year ended 31 December 2017.

In our opinion:

(a) the accompanying financial statements of the Group and Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards;

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

NAME OF DIRECTORS

The directors of the Company to office at the date of this statement are as follows:

Fang Ming	(Executive Chairman and Group Chief Executive Officer)
Pan Ying	(Non- Executive and Non-Independent Deputy Chairman)
Hu Bing	(Executive Director) (Appointed on 17 August 2017)
Yang Xiao Yu	(Executive Director)
Lim Yeow Hua @ Lim You Qin	(Independent Director) (Appointed on 11 May 2017)
Tan Sek Khee	(Independent Director)
Xiao Zu Xiu	(Independent Director)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct interest		Deemed interest	
	As at 1.1.2017	As at 31.12.2017	As at 1.1.2017	As at 31.12.2017
Ordinary shares of the Company (Ying Li International Real Estate Limited)				
Fang Ming[(1)]	94,735,548	**24,167,774**	825,739,014	**896,306,788**
Yang Xiao Yu	340,664	**340,664**	–	**–**
Ordinary shares of USD1 each of the significant shareholder (Newest Luck Holdings Limited)				
Fang Ming	10,000	**10,000**	–	**–**

Note:

(1) Mr. Fang Ming is deemed interested in the shares of the Company through his shareholding in Newest Luck Holdings Limited, a significant shareholder of Ying Li International Real Estate Limited.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

Mr Fang Ming, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, is deemed to have an interest in the whole of the issued share capital of all the wholly-owned subsidiaries of Ying Li International Real Estate Limited and Newest Luck Holdings Limited.

There are no changes to the above shareholdings as at 21 January 2018.

AUDIT COMMITTEE

The audit committee at the end of the financial year comprises the following members:

Lim Yeow Hua @ Lim You Qin (Chairman)
Tan Sek Khee
Pan Ying

The audit committee performs the functions set out in Section 201B(5) of the Singapore Companies Act, Chapter 50, the Listing Manual of the Singapore Exchange and the Code of Corporate Governance. In performing those functions, the committee reviewed the following:–

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2017 as well as the auditor's report thereon;

(iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;

(v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

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

(vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(viii) reviewed the nature and extent of non-audit services provided by the external auditor;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

AUDIT COMMITTEE (CONT'D)

(ix) recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(x) reported actions and minutes of the Audit Committee to the board of directors with such recommendations as the Audit Committee considered appropriate;

(xi) reviewed with the Board of Directors and management the possible risks or exposures that may exist and identifying the necessary steps to take in order to minimise such risks to the Company; and

(xii) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full authority and the discretion to invite any director or executive officer to attend its meetings. The audit committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees. The external and internal auditors have unrestricted access to the audit committee.

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

Further details regarding the audit committee are provided in the Report on Corporate Governance.

In appointing auditors of the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

INDEPENDENT AUDITOR

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....
FANG MING

....
HU BING

Dated: 29 March 2018

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ying Li International Real Estate Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 December 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matter	Risk	Our responses and work performed
Valuation of investment properties (Note 4)	The Group owns a portfolio of investment properties comprising commercial properties, shopping malls and car parks, located primarily in China. Investment properties represent a significant portion of assets on the balance sheet, at RMB4,486.74 million as at 31 December 2017. These investment properties are stated at their fair values based on independent external valuations. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the significant unobservable inputs i.e. a small change in the assumptions can have a significant impact to the valuation.	We assessed the Group's processes for the selection of the external valuers, the determination of the scope of work of the external valuers, and the review and acceptance of the valuations reported by the external valuers. We have evaluated the competence, qualification and objectivity of management expert, obtained an understanding of the work of that expert; and evaluated the appropriateness of that expert's work as audit evidence for the relevant assertion. We also read the terms of engagement of the external valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work. We have evaluated whether the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. Through our appointed auditor's expert, we considered the valuation methodologies used against those applied by the external valuers for similar property types. We have examined the valuation assumptions with regards to the market conformity. We have reviewed the mathematical correctness of fundamental calculation steps. We also considered the adequacy of the descriptions in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matter	Risk	Our responses and work performed
Transfer from development properties to investment properties (Notes 4 and 7)	The Group holds investment properties for earning rentals or capital appreciation. The Group classifies properties as investment properties only when it has the financial resources to do so and when there is a change in use of the properties. This assessment requires judgement and is based on facts and circumstances. Therefore, we considered this to be a key audit matter.	We reviewed management's assessment in determining whether any of the development properties met the criteria for classifying as investment properties. In particular, we reviewed factors considered by management to be critical to demonstrate evidence of financial resources, including cash resources and availability of funding options. We reviewed the Group's investing and financing activities during the year to assess whether any of such transactions had provided the Group with financial resources to designate properties as investment properties.
Valuation of other investment (Note 6)	The Group's other investment at fair value through profit or loss comprises the unquoted investment in limited partnership of RMB880.0 million as at 31 December 2017, which is determined by an independent firm of professional valuers. The underlying assets pertain to an integrated property project to be developed in phases. Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs. Due to the nature of the underlying assets and multi-phase development, the valuation of other investment is determined using the direct comparison method and residual method that involve the use of unobservable inputs. Consequently, we have determined the valuation of other investment at fair value through profit or loss to be a key audit matter.	We used our auditor's expert to assist in evaluating the appropriateness of the valuation techniques and assumptions applied in determining the fair value of other investment. We evaluated the competence, capabilities and objectivity of the auditor's expert. We assessed the completeness and appropriateness of the valuation report of the independent valuation expert and assessed the competence, objectivity and independence of this expert. We also assessed adequacy of the classification and disclosures of other investment in the financial statements, including disclosure of significant judgements, estimates and assumptions.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES (CONT'D)

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Toh Kim Teck.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 29 March 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	The Group 31 December 2017 RMB'000	The Group 31 December 2016 RMB'000	The Company 31 December 2017 RMB'000	The Company 31 December 2016 RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**48,493**	54,656	**979**	1,431
Investment properties	4	**4,486,742**	4,457,926	**–**	–
Subsidiaries	5	**–**	–	**2,966,326**	2,966,258
Other investment	6	**880,000**	620,000	**–**	–
Deferred tax assets	14	**27,529**	28,108	**–**	–
		5,442,764	5,160,690	**2,967,305**	2,967,689
Current Assets					
Development properties	7	**2,099,791**	5,187,210	**–**	–
Trade and other receivables	8	**2,917,625**	841,759	**879,921**	6,691
Amounts owing from subsidiaries (non-trade)	9	**–**	–	**1,368,768**	2,417,534
Cash and cash equivalents	10	**626,910**	676,315	**9,184**	12,109
		5,644,326	6,705,284	**2,257,873**	2,436,334
Total assets		**11,087,090**	11,865,974	**5,225,178**	5,404,023
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	11	**4,028,372**	4,028,372	**4,028,372**	4,028,372
Perpetual convertible securities	12	**878,970**	878,970	**878,970**	878,970
Retained earnings/(accumulated losses)		**2,204,600**	1,953,241	**(886,274)**	(749,635)
Other reserves	13	**(1,877,435)**	(1,857,216)	**18,075**	(3,045)
Equity attributable to owners of the Company		**5,234,507**	5,003,367	**4,039,143**	4,154,662
Non-controlling interests	5	**59,202**	58,644	**–**	–
Total equity		**5,293,709**	5,062,011	**4,039,143**	4,154,662
Non-Current Liabilities					
Deferred tax liabilities	14	**634,322**	573,209	**–**	–
Borrowings	15	**2,820,427**	1,804,559	**325,997**	347,503
		3,454,749	2,377,768	**325,997**	347,503
Current Liabilities					
Amount owing to subsidiaries (non-trade)	9	**–**	–	**762,192**	786,139
Trade and other payables	16	**1,098,922**	1,265,015	**69,555**	62,380
Borrowings	15	**1,092,662**	3,004,222	**28,291**	53,339
Current tax payables		**147,048**	156,958	**–**	–
		2,338,632	4,426,195	**860,038**	901,858
Total liabilities		**5,793,381**	6,803,963	**1,186,035**	1,249,361
Total equity and liabilities		**11,087,090**	11,865,974	**5,225,178**	5,404,023

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Year ended 31 December 2017 RMB'000	Year ended 31 December 2016 RMB'000
Revenue	17	**1,100,189**	1,079,543
Cost of sales		**(798,222)**	(741,478)
Gross profit		**301,967**	338,065
Other income	18	**455,195**	96,790
Selling expenses		**(72,333)**	(80,144)
Administrative expenses		**(110,883)**	(128,712)
Finance costs	19	**(136,281)**	(93,017)
Profit before tax	19	**437,665**	132,982
Tax expense	20	**(86,863)**	(43,652)
Profit for the year		**350,802**	89,330
Other comprehensive (loss)/income after tax:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences (at nil tax)		**(28,237)**	(21,574)
Other comprehensive (loss)/income for the year, net of tax		**(28,237)**	(21,574)
Total comprehensive income for the year		**322,565**	67,756
Profit attributable to:			
Owners of the Company		**350,244**	87,672
Non-controlling interests		**558**	1,658
		350,802	89,330
Total comprehensive income attributable to:			
Owners of the Company		**322,007**	66,098
Non-controlling interests		**558**	1,658
		322,565	67,756
Earnings per share (RMB):			
Basic	21	**0.14**	0.03
Diluted	21	**0.11**	0.03

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Attributable to owners of the Company									
	Share capital RMB'000	Perpetual convertible securities RMB'000	Retained earnings RMB'000	Reverse acquisition reserve RMB'000	Convertible bonds reserve RMB'000	Statutory common reserve RMB'000	Translation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017	4,028,372	878,970	1,953,241	(1,993,712)	42,458	80,570	13,468	5,003,367	58,644	5,062,011
Total comprehensive income for the year:										
Profit for the year	–	–	**350,244**	–	–	–	–	**350,244**	**558**	**350,802**
Other comprehensive income:										
– *Foreign currency translation differences*	–	–	–	–	–	–	**(28,237)**	**(28,237)**	–	**(28,237)**
Total comprehensive income for the year	–	–	**350,244**	–	–	–	**(28,237)**	**322,007**	**558**	**322,565**
Transactions with owners recognised directly in equity										
Contributions by and distributions to owners										
– *Transfer to statutory common reserve*	–	–	**(8,018)**	–	–	**8,018**	–	–	–	–
– Distribution to holder of perpetual convertible securities (Note 12)	–	–	**(90,867)**	–	–	–	–	**(90,867)**	–	**(90,867)**
Total transactions with owners, recognised directly in equity	–	–	**(98,885)**	–	–	**8,018**	–	**(90,867)**	–	**(90,867)**
At 31 December 2017	**4,028,372**	**878,970**	**2,204,600**	**(1,993,712)**	**42,458**	**88,588**	**(14,769)**	**5,234,507**	**59,202**	**5,293,709**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Attributable to owners of the Company										
	Share capital RMB'000	Perpetual convertible securities RMB'000	Retained earnings RMB'000	Equity compensation reserve RMB'000	Reverse acquisition reserve RMB'000	Convertible bonds reserve RMB'000	Statutory common reserve RMB'000	Translation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016	4,028,372	878,970	1,946,524	19,707	(1,993,712)	42,458	68,444	35,042	5,025,805	56,986	5,082,791
Total comprehensive income for the year:											
Profit for the year	–	–	87,672	–	–	–	–	–	87,672	1,658	89,330
Other comprehensive income:											
– Foreign currency translation differences	–	–	–	–	–	–	–	(21,574)	(21,574)	–	(21,574)
Total comprehensive income for the year	–	–	87,672	–	–	–	–	(21,574)	66,098	1,658	67,756
Transactions with owners recognised directly in equity											
Contributions by and distributions to owners											
– Transfer to statutory common reserve	–	–	(12,126)	–	–	–	12,126	–	–	–	–
– Distribution to holder of perpetual convertible securities (Note 12)	–	–	(88,536)	–	–	–	–	–	(88,536)	–	(88,536)
– Equity-settled share options forfeited/expired/lapsed	–	–	19,707	(19,707)	–	–	–	–	–	–	–
Total transactions with owners, recognised directly in equity	–	–	(80,955)	(19,707)	–	–	12,126	–	(88,536)	–	(88,536)
At 31 December 2016	4,028,372	878,970	1,953,241	–	(1,993,712)	42,458	80,570	13,468	5,003,367	58,644	5,062,011

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Year ended 31 December 2017 RMB'000	Year ended 31 December 2016 RMB'000
Cash Flows from Operating Activities			
Profit before tax		**437,665**	132,982
Adjustments for:			
Depreciation of property, plant and equipment	3	**6,581**	6,647
Amortisation of deferred lease incentives	19	**3,738**	2,392
Fair value of investment properties	18	**(39,327)**	(24,273)
Fair value of unquoted investment in an unquoted limited partnership	18	**(260,000)**	(18,000)
Interest income	18	**(31,017)**	(46,545)
Interest expense	19	**136,281**	93,017
Gain on disposal of subsidiaries	18	**(118,355)**	–
Loss on disposal of property, plant and equipment	19	**386**	20
Operating profit before working capital changes		**135,952**	146,240
Change in investment properties		**13,153**	(35,473)
Change in development properties		**557,164**	(502,928)
Change in trade and other receivables		**(848,266)**	54,436
Change in trade and other payables		**478,008**	229,682
Cash generated from/(used in) operations		**336,011**	(108,043)
Interest paid		**(221,355)**	(89,452)
Interest received		**12,905**	13,813
Income tax paid		**(36,170)**	(40,602)
Net cash generated from/(used in) operating activities		**91,391**	(224,284)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	3	**(781)**	(640)
Net cash outflow from disposal of subsidiaries	5	**(480)**	–
Net cash used in investing activities		**(1,261)**	(640)
Cash Flows from Financing Activities			
Change in cash at bank – restricted		**286,702**	691,398
Proceeds from loans from financial institutions		**2,032,665**	1,927,337
Repayment of loans from financial institutions		**(2,080,673)**	(2,580,835)
Payment of distribution on perpetual convertible securities		**(91,156)**	(90,000)
Proceeds from issuance of floating rate notes		**–**	323,799
Net cash generated from financing activities		**147,538**	271,699
Net increase/(decrease) in cash and cash equivalents		**237,668**	46,775
Cash and cash equivalents at beginning of the year		**223,125**	178,120
Effects of exchange rate fluctuations on cash held		**(371)**	(1,770)
Cash and cash equivalents at end of the year	10	**460,422**	223,125

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

The following is the disclosures of the reconciliation of liabilities arising from financing activities, excluding equity items:

	As at 1 January 2017 RMB'000	Cash flows – Proceeds from loans RMB'000	Cash flows – Repayment of loans RMB'000	Other non-cash flows – Disposal of subsidiaries (Note 5) RMB'000	Other non-cash flows – Foreign exchange movement RMB'000	As at 31 December 2017 RMB'000
Bank borrowings	**4,461,278**	2,032,665	(2,080,673)	(820,000)	(6,178)	**3,587,092**
Floating Rate Notes (unsecured)	**347,503**	–	–	–	(21,506)	**325,997**
	4,808,781	2,032,665	(2,080,673)	(820,000)	(27,684)	**3,913,089**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1 GENERAL INFORMATION

Ying Li International Real Estate Limited (the "Company") is a limited liability company incorporated in the Republic of Singapore. The Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited (SGX-ST) on 24 October 2008.

The registered office of the Company is located at 12 Marina Boulevard, #18-05 Marina Bay Financial Centre, Tower 3, Singapore 018982. Its principal place of business is located at Level 57, Yingli International Financial Centre, No. 28, Minquan Road, Yuzhong District, Chongqing 400010, the People's Republic of China (the "PRC").

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

The consolidated financial statements for the year ended 31 December 2017 relate to the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2(A) BASIS OF PREPARATION

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

The consolidated financial statements are presented in Renminbi (RMB) to the nearest thousand, RMB'000. The functional currency of the Company is Singapore dollars. All financial information has been presented in RMB, unless otherwise stated.

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

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(A) BASIS OF PREPARATION (CONT'D)

(a) Significant judgements in applying accounting policies

Identification of functional currencies

The functional currency for each entity in the Group is the currency of the primary economic environment in which it operates. These financial statements are presented in RMB, which is the functional and presentational currency of most of the Group entities. Determination of functional currency involves significant judgment and other companies may make different judgments based on similar facts. The functional currency of each of the Group entities is principally determined by the primary economic environment in which the respective entity operates.

The Group reconsiders the functional currency of its entities if there is a change in the underlying transactions, events and conditions which determine their primary economic environment. The determination of functional currency affects the carrying value of non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the income statement. It also impacts exchange gains and losses included in the income statement.

Transfer from Development Properties to Investment Properties (Note 4)

From time to time, the Group will transfer some of its properties held under Development Properties to Investment Properties. In determining the amount of the properties to be classified as Investment Properties, the Group has consistently used the change of use and financial means test to evaluate whether it has the ability to retain these properties as the main criteria for the reclassification. On the date of the reclassification to Investment Properties, the property is measured at fair value by an independent firm of professional valuers. Any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss. The carrying amount of Investment Properties is disclosed in Note 4 to the financial statements.

Unquoted investment in limited partnership (Note 6)

An entity is accounted for using the equity method in the consolidated financial statements where the Group has significant influence over the entity. Significant influence arises where the Group has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If an investor holds directly or indirectly 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Significant judgement is applied by management in assessing where significant influence exists. This involves assessment of the purpose and design of the entity, identification of the activities which significant affect the entity's returns and how decisions are made about those activities. In assessing how decisions are made, management considers contractual arrangements with the entity or other parties, and any rights or ability to appoint, remove or direct key management personnel or entities that have the ability to direct the relevant activities of the entity. Although the Group holds more than 20% of the interest in a limited partnership entity, management concluded that the Group neither has control nor significant influence over the investee in accordance with the partnership agreement. The Group has classified unquoted investment in limited partnership as other investments as disclosed in Note 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(A) BASIS OF PREPARATION (CONT'D)

(a) Significant judgements in applying accounting policies (Cont'd)

Classification of development properties as current assets (Note 7)

The Group's current assets include assets which are expected to be realised, or are intended for sale in the Group's normal operating cycle. The Group engages in development of properties for sale which has an operating cycle of over one year. Significant judgement is involved in determining the length of the normal operating cycle which is the basis for classifying development properties as current assets when those development activities have commenced and are expected to be completed within the normal operating cycle. Similarly, the bank loans which are directly attributable to these properties under development and are expected to be settled within the normal course of the Group's operating cycle are classified as current liabilities. The carrying amounts of the development properties and borrowings are disclosed in Notes 7 and 15 to the financial statements.

Perpetual Convertible Securities (Note 12)

Pursuant to the terms of the Perpetual Convertible Securities, the Company, as an issuer of the Perpetual Convertible Securities, can at its option redeem the Perpetual Convertible Securities and at its discretion defer distributions on the Perpetual Convertible Securities. The Perpetual Convertible Securities impose no contractual obligation on the Group to repay its principal nor to pay any distributions, they do not meet the definition for classification as financial liabilities. As a result, the whole instrument is classified as equity, and respective distributions if and when declared are treated as equity dividends. The carrying amount of the Perpetual Convertible Securities is RMB878,970,000 (2016 – RMB878,970,000).

Deferred taxation on investment properties (Note 14)

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, management has reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, management has determined that the presumption that investment properties measured using the fair value model are recovered through sale is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair value of investment properties. The carrying amount of deferred tax liabilities is disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(A) BASIS OF PREPARATION (CONT'D)

(b) Critical accounting estimates and assumptions used in applying accounting policies

Depreciation of property, plant and equipment (Note 3)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage, maintenance programmes, and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment is disclosed in Note 3 to the financial statements. A 5% difference in the estimated useful lives of property, plant and equipment from management's estimates will not have any material impact on the Group's profit for the year.

Impairment of non-financial assets (Notes 3 and 5)

Property, plant and equipment and investment in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating-units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating-unit (or group of cash-generating-units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors. The carrying amounts of property, plant and equipment and subsidiaries are RMB48,493,000 (2016 – RMB54,656,000) and RMB2,966,326,000 (2016 – RMB2,966,258,000) respectively. A reasonably possible change in key assumptions (1% increase in discount rate and 1% decrease in annual growth rate) would not cause the carrying amounts to exceed the recoverable amounts. The net carrying amount of property, plant and equipment and subsidiaries are disclosed in Note 3 and Note 5, respectively.

Valuation of investment properties (Note 4)

The Group's investment properties are stated at estimated fair value based on the valuation performed by independent professional valuers. The determination of the fair value of investment property requires the use of historical transaction comparables and estimates such as future cash flows from assets and capitalisation rates applicable to those assets. The carrying amount of investment properties is disclosed in Note 4 to the financial statements. If the market value used to estimate the fair value of the investment properties decreases/increases by 5% from management's estimates, the Group's profit for the year will decrease/increase by RMB1,475,000 (2016 – RMB910,000).

2(A) BASIS OF PREPARATION (CONT'D)

(b) Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Valuation of unquoted investment in limited partnership (Note 6)

The fair value of unquoted investment in limited partnership is based on generally accepted valuation techniques. Valuation techniques use a maximum of market inputs and include the use of discounted cash flow analysis and other valuation techniques commonly used by market participants. Because of the inherent valuation uncertainty, those estimated fair values may differ significantly from the values that would be used if a ready market for the financial assets existed, and those differences could be material. These fair value measurement is categorised as level 3 within the fair value hierarchy. The carrying amount of the unquoted equity investment is disclosed in Note 6 to the financial statements. If the market value used to estimate the fair value of the investment in limited partnership decreases/increases by 5% from management's estimates, the Group's profit for the year will decrease/increase by RMB8,250,000 (2016 – RMB675,000).

Net realisable value of development properties (Note 7)

Net realisable value of properties under development is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value of completed properties for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Revisions to estimates are made where there is a change in market conditions.

The Group's carrying amount of properties under development at the reporting date amounted to RMB778,822,000 (2016 – RMB3,600,520,000).

Impairment of loans and receivables (Notes 8 and 9)

Generally, the Group requires full payment from customers before delivery of properties. Impairment loss of loans and receivables are based on an assessment of the recoverability of trade and other receivables and amounts due from subsidiaries. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the debtor's ability to pay.

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(A) BASIS OF PREPARATION (CONT'D)

(b) Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Impairment of loans and receivables (Notes 8 and 9) (Cont'd)

A significant degree of judgement is applied by management when considering whether a trade receivable is impaired. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics, default of payments, indications of financial difficulties of the specific customer, and general economic conditions. The carrying amounts of trade and other receivables and amounts due from subsidiaries are disclosed in Notes 8 and 9 to the financial statements respectively. If the present value of estimated future cash flows from trade and other receivables and amounts due from subsidiaries decreases by 2% from management's estimates, the Group's and the Company's profit for the year will decrease by approximately RMB52,364,000 and RMB44,846,000 (2016 – RMB11,299,000 and RMB48,365,000) respectively, where applicable.

Income tax (Note 20)

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

The recognition of deferred tax assets is based upon whether it is probable that that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. The Group has recognised a deferred tax asset in respect of unabsorbed tax losses of certain subsidiaries in its financial statements which requires judgement for determining the extent of its recoverability at each balance sheet date. The recognition involves best estimation and judgement, including the subsidiaries' future financial performance based on the latest available profit forecasts. As at 31 December 2017, the carrying amounts of the Group's deferred tax assets, deferred tax liabilities and current tax payables amounted to RMB27,529,000, RMB634,322,000 and RMB147,048,000 (2016 – RMB28,108,000, RMB573,209,000 and RMB156,958,000), respectively.

2(B)(I) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2017

The directors do not anticipate that the adoption of the FRSs will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following new or amended FRS and INT FRS issued and effective in year 2017:

Reference	Description
Amendments to FRS 7	*Statement of Cash Flows*
Amendments to FRS 12	*Recognition of Deferred Tax Assets for Unrecognised losses*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(B)(I) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2017 (CONT'D)

Amendments to FRS 7 *Statement of Cash Flows*

The Amendments to FRS 7 *Statement of Cash Flows* require entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows – excluding contributed equity – to the corresponding liabilities in the opening and closing statements of financial position and to disclose on any restrictions over the decisions of an entity to use cash and cash equivalent balances, in particular way – e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. These amendments are effective for the financial period beginning on or after 1 January 2017. As this is a disclosure standard, there is no impact to the financial position and performance of the Group.

Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

The adoption of these new or amended FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2(B)(II) SFRS(I) NOT YET EFFECTIVE

Convergence with International Financial Reporting Standards (IFRS)

On 29 December 2017, Accounting Standards Council Singapore has issued Singapore Financial Reporting Standards (International) (SFRS(I)s), Singapore's equivalent of the International Financial Reporting Standards (IFRSs). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore are required to apply SFRS(I)s for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary assessment of the impact of SFRS(I) for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group does not expect to change its existing accounting policies on adoption of the new framework.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(B)(II) SFRS(I) NOT YET EFFECTIVE (CONT'D)

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements. For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group assessed the transition options and the potential impact on its financial statements, and to implement these standards.

Reference	**Description**	**Effective date (Annual periods beginning on)**
Amendments to SFRS(I) 2	*Classification and Measurement of Share-based Payments Transactions*	1 January 2018
SFRS(I) 9	*Financial Instruments*	1 January 2018
SFRS(I) 15	*Revenue from Contracts with Customers*	1 January 2018
SFRS (I) INT 22	*Foreign Currency Transactions and Advance Consideration*	1 January 2018
SFRS(I) 16	*Leases*	1 January 2019

SFRS(I) 2 *Classification and Measurement of Share-based Payment Transactions*

The amendments to SFRS(I) 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

(i) The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
(ii) Share-based payment transactions with a net settlement feature for withholding tax obligations and
(iii) A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity- settled.

Companies are required to apply the amendments for annual periods beginning on or after January 1, 2018. The Group does not have any outstanding share-based payment transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(B)(II) SFRS(I) NOT YET EFFECTIVE (CONT'D)

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 *Financial Instruments* replaces the FRS 39 and it is a package of improvements introduced by SFRS(I) 9 which include a logical model for:

- Classification and measurement;
- A single, forward – looking "expected loss" impairment model and
- A substantially reformed approach to hedge accounting

SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model or a significant increase in the impairment loss allowance.

SFRS(I) 15 *Revenue Contracts with Customers*

SFRS(I) 15 *Revenue from Contracts with Customers* establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It established a new five-step model that will apply to revenue arising from contracts with customers. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

The standard replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for Construction of Real Estate*, INT FRS 118 *Transfer of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards.

SFRS(I) 15 is effective for annual periods beginning on or after 1 January 2018. The Group does not expect significant changes to the basis of revenue recognition for its revenue arising from adoption of this new standard. However, additional disclosures may be required to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

SFRS(I) 15 *Revenue Contracts with Customers* also include classification on how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided)
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(B)(II) SFRS(I) NOT YET EFFECTIVE (CONT'D)

SFRS (I) INT 22 *Foreign Currency Transactions and Advance Consideration*

This Interpretation provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance.

The Interpretations are effective from 1 January 2018. On initial application, entities would have the option of applying the Interpretations either retrospectively or prospectively in accordance with SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Group does not expect a significant change to the requirements arising from adopting the new interpretation. The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

SFRS(I) 16 *Leases*

SFRS(I) 16 *Leases* replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 *Leases* that are no longer considered fit for purpose, and is a major revision of the way in which companies where it is required lessees to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. SFRS(I) 16 *Leases* will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided the company has adopted SFRS(I) 15. The Group is currently assessing the impact to the consolidated financial statements.

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consolidation (Cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non–controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consolidation (Cont'd)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Singapore Dollars.

The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Renminbi. The choice of presentation currency is to better reflect the currency that mainly determines economic effects of transactions, events and conditions of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Conversion of foreign currencies

Foreign currency transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the date of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in the profit or loss, unless they arise from borrowings in foreign currencies and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

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

Group entities

The results and financial position of all the Group entities (*none of which has the currency of a hyperinflationary economy*) and the Company that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities (including comparatives) are translated at the closing exchange rates at the end of reporting period;
(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of transactions; and
(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Leasehold buildings	20 to 30 years
Furniture and fittings	20 years
Office equipment	3 to 5 years
Motor vehicles	5 years
Computers	3 to 5 years

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

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

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

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

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation and are not occupied by the Group. Investment properties are treated as non-current investments and are initially carried at cost and subsequently carried at fair value, representing open market value on the highest and best use basis determined annually by an independent firm of professional valuers. The Group has consistently reclassified properties as investment properties when it has the financial resources to do so and when there is a change in use of the properties. Gross changes in fair values and the related tax impact are recognised in profit or loss.

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

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers

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

- commencement of an operating lease to another party coupled with possession of financial means to retain the properties, for a transfer from inventories to investment property;
- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment;
- commencement of development with a view to sell, for a transfer from investment properties to development properties; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Development properties

Development properties are properties being constructed or developed for future sale. Development properties are recorded as current assets and are stated at specifically identified cost, including capitalised borrowing costs directly attributable to the development of the properties, exchange differences arising from foreign currency borrowings are capitalised to the extent that they are regarded as an adjustment to interest costs, aggregate cost of development, materials and supplies, wages and other direct expenses, less any allowance considered necessary by the directors.

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

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

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

Completed properties for sale are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Financial assets

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

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

De-recognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment of impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (Cont'd)

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

The Group does not hold any held-to-maturity investments or available-for-sale financial assets.

Loans and receivables

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

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

Any reversal is recognised in the statement of comprehensive income.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and receivables. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

Loans and receivables comprise cash and cash equivalents and trade and other receivables, excluding prepayments and advance payments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include non-derivative financial assets (unquoted investment in limited partnership) that are acquired principally for the purpose of selling or repurchasing in the near term. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in profit or loss, net of any effects arising from income taxes, until the financial assets is disposed of.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (Cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. For the purpose of the consolidated statement of cash flows, pledged bank balances are excluded while bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and properties under development, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

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

Individual assets or cash-generating units are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation.

Impairment losses recognised for cash-generating units, are charged pro rata to the assets in the cash-generating unit.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities

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

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

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

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

Borrowings which are due to be settled within 12 months after the reporting date are included in current borrowings in the statement of financial position even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date. Borrowings to be settled within the Group's normal operating cycle are considered as current. Other borrowings due to be settled more than 12 months after the reporting date are included in non-current borrowings in the statement of financial position.

Trade and other payables

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

Financial guarantee

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair value plus transaction costs in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Share capital

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

Perpetual convertible securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, are classified as equity instruments and are initially recorded at the proceeds received.

Dividends

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

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

Operating leases

Where the Group is a lessor

Assets leased out under operating leases are included in investment properties and are stated at fair value and not depreciated. Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Where the Group is a lessee

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as a reduction of rental expense on a straight-line over the term of the lease term.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected costs of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Borrowing costs

Borrowing costs are recognised in profit or loss as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Foreign exchange differences arising from foreign currency borrowings are capitalised to the extent that they are regarded as an adjustment to interest costs. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Pension obligations

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to define contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Pursuant to the relevant regulations of the PRC government, the employees of the subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government (the "Central Pension Scheme"), whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Central Pension Scheme. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the Central Pension Scheme is to pay the ongoing required contributions under the Central Pension Scheme. Contributions under the Central Pension Scheme are charged to the statement of comprehensive income as incurred. The assets of the Central Pension Scheme are held separately from those of the PRC subsidiaries in independently administered funds.

Key management personnel

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and
(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the asset.

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

Revenue

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

Sale of properties

Revenue from sale of properties is recognised when the control and risk and rewards of the properties have been transferred to the buyer, i.e. when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon signing of the property handover notice by the buyer, whichever is the earlier. Payments received from buyers prior to this stage are recorded as advances from customers and are classified as current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue (Cont'd)

Rental income

Rental income arising on investment and development properties is accounted for on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental to be received.

Rental income from sub-leased property is recognised as other income.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Consultancy fee income

Consultancy fee income is recognised when services are rendered.

Earnings per share

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

Operating segments

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

Additional disclosures on operating segments are shown in Note 24 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Intra-group financial guarantees

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3 PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold buildings RMB'000	Office equipment, furniture and fittings RMB'000	Motor vehicles RMB'000	Computers RMB'000	Total RMB'000
Cost					
At 1 January 2016	48,733	16,727	11,855	5,563	82,878
Additions	–	471	–	169	640
Disposals	–	(32)	(134)	(39)	(205)
Exchange difference on translation	–	112	–	4	116
At 31 December 2016	48,733	17,278	11,721	5,697	83,429
Additions	**–**	**26**	**453**	**302**	**781**
Disposals	**–**	**(151)**	**(2,555)**	**(13)**	**(2,719)**
Exchange difference on translation	**–**	**38**	**–**	**1**	**39**
At 31 December 2017	**48,733**	**17,191**	**9,619**	**5,987**	**81,530**
Accumulated depreciation					
At 1 January 2016	3,573	6,222	9,958	2,527	22,280
Depreciation for the year	2,338	3,381	364	564	6,647
Disposals	–	(50)	(135)	–	(185)
Exchange difference on translation	–	28	–	3	31
At 31 December 2016	5,911	9,581	10,187	3,094	28,773
Depreciation for the year	**2,338**	**3,416**	**306**	**521**	**6,581**
Disposals	**–**	**(22)**	**(2,299)**	**(12)**	**(2,333)**
Exchange difference on translation	**–**	**15**	**–**	**1**	**16**
At 31 December 2017	**8,249**	**12,990**	**8,194**	**3,604**	**33,037**
Net carrying amount					
At 31 December 2017	**40,484**	**4,201**	**1,425**	**2,383**	**48,493**
At 31 December 2016	42,822	7,697	1,534	2,603	54,656

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	Office equipment, furniture and fittings RMB'000	Computers RMB'000	Total RMB'000
Cost			
At 1 January 2016	2,423	82	2,505
Exchange difference on translation	112	4	116
At 31 December 2016	2,535	86	2,621
Exchange difference on translation	**38**	**1**	**39**
At 31 December 2017	**2,573**	**87**	**2,660**
Accumulated depreciation			
At 1 January 2016	632	53	685
Depreciation for the year	458	16	474
Exchange difference on translation	28	3	31
At 31 December 2016	1,118	72	1,190
Depreciation for the year	**465**	**10**	**475**
Exchange difference on translation	**15**	**1**	**16**
At 31 December 2017	**1,598**	**83**	**1,681**
Net carrying amount			
At 31 December 2017	**975**	**4**	**979**
At 31 December 2016	1,417	14	1,431

4 INVESTMENT PROPERTIES

The Group	2017 RMB'000	2016 RMB'000
At 1 January, at fair value	**4,446,736**	4,386,990
Transfer from completed properties for sale (Note 7)	–	49,673
Investment properties sold	**(13,153)**	(14,200)
Net fair value gain recognised in profit or loss (Note 18)	**39,327**	24,273
At 31 December, at fair value	**4,472,910**	4,446,736
Deferred lease incentives*	**13,832**	11,190
Total investment properties	**4,486,742**	4,457,926

* Deferred lease incentives relate to costs assumed by the Group on leasehold improvements to investment properties leased to tenants under operating leases. The lease incentives are recognised as an expense over the lease term on the same basis as the lease income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4 INVESTMENT PROPERTIES (CONT'D)

The investment properties are carried at fair value at the end of the reporting period as determined by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a Hong Kong independent firm of professional valuers who have appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued. The fair values are made annually based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Investment properties are valued on a highest and best use basis. The current use of the Group's investment properties is considered to be the highest and best use, unless there is evidence to the contrary.

The fair value of investment properties, classified as Level 3, has been derived using the direct comparison method, income capitalisation approach, and discounted cash flow method. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income capitalisation approach involves the estimation and projection of net rental incomes over a period and discounting them to present value. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.

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

The following amounts are recognised in profit or loss:

The Group	2017 RMB'000	2016 RMB'000
Rental income from investment properties	**180,970**	179,664
Direct operating expenses arising from investment properties that generated rental income	**(49,339)**	(33,366)
Direct operating expenses arising from investment properties that did not generate rental income	**(2,342)**	(2,273)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4 INVESTMENT PROPERTIES (CONT'D)

Details of the investment properties are as follows:

Location (Chongqing, PRC)	Name of project	Description	Gross Floor Area 2017 (sq. meters)	2016 (sq. meters)	Group's effective interest in the property	Tenure (Years)
No. 46 to 52 Cangbai Road, Yuzhong District	Southland Garden	Office, retail, storage and car parks	**13,129.85**	13,129.85	97%	40-year land use rights for commercial use expiring in November 2042.
No. 108 Bayi Road, Yuzhong District	New York, New York	Car parks	**277.15**	277.15	97%	40-year land use rights for commercial use expiring in January 2042.
No. 181 Minsheng Road, Yuzhong District	Minsheng Mansion	Office, retail, storage and car parks	**6,431.24**	7,345.03	97%	40-year land use rights for commercial use expiring in September 2033.
No. 6 Guanyinqiao, Pedestian Street, Jiangbei District	Future International	Retail, storage and car parks	**82,227.46**	82,227.46	97%	40-year land use rights for commercial use expiring in March 2045.
No. 141 to 155 Zourong Road, Yuzhong District	Zou Rong Plaza	Retail, office and car parks	**6,805.51**	6,805.51	97%	50-year land use rights for commercial use expiring in January 2046.
No. 8 Bashu Road, Yuzhong District	Bashu Cambridge	Retail and car parks	**6,863.30**	6,968.80	97%	40-year land use rights for commercial use expiring in September 2044.
No. 19 Daping Zheng Jie, Yuzhong District	Ying Li International Plaza	Retail and car parks	**133,245.80**	133,245.80	100%	40-year land use rights for commercial use expiring in July 2050.
No. 26 & 28 Minquan Road, Yuzhong District	Ying Li International Financial Centre	Retail, office and car parks	**95,642.02**	95,859.89	97%	40-year land use rights for commercial use expiring in December 2044.

As at 31 December 2017, investment properties with carrying value of approximately RMB4,332,192,862 (2016 – RMB4,053,021,000) are mortgaged to banks to secure the bank loans granted to the Group (Note 15).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5 SUBSIDIARIES

The Company	2017 RMB'000	2016 RMB'000
Unquoted equity investments, at cost		
At 1 January	**2,966,258**	2,827,257
Additions	**136**	139,001
Disposals	**(68)**	–
At 31 December	**2,966,326**	2,966,258

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective equity interest held by the Group 2017 %	2016 %	Cost of investment 2017 RMB'000	2016 RMB'000
Held by the Company						
Fortune Court Holdings Limited	Hong Kong	Investment holding	**100**	100	**2,584,794**	2,584,794
Chongqing Yingli Real Estate Development Co., Ltd ("CQYL")	PRC	Property development	**97**	97	**241,925**	241,925
Luckzone International Limited	British Virgin Islands ("BVI")	Investment holding	**100**	100	**139,069**	139,069
Shiny Profit Enterprises Limited	BVI	Investment holding	–	100	–	68
Peak Century Holdings Limited	BVI	Investment holding	**100**	100	**68**	68
Top Accurate Holdings Limited	BVI	Investment holding	**100**	100	**68**	68
Verdant View Limited	BVI	Investment holding	**100**	100	**65**	65
Vast Speed Limited	BVI	Investment holding	**100**	100	**65**	65
Brandway Investment Limited	BVI	Investment holding	**100**	100	**65**	65
Ever Perfect Enterprise Limited	BVI	Investment holding	**100**	100	**63**	63
First Regent International Limited	Hong Kong	Investment holding	**100**	100	**8**	8
Oxleyville Investments Limited	BVI	Investment holding	**100**	–	**68**	–
Shining Valour Investments Limited	BVI	Investment holding	**100**	–	**68**	–
					2,966,326	2,966,258

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5 SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation	Principal activities	Effective equity interest held by the Group 2017 %	2016 %
Held by Ever Perfect Enterprise Limited				
Fully Rich Industrial Limited	Hong Kong	Purchasing of construction material and equipment	**100**	100
Held by Luckzone International Limited				
Chongqing Yingli Qipaifang Real Estate Development Co., Ltd	PRC	Property development	**100**	100
Held by Fortune Court Holdings Limited				
Chongqing Yingli Real Estate Development Co., Ltd	PRC	Property development	**97**	97
Held by Chongqing Yingli Real Estate Development Co., Ltd.				
Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd ("San Ya Wan")	PRC	Property development	**77.6**	77.6
Chongqing Lu Zu Temple Real Estate Co., Ltd	PRC	Property development	**99.8**	99.8
Chongqing Ying Li Guangsheng Hardware and Electrical Market Development Co., Ltd ("Guangsheng")	PRC	Property development, property management, property leasing and carpark services	**97**	97
Held by Peak Century Holdings Limited				
Yingli International Commercial Properties Management Co., Ltd.	PRC	Property consultancy, sale, marketing and management services	**100**	100
Chongqing Lion Equity Investment Partnership	PRC	Investment holding	**100**	100
Held by Yingli International Commercial Properties Management Co., Ltd				
Chongqing Yingli Retail Management Co., Ltd	PRC	Property consultancy, sale, marketing and management services	**100**	100
Chongqing Yingli Zhuoyue Retail Management Co., Ltd	PRC	Property consultancy, sale, marketing and management services	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5 SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation	Principal activities	Effective equity interest held by the Group 2017 %	2016 %
Held by Top Accurate Holdings Limited				
Chongqing Lu Zu Temple Real Estate Co., Ltd	PRC	Property development	**99.8**	99.8
Held by Verdant View Limited:				
Chongqing Lion Equity Investment Partnership	PRC	Investment holding	**100**	100
Held by Chongqing Lion Equity Investment Partnership				
Chongqing Yingli Retail Management Co., Ltd	PRC	Property consultancy, sale, marketing and management services	**100**	100
Held by First Regent International Limited				
Perfect Summit Limited	Hong Kong	Investment holding	**100**	100
Held by Brandway Investment Limited				
Chongqing Kai Yi Yu Commercial Management Co., Ltd	PRC	Investment holding	**100**	–
Held by Shiny Profit Enterprises Limited				
Chongqing Yingli Shiny Profit Real Estate Co., Ltd.	PRC	Property development	–	100

All subsidiaries of the Group, as listed above, are audited by Foo Kon Tan LLP for consolidation purposes.

Disposal of subsidiaries

In December 2017, the Company disposed of its 100% equity interests in Shiny Profit Enterprises Limited and Chongqing Yingli Shiny Profit Real Estate Co., Ltd. to an unrelated party for a consideration of RMB2,035,350,000 receivable in 4 tranches within one year.

The effect of the loss of control in subsidiaries on the cash flow of the Group was as follow:

	2017 RMB'000
Plant and equipment	109
Property under development	2,553,887
Trade and other receivables	825,738
Cash and bank balances	480
Borrowings	(820,000)
Trade and other payables	(643,219)
Net identified assets on disposal	1,916,995
Gain on Disposal	118,355
Total consideration, to be satisfied in cash	2,035,350
Analysis of net flow of cash and bank balances arising on disposal:	
Cash consideration received	–
Cash and bank balances on the Disposal Group	480
Net cash outflow on disposal	(480)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5 SUBSIDIARIES (CONT'D)

Summarised financial information in respect of the Group's subsidiaries in the PRC that have non-controlling interests (NCI) are set out below.

The summarised financial information below represents amounts before intra-group eliminations.

Summarised statement of financial position

	CQYL RMB'000	San Ya Wan RMB'000	Guangsheng RMB'000	Total RMB'000
2017				
Current assets	**2,327,913**	**664,528**	**1,459,387**	**4,451,828**
Non-current assets	**2,648,287**	**260**	**31,526**	**2,680,073**
Total assets	**4,976,200**	**664,788**	**1,490,913**	**7,131,901**
Current liabilities	**1,276,112**	**362,175**	**1,219,781**	**2,858,068**
Non-current liabilities	**2,052,275**	**6,587**	**–**	**2,058,862**
Total liabilities	**3,328,387**	**368,762**	**1,219,781**	**4,916,930**
Equity attributable to owners of the Company	**1,647,813**	**296,026**	**271,132**	**2,214,971**
Net assets attributable to NCI	*****	**59,202**	*****	**59,202**
2016				
Current assets	1,581,996	729,068	1,485,388	3,796,452
Non-current assets	2,635,900	392	112	2,636,404
Total assets	4,217,896	729,460	1,485,500	6,432,856
Current liabilities	639,476	424,755	1,244,120	2,308,351
Non-current liabilities	1,925,181	11,485	–	1,936,666
Total liabilities	2,564,657	436,240	1,244,120	4,245,017
Equity attributable to owners of the Company	1,653,239	234,576	241,380	2,129,195
Net assets attributable to NCI	*	58,644	*	58,644

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5 SUBSIDIARIES (CONT'D)

Summarised statement of comprehensive income

	CQYL RMB'000	San Ya Wan RMB'000	Guangsheng RMB'000	Total RMB'000
2017				
Revenue	**145,211**	**172,772**	**501,977**	**819,960**
(Loss)/profit for the year	**(5,425)**	**2,790**	**29,752**	**27,117**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive income	**(5,425)**	**2,790**	**29,752**	**27,117**
Attributable to NCI:				
– Profit for the year	*****	**558**	*****	**558**
– Other comprehensive income	*****	**–**	*****	**–**
Total comprehensive income attributable to NCI	*****	**558**	*****	**558**
2016				
Revenue	146,080	408,050	393,837	947,967
Profit for the year	99,015	8,290	8,494	115,799
Other comprehensive income	–	–	–	–
Total comprehensive income	99,015	8,290	8,494	115,799
Attributable to NCI:				
– Profit for the year	*	1,658	*	1,658
– Other comprehensive income	*	–	*	–
Total comprehensive income attributable to NCI	*	1,658	*	1,658

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5 SUBSIDIARIES (CONT'D)

Other summarised information

	CQYL RMB'000	San Ya Wan RMB'000	Guangsheng RMB'000	Total RMB'000
2017				
Cash inflow/(outflow) from operating activities	**77,993**	**(46,310)**	**(227,523)**	**(195,840)**
Cash inflow/(outflow) from investing activities	**31**	**–**	**31,484**	**31,515**
Cash inflow/(outflow) from financing activities	**135,419**	**21,965**	**200,024**	**357,408**
Net cash inflow/(outflow)	**213,443**	**(24,345)**	**3,985**	**193,083**
2016				
Cash (outflow)/inflow from operating activities	(117,051)	198,434	(633,119)	(551,736)
Cash outflow from investing activities	(221,031)	–	–	(221,031)
Cash inflow/(outflow) from financing activities	319,208	(200,003)	560,885	680,090
Net cash outflow	(18,874)	(1,569)	(72,234)	(92,677)

* Non-controlling shareholders in CQYL have waived all their rights to receive dividends and/or other distributions (whether in the form of cash or as distributions in species save for bonus shares) declared by CQYL out of its retained earnings or profits in any particular financial year to its shareholders following the Company's completion of the reverse acquisition of Fortune Court Holdings Limited in 2008.

6 OTHER INVESTMENT

The Group **Unquoted investment in limited partnership at fair value through profit or loss**	**2017** **RMB'000** **Fair value**	**2016** **RMB'000** **Fair value**
Balance at 1 January	**620,000**	602,000
Fair value gain recognised in profit or loss (Note 18)	**260,000**	18,000
Balance at 31 December	**880,000**	620,000

Unquoted investment in limited partnership relates to a subsidiary's investment of RMB559 million (at cost) to subscribe 26.0% of the subordinated shares in Shanghai Zhaoli Investment Centre (LLP) where it invested directly in Shanghai Sheng Ke Investment Centre (LLP). The objective of the investment is to jointly participate in the Beijing Tongzhou Project as Shanghai Sheng Ke Investment Centre (LLP) owns the project companies holding the Beijing Tongzhou Project (the "Project").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6 OTHER INVESTMENT (CONT'D)

Although the Group holds 26.0% equity interest in the investee, management has assessed that the Group neither has control nor significant influence over the investee as it does not have the power to participate in the financial and operating policy decisions of the investee.

The unquoted investment in limited partnership are carried at fair value at the end of the reporting period as determined by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an Hong Kong independent firm of professional valuers who have appropriate recognised professional qualification and recent experience in the financial assets being valued.

The valuation of the unquoted investment in limited partnership is based on the fair value of the Project, which is measured using the direct comparison method and residual method depending on the stage of development of the individual project phases.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the properties. The residual method derives the value of the property under development after deducting the total gross development costs and developer's profit from the gross development value.

As at 31 December 2017, the unquoted investment in limited partnership with fair value of RMB880,000,000 (2016 – RMB620,000,000) was mortgaged to secure a loan for the Group (Note 15).

7 DEVELOPMENT PROPERTIES

The Group	31 December 2017 RMB'000	31 December 2016 RMB'000
Properties under development, at cost	**778,822**	3,600,520
Completed properties for sale, at cost	**1,320,969**	1,586,690
	2,099,791	5,187,210
During the year:		
– Borrowing costs capitalised	**89,303**	218,354
– Transfer to investment properties (Note 4)	**–**	(49,673)
– Units sold included in cost of sales	**(711,128)**	(758,968)

The Group	2017 RMB'000	2016 RMB'000
Properties under development, at cost		
Expected completion date:		
– within the next 12 months	**600,419**	910,701
– beyond 12 months	**178,403**	2,689,819
	778,822	3,600,520

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7 DEVELOPMENT PROPERTIES (CONT'D)

Properties under development and completed properties for sale as at 31 December 2017 are as follows:

Location (Chongqing, PRC)	Intended use	Stage of completion	Expected date of completion	Site area (sq. meters)	Approximate gross floor area (sq. meters)	Group's effective interest
Properties under development						
Ying Li International Hardware and Electrical Centre Phase 2 &3 No. 9 Shan Hu Avenue, Shuangfu Area, Jiangjin District	Built-to-Order showrooms, warehouse and car parks	36%	2018/2019 (in phases)	302,433	293,126	97%
San Ya Wan Phase 2 Jinshi Avenue National Agricultural and Technology Zone, Yubei District	Retail, residential and car parks	43%	2019 (in phases)	18,288	56,098	77.6%

Location (Chongqing, PRC)	Intended use	Gross floor area (sq. meters)	Group's effective interest
Completed properties for sale			
Ying Li International Plaza No. 19 Daping Zheng Jie, Yuzhong District	Office and car parks	75,973	100%
Ying Li International Financial Centre No. 26 & 28 Minquan Road, Yuzhong District	Office and car parks	39,341	97%
San Ya Wan Phase 2 Jinshi Avenue, National Agricultural and Technology Zone, Yubei District	Retail, residential and car parks	94,680	77.6%

At 31 December 2017, development properties with carrying value totalling approximately RMB1,248,334,000 (2016 – RMB3,709,849,000) was mortgaged to secure certain bank loans granted to subsidiaries of the Group (Note 15).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	**47,543**	90,322	**–**	–
Less: Allowance for impairment losses	**(15,321)**	(12,050)	**–**	–
Net trade receivables	**32,222**	78,272	**–**	–
Deposit for land tender	**444,748**	402,946	**–**	–
Other deposits	**606**	586	**595**	585
Refundable deposits	**31,623**	53,435	**–**	–
Proceeds receivable from disposal of subsidiaries	**2,035,350**	–	**872,859**	–
Others	**73,660**	29,730	**62**	152
Other receivables	**2,585,987**	486,697	**873,516**	737
Loans and receivables at amortised cost	**2,618,209**	564,969	**873,516**	737
Prepayments*	**256,666**	240,602	**6,405**	5,954
Advances to sub-contractors and vendors	**42,750**	36,188	**–**	–
	299,416	276,790	**6,405**	5,954
Total trade and other receivables	**2,917,625**	841,759	**879,921**	6,691

\# Deposit for land tender includes an amount of RMB267 million bearing interest at 13% (2016: 13%) per annum.

* Prepayments includes amounts for land tender of RMB75 million (2016 – RMB75 million)

Prepayments include sales and business taxes on pre-sold properties and loan upfront fees of RMB136,096,000 (2016 – RMB106,225,000).

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with a good payment record with the Group and Company.

Financial assets that are past due but not impaired

The ageing of loans and receivables that are past due but not impaired at the reporting date is as follows:

The Group	2017 RMB'000	2016 RMB'000
Past due but not impaired:		
– less than 3 months	**–**	–
– 3 months to less than 6 months	**–**	–
– 6 months to less than 9 months	**–**	–
– 9 months to less than 12 months	**813**	223
– 12 months and more	**40**	743
	853	966

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8 TRADE AND OTHER RECEIVABLES (CONT'D)

Financial assets that are past due but not impaired (Cont'd)

The ageing of loans and receivables that are past due and impaired at the reporting date is as follows:

The Group	2017 RMB'000	2016 RMB'000
Past due and impaired:		
– 12 months and more	**15,321**	12,050
	15,321	12,050

Movements in allowance for impairment loss were as follows:

The Group	2017 RMB'000	2016 RMB'000
At 1 January	**12,050**	11,415
Impairment loss recognised	**3,271**	635
At 31 December	**15,321**	12,050

9 AMOUNTS OWING FROM/TO SUBSIDIARIES (NON-TRADE)

The non-trade amounts owing from/to subsidiaries, comprising mainly advances, are unsecured, interest free and repayable on demand.

10 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Cash and bank balances	**538,223**	593,190	**9,184**	12,109
Fixed deposits	**88,687**	83,125	**–**	–
Cash and bank balances	**626,910**	676,315	**9,184**	12,109
Less: Restricted bank balance#	**(166,488)**	(453,190)	**–**	–
Cash and cash equivalents per consolidated cash flow statement	**460,422**	223,125	**9,184**	12,109

Bank balances have a weighted average interest rate of 3.05% (2016 – 2.88%) per annum.

Restricted bank balance represents: (i) bank balances of RMB65,420,822 (2016 – RMB163,865,000) pledged to banks for sales of mortgaged properties to customers and interest reserve account on bank loans; and (ii) bank balances of RMB101,067,000 (2016 – RMB289,325,000) pledged to banks to secure banking facilities granted to the Group entities (Note 15).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11 SHARE CAPITAL

The Group and The Company	No. of ordinary shares		Amount	
			2017	**2016**
	2017	**2016**	**RMB'000**	**RMB'000**
Issued and fully paid, with no par value				
At 1 January and at 31 December	**2,557,040,024**	2,557,040,024	**4,028,372**	4,028,372

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

12 PERPETUAL CONVERTIBLE SECURITIES

In October 2014, the Company issued perpetual subordinated convertible securities (the "Perpetual Convertible Securities") with an initial aggregate principal amount of Singapore dollars S$185 million comprising Tranche 1 and Tranche 2 amounting to S$165 million and S$20 million, respectively. The details of the Perpetual Convertible Securities are set out in the circular dated 18 August 2014 (the "Circular"). The issue of the Perpetual Convertible Securities generated gross proceeds of RMB902,097,000 and net proceeds of RMB878,970,000 after deducting RMB23,127,000 of transaction costs. The Perpetual Convertible Securities have no fixed maturity.

The Perpetual Convertible Securities are convertible into new shares of the Company at an initial conversion price of S$0.318 per share.

Tranche 1 Perpetual Convertible Securities can be redeemed by the Company after the date of the fifth anniversary of the relevant issue date. Tranche 2 Perpetual Convertible Securities can be redeemed by the Company during the following periods: (i) between the second anniversary of the issue date (including the date of the second anniversary of the issue date) and the third anniversary from the issue date (but excluding the date of the third anniversary from the Issue Date); and (ii) after the date of the fifth anniversary from the issue date.

The Perpetual Convertible Securities confer on the holder a right to receive a distribution at a pre-determined date at a rate of 8.75% per annum on principal till the third anniversary from the issue date (but excluding the date of the third anniversary from the issue date), and subsequently at other rates as detailed in the Circular. The Company may elect to defer distribution, and is not subject to any limits as to the number of times distribution can be deferred.

While any distributions are unpaid or deferred, the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buyback or acquire for any consideration any share capital thereof (including preference shares) or security issued by the Company which security issued by the Company which ranks or is expressed to rank pari passu with Perpetual Convertible Securities.

Distribution for the year ended 31 December 2017 was RMB90,867,000 (2016 – RMB88,536,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12 PERPETUAL CONVERTIBLE SECURITIES (CONT'D)

The holder of the convertible securities has the right to convert such convertible securities into shares of the Company at any time between the expiry of three years from the issue date (including the date of the third anniversary from the issue date) and the expiry of six years from the issue date (excluding the date of the sixth anniversary of the issue date).

As the Perpetual Convertible Securities impose no contracted obligation on the Group to repay its principal nor to pay any distributions, they do not meet the definition for classification of a financial liabilities. As a result, the whole instrument is classified as equity, and respective distributions if and when declared are treated as equity dividends.

13 OTHER RESERVES

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Reverse acquisition reserve	**(1,993,712)**	(1,993,712)	**–**	–
Statutory common reserve	**88,588**	80,570	**–**	–
Convertible bonds reserve	**42,458**	42,458	**42,458**	42,458
Translation reserve	**(14,769)**	13,468	**(24,383)**	(45,503)
	(1,877,435)	(1,857,216)	**18,075**	(3,045)

The reverse acquisition reserve relates to the excess of purchase consideration over the fair value of the net assets of Fortune Court Holdings Limited acquired under a reverse acquisition in 2008.

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

The convertible bonds reserve relates to the equity component of the convertible bonds issued in prior years retained within equity upon redemption.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

14 DEFERRED TAX ASSETS/LIABILITIES

The Group	31 December 2017 RMB'000	31 December 2016 RMB'000
Deferred tax assets – recoverable beyond one year	**27,529**	28,108
Deferred tax liabilities – to be settled beyond one year	**(634,322)**	(573,209)

As at 31 December 2017, deferred tax assets of RMB27,529,000 (2016 – RMB28,108,000) relates to temporary difference arising from unutilised tax losses of the PRC subsidiaries in which management expects to utilise in the foreseeable future.

As at 31 December 2017, deferred tax liabilities of RMB634,322,000 (2016 – RMB573,209,000) relates to temporary differences arising from fair value gain on investment properties and unquoted investment in limited partnership.

Movement in temporary differences during the year is as follows:

Group	Balance at 1 January 2016 RMB'000	Recognised in profit or loss RMB'000 (Note 20)	Balance at 31 December 2016 RMB'000	Recognised in profit or loss RMB'000 (Note 20)	Balance at 31 December 2017 RMB'000
Deferred tax assets	22,840	5,268	**28,108**	**(579)**	**27,529**
Deferred tax (liabilities)	(549,019)	(24,190)	**(573,209)**	**(61,113)**	**(634,322)**
	(526,179)	(18,922)	**(545,101)**	**(61,692)**	**(606,793)**

At 31 December 2017, deferred tax liabilities amounting to RMB161,978,000 (2016 – RMB157,216,000) had not been recognised in respect of withholding tax payable on the undistributed profits of certain subsidiaries as the Group is able to control both the timing of distribution of profits and disposal of these subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15 BORROWINGS

		The Group		The Company	
		2017	2016	2017	2016
	Maturity	RMB'000	RMB'000	RMB'000	RMB'000
Loans from financial institutions (secured)					
– repayable within one year or less	2018	**792,662**	1,864,189	**28,291**	53,339
– repayable after one year but within the normal operating cycle	2019-2020	**300,000**	1,140,033	**–**	–
Presented as current liabilities		**1,092,662**	3,004,222	**28,291**	53,339
Loans from financial institutions (secured)	2019-2028	**2,494,430**	1,457,056	**–**	–
Floating Rate Notes (unsecured)	2019	**325,997**	347,503	**325,997**	347,503
Presented as non-current liabilities		**2,820,427**	1,804,559	**325,997**	347,503
Total borrowings		**3,913,089**	4,808,781	**354,288**	400,842

Loans from financial institutions (secured)

Loans from financial institutions attributable to funding of property development due for repayment twelve months after the reporting date are classified as current liabilities in line with the normal operating cycle of the Group's business.

The Company has provided guarantees to banks in respect of banking facilities granted to Group entities amounting to RMB995,664,000 (2016 – RMB967,101,000). The current interest rate charged by the lender on the loans to the subsidiaries is at market rate and is consistent with the borrowing cost of the subsidiaries without corporate guarantees. The Company has assessed that the fair value of corporate guarantees is immaterial. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

As at 31 December 2017, the loans from financial institutions are secured by:

(a) mortgage over certain investment properties (Note 4) with carrying value of approximately RMB4,366,667,000 (2016 – RMB4,053,021,000). The Group's shareholdings in certain subsidiaries are charged as part of the loan agreements;
(b) mortgage over certain development properties with carrying value totalling approximately RMB1,257,981,000 (2016 – RMB3,709,849,000) (Note 7);
(c) a mortgage over the unquoted investment in limited partnership with fair value of RMB880,000,000 (2016 – RMB620,000,000) (Note 6);
(d) intra-group corporate guarantees from certain Group entities;
(e) bank balances pledged amounting to RMB101,067,000 (2016 – RMB289,325,000) (Note 10); and
(f) personal guarantee from a director for a loan from a financial institution.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15 BORROWINGS (CONT'D)

Floating Rate Notes (unsecured)

On 14 April 2016, the Company issued unsecured floating rate notes (the "Notes") denominated in United States Dollars with a nominal value of US$50,000,000 to certain subscribers via an agent bank. The Notes bear interest based on the offer rate for six-month U.S. dollar deposits which was 6.475% (2016: 6.058%) at the reporting date. Interest is payable semi-annually. The notes are repayable three years from the issue date. Prior to the maturity of the Notes, the Company may redeem the Notes, in whole or in part, based on the stipulated redemption price at the point of redemption.

16 TRADE AND OTHER PAYABLES

	The Group		The Company	
	31 December 2017 RMB'000	31 December 2016 RMB'000	31 December 2017 RMB'000	31 December 2016 RMB'000
Trade payables	**393,757**	542,693	**–**	–
Other tax payables	**43,695**	101,539	**–**	–
Accrued expenses	**143,101**	91,525	**69,555**	62,380
Rental deposits received	**60,526**	64,474	**–**	–
Project security deposits	**15,000**	15,085	**–**	–
Others	**31,809**	7,223	**–**	–
Financial liabilities carried at amortised cost	**687,888**	822,539	**69,555**	62,380
Advances from customers	**411,034**	442,476	**–**	–
Total trade and other payables	**1,098,922**	1,265,015	**69,555**	62,380

17 REVENUE

Significant categories of revenue, excluding inter-company transactions are detailed as follows:

The Group	2017 RMB'000	2016 RMB'000
Sale of properties	**892,967**	867,603
Rental income	**207,222**	211,940
	1,100,189	1,079,543

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

18 OTHER INCOME

The Group	2017 RMB'000	2016 RMB'000
Interest income from		
– fixed and other deposits	**29,817**	45,055
– bank balances	**1,200**	1,490
	31,017	46,545
Sublet rental income	**405**	235
Government grants	**803**	413
Sundry income	**4,079**	6,319
Advertisement income	**1,209**	1,005
Gain on disposal of subsidiaries	**118,355**	–
Fair value gain on investment properties (Note 4)	**39,327**	24,273
Fair value gain on other investment (Note 6)	**260,000**	18,000
	455,195	96,790

19 PROFIT BEFORE TAX

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

The Group	Note	2017 RMB'000	2016 RMB'000
Amortisation of deferred lease incentives		**3,738**	2,392
Depreciation of property, plant and equipment	3	**6,581**	6,647
Exchange (gain)/loss, net		**(30,228)**	18,589
Loss on disposal of property, plant and equipment		**386**	20
Operating lease expenses		**2,592**	2,847
Finance costs:			
– loans from financial institutions		**114,800**	79,047
– floating rate notes		**21,481**	13,970
		136,281	93,017
Directors' fees		**1,441**	1,880
Directors' remuneration other than directors' fee			
– Salaries, wages and other related costs		**4,769**	5,273
– Contributions to defined contribution plans		**128**	117
Key management personnel (other than directors)			
– Salaries, wages and other related costs		**13,130**	11,989
– Contributions to defined contribution plans		**434**	353
		19,902	19,612
Other than directors and key management personnel			
– Salaries, wages and other related costs		**30,998**	35,674
– Contributions to defined contribution plans		**4,790**	4,557
		31,966	59,843

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

20 TAX EXPENSE

Major components of income tax expense

The major components of income tax expenses for the year ended 31 December 2017 and 31 December 2016 are:

The Group	2017 RMB'000	2016 RMB'000
Current tax expense		
Current year	**25,171**	24,730
Deferred tax expense		
Movements in temporary differences (Note 14)	**61,692**	18,922
	86,863	43,652

Relationship between tax expenses and profit before tax

The Company, which is established in Singapore, is subject to Singapore income tax at 17% (2016 – 17%). The Group's operating subsidiaries are located in PRC which are subject to PRC income tax rate at 25% (2016 – 25%).

The Group	2017 RMB'000	2016 RMB'000
Profit before tax	**437,665**	132,982
Tax at applicable statutory tax rates	**109,416**	33,329
Tax effects on non-deductible expenses	**7,035**	10,323
Tax effect on non-taxable income	**(29,588)**	–
	86,863	43,652

Non-deductible expense relates mainly to losses not alllowable for tax purposes. Income not subject to tax comprises gain on disposal of subsidiaries not subject to tax.

21 EARNINGS PER SHARE

The Group	2017 RMB'000	2016 RMB'000
Profit attributable to ordinary shareholders of the Company	**350,244**	87,672
The Group		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**2,557,040,024**	2,557,040,024
Adjustments for potential dilutive shares – perpetual convertible securities	**581,761,006**	581,761,006
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**3,138,801,030**	3,138,801,030
Earnings per share (RMB):		
– Basic	**0.14**	0.03
– Diluted	**0.11**	0.03

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

22 RELATED PARTY TRANSACTIONS

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

The Group	2017 RMB'000	2016 RMB'000
Fees paid/payable to a subsidiary of a substantial shareholder for securing credit facilities to fund the Group's property development projects	**10,431**	7,902
Interest expense charged by related corporations of a shareholder	**41,167**	90,912
Management fees charged by a joint venture of a shareholder	**4,661**	4,917
Staff costs paid to a joint venture of a shareholder	**1,341**	1,339
Distribution on perpetual convertible securities paid/payable to a substantial shareholder	**90,867**	88,536

23 COMMITMENTS

(a) Properties commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

The Group	2017 RMB'000	2016 RMB'000
Development and investment properties expenditure contracted but not provided for in the financial statements	**1,060,399**	1,696,179

(b) Loan arrangement fee commitment

The Group	2017 RMB'000	2016 RMB'000
Not later than one year	**12,000**	19,000
Later than one year and not later than five years	–	10,000
Later than five years	–	–
	12,000	29,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

23 COMMITMENTS (CONT'D)

(c) Lease commitments – *Where the Group and the Company are lessee*

At the reporting date, the Group and the Company were committed to making the following rental payments in respect of non-cancellable operating lease of office premises.

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Not later than one year	**2,372**	2,336	**2,372**	2,336
Later than one year and not later than five years	**2,569**	4,868	**2,569**	4,868
Later than five years	**–**	–	**–**	–
	4,941	7,204	**4,941**	7,204

The lease on the Company's office premise will expire on January 2020, subject to an option to renew the lease after its expiry date.

(d) Lease commitments – *Where the Group is the lessor*

At the reporting date, the Group had the following rental receivable under non-cancellable operating leases for commercial premises with term of more than one year:

	2017	**2016**
The Group	**RMB'000**	**RMB'000**
Not later than one year	**190,043**	175,082
Later than one year and not later than five years	**458,396**	398,610
Later than five years	**330,628**	438,277
	979,067	1,011,969

The operating leases of these commercial premises expire between 2018 and 2030 and contain renewal options.

24 OPERATING SEGMENTS

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

(1) Property investment segment relates to the business of leasing properties to earn rentals;
(2) Property development segment relates to the sales of developed properties; and
(3) Others comprise mainly corporate office functions and investment in shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24 OPERATING SEGMENTS (CONT'D)

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

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

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

	31 December 2017				31 December 2016			
	Property investment RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000	Property investment RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
Revenue	**207,222**	**892,967**	**–**	**1,100,189**	194,764	884,779	–	1,079,543
Segment results	**55,746**	**15,629**	**47,554**	**118,929**	52,586	135,946	(59,303)	129,229
Interest income	**–**	**–**	**31,017**	**31,017**	–	–	46,545	46,545
Interest expense	**–**	**–**	**(136,281)**	**(136,281)**	–	–	(93,017)	(93,017)
Sublet rental income	**–**	**–**	**405**	**405**	–	–	235	235
Government grants	**–**	**803**	**–**	**803**	–	413	–	413
Advertisement income	**1,209**	**–**	**–**	**1,209**	1,005	–	–	1,005
Sundry income	**3,509**	**–**	**778**	**4,287**	40	6,279	–	6,319
Fair value gain on investment properties	**39,327**	**–**	**–**	**39,327**	24,273	–	–	24,273
Gain on disposal of subsidiaries	**–**	**118,355**	**–**	**118,355**	–	–	–	–
Fair value gain on other investment	**–**	**–**	**260,000**	**260,000**	–	–	18,000	18,000
Loss on disposal of property	**–**	**–**	**(386)**	**(386)**	–	–	(20)	(20)
Profit before tax	**99,791**	**134,787**	**203,087**	**437,665**	77,904	142,638	(87,560)	132,982
Segment assets	**4,592,097**	**4,812,674**	**1,654,790**	**11,059,561**	4,482,967	6,653,512	701,387	11,837,866
Total assets				**11,087,090**				11,865,974
Segment liabilities	**64,765**	**4,622,503**	**324,743**	**5,012,011**	65,090	5,888,009	120,697	6,073,796
Total liabilities				**5,793,381**				6,803,963
Other information								
Exchange loss, net	**–**	**(30,228)**	**–**	**(30,228)**	–	18,589	–	18,589
Capital expenditure	**–**	**–**	**781**	**781**	–	–	640	640
Depreciation of property, plant and equipment	**–**	**–**	**(6,581)**	**(6,581)**	–	–	(6,647)	(6,647)
Amortisation of deferred lease incentives	**–**	**–**	**(3,738)**	**(3,738)**	–	–	(2,392)	(2,392)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

24 OPERATING SEGMENTS (CONT'D)

The Group derived all of its revenue from the PRC and its non-current assets (i.e. investment properties and property, plant and equipment) are mainly located in the PRC. Therefore, no geographical segment information is presented.

There is no single external customer or group of customers who accounts for 10% or more of the Group's revenue. Therefore, no information about major customers is disclosed.

Reportable segments' assets are reconciled to total assets as follows:

The Group	2017 RMB'000	2016 RMB'000
Segment assets	**11,059,561**	11,837,866
Unallocated assets		
Deferred tax assets (Note 14)	**27,529**	28,108
Total assets per consolidated financial statements	**11,087,090**	11,865,974

Reportable segments' liabilities are reconciled to total liabilities as follows:

The Group	2017 RMB'000	2016 RMB'000
Segment liabilities	**5,012,011**	6,073,796
Unallocated liabilities		
Deferred tax liabilities (Note 14)	**634,322**	573,209
Provision for taxation	**147,048**	156,958
Total liabilities per consolidated financial statements	**5,793,381**	6,803,963

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

NOTES TO THE FINANCIAL STATEMENTS

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25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk

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

The Group's objective is to seek continual growth while minimising losses arising from credit risk exposure. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group closely monitors and avoids any significant concentration of credit risk on any of its development properties sold. In addition, receivable balances and payment profile of the debtors are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

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

At the reporting date, other than as disclosed in the ageing analysis in Note 8, no allowance for impairment is necessary in respect of trade and other receivables past due and not past due based on the credit quality and past collection history of the counterparties.

At the reporting date there is no significant concentration of credit risk in respect of trade and other receivables.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The cash and cash equivalents are held with banks of good credit ratings.

The Company has provided guarantees to a bank in respect of banking facilities granted to certain subsidiaries amounting to RMB995,664,839 (2016 – RMB967,101,000) (Note 15). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

Interest rate risk

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

The Group's exposure to interest rate risk arises from its variable rate bank borrowings and bank balances. The Group's policy is to obtain the most favourable interest rates available.

Interests on borrowings from financial institutions are repriced within 12 months (2016 – 12 months).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk (Cont'd)

At the end of each reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

The Group	2017 RMB'000	2016 RMB'000
Fixed rate instruments		
Financial assets		
– Bank balances	**88,687**	83,125
Financial liabilities		
– Loans from financial institutions	**(1,004,176)**	(874,326)
	(915,489)	(791,201)
Variable rate instruments		
Financial assets		
– Bank balances	**538,223**	593,190
Financial liabilities		
– Loans from financial institutions	**(2,582,916)**	(3,586,952)
– Floating rate notes	**(325,997)**	(347,503)
	(2,370,690)	(3,341,265)

The Company	2017 RMB'000	2016 RMB'000
Fixed rate instruments		
Financial liabilities		
– Loans from financial institutions	**(28,292)**	(53,339)
	(28,292)	(53,339)
Variable rate instruments		
Financial assets		
– Bank balances	**9,184**	12,109
Financial liabilities		
– Floating rate notes	**(325,997)**	(347,503)
	(316,813)	(335,394)

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of each reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk (Cont'd)

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, a 50 basis points ("bp") change in interest rates at the reporting date would have increased/decreased profit net of tax and equity by amounts as shown below. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

The Group's policy is to obtain the most favourable interest rates available without increasing its interest exposure.

	Profit net of tax increase/(decrease)		Equity increase/(decrease)	
The Group	**(50 bp Increase) RMB'000**	**(50 bp Decrease) RMB'000**	**(50 bp Increase) RMB'000**	**(50 bp Decrease) RMB'000**
31 December 2017				
Variable rate borrowings	**(12,915)**	**12,915**	**(12,915)**	**12,915**
Variable rate bank balances	**2,645**	**(2,645)**	**2,645**	**(2,645)**
	(10,269)	**10,269**	**(10,269)**	**10,269**
31 December 2016				
Variable rate borrowings	(17,935)	17,935	(17,935)	17,935
Variable rate bank balances	2,905	(2,905)	2,905	(2,905)
	(15,029)	15,029	(15,029)	15,029
The Company				
31 December 2017				
Variable rate borrowings	**(1,630)**	**1,630**	**(1,630)**	**1,630**
Variable rate bank balances	**46**	**(46)**	**46**	**(46)**
	(1,584)	**1,584**	**(1,584)**	**1,584**
31 December 2016				
Variable rate borrowings	(1,738)	1,738	(1,738)	1,738
Variable rate bank balances	61	(61)	61	(61)
	(1,677)	1,677	(1,677)	1,677

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are dominated in foreign currencies.

The Group has currency exposures arising from transactions denominated in currencies other than their respective functional currencies. The foreign currencies giving rise to this risk are primarily the Renminbi (RMB) and United States dollar (USD).

The Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

The Group's exposures in financial instruments to the various foreign currencies are mainly as follows:

The Group	In RMB RMB'000	In SGD RMB'000	In USD RMB'000	Total RMB'000
2017				
Trade and other receivables	**73,184**	**–**	**34,478**	**107,662**
Cash and cash equivalents	**31,888**	**6**	**14,390**	**46,284**
Borrowings	**–**	**–**	**(826,045)**	**(826,045)**
Trade and other payables	**–**	**–**	**(1,437)**	**(1,437)**
Net exposure	**105,072**	**6**	**(778,614)**	**(673,536)**
2016				
Trade and other receivables	532	–	861	1,393
Cash and cash equivalents	207,811	6	12,549	220,366
Borrowings	–	–	(874,373)	(874,373)
Trade and other payables	(53)	–	(715)	(768)
Net exposure	208,290	6	(861,678)	(653,382)

The Company	In RMB RMB'000	In USD RMB'000	Total RMB'000
2017			
Amounts owing from subsidiaries (non-trade)	**–**	**638,304**	**638,304**
Cash and cash equivalents	**–**	**2,472**	**2,472**
Borrowings	**–**	**(325,997)**	**(325,997)**
Amounts owing to subsidiaries (non-trade)	**(1,779)**	**(635,277)**	**(637,056)**
Net exposure	**(1,779)**	**(320,498)**	**(322,277)**
2016			
Amounts owing from subsidiaries (non-trade)	–	838,073	838,073
Cash and cash equivalents	–	77	77
Borrowings	–	(347,503)	(347,503)
Amounts owing to subsidiaries (non-trade)	(1,779)	(660,310)	(662,089)
Net exposure	(1,779)	(169,663)	(171,442)

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25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk (Cont'd)

Currently, the PRC government imposes control over foreign currencies. RMB, the official currency in China, is not freely repatriated. Exchanges of RMB for foreign currency must be arranged through the People's Bank of China or other authorised financial institutions. Approval for exchanges at the People's Bank of China or other authorised financial institutions is granted to enterprises in the PRC for valid reasons such as purchase of imported materials and remittance of earnings. While conversion of RMB into foreign currencies can generally be effected at the People's Bank of China or other authorised financial institutions, there is no guarantee that it can be effected at all times.

Sensitivity analysis – Foreign currency risk

A 5% (2016 – 5%) strengthening of the RMB and USD against the functional currencies of the Group entities at the reporting date would have increased/decreased profit before tax and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects.

	2017			2016		
The Group	**SGD strengthened 5% against RMB RMB'000**	**USD strengthened 5% against RMB RMB'000**	**Total RMB'000**	**SGD strengthened 5% against RMB RMB'000**	**USD strengthened 5% against RMB RMB'000**	**Total RMB'000**
Profit net of tax						
– (decrease)/increase	**5,254**	**(38,931)**	**(33,677)**	10,415	(43,084)	(32,669)
Equity						
– increase/(decrease)	**5,254**	**(38,931)**	**(33,677)**	10,415	(43,084)	(32,669)

	2017		2016	
The Company	**USD strengthened 5% against SGD RMB'000**	**Total RMB'000**	**USD strengthened 5% against SGD RMB'000**	**Total RMB'000**
Loss net of tax				
– (decrease)/increase	**(16,025)**	**(16,025)**	(8,483)	(8,483)
Equity				
– (decrease)/increase	**(16,025)**	**(16,025)**	(8,483)	(8,483)

A 5% (2016 – 5%) weakening of the above currencies against the functional currencies of the Group entities at the reporting date would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk

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

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

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flow, including estimated interest payments.

		Contractual undiscounted cash flows			
The Group	**Carrying amount RMB'000**	**Total RMB'000**	**Less than 1 year RMB'000**	**Between 2 and 5 years RMB'000**	**Over 5 years RMB'000**
31 December 2017					
Trade and other payables (Note 6)	**687,888**	**687,888**	**687,888**	**–**	**–**
Borrowings (Note 15)	**3,913,088**	**4,787,866**	**1,056,981**	**2,525,272**	**1,205,613**
	4,600,976	**5,475,754**	**1,744,870**	**2,525,272**	**1,205,613**
31 December 2016					
Trade and other payables (Note 6)	822,539	822,539	822,539	–	–
Borrowings (Note 15)	4,808,781	5,578,895	2,128,431	2,484,532	965,932
	5,631,320	6,401,434	2,950,970	2,484,532	965,932

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

The Company	Carrying amount RMB'000	Contractual undiscounted cash flows Total RMB'000	Less than 1 year RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
31 December 2017					
Trade and other payables (Note 16)	**69,555**	**69,555**	**69,555**	**–**	**–**
Borrowings (Note 15)	**354,288**	**386,073**	**49,522**	**336,551**	**–**
Amounts owing to subsidiaries (non-trade) (Note 9)	**762,192**	**762,192**	**762,192**	**–**	**–**
Intra-group financial guarantee	**–**	**995,665**	**13,500**	**982,165**	**–**
	1,186,035	**2,213,485**	**894,769**	**1,318,716**	**–**
31 December 2016					
Trade and other payables (Note 16)	62,380	62,380	62,380	–	–
Borrowings (Note 15)	400,842	453,740	74,962	378,778	–
Amounts owing to subsidiaries (non-trade) (Note 9)	786,139	786,139	786,139	–	–
Intra-group financial guarantee	–	967,101	868,601	98,500	–
	1,249,361	2,269,360	1,792,082	477,278	–

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

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices.

The Group and the Company are not exposed to any movement in price risk as it does not hold any quoted or marketable financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial instruments by category

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets				
Financial asset at fair value through profit or loss:				
Other investment (Note 6)	**880,000**	620,000	–	–
Loans and receivables:				
Trade and other receivables (Note 8)	**2,618,209**	564,969	**873,516**	737
Amounts owing by subsidiaries (non-trade)	–	–	**1,368,768**	2,417,534
Cash and cash equivalents (Note 10)	**626,910**	676,315	**9,184**	12,109
	4,125,119	1,861,284	**2,251,468**	2,430,380
Financial liabilities				
Financial liabilities measured at amortised cost:				
Amount owing to subsidiaries (non-trade)	–	–	**762,192**	786,139
Trade and other payables (Note 16)	**687,888**	822,539	**69,555**	62,380
Borrowings (Note 15)	**3,913,089**	4,808,781	**354,288**	400,842
	4,600,977	5,631,320	**1,186,035**	1,249,361

26 FAIR VALUE MEASUREMENT

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of financial instruments

The carrying values of variable rate bank loans approximate their fair values.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

26 FAIR VALUE MEASUREMENT (CONT'D)

Fair value measurement of non-financial assets

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and

Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of non-financial asset measured at fair value on a recurring basis as at 31 December 2017 and 31 December 2016:

The Group	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
2017				
Investment properties (Note 4)	–	–	**4,472,910**	**4,472,910**
Other investment (Note 6)	–	–	**880,000**	**880,000**
	–	–	**5,352,910**	**5,352,910**
2016				
Investment properties (Note 4)	–	–	4,446,736	4,446,736
Other investment (Note 6)	–	–	620,000	620,000
	–	–	5,066,736	5,066,736

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

26 FAIR VALUE MEASUREMENT (CONT'D)

Fair value measurement of non-financial assets (Cont'd)

The following table shows the Group's valuation technique used in measuring Level 3 fair values as well as the significant unobservable inputs used.

Valuation method	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties (Note 4)		
Direct comparison method	Weighted average price per square meter: RMB1,700 (2016: RMB1,800)	The estimated fair value increases with higher comparable price.
Income capitalisation method	Term yield: 3.5% to 5% (2016 – 3% to 6%) Reversionary yield: 3.5% to 6.5% (2016 – 3.5% to 7%)	The estimated fair value increases with lower term yield and reversionary yield.
Discounted cash flow method	– Discount rate: 7% (2016 – 7%) – Occupancy rate: 94.5% to 97.3% (2016 – 96.2% to 98.9%) – Rental growth: 3% to 4% (3.95% to 4.5%)	The estimated fair value varies inversely against the discount rate and increases with higher occupancy rate and rental growth.
Other investment (Note 6)		
Direct comparison method and residual method	Selling price per square meter: RMB33,900 to RMB59,000 (2016: RMB34,500 to RMB56,000) Gross development value per square meter: RMB48,600 (2016: RMB35,400) Value of to-be-developed land per square meter RMB11,600 (2016: RMB10,700)	The estimated fair value increases with higher selling price per square meter, gross development value per square meter and value of to-be-developed land per square meter.

NOTES TO THE FINANCIAL STATEMENTS

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26 FAIR VALUE MEASUREMENT (CONT'D)

Fair value measurement of non-financial assets (Cont'd)

Level 3 fair value measurements

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:

	Investment properties	
	2017	**2016**
The Group	**RMB'000**	**RMB'000**
At 1 January	**4,446,736**	4,386,990
Transfer from completed properties for sale (Note 7)	–	49,673
Properties sold	**(13,153)**	(14,200)
Fair value gain recognised in profit or loss (Note 18)	**39,327**	24,273
At 31 December	**4,472,910**	4,446,736

27 CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as a going concern;
(b) To support the Group's and the Company's stability and growth; and
(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

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

The Group and the Company monitor capital using Gearing Ratio, which is net debt divided by total equity attributable to owners of the Company. Net debt represents total borrowings less cash and bank balances.

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

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

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27 CAPITAL MANAGEMENT (CONT'D)

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Total borrowings (Note 15) (A)	**3,913,089**	4,808,781	**354,288**	400,842
Cash and bank balances (Note 10) (B)	**(626,910)**	(676,315)	**(9,184)**	(12,109)
Net debt (C)=(A)-(B)	**3,286,179**	4,132,466	**345,104**	388,733
Equity attributable to owners of the Company (D)	**5,234,507**	5,003,367	**4,039,143**	4,154,662
Gearing ratio (times) (C)/(D)	**0.63**	0.83	**0.09**	0.09

SHAREHOLDERS' INFORMATION

AS AT 16 MARCH 2018

Issued and Fully Paid-up Capital	:	S$855,835,508.311
Number of Shares	:	2,557,040,024
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per share

The Company does not hold any treasury shares and subsidiary holdings.

STATISTICS OF SHAREHOLDINGS AS AT 16 MARCH 2018

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	5	0.07	141	0.00
100 – 1,000	103	1.36	88,902	0.00
1,001 – 10,000	2,335	30.86	18,481,066	0.72
10,001 – 1,000,000	5,067	66.97	368,327,850	14.41
1,000,001 and above	56	0.74	2,170,142,065	84.87
	7,566	100.00	2,557,040,024	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2018

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Newest Luck Holdings Limited (1)	767,052,161	30.00%	–	–
Fang Ming (2)	–	–	767,052,161	30.00%
Everbright Hero Limited (3)	381,000,000	14.90%	–	–
State Alpha Limited	358,422,401	14.02%	–	–
Everbright Hero Holdings Limited (4)	–	–	381,000,000	14.90%
Everbright Hero, L.P. (5)	–	–	381,000,000	14.90%
Everbright Hero LP Limited (6)	–	–	381,000,000	14.90%
Aerial Victory Limited (7)	–	–	381,000,000	14.90%
China Everbright Venture Capital Limited (8)	–	–	358,422,401	14.02%
China Everbright Limited (9)	–	–	739,422,401	28.92%
Honorich Holdings Limited (10)	–	–	739,422,401	28.92%
Datten Investments Limited (11)	–	–	739,422,401	28.92%
China Everbright Holdings Company Limited (12)	–	–	739,422,401	28.92%
China Everbright Group Ltd. (13)	–	–	739,422,401	28.92%
Central Huijin Investment Ltd. (14)	–	–	739,422,401	28.92%

Notes:

(1) Newest Luck Holdings Limited has a total beneficial interest in 767,052,161 shares, of which 739,052,161 shares are held in the names of nominees.

(2) Mr. Fang Ming holds 100% of the issued share capital of Newest Luck Holdings Limited and is therefore deemed interested in the shares held by Newest Luck Holdings Limited.

SHAREHOLDERS' INFORMATION

AS AT 16 MARCH 2018

(3) Everbright Hero Limited has a total beneficial interest in 381,000,000 shares, of which all of such 381,000,000 shares are held in the names of nominees.

(4) Everbright Hero Holdings Limited holds 100% of the shareholding in Everbright Hero Limited and is therefore deemed interested in the shares held by Everbright Hero Limited.

(5) Everbright Hero, L.P. holds 100% of the shareholding in Everbright Hero Holdings Limited which in turn holds 100% shares of the shareholding in Everbright Hero Limited. Everbright Hero, L.P. is therefore deemed interested in the shares held by Everbright Hero Limited.

(6) Everbright Hero LP Limited holds a majority shareholding interest in Everbright Hero, L.P. Everbright Hero, L.P. in turn holds 100% of the shareholding in Everbright Hero Holdings Limited which in turn holds 100% of the shareholding in Everbright Hero Limited. Everbright Hero LP Limited is therefore deemed interested in the shares held by Everbright Hero Limited.

(7) Aerial Victory Limited holds 100% of the shareholding in Everbright Hero LP Limited. Everbright Hero LP Limited holds a majority shareholding interest in Everbright Hero, L.P. Everbright Hero, L.P. in turn holds 100% of the shareholding in Everbright Hero Holdings Limited which in turn holds 100% of the shareholding in Everbright Hero Limited. Aerial Victory Limited is therefore deemed interested in the shares held by Everbright Hero Limited.

(8) China Everbright Venture Capital Limited holds 100% of the shareholding in State Alpha Limited and is therefore deemed interested in the shares held by State Alpha Limited.

(9) China Everbright Limited holds 100% of the shareholding in Aerial Victory Limited, which in turn is deemed interested in the shares held by Everbright Hero Limited. China Everbright Limited also holds 100% of the shareholding in China Everbright Venture Capital Limited, which in turn holds 100% of the shareholding in State Alpha Limited. China Everbright Limited is therefore deemed interested in the shares held by Everbright Hero Limited and State Alpha Limited.

(10) Honorich Holdings Limited holds approximately 49.39% of the shareholding in China Everbright Limited. China Everbright Limited in turn holds 100% of the shareholding in Aerial Victory Limited and 100% of the shareholding in China Everbright Venture Capital Limited, each of which is in turn, respectively, deemed interested in the shares held by Everbright Hero Limited and holds 100% of the shareholding in State Alpha Limited. Honorich Holdings Limited is therefore deemed interested in all the shares held by Everbright Hero Limited and State Alpha Limited.

(11) Datten Investments Limited holds 100% of the shareholding in Honorich Holdings Limited. Honorich Holdings Limited in turn holds approximately 49.39% of the shareholding in China Everbright Limited. China Everbright Limited in turn holds 100% of the shareholding in Aerial Victory Limited and 100% of the shareholding in China Everbright Venture Capital Limited, each of which is in turn, respectively, deemed interested in the shares held by Everbright Hero Limited and holds 100% of the shareholding in State Alpha Limited. Datten Investments Limited is therefore deemed interested in all the shares held by Everbright Hero Limited and State Alpha Limited.

(12) China Everbright Holdings Company Limited holds 100% of the shareholding in Datten Investments Limited. Datten Investments Limited in turn holds 100% of the shareholding in Honorich Holdings Limited. Honorich Holdings Limited in turn holds approximately 49.39% of the shareholding in China Everbright Limited. China Everbright Limited in turn holds 100% of the shareholding in Aerial Victory Limited and 100% of the shareholding in China Everbright Venture Capital Limited, each of which is in turn, respectively, deemed interested in the shares held by Everbright Hero Limited and holds 100% of the shareholding in State Alpha Limited. China Everbright Holdings Company Limited is therefore deemed interested in all the shares held by Everbright Hero Limited and State Alpha Limited.

(13) China Everbright Group Ltd. ("CEG") holds 100% of the shareholding in China Everbright Holdings Company Limited. China Everbright Holdings Company Limited in turn holds 100% of the shareholding in Datten Investments Limited. Datten Investments Limited in turn holds 100% of the shareholding in Honorich Holdings Limited. Honorich Holdings Limited in turn holds approximately 49.39% of the shareholding in China Everbright Limited. China Everbright Limited in turn holds 100% of the shareholding in Aerial Victory Limited and 100% of the shareholding in China Everbright Venture Capital Limited, each of which is in turn, respectively, deemed interested in the shares held by Everbright Hero Limited and holds 100% of the shareholding in State Alpha Limited. CEG is therefore deemed interested in all the shares held by Everbright Hero Limited and State Alpha Limited.

(14) Central Huijin Investment Ltd ("Central Huijin") holds approximately 55.67% of the shareholding in CEG. CEG in turn holds 100% of the shareholding in China Everbright Holdings Company Limited. China Everbright Holdings Company Limited in turn holds 100% of the shareholding in Datten Investments Limited. Datten Investments Limited in turn holds 100% of the shareholding in Honorich Holdings Limited. Honorich Holdings Limited in turn holds approximately 49.39% of the shareholding in China Everbright Limited. China Everbright Limited in turn holds 100% of the shareholding in Aerial Victory Limited and 100% of the shareholding in China Everbright Venture Capital Limited, each of which is in turn, respectively, deemed interested in the shares held by Everbright Hero Limited and holds 100% of the shareholding in State Alpha Limited. Central Huijin is therefore deemed interested in all the shares held by Everbright Hero Limited and State Alpha Limited.

Central Huijin mandated to exercise the rights and the obligations as an investor in major state-owned financial enterprises, on behalf of the State. In September 2017, the Ministry of Finance issued special treasury bonds and acquired all the shares of Central Huijin from the People's Bank of China. The acquired shares were injected into China Investment Corporation ("CIC") as part of its initial capital contribution. However, Central Huijin's principal shareholder rights are exercised by the State Council. The members of Central Huijin's Board of Directors and Board of Supervisors are appointed by and are accountable to the State Council.

Accordingly, China Everbright Limited and its associates as defined under Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited ("SGX-ST Listing Manual"), are considered controlling shareholders of the Company and to be interested persons under the SGX-ST Listing Manual.

SHAREHOLDERS' INFORMATION

AS AT 16 MARCH 2018

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1	PHILLIP SECURITIES PTE LTD	778,115,561	30.43
2	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	773,071,901	30.23
3	DB NOMINEES (SINGAPORE) PTE LTD	92,954,095	3.64
4	CITIBANK NOMINEES SINGAPORE PTE LTD	84,030,567	3.29
5	UOB KAY HIAN PTE LTD	62,161,900	2.43
6	RAFFLES NOMINEES (PTE) LTD	58,626,199	2.29
7	DBS NOMINEES PTE LTD	48,843,556	1.91
8	MAYBANK KIM ENG SECURITIES PTE LTD	40,639,942	1.59
9	OCBC SECURITIES PRIVATE LTD	37,519,909	1.47
10	NEWEST LUCK HOLDINGS LIMITED	28,000,000	1.10
11	LIM HONG CHING	25,208,000	0.99
12	DBSN SERVICES PTE LTD	12,369,800	0.48
13	UNITED OVERSEAS BANK NOMINEES PTE LTD	11,461,300	0.45
14	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	9,300,000	0.36
15	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	9,018,166	0.35
16	HSBC (SINGAPORE) NOMINEES PTE LTD	7,991,170	0.31
17	CHEONG CHOONG KONG	7,762,000	0.30
18	PENG XIALIN	7,044,000	0.28
19	OCBC NOMINEES SINGAPORE PTE LTD	5,894,300	0.23
20	LIM & TAN SECURITIES PTE LTD	4,339,200	0.17

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

41.07% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

SHAREHOLDERS' INFORMATION

AS AT 16 MARCH 2018

PERPETUAL SUBORDINATED CONVERTIBLE CALLABLE SECURITIES

Principal Size of Perpetual Subordinated Convertible Securities ("Perpetual Convertible Securities):	S$185,000,000 in aggregate principal amount of Perpetual Convertible Securities comprising two tranches. Tranche 1 Perpetual Convertible Securities shall comprise S$165,000,000 in aggregate principal amount of Perpetual Convertible Securities and can be redeemed by the Company after the date of the fifth anniversary of the Issue Date (including the date of the fifth anniversary of the Issue Date)). Tranche 2 Perpetual Convertible Securities shall comprise S$20,000,000 in aggregate principal amount of Perpetual Convertible Securities and can be redeemed by the Company during the following periods: (i) between the second anniversary of the Issue Date (including the date of the second anniversary of the Issue Date) and the third anniversary of the Issue Date (but excluding the date of the third anniversary of the Issue Date); and (ii) after the date of the fifth anniversary of the Issue Date.
Holder of Perpetual Convertible Securities:	Everbright Hero Mauritius Limited, the nominee of Everbright Hero Holdings Limited
Issue Date:	17 October 2014
Voting Rights:	The Perpetual Convertible Securities do not confer any voting rights on its holder.
Maturity date:	No maturity date
Initial Conversion Price:	S$0.318 per Share but subject to adjustment in accordance with the Terms and Conditions of the Perpetual Convertible Securities, a summary of which is set out in the Appendix of the Company's Circular to Shareholders dated 18 August 2014
Conversion Shares:	Based on the initial 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 Perpetual Convertible Securities is 581,761,006. The Conversion Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of such Conversion Shares except for any dividends, rights, allotments or other distributions, the record date for which is prior to the date of the issue of the Conversion Shares.

For more information on the Perpetual Convertible Securities, please refer to the Company's Circular dated 18 August 2014.

NOTICE OF THE ANNUAL GENERAL MEETING

YING LI INTERNATIONAL REAL ESTATE LIMITED

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ying Li International Real Estate Limited (the "Company") will be held at Mandarin Orchard Singapore, 333 Orchard Road, Imperial Ballroom, Level 35, Orchard Wing, Singapore 238867 on Friday, 27 April 2018 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Articles 106 and 90 of the Constitution of the Company:

   Mr. Fang Ming (Retiring under Article 106) **(Resolution 2)**
   Mr. Xiao Zu Xiu (Retiring under Article 106) **(Resolution 3)**
   Mr. Hu Bing (Retiring under Article 90) **(Resolution 4)**
   [See Explanatory Note (i)]

3. To note the retirement of Mr. Lim Yeow Hua @ Lin You Qin pursuant to Article 90 of the Company's Constitution at the conclusion of the Annual General Meeting.
   [See Explanatory Note (ii)]

4. To approve the payment of Directors' Fees of S$380,000 for the financial year ending 31 December 2018, payable half-yearly in arrears. (2017: S$465,000)
   [See Explanatory Note (iii)] **(Resolution 5)**

5. To re-appoint Messrs Foo Kon Tan LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF THE ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:–

7. **SHARE ISSUE MANDATE**

THAT pursuant to Section 161 of the Companies Act, Chapter 50 (the "Companies Act") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:–

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

(b) 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 of the Company may in their absolute discretion deem fit; and

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

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

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

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

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

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

NOTICE OF THE ANNUAL GENERAL MEETING

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

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

[See Explanatory Note (iv)] **(Resolution 7)**

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

(a) **YING LI EMPLOYEE SHARE OPTION SCHEME**

THAT the Directors of the Company be and are hereby authorized to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the options under the Ying Li Employee Share Option Scheme (the "Option Scheme") provided always that the aggregate number of shares to be issued pursuant to the Scheme, when added to the number of shares issued and/or issuable under other share-based incentives schemes of the Company shall not exceed five per cent (5%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time.

[See Explanatory Note (v)] **(Resolution 8a)**

(b) **YING LI PERFORMANCE SHARE PLAN**

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

[See Explanatory Note (v)] **(Resolution 8b)**

9. **THE PROPOSED RATIFICATION OF THE DISPOSAL OF INTERESTS IN YING LI INTERNATIONAL COMMERCIAL CENTRE PROJECT AND TRANSFER OF LAND PARCEL**

THAT:

(a) the entering into of a conditional sale and purchase agreement ("**SPA**") with Shengyu (BVI) Limited (the "**Purchaser**") in relation to a transaction (the "**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**") which is the holding company of the Project (the "**Disposal**"); and

NOTICE OF THE ANNUAL GENERAL MEETING

(ii) in conjunction with the Disposal, the transfer of a separate parcel of bare land not connected to the Project ("**Land Parcel**") which the Group is in the process of acquiring ("**Transfer of Land Parcel**"),

be hereby confirmed, approved and ratified;

(b) the execution by the Company of the SPA, be hereby confirmed, approved and ratified; and

(c) any acts, matters and things done or performed, and/or documents signed, executed and/or delivered by any Director of the Company in connection with the Transaction, the SPA as he deem desirable, necessary or expedient to give effect to the matters referred to in this Ordinary Resolution as he may in their absolute discretion deem fit in the interest of the Company, be and are hereby approved, confirmed and ratified.

[See Explanatory Note (vi)] **(Resolution 9)**

10. **THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

THAT:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the issued share capital of the Company ("Shares") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchase(s), transacted on the SGX-ST through the ready market on the SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for such purpose (each an "On-Market Share Purchase"); and/or

(ii) off-market purchase(s) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act (each an "Off-Market Share Purchase"),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("Share Purchase Mandate");

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the "Relevant Period", which is the period commencing from the date of this Annual General Meeting of the Company, at which the renewal of the Share Purchase Mandate is approved, up to the earliest of:

(i) the date of the next Annual General Meeting of the Company or the date by which such Annual General Meeting of the Company is required by law to be held;

NOTICE OF THE ANNUAL GENERAL MEETING

(ii) the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by ordinary resolution of the Company in a general meeting.

(c) in this Resolution:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five (5) Market Days, on which the Shares were transacted on the SGX-ST, immediately preceding the date of the On-Market Share Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five (5) day period;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the Share Purchase, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase;

"Prescribed Limit" means 10% of the total number of issued Shares (excluding any Shares which are held as treasury shares and subsidiary holdings) ascertained as at the date of this Annual General Meeting of the Company at which the renewal of the Share Purchase Mandate is approved, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

"Market Day" means a day on which the SGX-ST is open for securities trading; and

"Maximum Price" means the purchase price (excluding related brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid by the Company for the Shares as determined by the Directors of the Company and must not exceed:

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Share Purchase, 110% of the Average Closing Price of the Shares,

in either case, excluding related expenses of such purchase or acquisition by the Company of its own Shares pursuant to the Share Purchase Mandate,

(d) the Directors of the Company or any of them be and are hereby authorised to deal with the Shares purchased or acquired by the Company pursuant to the Share Purchase Mandate in any manner as they think fit, which is permissible under the Companies Act; and

NOTICE OF THE ANNUAL GENERAL MEETING

(e) the Directors of the Company or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (vii)] **(Resolution 10)**

By Order of the Board

Cai Mingyi
Toh Li Ping, Angela
Company Secretaries

Singapore, 12 April 2018

Explanatory Notes:

(i) Mr. Fang Ming will, upon re-election as a Director of the Company, remain as Executive Chairman and Group Chief Executive Officer.

Mr. Xiao Zu Xiu will, upon re-election as a Director of the Company, remain as a member of the Nominating and Remuneration Committees, and will be considered independent.

Mr. Hu Bing will, upon re-election as a Director of the Company, remain as an Executive Director.

(ii) Item 3 above is to note the retirement of Mr Lim Yeow Hua @ Lin You Qin who is retiring pursuant to Article 90 of the Company's Constitution and not seeking re-election, and shall retire as the Lead Independent Director of the Company at the conclusion of this Annual General Meeting. Accordingly, he will step down as Chairman of the Audit and Nominating Committees.

(iii) The Ordinary Resolution 5 proposed in item 4 above, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred. The Directors' fees will be paid half-yearly in arrears. The aggregate amount of Directors' fees provided in the resolution is calculated on the assumption that all the Directors will hold office for the whole of the financial year ending 31 December 2018 ("FY2018").

Should any Director hold office for only part of FY2018 and not the whole of FY2018, the Director's fee payable to him will be appropriately pro-rated.

(iv) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until (i) the conclusion of the next Annual General Meeting of the Company; or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:–

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

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

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

(v) The Ordinary Resolutions 8a and 8b proposed in item 8 above, if passed, the aggregate number of shares to be issued under Ying Li Employee Share Option Scheme and Ying Li Share Performance Plan shall not exceed 5% of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time.

NOTICE OF THE ANNUAL GENERAL MEETING

(vi) The Ordinary Resolution 9 proposed in item 9 above is to ratify the disposal of interests in Ying Li International Commercial Centre Project and Transfer of Land Parcel.

Please refer to Appendix 1 accompanying the Notice of Annual General Meeting dated 12 April 2018 for more information relating to the Transaction, including the rationale and benefits of the Transaction, financial effects of the Disposal, and to seek Shareholders' approval for the ordinary resolution to ratify the Transaction.

(vii) The Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors of the Company, effective for the Relevant Period, to repurchase Shares by way of On-Market Share Purchases or Off-Market Share Purchases of up to the Prescribed Limit at the Maximum Price. The rationale for, the authority and limits on, the source of funds to be used for the purchase or acquisition including the financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the Company and the Group based on the audited financial statements of the Group for the financial year ended 31 December 2017 are set out in greater detail in Appendix 2 accompanying the Notice of Annual General Meeting dated 12 April 2018.

Notes:

1. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting (the "Meeting"). Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building Singapore 048544 not less than 48 hours before the time appointed for holding of the Meeting or adjourned meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. 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

(Please see notes overleaf before completing this Form)

I/We*, ______________________________ (Name), NRIC/Passport number* ______________

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*

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

or failing him/her the Chairman of the Annual General Meeting of the Company (the "**AGM**") as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM to be held at Mandarin Orchard Singapore, 333 Orchard Road, Imperial Ballroom, Level 35, Orchard Wing, Singapore 238867 on Friday, 27 April 2018 at 9.30 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the resolution to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	**Resolutions relating to:**	**For**	**Against**
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017		
2	Re-election of Mr. Fang Ming as a Director		
3	Re-election of Mr. Xiao Zu Xiu as a Director		
4	Re-election of Mr. Hu Bing as a Director		
5	Approval of Directors' fees amounting to S$380,000 for the financial year ending 31 December 2018, to be paid half-yearly in arrears		
6	Re-appointment of Messrs Foo Kon Tan LLP as Auditors		
7	Share Issue Mandate		
8a	Authority to issue and allot shares under the Ying Li Employee Share Option Scheme		
8b	Authority to issue and allot shares under the Ying Li Performance Share Plan		
9	The Proposed Ratification of the Disposal of Interest in Ying Li International Commercial Centre Project and Transfer of Land Parcel		
10	The Proposed Renewal of the Share Purchase Mandate		

* Delete as appropriate
** If you wish to exercise all your votes "For" or "Against", please indicate an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ____________________ 2018

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

____
Signature(s) of member(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of shares held by you. If you have share entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members of the Company, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building Singapore 048544 not less than 48 hours before the time appointed by holding the AGM.

5. 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 under its common seal or under the hand of its officer or attorney duly authorised.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) 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.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50.

8. Under The Singapore Code on Take-overs and Mergers ("Take-over Code"), Mr. Fang Ming and Newest Luck Holdings Limited (the "Concert Party Group") are presumed to be parties acting in concert. In compliance with paragraph 3(a)(iii) of Appendix 2 of the Take-over Code, the Concert Party Group and parties acting in concert with them, if any, will abstain from voting at the AGM in relation to Resolution 10 relating to The Proposed Renewal of the Share Purchase Mandate.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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