英利国际置业
YING LI INTERNATIONAL
REAL ESTATE LIMITED

ASPIRE FOR EXCELLENCE

ANNUAL REPORT
2018

CONTENTS

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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, Ying Li International Financial Centre and Ying Li International Plaza 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 Decrease due to handover of completed units, partially offset by continue development of IEC project Phase 2B.

2 Decrease due to partial collection of divestment proceeds from a subsidiary disposed in FY2017.

3 Decrease mainly due to progress payment made on development costs and lower advance payment from customers.

4 Decrease mainly due to repayment of loans.

5 Increase due to an increase in Retained profits that is attributable to fair value gains on Other investment and Investment properties and one-off gain on completion of the proposed Transfer of Land Parcel that was previously announced in 28 Nov 2017.

(RMB '000)	As at 31 Dec 2018	As at 31 Dec 2017
Non-current assets		
Property, plant and equipment	42,652	48,493
Investment properties	4,535,896	4,486,742
Other investment	1,008,000	880,000
Deferred tax assets	27,529	27,529
Total non-current assets	**5,614,077**	**5,442,764**
Current assets		
1 Development properties	1,845,275	2,099,791
2 Trade and other receivables	2,031,392	2,917,625
Cash and bank balances	750,510	626,910
Total current assets	**4,627,177**	**5,644,326**
Total assets	**10,241,254**	**11,087,090**
Non-current liabilities		
Deferred tax liabilities	641,795	634,322
4 Borrowings	2,166,724	2,820,427
Total non-current liabilities	**2,808,519**	**3,454,749**
Current liabilities		
3 Trade and other payables	746,702	1,098,922
Current tax payables	170,346	147,048
4 Borrowings	1,126,795	1,092,662
Total current liabilities	**2,043,843**	**2,338,632**
Total liabilities	**4,852,362**	**5,793,381**
5 Capital and reserves	5,332,285	5,234,507
Non-controlling interest	56,607	59,202
Total equity	**5,388,892**	**5,293,709**
Total equity and liabilities	**10,241,254**	**11,087,090**

	(RMB '000)	FY2018	FY2017	Change %
A	Revenue	821,053	1,100,189	(25.4)
	Cost of Sales	(521,751)	(798,222)	(34.6)
B	**Gross profit**	**299,302**	**301,967**	**(0.9)**
C	Other income	430,218	455,195	(5.5)
D	Selling expenses	(88,220)	(72,333)	22.0
E	Administrative expenses	(147,208)	(110,883)	32.8
F	Finance costs	(203,282)	(136,281)	49.2
	Profit before income tax	**290,810**	**437,665**	**(33.6)**
G	Tax expense	(42,848)	(86,863)	(50.7)
	Profit for the year	**247,962**	**350,802**	**(29.3)**
H	**Profit attributable to ordinary shareholders of the company**	**250,557**	**350,244**	**(28.5)**

Revenue decreased:

A Mainly due to lower revenue recognition at Sales of Properties segment as a result of fewer residential units at Lion City Garden, and commercial units at Ying Li International Electrical and Hardware Centre (IEC) sold during the year. This was partially offset by higher sales from other previously completed commercial properties.

Rental income increased slightly mainly due to gradual increase in occupancy rates at the rented properties.

Gross profit decreased and gross profit margin increased:

B Gross profit decreased as a result of lower revenue, partially offset by the higher gross profit from mix of properties that were handed over in FY2018.

Gross profit margin increased mainly due to mix of properties sold, including contribution from older completed commercial properties where gross profit margin were higher, as well as higher proportion of gross profit contribution from Rental income segment which has a higher gross profit margin.

Other income decreased:

C Mainly due to the lower fair value gains on Other investment.

Selling expenses increased:

D Primarily due to higher expenditure incurred for property management expenses as well as higher staff-related costs.

Administrative expenses increased:

E Mainly due to a reversal of unrealised foreign exchange gains occurred in FY2017 to unrealised foreign exchange losses occurred in FY2018 arising from revaluation of foreign currency liabilities as a result of weakening in RMB, partially offset by lower legal and professional fees and lower staff-related costs.

Finance cost increased:

F Primarily due to the termination of finance costs capitalisation upon disposal of Ying Li International Commercial Centre completed in 4QFY2017.

Tax expense decreased

G Mainly due to decrease in deferred tax provision arising from the lower fair value gain from Other investment.

Profit attributable to ordinary shareholders of the company decreased:

H Mainly attributable to lower fair value gains on Other investments and higher Finance costs.

CHAIRMAN'S STATEMENT

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 2018 (FY2018).

2018 ECONOMIC DEVELOPMENT

2018 was a challenging year, with the world economy full of uncertainties and the increased downward pressure on China's economy. Despite the complicated macro-environment and the arduous tasks to reform, Chinese's economy progressed at an overall relatively stable trend, with a gross domestic product ("GDP") growth rate of 6.6% year-on-year ("Y-o-Y") and reached a total of RMB90,031 billion in 2018. This growth rate was the highest among the world's top five economies. With the backdrop that China's economy has entered into a new normal, the pressure on Chongqing's economic development has also increased. However, despite of this, Chongqing's economy remains stable and its quality and efficiency have both improved. In 2018, Chongqing's GDP exceeded RMB2 trillion, with a 6% Y-o-Y increase.

While China real estate market remained at a high level in 2018, the rapid growth phase has basically ended. The transaction volume of new house and second-hand house remained similar to that in 2017. Under the central government's spirit of "housing is for living in, and not for speculation" and guidance given on city-specific policies, new local policies continued to rein in. As a result, 2018 has become the year with most intensive real estate regulations implemented in the history. When the market started to cool off in the second half of 2018, selected regulatory policies were loosened slightly in 4Q2018. At Chongqing's local policy level, some loosening policies introduced include lowering of mortgage interest rate premium and removal of sales restrictions.

At the overall level, the national commercial housing areas sold and amount transacted was 1,717 million sqm, a 1.3% Y-o-Y increase and RMB15 trillion, a 12.2% Y-o-Y increase respectively in 2018. As for Chongqing real estate market, it basically continued the previous year's control policies, and introduced new regulating policies to standardize the mortgage registration for commercial housing still under construction. In addition, Chongqing has also strengthened market supervision to ensure the market develops steadily and healthily. Overall, the Chongqing commercial housing areas sold and amount transacted was 65 million sqm, a 2.6% Y-o-Y decrease and RMB527 billion, a 15.7% Y-o-Y increase respectively in 2018.

FY2018 PERFORMANCE

FINANCIAL PERFORMANCE

As a property developer engaged in both commercial and residential property developments, and in view of the complexities of macro and micro environment, Ying Li adopted a conservative development strategy in 2018. Together with the efforts put in by all the employees, the Group delivered a healthy and stable financial performance for FY2018.

Key highlights of the year include:

- The sale of properties revenue in 2018 mainly comes from Lion City Garden project, Ying Li International Hardware and Electrical Centre (IEC) project and the sale of some previously completed properties.
- The increase in total rental income was mainly due to the gradual increase in the occupancy rate at the retail properties.
- The Group has completed the land transfer transaction with China Evergrande Group, which has resulted in the increase of the Group's Other income.
- The Beijing Tongzhou project development progress smoothly and its maiden office tower sales had resulted in a fair value gain for the Group's investment in the project.
- The Group's total borrowings fell from RMB3.9 billion as of 31 Dec 2017 to RMB3.3 billion as of 31 Dec 2018.

OPERATIONS PERFORMANCE

The Group currently has two projects under-development, namely Lion City Garden and Ying Li International Hardware and Electrical Centre (IEC). The Lion City Garden is at the final phase of development, Phase 2D, and the bespoke development IEC project is at Phase 1B and 2B. Substantial of Phase 1A and Phase 2A IEC buyers have renovated their shops and are progressively conducting businesses at the centre. On 30 November 2018, the IEC Opening Ceremony was successfully held. The Jiangjin Comprehensive Bonded Zone, where the IEC project is located, is at the junction of the "One Belt and One Road" and the "Yangtze River Economic Belt". Eastward, it connects with river-sea combined transport along the Yangtze River Golden Waterway; westward, it connects with Central Asia and European region through CHINA RAILWAY Express (Chongqing); and southward, it connects with the ASEAN countries through the " Land-Sea Trade Corridor " of Sino-Singapore interconnection project. With the opportunities brought by "One Belt and One Road", IEC project has also become "Chongqing Jiangjin-Guangxi Fangchenggang Inter-regional Cooperation Demonstration Project" and "Chongqing – ASEAN Hardware Machinery and Electrical Export Collection Center". The project has a very promising future.

On office rental front, the Group continues to optimize its IFC office rental, focusing on retaining existing quality tenants and attracting new tenants. On the retail segment front, the Group continues to optimize and/or sharpen its focuses on targeted consumers at both Ying Li IMIX Park Jiefangbei mall and Ying Li IMIX Park Daping mall. Firstly, with the increase in domestic tourists flowing into Chongqing, especially during the China holiday periods, the Group will sharpen its IFC mall's retail focuses and target to capture a share of the tourist spending. Secondly, with the high occupancy rates in excess of 90%, both malls will continue to undergo space optimization process to increase the leasable areas. Thirdly, Ying Li IMIX Park Daping mall further strengthens its focus as a local community mall with higher proportion of spaces allocated to products and services needed by the nearby residences, including enrichment/education centres, popular book and stationery store and baby/children-centric stores.

CHAIRMAN'S STATEMENT

Besides these, the Group's investment in Beijing Tongzhou – Beijing New Everbright Centre remains promising and the construction progressing smoothly. Concurrently, the Group will continue to optimize internal control systems to improve management efficiency and at the same time adhering to corporate governance guidelines.

OUTLOOK FOR 2019

Looking ahead, the international environment is becoming more complex and severe. The economic condition of China is expected to remain challenging as the uncertainty of the global economy continues to loom and China continues to undergo structural reform. Overall, China is still in an important strategic and opportunity period. We believe China's economy will continue to grow steadily in 2019.

We continue to be optimistic about Chongqing's urban development. The favorable geographical location of Chongqing, especially the numerous opportunities brought forward by "One Belt and One Road" and "Yangtze River Economic Belt", and the increasing attractions of cities, will continue to drive Chongqing's economic growth.

However, we also clearly understand that the current China real estate market is full of challenges. On the policy perspective front, city-specific policies will be still the main factor driving real estate regulations in 2019. On the market perspective front, Chongqing's "online celebrity effect" on economy will determine its retail constitution.

In view of the above, the Group will continue to pay close attention to the uncertain macro environment and at the same time, take into consideration of the current policies and market conditions, to adopt a prudent financial and investment strategy so as to cautiously seek new development and investment opportunities in the first-tier and fast-growing second-tier cities.

ACKNOWLEDGEMENTS

On behalf of the Group, I would like to express my heartfelt appreciation to all shareholders, customers and partners who have bestowed us with their long-term support and understanding. At the same time, I would like to extend my sincere thanks to the board of directors, the management team and all staff of the Group.

We will continue to do our best to ensure the Group grows steadily in the years to come.

Yours sincerely,

FANG MING
Executive Chairman & Group CEO

董事局主席致辞

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2018年12月31日（“2018年度”）的年度报告。

2018年经济发展：

2018年，全球市场跌宕起伏，中国经济下行压力有所加大。面对错综复杂的国际环境和艰巨繁重的改革发展稳定任务，中国经济运行实现了总体平稳、稳中有进的发展态势，全年国内生产总值（GDP）达到900309亿元，比上年增长6.6%，增速在世界前五大经济体中居首位。在全国经济进入新常态的背景下，受国内外宏观环境的影响，重庆经济发展压力也有所增大。但是，面对重重压力，重庆经济保持稳定运行，发展质量和效益均有提升。2018年，重庆GDP突破2万亿元，同比增长6%。

回顾2018年的中国房地产市场，虽然仍处在高位，但基本结束快速增长势头。全国新房、二手房交易量与2017年相比基本持平，下半年市场开始转冷降温。从政策层面来看，在中央“房住不炒”定位和因城施策、分类调控精神指导下，各地政策持续加码，2018年成为历史上房地产调控最密集的一年。2018年四季度，调控政策略有松动，地方政策层面相继出现下调房贷利率上浮比例、取消限售等政策微调。总体来看，2018年，全国商品房销售面积171654万平方米，比上年增长1.3%。商品房销售额149973亿元，增长12.2%。

重庆房地产市场基本延续了上一年的调控政策，并出台了规范在建商品房抵押登记等控预售和控开发的政策。此外，还加强了市场监管，引导市场平稳健康发展。整体来看，2018年重庆房地产市场稳步发展，商品房销售面积小幅回落。全年商品房销售面积6536.25万平方米，下降2.6%。商品房销售额5272.70亿元，增长15.7%。

2018财年业绩回顾：

*财务表现

作为一家综合性房地产开发企业，2018年，鉴于国内外宏观形势的影响，英利采取稳健的发展策略。集团全体员工共同努力，集团业绩指标相比2017都保持健康稳定。

集团的财务表现也符合预期，净利润基本保持平稳：

- 2018年的销售收入主要来源于狮城花园项目、英利国际五金机电城（IEC）项目和出售一些存量资产。
- 总租金收入有小幅度增涨主要来自出租率逐渐增加。
- 集团完成了与中国恒大集团土地项目转让的手续，这也增加了集团的其他业务收益。
- 公司投资北京通州的项目顺利开展，以及写字楼首次认购，相应提高了集团投资此项目的2018年公允价值。
- 集团的总贷款从2017年年底的39亿下降到2018年年底的33亿。

*运营表现
集团目前正在开发建设两个项目，即狮城花园和英利国际五金机电城（IEC）项目。狮城花园项目正处于开发的最后阶段，即第2D期；IEC项目采用量身定制的模式，目前正在开发第2B期。IEC项目的1A期和2A期的业主已对其店铺进行了装修，并于2018年11月30日成功举行了试营业盛典。IEC项目所在地区江津综合保税区正处在“一带一路”和”长江经济带“的联结点上：向东，沿长江黄金水道实现江海联运；向西，通过中欧班列（重庆）连接中亚及欧洲地区；向南，通过中新互联互通项目“陆海新通道”连接东盟十国。伴随“一带一路”的机遇，该项目也成为了“重庆江津—广西防城港跨区域合作示范项目”、“重庆东盟五金机电出口集采中心”，发展前景非常广阔。

在写字楼租赁业务方面，集团继续优化其英利国际金融中心（IFC）的写字楼租赁业务，专注于保留现有优质租户并吸引新租户。在商场零售租赁领域，集团继续优化和加强对英利大融城解放碑店和英利大融城大坪店目标消费者的关注。首先，重庆作为一个网红城市，吸引了大量的外地游客来渝，特别是在中国假日期间。鉴于此，集团将加强英利大融城解放碑店的零售重点，并将目标锁定部分旅游消费力。第二，随着两个商场的入住率逐渐提高，入住率均超过90%，两个商场将继续进行空间优化，以增加可出租面积。第三，英利大融城大坪店进一步加强了其作为当地社区购物中心的特色，为附近住户所需的产品和服务的空间更多，这包括了教育培训中心、流行书籍和文具店以及以婴儿/儿童为中心的商店。

此外，集团对北京新光大中心项目的投资仍然保持着健康状态，目前该项目建设也有序推进。与此同时，集团继续优化内控体系，苦炼内功，不断完善制度体系，提升管理效能。

2019年前景展望

展望未来，国际环境更趋复杂严峻，全球经济不确定因素增加。中国经济在经历结构调整和改革，面临国内外一系列的挑战。但总体来说，中国发展仍然处于重要战略机遇期，我们相信2019年中国经济将继续稳健、持续增长。

我们也继续看好重庆的城市发展。重庆优越的地理位置，尤其是“一带一路”、“长江经济带”等带来的众多机遇，以及城市吸引力的不断增强，都将持续促进重庆的经济增长。

我们也清楚地认识到，当前面临的房地产市场仍然充满挑战。从政策层面看，因城施策依然2019年房地产政策调控的主基调。从市场来看，网红经济将持续影响重庆市场并重塑商业格局。

鉴于上述情况，集团将继续关注宏观环境的不确定性，结合政策和市场情况，采取稳健的财务策略和投资策略，并谨慎地在一线和快速增长的二线城市寻找新的发展和投资机会，以获得未来的持续增长。

致谢

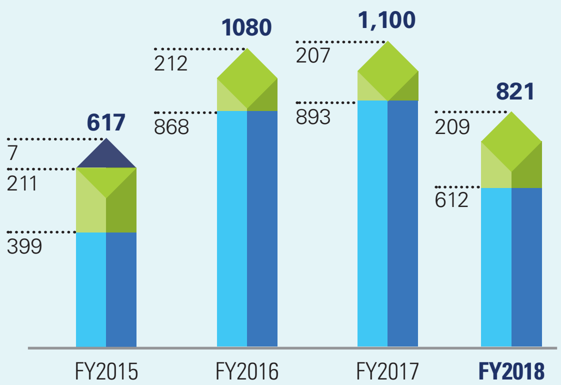
代表我们的董事会，我在此衷心地感谢股东、客户和合作伙伴给予我们的支持和信任。同时，我也向董事会、管理层团队和公司全体同仁致以衷心的感谢。

我们将全力以赴促进企业发展行稳致远。

方明
执行董事长兼集团总裁

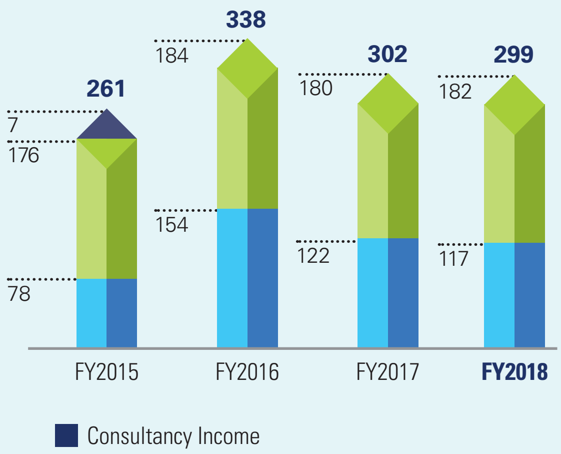
REVENUE

RMB 821M



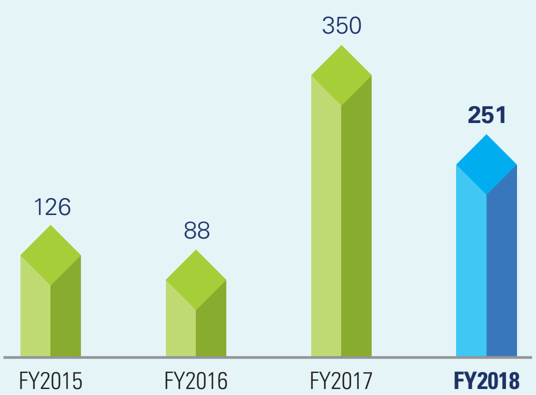
GROSS PROFIT

RMB 299M



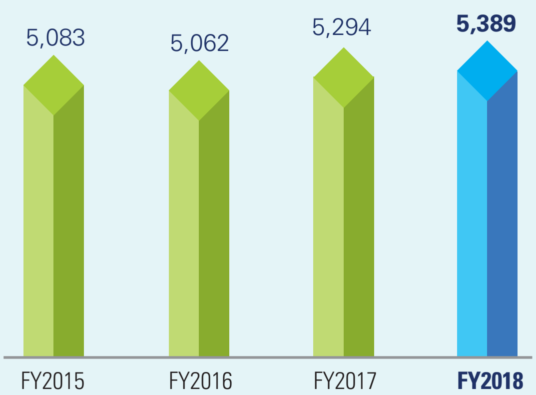
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

RMB 251M



TOTAL EQUITY

RMB 5,389M



FINANCIAL REVIEW

FINANCIAL RESULTS

For FY2018, revenue of the Group decreased by 25.4% Y-o-Y, to RMB821.1 million (FY2017: RMB1,100.2 million). Revenue from the Sale of properties decreased by 31.4% Y-o-Y, to RMB612.4 million (FY2017: RMB893.0 million). The decline was mainly due to fewer residential units at Lion City Garden, and commercial units at Ying Li International Electrical and Hardware Centre ("Ying Li IEC") sold during the year. This was partially offset by higher sales from other previously completed commercial properties. Rental income increased marginally by 0.7% Y-o-Y to RMB208.7 million in FY2018 (FY2017: RMB207.2 million).

Gross profit for FY2018 decreased marginally by 0.9% Y-o-Y or RMB2.7 million, to RMB299.3 million (FY2017: RMB302.0 million), The decrease was due to lower revenue, partially offset by the higher gross profit from mix of properties that were handed over in FY2018. Gross profit margin for FY2018 increased by 9.1 percentage point Y-o-Y to 36.5%, contributed by older completed commercial properties where gross profit margin were higher, as well as higher proportion of gross profit contribution from Rental income segment which has a higher gross profit margin.

Other income decreased by 5.5% Y-o-Y, to RMB430.2 million in FY2018 (FY2017: RMB455.2), mainly due to lower fair value gains on Other investment.

For FY2018, the fair value gain on Investment properties was RMB63.8 million (FY2017: RMB39.3 million), mainly due to most of the properties within the Investment properties portfolio had an increase in valuation, as compared to FY2017 where only few specific properties within the Investment properties portfolio had an increase in valuation.

For FY2018, the fair value gain from investment in Beijing Tongzhou project amounted to RMB128.0 million (FY2017: RMB260.0 million), due to factors including: (i) The valuation done is based on the existing state of the project at 31 Dec 2018. A significant progress made in the construction of the project in FY2018 would partially contributed to the increase of the fair value, (ii) The increase in sales take-up rate of Beijing Tongzhou project Phase 2, which mainly consist of two office towers and part of retail podium, from 0% to 25.0% in 2018 also contributed partially to the increase in valuation.

Selling expenses for FY2018 increased by 22.0% Y-o-Y, to RMB88.2 million (FY2017: RMB72.3 million), mainly due to increase in property management expenses and higher staff-related costs.

Administrative expenses for FY2018 increased by 32.8% Y-o-Y, to RMB147.2 million (FY2017: 110.9 million), mainly due to reversal of unrealized foreign exchange gains in FY2017 to unrealized foreign exchange losses in FY2018 arising from revaluation of foreign currency liabilities as the result of weakening in RMB, partially offset by lower legal and professional fees and lower-staff related costs.

Finance costs increased by 49.2% Y-o-Y to RMB203.3 million (FY2017: RMB136.3 million), mainly due to the termination of finance costs capitalisation upon disposal of Ying Li International Commercial Centre completed in 4QFY2017.

Tax expense decreased by 50.7% Y-o-Y to RMB42.8 million (FY2017: RMB86.9 million), mainly due to decrease in deferred tax as a result of lower fair value gain from Other investments.

For FY2018, profit attributable to the ordinary shareholders of the Company decreased by RMB99.7 million, to RMB250.6 million (FY2017: RMB350.2 million), the decreased in profits was mainly due to lower fair value gains on Other investments and higher Finance costs.

FINANCIAL POSITION

For FY2018, the Group's total assets decreased by 7.6% or RMB845.8 million, to RMB10,241.3 million (31 December 2017: RMB11,087.1 million), mainly due to a decrease in trade and other receivables of RMB886.2 million arising from partial collection of divestment proceeds in April 2018 from a subsidiary disposed in 4QFY2017, and a decrease in development properties of RMB254.5 million due to sales of properties, offset by an increase in fair value of Other investment of RMB128.0 million, and an increase in cash and cash equivalents of RMB123.6 million.

Total liabilities decreased by 16.2% or RMB941.0 million, to RMB4,852.4 million (31 December 2017: RMB5,793.4 million), mainly due to a decrease in bank loans of RMB619.6 million as a result of loan principal repayment, and a decrease in trade and other payables of RMB352.2 million mainly due to the progress payment made on development costs and advance payment from customers.

The Group's total equity increased by RMB95.2 million to RMB5,388.9 million (31 December 2017: RMB5,293.7 million), mainly due to an increase in retained profits mainly attributable to the one-off gain on completion of the Transfer of Land Parcel and fair value gain on Investment properties and Other investment held by the Group.

Net assets attributable to shareholders increased by RMB97.8 million to RMB5,332.3 million (31 December 2017: RMB5,234.5 million) and this represents a net asset value per share of RMB2.09 (31 December 2017: RMB2.05).

CASH FLOW

The Group net cash inflow from operating activities of RMB902.3 million in FY2018. This was mainly attributable to the cash generated from operating profit of RMB113.9 million and a decrease of RMB254.5 million in development properties mainly due to handover of completed units at Ying Li IEC and Lion City Garden, and other previously completed properties, and a decrease in trade and other receivables of RMB1,076.2 million arising from partial collection of divestment proceeds from a subsidiary disposed in FY2017. This was offset by a decrease in trade and other payables of RMB344.9 million mainly due to payment made to suppliers and lower advance payment from customers, as well as net interest and income tax paid of RMB211.3 million.

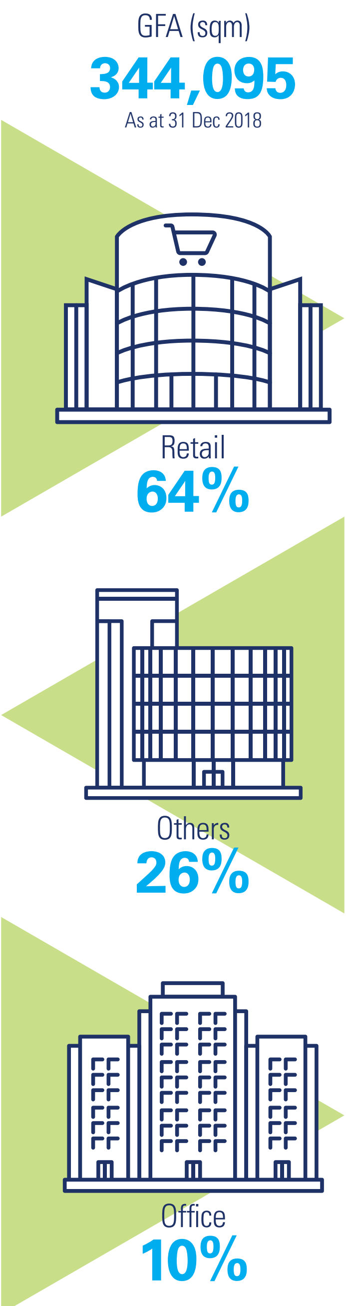
Net cash used in investing activities amounted to RMB0.5 million in FY2018.

Net cash used in financing activities amounted to RMB981.8 million in FY2018 was mainly due to a decrease in restricted cash of RMB205.0 million, a net cash outflow from the drawdown and repayment of bank loans of RMB671.5 million, and payment of distribution on perpetual convertible securities of RMB105.3 million.

Overall, unrestricted cash and cash equivalents decreased by RMB80.0 million as at 31 December 2018.

OPERATIONS REVIEW

PROPORTION OF GFA BY DIFFERENT TYPES OF INVESTMENT PROPERTIES
as at 31 December 2018.



2018 proved to be yet another challenging year for the Group as mounting pressures from the on-going trade dispute negotiations and issues related to economic rivalry between United States and PRC contribute to global economic uncertainties. The PRC economy is also undergoing economic restructuring and reformation, which negates further market sentiments. In face of such challenges, the Group managed to deliver a credible performance despite the challenging market conditions. Furthermore, the Group had completed both stages of its strategic divestment – with Ying Li International Commercial Centre project being first divested in 2017 and proposed Transfer of Land Parcel being second in 2018. These had significantly de-leveraged the Group's balance sheet and reduced its financial risk.

SECTOR REVIEW

CHONGQING OFFICE MARKET

In 2018, total new office areas supply was 192,800 sqm. Of these 192,800 sqm new supply, 95,800 sqm were Grade A office spaces, the segment where the Group operates in. In the Grade A office spaces, net absorption increased by 21.7% Y-o-Y to 263,900 sqm in 2018, with 203,800 sqm in 1H2018 and 60,100 sqm in 2H2018. The lower net absorption areas in 2H2018 was due to the demand withdrew from non-traditional financing companies, such as P2P companies, and new media technology and infrastructure project companies. Despite the slower 2H2018, the vacancy rate for Grade A office continues its decline trend started since 2Q2017 and dropped by 8.1 percentage points Y-o-Y in 2018.

Other than existing office building clusters located in Jiefangbei, Jiangbeizui and Guanyinqiao, a new cluster is gradually forming in Yubei Xinpaifang precincts.

CHONGQING RETAIL MARKET

In 2018, a total of nine new retail projects were launched in the year, added 698,000 sqm to the retail scene, a 19.2% decreased Y-o-Y. Of the 9 new retail projects added, three were located in the Yubei Xinpaifang precincts, two in the Danzishi precincts and one in Guanyinqiao precincts. Net absorption was 615,900 sqm, a 11.4% decreased Y-o-Y and the vacancy rate declined by 0.6 percentage points Y-o-Y.

The new areas taken up were mainly for retail (clothing and apparel, jewelry, sports and household related items, electronics products, cosmetics & personal care, gifts, toys, book and stationary), F&B (both formal and casual meals, beverages shops) and experiencing (recreational and training, education, beauty, health & medical service, art and craft, studio) segment at 37%, 29% and 19% respectively. With competition intensifying, some of malls had adopted specialty theme in their renovations, in order to create a different shopping experience for their target customers. For example, the new mall opened at the Danzishi precincts adopted an open design concept in order to target at the tourist consumers.

OPERATIONS REVIEW

SALE OF PROPERTIES SEGMENT

The Group currently has two projects under-development, Lion City Garden and Ying Li International Hardware and Electrical Centre (IEC). The Lion City Garden is at the final phase of development, Phase 2D, and the bespoke development IEC project is at Phase 1B and Phase 2B. Substantial of IEC Phase 1A and Phase 2A IEC buyers had renovated their shops and are progressively conducting businesses at the centre with about 50% of the shops in IEC had commenced businesses as of end 2018.

LEASING OF PROPERTIES SEGMENT

On office rental segment front, the Group continues to optimize its IFC office rental, focusing on retaining existing quality tenants and attracting new tenants. On the retail rental segment front, the Group continues to optimize and/or sharpen its focuses on targeted consumers at both Ying Li IMIX Park Jiefangbei mall and Ying Li IMIX Park Daping mall. Firstly, with the increase in domestic tourists flowing into Chongqing, especially during the China holiday periods, the Group will sharpen its IFC mall's retail focuses and target to capture a share of the tourist spending. Secondly, with the high occupancy rates in excess of 90%, both malls will continue to undergo space optimization process to increase the leasable areas. Thirdly, Ying Li IMIX Park Daping mall further strengthens its focus as a local community mall with higher proportion of spaces allocated to products and services needed by the nearby residences. These include enrichment/education centres, popular book and stationery store and baby/children-centric stores.

INVESTMENT PROJECT

The Group's investment in New Everbright Centre project remains healthy amidst the purchase restrictions meant to rein in rising home prices in Beijing Tongzhou. Phase 1 construction, consisting of 4 SOHO towers has been fully completed. Phase 2 construction, which consist mainly two office towers and part of retail podium, had reached level 6 and level 21 of the two office towers as of end December 2018. Phase 3 construction, which consist one premium office tower and remaining part of the retail podium, was at piling stage as of end December 2018.

DIVESTMENT OF YING LI INTERNATIONAL COMMERCIAL CENTRE (ICC) AND LAND PARCEL

On 28 November 2017, the Group announced the divestment of ICC and transfer a separate Land Parcel for a total consideration of RMB3.29 billion. The whole divestment was completed in two stages, with ICC divestment completed in 2017 and the transfer of Land Parcel completed in 2018. 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 its 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.

OPERATIONS REVIEW

STATUS AND SNAPSHOT OF PROJECTS
AS AT 31 DECEMBER 2018

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.

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, Hong Kong Special Administrative Region representative office and Consulate-General of the Kingdom of the Netherlands in Chongqing.

OPERATIONS REVIEW

STATUS AND SNAPSHOT OF PROJECTS
AS AT 31 DECEMBER 2018

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, education centres and entertainment offerings with Escape Chamber.

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:** 2020 (estimated)

Total Sales and Contracted Pre-sales as at 31 December 2018:
RMB874.0 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.

OPERATIONS REVIEW

STATUS AND SNAPSHOT OF PROJECTS
AS AT 31 DECEMBER 2018

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 2018:
RMB1,341 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.

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 2018: RMB7.7 billion

- **SOHO Tower 1:** RMB1.07 billion (100% pre-sold)
- **SOHO Tower 2:** RMB1.91 billion (97.8% pre-sold)
- **SOHO Tower 3:** RMB1.33 billion (87.8% pre-sold)
- **Office Tower:** RMB3.3 billion
- **Car Park:** RMB100 million

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 construction are currently underway.

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

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

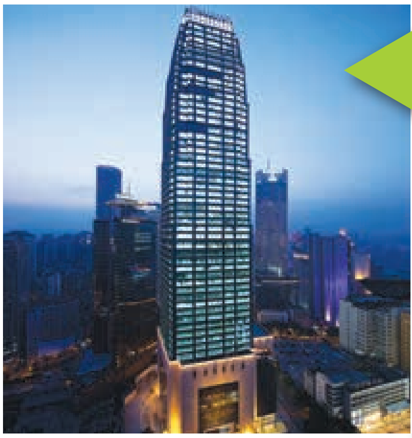
SAN YAN WAN PHASE 1 AND 1A

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 HARDWARE AND ELECTRICAL CENTRE

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

Type:
Bespoke Commercial & Retail

Expected Completion Date:
2016 / 2018 (Phase 1A/2A)

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

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 (office)

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 (Phase 2A/2B/2C)

TOTAL GFA (sqm):
approx. 273,656

INVESTMENT PROPERTIES PORTFOLIO

AS AT 31 DECEMBER 2018

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): 3,573

Land Use Right Expiry: Commercial – September 2033

Market Valuation (RMB): 36,000,000

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): 6,299

Land Use Right Expiry: Commercial – January 2046

Market Valuation (RMB): 37,200,000

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): 96,700,000

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): 1,100,000

Completion Date: March 2005

INVESTMENT PROPERTIES PORTFOLIO

AS AT 31 DECEMBER 2018

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): 81,635

Land Use Right Expiry: Commercial – March 2045

Market Valuation (RMB): 1,018,600,000

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): 16,700,000

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): 95,114

Gross Rented Area (sqm): 86,964

Land Use Right Expiry: Commercial – December 2044

Market Valuation (RMB): 1,742,900,000

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): 126,031

Land Use Right Expiry: Commercial – July 2050

Market Valuation (RMB): 1,573,700,000

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.

MR. CHIA SENG HEE, JACK
Lead Independent Director

Mr. Chia Seng Hee, Jack was appointed the Lead Independent Director of the Company on 27 July 2018. He is the Chairman of Audit Committee and Nominating Committee.

Mr. Chia graduated from the National University of Singapore with a degree in Accountancy, from the International University of Japan with a Masters degree in International Relations and is a Fellow of the Institute of Singapore Chartered Accountants. He also attended the General Management Program at Harvard Business School.

After some twenty years in various capacities with Arthur Andersen, Singapore Technologies and the Government of Singapore Investment Corporation (GIC), he was appointed a role in government as Senior Director (China Operations) at the Enterprise Singapore Board, based at the Consulate General of Singapore in Shanghai, as Consul (Commercial).

Mr. Chia is currently a professional director, specialising in corporate governance. His present directorships in other listed companies include Combine Will International Holdings Ltd, Debao Property Development Ltd., Dukang Distillers Holdings Ltd and mm2 Asia Ltd.

Mr. Chia brings to the Group significant experience in corporate governance and risk management.

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 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 cashflow management, corporate finance, tax planning, as well as other finance-related matters. Mr. Lim was previously Senior Vice President (Finance) of the Group from 2011 to 2013.

Mr. Lim's extensive experience in the finance industry spans more than 20 years, including stints in GIC, SembCorp 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.

MS. YANG MEI
Group Financial Controller

Ms. Yang Mei was appointed as Group Financial Controller of Ying Li International Real Estate Ltd on 13 July 2018. She oversees the financial functions in relation to accounting, internal controls, financial and management reporting, tax, treasury, financial analysis, merger and acquisition support, risk management. In additional, she is also responsible for liaising with external parties in respect of the Group's financial matters. She is in accounting profession for more than 10 years. Prior to joining the Group, Ms. Yang was the Group Financial Controller of China Minzhong Food Corporation Limited, she was also an audit manager at Crowe Horwath First Trust LLP Singapore as well as an audit senior at SK LAI & Co. Ms. Yang is fellow member of the Association of Chartered Certified Accountants and is a Chartered Accountant (Singapore) of the Institute of Singapore Chartered Accountants.

MR. YANG FANG HENG
Senior Vice President
Chongqing Yingli Real Estate Development Co., Ltd.

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.

MS. DAI LING
Deputy General Manager
Chongqing Yingli Real Estate Development Co., Ltd.

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. ZHANG GUANG WEI
Vice President,
Chongqing Yingli Real Estate Development 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. 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.

MR. YUAN QUAN
Project General Manager,
Chongqing Yingli Real Estate Development Co., Ltd,

Mr. Yuan Quan is the Project General Manager of Chongqing Yingli Real Estate Development Co., Ltd. He is in charge of leasing, sales and operation management of Chongqing Yingli. With over 10 years of experience in real estate project management and related sector, his extensive knowledge include cost control, budget management, auditing and operation of the project.

Prior to joining the Company, Mr. Yuan was the cost department director or manager of Zhong Yu Property Development Co., Ltd, Chongqing Sinosteel Investment Group Co., Ltd, and Da Ding Century Real Estate Co., Ltd. Mr. Yuan graduated with a civil engineering and engineering management from Chongqing University.

MR. LIU QIANG
Vice President,
Chongqing Yingli Real Estate Development Co., Ltd

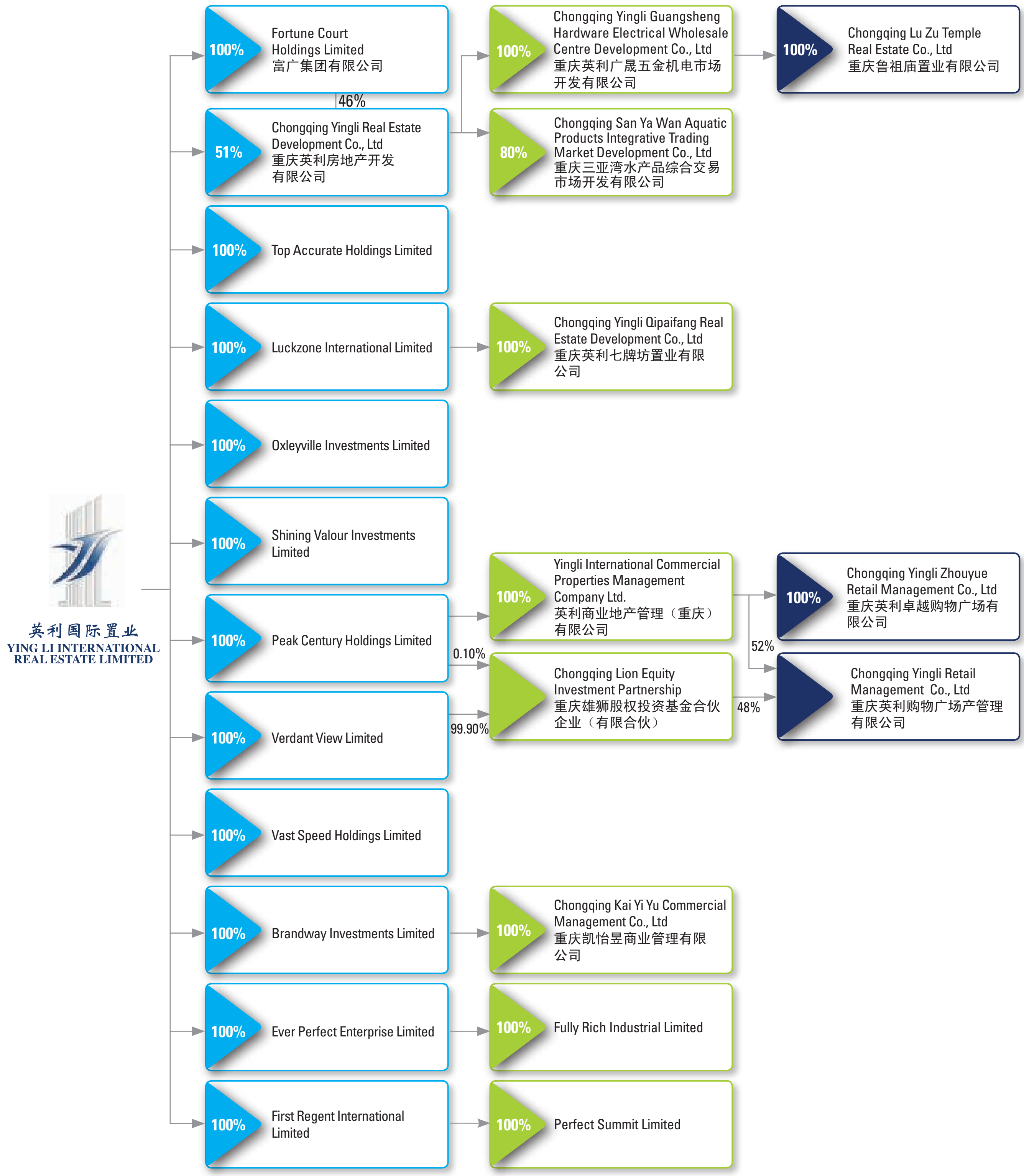
Mr. Liu Qiang graduated with Bachelor of Law from Southwest University of Political Science & Law. He holds the title of second rank Senior Judge and is very familiar with national laws, regulations and government policies. He is currently the Vice President of Chongqing Ying Li Real Estate Development Co., Ltd and in charge of in-house legal, supervisory and audit management.

Prior to joining the Group, Mr. Liu was the Deputy General Manager and Chairman of Supervisory Committee of Chongqing United Assets and Equity Exchange, and had worked at the court and related government departments for many years.

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.

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)

Chia Seng Hee, Jack
(Lead Independent Director)

Tan Sek Khee
(Independent Director)

Xiao Zu Xiu
(Independent Director)

AUDIT COMMITTEE
Chia Seng Hee, Jack
(Chairman)

Tan Sek Khee

Pan Ying

NOMINATING COMMITTEE
Chia Seng Hee, Jack
(Chairman)

Xiao Zu Xiu

Yang Xiao Yu

REMUNERATION COMMITTEE
Tan Sek Khee
(Chairman)

Xiao Zu Xiu

Pan Ying

COMPANY SECRETARY
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
Kong Chih Hsiang, Raymond
Date of appointment: with effect from financial year ended 31 December 2018

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

2018 Chongqing Outstanding Entrepreneur
方明董事长荣获2018“优秀企业家”称号

Awarded by Chongqing Municipal Committee of the China National Democratic Construction Association
重庆市民主建国会

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

2018 NATIONAL GREEN MALL – YING LI IMIX PARK JIEFANGBEI MALL
2018全国绿色商场创建单位–重庆解放碑英利大融城商场

Awarded by Ministry of Commerce of the PRC
中国商务部

2017 FIVE-STAR RATED OFFICE BUILDING – YING LI INTERNATIONAL FINANCIAL CENTRE AND ZOU RONG PLAZA
2017五星级楼宇 – 英利国际金融中心和邹容广场

2017 Three-Star Rated Office Building - Ying Li International Plaza
2017年度五星级楼宇

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

CHONGQING JIANGJIN-FANGCHENGGANG INTERREGIONAL COOPERATION DEMONSTRATION PROJECT – YING LI IEC
重庆江津–广西防城港跨区域合作示范项目 – 英利国际五金机电城项目

Chongqing-ASEAN Hardware Machinery and Electrical Export Collection Center - Ying Li IEC
重庆・东盟五金机电出口采集中心 – 英利国际五金机电城项目

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

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 practised 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 2018 ("FY2018"), with specific reference to the principles and guidelines of the Code of Corporate Governance 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)
Ms. Yang Xiao Yu (Executive Director)
Mr. Chia Seng Hee, Jack (Lead Independent Director) [1]
Mr. Tan Sek Khee (Independent Director)
Mr. Xiao Zu Xiu (Independent Director)

Note:

(1) Mr. Chia Seng Hee, Jack ("Jack Chia") was appointed as the Lead Independent Director and the Chairman of the Audit Committee and Nominating Committee on 27 July 2018.

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;
- 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;

CORPORATE GOVERNANCE

- 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.

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.

CORPORATE GOVERNANCE

The number of meetings of the Board and Board Committees held in respect of FY2018, as well as the attendance of every Board member at these meetings are disclosed in the following table:

	BOARD OF DIRECTORS ("BOD")		**AC**			**RC**			**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)*	4	4									
Pan Ying *(Non-Executive and Non-Independent Deputy Chairman)*	4	2	M	4	3	M	1	1			
Yang Xiao Yu *(Executive Director)*	4	4							M	1	1
Hu Bing *(Executive Director)*	4	4									
Jack Chia[1] *(Lead Independent Director)*	3	3	C	4	4[1]				C	1	1
Tan Sek Khee *(Independent Director)*	4	4	M	4	4	C	1	1			
Xiao Zu Xiu *(Independent Director)*	4	4				M	1	1	M	1	1

C denotes Chairman
M denotes Member

Note:
(1) Mr. Jack Chia was appointed as Lead Independent Director and Chairman of the AC and the NC. His attendance at the AC, NC and Board meetings were recorded since his date of appointment on 27 July 2018.

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 familiarise 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. Mr. Jack Chia, who was appointed on 27 July 2018, is a professional director currently practising corporate governance in various listed companies in Singapore.

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 cognisant 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. During the year, the Company had conducted an extensive search for suitable candidates with the necessary experiences who can be appointed as Independent Directors. The new appointment of Mr Jack Chia during the year filled the vacancy of the position left by previous Independent Director who did not seek for re-election at the Annual General Meeting ("AGM") held on 27 April 2018. 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. Notwithstanding the above, the Board is satisfied that it is able to exercise objective judgement on corporate affairs independently and no individual or small group of individuals are allowed to dominate the Board's decision-making process as the Independent Directors and the Non-Executive and Non-Independent Director make up more than half of the Board.

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 their 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.

CORPORATE GOVERNANCE

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 been on the Board for more than 9 years. The Board acknowledges his combined strength of characters, 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.

Mr. Lim Yeow Hua @ Lim You Qin ("Mr. Kenny Lim"), who did not seek re-election pursuant to Article 90 of the Company's Constitution, retired as the Lead Independent Director at the conclusion of the Company's last AGM held on 27 April 2018. Consequent to his retirement, he also stepped down as the Chairman of the AC and the NC. After an extensive search for suitable candidates to fill his vacancy was conducted, the Board, having considered (i) the recommendation of the NC, and (ii) Mr. Jack Chia's qualifications and local knowledge of Chongqing, is of the view that he has the requisite experience and capabilities to assume the responsibilities as the Lead Independent Director and Chairman of the AC and the NC of the Company, and approved such appointment with effect from 27 July 2018.

The Board reviews the size of the Board on an annual basis and is of the view that the size of the current Board is appropriate for the current scope and nature of the Group's operations, which facilitates effective decision making, and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

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;
- 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.

The Board is of the opinion that it is able to benefit from an active Chairman who is knowledgeable about the business of the Company and there is better able to guide discussions. He is capable of ensuring that the Board is properly briefed in a timely manner on pertinent issues and developments. The Board also obtains independent views from its Independent Directors. The Chairman establishes boundaries of risk undertaken by the Group and ensures the governance system is in place and regularly evaluated.

All major decisions made by the Executive Chairman are reviewed by the Board. His performance and remuneration are also reviewed by the NC and the RC respectively annually. As such, the Board believes that there are adequate safeguards in place against centralisation power and authority in a single individual.

In accordance with Guideline 3.3 of the Code, the Company has appointed Mr. Jack Chia 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.

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.

CORPORATE GOVERNANCE

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. Jack Chia (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.

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.

CORPORATE GOVERNANCE

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;
- that 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;
- 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. Jack Chia, 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.

CORPORATE GOVERNANCE

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.

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/ 27 April 2018	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/ 27 April 2018	Nil	Nil
Yang Xiao Yu (Executive Director)	31 May 2011/ 27 April 2016	Nil	Nil
Jack Chia (Lead Independent Director)	27 July 2018/ Not applicable	– Combine Will International Holdings Limited – Debao Property Development Ltd – Dukang Distillers Holdings Limited – mm2 Asia Ltd.	– AGV Group Limited – China Hongcheng Holdings Limited[4] – Shanghai Turbo Enterprises Limited – Lifebrandz Ltd.
Tan Sek Khee (Independent Director)	29 April 2013/ 28 April 2017	– ASL Marine Holdings Ltd	– Europtronic Group Ltd[5]
Xiao Zu Xiu (Independent Director)	26 September 2008/ 27 April 2018	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.

(4) Delisted from the Official List of the SGX-ST with effect from 9.00 a.m. on 22 November 2016.

(5) Delisted from the Official List of the SGX-ST with effect from 9.00 a.m. on 12 September 2018.

CORPORATE GOVERNANCE

Mr. Jack Chia, Mr. Pan Ying and Mr. Tan Sek Khee hold concurrent directorships in other listed companies for FY2018.

The NC is satisfied that Mr. Jack Chia 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.

The NC is also satisfied that Mr. Pan Ying has been able to, devote sufficient time and attention to the affairs of the Group and adequately discharge his duties as any recommendations/suggestions/comments on any AC, RC and Board matters, and approval would be sought from Mr. Pan Ying, before a decision is being made.

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.

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 Ms. Yang Xiao Yu and Mr. Tan Sek Khee 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 Mr. Jack Chia who was appointed during the year and will be retiring pursuant to Article 90 at the forthcoming AGM.

All Directors retiring by rotation 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.

CORPORATE GOVERNANCE

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 with comparatives from the previous year's results 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 FY2018, each of the Directors had completed an evaluation questionnaire and forwarded the same to the Company Secretary 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 FY2018, 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.

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.

CORPORATE GOVERNANCE

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 (sales and rental performance by projects/properties, financing plans, cashflow and various other analysis) are circulated prior to the respective meetings every quarter. Additional information, such as peer comparisons, were provided by the Group Chief Financial Officer ("CFO") upon the Board's request. 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 Company Secretary. The responsibilities of the Company Secretary include ensuring a smooth flow of information between the Board and its Board Committees, the senior management and Non-Executive Directors. The Company Secretary attends all Board and Board Committee meetings, and the Company Secretary is responsible for ensuring that proper Board procedures are being followed and that applicable rules and regulations are complied with. The Company Secretary 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 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.

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 FY2018, the Company has in place service agreements for every Executive Director, save for Mr. Hu Bing whose service agreement is pending finalisation, 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.

There are no contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. In the event of a misstatement of financial results or of misconduct resulting in financial loss to the Company, the RC may, in its absolute discretion, reclaim incentive components of remuneration from the Executive Directors or key management personnel, to the extent that such incentive has not been released or disbursed. The Company should also be able to avail itself to remedies against its Executive Directors or key management personnel in the event of such breach of fiduciary duties.

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 FY2018.

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.

CORPORATE GOVERNANCE

The ESOS and PSP shall continue to be in force at the discretion of the RC, subject to a maximum period of 10 years commencing on the date on which the ESOS and PSP are adopted, provided that these plans may continue beyond the aforesaid period of time with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

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 RC administering the ESOS and PSP, 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.

CORPORATE GOVERNANCE

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 2018, there were no outstanding share options granted under the ESOS of the Group (31 December 2017: 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.

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 2018, there were no outstanding share awards that were granted but not vested (31 December 2017: Nil).

CORPORATE GOVERNANCE

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 FY2018 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)	32	68	–	–	2,093
Hu Bing	–	–	–	–	–
Yang Xiao Yu	79	21	–	–	96
Non-Executive and Non-Independent Directors					
Pan Ying (Non-Executive and Non-Independent Deputy Chairman)	100	–	–	–	65
Independent Directors					
Jack Chia [1]	100	–	–	–	37
Tan Sek Khee	100	–	–	–	70
Xiao Zu Xiu	100	–	–	–	59

Notes:
[1] Mr Jack Chia was appointed as the Lead Independent Director of the Company and the Chairman of the AC and the NC on 27 July 2018.

CORPORATE GOVERNANCE

The remuneration bands of the top five key management personnel of the Group (who are not Directors or the Group CEO) for FY2018 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			
Yang Fang Heng	100	–	–
Zhang Guang Wei	100	–	–
Below $250,000			
Liu Qiang	100	–	–
Dai Ling	100	–	–

The aggregate remuneration paid to the top five key management personnel (who are not Directors or the Group CEO) for FY2018 is S$1.62 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 FY2018:–

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 FY2018, 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 Group 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 include 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.

CORPORATE GOVERNANCE

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.

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 FY2018 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 FY2018.

The AC continuously assesses these risks but formally undertake a review of such risks with the management, the internal auditors and the external 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.

CORPORATE GOVERNANCE

The Board has obtained a written confirmation from the Executive Directors and the Group CFO that as at 31 December 2018, 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 AC 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 2018 to meet the needs of the Group, taking into account the nature and scope of its operations.

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. Jack Chia (Lead 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. Jack Chia is a professional director, specialising in corporate governance and has about 20 years of experience in both the private and public sectors. Mr. Tan Sek Khee has extensive experience in general corporate management, business development, marketing, procurement and logistics and 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;

CORPORATE GOVERNANCE

- 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.

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 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 auditors and/or the internal auditors 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 FY2018, the aggregate amount of fees paid to the external auditors is S$220,000 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 FY2018.

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.

CORPORATE GOVERNANCE

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.

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 role of the internal auditors is to support the AC in ensuring that the Group maintains a sound system of risk management and internal controls by monitoring and assessing the adequacy and effectiveness of key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigations as directed by the AC.

The hiring, removal, evaluation and compensation of the internal auditors or corporation to which internal audit function is outsourced was approved by the AC. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

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.

CORPORATE GOVERNANCE

(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 organised 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 practise selective disclosure of material information. Press releases in relation to material developments, quarterly and full year results announcements 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.

General meetings are the principal forum for dialogue with Shareholders and Shareholders are also given opportunity to share and communicate their views and seek clarification with the Board on issues relating to the Group's performance either informally or formally at or after the AGM.

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.

Other than communicating with Directors and Management at general meetings, the Shareholders may contact the management on any investors relations matters at *ir@yingligj.com*. The Company strives to reply to emails received between two to three working days.

The Board has via the Company's full-year results announcement released on 1 March 2019 informed that it has not recommended any dividend. No dividend was declared for FY2018 as the Board has taken a conservative view which includes macro uncertainties, cash flow and working capital requirements, to mitigate financial risks by retaining a low gearing ratio. The Group will continue to monitor its cashflow situation and will consider rewarding Shareholders when the conditions are met.

CORPORATE GOVERNANCE

(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.

The Company Secretary records minutes from these shareholder meetings, including relevant comments or queries from shareholders and responses from the Board and Management. 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 FY2018, 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.

CORPORATE GOVERNANCE

Based on Rule 907 of the SGX-ST Listing Manual, the IPTs for FY2018 were 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	24,701	–
Everbright Hero GP Limited(2) Fees paid for securing credit facilities	711	–
Everbright Hero Holdings Limited(3) Distribution on perpetual convertible securities	105,376	–
EBA (Beijing) Asset Management Co., Ltd(4) Management fees charged by a joint venture of a Shareholder	4,563	–
EBA (Beijing) Assets Management Co., Ltd(4) Staff costs paid to joint venture of a Shareholder	265	–
Total	**135,616**	**–**

Notes:
(1) A 100% 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

Based on the IPTs made known to the Company, the total value of the transactions entered into with the interested persons for FY2018 was RMB135.6 million, which represents 2.5% of the Group's latest audited net tangible assets.

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.

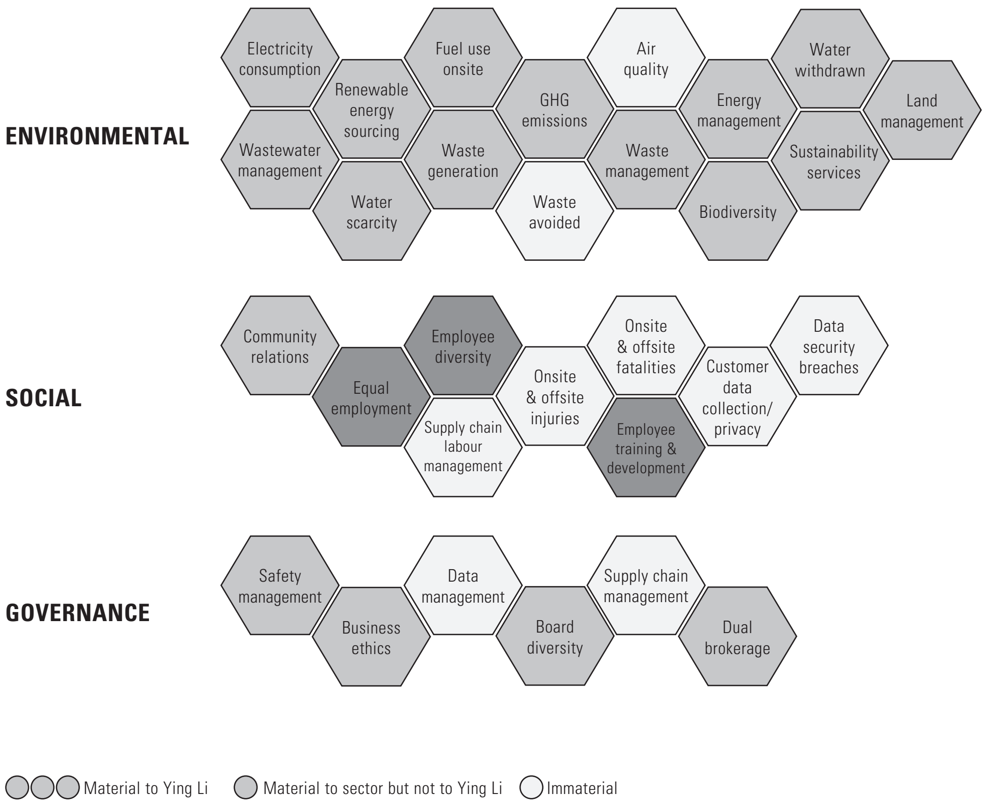
CORPORATE GOVERNANCE

SUMMARY ON SUSTAINABILITY REPORT

The Group is committed to balancing commercial viability with its responsibility to protect the environment and the communities of which it is a part of.

In 2018, the Company had published its first sustainability report for the financial year ended 31 December 2017 which it proudly presented after developing a detailed materiality review to ensure it captures all environmental, social and governance issues relevant to the Group's business and stakeholders.

EXHIBIT 1: MATERIAL ESG issues for the Group's operations



Source: Trucost analysis with input from SASB materiality review

The Company will be pleased to share its second sustainability report for FY2018, in a standalone report to be published on the SGXNET and the Company's corporate website in May 2019.

The Group's materiality has not changed and therefore this will build upon reporting from the previous year, considering year-on-year performance across all material metrics included in exhibit 1 and policies surrounding them.

The Group has prided itself on many years of responsible building development and management. Sustainability has long been integrated into its own operations, properties and management. The Group continually strives to minimise the negative footprint of operations whilst promoting positive social value and opportunity to its staff and the wider society.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

We are pleased to submit this statement to the members of the Company together with the audited financial statements for the financial year ended 31 December 2018.

In our opinion:

(a) the accompanying financial statements of the Group and the statement of financial position of the 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 2018 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 (the "Act") and Singapore Financial Reporting Standards (International); and

(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 in office at the date of this report 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)
Yang Xiao Yu	(Executive Director)
Chia Seng Hee, Jack	(Lead Independent Director) (Appointed on 27 July 2018)
Tan Sek Khee	(Independent Director)
Xiao Zu Xiu	(Independent Director)

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 1.1.2018	**As at 31.12.2018**	**As at 1.1.2018**	**As at 31.12.2018**
Ordinary shares of the Company				
(Ying Li International Real Estate Limited)				
Fang Ming[(1)]	24,167,774	**–**	896,306,788	**767,052,161**
Yang Xiao Yu	340,664	**340,664**	–	**–**
Chia Seng Hee, Jack[(2)]	1,000	**1,000**	–	**–**
Ordinary shares of USD1 each of the significant shareholder				
(Newest Luck Holdings Limited)				
Fang Ming	10,000	**10,000**	–	**–**

Notes:

(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.

(2) Mr. Chia Seng Hee, Jack was appointed as the Lead Independent Director of the Company on 27 July 2018.

Mr Fang Ming, by virtue of the provisions of Section 7 of the Act, 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 2019.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

AUDIT COMMITTEE

The Audit Committee at the end of the financial year comprises the following members:

Chia Seng Hee, Jack (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 Audit 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 2018 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 to 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;

(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).

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

AUDIT COMMITTEE (CONT'D)

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 its subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

INDEPENDENT AUDITOR

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

On behalf of the Directors

....

FANG MING

....

YANG XIAO YU

Dated: 29 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS 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 statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, 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 Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018, 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 MEMBERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES

Key Audit Matters (Cont'd)

Key Audit Matters	Risk	Our response 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 in China. Investment properties represent the single largest category of assets on the Group's statement of financial position, at RMB4,535.9 million as at 31 December 2018. The investment properties are stated at their fair values determined by independent real estate valuers (the "Valuers"). In determining the fair values of the investment properties, two valuation techniques are used by the Valuers, depending on the nature of each investment property. These valuation techniques used include (i) income capitalisation approach and (ii) direct comparison approach. 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 and 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 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 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. Through our appointed auditor's expert, we considered the valuation methodologies used against those applied by the external valuers for similar property types. We tested the integrity of inputs of the projected cashflows used in the valuations to supporting leases and other documents. We have evaluated whether the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. We challenged the key assumptions used in the valuation, which included capitalisation, discount and terminal yield rates by comparing them against historical rates and available industry rate, taking into consideration comparability and market factors. 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 MEMBERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES

Key Audit Matters (Cont'd)

Key Audit Matters	Risk	Our response and work performed
Valuation of other investment (Note 6)	The Group's other investment at fair value through profit or loss comprises the unquoted investment in a limited partnership of RMB1,008.0 million as at 31 December 2018, which is determined by an independent firm of professional valuers. The underlying assets pertain to an integrated property project (the "Project") in Tongzhou District, Beijing, to be developed in three phases, which were undertaken by three project companies acting as the contracting body for the Project. In determining the fair value of the Company's unquoted investment in the limited partnership, the independent valuation expert computed the projected benefits generated from the Project and distributed it sequentially in accordance with the related Investment Agreements and Partnership Agreement. Estimating the fair value is a complex process which involves 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 management expert. We have reviewed the mathematical correctness of the fundamental calculation steps, including the bases of distribution in accordance with the related Investment Agreements and Partnership Agreement. We also assessed adequacy of the classification and disclosures of other investment in the financial statements, including disclosure of significant judgements, estimates and assumptions. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

INDEPENDENT AUDITOR'S REPORT

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

Key Audit Matters (Cont'd)

Key Audit Matters	Risk	Our response and work performed
Consideration receivables from Shengyu (BVI) Limited ("Shengyu") (Note 8)	In November 2017, the Group entered into a sale and purchase ("S&P") agreement with Shengyu, a subsidiary of China Evergrande Group, a company listed on the Stock Exchange of Hong Kong Limited, in relation to a transaction, comprising: (a) the sale of the entire issued and paid-up share capital in Shiny Profit Enterprises Limited ("Shiny Profit"), a wholly-owned subsidiary of the Company, which holds the rights, powers, interests and benefits in relation to the Ying Li International Commercial Centre ("ICC") Project (the "Project"). The sale consideration of the sale of Shiny Profit was agreed at RMB2.04 billion, receivable in four tranches. The disposal was deemed completed in December 2017 as the Group had handed over the control of Shiny Profit to Shengyu. The Group has received RMB1.62 billion in April 2018. Approximately RMB80 million arising from Tranche 3 payment of the remaining outstanding receivable of RMB415 million as set out in the S&P agreement is currently past due but not impaired as at 31 December 2018. Tranche 4 payment of RMB335 million is due 180 days from the receipt of Tranche 3 payment.	We assessed the Group's process and controls relating to the monitoring of the consideration receivables from Shengyu. We inquired with management if there are any known disputed receivables and discussed with management on the collectability of consideration receivables. We performed audit procedures including, amongst others, reviewing the appropriateness of the significant judgement used by management in assessing the recoverability of the consideration receivable, by corroborating our audit evidence using forward-looking information based on credit rating specific to China Evergrande Group found in public domains. We have also obtained independent confirmation from Shengyu on the consideration receivables of RMB1.67 billion as at 31 December 2018. We have verified the cash receipts of RMB1.62 billion during the financial year.

INDEPENDENT AUDITOR'S REPORT

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

Key Audit Matters (Cont'd)

Key Audit Matters	Risk	Our response and work performed
	(b) the transfer of the legal ownership of an entity who has the legal ownership over a separate parcel of land, not connected to the Project in (a) amounting to RMB1.25 billion was completed in 2018. As disclosed in Note 8 to the financial statements, the Group made total payments of approximately RMB515 million, comprising deposits and prepayments for the land tender as at 31 December 2017. The remaining payment for the land parcel acquisition was fully made in FY2018. Pursuant to the disposal of the equity interest in the entity that owns the land parcel, a gain on disposal was recorded in the consolidated statement of comprehensive income for the financial year ended 31 December 2018 (see Note 18). As at 31 December 2018, the total sales consideration due from Shengyu was RMB1.67 billion. We have determined the recoverability of the consideration receivable a key audit matter due to the amounts involved, as well as the inherent subjectivity that was involved in making judgement by the management in relation to credit risk exposure on the recoverability of the consideration receivables from Shengyu.	

INDEPENDENT AUDITOR'S REPORT

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

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 SFRS(I)s, 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 MEMBERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES

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 Group'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 MEMBERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES

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 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 Kong Chih Hsiang, Raymond.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 29 March 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		The Group			The Company		
	Note	31 Dec 2018 RMB'000	31 Dec 2017 RMB'000	1 Jan 2017 RMB'000	31 Dec 2018 RMB'000	31 Dec 2017 RMB'000 (Restated)	1 Jan 2017 RMB'000
ASSETS							
Non-Current Assets							
Property, plant and equipment	3	**42,652**	48,493	54,656	**529**	979	1,431
Investment properties	4	**4,535,896**	4,486,742	4,457,926	**–**	–	–
Subsidiaries	5	**–**	–	–	**2,966,326**	2,966,326	2,966,258
Other investment	6	**1,008,000**	880,000	620,000	**–**	–	–
Deferred tax assets	14	**27,529**	27,529	28,108	**–**	–	–
		5,614,077	5,442,764	5,160,690	**2,966,855**	2,967,305	2,967,689
Current Assets							
Development properties	7	**1,845,275**	2,099,791	5,187,210	**–**	–	–
Trade and other receivables	8	**2,031,392**	2,917,625	841,759	**103,682**	1,211,796	6,691
Amounts owing from subsidiaries (non-trade)	9	**–**	–	–	**2,587,708**	1,368,768	2,417,534
Cash and bank balances	10	**750,510**	626,910	676,315	**15,488**	9,184	12,109
		4,627,177	5,644,326	6,705,284	**2,706,878**	2,589,748	2,436,334
Total assets		**10,241,254**	11,087,090	11,865,974	**5,673,733**	5,557,053	5,404,023
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital	11	**4,028,372**	4,028,372	4,028,372	**4,028,372**	4,028,372	4,028,372
Perpetual convertible securities	12	**878,970**	878,970	878,970	**878,970**	878,970	878,970
Retained earnings/(accumulated losses)		**2,347,351**	2,204,600	1,953,241	**(705,285)**	(554,399)	(749,635)
Other reserves	13	**(1,922,408)**	(1,877,435)	(1,857,216)	**33,882**	18,075	(3,045)
Equity attributable to owners of the Company		**5,332,285**	5,234,507	5,003,367	**4,235,939**	4,371,018	4,154,662
Non-controlling interests	5	**56,607**	59,202	58,644	**–**	–	–
Total equity		**5,388,892**	5,293,709	5,062,011	**4,235,939**	4,371,018	4,154,662
Non-Current Liabilities							
Deferred tax liabilities	14	**641,795**	634,322	573,209	**–**	–	–
Borrowings	15	**2,166,724**	2,820,427	1,804,559	**–**	325,997	347,503
		2,808,519	3,454,749	2,377,768	**–**	325,997	347,503
Current Liabilities							
Amount owing to subsidiaries (non-trade)	9	**–**	–	–	**820,341**	762,192	786,139
Trade and other payables	16	**746,702**	1,098,922	1,265,015	**85,915**	69,555	62,380
Borrowings	15	**1,126,795**	1,092,662	3,004,222	**531,538**	28,291	53,339
Current tax payables		**170,346**	147,048	156,958	**–**	–	–
		2,043,843	2,338,632	4,426,195	**1,437,794**	860,038	901,858
Total liabilities		**4,852,362**	5,793,381	6,803,963	**1,437,794**	1,186,035	1,249,361
Total equity and liabilities		**10,241,254**	11,087,090	11,865,974	**5,673,733**	5,557,053	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 2018

	Note	Year ended 31 December 2018 RMB'000	Year ended 31 December 2017 RMB'000
Revenue	17	**821,053**	1,100,189
Cost of sales		**(521,751)**	(798,222)
Gross profit		**299,302**	301,967
Other income			
– Interest income	18	**5,821**	31,017
– Others	18	**424,397**	424,178
Selling expenses		**(88,220)**	(72,333)
Administrative expenses		**(147,208)**	(110,883)
Finance costs	19	**(203,282)**	(136,281)
Profit before tax	19	**290,810**	437,665
Tax expense	20	**(42,848)**	(86,863)
Profit for the year		**247,962**	350,802
Other comprehensive loss after tax:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences (at nil tax)		**(47,403)**	(28,237)
Other comprehensive loss for the year, net of tax		**(47,403)**	(28,237)
Total comprehensive income for the year		**200,559**	322,565
Profit attributable to:			
Owners of the Company		**250,557**	350,244
Non-controlling interests		**(2,595)**	558
		247,962	350,802
Total comprehensive income attributable to:			
Owners of the Company		**203,154**	322,007
Non-controlling interests		**(2,595)**	558
		200,559	322,565
Earnings per share (RMB):			
Basic	21	**0.10**	0.14
Diluted	21	**0.08**	0.11

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 2018

	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 2018	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
Total comprehensive income for the year:										
Profit for the year	–	–	250,557	–	–	–	–	250,557	(2,595)	247,962
Other comprehensive income:										
– *Foreign currency translation differences*	–	–	–	–	–	–	(47,403)	(47,403)	–	(47,403)
Total comprehensive income for the year	–	–	250,557	–	–	–	(47,403)	203,154	(2,595)	200,559
Transactions with owners recognised directly in equity										
Contributions by and distributions to owners										
– *Transfer to statutory common reserve*	–	–	(2,430)	–	–	2,430	–	–	–	–
– *Distribution on perpetual convertible securities (Note 12)*	–	–	(105,376)	–	–	–	–	(105,376)	–	(105,376)
Total transactions with owners, recognised directly in equity	–	–	(107,806)	–	–	2,430	–	(105,376)	–	(105,376)
At 31 December 2018	4,028,372	878,970	2,347,351	(1,993,712)	42,458	91,018	(62,172)	5,332,285	56,607	5,388,892

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 2018

	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 on 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 CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Year ended 31 December 2018 RMB'000	Year ended 31 December 2017 RMB'000
Cash Flows from Operating Activities			
Profit before tax		**290,810**	437,665
Adjustments for:			
Depreciation of property, plant and equipment	3	**6,178**	6,581
Amortisation of deferred lease incentives	19	**5,936**	3,738
Fair value changes of investment properties	4, 18	**(63,814)**	(39,327)
Fair value changes of unquoted investment in limited partnership	6, 18	**(128,000)**	(260,000)
Interest income	18	**(5,821)**	(31,017)
Interest expense	19	**203,282**	136,281
Gain on disposal of a land parcel/subsidiaries	18	**(227,277)**	(118,355)
Loss on disposal of property, plant and equipment	19	**161**	386
Unrealised foreign exchange loss/(gain)		**32,413**	(27,685)
Operating profit before working capital changes		**113,868**	108,267
Change in investment properties	4	**13,824**	13,153
Change in development properties		**254,516**	584,849
Change in trade and other receivables		**1,076,254**	(848,266)
Change in trade and other payables		**(344,879)**	477,719
Cash generated from operations		**1,113,583**	335,722
Interest paid		**(196,176)**	(221,355)
Interest received		**5,610**	12,905
Income tax paid		**(20,698)**	(36,170)
Net cash generated from operating activities		**902,319**	91,102
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	3	**(475)**	(781)
Net cash outflow from disposal of subsidiaries	5	**–**	(480)
Net cash used in investing activities		**(475)**	(1,261)
Cash Flows from Financing Activities			
Change in cash at bank – restricted		**(204,965)**	286,702
Proceeds from loans from financial institutions		**252,663**	2,032,665
Repayment of loans from financial institutions		**(924,190)**	(2,080,673)
Payment of distribution on perpetual convertible securities		**(105,376)**	(90,867)
Net cash (used in)/generated from financing activities		**(981,868)**	147,827
Net (decrease)/increase in cash and cash equivalents		**(80,024)**	237,668
Cash and cash equivalents at beginning of the year		**460,422**	223,125
Effects of exchange rate fluctuations on cash held		**(1,341)**	(371)
Cash and cash equivalents at end of the year	10	**379,057**	460,422

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 2018

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

	As at 1 January 2018 RMB'000	Cash flows – Proceeds from loans RMB'000	Cash flows – Repayment of loans RMB'000	Other non-cash flows – Foreign exchange movement RMB'000	As at 31 December 2018 RMB'000
Bank borrowings#	3,587,092	252,663	(924,190)	34,004	**2,949,569**
Floating Rate Notes (unsecured)	325,997	–	–	17,593	**343,950**
Total	3,913,089	252,663	(924,190)	51,597	**3,293,519**

	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

Cash flow from financing activities presented in the consolidated statement of cash flow include interest expense paid of RMB196.2 million (FY 2017: RMB221.4 million) which are included under accrued expense with "trade and other payables" in Note 16. There are no material non-cash changes associated with interest payables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1 GENERAL INFORMATION

The financial statements of the Group and the Company for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on the date of Directors' statement.

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 2018 relate to the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2(A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). SFRS(I) are issued by the Accounting Standards Council and comprise standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in these financial statements unless otherwise stated. These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRS).

In adopting the new framework, management has performed an assessment of the impact of SFRS(I) for the transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The adoption of SFRS(I) did not have a significant impact on the Group and the Company. Accordingly, the comparative figures in respect of FY2017 were not restated.

The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The 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 financial statements and have been applied consistently by Group entities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) 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.

(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 the Group 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. There was no transfer from development properties to investment properties in FY2018. The carrying amount of Investment Properties is disclosed in Note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

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

Significant accounting estimates and judgements (Cont'd)

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 significantly 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 its unquoted investment in limited partnership as "other investments" as disclosed in Note 6 to the financial statements.

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 is engaged in the 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.

Recoverability of consideration receivables from disposal of a subsidiary and a separate land parcel (Note 8)

As at 31 December 2018, the Group completed the disposal of (i) the Company's 100% equity interest in Shiny Profit Enterprises Limited ("Shiny Profit") and its subsidiary, Chongqing Yingli Shiny Profit Real Estate Co., Ltd., which is the project company for Ying Li International Commercial Centre (the "ICC Project") for a consideration of RMB2.035 billion to an unrelated third party – Shengyu (BVI) Limited ("Shengyu"), a subsidiary of China Evergrande Group, and (ii) the transfer of the legal ownership of an entity who solely holds the land title of a separate parcel of land not connected to the ICC Project to Shengyu for a consideration of RMB1.25 billion, respectively.

As at 31 December 2018, the outstanding receivable due from Shengyu comprised of (i) a receivable of RMB415.4 million arising from disposal of Shiny Profit which was completed in December 2017 and (ii) a receivable of RMB1.25 billion arising from the disposal of the legal ownership in the entity that has title over the separate parcel of land. Of the outstanding receivable of RMB415.4 million, an amount of RMB80.0 million was past due but not impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

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

Significant accounting estimates and judgements (Cont'd)

Recoverability of consideration receivables from disposal of a subsidiary and a separate land parcel (Note 8) (Cont'd)

Management is following up closely on the collection. Shengyu has paid approximately 79.6% of the total consideration and has assumed 100% of the liabilities of Shiny Profit, approximately RMB898 million as at the balance sheet date, and China Evergrande Group continues to demonstrate a healthy and stronger financial position in FY2018 and has been successful in raising fresh funds from the issuance of new bonds and senior notes in the capital markets in recent years to meet its operation needs.

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 (2017 – 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 RMB42,652,000 (2017 – RMB48,493,000) and RMB2,966,326,000 (2017 – RMB2,966,326,000) 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 RMB2,393,000 (2017 – RMB1,475,000).

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. The 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 RMB4,800,000 (2017 – RMB8,250,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

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

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 RMB241,863,000 (2017 – RMB778,822,000).

Impairment of trade and other receivables (Notes 8 and 9)

The Group's trade receivables relate mainly to the Group's Customers who bought its residential and commercial units and tenants from its commercial buildings and shopping malls. Generally, the Group aims for full payment from its customers or notifications from financial institution on approval of loan applications submitted by the customers. In addition, the Group collects rental deposits from its tenants to mitigate their credit risks over rental receivables before delivery of properties. Impairment loss of financial assets carried at amortised cost are based on an assessment of the recoverability of trade and other receivables and amounts due from subsidiaries.

The Group uses a provision matrix to calculate the expected credit losses ("ECL") for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates forecast economic conditions and ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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 RMB35,571,000 and RMB53,793,000 (2017 – RMB52,364,000 and RMB51,483,000) respectively, where applicable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

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

Recognition of deferred tax assets (Note 14)

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 2018, the carrying amounts of the Group's deferred tax assets, deferred tax liabilities and current tax payables amounted to RMB27,529,000, RMB641,795,000 and RMB170,346,000 (2017 – RMB27,529,000, RMB634,322,000 and RMB147,048,000), respectively.

2(B) FULL CONVERGENCE WITH SFRS(I) AND ADOPTION OF NEW STANDARDS EFFECTIVE AND NOT YET EFFECTIVE

(i) Applicable to 2018 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). 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, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's and the Company's financial statements for the financial year ended 31 December 2018 are prepared in accordance with SFRS(I) issued by ASC. As a result, this will be the first set of financial statements prepared under SFRS(I)s.

In adopting the new framework, the Group and the Company applied the specific transition requirements in SFRS(I)1 *First-time Adoption of International Financial Reporting Standards* and then SFRS(I)s.

In addition to the adoption of the new framework, the following relevant new SFRS(I)s, amendments to and interpretations of SFRS(I)s are effective from the same date.

Reference	**Description**
SFRS(I) 1	*First-time Adoption of Singapore Financial Reporting Standards (International)*
SFRS(I) 9	*Financial Instruments*
SFRS(I) 15	*Revenue from Contracts with Customers*
Amendments to SFRS(I)1-40	*Transfer of Investment Property*

The application of the above standards and interpretations does not have any material impact on the financial statements for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(B) FULL CONVERGENCE WITH SFRS(I) AND ADOPTION OF NEW STANDARDS EFFECTIVE AND NOT YET EFFECTIVE (CONT'D)

(i) Applicable to 2018 financial statements (Cont'd)

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

When the Group and the Company adopt SFRS(I) in 2018, the Company applies SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group and the Company apply SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Management did not elect any of the mandatory exceptions and the optional exemptions in SFRS(I) 1.

SFRS(I) 9 *Financial Instruments*

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

– classification and measurement,
– a single, forward – looking "expected loss" impairment model for calculating impairment of financial assets, and
– a substantially reformed approach to hedge accounting

SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018.

Full retrospective adjustment is required for Singapore companies listed on SGX currently reporting under SFRS.

The Group and the Company have reassessed all its financial instruments and they have either be classified and measured under (i) the amortised cost model or (ii) fair value through profit or loss and the adoption of SFRS(I) 9 does not have any impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(B) FULL CONVERGENCE WITH SFRS(I) AND ADOPTION OF NEW STANDARDS EFFECTIVE AND NOT YET EFFECTIVE (CONT'D)

(i) Applicable to 2018 financial statements (Cont'd)

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 *Revenue from Contracts with Customers* requires the entity to recognise revenue which depict transfer of promised goods or services to customers in an amount that reflects the consideration (payment) to which the entity expects to be entitled in exchange.

The amendments clarify how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract
- Determine whether an entity 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

SFRS(I) 15 is effective for annual periods beginning on or after 1 January 2018.

Full retrospective adjustment is required for Singapore companies listed on SGX currently reporting under SFRS.

Management has considered the terms and conditions in the sale and purchase agreement of the development properties held for sale and assessed when and how control of the specified unit of the development property is transferred to the buyer. Management concluded that its performance obligation is transferred at a point in time, i.e. upon the completion of the development property and hand-over of the property unit to the buyer.

The revenue recognition and the classification of revenue under SFRS(I) 15 does not differ from that under FRS 18 and accordingly, the adoption of SFRS(I) 15 does not have an impact to the Group's financial statements.

Amendments to SFRS(I) 1-40 *Transfer of Investment Property*

Under the amendments in SFRS(I) 40 *Transfers of Investment Property* has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

The amendments are effective on 1 January 2018. However, earlier adoption is permitted. The amendments would be applied retrospectively in accordance with SFRS(I)1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The Group has already applied the "change in use" concept, and the Group has consistently reclassified its properties as "investment properties" when it has the financial resources to do so and when there is a change in use of the properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2(B) FULL CONVERGENCE WITH SFRS(I) AND ADOPTION OF NEW STANDARDS EFFECTIVE AND NOT YET EFFECTIVE (CONT'D)

(ii) Issued but not yet effective

The following are the new or amended SFRS(I) issued in 2018 that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 16	*Leases*	1 January 2019
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8	*Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates*	1 January 2020

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 requires 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 is effective for annual periods beginning on or after 1 January 2019. Management does not plan to early adopt SFRS(I) 16.

Management does not expect the adoption of SFRS(I)16 to have a significant impact on the Group's financial statement as its existing office lease in Singapore will be expiring in the next financial year and management will account for such lease as "short-term leases" at the date of initial application.

Amendments to SFRS(I)1-1 *Presentation of Financial Statements* and SFRS(I)1-8 *Accounting Policies, Changes in Accounting Estimates*

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary user.

The amendments to SFRS(I)1-1 and SFRS(I)1-8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

Management is assessing the impact on the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

Subsidiary

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.

Change in ownership interest without loss of control

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Consolidation (Cont'd)

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.

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 SFRS(I) 9, 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.

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 2018

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Property, plant and equipment and depreciation (Cont'd)

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.

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 either when 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Investment properties (Cont'd)

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.

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 the 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

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 financial 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 and the Company commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

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

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

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.

As at 31 December 2017, the Group carries loans and receivables and financial assets at fair value through profit or loss on the statements of financial position. The Group does not have held for maturity investments or available-for-sale financial assets at 31 December 2017.

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 end of the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables, bank deposits and cash and cash equivalents. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

The accounting for financial assets from 1 January 2018 are as follows:

Financial instruments

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the financial instruments.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

At subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cashflow characteristics of the asset. The three measurement categories for clarification of debt instruments are:

- At amortised cost

  Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method

- Fair value through other comprehensive income (FVOCI)

  Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in OCI and accumulated in fair value reserve, except for the recognition of impairment, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other income and other operating expenses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

At subsequent measurement (Cont'd)

Investments in debt instruments (Cont'd)

- Financial assets at FVTPL

  Financial assets that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income".

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent change in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, fixed deposits and monies held in project accounts.

At derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset ha expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

Impairment of financial assets

The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost and FVOCI, and financial guarantee contracts. For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group applies the general approach of 12-month ECL at initial recognition for all other financial assets. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Impairment of financial assets (Cont'd)

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrow or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy of other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

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 2018

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.

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 guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of the loss allowance determined in accordance with the impairment model under SFRS(I)9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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

<u>Where the Group is a lessor</u>

Assets leased out under operating leases are included in investment properties and are stated at fair value and not depreciated. 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.

<u>Where the Group is a lessee</u>

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 the 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.

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 2018

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

Revenue

Development properties for sale

The Group develops and sells residential and commercial projects to customers through fixed-price contracts. Revenue is recognised when the control over the residential and commercial projects has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential and commercial projects over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The residential and commercial projects undertaken by the Group do not have alternative use for the Group due to the contractual restriction and the Group does not have enforceable right to payment for performance completed to date. Accordingly, revenue is recognised only when the legal title passes to the buyer or when the equitable interest in the property vests with the buyer upon signing of the property handover notice by the buyer, whichever is earlier. Payments received from buyers prior to this stage are recorded as "advances from customers" and are classified as "current liabilities".

Revenue is measured at the transaction price agreed under the contract. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

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 2018

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 2017	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
Additions	**–**	**–**	**–**	**475**	**475**
Disposals	**–**	**(30)**	**(1,522)**	**(72)**	**(1,624)**
Exchange difference on translation	**–**	**86**	**–**	**3**	**89**
At 31 December 2018	**48,733**	**17,247**	**8,097**	**6,393**	**80,470**
Accumulated depreciation					
At 1 January 2017	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
Depreciation for the year	**2,334**	**2,819**	**158**	**867**	**6,178**
Disposals	**–**	**(27)**	**(1,369)**	**(67)**	**(1,463)**
Exchange difference on translation	**–**	**65**	**–**	**1**	**66**
At 31 December 2018	**10,583**	**15,847**	**6,983**	**4,405**	**37,818**
Net carrying amount					
At 31 December 2018	**38,150**	**1,400**	**1,114**	**1,988**	**42,652**
At 31 December 2017	40,484	4,201	1,425	2,383	48,493
At 1 January 2017	42,822	7,697	1,534	2,603	54,656

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 2017	2,535	86	2,621
Exchange difference on translation	38	1	39
At 31 December 2017	2,573	87	2,660
Disposals	**–**	**(40)**	**(40)**
Exchange difference on translation	**86**	**3**	**89**
At 31 December 2018	**2,659**	**50**	**2,709**
Accumulated depreciation			
At 1 January 2017	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
Depreciation for the year	**467**	**3**	**470**
Disposals	**–**	**(38)**	**(38)**
Exchange difference on translation	**65**	**2**	**67**
At 31 December 2018	**2,130**	**50**	**2,180**
Net carrying amount			
At 31 December 2018	**529**	**–**	**529**
At 31 December 2017	975	4	979
At 1 January 2017	1,417	14	1,431

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 INVESTMENT PROPERTIES

The Group	2018 RMB'000	2017 RMB'000
At fair value		
At 1 January	**4,472,910**	4,446,736
Investment properties sold	**(13,824)**	(13,153)
Net fair value gain recognised in profit or loss (Note 18)	**63,814**	39,327
At 31 December	**4,522,900**	4,472,910
Deferred lease incentives*	**12,996**	13,832
Total investment properties	**4,535,896**	4,486,742

* 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.

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 the 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	2018 RMB'000	2017 RMB'000
Rental income from investment properties	**185,085**	180,970
Direct operating expenses arising from investment properties that generated rental income	**(60,232)**	(49,339)
Direct operating expenses arising from investment properties that did not generate rental income	**(2,510)**	(2,342)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 INVESTMENT PROPERTIES (CONT'D)

Details of the investment properties are as follows:

Location (Chongqing, PRC)	Name of project	Description	Gross Floor Area At 31 Dec 2018 (sq. meters)	At 31 Dec 2017 (sq. meters)	At 1 Jan 2017 (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	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	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**	6,431.24	7,345.03	97%	40-year land use rights for commercial use, expiring in September 2033.
No. 6 Guanyinqiao, Pedestrian Street, Jiangbei District	Future International	Retail, storage and car parks	**82,227.46**	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	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**	6,863.30	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	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	**95,114.39**	95,642.02	95,859.89	97%	40-year land use rights for commercial use, expiring in December 2044.

As at 31 December 2018, investment properties with carrying value of approximately RMB4,419,100,000 (2017 – RMB4,332,193,000; 1 January 2017 – 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 2018

5 SUBSIDIARIES

The Company	2018 RMB'000	2017 RMB'000
Unquoted equity investments, at cost		
At 1 January	**2,966,326**	2,966,258
Additions	**–**	136
Disposals	**–**	(68)
At 31 December	**2,966,326**	2,966,326

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective equity interest held by the Group 31 Dec 2018 %	31 Dec 2017 %	1 Jan 2017 %	Cost of investment 31 Dec 2018 RMB'000	31 Dec 2017 RMB'000	1 Jan 2017 RMB'000
Held by the Company								
Fortune Court Holdings Limited	Hong Kong	Investment holding	**100**	100	100	**2,584,794**	2,584,794	2,584,794
Chongqing Yingli Real Estate Development Co., Ltd ("CQYL")	PRC	Property development	**97**	97	97	**241,925**	241,925	241,925
Luckzone International Limited	British Virgin Islands ("BVI")	Investment holding	**100**	100	100	**139,069**	139,069	139,069
Shiny Profit Enterprises Limited	BVI	Investment holding	**–**	–	100	**–**	–	68
Peak Century Holdings Limited	BVI	Investment holding	**100**	100	100	**68**	68	68
Top Accurate Holdings Limited	BVI	Investment holding	**100**	100	100	**68**	68	68
Verdant View Limited	BVI	Investment holding	**100**	100	100	**65**	65	65

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 SUBSIDIARIES (CONT'D)

			Effective equity interest held by the Group			Cost of investment		
Name of subsidiary	**Country of incorporation**	**Principal activities**	**31 Dec 2018 %**	**31 Dec 2017 %**	**1 Jan 2017 %**	**31 Dec 2018 RMB'000**	**31 Dec 2017 RMB'000**	**1 Jan 2017 RMB'000**
Vast Speed Holdings Limited	BVI	Investment holding	**100**	100	100	**65**	65	65
Brandway Investment Limited	BVI	Investment holding	**100**	100	100	**65**	65	65
Ever Perfect Enterprise Limited	BVI	Investment holding	**100**	100	100	**63**	63	63
First Regent International Limited	Hong Kong	Investment holding	**100**	100	100	**8**	8	8
Oxleyville Investments Limited	BVI	Investment holding	**100**	100	–	**68**	68	–
Shining Valour Investments Limited	BVI	Investment holding	**100**	100	–	**68**	68	–
						2,966,326	2,966,326	2,966,258

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation	Principal activities	Effective equity interest held by the Group 31 Dec 2018 %	31 Dec 2017 %	1 Jan 2017 %
Held by Ever Perfect Enterprise Limited					
Fully Rich Industrial Limited	Hong Kong	Purchasing of construction material and equipment	**100**	100	100
Held by Luckzone International Limited					
Chongqing Yingli Qipaifang Real Estate Development Co., Ltd	PRC	Property development	**100**	100	100
Held by Fortune Court Holdings Limited					
Chongqing Yingli Real Estate Development Co., Ltd	PRC	Property development	**97**	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	77.6
Chongqing Lu Zu Temple Real Estate Co., Ltd	PRC	Property development	**99.8**	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	97
Held by Peak Century Holdings Limited					
Yingli International Commercial Properties Management Co., Ltd.	PRC	Property consultancy, sale, marketing and management services	**100**	100	100
Chongqing Lion Equity Investment Partnership	PRC	Investment holding	**100**	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation	Principal activities	Effective equity interest held by the Group 31 Dec 2018 %	31 Dec 2017 %	1 Jan 2017 %
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	100
Chongqing Yingli Zhuoyue Retail Management Co., Ltd	PRC	Property consultancy, sale, marketing and management services	**100**	100	100
Held by Top Accurate Holdings Limited					
Chongqing Lu Zu Temple Real Estate Co., Ltd	PRC	Property development	**99.8**	99.8	99.8
Held by Verdant View Limited:					
Chongqing Lion Equity Investment Partnership	PRC	Investment holding	**100**	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	100
Held by First Regent International Limited					
Perfect Summit Limited	Hong Kong	Investment holding	**100**	100	100
Held by Brandway Investment Limited					
Chongqing Kai Yi Yu Commercial Management Co., Ltd	PRC	Investment holding	**100**	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 SUBSIDIARIES (CONT'D)

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. (collectively, "the Disposal Group") 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 Disposal Group was as follows:

	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 (Note 18)	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 of the Disposal Group	480
Net cash outflow on disposal	(480)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 SUBSIDIARIES (CONT'D)

Summarised financial information in respect of all 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
As at 31 December 2018				
Current assets	**2,466,153**	**587,264**	**1,176,077**	**4,229,494**
Non-current assets	**2,638,552**	**15,270**	**31,639**	**2,685,461**
Total assets	**5,104,705**	**602,534**	**1,207,716**	**6,914,955**
Current liabilities	**1,531,820**	**319,499**	**913,533**	**2,764,852**
Non-current liabilities	**1,956,926**	**–**	**–**	**1,956,926**
Total liabilities	**3,488,746**	**319,499**	**913,533**	**4,721,778**
Equity attributable to owners of the Company	**1,615,959**	**283,035**	**294,183**	**2,193,177**
Net assets attributable to NCI	*****	**56,607**	*****	**56,607**
As at 31 December 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
As at 1 January 2017				
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	293,220	241,380	2,187,839
Net assets attributable to NCI	*	58,644	*	58,644

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 SUBSIDIARIES (CONT'D)

Summarised statement of comprehensive income

	CQYL RMB'000	San Ya Wan RMB'000	Guangsheng RMB'000	Total RMB'000
2018				
Revenue	**130,760**	**36,821**	**349,253**	**516,834**
(Loss)/profit for the year	**(31,855)**	**(12,978)**	**23,051**	**(21,782)**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive (loss)/income	**(31,855)**	**(12,978)**	**23,051**	**(21,782)**
Attributable to NCI:				
– Loss for the year	*****	**(2,595)**	*****	**(2,595)**
– Other comprehensive income	*****	**–**	*****	**–**
Total comprehensive loss attributable to NCI	*****	**(2,595)**	*****	**(2,595)**
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 SUBSIDIARIES (CONT'D)

Other summarised information

	CQYL RMB'000	San Ya Wan RMB'000	Guangsheng RMB'000	Total RMB'000
2018				
Cash outflow from operating activities	**(66,953)**	**(53,612)**	**(92,664)**	**(213,229)**
Cash outflow from investing activities	**(5)**	**–**	**–**	**(5)**
Cash (outflow)/inflow from financing activities	**(172,313)**	**50,549**	**102,175**	**(19,589)**
Net cash (outflow)/inflow	**(239,271)**	**(3,063)**	**9,511**	**(232,823)**
2017				
Cash (outflow)/inflow from operating activities	(572,069)	166,343	(34,458)	(440,184)
Cash outflow from investing activities	(31)	–	(31,484)	(31,515)
Cash inflow/(outflow) from financing activities	785,543	(190,688)	69,927	664,782
Net cash inflow/(outflow)	213,443	(24,345)	3,985	193,083

* 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-specie 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**	**2018 RMB'000**	**2017 RMB'000**
At fair value		
Balance at 1 January	**880,000**	620,000
Fair value gain recognised in profit or loss (Note 18)	**128,000**	260,000
Balance at 31 December	**1,008,000**	880,000

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) (the "Investee") 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").

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 rights to participate in the financial and operating policy decisions of the Investee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6 OTHER INVESTMENT (CONT'D)

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, a Hong Kong independent firm of professional valuers who have the appropriate recognised professional qualification and recent experience in the financial asset 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 2018, the mortgage over the unquoted investment in the limited partnership was discharged following the repayment of the loan of RMB540,000,000 during the current financial year. As at 31 December 2017, the unquoted investment in the limited partnership was mortgaged to secure a loan for the Group (Note 15).

7 DEVELOPMENT PROPERTIES

The Group	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
Properties under development, at cost	**241,863**	778,822	3,600,520
Completed properties for sale, at cost	**1,603,412**	1,320,969	1,586,690
	1,845,275	2,099,791	5,187,210
During the year:			
– Borrowing costs capitalised	**5,456**	89,303	218,354
– Transfer to investment properties	**–**	–	(49,673)
– Units sold included in cost of sales	**(469,253)**	(711,128)	(758,968)

The Group	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
Properties under development, at cost			
Expected completion date:			
– within the next 12 months	**63,460**	600,419	910,701
– beyond 12 months	**178,403**	178,403	2,689,819
	241,863	778,822	3,600,520

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7 DEVELOPMENT PROPERTIES (CONT'D)

Properties under development and completed properties for sale as at 31 December 2018 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 3 No. 9 Shan Hu Avenue, Shuangfu Area, Jiangjin District	Built-to-Order showrooms, warehouse and car parks	17%	2019 and beyond (in phases)	143,210	257,779	97%
San Ya Wan Phase 2 Jinshi Avenue National Agricultural and Technology Zone, Yubei District	Retail, residential and car parks	43%	2020 (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	64,502	100%
Ying Li International Financial Centre No. 26 & 28 Minquan Road, Yuzhong District	Office and car parks	39,051	97%
San Ya Wan Phase 2 Jinshi Avenue, National Agricultural and Technology Zone, Yubei District	Retail, residential and car parks	89,860	77.6%

At 31 December 2018, development properties with a carrying value totalling approximately RMB1,071,589,000 (2017 – RMB1,248,334,000; 1 January 2017 – RMB3,709,849,000) were 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 2018

8 TRADE AND OTHER RECEIVABLES

	The Group			The Company		
	31 December 2018 RMB'000	**31 December 2017 RMB'000**	**1 January 2017 RMB'000**	**31 December 2018 RMB'000**	**31 December 2017 RMB'000 (restated)**	**1 January 2017 RMB'000**
Trade receivables	**47,149**	35,493	78,272	**–**	–	–
Less: Allowance for impairment losses	**(3,271)**	(3,271)	–	**–**	–	–
Net trade receivables	**43,878**	32,222	78,272	**–**	–	–
Deposits for land tender (Note A)	**–**	444,748	402,946	**–**	–	–
Other deposits	**625**	606	586	**613**	595	585
Refundable deposits	**19,868**	31,623	53,435	**–**	–	–
Consideration receivable from disposal of subsidiaries	**415,350**	2,035,350	–	**101,260**	1,204,734	–
Consideration receivable from disposal of a land parcel (Note B)	**1,250,000**	–	–	**–**	–	–
Others	**48,843**	73,660	29,730	**66**	62	152
Other receivables	**1,734,686**	2,585,987	486,697	**101,939**	1,205,391	737
Financial assets at amortised costs	**1,778,564**	2,618,209	564,969	**101,939**	1,205,391	737
Prepayments (Note C)	**243,703**	256,666	240,602	**1,743**	6,405	5,954
Advances to sub-contractors and vendors	**9,125**	42,750	36,188	**–**	–	–
	252,828	299,416	276,790	**1,743**	6,405	5,954
Total trade and other receivables	**2,031,392**	2,917,625	841,759	**103,682**	1,211,796	6,691

Note A:

As at 31 December 2017, deposit for land tender for the parcel of land as disclosed in Note B includes an amount of RMB267 million bearing interest at 13% per annum (1 January 2017: RMB267 million bearing interest at 13% per annum).

Note B

As at 31 December 2017, the Group made total payments of approximately RMB515 million, comprising deposits and prepayments (See Notes A and C) for the land tender as at 31 December 2017. The remaining payment for the land parcel acquisition was fully made in FY2018. Pursuant to the disposal of the equity interest in the entity, a gain on disposal was recorded in the consolidated statement of comprehensive income for the financial year ended 31 December 2018.

Note C

Prepayments includes (i) Prepaid land related costs placed with third parties of RMB70.0 million (31 December 2017 & 1 January 2017 – RMB7.4 million); (ii) amounts for land tender of Nil (31 December 2017 & 1 January 2017 – RMB75.0 million); (iii) sales and business taxes on pre-sold properties and loan upfront fees of RMB140,816,000 (31 December 2017: – RMB136,096,000; 1 January 2017 – RMB106,225,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 TRADE AND OTHER RECEIVABLES (CONT'D)

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 financial assets at amortised cost that are past due but not impaired at the reporting date is as follows:

The Group	2018 RMB'000	2017 RMB'000	1 January 2017 RMB'000
Past due but not impaired:			
– less than 3 months	**80,258**	–	–
– 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	**224**	40	743
	80,482	853	966

Financial assets that are past due and impaired

The ageing of financial assets at amortised cost that are past due and impaired at the reporting date is as follows:

The Group	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
Past due and impaired:			
– 12 months and more	**3,271**	3,271	–
	3,271	3,271	–

Movements in allowance for impairment loss for trade and other receivables were as follows:

The Group	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
At 1 January	**3,271**	–	–
Impairment loss recognised	**–**	3,271	–
At 31 December	**3,271**	3,271	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 BANK BALANCES

	The Group			The Company		
	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
Cash and bank balances	**415,360**	538,223	593,190	**15,488**	9,184	12,109
Fixed deposits	**335,150**	88,687	83,125	**–**	–	–
Cash and bank balances	**750,510**	626,910	676,315	**15,488**	9,184	12,109
Less: Restricted bank balance #	**(371,453)**	(166,488)	(453,190)	**–**	–	–
Cash and cash equivalents per consolidated cash flow statement	**379,057**	460,422	223,125	**15,488**	9,184	12,109

Bank balances have a weighted average interest rate of 2.05% (2017 – 3.05%) per annum.

Restricted bank balance represents: (i) bank balances of RMB36,302,000 (31 December 2017 – RMB65,420,000, 1 January 2017 – 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 RMB250,150,000 (2017 – RMB101,067,000; 1 January 2017 – RMB289,325,000) pledged to banks to secure banking facilities granted to the Group entities (Note 15).

11 SHARE CAPITAL

	No. of ordinary shares			Amount		
The Company	31 December 2018	31 December 2017	1 January 2017	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 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	2,557,040,024	**4,028,372**	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 581,761,006 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 ranks or is expressed to rank pari passu with Perpetual Convertible Securities.

Distribution for the year ended 31 December 2018 was RMB105,376,000 (2017 – RMB90,867,000).

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 or 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13 OTHER RESERVES

	The Group			The Company		
	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
Reverse acquisition reserve	**(1,993,712)**	(1,993,712)	(1,993,712)	**–**	–	–
Statutory common reserve	**91,018**	88,588	80,570	**–**	–	–
Convertible bonds reserve	**42,458**	42,458	42,458	**42,458**	42,458	42,458
Translation reserve	**(62,172)**	(14,769)	13,468	**(8,576)**	(24,383)	(45,503)
	(1,922,408)	(1,877,435)	(1,857,216)	**33,882**	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.

14 DEFERRED TAX ASSETS/LIABILITIES

The Group	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
Deferred tax assets – to be recoverable beyond one year	**27,529**	27,529	28,108
Deferred tax liabilities – to be settled beyond one year	**(641,795)**	(634,322)	(573,209)

As at 31 December 2018, deferred tax assets of RMB27,529,000 (2017 – RMB27,529,000; 1 January 2017 – 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 2018, deferred tax liabilities of RMB641,795,000 (2017 – RMB634,322,000; 1 January 2017 – RMB573,209,000) mainly relates to temporary differences arising from fair value gain on investment properties and unquoted investment in limited partnership.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14 DEFERRED TAX ASSETS/LIABILITIES (CONT'D)

Movement in temporary differences during the year is as follows:

Group	At 1 January 2017 RMB'000	Recognised in profit or loss RMB'000 (Note 20)	At 31 December 2017 RMB'000	Recognised in profit or loss RMB'000 (Note 20)	At 31 December 2018 RMB'000
Deferred tax assets	28,108	(579)	27,529	–	**27,529**
Deferred tax (liabilities)	(573,209)	(61,113)	(634,322)	(7,473)	**(641,795)**
	(545,101)	(61,692)	(606,793)	(7,473)	**(614,266)**

At 31 December 2018, deferred tax liabilities amounting to RMB162,230,000 (2017 – RMB161,978,000; 1 January 2017 – 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.

15 BORROWINGS

		The Group			The Company		
	Maturity	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
Loans from financial institutions (secured)							
– repayable within one year or less	2019	**602,845**	792,662	1,864,189	**187,588**	28,291	53,339
– repayable after one year but within the normal operating cycle	2019-2020	**180,000**	300,000	1,140,033	**–**	–	–
Floating Rate Notes (unsecured)	2019	**343,950**	–	–	**343,950**	–	–
Presented as current liabilities		**1,126,795**	1,092,662	3,004,222	**531,538**	28,291	53,339
Loans from financial institutions (secured)	2020-2028	**2,166,724**	2,494,430	1,457,056	**–**	–	–
Floating Rate Notes (unsecured)	2019	**–**	325,997	347,503	**–**	325,997	347,503
Presented as non-current liabilities		**2,166,724**	2,820,427	1,804,559	**–**	325,997	347,503
Total borrowings		**3,293,519**	3,913,089	4,808,781	**531,538**	354,288	400,842

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15 BORROWINGS (CONT'D)

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 RMB998,975,000 (2017 – RMB995,664,000; 1 January 2017 – RMB967,101,000). The current interest rate charged by the lenders 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 2018, the loans from financial institutions are secured by:

(a) mortgage over certain investment properties (Note 4) with carrying value of approximately RMB4,419,100,000 (2017 – RMB4,332,193,000; 1 January 2017 – 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 RMB1,071,589,000 (2017 – RMB1,248,334,000; 1 January 2017 – RMB3,709,849,000) (Note 7);

(c) intra-group corporate guarantees from certain Group entities;

(d) bank balances pledged amounting to RMB250,150,000 (2017 – RMB101,067,100; 1 January 2017 – RMB289,325,000) (Note 10); and

(e) personal guarantee from a director for a loan obtained from a financial institution.

The overall borrowings have a weighted average interest rate of 6.03% (2017 – 6.45%; 1 January 2017 – 6.91%) per annum at the reporting date.

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 7.219% (2017 – 6.475%; 1 January 2017 – 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16 TRADE AND OTHER PAYABLES

	The Group			The Company		
	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
Trade payables	**266,411**	393,757	542,693	**–**	–	–
Other tax payables	**51,681**	43,695	101,539	**–**	–	–
Accrued expenses	**170,185**	143,101	91,525	**85,915**	69,555	62,380
Rental deposits received	**74,098**	60,526	64,474	**–**	–	–
Project security deposits	**3,000**	15,000	15,085	**–**	–	–
Others	**27,094**	31,809	7,223	**–**	–	–
Financial liabilities carried at amortised cost	**592,469**	687,888	822,539	**85,915**	69,555	62,380
Advances from customers	**154,233**	411,034	442,476	**–**	–	–
Total trade and other payables	**746,702**	1,098,922	1,265,015	**85,915**	69,555	62,380

17 REVENUE

Disaggregation of revenue from contracts with customers excluding inter-company transactions as follows:–

The Group	2018 RMB'000	2017 RMB'000
Sale of properties (at a point in time)	**612,393**	892,967
Rental income (over time)	**208,660**	207,222
	821,053	1,100,189

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18 OTHER INCOME

The Group	2018 RMB'000	2017 RMB'000
Interest income from		
– fixed and other deposits	**3,462**	29,817
– bank balances	**2,359**	1,200
Total interest income	**5,821**	31,017
Sublet rental income	**365**	405
Government grants	**5**	803
Sundry income	**3,600**	4,079
Advertisement income	**1,336**	1,209
Gain on disposal of a land parcel/subsidiaries	**227,277**	118,355
Fair value gain on investment properties (Note 4)	**63,814**	39,327
Fair value gain on other investment (Note 6)	**128,000**	260,000
Others	**424,397**	424,178
Total other income	**430,218**	455,195

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19 PROFIT BEFORE TAX

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

The Group	Note	2018 RMB'000	2017 RMB'000
Amortisation of deferred lease incentives		**5,936**	3,738
Depreciation of property, plant and equipment	3	**6,178**	6,581
Exchange loss/(gain), net		**17,924**	(30,228)
Loss on disposal of property, plant and equipment		**161**	386
Operating lease expenses		**2,390**	2,592
Finance costs:			
– loans from financial institutions		**178,792**	114,800
– Floating Rate Notes		**24,490**	21,481
		203,282	136,281
Directors' fees		**1,264**	1,441
Directors' remuneration other than directors' fee			
– Salaries, wages and other related costs		**10,668**	4,769
– Contributions to defined contribution plans		**97**	128
Key management personnel (other than directors)			
– Salaries, wages and other related costs		**9,291**	13,130
– Contributions to defined contribution plans		**323**	434
		21,643	19,902
Other than directors and key management personnel			
– Salaries, wages and other related costs		**34,552**	30,998
– Contributions to defined contribution plans		**3,990**	4,790
Total staff costs		**60,185**	55,690

20 TAX EXPENSE

Major components of income tax expense

The major components of income tax expenses for the year ended 31 December 2018 and 31 December 2017 are:

The Group	2018 RMB'000	2017 RMB'000
Current tax expense		
Current year	**35,375**	25,171
Deferred tax expense		
Current year movements in temporary differences (Note 14)	**7,473**	61,692
	42,848	86,863

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20 TAX EXPENSE (CONT'D)

Relationship between tax expenses and profit before tax

The Company, which is established in Singapore, is subject to Singapore income tax at 17% (2017 – 17%). The Group's operating subsidiaries are located in PRC which are subject to PRC income tax rate at 25% (2017 – 25%).

The Group	2018 RMB'000	2017 RMB'000
Profit before tax	**290,810**	437,665
Tax at applicable statutory tax rates	**72,703**	109,416
Tax effects on non-deductible expenses	**26,964**	7,035
Tax effect on non-taxable income	**(56,819)**	(29,588)
	42,848	86,863

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

21 EARNINGS PER SHARE

The Group	2018 RMB'000	2017 RMB'000
Profit attributable to ordinary shareholders of the Company	**250,557**	350,244
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	**0.10**	0.14
– Diluted	**0.08**	0.11

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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	2018 RMB'000	2017 RMB'000
Fees paid/payable to a subsidiary of a substantial shareholder for securing credit facilities to fund the Group's property development projects	**5,609**	10,431
Interest expense charged by related corporations of a shareholder	**24,701**	41,167
Management fees charged by a joint venture of a shareholder	**4,563**	4,661
Staff costs paid to a joint venture of a shareholder	**265**	1,341
Distribution on perpetual convertible securities paid/payable to a substantial shareholder	**105,376**	90,867

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	2018 RMB'000	2017 RMB'000
Development and investment properties expenditure contracted but not provided for in the financial statements	**1,877,286**	1,060,399

(b) Loan arrangement fee commitment

The Group	2018 RMB'000	2017 RMB'000
Not later than one year	**–**	12,000
Later than one year and not later than five years	–	–
Later than five years	–	12,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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	
	2018 RMB'000	**2017 RMB'000**	**2018 RMB'000**	**2017 RMB'000**
Not later than one year	**2,451**	2,372	**2,451**	2,372
Later than one year and not later than five years	**204**	2,569	**204**	2,569
Later than five years	**–**	–	**–**	–
	2,655	4,941	**2,655**	4,941

The lease on the Company's office premise will expire in 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:

The Group	**2018 RMB'000**	**2017 RMB'000**
Not later than one year	**167,336**	190,043
Later than one year and not later than five years	**413,581**	458,396
Later than five years	**305,786**	330,628
	886,703	979,067

The operating leases of these commercial premises expire between 2019 and 2030 and contain renewal options.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 OPERATING SEGMENTS (CONT'D)

	31 December 2018				31 December 2017			
	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	208,660	612,393	–	821,053	207,222	892,967	–	1,100,189
Segment results	63,283	56,601	(55,848)	64,036	55,746	15,629	47,554	118,929
Interest income	–	–	5,821	5,821	–	–	31,017	31,017
Interest expense	–	–	(203,282)	(203,282)	–	–	(136,281)	(136,281)
Sublet rental income	–	–	365	365	–	–	405	405
Government grants	–	5	–	5	–	803	–	803
Advertisement income	1,336	–	–	1,336	1,209	–	–	1,209
Sundry income	3,519	–	80	3,599	3,509	–	778	4,287
Fair value gain on investment properties	63,814	–	–	63,814	39,327	–	–	39,327
Gain on disposal of a land parcel/subsidiaries	–	227,277	–	227,277	–	118,355	–	118,355
Fair value gain on other investment	–	128,000	–	128,000	–	260,000	–	260,000
Loss on disposal of property	–	–	(161)	(161)	–	–	(386)	(386)
Profit before tax	131,952	411,883	(253,025)	290,810	99,791	394,787	(56,913)	437,665
Segment assets	4,640,408	4,290,331	1,282,986	10,213,725	4,592,097	4,812,674	1,654,790	11,059,561
Total assets				10,241,254				11,087,090
Segment liabilities	72,823	3,614,705	352,693	4,040,221	64,765	4,622,503	324,743	5,012,011
Total liabilities				4,852,362				5,793,381
Other information								
Exchange (loss)/gain, net	–	(17,924)	–	(17,924)	–	30,228	–	30,228
Capital expenditure	–	–	475	475	–	–	781	781
Depreciation of property, plant and equipment	–	–	(6,178)	(6,178)	–	–	(6,581)	(6,581)
Amortisation of deferred lease incentives	(5,936)	–	–	(5,936)	(3,738)	–	–	(3,738)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 OPERATING SEGMENTS (CONT'D)

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

The Group	2018 RMB'000	2017 RMB'000
Segment assets	**10,213,725**	11,059,561
Unallocated assets		
Deferred tax assets (Note 14)	**27,529**	27,529
Total assets per consolidated financial statements	**10,241,254**	11,087,090

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

The Group	2018 RMB'000	2017 RMB'000
Segment liabilities	**4,040,221**	5,012,011
Unallocated liabilities		
Deferred tax liabilities (Note 14)	**641,795**	634,322
Current tax payables	**170,346**	147,048
Total liabilities per consolidated financial statements	**4,852,362**	5,793,381

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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. For the Group's trade receivables measured at amortised cost, the Group has guideline governing the process of granting credit as a service or product provider in its respective segments of business. The Group's trade receivables relate mainly to the Group's customers who bought its residential and commercial units and tenants from its commercial buildings and shopping malls.

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.

In measuring the expected credit losses, trade receivables are grouped based on similar credit risk characteristics. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers unders each business.

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 RMB998,975,000 (2017 – RMB995,664,000) (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 (2017 – 12 months).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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	31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
Fixed rate instruments			
Financial assets			
– Bank balances	**335,150**	88,687	83,125
Financial liabilities			
– Loans from financial institutions	**(447,588)**	(1,004,176)	(874,326)
	(112,438)	(915,489)	(791,201)
Variable rate instruments			
Financial assets			
– Bank balances	**415,360**	538,223	593,190
Financial liabilities			
– Loans from financial institutions	**(2,501,981)**	(2,582,916)	(3,586,952)
– Floating rate notes	**(343,950)**	(325,997)	(347,503)
	(2,430,571)	(2,370,690)	(3,341,265)

The Company	2018 RMB'000	2017 RMB'000	1 January 2017 RMB'000
Fixed rate instruments			
Financial liabilities			
– Loans from financial institutions	**(187,588)**	(28,291)	(53,339)
	(187,588)	(28,291)	(53,339)
Variable rate instruments			
Financial assets			
– Bank balances	**15,488**	9,184	12,109
Financial liabilities			
– Floating rate notes	**(343,950)**	(325,997)	(347,503)
	(328,462)	(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 2018

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 before 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 before 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 2018				
Variable rate borrowings	**(14,230)**	**14,230**	**(14,230)**	**14,230**
Variable rate bank balances	**2,077**	**(2,077)**	**2,077**	**(2,077)**
	(12,153)	**12,153**	**(12,153)**	**12,153**
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)
	(10,270)	10,270	(10,270)	10,270
The Company				
31 December 2018				
Variable rate borrowings	**(1,720)**	**1,720**	**(1,720)**	**1,720**
Variable rate bank balances	**77**	**(77)**	**77**	**(77)**
	(1,643)	**1,643**	**(1,643)**	**1,643**
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 denominated 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), United States dollar (USD) and Hong Kong dollar (HKD).

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	In HKD RMB'000	Total RMB'000
2018					
Trade and other receivables	**75,902**	**–**	**1,360**	**–**	**77,262**
Cash and bank balances	**31,949**	**6**	**12,777**	**2**	**44,734**
Borrowings	**–**	**–**	**(522,804)**	**(158,354)**	**(681,158)**
Trade and other payables	**(33)**	**–**	**(425)**	**–**	**(458)**
Net exposure	**107,818**	**6**	**(509,092)**	**(158,352)**	**(559,620)**
2017					
Trade and other receivables	73,184	–	34,478	–	107,662
Cash and bank balances	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)
1 January 2017					
Trade and other receivables	532	–	861	–	1,393
Cash and bank balances	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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Foreign currency risk (Cont'd)

The Company	In RMB RMB'000	In USD RMB'000	In HKD RMB'000	Total RMB'000
2018				
Amounts owing from subsidiaries (non-trade)	**1,125,688**	**868,669**	**–**	**1,994,357**
Trade and other receivables	**101,260**	**–**	**–**	**101,260**
Cash and bank balances	**–**	**182**	**2**	**184**
Borrowings	**–**	**(343,950)**	**(158,354)**	**(502,304)**
Amounts owing to subsidiaries (non-trade)	**(136,425)**	**(559,776)**	**(9)**	**(696,210)**
Net exposure	**1,090,523**	**(34,875)**	**(158,361)**	**827,287**
2017				
Amounts owing from subsidiaries (non-trade)	–	638,304	–	638,304
Trade and other receivables	1,204,734	–	–	1,204,734
Cash and bank balances	–	2,472	–	2,472
Borrowings	–	(325,997)	–	(325,997)
Amounts owing to subsidiaries (non-trade)	(1,779)	(635,277)	–	(637,056)
Net exposure	1,202,955	(320,498)	–	882,457
1 January 2017				
Amounts owing from subsidiaries (non-trade)	–	838,073	–	838,073
Cash and bank balances	–	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)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Foreign currency risk (Cont'd)

Sensitivity analysis – Foreign currency risk

A 5% (2017 – 5%) strengthening of the HKD, SGD 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.

	2018				2017		
The Group	**HKD Strengthened 5% against RMB RMB'000**	**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 before tax							
– (decrease)/increase	**(7,918)**	**(5,391)**	**(25,455)**	**(38,764)**	(5,253)	(38,931)	(44,184)
Equity							
– increase/(decrease)	**(7,918)**	**(5,391)**	**(25,455)**	**(38,764)**	(5,253)	(38,931)	(44,184)

	2018				2017		
The Company	**HKD Strengthened 5% RMB'000**	**RMB Strengthened 5% RMB'000**	**USD Strengthened 5% RMB'000**	**Total RMB'000**	**RMB strengthened 5% RMB'000**	**USD strengthened 5% RMB'000**	**Total RMB'000**
Loss before tax							
– (decrease)/increase	**(7,918)**	**54,526**	**(1,744)**	**44,864**	60,148	(16,025)	44,123
Equity							
– (decrease)/increase	**(7,918)**	**54,526**	**(1,744)**	**44,864**	60,148	(16,025)	44,123

A 5% (2017 – 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 2018

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 2018					
Trade and other payables (Note 16)	**592,469**	**592,469**	**592,469**	**–**	**–**
Borrowings (Note 15)	**3,293,519**	**3,987,148**	**1,164,283**	**1,835,168**	**987,697**
	3,885,988	**4,579,617**	**1,756,752**	**1,835,168**	**987,697**
31 December 2017					
Trade and other payables (Note 16)	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	1,744,869	2,525,272	1,205,613
1 January 2017					
Trade and other payables (Note 16)	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 2018

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 2018					
Trade and other payables (Note 16)	**85,915**	**85,915**	**85,915**	**–**	**–**
Borrowings (Note 15)	**531,538**	**560,770**	**560,770**	**–**	**–**
Amounts owing to subsidiaries (non-trade) (Note 9)	**820,341**	**820,341**	**820,341**	**–**	**–**
Intra-group financial guarantee	**–**	**998,975**	**167,000**	**831,975**	**–**
	1,437,794	**2,466,001**	**1,634,026**	**831,975**	**–**
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	–	995,664	13,500	982,164	–
	1,186,035	2,213,484	894,769	1,318,715	–
1 January 2017					
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 2018

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

Financial instruments by category

	The Group			The Company		
	31 Dec 2018 RMB'000	**31 Dec 2017 RMB'000**	**1 Jan 2017 RMB'000**	**31 Dec 2018 RMB'000**	**31 Dec 2017 RMB'000**	**1 Jan 2017 RMB'000**
Financial assets						
Financial asset at fair value through profit or loss:						
Other investment (Note 6)	**1,008,000**	880,000	620,000	**–**	–	–
Financial assets at amortised cost:						
Trade and other receivables (Note 8)	**1,778,564**	2,618,209	564,969	**101,939**	1,205,391	737
Amounts owing from subsidiaries (non-trade)	**–**	–	–	**2,587,708**	1,368,768	2,417,534
Cash and bank balances (Note 10)	**750,510**	626,910	676,315	**15,488**	9,184	12,109
	3,537,074	4,125,119	1,861,284	**2,705,135**	2,583,343	2,430,380
Financial liabilities						
Financial liabilities measured at amortised cost:						
Amount owing to subsidiaries (non-trade)	**–**	–	–	**820,341**	762,192	786,139
Trade and other payables (Note 16)	**592,469**	687,888	822,539	**85,915**	69,555	62,380
Borrowings (Note 15)	**3,293,519**	3,913,089	4,808,781	**531,538**	354,288	400,842
	3,885,988	4,600,977	5,631,320	**1,437,794**	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.

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 2018, 31 December 2017 and 1 January 2017:

The Group	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2018				
Investment properties (Note 4)	**–**	**–**	**4,522,900**	**4,522,900**
Other investment (Note 6)	**–**	**–**	**1,008,000**	**1,008,000**
	–	**–**	**5,530,900**	**5,530,900**
As at 31 December 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
As at 1 January 2017				
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 2018

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.

The Group

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: RMB7,400 (2017 – RMB7,200; 1 January 2017 – RMB7,400)	The estimated fair value increases with higher comparable price.
Income capitalisation method	Term yield: 3% to 6% (2017 – 3.5% to 5%; 1 January 2017 – 3% to 6%) Reversionary yield: 3.5% to 6.5% (2017 – 3.5% to 6.5%; 1 January 2017 – 3.5% to 7%)	The estimated fair value increases with lower term yield and reversionary yield
Discounted cash flow method	– Discount rate: 7% (2017 – 7%; 1 January 2017 – 7%) – Occupancy rate: 93% to 98% (2017 – 94.5% to 97.3%; 1 January 2017 – 96.2% to 98.9%) – Rental growth: 4% to 8% (2017 – 3% to 4%; 1 January 2017 – 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: RMB56,000 to RMB84,100 (2017 – RMB33,900 to RMB59,000; 1 January 2017 – RMB34,500 to RMB56,000) Gross development value per square meter: RMB40,000 (2017 – RMB48,600; 1 January 2017 – RMB35,400) Value of to-be-developed land per square meter 2018 – Not available* (2017 – RMB11,600; 1 January 2017 – 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.

* All land has been developed as at 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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	
The Group	**2018 RMB'000**	**2017 RMB'000**
At 1 January	**4,472,910**	4,446,736
Properties sold	**(13,824)**	(13,153)
Fair value gain recognised in profit or loss (Note 18)	**63,814**	39,327
At 31 December	**4,522,900**	4,472,910

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27 CAPITAL MANAGEMENT (CONT'D)

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

	The Group			The Company		
	31 Dec 2018 RMB'000	**31 Dec 2017 RMB'000**	**1 Jan 2017 RMB'000**	**31 Dec 2018 RMB'000**	**31 Dec 2017 RMB'000**	**1 Jan 2017 RMB'000**
Total borrowings (Note 15) (A)	**3,293,519**	3,913,089	4,808,781	**531,538**	354,288	400,842
Cash and bank balances (Note 10) (B)	**(750,510)**	(626,910)	(676,315)	**(15,488)**	(9,184)	(12,109)
Net debt (C)=(A)-(B)	**2,543,009**	3,286,179	4,132,466	**516,050**	345,104	388,733
Equity attributable to owners of the Company (D)	**5,332,285**	5,234,507	5,003,367	**4,235,939**	4,371,018	4,154,662
Gearing ratio (times) (C)/(D)	**0.48**	0.63	0.83	**0.12**	0.08	0.09

28 PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES

The following prior year adjustments, to the extent that they are applied respectively, have the following impact:

The Company	**31.12.2017 As previously reported RMB'000**	**Prior year adjustment RMB'000**	**31.12.2017 As restated RMB'000**
Statement of financial position			
Current assets			
Trade and other receivables	879,921	331,875[1]	1,211,796
Equity			
Accumulated losses	(886,274)	331,875[1]	(554,399)

1. In the previous financial year, management omitted the recognition of the gain on disposal of subsidiaries in the Company's accounts, amounting to RMB331.87 million. The abovementioned amount was rectified in the current year as a "prior year adjustment".

Management corrected the material prior year's errors identified above by restating the Company's statement of financial position and statement of comprehensive income in accordance with SFRS(I) 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. A third statement of financial position is also presented.

SHAREHOLDERS' INFORMATION

AS AT 15 MARCH 2019

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 15 MARCH 2019

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	6	0.08	207	0.00
100 – 1,000	99	1.42	80,792	0.00
1,001 – 10,000	2,188	31.35	17,263,800	0.67
10,001 – 1,000,000	4,627	66.29	327,973,611	12.83
1,000,001 and above	60	0.86	2,211,721,614	86.50
	6,980	100.00	2,557,040,024	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2019
(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%

SHAREHOLDERS' INFORMATION

AS AT 15 MARCH 2019

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.

(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 also 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 15 MARCH 2019

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1	PHILLIP SECURITIES PTE LTD	807,623,061	31.58
2	DBS VICKERS SECURITIES (S) PTE LTD	781,809,001	30.57
3	DBS NOMINEES PTE LTD	156,106,672	6.10
4	CITIBANK NOMINEES SINGAPORE PTE LTD	86,126,292	3.37
5	UOB KAY HIAN PTE LTD	69,315,700	2.71
6	RAFFLES NOMINEES (PTE) LIMITED	50,236,211	1.96
7	OCBC SECURITIES PRIVATE LTD	47,737,613	1.87
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	33,694,306	1.32
9	LIM HONG CHING	25,208,000	0.99
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	11,120,100	0.43
11	DB NOMINEES (SINGAPORE) PTE LTD	10,606,994	0.41
12	KOH ENG KIAN	9,436,000	0.37
13	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	9,300,000	0.36
14	CHEONG CHOONG KONG	7,762,000	0.30
15	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	7,232,216	0.28
16	PENG XIALIN	7,044,000	0.28
17	OCBC NOMINEES SINGAPORE PTE LTD	5,355,400	0.21
18	LIM AND TAN SECURITIES PTE LTD	4,563,000	0.18
19	ABN AMRO CLEARING BANK N.V.	4,384,900	0.17
20	MERRILL LYNCH (SINGAPORE) PTE LTD	4,144,147	0.16

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

41.08% 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 15 MARCH 2019

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 One Farrer Park Hotel, 1 Farrer Park Station Road, Ballroom 2, Singapore 217562 on Monday, 29 April 2019 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 2018 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:

Ms. Yang Xiao Yu	(Retiring under Article 106)	**(Resolution 2)**
Mr. Tan Sek Khee	(Retiring under Article 106)	**(Resolution 3)**
Mr. Chia Seng Hee, Jack	(Retiring under Article 90)	**(Resolution 4)**

[See Explanatory Note (i)]

The information relating to Ms. Yang Xiao Yu, Mr. Tan Sek Khee and Mr Chia Seng Hee, Jack as required under Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited is set out on page 157 of the Annual Report.

3. To approve the payment of Directors' Fees of S$308,000 for the financial year ending 31 December 2019, payable half-yearly in arrears. (2018: S$380,000)
[See Explanatory Note (ii)] **(Resolution 5)**

4. 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)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

NOTICE OF THE ANNUAL GENERAL MEETING

6. 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;

(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

NOTICE OF THE ANNUAL GENERAL MEETING

(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 (iii)] **(Resolution 7)**

7. AUTHORITY TO ISSUE AND ALLOT SHARES UNDER

(a) **YING LI EMPLOYEE SHARE OPTION SCHEME**

THAT the Directors of the Company be and are hereby authorised 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 (iv)] **(Resolution 8a)**

(b) **YING LI PERFORMANCE SHARE PLAN**

THAT the Directors of the Company be and are hereby authorised 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 (iv)] **(Resolution 8b)**

By Order of the Board

Toh Li Ping, Angela
Company Secretary

Singapore, 11 April 2019

NOTICE OF THE ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Ms. Yang Xiao Yu will, upon re-election as a Director of the Company, remain as an Executive Director.

Mr. Tan Sek Khee will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr. Chia Seng Hee, Jack will, upon re-election as a Director of the Company, remain as Chairman of the Audit and Nominating Committees, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(ii) The Ordinary Resolution 5 proposed in item 3 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 2019 ("FY2019").

Should any Director hold office for only part of FY2019 and not the whole of FY2019, the Director's fee payable to him will be appropriately pro-rated.

(iii) The Ordinary Resolution 7 proposed in item 6 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.

(iv) The Ordinary Resolutions 8a and 8b proposed in item 7 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.

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.

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING FOR RE-ELECTION

Additional Information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST on Directors seeking for re-election (as at 11 April 2019)

The following additional information on Ms Yang Xiao Yu, Mr Tan Sek Khee and Mr Chia Seng Hee, Jack, all of whom are seeking re-election as Directors at this Annual General Meeting, is to be read in conjunction with their respective biographies on pages 26 and 27 of this Annual Report.

	Yang Xiao Yu	**Tan Sek Khee**	**Chia Seng Hee, Jack**
Date of Appointment	31 May 2011	29 April 2013	27 July 2018
Date of last re-appointment (if applicable)	27 April 2016	28 April 2017	Not applicable
Age	66	64	58
Country of principal residence	China	Singapore	Singapore
The Board's comments on this appointment (In the Company's case, the Board's comments on this re-election)	The Nominating Committee ("NC") having considered the attendance and participation of the Director at Board and Board Committees meetings, in particular, Yang Xiao Yu's contribution to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Yang Xiao Yu who will be retiring by rotation pursuant to Article 106 of the Company's Constitution at the forthcoming Annual General Meeting ("AGM"). The Board supported the NC's recommendation. Ms Yang had abstained from voting on any resolution and making any recommendation and/or participate in respect of her own re-election.	The NC having considered the attendance and participation of the Director at Board and Board Committees meetings, in particular, Tan Sek Khee's contribution to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Tan Sek Khee who will be retiring by rotation pursuant to Article 106 of the Company's Constitution at the forthcoming AGM. The Board supported the NC's recommendation. Mr Tan had abstained from voting on any resolution and making any recommendation and/or participate in respect of his own re-election.	The NC having considered the attendance and participation of the Director at Board and Board Committees meetings, in particular, Chia Seng Hee, Jack's contribution to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Chia Seng Hee, Jack who will be retiring by rotation pursuant to Article 90 of the Company's Constitution at the forthcoming AGM. The Board supported the NC's recommendation. Mr Chia had abstained from voting on any resolution and making any recommendation and/or participate in respect of his own re-election.
Whether appointment is executive, and if so, the area of responsibility	Executive Responsible for the overall management of administrative affairs and human resources.	Non-Executive	Non-Executive

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING FOR RE-ELECTION

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director of the Company and a member of the Nominating Committee, Deputy General Manager and Senior Economist of Chongqing Yingli Real Estate Development Co. Ltd.	Independent Director, Chairman of Remuneration Committee and a member of Audit Committee	Lead Independent Director and Chairman of Audit and Nominating Committees
Professional qualifications	Please refer to the Directors' respective biographies on pages 26 and 27 of this Annual Report.		
Working experience and occupation(s) during the past 10 years	Please refer to the Directors' respective biographies on pages 26 and 27 of this Annual Report.		
Shareholding interest in the listed issuer and its subsidiaries	Direct interest of 340,664 ordinary shares in the Company	Nil	Direct interest of 1,000 ordinary shares in the Company
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7 under Rule 720(1) has been submitted to the listed issuer – Yes/No	Yes	Yes	Yes
Other Principal Commitments*	Please refer to the Directors' respective biographies on pages 26 and 27 of this Annual Report.		

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING FOR RE-ELECTION

Other Directorships for the past 5 years	Nil	Europtronic Group Ltd	(i) AGV Group Limited (ii) China Hongcheng Holdings Limited (Delisted from the Official List of the SGX-ST with effect from 9.00 a.m. on 22 November 2016) (iii) E Frontier Global Pte. Ltd. (iv) E Frontier Singapore Pte. Ltd. (v) Guangzhao Industrial Forest Biotechnology Group Limited (Dissolved – Compulsory winding up) (vi) Legami Pte. Ltd. (vii) Ricesse Management Inc (viii) Singapore Capital Partners Pte. Ltd. (Struck off) (ix) Sunray Holdings Limited (Delisted from Official List of the SGX-ST with effect from 9.00 a.m. on 1 April 2014 (x) Shanghai Turbo Enterprises Limited (xi) Best Success (Hong Kong) Ltd (xii) Jack Global Consulting Pte. Ltd. (xiii) Lifebrandz Ltd.
Other Present Directorships	Nil	ASL Marine Holdings Ltd	(i) Combine Will International Holdings Limited (ii) Debao Property Development Ltd (iii) Dukang Distillers Holdings Limited (iv) mm2 Asia Ltd. (v) Derong Real Estate Holdings Pte. Ltd. (vi) Dynamic Real Estate Holdings Pte. Ltd.
Disclosure applicable to appointment of Director only			

ADDITIONAL INFORMATION FOR DIRECTORS SEEKING FOR RE-ELECTION

Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable	Not applicable

The Company confirms that there is no change in the declaration items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual concerning the Directors to be re-elected.

* *The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.*

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

PROXY FORM
(Please see notes overleaf before completing this Form)

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.

I/We*, ______________________________ (Name), ______________ NRIC/Passport number*

of ____ (Address)

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting (the "Meeting") of the Company to be held at One Farrer Park Hotel, 1 Farrer Park Station Road, Ballroom 2, Singapore 217562 on Monday, 29 April 2019 at 9.30 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion, as he/she/they* will on any other matter arising at the Meeting and at any adjournment thereof.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	Number of Votes For(1)	Number of Votes Against(1)
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018		
2	Re-election of Ms Yang Xiao Yu as a Director		
3	Re-election of Mr Tan Sek Khee as a Director		
4	Re-election of Mr Chia Seng Hee, Jack as a Director		
5	Approval of Directors' fees amounting to S$308,000 for the financial year ending 31 December 2019, 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		

* *Deleted as appropriate*
(1) *If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ______ day of April 2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 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, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

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

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at 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 the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2019.

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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.

YING LI INTERNATIONAL REAL ESTATE LIMITED

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