



YING LI INTERNATIONAL REAL ESTATE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199106356W)

THE PROPOSED CHANGE OF AUDITORS

1. INTRODUCTION

- 1.1. The Board of Directors (the “**Board**”) of Ying Li International Real Estate Limited (the “**Company**”) wishes to announce that the Company proposes to change the auditors of the Company (“**Auditors**”) from Foo Kon Tan LLP (“**FKT**”) to Nexia TS Public Accounting Corporation (“**Nexia**”) to audit the financial statements of the Company for the financial year ended 31 December 2019 (“**Proposed Change of Auditors**”).
- 1.2. FKT, the outgoing Auditors, has served as Auditors for more than 11 years since its appointment for the financial year ended 31 December 2008 and was last re-appointed at the annual general meeting (“**AGM**”) of the Company on 29 April 2019 to hold office until the conclusion of the next AGM of the Company.
- 1.3. A change of Auditors accords with good corporate governance and will enable the Company to benefit from a fresh perspective. The Board is of the view that it would be timely to effect the Proposed Change of Auditors to further strengthen the ongoing corporate governance processes of the Company.
- 1.4. In particular, the Board is satisfied that Nexia will be able to meet the audit requirements of the Company and that the Proposed Change of Auditors is in the best interests of the Company, taking into account the audit quality indicators introduced by the Accounting and Corporate Regulatory Authority of Singapore (“**ACRA**”) and the criteria for the evaluation and selection of the external auditors contained in the Guidebook for Audit Committees in Singapore, including factors such as the adequacy of the resources and experience of the auditing firm to be selected and the audit engagement partner to be assigned to the audit, the auditing firm’s other engagements, the size and complexity of the Company and its subsidiaries and the number and experience of supervisory and professional staff to be assigned to the particular audit.

2. THE PROPOSED CHANGE OF AUDITORS

- 2.1. On 9 December 2019, FKT notified the Company that it had on 2 December 2019 submitted an application to ACRA to seek ACRA’s consent to its resignation as Auditors (“**Notice of Application**”).

- 2.2. Subsequently, on 20 December 2019, the Company received a written statement from FKT informing the Company of FKT's reasons for resignation as Auditors ("**Written Statement**"). A copy of the Written Statement is attached to this announcement and will be circulated to shareholders of the Company ("**Shareholders**") in due course.
- 2.3. After the receipt of the Notice of Application and the Written Statement, the Company had on 21 January 2020 received a letter from ACRA consenting to the resignation of FKT as Auditors ("**ACRA Consent**"). Pursuant to the receipt of the ACRA Consent, FKT had on 21 January 2020 provided the Company with its notice of resignation as Auditors.
- 2.4. In accordance with Section 205AB(5) of the Companies Act (Chapter 50) of Singapore ("**Companies Act**"), the resignation of FKT as Auditors took effect on 21 January 2020. Nexia had, on 28 November 2019, provided the Company with its written consent to act as Auditors.

3. EXTRAORDINARY GENERAL MEETING

- 3.1. Pursuant to Rule 712(3) of the Listing Manual of the Singapore Exchange Securities Trading Limited and Section 205AF of the Companies Act, the Proposed Change of Auditors must be approved by Shareholders in a general meeting. Accordingly, the Company will be convening an extraordinary general meeting ("**EGM**") to seek Shareholders' approval for the Proposed Change of Auditors. The appointment of Nexia as Auditors will therefore take effect upon approval of the Proposed Change of Auditors by Shareholders at the EGM and, if appointed, Nexia will hold office until the conclusion of the next AGM of the Company.
- 3.2. A circular to Shareholders setting out further details on the Proposed Change of Auditors, together with the notice of EGM, will be despatched to Shareholders in due course.

By Order of the Board

Ying Li International Real Estate Limited

Hu Bing

Group Chief Executive Officer and Executive Director

23 January 2020



Our ref: Y077/RAY/LM

20 December 2019

Ying Li International Real Estate Limited
12 Marina Boulevard
#18-05 Marina Bay Financial Centre Tower 3
Singapore 018982

Attention: Mr. Hu Bing (Group Chief Executive Officer and Executive Director)

Dear Sirs

WRITTEN STATEMENT - RESIGNATION AS AUDITORS

We refer to your letter on the proposed change of auditors dated 20 November 2019. We understand that the Board, with the concurrence of the Audit Committee, has recommended that Nexia TS Accounting Corporation (“Nexia TS”) be appointed as the external auditors Ying Li International Real Estate Limited (“Ying Li” or the “Company”) at an extraordinary general meeting to be convened.

On 2 December 2019, we have submitted our application to the Accounting and Corporate Regulatory Authority (“ACRA”) for consent to resign as an auditor of the Company under Section 205AB of the Singapore Companies Act, Chapter 50 for the financial year ending 31 December 2019.

We drew ACRA attention to the Company’s announcement dated 13 September 2019. It stated that there have been changes in the management team of the Company and its subsidiaries following the closure of the mandatory unconditional cash offer by State Alpha Limited for all the issued and paid-up ordinary shares in the capital of the Company. During the verifications conducted by the New Finance Team, it was disclosed that certain potential issues (“Potential Discrepancies”) in respect of the historical financial statements of the Company have been highlighted. These Potential Discrepancies to the historical financial statements of the Company have been adjusted in the unaudited financial statement announcement for 2nd and 3rd quarter ended 30 June 2019 and 30 September 2019 respectively, which were released on SGXNET on 14 November 2019.

The Potential Discrepancies include (i) provision for litigation liabilities; (ii) recoverability of balance receivable from disposal of subsidiaries/land (iii) adjustments and write down on development properties and (iv) accrual for land appreciation tax and capital gains tax. We further understand that the Company has engaged Nexia TS to advise the Board of Directors of the Company on the suitable accounting treatment of these Potential Discrepancies (“Independent Review”).



We held a meeting with management, in the presence of a representative from Nexia TS, on 11 November 2019. At that meeting, we understand from management that the Independent Review report is still in its draft form and has not been signed off by Nexia TS. At the same meeting, we have communicated to the New Finance Team that we do not agree to the proposed accounting treatment for certain Potential Discrepancies.

In accordance with Section 205AB(5), our resignation only takes effect on the latest of the following 3 dates:

- 1) On the day on which ACRA notifies the auditor and the Company of ACRA's consent to the resignation; or
- 2) On the day fixed by ACRA or
- 3) On the day specified by the auditor in the notice of resignation.

We will tender our resignation as auditors of Ying Li upon receiving ACRA's consent to resign as auditors.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Foo Kon Tan'.

Foo Kon Tan LLP