英利国际置业

YING LI INTERNATIONAL
REAL ESTATE LIMITED

FORTIFYING FUNDAMENTALS

ANNUAL REPORT 2019

CONTENTS

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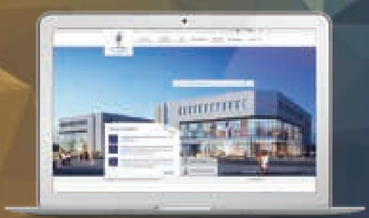


CORPORATE PROFILE

Ying Li International Real Estate Limited ("Ying Li" or the "Company" and together with its subsidiary corporations, 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. Ying Li is a subsidiary of China Everbright Limited ("CEL"), a public company listed on the Stock Exchange of Hong Kong Limited ("SEHK") (stock code:165.HK).

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

Ying Li is well-recognised for its outstanding design, premium quality, ecofriendly 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 CEL on board as its Parent Company, 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.

主席和首席执行官的 **联合致辞**

> 面对2020年宏观经济环境的不确定性，董事会将在各位股东的支持下，带领管理团队积极应对挑战，化“危”为“机”。

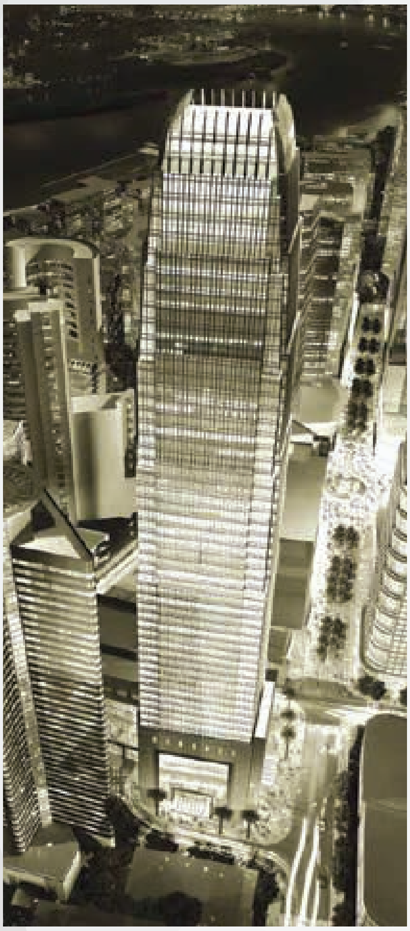
MR ZHANG MINGAO
Non-Executive and Non-Independent Chairman

2019年全球经济不确定性增加，形势复杂多变，年底开始全球爆发的新冠肺炎疫情更是给各经济体带来了严重影响。回顾中国经济，在过往一年中，中国经济虽然有所减速，但仍体现了强大的韧性，在国家稳中求进的发展基调下积极进行结构的调整。中国经济已经提前进行了去杠杆的过程，加上强而有力的政府治理，未来经济稳定增长前景仍然明确可期，中国仍是全球经济重要的压舱石和稳定器。

回顾中国房地产市场，国家坚持不将房地产作为经济刺激工具，将房地产回归到基本的居住属性，整体政策平稳谨慎。2019年4月，英利实际控制人发生变化，中国光大控股有限公司成为英利的第一大股东和实际控制人。在接下来的半年中，公司委任了新的管理团队，并对公司资产进行了认真的梳理和评估，充分真实披露其客观价值；同时改善公司财务结构，降低了杠杆，并储备现金，使得公司有更加稳固的财务能力应对未来市场的不确定性。

2019年公司业务运营基本平稳，持有物业租金继续保持增长。面向未来，公司将继续推进对公司的业务变革。一是加速公司低收益资产的调整和处置；二是充分利用控股股东的背景优势，探索轻资产业务发展模式，增加收入，提升股东回报水平。

2020年宏观环境仍然严峻，公司仍将保持谨慎的策略。但中国境内的机遇仍然巨大，公司将在挑战中寻求发展机遇。同时，我们也代表董事会，衷心感谢长期以来支持公司的各位股东、客户和合作伙伴。



JOINT MESSAGE BY **CHAIRMAN AND GROUP CEO**

Uncertainties have grown increasingly in the global economy in 2019 as market conditions become more complex and challenging. The emergence of COVID-19 outbreak at the end of 2019 has created more instabilities among international economy and generated considerable negative impact.

Over the past 12 months, the Chinese economic growth has slowed down but there has been much resilience given the Chinese government's initiatives and measures to progressively improve and enhance the country's economic foundation and fundamentals. The Chinese authorities have brought forward the deleveraging process of the Chinese economy and coupled with strong government governance, it is expected that the Chinese economy can continue its growth potential and China will continue to be a major engine of global economic growth.

Looking back at China's property market, the Chinese government has been consistent in its policy approach of "housing is for living in, and not for speculation", hence the real estate market has not been used as an economic stimulus tool, thereby facilitating the development of a long-term management mechanism for the real estate market.

In April 2019, CEL became the major shareholder of the Group. In the second half of 2019, the Group appointed a new management team and adopted a prudent and conservative financial approach. The new management team also undertook a strategic review of the Group's property assets through an independent and reputable property valuation company during the financial year ended 31 December 2019 ("FY2019").

At the same time, the new management team has been focused on strengthening the Group's financial foundation, reducing gearing and improving its liquidity position so that the Group has stronger financial resources and flexibility to manage future challenges in its operating environmental.

In 2019, the Group's operating activities remained relatively stable with an increasing base of rental income from its investment properties. Moving ahead, the Group will continue to progressively enhance its business model for long-term sustainable growth. Firstly, we will accelerate to reshuffle or dispose low yielding properties to achieve re-balancing of our property portfolio. Next, we will leverage on CEL's extensive network and track record to explore new asset-light operating model and asset management services to increase our revenue base, in order to increase return to shareholders.

While the macro-economic environment remains challenging, the Group will adopt a prudent and cautious approach in its business strategy. Given that there are huge latent opportunities in China's domestic real estate market, the Group will continue to harness emerging growth opportunities and calibrate its long-term strategy.

At the same time, on behalf of the Board of Directors (the "Board"), we would like to take this opportunity to express our heartfelt thanks to all our shareholders, employees, business partners for their continual confidence, support and trust in us as the Group forges ahead.

With strong ambitions in China's real estate market, we look forward to achieve new milestones and drive growth for our shareholders in 2020 and beyond.

MR HU BING
Executive Director and Group Chief Executive Officer

FINANCIAL **REVIEW**

	2019 RMB'000	2018 RMB'000
Revenue	**358,925**	752,631
Gross Profit	**206,864**	297,165
Loss Attributable to Ordinary Shareholders of the Company	**(523,432)**	(248,159)
Total Equity	**3,003,724**	3,774,027

FINANCIAL RESULTS

For FY2019, the revenue of the Group decreased by 52.3% Y-o-Y, or RMB393.7 million to RMB358.9 million (FY2018: RMB752.6 million). The decline was due to a decrease in sale of properties by RMB402.4 million, mainly attributable to lesser office unit at Ying Li International Plaza, residential unit at Lion City Garden, commercial unit at Ying Li International Hardware and Electrical Centre ("IEC") being handed over and lower revenue recognised in FY2019. Rental income increased by 4.2% Y-o-Y or RMB8.7 million to RMB217.3 million (FY2018: RMB208.6 million), mainly due to a gradual increase in occupancy rates of Ying Li International Financial Centre ("IFC") office and Ying Li International Plaza.

Gross profit for FY2019 decreased by 30.4% Y-o-Y or RMB90.3 million, to RMB206.9 million (FY2018: RMB297.2 million). The decrease was due to the decrease in revenue, partially offset by increased in gross profit of rental income segment.

Other income for FY2019 increased by 145.4% Y-o-Y or RMB16.2 million, to RMB27.3 million (FY2018: RMB11.1 million), mainly due to interest income from fixed deposits.

Other losses for FY2019 increased by 459.1% Y-o-Y or RMB433.0 million, to RMB527.3 million (FY2018: RMB94.3 million), mainly due to fair value decrease on investment properties and financial assets, at fair value through profit and loss ("FVPL").

For the change in fair value of investment properties, in the light of weakening property and office rental market in Chongqing in FY2019, Colliers International (Hong Kong) Limited was commissioned to provide an updated independent valuation on the investment properties held by the Group in 2019. Based on the completed valuation report, the Group recognised decrease in fair value for RMB371.7 million in FY2019.

For the change in fair value of financial assets, at FVPL, Cushman & Wakefield Shenzhen Valuation Co., Ltd., Beijing Branch was commissioned to provide an updated independent valuation on financial assets, at FVPL. Based on the completed valuation report, the Group recognised a fair value loss of RMB138.2 million in FY2019 due to the decrease in fair value of Beijing Tongzhou Project following the tougher policies in the property sector introduced by local authorities.

Selling expenses for FY2019 increased slightly by RMB3.4 million as compared to FY2018 mainly due to an increase in advertising and promotion activities. The increase in selling expenses was in tandem with the increased rental income.

Administrative expenses for FY2019 increased by RMB5.7 million (4.2% Y-o-Y) as compared to the prior year mainly due to legal and professional fees.

Finance costs in FY2019 decreased by 24.9% Y-o-Y or RMB56.9 million to RMB171.3 million (FY2018: RMB228.2 million), mainly due to the decrease in outstanding loan principal.

For FY2019, tax expense credit increased by RMB184.8 million as compared to FY2018, mainly due to reversal of deferred tax liabilities following from the decrease in fair value of investment properties and financial assets, at FVPL.

Overall, the Group reported in a loss attributable to the ordinary shareholders of the Company which increased by RMB275.3 million in FY2019 as compared to FY2018, mainly due to the decrease in fair value of investment properties amounting to RMB371.7 million and financial assets, at FVPL amounting to RMB138.2 million.

FINANCIAL POSITION

As at 31 December 2019, total assets of the Group decreased by 16.4% or RMB1,518.5 million, to RMB7,722.8 million (31 December 2018: RMB9,241.3 million), mainly due to (i) a decrease in fair value of investment properties and financial assets, at FVPL for RMB509.9 million, (ii) a decrease in development properties of RMB81.2 million arising from the handover of completed properties to purchasers, and (iii) a decrease in trade and other receivables of RMB1,173.2 million arising from consideration on disposal of subsidiary corporations/land parcel proceed received in FY2019, and offset by an increase in cash and cash equivalents of RMB252.0 million.

The Group's total liabilities decreased by 13.7% or RMB748.2 million, to RMB4,719.0 million (31 December 2018: RMB5,467.2 million), mainly due to (i) a net decrease in bank loan of RMB466.7 million as a result of loan principal repayment, (ii) a decrease in provisions and trade and other payables of RMB137.1 million, and (iii) a decrease in deferred taxation liabilities of RMB155.8 million, mainly due to partially offset by deferred tax assets recognised during FY2019.

The Group's total equity decreased by 20.4% or RMB770.3 million to RMB3,003.7 million (31 December 2018: RMB3,774.0 million), mainly due to a decrease in retained earnings of RMB687.1 million.

Net assets attributable to shareholders decreased by RMB767.8 million to RMB2,991.1 million (31 December 2018: RMB3,758.9 million), representing net asset value per share of RMB1.17 (31 December 2018: RMB1.48).

CASH FLOW

The net cash inflows from operating activities of RMB815.7 million was mainly attributable to: decrease in trade and other receivables of RMB1,143.1 million, the decrease in development properties of RMB81.2 million, and offset by the net settlement to trade and other payables of RMB235.8 million, and net interest and tax paid of RMB165.1 million.

Net cash outflows from financing activities of RMB475.7 million was due to the net repayment of borrowings amounting to RMB467.4 million, the net increase in restricted deposits with financial institutions amounting to RMB8.3 million to secure borrowing.

Overall, unrestricted cash and cash equivalents increased by RMB246.8 million as at 31 December 2019.

OPERATIONS REVIEW

Generally linked to the country's economic growth, the real estate market forms an integral part of the domestic economy.

With weakening market conditions in the domestic economy and deteriorating external environment, particularly with the US-China trade tensions, China's economy grew by 6.1% in 2019, which was the lowest annual growth rate for the past 29 years. With the emergence of COVID-19 outbreak, there could be a dampening effect on the overall China economic growth in 2020.

In addition, the Chinese government has implemented new regulations and controls over the past few years to prevent the real estate industry from overheating and facilitate the development of a long-term management mechanism for the real estate market.

In Chongqing, where the Group's core real estate business activities are based, it has posted double-digit economic growth for more than a decade, until it fell below 10% in 2017. According to Chongqing Statistics Bureau, Chongqing posted a gross domestic product ("GDP") growth of 6.3% Y-o-Y to RMB2,361 billion in 2019.

China's continued economic slowdown is reshaping the country's real estate market and this has had an impact in the Group's core real estate business in Chongqing, comprising integrated office and retail developments, residential properties and commercial properties.

Responding to these challenges over the past 12 months, the Board has undertaken swift and pragmatic measures to stabilise the business and strengthen its fundamentals, while calibrating its long-term strategy of the Group to harness emerging growth opportunities in China's real estate market.

SECTOR REVIEW

CHONGQING OFFICE MARKET

According to the 2019 Chongqing Property Market Report by CBRE Research, there is a total new office area supply estimated at 12,500 sqm, which were Grade A office spaces, the segment where the Group operates in. The rental rate of office spaces saw a declining trend given the continuous pressure of oversupply, where it is forecasted that there is new supply of 1.39 million sqm of office properties, primarily in the prime area of Chongqing, to be developed over the next 3 years.

CHONGQING RETAIL MARKET

With 0.54 million sqm of retail properties from 4 completed projects in 2019, there is an estimated total of 6.88 million sqm of retail properties that cater to a resident population of 31 million in Chongqing. Demand for retail properties has remained robust with street fashion brands and non-local F&B brands continuously expanding and at the end of 2019, overall vacancy rate dipped to 9.7%. As more external developers enter the market, it is also forecasted that the supply of retail properties in Chongqing will remain high in the next 3 years. However, it is also forecasted that the prime submarket in Chongqing will undergo an upgrade while the non-prime submarket will continuously expand.

PROPORTION OF GFA BY DIFFERENT TYPES OF INVESTMENT PROPERTIES
Total GFA: 342,326 sqm (as at 31 December 2019)

Retail
64%

Others
25%

Office
11%

OPERATIONS REVIEW

SALE OF PROPERTIES SEGMENT

The Group currently has two real estate projects in Chongqing that are under development, namely Lion City Garden that is a retail/residential property project and IEC is a commercial property project. The Lion City Garden is at Phase 2D of development, while the bespoke development IEC project is at Phase 2B. Majority of the buyers of IEC's Phase 1A and Phase 2A have already taken over the ownership of their respective units and are progressively conducting businesses. The management is also evaluating the options and appropriate timing to develop the unutilised land portions of these two projects.

LEASING OF PROPERTIES SEGMENT

On the office rental segment, the Group continues to focus on retaining existing quality tenants and attracting new tenants by integrated new innovations and creating conducive spaces. Separately, for the retail rental segment, the Group continues to closely monitor new retail trends to create new retail concepts with its tenants so that its retail properties continue to be relevant and interesting to its targeted group of consumers at various locations.

Notably, the Group's retail shopping malls at Ying Li IMIX Park Jiefangbei and Ying Li IMIX Park Daping have an average tenancy rate of more than 90% in FY2019. Ying Li IMIX Park Daping also secured a new anchor tenant, Hema Supermarket (盒马鲜生), which is a part of Alibaba's "new retail" strategy.

INVESTMENT PROJECT

The Group's investment in Beijing New Everbright Centre, located at Beijing Tongzhou, Phase 1 construction, consisting of 4 SOHO towers, has been completed while two office towers of the Phase 2 construction has been recently topped off. Part of the retail podium under the Phase 2 construction is still in progress. A framework agreement has been entered with a buyer for one of the office tower while the other office tower has been put up for sale to prospective buyers as at end December 2019. Phase 3 construction consists of one premium office tower and the remaining part of the retail podium was at the piling stage as of end December 2019.

OPERATIONS **REVIEW**

STATUS AND SNAPSHOT OF PROJECTS
AS AT 31 DECEMBER 2019

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
GFA owned: 81,940 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
GFA owned: 95,114 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 a large shopper catchment with 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, Industrial Bank, Guocoland, 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 2019

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
GFA owned: 132,564 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.

SAN YA WAN PHASE 2 (LION CITY GARDEN)

Project Description
Type: Retail/Residential
Status: Under development
Land Area: approx. 134,636 sqm
Total GFA: approx. 347,536 sqm
Total Sales and Contracted Pre-sales as at 31 December 2019: RMB899.0 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. Handovers of Phase 2A, Phase 2B and Phase 2C of the project have commenced in 2015, 2016 and 2016/2017 respectively. Phase 2D is a commercial development project with 52,623 sqm GFA and it is under planning stage. The management is evaluating the options and appropriate timing to develop the unutilised land of this project.

OPERATIONS **REVIEW**

STATUS AND SNAPSHOT OF PROJECTS
AS AT 31 DECEMBER 2019

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
Land Area: approx. 360,708 sqm
Total GFA: approx. 642,820 sqm
Total Sales and Contracted Pre-sales as at 31 December 2019: RMB1,400 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. The development of remaining 204,252 sqm GFA is at planning stage. The management is evaluating the options and appropriate timing to develop the unutilised land portions of this project.

BEIJING NEW EVERBRIGHT CENTRE – BEIJING TONGZHOU

Project Description
Type: SOHO/Office/Retail
Status: Under development
Land Area: approx. 57,000 sqm
Total GFA: approx. 770,000 sqm
Total Sales and Contracted Pre-sales as at 31 December 2019: RMB7.9 billion

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 CEL and other esteemed partners. Phase 1 construction, consisting of 4 SOHO towers, has been completed while two office towers of the Phase 2 construction has been recently topped off. Part of the retail podium under the Phase 2 construction is still in progress. A framework agreement has been entered with a buyer for one of the office tower while the other office tower has been put up for sale to prospective buyers as at end December 2019. Phase 3 construction consists of one premium office tower and the remaining part of the retail podium was at the piling stage as of end December 2019.

OTHER PROJECTS AT **A GLANCE**

MINSHENG MANSION
Description:
First skyscraper in Yuzhong district

Type:
Commercial & Residential

Completion Date:
December 1997

Total GFA (sqm):
63,342

1997

ZOU RONG PLAZA
Description:
Chongqing's first financial industry focused project

Type:
Commercial & Residential

Completion Date:
December 2000

Total GFA (sqm):
102,502

2000

SOUTHLAND GARDEN
Description:
Chongqing's first high-end residential project

Type:
Residential & Retail

Completion Date:
December 2004

Total GFA (sqm):
57,009

2004

NEW YORK NEW YORK

Description:
Received one of China's highest architectural accolades

Type:
Commercial

Completion Date:
March 2005

Total GFA (sqm):
41,337

2005

BASHU CAMBRIDGE

Description:
One of first enterprise educational institution partnerships

Type:
Residential & Retail

Completion Date:
February 2007

Total GFA (sqm):
43,086

2007

SAN YAN WAN PHASE 1 AND 1A

Description:
One of the largest integrated seafood wholesale center in western PRC

Type:
Commercial

Completion Date:
April 2009

Total GFA (sqm):
72,000

2009

INVESTMENT PROPERTIES PORTFOLIO

AS AT 31 DECEMBER 2019

1997 — MINSHENG MANSION

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

Usage:
Office, Retail and Car Park

Gross Floor Area (sqm):
6,032

Land Use Right Expiry:
Commercial – September 2033

Market Valuation (RMB):
31,980,000

Completion Date:
December 1997

2000 — ZOU RONG PLAZA

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

Usage:
Retail, Office and Car Park

Gross Rented Area (sqm):
6,806

Land Use Right Expiry:
Commercial – January 2046

Market Valuation (RMB):
21,810,000

Completion Date:
December 2000

2004 — SOUTHLAND GARDEN

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

Usage:
Office, Retail and Car Park

Gross Floor Area (sqm):
12,730

Land Use Right Expiry:
Commercial – November 2042

Market Valuation (RMB):
88,400,000

Completion Date:
December 2004

2005 — NEW YORK NEW YORK

Address:
No. 108 Bayi Road, Yuzhong District, Chongqing

Usage:
Car Park

Gross Floor Area (sqm):
277

Land Use Right Expiry:
Commercial – January 2042

Market Valuation (RMB):
5,400,000

Completion Date:
March 2005

2006

FUTURE INTERNATIONAL

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

Usage:
Retail and Car Park

Gross Floor Area (sqm):
81,940

Land Use Right Expiry:
Commercial – March 2045

Market Valuation (RMB):
1,016,000,000

Completion Date:
December 2006

2007

BASHU CAMBRIDGE

Address:
No. 8 Bashu Road, Yuzhong District, Chongqing

Usage:
Retail and Car Park

Gross Floor Area (sqm):
6,863

Land Use Right Expiry:
Commercial – September 2044

Market Valuation (RMB):
15,620,000

Completion Date:
February 2007

2011

YING LI INTERNATIONAL FINANCIAL CENTRE/ YING LI IMIX PARK JIEFANGBEI

Address:
Nos. 26 to 28 Minquan Road, Yuzhong District, Chongqing

Usage:
Office, Retail and Car Park

Gross Floor Area (sqm):
95,114

Land Use Right Expiry:
Commercial – December 2044

Market Valuation (RMB):
1,559,000,000

Completion Date:
December 2011

2013

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):
132,564

Land Use Right Expiry:
Commercial – July 2050

Market Valuation (RMB):
1,413,000,000

Completion Date:
December 2013

BOARD OF DIRECTORS

MR. ZHANG MINGAO

Non-Executive and Non-Independent Chairman

Mr. Zhang Mingao was appointed to the Board in November 2019. Mr. Zhang is the Non-Executive and Non-Independent Chairman and a Member of the Remuneration Committee of the Company. Mr. Zhang is the Executive Director and the Chief Investment Officer of CEL. He is also a director of Everbright Jiabao Co., Ltd., a public company listed on the Shanghai Stock Exchange.

Mr. Zhang was the General Manager of Asset Management Department of China Everbright Bank Company Limited ("Everbright Bank"). Since Mr. Zhang joined Everbright Bank in 1999, he had served as the Risk Director of Everbright Bank (Suzhou Branch), the Risk Director of SME Department of Everbright Bank (Headquarter) and the President of Everbright Bank (Wuxi Branch). Mr. Zhang holds a Bachelor of Economics degree in Rural Financial Professional from the College of Economics and Trade of Nanjing Agricultural University. He has over 30 years of industry and management experience in the financial industry.

MR. PAN YING

Non-Executive and Non-Independent Deputy Chairman

Mr. Pan is a Non-Executive and Non-Independent Deputy Chairman of the Company. Mr. Pan is also a Non-Executive Independent Director of Sinopec Oilfield Service Corporation.

Mr. Pan was the Chief Investment Officer of CEL until January 2020. 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 CEL. 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.

MR. HU BING

Executive Director and Group Chief Executive Officer

Mr. Hu Bing was appointed as an Executive Director of the Group in August 2017 and was further appointed as the Group Chief Executive Officer ("CEO") in June 2019. With over 18 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 daily operation of the Group. 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 as Executive Director.

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

MR. CHEN HONGFEI

Non-Executive and Non-Independent Director

Mr. Chen Hongfei was appointed as the Non-Executive and Non-Independent Director of the Company in June 2019. Mr. Chen is an Executive Director and the President of Everbright Jiabao Co., Ltd, a company listed on the Shanghai Stock Exchange, where he is in charge of the company's overall operations and management. Mr. Chen is also the Chairman and CEO of EBA Investments. Prior to that, he served as the General Manager of CEL Capital Prestige Asset Management Co., Ltd., the Chief Investment Officer of Tishman China Fund, and the Investment Director of Lehman Brothers' subsidiary asset management company. Mr. Chen has over 15 years of experience in real estate investment, asset management and capital market. Mr. Chen holds a Master of Real Estate Degree from the University of Southern California and a Bachelor of Architecture Degree from Tsinghua University.

BOARD OF DIRECTORS

MR. TANG CHI CHUN
Non-Executive and Non-Independent Director

Mr. Tang Chi Chun, Richard was appointed as a Non-Executive and Non-Independent Director of the Company in June 2019. He is an Executive Director and the Chief Financial Officer of CEL. Mr. Tang is a Non-Executive Director of China Aircraft Leasing Group Holdings Limited, a public company listed on SEHK. He was a Director of Everbright Securities Company Limited from February 2008 to January 2011. Mr. Tang is a Certified Public Accountant and is a graduate of the Accountancy Department, Hong Kong Polytechnic (now known as Hong Kong Polytechnic University). He is a Member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is also a Founding Member of Hong Kong Business Accountants Association. He has over 30 years of experience in audit, investment, accounting and finance. Since 1990, Mr. Tang had been engaged as head of the financial and operational functions of various international financial institutions.

MR. CHIA SENG HEE, JACK
Lead Independent Director

Mr. Chia Seng Hee, Jack was appointed as the Lead Independent Director of the Company in July 2018. He is the Chairman of the Audit Committee and the 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, mm2 Asia Ltd and CDW Holding Limited.

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 Company. He is also currently an Independent Director of SGX-listed ASL Marine Holdings Limited. Mr. Tan also serves as shareholding partner & 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.

MR. XIAO ZU XIU

Independent Director

Mr. Xiao Zu Xiu is an Independent Director of the Company. 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.

BOARD OF DIRECTORS

MR. CHEN GUODONG
Independent Director

Mr. Chen Guodong was appointed as an Independent Director of the Company in June 2019. He graduated from University of Science and Technology of China with a Bachelor's degree of Management in 1987. In 1990, he graduated from Renmin University of China with a Master's degree of Economics and Management, and subsequently held a teaching post for 4 years at Renmin University of China. Mr. Chen joined Lenovo Group in 1994 and served successively as General Manager of Lenovo Industrial Co., Ltd., Vice President of Lenovo Group, Executive Vice President of Legend Capital, Vice President of Legend Holdings and President of Rong Ke Zhi Di Real Estate Co., Ltd. Mr. Chen is now a partner at Zhongguancun M&A Fund (also known as Z-Park Fund).

KEY MANAGEMENT

MR. HU BING

Executive Director and Group Chief Executive Officer

Mr. Hu Bing is currently our Executive Director and Group CEO. As the CEO of the Group, he is the key person of the management team who is responsible for the formulation and execution of business strategies as well as daily operation of the Group.

For more information on his work experience and educational qualifications, please refer to his profile set out under the "Board of Directors" section.

MR. KOOI WEI BOON

Group Chief Financial Officer and General Manager of Corporate Finance Department, Chongqing Yingli Real Estate Development Co., Ltd.

Mr. Kooi Wei Boon was appointed as Group Chief Financial Officer ("CFO") of the Group in September 2019. He is responsible for overseeing the Group's financial functions including accounting, internal controls, financial and management reporting, financing, capital management, tax, treasury, financial analysis, M&A support and risk management.

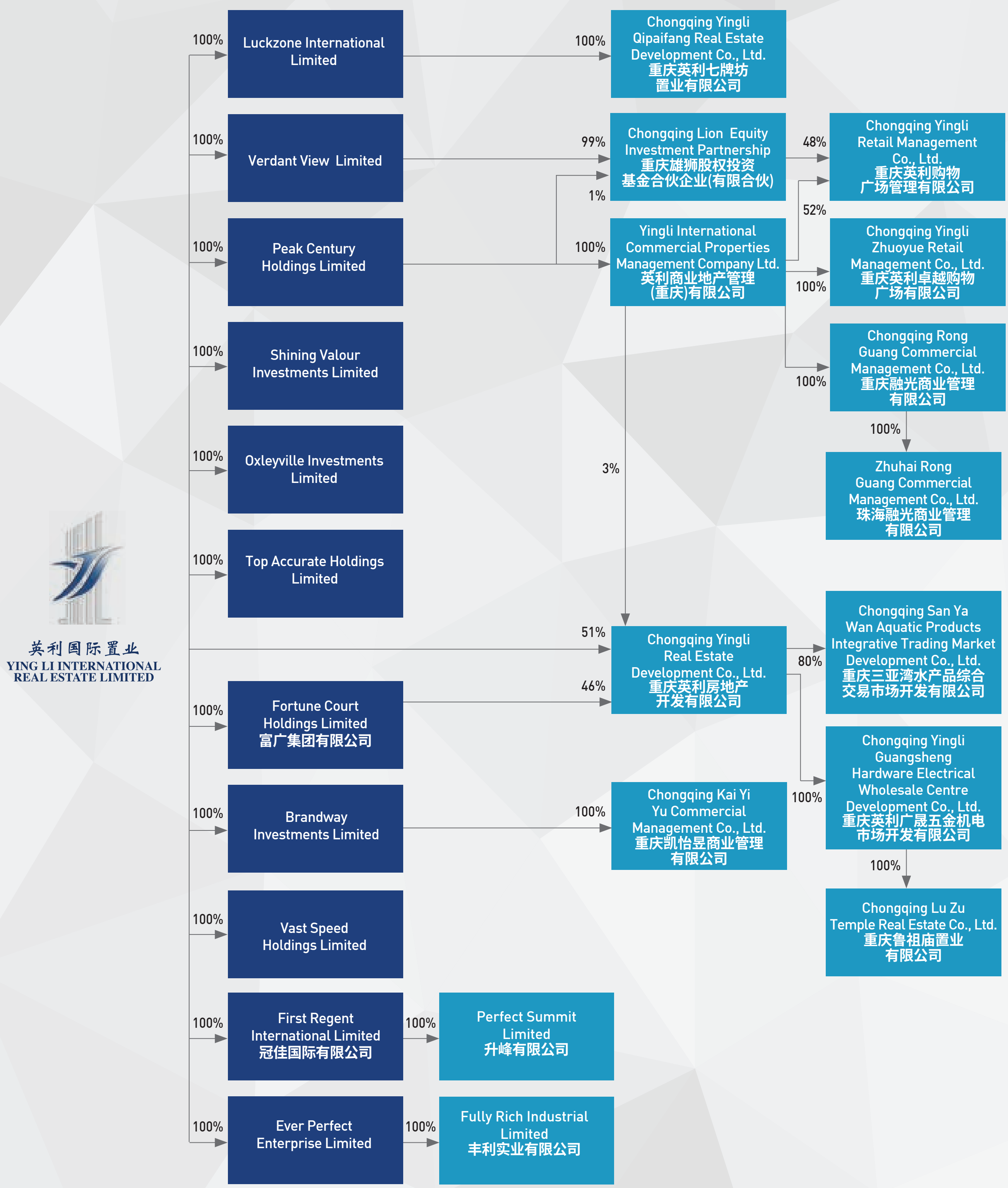
Mr. Kooi has extensive experience in the finance industry and accounting profession for approximately 16 years. Prior to joining the Group, Mr. Kooi was the Vice General Manager of a property development group in China and he was responsible on the financial functions of the group. Mr Kooi had approximately 10 years audit experiences in international well-known public accounting firms and was involved in several international IPO audit engagements.

Mr. Kooi graduated with a Bachelor of Accounting (University Science of Malaysia) and is also a member of the Association of Chartered Certified Accountants.

CORPORATE STRUCTURE

英利集团在岸主体 onshore

英利集团离岸主体 offshore



CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER
199106356W

BOARD OF DIRECTORS
Zhang Mingao
(Non-Executive and Non-Independent Chairman)

Pan Ying
(Non-Executive and Non-Independent Deputy Chairman)

Hu Bing
(Executive Director and Group Chief Executive Officer)

Chen Hongfei
(Non-Executive and Non-Independent Director)

Tang Chi Chun
(Non-Executive and Non-Independent Director)

Chia Seng Hee, Jack
(Lead Independent Director)

Tan Sek Khee
(Independent Director)

Xiao Zu Xiu
(Independent Director)

Chen Guodong
(Independent Director)

AUDIT COMMITTEE
Chia Seng Hee, Jack
(Chairman)

Tan Sek Khee

Tang Chi Chun

NOMINATING COMMITTEE
Chia Seng Hee, Jack
(Chairman)

Hu Bing

Chen Guodong

REMUNERATION COMMITEE
Tan Sek Khee
(Chairman)

Zhang Mingao

Chen Guodong

COMPANY SECRETARIES
Abdul Jabbar Bin Karam Din (Hons)

Toh Li Ping, Angela (ACIS)

REGISTERED OFFICE
6 Temasek Boulevard #21-01
Suntec Tower Four
Singapore 038986
Tel: (65) 6334 9052
Fax: (65) 6334 9058
Email address: ir@yingligi.com

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

AUDITORS
Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
80 Robinson Road #25-00
Singapore 068898

AUDIT PARTNER-IN-CHARGE
Low See Lien
Date of Appointment: With effect from financial year ended 31 December 2019

PRINCIPAL BANKERS
China Construction Bank
DBS Bank
Standard Chartered Bank
Xiamen Bank
China Minsheng Bank

AWARDS AND ACCOLADES

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 CHONQGING REAL ESTATE DEVELOPMENT ASSOCIATION TOP 50 ENTERPRISES

2017 第十届重庆市房地产开发协会会员企业50强

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

2017 FIVE-STAR RATED 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 is committed to ensuring that the highest standards of corporate governance are practised throughout 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 FY2019 with specific reference to the principles and provisions of the Code of Corporate Governance 2018 ("**Code**"), guideline 2.4 of the Code of Corporate Governance 2012 which is applicable prior to 1 January 2022, and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Companies Act (Chapter 50) of 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. The Company has complied in all material respects with the principles and provisions in the Code. Where there is any deviation from any provisions of the Code, an explanation has been provided in this report for the variation and how the practices adopted by the Group are consistent with the intent of the relevant principle. This report should be read in totality, instead of being read separately under each principle of the Code.

BOARD MATTERS

PRINCIPLE 1: THE 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 Board will consider sustainability issues such as environmental and social factors as part of its strategic formulation in line with the provisions of the Code.

The principal duties and responsibilities of the Board include:

- providing entrepreneurial leadership to the management team of the Group ("**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 Group to meet its objectives, which include appropriate focus on value creation, innovation and sustainability;

- overseeing financial reporting and reviewing the financial results of the Group and financial reporting;

- monitoring the implementation of such strategies, constructively challenging Management and reviewing the business performance and the Group's performance;

- considering sustainability issues such as environmental, social and governance factors, as part of the strategic formulation including identifying key stakeholder groups and recognising that their perceptions affect the Group's reputation;

- instilling an ethical corporate culture and ensuring the Company's values, standards and practices are consistent with its ethos and are adhered to, and ensuring that obligations to shareholders and other stakeholders are transparent, understood and met;

- approving the appointment of Directors and other key management personnel (as defined in the Code wherever it appears in this report), taking into consideration the recommendations of the Nominating Committee ("**NC**");

- approving the remuneration packages for the Executive Directors and key management personnel, taking into consideration the recommendations of the Remuneration Committee ("**RC**");

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, taking into consideration feedback and recommendations from the Audit Committee ("**AC**");

- 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 and full year results and material interested person transactions ("**IPTs**"); and

- ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and internal code of conduct.

Provision 1.1 – Director's conflict of interest

All Directors of the Board exercise due diligence and independent judgement in discharging their duties and responsibilities at all times as fiduciaries and act objectively in the interests of the Company.

Directors facing conflicts of interest are required to recuse themselves from discussions and decisions involving the issues of conflict. They are also required to avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Group. Where a Director has a conflict of interest, or it appears that he might have a conflict of interest, in relation to any matter, he is required to send a written notice to the Company containing details of his interest and the conflict, or to declare such interest at a meeting of the Directors (or in written resolutions to be passed), and recuse himself from participating in any discussion and decision on the matter. Where relevant, the Directors have complied with such requirement, and such compliance is duly recorded in the minutes of meeting and/or Directors' Resolutions in writing.

Provision 1.2 – Induction and training of Directors

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 programme to familiarise himself/herself with the business activities of the Group, its strategic direction and corporate governance practices. Arrangements are also be made for new Directors to meet Management 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.

CORPORATE GOVERNANCE

The SGX-ST Listing Manual provides that a director who has no prior experience as a director of an issuer listed on the Exchange (a "**First-time Director**") must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange within one year from the date of his appointment to the board ("**Mandatory Training**"). In exceptional circumstances, First-time Directors assessed by the issuer's NC to possess relevant experience need not attend Mandatory Training. In assessing the relevant experience, the NC must have regard to whether the experience is comparable to the experience of a person who has served as a director of an issuer listed on the Exchange. The NC must disclose its reasons for its assessment that the First-time Director possesses relevant experience. Such reasons shall be disclosed in the announcement of the appointment of the First-time Director as director of the issuer ("**Appointment Announcement**") or in the prospectus, offering memorandum or introductory document. Notwithstanding this, the Exchange has the discretion to direct a First-time Director to attend Mandatory Training.

Mr. Chen Guodong who was appointed as an Independent Director of the Company on 14 June 2019, is a first time Director. He has attended certain electives of the Listed Entity Directors Programme conducted by Singapore Institute of Directors on 7 and 8 August 2019, namely, LEDM 5 – AC Essentials (Mandarin), LEDM 6 – Board Risk Committee Essentials (Mandarin), LEDM 7 – NC Essentials (Mandarin) and LEDM 8 – RC Essentials (Mandarin), and endeavours to attend the remaining core modules of the Mandatory Training within one year from the date of his appointment to the Board.

Although Mr. Chen Hongfei and Mr. Tang Chi Chun, who were appointed as Non-Executive and Non-Independent Directors of the Company on 14 June 2019, and Mr. Zhang Mingao, who was appointed as Non-Executive and Non-Independent Chairman, are first time Directors, the NC has considered and is of the view that based on their experience as disclosed in their respective Appointment Announcement, they possess the experience comparable to a Director of a company listed on the SGX-ST:

(i) Mr. Chen Hongfei has been an Executive Director of Everbright Jiabao Co., Ltd (stock code: SH.600622) since September 2017.

(ii) Mr. Tang Chi Chun has been an Executive Director of CEL (stock code: 165.HK) since 2007 and is also the Chief Financial Officer of CEL. He has been a Non-Executive Director of China Aircraft Leasing Group Holdings Limited (stock code: 1848.HK) since August 2013. In addition, he had served as a Director of Everbright Securities Company Limited (stock code: 601788.SH) from February 2008 to January 2011.

(iii) Mr. Zhang Mingao has been an Executive Director of CEL since December 2017 and he is also the Chief Investment Officer of CEL. From August 1999 to December 2017, he had also served as General Manager, Asset Management Department, (2) President of Wuxi Branch, (3) Risk Director of Headquarter's SME Department and (4) Risk Director of Suzhou Branch in Everbright Bank (stock code: 601818.SH, 6818.HK).

The Company also notes that the SGX-ST has no objections for Mr. Chen Hongfei, Mr. Tang Chi Chun and Mr. Zhang Mingao to be exempted from attending the Mandatory Training.

CORPORATE GOVERNANCE

Provision 1.3 – Matters requiring Board's approval

The Company has put in place a set of guidelines and clear directions to 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.

In addition, the matters set out in item 8 of Appendix 7.1 of the SGX-ST Listing Manual (as may be amended from time to time) shall also be reserved for the Board's decision.

Provision 1.4 – Delegation by the Board

The Board has delegated specific responsibilities to three Board Committees, namely, the AC, the NC and the RC. Information on each of the three Board Committees is set out below.

Each Board Committee reports to the Board and has its own written terms of reference and whose actions are reported to and monitored by the Board. The written terms of reference of each Board Committee sets out the relevant authority delegated by the Board for such committee to make decisions. These terms of reference also set out the conduct of meetings including quorum, voting requirements and qualifications for Board Committees' membership. Each Board Committee will review its terms of reference from time to time to ensure relevance. Board approval is required for any changes to the terms of reference for any Board Committee. The responsibilities and authority of the Board Committees set out in their respective terms of reference were revised in FY2019 to align with the Code.

The Board acknowledges that while each Board Committee is authorised to decide or provide its recommendations on particular issues, the ultimate responsibility on all matters lies with the Board.

CORPORATE GOVERNANCE

The composition of the Board and each Board Committee as at the date of this Annual Report are as follows:

		Board Committee Membership		
Name of Director	**Position**	**AC**	**NC**	**RC**
Zhang Mingao[1]	Non-Executive and Non-Independent Chairman	–	–	Member
Pan Ying	Non-Executive and Non-Independent Deputy Chairman	–	–	–
Hu Bing	Executive Director and Group Chief Executive Officer	–	Member	–
Chen Hongfei[2]	Non-Executive and Non-Independent Director	–	–	–
Tang Chi Chun[3]	Non-Executive and Non-Independent Director	Member	–	–
Chia Seng Hee, Jack ("**Jack Chia**")	Lead Independent Director	Chairman	Chairman	–
Tan Sek Khee	Independent Director	Member	–	Chairman
Xiao Zu Xiu	Independent Director	–	–	–
Chen Guodong[4]	Independent Director	–	Member	Member

Notes:

(1) Mr. Zhang Mingao was appointed as the Non-Executive and Non-Independent Chairman and a member of the RC on 14 November 2019.

(2) Mr. Chen Hongfei was appointed as the Non-Executive and Non-Independent Chairman on 14 June 2019. He was subsequently re-designated to a Non-Executive and Non-Independent Director on 14 November 2019.

(3) Mr. Tang Chi Chun was appointed as a Non-Executive and Non-Independent Director on 14 June 2019. He was subsequently appointed as a member of the AC on 28 February 2020.

(4) Mr. Chen Guodong was appointed as an Independent Director on 14 June 2019. He was subsequently appointed as a member of the NC and the RC on 14 November 2019.

No alternate Director was appointed to the Board in FY2019.

Provision 1.5 – Board processes, including Directors' attendance at meetings

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 circular resolutions.

CORPORATE **GOVERNANCE**

The number of Board and Board Committee meetings and general meetings, i.e. annual general meeting ("**AGM**") and extraordinary general meeting ("**EGM**"), held from 1 January 2019 to 31 December 2019, as well as the attendance of every Board member at these meetings are disclosed in the following table:

	General meetings						Board Committees' meetings					
	AGM No. of meetings		EGM No. of meetings		Board No. of meetings		AC No. of meetings		RC No. of meetings		NC No. of meetings	
Name of Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Zhang Mingao[1]	–	–	–	–	–	–			–	–		
Pan Ying[2]	1	1	–	–	7	5	7	5	2	2		
Hu Bing[3]	1	1	–	–	7	7					1	1
Chen Hongfei[4]	–	–	–	–	3	2						
Tang Chi Chun[5]	–	–	–	–	3	2	–	–				
Jack Chia	1	1	–	–	7	7	7	7			3	3
Tan Sek Khee	1	1	–	–	7	7	7	7	2	2		
Xiao Zu Xiu[6]	1	–	–	–	7	3			2	2	3	2
Chen Guodong[7]	–	–	–	–	3	3			–	–	–	–
Fang Ming[8]	1	–	–	–	3	2						
Yang Xiao Yu[9]	1	–	–	–	2	2					1	1

Notes:

(1) Mr. Zhang Mingao was appointed as the Non-Executive and Non-Independent Chairman and a member of the RC on 14 November 2019. There were no RC and Board meetings held from the date of his appointment to 31 December 2019.

(2) Mr. Pan Ying stepped down as a member of the RC and the AC on 14 November 2019 and 28 February 2020 respectively. His attendance at the meetings held during the aforementioned period was recorded up to the date which he ceased as a member of the RC thereof.

(3) Mr. Hu Bing was appointed as a member of NC on 14 June 2019. His attendance at the NC meetings held during the aforementioned period was recorded from the date of his appointment thereof.

(4) Mr. Chen Hongfei was appointed as the Non-Executive and Non-Independent Chairman on 14 June 2019. He was subsequently re-designated to Non-Executive and Non-Independent Director on 14 November 2019. His attendance at the Board meetings held during the aforementioned period was recorded from the date of his appointment thereof.

(5) Mr. Tang Chi Chun was appointed as the Non-Executive and Non-Independent Director on 14 June 2019. He was subsequently appointed as a member of AC on 28 February 2020. His attendance at the Board meetings held during the aforementioned period was recorded from the date of his appointment thereof.

(6) Mr. Xiao Zu Xiu stepped down as a member of the RC and the NC on 14 November 2019. His attendance at the RC and the NC meetings held during the aforementioned period was recorded up to the date which he ceased as a member of the RC and the NC thereof.

(7) Mr. Chen Guodong was appointed as an Independent Director on 14 June 2019. He was subsequently appointed as a member of the NC and the RC on 14 November 2019. His attendance at the Board meetings held during the aforementioned period was recorded up to the date of his appointment thereof. There were no NC and RC meetings held from the date of his appointment to 31 December 2019.

(8) Mr. Fang Ming resigned as the Executive Chairman of the Company and Group CEO on 7 June 2019. His attendance at the Board meetings held during the aforementioned period was recorded up to the date of his resignation thereof.

(9) Ms. Yang Xiao Yu retired as an Executive Director of the Company pursuant to Article 106 of the Constitution and a member of the NC at the conclusion of the AGM held on 29 April 2019. Her attendance at the NC and the Board meetings held during the aforementioned period was recorded up to the date of her retirement thereof.

CORPORATE GOVERNANCE

Provision 1.6 – Complete, adequate and timely information

Management recognises the importance of ensuring the provision of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. The Board has separate and independent access to Management and is entitled to request additional information from Management.

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 and Board Committees' papers with the relevant background (such as Progress Report of the Group's projects) and financial information (with a variance analysis of the financials based on the actual versus budgeted and the financial performance by projects) are circulated to the relevant Director prior to the respective meetings every quarter, save in the case of any ad hoc or urgent meeting. Additional information, such as peer comparisons, were provided by the Group CFO upon the Board's request.

Provision 1.7 – Company Secretaries and independent professional advice

All Directors have separate and independent access to Management and Company Secretaries. The responsibilities of the Company Secretaries include, among other things, ensuring a smooth flow of information between the Board and its Board Committees, Management and Non-Executive Directors. At least one of the Company Secretaries or their representative(s) attends all Board and Board Committees' meetings, ensuring that proper Board procedures are being followed and applicable rules and regulations are complied with. The Company Secretaries also advise the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required.

Under the Constitution of the Company, the decision to appoint or remove the Company Secretary 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.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Provisions 2.1 and 4.4 – Directors' independence review

An "independent" Director is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

For FY2019, the Board, with the concurrence of the NC, had adopted a declaration of independence pursuant to provision 2.1 of the Code and Rules 210(5)(d)(i) and 210(5)(d)(ii) of the SGX-ST Listing Manual ("**Revised Definition on Director's Independence**").

Provisions 2.2 and 2.3 – Composition of (i) Independent Director and (ii) Non-Executive Directors on the Board

The Board comprises nine members of whom one is Executive Director (also the Group CEO), four are Non-Executive and Non-Independent Directors (one of whom is the Chairman of the Board) and four are Independent Directors.

To date, the Company has yet to identify a suitable candidate who possesses the appropriate expertise and experience that best suit the needs of the Company. The search for appropriate candidate(s) is still on-going.

CORPORATE GOVERNANCE

Although the Independent Directors do not make up a majority of the Board where the Chairman is not independent, being a variation from provision 2.2 of the Code, the Non-Executive Directors make up a majority of the Board and the Independent Directors make up more than one-third of the Board. The Independent Directors and the Non-Executive and Non-Independent Directors make up more than half of the Board. As such, the Board is satisfied that it is able to exercise objective judgement on corporate affairs independently and no individual or select group of individuals are allowed to dominate the Board's decision-making process. Accordingly, there is a strong and independent element on the Board and in line with principle 2, the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.4 – Composition of the Board and Board Committees, and Board Diversity Policy

The Company is committed to building a diverse, inclusive and collaborative culture. It recognises that a diverse Board of an appropriate size is an important element which will better pave the way for the Company to achieve its strategic objectives for sustainable development, avoid groupthink and foster constructive debate. A diverse Board also enhances decision-making process through the perspectives derived from differentiating skillsets, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

The Board reviews the size of the Board on an annual basis to ensure an appropriate balance and mix of skillset, knowledge, experience and expertise.

Pursuant to provision 2.4 of the Code, the Board has adopted a Board Diversity Policy. Having regard to the guidelines in the Board Diversity Policy, the NC will, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, take into account factors, including but not limited to gender, age, nationality, ethnicity, cultural background, educational background, experience, skillset, knowledge, independence and length of service. These differentiating factors will be considered in determining the optimum composition of the Board and when possible will be balanced appropriately.

Any external search consultants, if required, engaged to assist the Board or the NC to search for candidates for appointment to the Board will be specifically directed to include diverse candidates from diverse background and female candidates. The decision on the selection of Director(s) to be appointed on the Board will ultimately be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity balanced with the needs of the Board.

During the year, State Alpha Limited (the "**Offeror**") has made a mandatory unconditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with it, in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers. Following the close of the Offer, there have been changes in the Company's Board of Directors. While there has been changes to the composition of the Board and the Board Committees, the NC and the Board are constantly reviewing the size of the current Board based on the current scope and nature of the Group's operations, which facilitates effective decision making.

Nonetheless, the Board is satisfied that the current Board 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 and knowledge to 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.

CORPORATE GOVERNANCE

No individual or select group of individuals dominates the Board's decision-making process. The Board also obtains views from its Independent Directors. The Chairman of the Board establishes boundaries of risk undertaken by the Group and ensures the governance system is in place and regularly evaluated which the Board is the opinion that there is a strong and independent element on the Board.

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

The NC will review the Board Diversity Policy from time to time as appropriate, to ensure the effectiveness of this Policy. The NC will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Provision 2.5 – Role of the Non-Executive Directors

The Non-Executive Directors of the Company (including, for avoidance of doubt, the Independent Directors) 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 the Group's business and financial performance.

All the Independent Directors, led by the Lead Independent Director, met frequently without the presence of the Executive Directors and other Non-Independent Directors to discuss matters of significance which findings are then reported to the Chairman of the Board accordingly.

The Non-Executive Directors and/or Independent Directors are also in frequent contact with one another outside the Board and Board Committees' meetings and hold constant informal discussions amongst themselves. Any feedback would be provided to the Board and/or Chairman of the Board as appropriate.

PRINCIPLE 3: CHAIRMAN AND CEO

Provisions 3.2 and 3.2 – Chairman and CEO

The roles and responsibilities between the Chairman of the Board and the Group CEO of the Company are held by separate individuals to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. There is no one individual who has unfettered powers of decision-making.

The principal duties and responsibilities of Mr. Zhang Mingao, the Non-Executive and Non-Independent 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 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;

CORPORATE GOVERNANCE

- ensuring effective communication with Shareholders; and
- assisting in ensuring the Company's compliance with corporate governance guidelines and promote high standards of corporate governance.

Mr. Hu Bing, the Executive Director and Group CEO, is responsible for the overall daily operations, management, sales and marketing functions of the Group.

Mr. Zhang Mingao and Mr. Hu Bing do not have any familial relationship.

Provision 3.3 – Lead Independent Director

The Board is of the view that there are sufficient safeguards and checks in place to ensure that there is a good balance of power, accountability and capacity of the Board for independent decision-making. 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 Non-Executive Directors (including the Independent Directors): (i) on constructive discussion with Management; (ii) to assist Management in developing goals and objectives; and (iii) to review and monitor Management's performance.

Shareholders with concerns may contact the Lead Independent Director directly when contact through normal channels via the Non-Executive and Non-Independent Chairman, the Group CEO, the CFO and Management has failed to provide a satisfactory resolution, or when such contact is inappropriate.

PRINCIPLE 4: BOARD MEMBERSHIP

Provisions 4.1 and 4.2 – NC's duties and composition

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. Chen Guodong (Independent Director)	– NC member
Mr. Hu Bing (Executive Director and Group CEO)	– NC member

The principal duties and responsibilities of the NC include:

- reviewing Board succession plans for directors, in particular, the appointment and/or replacement of the Chairman of the Board, the CEO and key management personnel;
- developing a process and criteria for evaluation of the performance of the Board, its Board Committees and directors and assessing annually the effectiveness of the Board as a whole and the contribution and performance of each individual Directors;
- identifying new candidates and review all nominations for the appointment (including alternate director, if any), re-appointment or re-election of Directors;
- conducting review of training and professional development programmes for the Board; and
- determining annually, and as and when circumstances require, whether or not a Director is independent pursuant to the provisions of the Code, and by such amendments made thereto from time to time.

CORPORATE GOVERNANCE

Provision 4.3 – Process for selection and appointment of new Directors

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 taking into consideration diversity requirements. 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.

In its search and nomination process for new directors, the NC has, at its disposal, search companies, personal contacts and recommendations, to cast it net as wide as possible for the right candidates, taking into consideration. The Board will review the recommendations and approve the appointment(s) as appropriate. Any appointment(s) to Board Committees would be reviewed and approved at the same time. Such appointment(s) would be formalised by circular resolutions and the requisite announcement and notification to the relevant authorities.

Where and when required, the Company may also appoint professional search firms and recruitment consultants to assist in the selection and evaluation process if the appointment involves specific skill sets or industry specialisation.

Provision 4.3 – Process for re-election/re-appointment of Directors

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.

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, level of preparedness, intensity of participation and candour at these meetings and the quality of his 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.

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 the four Directors who were appointed during the year, namely Mr. Zhang Mingao, Mr. Chen Hongfei, Mr. Tang Chi Chun and Mr. Chen Guodong, who will be retiring pursuant to Article 90 at the forthcoming AGM.

Mr. Xiao Zu Xiu, who is retiring pursuant to Article 106 of the Constitution, had indicated that he will not be seeking re-election. In addition, the Company did not receive the consent to continue in office from Mr. Pan Ying who is retiring pursuant to Article 106 of the Constitution. Accordingly, Mr. Xiao Zu Xiu will be retiring as Independent Director and Mr. Pan Ying will be retiring as the Non-Executive and Non-Independent Deputy Chairman at the forthcoming AGM.

Save for Mr. Pan Ying and Mr. Xiao Zu Xiu, all the retiring Directors have consented to continue in office and the Board had accepted the recommendation of the NC and accordingly, the above Directors will be offering themselves for re-election. Each member of the NC had abstained from voting on any resolution and making any recommendation and/or participated in respect of his re-election, if any, as Director.

CORPORATE GOVERNANCE

Provision 4.4 – Review of Directors' Independence

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 his independence based on the Revised Definition on Director's Independence, which is deliberated upon by the NC and the Board. The NC will then review the form completed by each Independent Director to determine whether the Director is independent.

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 and the SGX-ST Listing Manual.

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, Mr. Xiao Zu Xiu and Mr. Chen Guodong, concluded that they are independent and free from any relationships outlined in the Code and the SGX-ST Listing Manual. 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.

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 scrutinise 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.

The Board had observed the performance of Mr. Xiao Zu Xiu at Board and Board Committees' 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. However, Mr Xiao will be retiring at the AGM in 2020, having served the Company since 2008.

Each of the Independent Director had recused themselves from the NC's and Board's deliberations on their own independence.

Provision 4.5 – Directors' time commitments and multiple Directorships

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.

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, as evident from the attendance records on Page 33. 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.

CORPORATE GOVERNANCE

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
Zhang Mingao (Non-Executive and Non-Independent Director)	14 November 2019/ Not applicable	– CEL[2] – Everbright Jiabao Co., Ltd[3]	Nil
Pan Ying (Non-Executive and Non-Independent Deputy Chairman)	23 September 2014/ 28 April 2017	– Sinopec Oilfield Service Corporation[2]	– Everbright Jiabao Co., Ltd[3]
Hu Bing (Executive Director)	17 August 2017/ 27 April 2018	Nil	Nil
Chen Hongfei (Non-Executive and Non-Independent Director)	14 June 2019/ Not applicable	– Everbright Jiabao Co., Ltd[3]	Nil
Tang Chi Chun (Non-Executive and Non-Independent Director)	14 June 2019/ Not applicable	– CEL[2] – China Aircraft Leasing Group Holdings Limited[2]	Nil
Jack Chia (Lead Independent Director)	27 July 2018/ 29 April 2019	– Combine Will International Holdings Limited – Debao Property Development Ltd – Dukang Distillers Holdings Limited – mm2 Asia Ltd. – CDW Holding Limited	– AGV Group Limited – Shanghai Turbo Enterprises Limited – Lifebrandz Ltd.
Tan Sek Khee (Independent Director)	29 April 2013/ 29 April 2019	– ASL Marine Holdings Ltd	– Europtronic Group Ltd[4]
Xiao Zu Xiu (Independent Director)	26 September 2008/ 27 April 2018	Nil	Nil
Chen Guodong (Independent Director)	14 June 2019/ Not applicable	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 SEHK.
(3) Listed on the Shanghai Stock Exchange and formerly known as Shanghai Jiabao Industry and Commerce (Group) Co., Ltd.
(4) Delisted from the Official List of the SGX-ST with effect from 9.00 a.m. on 12 September 2018.

CORPORATE GOVERNANCE

Mr. Zhang Mingao, Mr. Pan Ying, Mr. Chen Hongfei, Mr. Tang Chi Chun, Mr. Jack Chia and Mr. Tan Sek Khee hold concurrent directorships in other listed companies for FY2019.

The NC is satisfied that Mr. Zhang Mingao, Mr. Pan Ying, Mr. Chen Hongfei, Mr. Tang Chi Chun, Mr. Jack Chia and Mr. Tan Sek Khee will be and have been able to, devote sufficient time and attention to the affairs of the Group and adequately discharge their duties.

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

PRINCIPLE 5: BOARD PERFORMANCE

Provisions 5.1 and 5.2 – Assessments of the Board, Board Committees and individual Directors

The Board has implemented a process for assessing its effectiveness as a whole as well as the contribution by each Director to the Board, and of each of its Board Committee separately on an annual basis.

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholders' value. Based on the recommendations of the NC, the Board has established processes for evaluating the effectiveness of the Board as a whole and self-assessment of each individual director, and its Board Committees to the effectiveness of the Board.

When performing the appraisal of the Board and each individual director, 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.

For FY2019, the NC has conducted the assessments on the effectiveness of the Board as a whole and self-assessment of each individual Directors where each Director is required to complete his self-evaluation based on the (1) understanding of Company's mission, vision and values; (2) Corporate governance knowledge; (3) Business development efforts; (4) Training attendance; (5) Met targets set by Board (for Executive Director only) or maintenance of independence for Independent Directors (For Independent Directors only) and/or devotion of sufficient time (for Non-Executive Directors) and the following key performance criteria of the Board:

- Board composition;
- Board information;
- Board process;
- Board accountability; and
- Performance benchmark/Standards of Conduct.

The Chairman of respective Board Committees are required to complete a questionnaire on the effectiveness of these Board Committees.

The assessments/questions were collated and the findings analysed and discussed, with a view to implementing certain recommendations to further enhance the effectiveness of the Board and the Board Committees.

As Mr. Zhang Mingao was appointed on 14 November 2019, the NC and the Board were of the view that it is not meaningful for him to complete the said assessment.

CORPORATE GOVERNANCE

The NC was generally satisfied with the results of the evaluation for the performance of the Board and the individual directors, and the respective Board Committees for FY2019, which indicated areas 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.

To-date, no external facilitator has been engaged.

REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

<u>Provisions 6.1 and 6.2 – RC's duties and composition</u>

The terms of reference of the RC provides that the RC shall comprise at least three Non-Executive 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. Chen Guodong (Independent Director)	– RC member
Mr. Zhang Mingao (Non-Executive and Non-Independent Chairman)	– RC member

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 EGM held on 28 April 2010 in accordance with their terms.

CORPORATE GOVERNANCE

Provisions 6.3 and 6.4 – Remuneration framework and engagement of remuneration consultants, if any

The RC's recommendations were made in consultation with the Chairman of the Board and none of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to him/her.

The Company has entered into a service agreement with Mr Hu Bing, the Executive Director and Group CEO in FY2019, which sets out his terms of remuneration. The tenure of service contract is for a fixed period of three years and shall automatically continue from year to year unless terminated in accordance to the service agreement. The said service agreement does not contain onerous removal clauses but provides for a notice of termination 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.

For FY2019, there were no termination, retirement and post-employment benefits granted to Directors and key management personnel.

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 FY2019.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION
PRINCIPLE 8: DISCLOSURE OF REMUNERATION

Provisions 7.1 to 7.3 and provision 8.3 – Level and mix of remuneration

The level and structure of remuneration of the Board and key management personnel is designed to be appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company. The remuneration package 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.

Framework for remuneration of Executive Directors and key management personnel

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.

CORPORATE GOVERNANCE

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.

Currently, the Company does not have any contractual provisions which allow the Company to reclaim incentive components of remuneration from Executive Directors and/or Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company as such provisions will stifle the Company's ability to effectively attract and retain the right individuals. However, the Company will be putting in place such contractual provisions for reclaiming incentive components in due course.

(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.

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.

Nonetheless, the ESOS and PSP will be expiring on 28 April 2020. The Company may be adopting a new ESOS and PSP to ensure that the remuneration package remain sufficiently competitive to attract, retain and motivate the Directors and key management personnel.

CORPORATE GOVERNANCE

ESOS

Subject to the absolute discretion of the RC, 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.

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 2019, there were no outstanding share options granted under the ESOS of the Group (31 December 2018: Nil)

CORPORATE GOVERNANCE

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 RC 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 2019, there were no outstanding share awards that were granted but not vested (31 December 2018: Nil).

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.

Remuneration of Non-Executive Directors

The Non-Executive Directors (including Independent 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.

CORPORATE **GOVERNANCE**

Provision 8.1(a) – Directors' remuneration/fees and remuneration of the Group CEO

The remuneration of the Directors and the Group CEO for FY2019 is as follows:

	Salary/ Director's fees	Bonus	Share options	Share-based incentives	Total
	%	%	%	%	%
Above S$750,000 but below S$1,000,000					
Hu Bing (Executive Director and Group CEO)	100	–	–	–	100
Above S$500,000 but below S$750,000					
Fang Ming (Executive Chairman and Group CEO)[1]	100	–	–	–	100
Below S$250,000					
Zhang Mingao (Non-Executive and Non-Independent Chairman)[2]	–	–	–	–	–
Pan Ying (Non-Executive and Non-Independent Deputy Chairman)	100	–	–	–	100
Chen Hongfei[3]	–	–	–	–	–
Tang Chi Chun[4]	–	–	–	–	–
Jack Chia	100	–	–	–	100
Tan Sek Khee	100	–	–	–	100
Xiao Zu Xiu	100	–	–	–	100
Chen Guodong[5]	100	–	–	–	100
Yang Xiao Yu[6]	100	–	–	–	100

Notes:

(1) Mr. Fang Ming resigned as the Executive Chairman of the Company and Group CEO on 7 June 2019.

(2) Mr. Zhang Mingao was appointed as the Non-Executive and Non-Independent Chairman and a member of the RC on 14 November 2019.

(3) Mr. Chen Hongfei was appointed as the Non-Executive and Non-Independent Chairman on 14 June 2019. He was subsequently re-designated to Non-Executive and Non-Independent Director on 14 November 2019.

(4) Mr. Tang Chi Chun was appointed as a Non-Executive and Non-Independent Director on 14 June 2019. He was subsequently appointed as a member of the AC on 28 February 2020.

(5) Mr. Chen Guodong was appointed as the Independent Director on 14 June 2019. He was subsequently appointed as a member of the NC and the RC on 14 November 2019.

(6) Ms. Yang Xiao Yu retired as an Executive Director of the Company pursuant to Article 106 of the Constitution and a member of the NC at the conclusion of the AGM held on 29 April 2019.

CORPORATE GOVERNANCE

Following the close of the Offer, other than the key management personnel as disclosed below, the Board is in the process of identifying suitable candidate to be promoted as key management personnel. The remuneration band of the five key management personnel for FY2019 is as follows:

	Salary and Bonus	Share options	Share-based incentives
	%	%	%
Above S$250,000 but below S$500,000			
Lim Gee Kiat[1]	100	–	–
Kooi Wei Boon[2]	100	–	–
Below S$250,000			
Yang Fang Heng[3]	100	–	–
Liu Qiang[4]	100	–	–
Dai Ling[5]	100	–	–

Notes:
(1) Mr. Lim Gee Kiat resigned as the Group CFO on 6 September 2019.
(2) Mr. Kooi Wei Boon was appointed as the Group CFO on 16 September 2019.
(3) Mr. Yang Fang Heng resigned as Senior Vice President of Chongqing Yingli Real Estate Development Co., Ltd. ("CQYL") on 31 December 2019.
(4) Mr. Liu Qiang resigned as the Vice President of CQYL on 15 November 2019.
(5) Ms. Dai Ling resigned as the Deputy General Manager of CQYL on 31 December 2019.

Due to the confidentiality and commercial sensitivity attached to remuneration matters, given the highly competitive environment the Group operates in, the Company does not fully disclose the remuneration of the Directors. Instead, disclosures had been provided in applicable bands of S$250,000 as above, with a breakdown in percentage of the remuneration earned through salary and bonus, share options and share-based incentives. The aggregate remuneration paid to the top five key management personnel (who are not Directors or the Group CEO) for FY2019 is S$964,000.

Despite having varied from provision 8.1(a) of the Code, the Board believes that consistent with the intent of principle 8 of the Code, sufficient information has been disclosed for shareholders' understanding with respect to the Group's remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

There were no employees who are substantial shareholders or immediate family members of a Director, the Group CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 for FY2019.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

Provision 9.1 – Maintenance of a sound risk management system and internal controls

The Board is responsible for the governance of risks and sets the tone and direction for the Group in the way risks are managed in the businesses conducted by the Group. 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 Management maintains a sound risk management system and sound 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 real estate developer and manager of prime commercial and office space, the Company's principal operating risks includes but is not limited to:

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

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

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

The Board, with the support from 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 FY2019 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 FY2019.

The AC continuously assesses these risks but formally undertake a review of such risks with Management and the internal auditors annually. The AC uses a methodology to identify, judge and assess risks similar to that used by enterprise risk management systems. Once all identified risks are classified, the internal auditor is charged with assessing the adequacy and effectiveness 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.

CORPORATE GOVERNANCE

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.

Provision 9.2 – Written assurance regarding (i) financial records and financial statements and (ii) adequacy and effectiveness of the Group's risk management and internal control systems

The Board has written received assurance from the Group CEO and the CFO (who are also the key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Group regarding the adequacy and effectiveness of the company's risk management and internal control systems) that as at 31 December 2019:–

(a) nothing has come to their attention which would render the financial statements to be false or misleading in any material aspects;

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

(c) the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems ("**Internal Control and Risk Management Systems**") in place are adequate and effective in addressing its material risks in the Group's current business environment; and

(d) there are no known significant deficiencies or lapses in the Group's Internal Control and Risk Management Systems which could adversely affect its ability to record, process, summarise or report financial data, or any fraud that involves Management or other employees who have a significant role in the Group's Internal Control and Risk Management Systems.

Rule 1207(10) of the SGX-ST Listing Manual

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 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 2019 to meet the needs of the Group, taking into account the nature and scope of its operations.

The Board notes that the internal controls and risk management systems currently in place provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

CORPORATE GOVERNANCE

PRINCIPLE 10: AUDIT COMMITTEE

Provisions 10.1 to 10.3 and 10.5 – Duties and composition of the AC

The terms of reference of the AC provides that the AC shall comprise at least three Non-Executive 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. Tang Chi Chun (Non-Executive and Non-Independent Director)	– AC member

Mr. Jack Chia is a professional Director, specialising in corporate governance and has about 20 years of related financial management 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. Mr. Tang Chi Chun has over 30 years of experience in audit, investment, accounting and finance. 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 is a former partner or director of the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation, and in any case, for as long as they have any financial interest in the Company's existing auditing firm or auditing corporation.

The principal duties and responsibilities of the AC include:

- reviewing the audit plans and the 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 appraising changes or new internal controls implemented by the Company;

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

- reviewing the assistance given by Management to the internal auditors and the 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 discussing the necessary steps to take in order to minimise 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

CORPORATE **GOVERNANCE**

- reviewing IPTs (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 constantly reviewed the development and maintenance of adequate and effective system of internal controls, with an overall objective of ensuring that Management creates and maintains an effective control environment in the Company.

The external auditors and/or the CFO will update the AC on the changes to accounting standards and issues which have a direct impact on financial statements from time to time. In addition, the AC is entitled to seek clarification from Management, the external 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 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.

<u>Change of auditors for the financial year ended 31 December 2019</u>

On 9 December 2019, Foo Kon Tan LLP ("**FKT**") notified the Company that it had on 2 December 2019 submitted an application to Accounting and Corporate Regulatory Authority ("**ACRA**") to seek ACRA's consent to its resignation as Auditors ("**Notice of Application**").

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**"). 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. In accordance with Section 205AB(5) of the Companies Act, the resignation of FKT as Auditors took effect on 21 January 2020. Nexia TS Public Accounting Corporation ("**Nexia**") had, on 28 November 2019, provided the Company with its written consent to act as Auditors.

Consequently, pursuant to Rule 712(3) of the SGX-ST Listing Manual and Section 205AF(1)(b)(i) of the Companies Act, the Company had obtained Shareholders' approval for the appointment of Nexia at an extraordinary general meeting held on 14 February 2020. Accordingly, Nexia's appointment as External Auditors took effect on 14 February 2020 and will hold office until the conclusion of the next AGM of the Company.

During FY2019, the AC has met at least once with the internal auditors, FKT and Nexia separately, without the presence of Management to review any matter that might be raised.

The aggregate amount of fees paid to the following external auditors for FY2019 is as follows:–

(i) FKT: Non-Audit Fees of S$78,000. There were no fees paid for audit services.
(ii) Nexia: Audit Fees of S$218,000, Non-audit services fee of S$80,000.

CORPORATE GOVERNANCE

The AC had also conducted a review of the non-audit services provided by the above external auditors for FY2019 and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Pursuant to their annual review of the independence of FKT (prior to their resignation) and Nexia respectively, the AC is also satisfied with their independence for FY2019.

The AC has recommended to the Board the re-appointment of Nexia as the Company's external auditors for the ensuing year at the forthcoming AGM.

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

Whistle-blowing

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 management of the Group for authorisation 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 uploaded onto the Company's website and made available to all employees and any other persons.

Provision 10.4 – Internal Audit

The Company recognises the importance of establishing an internal audit function that is independent of the activities it audits. The Group has in place an internal audit function outsourced to a reputable firm which reports directly to the AC. The AC is of the view that the internal audit function is independent, effective and adequately resourced.

The internal auditor is a member of the Institute of Internal Auditors Singapore ("**IIA**"), a professional internal auditing body affiliated to the Institute of Internal Auditors, Inc. The audit work carried out is guided by the firm's global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the IIA.

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.

CORPORATE GOVERNANCE

The role of the internal auditors is to support the AC in ensuring that the Group maintains a sound risk management system and sound 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 AC will review the findings of the internal auditors and will ensure that the Group follows up on the Internal Auditors' recommendations. The AC will review the adequacy of the internal audit function annually to ensure that the internal audit function is adequately resourced and able to perform its function effectively and objectively.

For FY2019, the AC is satisfied that the internal audit function is independent, effective and adequately resourced.

SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 14: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Board ensures that all the Company's shareholders are treated equitably for them to exercise their shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance position and prospects.

Provisions 11.1 to 11.5 – Participation and voting at general meetings of shareholders

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. 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.

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. Where the resolutions are "bundled", the Company will explain the reasons and material implications.

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 Company's Constitution does not permit voting in absentia by mail, facsimile or e-mail 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.

The Chairman of the Board and the respective Chairman of the AC, the NC and the RC are required to be present and available at the AGM to address shareholders' queries. Appropriate senior management personnel are also present at the meeting to address operational questions from shareholders. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. The Directors' attendance at the general meetings of the Company held in 2019 is disclosed under provision 1.5 above.

The Company currently does not publish its minutes of general meetings on its corporate website. However, the minutes are available to shareholders upon request.

CORPORATE GOVERNANCE

Provision 11.6 – Dividend Policy

The Group does not have a fixed dividend policy at present. The Board has via the Company's full-year results announcement released on 28 February 2020 informed that it has not recommended any dividend. No dividend was declared for FY2019 as the Board has taken a conservative view which includes the global macroeconomic uncertainties caused by COVID-19, cash flow and working capital requirements, to mitigate financial risks by retaining a lower gearing ratio. The Group will continue to monitor its cash flow situation and will consider reward shareholders when the conditions are met.

PRINCIPLE 15: ENGAGEMENT 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 and presentation slides are always released through the SGXNET on a timely basis for dissemination to shareholders and the public in accordance with the requirements of the SGX-ST. All materials on the quarterly and full year financial results, as well as the latest annual report of the Company, are available on the Company's website at *www.yingligj.com*. The website also contains various other investor-related information about the Company which serves as an important resource for investors and its Shareholders.

The Group values dialogue sessions with its shareholders. During general meetings of the Company, the Board devotes time and attention to address questions from and concerns raised by shareholders and the Directors are generally present for the entire duration of the meetings. The Chairman of the meeting will also endeavour to facilitate constructive dialogue between shareholders and the Board. In addition, members of the Board and key management personnel make themselves available to interact with shareholders both before and after general meetings. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

The Company has engaged the services of an external investor relations firm. Other than communicating with members of the Board and key management personnel at general meetings, shareholders may contact the Company's CFO through ir@yingligj.com on any investors relations matters. The Company strives to respond within two to three working days upon receipt of these emails.

MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

Provisions 13.1 and 13.2 – Identification and engagement with material stakeholder groups, including managing relationships with such groups

The Group believes that forging good relationships with its stakeholders is crucial for the sustainable growth of its business and identified its key stakeholders which include builders and suppliers, customers, employees, regulatory authorities (Governments, SGX-ST, Ministry of Manpower, Inland Revenue Authority of Singapore), shareholders and investors.

The Company recognises the need to continuously develop its responsible business approach in order to address growing stakeholder expectations around our impact on the economy, environment and society. As such, the Company engages both internal and external stakeholders on a regular basis with the goal of strengthening its sustainability approach and performance.

CORPORATE GOVERNANCE

Provision 13.3 – Corporate website

The Group maintains a current and updated corporate website.

All materials on the Company's financial results, as well as the latest annual report of the Company, are available on the Company's website at http://www.yingligj.com/. The website also contains various other investor-related information about the Company which serves as an important resource for its shareholders and all other stakeholders.

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 FY2019, the Company has complied with Rule 1207(19) of the SGX-ST Listing Manual.

INTERESTED PERSON TRANSACTIONS

All 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 FY2019 were as follows:

Name of Interested Person	Nature of relationship	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**
Everbright Hero GP Limited[(1)] Fees paid for securing credit facilities	Controlling shareholder	1,505	–
EBA (Beijing) Assets Management Co., Ltd Management fees charged by joint venture of controlling shareholder	Controlling shareholder	4,766	–
EBA (Beijing) Assets Management Co., Ltd Staff costs paid to joint venture of controlling shareholder	Controlling shareholder	628	–
Sub-total		6,899	–
Everbright Hero Holdings Limited[(1)] Distribution on perpetual convertible securities	Controlling shareholder	112,530	–
Total		**119,429**	**–**

Note:
(1) A 100% indirectly owned subsidiary of CEL.

CORPORATE GOVERNANCE

Based on the IPTs made known to the Company, the total value of the transactions entered into with the interested persons for FY2019 was RMB6.9 million, which represents 0.13% of the Group's latest audited net tangible assets ("**NTA**") for the financial year ended 31 December 2018 ("**FY2018**") and 0.18% of the Group's latest audited restated NTA for FY2018, excluding the distribution on perpetual convertible securities entered into with CEL which was approved by the shareholders at the EGM held on 2 September 2014.

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 subsidiary corporations, 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.

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. Not only do we create economic value by maximising profits and shareholder value, but we also take on a broader responsibility as a global corporate citizen to create societal values, and deliver value to all our stakeholders. As we look back on our progress over the last year, our efforts can be summarised as follows:

We recognise the need to continuously develop our responsible business approach in order to address growing stakeholder expectations impacting on the economy, environment and society. As such, we engage both internal and external stakeholders on a regular basis with the goal of strengthening our sustainability approach and performance.

An overview of our approach and rationale is set out below (with stakeholders listed in alphabetical order), together with the feedback we have received.

Stakeholders	How we listen	Why we do it	What you've told us
Builders and suppliers	• Daily project meetings • Periodic evaluations on suppliers' performance	• Ensure construction projects are completed on time at a reasonable quality and cost	• Ability to meet Company's quality standards • Ability to meet Company's delivery timelines
Customers	• Road shows • Feedback • Company's website	• Safeguard investment value of customer • Ensure customer satisfaction is upheld • Ensure service standards	• Optimizing customer service • Increase in investment value of properties • Emergency preparedness

The full Sustainability Report for FY2020 is available on our website at www.yingligj.com.

SUMMARY ON **SUSTAINABILITY REPORT**

Stakeholders	How we listen	Why we do it	What you've told us
Employees	• Internal updates and communications • Events and functions	• Improve employees' capabilities through internal and external training • Improve employees' well-being through managing health and safety	• Health and safety • Career progression • Benefits and rewards • External courses
Regulatory authorities (Governments, SGX, MOM, IRAS)	• Regular updates and communication • Reports and compliance • Periodical meetings with government bodies	• Adhere to environmental regulations for building construction • Good relationship between continuing sponsor and Company • Dialogue with SGX • Active participation in SGX events to increase visibility and transparency	• Compliance with relevant laws and regulations
Shareholder and investors	• SGX announcements • Shareholder's meeting • Annual reports • Company's website • Regular updates and communication	• Committed to delivering economic value to our capital providers through a strong financial performance and our methods of engagement with them.	• Long-term profitability • Sustainability matters • Group's performance against targets • Compliance with all relevant requirements

The full Sustainability Report for FY2020 is available on our website at www.yingligj.com.

SUMMARY ON
SUSTAINABILITY REPORT

Based on the stakeholder engagement, we developed our sustainability materiality matrix which is aligned with our principal business and operational risks, and formed our sustainability strategy which has shaped our approach to sustainability reporting. We will review and adjust the matrix each year, as the external and business context changes.

The full Sustainability Report for FY2020 is available on our website at www.yingligj.com.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The directors present their statement to the members together with the audited consolidated financial statements of Ying Li International Real Estate Limited (the "Company") and its subsidiary corporations (the "Group") for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 72 to 159 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

DIRECTORS

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

Zhang Mingao	(Appointed on 14 November 2019)
Pan Ying	
Hu Bing	
Chen Hongfei	(Appointed on 14 June 2019)
Tang Chi Chun	(Appointed on 14 June 2019)
Chia Seng Hee, Jack	
Tan Sek Khee	
Xiao Zu Xiu	
Chen Guodong	(Appointed on 14 June 2019)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding 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:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 1 January 2019/date of appointment	At 31 December 2019	At 1 January 2019/date of appointment	At 31 December 2019
Company				
(No. of ordinary shares)				
Chia Seng Hee, Jack	**1,000**	**1,000**	–	–
Intermediate Holding Company				
China Everbright Limited ("CEL")				
(No. of ordinary shares)				
Tang Chi Chun	**719,000**	**719,000**	–	–

The directors' interests in the ordinary shares of the Company as at 21 January 2020 were the same as those as at 31 December 2019.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

As at the end of the financial year, there were no unissued shares of the Company under option.

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Chia Seng Hee, Jack	(Chairman and Independent Director)
Tan Sek Khee	(Independent Director)
Pan Ying	(Non-Executive and Non-Independent Deputy Chairman)

All members of the Audit Committee are independent or non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50. In performing those functions, the Audit Committee reviewed:

(i) the scope and the results of internal audit procedures with the internal auditor;

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

(iii) the assistance given by the Company's management to the independent auditor; and

(iv) the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2019 before their submission to the Board of Directors.

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 function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditor has unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

....

ZHANG MINGAO
Director

....

HU BING
Director

03 April 2020

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 accompanying 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 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 159.

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)s") 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 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirement that are relevant to our audit of the financial statements in Singapore and we have fulfilled our other ethical responsibilities in accordance with ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the financial year ended 31 December 2018 were audited by another independent auditor who expressed an unqualified opinion on those financial statements on 29 March 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current financial year. These matters were addressed in the context of our audit of the consolidated 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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Opening balances and Prior year adjustments ("PYAs")
(Refer to Note 32 to the financial statements)

Area of focus

Following the acquisition of the Company by China Everbright Limited ("CEL") during the financial year, there were changes made to the management team of the Group. In taking over the financial and accounting functions of the Group, certain issues in respect of the historical financial statements of the Group and the Company have been highlighted and corrected in accordance with *SFRS (I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors*. These adjustments were significant to the Group and require certain degree of judgement and estimates.

How our audit addressed the area of focus

We discussed with management to understand the nature of these adjustments, examined the supporting documents for the basis for these adjustments and checked the computations to derive the adjustments. Due to the diverse nature of the adjustments, we would have, when considered appropriate:

(a) discussed with management's legal counsels on the legal interpretations; or
(b) enlisted the assistance of our tax specialists in assessing the tax implications; or
(c) evaluated, with our specialists, any valuation reports provided by management.

We have also evaluated the adequacy of disclosure within these financial statements.

Valuation of investment properties
(Refer to Note 16 to the financial statements)

Area of focus

The Group has a portfolio of investment properties in the People's Republic of China with a carrying value of RMB4.2 billion and representing 54% of total assets at 31 December 2019. Investment properties represent the most significant asset item on the statement of financial position.

The Group's accounting policy is to state investment properties at fair value which are based on independent external valuations. Significant judgements and estimates are involved in determining the appropriate valuation methods and assumptions applied in the valuations. A small change in the key assumptions applied by the valuers such as the discount rate, terminal yield rate, capitalisation rate and price per square metre can have a significant impact to the valuation.

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 (CONT'D)

Key Audit Matters (Cont'd)

Valuation of investment properties (Cont'd)

How our audit addressed the area of focus

We assessed the valuers' qualifications and their expertise and considered whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.

We considered the appropriateness of the valuation methods used, which included direct comparison method and the discounted cash flow method, against those applied for similar property types in the market. We assessed the reasonableness of the key assumptions used in the valuations which included price per square metre and the discount rates, against historical rates and available market data, taking into consideration comparability and market factors. We performed sensitivity analysis against the key assumptions used. We also considered the adequacy of the disclosures in the financial statements.

Valuation of financial assets, at fair value through profit or loss
(Refer to Note 15 to the financial statements)

Area of focus

The Group has a material investment in an unquoted equity of a limited partnership with a carrying value of RMB870 million and representing 11% of total assets at 31 December 2019. The underlying assets pertain to an integrated property project (the "Project") in Tongzhou District, Beijing.

The Group's accounting policy is to account for the valuation of the investment in unquoted equity of a limited partnership at fair value through profit or loss, which are based on the valuation of the underlying assets by an independent external valuer and the projected results allocated from the Project that are in accordance with the related Investment and Partnership Agreements. 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 multiple phases of development, the valuation of other investment is determined using the direct comparison method and residual method that involve the use of unobservable inputs.

How our audit addressed the area of focus

We assessed the valuers' qualifications and their expertise, considering whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.

We considered the valuation methods used, which included direct comparison method and residual value method, against those applied for similar property types. We assessed the reasonableness of the key assumptions used in the valuations which included price per square metre, against historical rates and available market data, taking into consideration comparability and market factors. We have reviewed the mathematical correctness of the fundamental calculation steps, including the bases of distribution in accordance with the related Investment and Partnership Agreements. We also considered the adequacy of the disclosures in the financial statements.

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 (CONT'D)

Key Audit Matters (Cont'd)

Valuation of development properties
(Refer to Note 14 to the financial statements)

Area of focus

Development properties (consisting of properties for development and completed properties for sale) represent a significant proportion of the assets in the Group's financial statement.

The Group assesses at each reporting date the net realisable value of development properties by reference to sales prices of comparable properties, timing of sale launches, location of property, expected net selling prices and development expenditure. Market conditions may, however, change which may affect the future selling prices on the remaining unsold units of the development properties and accordingly, the carrying amount of development properties for sale may have to be written down in future periods. The Group also engages the independent professional valuer to estimate the net realisable value for certain properties which have been identified as at risk of being written-down. In determining the net realisable value, the valuer uses valuation method which involves certain estimates. In relying on the valuation report, management has exercised its judgement and is satisfied that the valuation method is reflective of current market conditions and the estimations used are appropriate.

How our audit addressed the area of focus

We discussed with management to understand the basis used in determining whether any write-down would be required for the Group's Development Properties.

We challenged management assumptions relating to the reasonableness of the future sales expectations including expected selling prices. We compared the expected selling prices to publicly available benchmarks and also considered whether these prices are consistent with the current property market trends.

Where valuers were used to estimate the expected selling prices, we also assessed the valuers' qualifications and their expertise and considered whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.

We considered the appropriateness of the valuation methods used, which included direct comparison method and the discounted cash flow method, against those applied for similar property types in the market. We assessed the reasonableness of the key assumptions used in the valuations which included price per square metre and the discount rates, against historical rates and available market data, taking into consideration comparability and market factors. We performed sensitivity analysis against the key assumptions used. We also considered the adequacy of the disclosures in the financial statements.

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 comprises the information included in the annual report, but does not include the financial statement 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.

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.

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.

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)

- 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.

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.

INDEPENDENT AUDITOR'S REPORT

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

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 director on the audit resulting in this Independent Auditor's report is Low See Lien.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants Singapore

Singapore
03 April 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RMB'000	2018 RMB'000 (Restated)
Revenue	4	**358,925**	752,631
Cost of sales	5	**(152,061)**	(455,466)
Gross profit		**206,864**	297,165
Other income	7	**27,307**	11,127
Other losses – net	8	**(527,331)**	(94,310)
Expenses			
– Distribution and marketing		**(70,192)**	(66,783)
– Administrative		**(140,864)**	(135,124)
– Finance	9	**(171,279)**	(228,195)
Loss before income tax		**(675,495)**	(216,120)
Income tax credit/(expense)	10	**149,571**	(35,208)
Net loss for the year		**(525,924)**	(251,328)
Other comprehensive loss			
Items that maybe reclassified subsequently to profit or loss:			
Net currency translation differences arising from consolidation	25	**(39,687)**	(31,990)
Other comprehensive loss, net of tax		**(39,687)**	(31,990)
Total comprehensive loss		**(565,611)**	(283,318)
Loss attributable to:			
Equity holders of the Company		**(523,432)**	(248,159)
Non-controlling interests	18	**(2,492)**	(3,169)
		(525,924)	(251,328)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(563,119)**	(280,149)
Non-controlling interests	18	**(2,492)**	(3,169)
		(565,611)	(283,318)
Loss per share for loss attributable to equity holders of the Company			
Basic loss per share (RMB)	11	**(0.205)**	(0.097)
Diluted loss per share (RMB)	11	**(0.205)**	(0.097)

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2019

	Note	Group 31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)	1 January 2018 RMB'000 (Restated)
ASSETS				
Current assets				
Cash and cash equivalents	12	**1,002,498**	750,510	626,910
Trade and other receivables	13	**490,365**	1,663,545	2,934,836
Development properties	14	**1,131,959**	1,213,135	1,581,157
		2,624,822	3,627,190	5,142,903
Non-current assets				
Property, plant and equipment	17	**38,534**	42,652	48,493
Investment properties	16	**4,162,080**	4,535,896	4,486,742
Financial assets, at FVPL	15	**869,799**	1,008,000	880,000
Deferred income tax assets	22	**27,529**	27,529	27,529
		5,097,942	5,614,077	5,442,764
Total assets		**7,722,764**	9,241,267	10,585,667
LIABILITIES				
Current liabilities				
Borrowings	19	**1,308,779**	1,136,053	1,092,662
Trade and other payables	20	**676,461**	816,756	1,336,724
Provisions	21	**428,277**	425,102	303,710
Current income tax liabilities		**221,044**	209,649	106,913
		2,634,561	2,587,560	2,840,009
Non-current liabilities				
Borrowings	19	**1,518,020**	2,157,466	2,820,427
Deferred income tax liabilities	22	**566,459**	722,214	762,510
		2,084,479	2,879,680	3,582,937
Total liabilities		**4,719,040**	5,467,240	6,422,946
NET ASSETS		**3,003,724**	3,774,027	4,162,721
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	23	**4,028,372**	4,028,372	4,028,372
Perpetual convertible securities	24	**878,970**	878,970	878,970
Other reserves	25	**(1,979,988)**	(1,899,259)	(1,869,699)
Retained earnings		**63,724**	750,806	1,106,771
Equity attributable to equity holders of the Company		**2,991,078**	3,758,889	4,144,414
Non-controlling interests	18	**12,646**	15,138	18,307
TOTAL EQUITY		**3,003,724**	3,774,027	4,162,721

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Company		
	Note	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)	1 January 2018 RMB'000 (Restated)
ASSETS				
Current assets				
Cash and cash equivalents	12	**150,043**	15,488	9,184
Trade and other receivables	13	**2,814,492**	2,316,130	2,703,884
		2,964,535	2,331,618	2,713,068
Non-current assets				
Property, plant and equipment	17	**77**	529	979
Investments in subsidiary corporations	18	**2,966,325**	2,966,325	2,966,325
		2,966,402	2,966,854	2,967,304
Total assets		**5,930,937**	5,298,472	5,680,372
LIABILITIES				
Current liabilities				
Borrowings	19	**475,559**	531,538	28,292
Trade and other payables	20	**1,704,081**	838,906	947,298
		2,179,640	1,370,444	975,590
Non-current liabilities				
Borrowings	19	**–**	–	325,997
		–	–	325,997
Total liabilities		**2,179,640**	1,370,444	1,301,587
NET ASSETS		**3,751,297**	3,928,028	4,378,785
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	23	**4,028,372**	4,028,372	4,028,372
Perpetual convertible securities	24	**878,970**	878,970	878,970
Other reserves	25	**21,403**	32,988	24,948
Accumulated losses		**(1,177,448)**	(1,012,302)	(553,505)
TOTAL EQUITY		**3,751,297**	3,928,028	4,378,785

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to equity holders of the Company									
	Note	Share capital RMB'000	Reverse acquisition reserve RMB'000	Convertible bonds reserve RMB'000	Statutory common reserve RMB'000	Perpetual convertible security reserve RMB'000	Currency translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Group											
Balance as at 31 December 2018, as previously reported		4,028,372	(1,993,712)	42,458	91,018	878,970	(62,172)	2,347,351	5,332,285	56,607	5,388,892
Prior year adjustments	32	–	–	–	–	–	23,149	(1,596,545)	(1,573,396)	(41,469)	(1,614,865)
Balance as at 1 January 2019		4,028,372	(1,993,712)	42,458	91,018	878,970	(39,023)	750,806	3,758,889	15,138	3,774,027
Total comprehensive loss for the year:											
Loss for the year		–	–	–	–	–	–	(523,432)	(523,432)	(2,492)	(525,924)
Currency translation differences	25	–	–	–	–	–	(39,687)	–	(39,687)	–	(39,687)
Distribution on perpetual convertible securities	24	–	–	–	–	–	–	(112,530)	(112,530)	–	(112,530)
Acquisition of non-controlling interests	18	–	(41,042)	–	–	–	–	(51,120)	(92,162)	–	(92,162)
Balance as at 31 December 2019		4,028,372	(2,034,754)	42,458	91,018	878,970	(78,710)	63,724	2,991,078	12,646	3,003,724

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to equity holders of the Company									
	Note	Share capital RMB'000	Reverse acquisition reserve RMB'000	Convertible bonds reserve RMB'000	Statutory common reserve RMB'000	Perpetual convertible security reserve RMB'000	Currency translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Group											
Balance as at 31 December 2017, as previously reported		4,028,372	(1,993,712)	42,458	88,588	878,970	(14,769)	2,204,600	5,234,507	59,202	5,293,709
Prior year adjustments	32	–	–	–	–	–	7,736	(1,097,829)	(1,090,093)	(40,895)	(1,130,988)
Balance as at 1 January 2018, restated		4,028,372	(1,993,712)	42,458	88,588	878,970	(7,033)	1,106,771	4,144,414	18,307	4,162,721
Total comprehensive income/(loss) for the year:											
Profit for the year, previously reported		–	–	–	–	–	–	250,557	250,557	(2,595)	247,962
Prior year adjustments	32	–	–	–	–	–	–	(498,716)	(498,716)	(574)	(499,290)
Loss for the year, restated		–	–	–	–	–	–	(248,159)	(248,159)	(3,169)	(251,328)
Currency translation differences, previously reported		–	–	–	–	–	(47,403)	–	(47,403)	–	(47,403)
Prior year adjustments	32	–	–	–	–	–	15,413	–	15,413	–	15,413
Currency translation differences, restated	25	–	–	–	–	–	(31,990)	–	(31,990)	–	(31,990)
Distribution on perpetual convertible securities	24	–	–	–	–	–	–	(105,376)	(105,376)	–	(105,376)
Transfer to statutory common reserve	25	–	–	–	2,430	–	–	(2,430)	–	–	–
Balance as at 31 December 2018, restated		4,028,372	(1,993,712)	42,458	91,018	878,970	(39,023)	750,806	3,758,889	15,138	3,774,027

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RMB'000	2018 RMB'000 (Restated)
Operating activities			
Loss after income tax		**(675,495)**	(216,120)
Adjustments for:			
Fair value loss/(gain) on investment properties	8	**371,690**	(63,814)
Fair value loss/(gain) on financial assets, at FVPL	8	**138,201**	(128,000)
Gain on disposal of a land parcel	8	**–**	(227,933)
Unrealised exchange differences		**(35,821)**	47,830
Interest expense	9	**171,279**	228,195
Depreciation	17	**4,596**	6,178
Amortisation of deferred lease incentives	5	**7,474**	5,936
Property, plant and equipment written off	17	**460**	161
Provision for liabilities on legal cases and other penalties	8	**3,899**	170,633
Impairment loss on other receivables	8	**24,223**	325,960
Interest income	7	**(15,176)**	(5,821)
Operating cash flows before movements in working capital		**(4,670)**	143,205
Trade and other receivables		**1,143,098**	1,091,309
Development properties		**81,176**	368,022
Trade and other payables		**(235,835)**	(475,756)
Cash generated from operations		**980,769**	1,126,780
Interest paid		**(179,625)**	(221,089)
Interest received		**14,964**	5,610
Income tax paid		**(435)**	(20,698)
Net cash generated from operating activities		**815,673**	890,603
Investing activities			
Purchase of property, plant and equipment	17	**(934)**	(475)
Acquisition of non-controlling interests		**(92,162)**	–
Net cash used in investing activities		**(93,096)**	(475)
Financing activities			
Decrease in restricted cash		**(8,343)**	(204,965)
New borrowings raised		**998,160**	252,663
Repayment of borrowings		**(1,465,561)**	(924,190)
Payment of interest on perpetual convertible securities		**–**	(93,662)
Net cash used in financing activities		**(475,744)**	(970,154)
Net increase/(decrease) in cash and cash equivalents		**246,833**	(80,026)
Effect of exchange rate changes on cash and cash equivalents		**(3,188)**	(1,339)
Cash and cash equivalents at beginning of year		**379,057**	460,422
Cash and cash equivalents at end of year	12	**622,702**	379,057
Restricted bank balances	12	**379,796**	371,453
Cash and cash equivalents in the statement of financial position	12	**1,002,498**	750,510

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Reconciliation of liabilities arising from financing activities

	1 January 2019 RMB'000	Proceeds from borrowings RMB'000	Principal and interest payments RMB'000	Non-cash changes Foreign exchange movement RMB'000	31 December 2019 RMB'000
Borrowings	3,293,519	998,160	(1,465,561)	681	2,826,799

	1 January 2018 RMB'000	Proceeds from borrowings RMB'000	Principal and interest payments RMB'000	Non-cash changes Foreign exchange movement RMB'000	31 December 2018 RMB'000
Borrowings	3,913,089	252,663	(924,190)	51,597	3,293,519

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "Singapore Exchange" or "SGX-ST") and incorporated and domiciled in Singapore. The registered office of the Company is located at 6 Temasek Boulevard, #21-01 Suntec Tower Four, Singapore 038986. Its principal place of business is located at Level 15, Building 2, Daronghui Mall, No. 3 Xinghua Road, Yuzhong District, Chongqing 400010, the People's Republic of China (the "PRC").

During the financial year, the Company was acquired by State Alpha Limited, a company incorporated in the British Virgin Island ("BVI"), who is a subsidiary of CEL, a company incorporated in Hong Kong with its shares listed on the SEHK, who in turn considers Huijin Investment Ltd, incorporated in PRC, as its ultimate holding corporation.

Accordingly, the Company's immediate, intermediate and ultimate holding corporations are State Alpha Limited, CEL and Huijin Investment Ltd respectively.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary corporations are disclosed in Note 18 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards International ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires Management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

These financial statements are presented in Chinese Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") as indicated.

Interpretations and amendments to published standards effective in 2019

On 1 January 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years including the adoption of SFRS(I) 16 Leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Revenue recognition

(a) *Properties for sale*

The Group develops and sells residential and commercial properties through fixed-price contracts.

Revenue from properties for sale is recognised when or as the control of the property is transferred to the customer. Revenue consists of the fair value of the consideration received and receivable, net of value added tax, rebates and discounts. Proceeds received in advance for sale are recorded as contract liabilities. Depending on the terms of the contract and the laws that apply to the contract, control of the property may transfer over time or at a point in time.

If control of the property transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the property.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For properties for sale under development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

(b) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(c) *Interest income*

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary corporation acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Group accounting (Cont'd)

(a) Subsidiary corporations (Cont'd)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation, including any goodwill, are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using for purpose other than to produce inventories.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Property, plant and equipment (Cont'd)

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

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

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/(losses) – net".

2.6 Intangible assets

Goodwill

Goodwill on acquisitions of subsidiary corporations and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of the subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. 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 substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.8 Investment properties

Investment properties include those portions of office buildings that are held for long-term rental yields and/or for capital appreciation and right-of-use assets relating to leasehold land that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values 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 and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.9 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.10 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Impairment of non-financial assets (Cont'd)

(a) Goodwill (Cont'd)

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment
Investments in subsidiary corporations

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

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.11 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

– Amortised cost; and

– Fair value through profit and loss ("FVPL")

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial assets (Cont'd)

(a) Classification and measurement (Cont'd)

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

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, transaction 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.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, financial assets, at FVPL and trade and other receivables.

There are two subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

Amortised cost: Debt instruments 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. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

FVPL: Debt instrument that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classifed as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

(ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains/(losses) -net", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as fair value through other comprehensive income ("FVOCI") are presented as "fair value gains/losses" in other comprehensive income. Dividends from equity investments are recognised in profit or loss as "dividend income".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial assets (Cont'd)

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, lease receivables and contract assets, 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.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profit along with the amount previously recognised in other comprehensive income relating to that asset.

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial guarantees (Cont'd)

Financial guarantee contracts are initially recognised at their fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using impairment methodology under SFRS(I) 9.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

2.16 Leases

(a) The accounting policy for leases before 1 January 2019 is as follows:

(i) When the Group is the lessee:

The Group leases office space and commercial stores under operating leases from non-related parties.

- Lessee – Finance leases

  Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

  The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statements of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases (Cont'd)

(a) The accounting policy for leases before 1 January 2019 is as follows: (Cont'd)

(i) When the Group is the lessee: (Cont'd)

- Lessee – Finance leases (Cont'd)

  Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

- Lessee – Operating leases

  Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

  Contingent rents are recognised as an expense in profit or loss when incurred.

(ii) When the Group is the lessor:

The Group sublets its investment properties under operating leases to non-related parties.

- Lessor – Operating leases

  Leases of investment properties leasehold land and premises and freehold properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

  Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

  Contingent rents are recognised as income in profit or loss when earned.

(b) The accounting policy for leases from 1 January 2019 is as follows:

(i) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases (Cont'd)

(b) The accounting policy for leases from 1 January 2019 is as follows: (Cont'd)

(i) When the Group is the lessee: (Cont'd)

- Right-of-use assets

  The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

- Lease liabilities

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments include the following:

  – Fixed payment (including in-substance fixed payments), less any lease incentives receivables;

  – Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;

  – Amount expected to be payable under residual value guarantees;

  – The exercise price of a purchase option if is reasonably certain to exercise the option; and

  – Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

  For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases (Cont'd)

(b) The accounting policy for leases from 1 January 2019 is as follows: (Cont'd)

(i) When the Group is the lessee: (Cont'd)

- Lease liabilities (Cont'd)

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be re-measured when:

  – There is a change in future lease payments arising from changes in an index or rate;

  – There is a change in the Group's assessment of whether it will exercise an extension option; or

  – There are modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is re-measured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

  The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(ii) When the Group is the lessor:

The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16 except when the Group is an intermediate lessor. In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset. When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retains in the statement of financial position, which represents the lease payments owed to the head lessor. When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss. The right-of-use asset relating to the head lease is not derecognised. For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Development properties

Development properties consist of properties for development, properties under development and completed properties for sale.

(a) Properties for development

Properties for development are mainly vacant leasehold land for future development in respect of which physical construction is commenced at the end of the reporting period. They are stated at lower of cost or net realisable value.

(b) Properties under development for sale

Properties under development for sale are stated at lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised and the anticipated costs to completion. Cost of property under development comprises land cost, development costs and borrowing costs capitalised during the development period. When completed, the units held for sale are classified as completed properties for sale.

(c) Completed properties held for sale

Completed properties for sale are stated at lower of cost or net realisable value. Cost is determined by apportionment of the total land cost, development costs and capitalised borrowing costs based on floor area of the unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses; or is estimated by management in the absence of comparable transactions after taking into consideration prevailing market conditions.

2.18 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 statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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 nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, an associated company 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Income taxes (Cont'd)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised in the profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Employee compensation (Cont'd)

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(iii) Pension obligations

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group is required to provide certain staff pension benefits to their employees under existing the PRC regulations. Pension contributions are provided at rates stipulated by the PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees.

The Group has no further payment obligations once the contributions have been paid. Pension contributions are recognised as employee benefit expense in the period in which the related services are performed. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.21 Currency translation

(a) 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 financial statements are presented in Chinese Renminbi, which is the functional currency of the Company and have been rounded to the nearest thousand ("RMB'000").

(b) 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 dates of the transactions. Currency exchange differences resulting 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 reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Currency translation (Cont'd)

(b) Transactions and balances (Cont'd)

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "Finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "Other gains/(losses) – net".

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.

(c) Translation of Group entities' financial statements

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members for allocating resources and assessing performance of the operating segments.

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of changes in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Share capital and treasury shares

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

When entity purchases its own ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.25 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Assessment of expected credit loss ("ECL") of trade and other receivables

The Group's trade receivables mainly comprise of lease receivables from tenants of investment properties and receivables from the customers who bought its residential and commercial properties. 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 lease receivables.

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The loss rates are initially based on management's historical observed default rates. Management will calibrate and 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 a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in Note 27(b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(a) Assessment of expected credit loss ("ECL") of trade and other receivables (Cont'd)

The carrying amount of trade receivables as at 31 December 2019 is RMB28,380,000 (31 December 2018: RMB55,478,000; 1 January 2018: RMB62,425,000).

For other receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for other receivables at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The carrying amount of other receivables as at 31 December 2019 is RMB301,147,000 (31 December 2018: RMB1,415,465,000, 1 January 2018: RMB2,650,485,000).

(b) Estimation of net realisable value for development properties

Development properties are stated at the lower of cost and net realisable value.

The Group assesses at each reporting date the net realisable value of development properties by reference to sales prices of comparable properties, timing of sale launches, location of property, expected net selling prices and development expenditure. Market conditions may, however, change which may affect the future selling prices on the remaining unsold units of the development properties and accordingly, the carrying amount of development properties for sale may have to be written down in future periods. The Group also engages the independent professional valuer to estimate the net realisable value for certain properties which have been identified as at risk of being written-down. In determining the net realisable value, the valuer uses a valuation method which involves certain estimates. In relying on the valuation report, management has exercised its judgement and is satisfied that the valuation method is reflective of current market conditions and the estimations used are appropriate.

The carrying amount of the development properties as at 31 December 2019 is RMB1,131,959,000 (31 December 2018: RMB1,213,135,000; 1 January 2018: RMB1,581,157,000).

(c) Valuation of investment properties

As disclosed in Note 16 to the financial statements, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuer used a valuation method which involves certain estimates. In relying on the valuation report, management has exercised its judgement and is satisfied that the valuation method is reflective of current market conditions and the estimations used are appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(d) Valuation of financial assets, at FVPL

As disclosed in Note 15 to the financial statements, the fair value of financial assets at FVPL is based on generally accepted valuation techniques. Valuation techniques are based on 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, these 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 financial assets at FVPL is disclosed in Note 15 to the financial statements.

(e) Provision for litigations, claims and other contingencies

As disclosed in Note 21 to the financial statements, provision of litigation cases and penalties are provided. Provision in respect of litigation cases are subject to many uncertainties and the outcome of individual matters is not predictable with assurance. Significant judgment is required in assessing probability and making estimates in respect of contingencies, and the Group's final liability may ultimately be materially different. The Group's total liability in respect of litigation and regulatory proceedings is determined on a case-by-case basis and represents an estimate of probable losses after considering, among other factors, the progress of each case and the opinions and views of legal counsel. As at 31 December 2019, for some litigation, the proceedings are still on-going. The outcome of the proceedings remains uncertain.

(f) Deferred income tax

The Group recognises income tax liabilities and assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred income tax recognised and the extent to which amounts should or can be recognised.

A deferred income tax asset is recognised for provisions, tax losses and capital allowances carried forward if it is probable that the entities within the Group will generate sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations in the respective jurisdictions in which the respective entities within the Group operates in.

If the tax authority regards the entities within the Group is not satisfying and/or meeting certain statutory requirements in their respective countries of incorporation, the unrecognised tax losses will be forfeited.

The carrying values of deferred tax assets and deferred tax liabilities are set out in Note 22.

(g) Perpetual convertible securities

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, 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 (31 December 2018: RMB878,970,000 and 1 January 2018: RMB878,970,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 REVENUE

	Group 2019 RMB'000	Group 2018 RMB'000 (Restated)
Revenue from contracts with customers – PRC		
Sales of completed properties held for sale – at a point in time	**141,580**	532,414
Sales of investment properties – at a point in time	**–**	11,558
	141,580	543,972
Property rental income – PRC	**217,345**	208,659
	358,925	752,631

(a) Contract liabilities

	Group 31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)	1 January 2018 RMB'000 (Restated)
Point in time:			
Contract liabilities - sales of completed properties held for sale (Note 20)	**26,110**	99,527	302,785

Contract liabilities are in relation to the advance consideration received from customers. The contract liabilities are recognised as revenue when the Group fulfils its performance obligations under contract when control of properties transfers to the customer.

Revenue recognised in relation to contract liabilities

	Group 2019 RMB'000	Group 2018 RMB'000 (Restated)
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period – Sales of completed properties held for sale – at a point in time	**73,417**	203,258

(b) Assets recognised from costs to fulfil contracts

The Group has no other current assets in relation to costs to fulfil contracts with customers. Costs are amortised to profit or loss as cost of sales on a basis consistent with the pattern of recognition of the associated revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 EXPENSES BY NATURE

	Group	
	2019 RMB'000	2018 RMB'000 (Restated)
Amortisation of deferred lease incentives	**7,474**	5,936
Cost of construction, completed properties held for sale and investment properties	**152,061**	455,466
Consultancy and service fees	**27,478**	20,313
Director's fees	**1,491**	1,264
Depreciation (Note 17)	**4,596**	6,178
Employee compensation (Note 6)	**72,822**	58,921
Marketing expenses	**11,673**	16,584

6 EMPLOYEE COMPENSATION

	Group	
	2019 RMB'000	2018 RMB'000
Wages and salaries	**57,074**	52,728
Employer's contribution to defined contribution plans	**4,745**	4,410
Other short-term benefits	**11,003**	1,783
	72,822	58,921

7 OTHER INCOME

	Group	
	2019 RMB'000	2018 RMB'000 (Restated)
Bank interest income	**15,176**	5,821
Sundry income	**12,131**	5,306
Total	**27,307**	11,127

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 OTHER LOSSES – NET

	Group	
	2019	**2018**
	RMB'000	**RMB'000**
		(Restated)
Fair value (loss)/gain on investment properties (Note 16)	**(371,690)**	63,814
Fair value (loss)/gain on financial assets at FVPL (Note 15)	**(138,201)**	128,000
Impairment loss on other receivables (Note 13)	**(24,223)**	(325,960)
Provision for liabilities on legal cases and other penalties (Note 21)	**(3,899)**	(170,633)
Foreign exchange gains/(losses), net	**17,689**	(17,464)
Gain on disposal of a land parcel	**–**	227,933
Others	**(7,007)**	–
Total	**(527,331)**	(94,310)

9 FINANCE EXPENSES

	Group	
	2019	**2018**
	RMB'000	**RMB'000**
		(Restated)
Interest expense:		
– bank borrowings	**152,882**	203,705
– bank notes	**18,397**	24,490
	171,279	228,195

10 INCOME TAX

	Group	
	2019	**2018**
	RMB'000	**RMB'000**
		(Restated)
Income tax		
Tax (credit)/expense attributable to profit/(loss) is made up of:		
Loss for the financial year:		
– Current income tax	**2,676**	68,956
– Deferred income tax (Note 22)	**(155,755)**	(40,296)
– Withholding tax	**3,508**	6,548
	(149,571)	35,208

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10 INCOME TAX (CONT'D)

No provision for taxation in Singapore has been made as the Group's income neither arises in, nor is derived from Singapore.

In 2019 and 2018, the taxation arising in the PRC is calculated at the prevailing rate of 25%.

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the PRC standard rate of income tax is as follow:

	Group	
	2019	**2018**
	RMB'000	**RMB'000**
		(Restated)
Loss before income tax	**(675,495)**	(216,120)
Tax calculated at tax rate of 25%* (2018: 25%)	**(168,874)**	(54,030)
Effects of:		
– Different tax rates in other countries	**10,874**	45,372
– Expenses not deductible for tax purposes	**4,921**	37,318
– Withholding tax	**3,508**	6,548
Tax (credit)/charge	**(149,571)**	35,208

* These are the applicable tax rates for most of the Group's taxable profit.

11 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2019	**2018**
		(Restated)
Net loss attributable to equity holders of the Company (RMB'000)	**(523,432)**	(248,159)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,557,040**	2,557,040
Basic loss per share (RMB per share)	**(0.205)**	(0.097)

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, net loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As the effect is anti-dilutive, the diluted loss per share is the same as the basic loss per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12 CASH AND CASH EQUIVALENTS

	Group		
	31 December 2019 RMB'000	31 December 2018 RMB'000	1 January 2018 RMB'000
Cash at bank and on hand	**725,456**	415,360	538,223
Fixed deposits	**277,042**	335,150	88,687
Cash and cash equivalents per consolidated statement of financial position	**1,002,498**	750,510	626,910
Less: Restricted bank balances	**(379,796)**	(371,453)	(166,488)
Cash and cash equivalents per consolidated statement of cash flows	**622,702**	379,057	460,422

The average effective interest rate of fixed deposits ranged from 1.80% to 2.75% (31 December 2018: 1.50% to 2.75%) per annum and the fixed deposits have a tenure of approximately 31 to 360 days (31 December 2018: 31 to 360 days; 1 January 2018: 31 to 360 days).

Restricted bank balances of RMB41,422,000 (31 December 2018: RMB 36,302,000, 1 January 2018: RMB65,420,000) pledged to banks for sales of mortgaged properties to customers and interest reserve account on borrowings.

Restricted bank balances of RMB338,374,000 (31 December 2018: RMB335,151,000; 1 January 2018: RMB 101,068,000) pledged to banks to secure banking facilities granted to the Group entities (Note 19).

	Company		
	31 December 2019 RMB'000	31 December 2018 RMB'000	1 January 2018 RMB'000
Cash at bank and on hand	**31,401**	15,488	9,184
Fixed deposits	**118,642**	–	–
Cash and bank balances	**150,043**	15,488	9,184

The average effective interest rate of fixed deposits ranged from 1.80% to 2.75% (31 December 2018: 1.50% to 2.75%) per annum and the fixed deposits have a tenure of approximately 31 to 60 days (31 December 2018: Nil day; 1 January 2018: Nil day).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13 TRADE AND OTHER RECEIVABLES

	Group		
	31 December 2019 RMB'000	**31 December 2018 RMB'000 (Restated)**	**1 January 2018 RMB'000 (Restated)**
Trade receivables:			
– Non-related parties	**31,651**	58,749	65,696
Less: loss allowance	**(3,271)**	(3,271)	(3,271)
Trade receivables – net	**28,380**	55,478	62,425
Other receivables:			
– Non-related parties	**57,922**	55,582	126,158
Deposits for land tender	**–**	–	444,748
Consideration receivables from disposal of subsidiaries and a land parcel	**575,350**	1,665,350	2,035,350
Refundable deposits	**18,058**	20,493	44,229
Less: loss allowance	**(350,183)**	(325,960)	–
Other receivables – net	**301,147**	1,415,465	2,650,485
Financial assets at amortised costs	**329,527**	1,470,943	2,712,910
Advances to sub-contractor and vendors	**4,978**	30,753	53,725
Prepayments	**65,927**	88,767	113,899
Prepaid tax	**89,933**	73,082	54,302
Total trade and other receivables	**490,365**	1,663,545	2,934,836

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13 TRADE AND OTHER RECEIVABLES (CONT'D)

	Company		
	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)	1 January 2018 RMB'000 (Restated)
Other receivables – non-related parties			
– non-related parties	**399**	66	63
– subsidiary corporations	**3,114,986**	2,615,764	1,295,563
Consideration receivables from disposal of subsidiaries	**–**	–	1,401,260
Refundable deposits	**874**	613	593
Less: loss allowance	**(302,056)**	(302,056)	–
Financial assets at amortised costs	**2,814,203**	2,314,387	2,697,479
Prepayments	**289**	1,743	6,405
Total trade and other receivables	**2,814,492**	2,316,130	2,703,884

Amounts due from subsidiary corporations are unsecured, interest-free and repayable on demand.

14 DEVELOPMENT PROPERTIES

	Group		
	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)	1 January 2018 RMB'000 (Restated)
Completed properties held for sale	**1,004,689**	1,090,723	1,458,745
Properties for development	**127,270**	122,412	122,412
	1,131,959	1,213,135	1,581,157

Properties for development and completed properties for sale are located in the PRC. Properties for development mainly comprise land costs and related taxes.

Certain bank borrowings are secured by completed properties held for sale of the Group with carrying amounts of RMB366,149,000 (31 December 2018: RMB366,236,000; 1 January 2018: RMB368,106,000) (Note 19).

15 FINANCIAL ASSETS, AT FVPL

	Group		
	31 December 2019 RMB'000	31 December 2018 RMB'000	1 January 2018 RMB'000
Unquoted investment in limited partnership at fair value through profit or loss			
Fair value:			
Beginning of financial year	**1,008,000**	880,000	620,000
Fair value (loss)/gain (Note 8)	**(138,201)**	128,000	260,000
End of financial year	**869,799**	1,008,000	880,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 FINANCIAL ASSETS, AT FVPL (CONT'D)

Unquoted investment in limited partnership relates to a subsidiary's investment of RMB559 million (at cost) to subscribe 26% 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.

Although the Group holds 26% equity interest in the Investee, management has assessed that the Group neither has control nor significant influence over the investee as it does not have the power to participate in the financial and operating policy decisions of the Investee.

The underlying assets held by the investee are carried at fair value at the end of the reporting period as determined by Cushman & Wakefield Shenzhen Valuation Co., Ltd., an International independent firm of professional valuers who have the appropriate recognised professional qualification and recent experience in the financial asset being valued.

In determining the fair value of the unquoted investment in the limited partnership, the management computes the projected benefits generated from the Project and distributed it sequentially in accordance with the related Investment and Partnership Agreements.

The valuation of the unquoted investment in limited partnership is primary 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.

16 INVESTMENT PROPERTIES

		Group	
	31 December 2019 RMB'000	**31 December 2018 RMB'000**	**1 January 2018 RMB'000**
Leasehold properties:			
Beginning of financial year	**4,522,900**	4,472,910	4,446,736
Disposals	**–**	(13,824)	(13,153)
Fair value (loss)/gain (Note 8)	**(371,690)**	63,814	39,327
End of financial year	**4,151,210**	4,522,900	4,472,910
Deferred lease incentives	**10,870**	12,996	13,832
Total investment properties	**4,162,080**	4,535,896	4,486,742

Certain bank borrowings are secured by investment properties of the Group with carrying amounts of RMB3,912,935,000 (31 December 2018: RMB4,419,100,000; 1 January 2018: RMB4,332,193,000) (Note 19).

Certain investment properties with carrying amounts of RMB71,282,000 (31 December 2018: RMB91,448,000; 1 January 2018: RMB Nil) are pledged to non-related parties due to litigation cases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 INVESTMENT PROPERTIES (CONT'D)

The following amounts are recognised in profit or loss:

	Group 2019 RMB'000	2018 RMB'000
Rental income	**188,742**	185,085
Direct operating expenses arising from:		
– Investment properties that generate rental income	**(59,077)**	(60,232)
– Investment properties that do not generate rental income	**(2,982)**	(2,510)

At the reporting date, the details of the Group's investment properties are as follows:

Title	Location	Description	Tenure
Minsheng Mansion	No. 181 Minsheng Road, Yuzhong District, Chongqing, PRC	Retail, office and car parks	40-year land use rights for commercial use, expiring in September 2033.
Zou Rong Plaza	No. 141 to 155 Zourong Road, Yuzhong District, Chongqing, PRC	Retail, office and car parks	50-year land use rights for commercial use, expiring in January 2046.
Southland Garden	No. 46 to 52 Cangbai Road, Yuzhong District, Chongqing, PRC	Office, retail and car parks	40-year land use rights for commercial use, expiring in November 2042.
New York New York	No. 108 Bayi Road, Yuzhong District, Chongqing, PRC	Car parks	40-year land use rights for commercial use, expiring in January 2042.
Future International	No. 6 Guanyinqiao, Pedestrian Street, Jiangbei District, Chongqing, PRC	Retail and car parks	40-year land use rights for commercial use, expiring in March 2045.
Bashu Cambridge	No. 8 Bashu Road, Yuzhong District, Chongqing, PRC	Retail and car parks	40-year land use rights for commercial use, expiring in September 2044.
Ying Li International Financial Centre	No. 26 & 28 Minquan Road, Yuzhong District, Chongqing, PRC	Retail, office and car parks	40-year land use rights for commercial use, expiring in December 2044.
Ying Li International Plaza	No. 19 Daping Zheng Jie Road, Yuzhong District, Chongqing, PRC	Retail and car parks	40-year land use rights for commercial use, expiring in July 2050.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 INVESTMENT PROPERTIES (CONT'D)

Fair value hierarchy – Recurring fair value measurement

	Fair value measurement using		
Description	**Quoted prices in active markets for identical assets (Level 1) RMB'000**	**Significant other observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**
As at 31 December 2019			
– Retail, office and car parks – PRC	**–**	**–**	**4,151,210**
As at 31 December 2018			
– Retail, office and car parks – PRC	–	–	4,522,900
As at 1 January 2018			
– Retail, office and car parks – PRC	–	–	4,472,910

Valuation techniques and inputs used to derive Level 3 fair values

Level 3 fair values of the Group's properties have been derived using the direct comparison approach and discounted cash flow on property basis. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is the reference to market evidence of transaction prices for similar properties and the rental income of the properties and were performed in accordance with International Valuation Standards and the Royal Institution of Chartered Surveyors' Global Valuation Standards. In estimating the fair value of the properties, the highest and best use of the properties is their current basis. There has been no change to the valuation technique during the financial year.

Valuation process of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. As at 31 December 2019, the fair values of the properties have been determined by Colliers International (Hong Kong) Limited. As at 31 December 2018 and 1 January 2018, the fair values of the properties have been determined by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

At each financial year end the finance department:

- verifies all major inputs to the independent valuation reports;
- assesses property valuation movements compared to the prior year valuation reports; and
- holds discussions with the independent valuer.

There were no changes in valuation techniques during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 INVESTMENT PROPERTIES (CONT'D)

Valuation process of the Group (Cont'd)

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers into or out of fair value hierarchy levels for the financial years ended 31 December 2019 and 2018 and as at 1 January 2018.

Description	Fair value RMB'000	Valuation technique	Significant unobservable input[1]	Range
31 December 2019				
Investment properties	4,151,210	Direct comparison approach	price per square meter[2]	RMB7,100
		Discounted cash flow method	discount rate[3]	6.0% – 6.7%
			occupancy rate[2]	93% – 98%
			rental growth[2]	3% – 8%
31 December 2018				
Investment properties	4,522,900	Direct comparison approach	price per square meter[2]	RMB7,400
		Discounted cash flow method	discount rate[3]	7.0%
			occupancy rate[2]	93% – 98%
			rental growth[2]	3% – 8%
1 January 2018				
Investment properties	4,472,910	Direct comparison approach	price per square meter[2]	RMB7,200
		Discounted cash flow method	discount rate[3]	7.0%
			occupancy rate[2]	94% – 97%
			rental growth[2]	3% – 4%

(1) There were no significant inter-relationship between unobservable inputs.

(2) Any significant isolated increases/(decreases) in these inputs would result in a significantly higher/(lower) fair value measurement.

(3) Any significant isolated increases/(decreases) in these inputs would result in a significantly lower/ (higher) fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17 PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings RMB'000	Office equipment, furniture and fittings RMB'000	Motor vehicles RMB'000	Computers RMB'000	Total RMB'000
Group					
2019					
Cost					
Beginning of financial year	**48,733**	**17,247**	**8,097**	**6,393**	**80,470**
Additions	**–**	**–**	**–**	**934**	**934**
Write-off	**–**	**–**	**(2,291)**	**(98)**	**(2,389)**
Currency translation differences	**–**	**71**	**–**	**1**	**72**
End of financial year	**48,733**	**17,318**	**5,806**	**7,230**	**79,087**
Accumulated depreciation					
Beginning of financial year	**10,583**	**15,847**	**6,983**	**4,405**	**37,818**
Depreciation charge (Note 5)	**2,644**	**1,365**	**68**	**519**	**4,596**
Write-off	**–**	**–**	**(1,831)**	**(98)**	**(1,929)**
Currency translation differences	**–**	**67**	**–**	**1**	**68**
End of financial year	**13,227**	**17,279**	**5,220**	**4,827**	**40,553**
Net book value					
Beginning of financial year	**38,150**	**1,400**	**1,114**	**1,988**	**42,652**
End of financial year	**35,506**	**39**	**586**	**2,403**	**38,534**

	Leasehold buildings RMB'000	Office equipment, furniture and fittings RMB'000	Motor vehicles RMB'000	Computers RMB'000	Total RMB'000
Group					
2018					
Cost					
Beginning of financial year	48,733	17,191	9,619	5,987	81,530
Additions	–	–	–	475	475
Write-off	–	(30)	(1,522)	(72)	(1,624)
Currency translation differences	–	86	–	3	89
End of financial year	48,733	17,247	8,097	6,393	80,470
Accumulated depreciation					
Beginning of financial year	8,249	12,990	8,194	3,604	33,037
Depreciation charge (Note 5)	2,334	2,819	158	867	6,178
Write-off	–	(27)	(1,369)	(67)	(1,463)
Currency translation differences	–	65	–	1	66
End of financial year	10,583	15,847	6,983	4,405	37,818
Net book value					
Beginning of financial year	40,484	4,201	1,425	2,383	48,493
End of financial year	38,150	1,400	1,114	1,988	42,652

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office equipment, furniture and fittings RMB'000	Computers RMB'000	Total RMB'000
Company			
2019			
Cost			
Beginning of financial year	**2,659**	**50**	**2,709**
Additions	**–**	**34**	**34**
Currency translation differences	**70**	**3**	**73**
End of financial year	**2,729**	**87**	**2,816**
Accumulated depreciation			
Beginning of financial year	**2,130**	**50**	**2,180**
Depreciation charge	**481**	**9**	**490**
Currency translation differences	**67**	**2**	**69**
End of financial year	**2,678**	**61**	**2,739**
Net book value			
Beginning of financial year	**529**	**–**	**529**
End of financial year	**51**	**26**	**77**

	Office equipment, furniture and fittings RMB'000	Computers RMB'000	Total RMB'000
Company			
2018			
Cost			
Beginning of financial year	2,573	87	2,660
Write-off	–	(40)	(40)
Currency translation differences	86	3	89
End of financial year	2,659	50	2,709
Accumulated depreciation			
Beginning of financial year	1,598	83	1,681
Depreciation charge	467	3	470
Write-off	–	(38)	(38)
Currency translation differences	65	2	67
End of financial year	2,130	50	2,180
Net book value			
Beginning of financial year	975	4	979
End of financial year	529	–	529

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS

		Company	
	31 December 2019 RMB'000	**31 December 2018 RMB'000**	**1 January 2018 RMB'000**
Unquoted equity shares, at cost:			
Beginning of financial year	**2,966,325**	2,966,325	2,966,258
Additions	**–**	–	135
Disposals	**–**	–	(68)
End of financial year	**2,966,325**	2,966,325	2,966,325

Management assessed for impairment whenever there is any objective evidence or indication that investments in subsidiary corporations may be impaired. An allowance for impairment loss was made in respect of the Company's investment in certain subsidiary corporations to reduce the carrying amount of the investments to the recoverable amounts, after taking into account the financial conditions of the subsidiary corporations.

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

The Group has the following subsidiary corporations as at 31 December 2019 and 2018 and 1 January 2018:

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent			Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			31 December 2019 %	31 December 2018 %	1 January 2018 %	31 December 2019 %	31 December 2018 %	1 January 2018 %	31 December 2019 %	31 December 2018 %	1 January 2018 %
Held by the Company											
Luckzone International Limited[a]	Investment holding	BVI	**100**	100	100	**100**	100	100	**–**	–	–
Peak Century Holdings Limited[a]	Investment holding	BVI	**100**	100	100	**100**	100	100	**–**	–	–
Top Accurate Holdings Limited[a]	Investment holding	BVI	**100**	100	100	**100**	100	100	**–**	–	–
Verdant View Limited[a]	Investment holding	BVI	**100**	100	100	**100**	100	100	**–**	–	–
Vast Speed Holdings Limited[a]	Investment holding	BVI	**100**	100	100	**100**	100	100	**–**	–	–
Brandway Investments Limited[a]	Investment holding	BVI	**100**	100	100	**100**	100	100	**–**	–	–
Ever Perfect Enterprise Limited[a]	Investment holding	BVI	**100**	100	100	**100**	100	100	**–**	–	–
Fortune Court Holdings Limited[a]	Investment holding	BVI	**100**	100	100	**100**	100	100	**–**	–	–
First Regent International Limited[a]	Investment holding	Hong Kong	**100**	100	100	**100**	100	100	**–**	–	–
Oxleyville Investments Limited[a]	Investment holding	Hong Kong	**100**	100	100	**100**	100	100	**–**	–	–

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

The Group has the following subsidiary corporations as at 31 December 2019 and 2018 and 1 January 2018: (Cont'd)

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent			Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			31 December 2019 %	31 December 2018 %	1 January 2018 %	31 December 2019 %	31 December 2018 %	1 January 2018 %	31 December 2019 %	31 December 2018 %	1 January 2018 %
Held by the Company											
Shining Valour Investments Limited[(a)]	Investment holding	Hong Kong	**100**	100	100	**100**	100	100	**–**	–	–
Chongqing Yingli Real Estate Development Co., Ltd.[(b)] ("CQYL")	Property development	PRC	**51**	51	51	**100**	97.05	97.05	**–**	2.95	2.95
Held by Ever Perfect Enterprise Limited											
Fully Rich Industrial Limited[(a)]	Purchasing of construction Materials and equipment	Hong Kong	**100**	100	100	**100**	100	100	**–**	–	–
Held by Luckzone International Limited											
Chongqing Yingli Qipaifang Real Estate Development Co., Ltd.[(b)]	Property development	PRC	**100**	100	100	**100**	100	100	**–**	–	–
Held by Fortune Court Holdings Limited											
CQYL[(b)]	Property development	PRC	**46.05**	46.05	46.05	**100**	97.05	97.05	**–**	2.95	2.95

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

The Group has the following subsidiary corporations as at 31 December 2019 and 2018 and 1 January 2018: (Cont'd)

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent			Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			31 December 2019 %	31 December 2018 %	1 January 2018 %	31 December 2019 %	31 December 2018 %	1 January 2018 %	31 December 2019 %	31 December 2018 %	1 January 2018 %
Held by CQYL											
Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd.[b] ("SYW")	Property development	PRC	**80**	80	80	**80**	77.64	77.64	**20**	22.36	22.36
Chongqing Ying Li Guangsheng Hardware and Electrical Market Development Co., Ltd.[b] ("GS")	Property development, property management	PRC	**100**	100	100	**100**	97.05	97.05	**–**	2.95	2.95
Held by GS											
Chongqing Lu Zu Temple Real Estate Co., Ltd.[b]	Property development	PRC	**100**	100	100	**100**	97.05	97.05	**–**	2.95	2.95
Held by Peak Century Holdings Limited											
Yingli International Commercial Properties Management Co., Ltd.[b]	Property consultancy, sale marketing and management	PRC	**100**	100	100	**100**	100	100	**–**	–	–
Chongqing Lion Equity Investment Partnership[b]	Investment holding	PRC	**1**	1	1	**100**	100	100	**–**	–	–

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

The Group has the following subsidiary corporations as at 31 December 2019 and 2018 and 1 January 2018: (Cont'd)

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent			Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			31 December 2019 %	31 December 2018 %	1 January 2018 %	31 December 2019 %	31 December 2018 %	1 January 2018 %	31 December 2019 %	31 December 2018 %	1 January 2018 %
Held by Yingli International Commercial Properties Management Co., Ltd.											
Chongqing Yingli Retail Management Co., Ltd.[b]	Property consultancy, sale marketing and management	PRC	**52.38**	52.38	52.38	**100**	100	100	**–**	–	–
Chongqing Yingli Zhuoyue Retail Management Co., Ltd.[b]	Property consultancy, sale marketing and management	PRC	**100**	100	100	**100**	100	100	**–**	–	–
Chongqing Rong Guang Commercial Management Co., Ltd.[b]	Mall, property, management and corporate management consultancy	PRC	**100**	100	100	**100**	100	100	**–**	–	–
CQYL[b]	Property development	PRC	**2.95**	–	–	**100**	97.05	97.05	**–**	2.95	2.95
Held by Verdant View Limited											
Chongqing Lion Equity Investment Partnership[b]	Investment holding	PRC	**99**	99	99	**100**	100	100	**–**	–	–
Held by Chongqing Lion Equity Investment Partnership											
Chongqing Yingli Retail Management Co., Ltd.[b]	Property consultancy, sale, marketing and management	PRC	**47.62**	47.62	47.62	**100**	100	100	**–**	–	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

The Group has the following subsidiary corporations as at 31 December 2019 and 2018 and 1 January 2018: (Cont'd)

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent			Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			31 December 2019 %	31 December 2018 %	1 January 2018 %	31 December 2019 %	31 December 2018 %	1 January 2018 %	31 December 2019 %	31 December 2018 %	1 January 2018 %
Held by First Regent International Limited											
Perfect Summit Limited[a]	Investment holding	Hong Kong	**100**	100	100	**100**	100	100	**–**	–	–
Held by Brandway Investments Limited											
Chongqing Kai Yi Yu Commercial Management Co., Ltd.[b]	Investment holding	PRC	**100**	100	100	**100**	100	100	**–**	–	–

(a) Audited by Nexia TS Public Accounting Corporation for consolidation purpose

(b) Audited by Ernst & Young Hua Ming LLP, Chengdu Branch for consolidation purpose

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Carrying value of non-controlling interests

		Group	
	31 December 2019 RMB'000	**31 December 2018 RMB'000 (Restated)**	**1 January 2018 RMB'000 (Restated)**
CQYL	**–**	*	*
SYW	**12,646**	15,138	18,307
GS	**–**	*	*
Total	**12,646**	15,138	18,307

* 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 (the "waiver arrangement") to its shareholders following the Company's completion of the reverse acquisition of Fortune Court Holdings Limited in 2008.

Acquisition of additional interest in a subsidiary

On 14 August 2019, the Company acquired the remaining 2.95% of the issued shares of CQYL. The Group now holds 100% equity interest in CQYL. The carrying amount of the non-controlling interests in CQYL on the date of acquisition was RMB41,042,000 which was included in reverse acquisition reserve due to the Waiver Agreement. The Group derecognised non-controlling interests of RMB41,042,000 and recorded a decrease in equity attributable to owners of the parent of RMB51,120,000. The effect of changes in the ownership interest of CQYL on the equity attributable to owners of the Company during the year is summarised as follows:

	2019 RMB'000
Carrying amount of non-controlling interest acquired	**41,042**
Consideration paid to non-controlling interests	**(92,162)**
Excess of consideration paid recognised in parent's equity	**(51,120)**

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Set out below are the summarised financial information for the subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised statement of financial position of SYW

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)	1 January 2018 RMB'000 (Restated)
Current assets	**340,070**	397,787	543,344
Non-current assets	**154**	2,943	4,472
Total assets	**340,224**	400,730	547,816
Current liabilities	**(276,993)**	(325,037)	(456,279)
Non-current liabilities	**–**	–	–
Total liabilities	**(276,993)**	(325,037)	(456,279)
Net assets	**63,231**	75,693	91,537

Summarised income statement of SYW

	2019 RMB'000	2018 RMB'000 (Restated)
Revenue	**11,024**	65,462
Total comprehensive loss, representing net loss	**(12,462)**	(15,844)
Total comprehensive loss allocated to non-controlling interests	**(2,492)**	(3,169)

Summarised cash flows of SYW

	2019 RMB'000	2018 RMB'000 (Restated)
Net cash generated from operating activities	**177,990**	67,373
Net cash used in financing activities	**(180,000)**	(70,436)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 BORROWINGS

	Group		
	31 December 2019 RMB'000	**31 December 2018 RMB'000**	**1 January 2018 RMB'000**
Current			
Financial instruments with floating interest rates:			
Bank borrowings (secured)	**957,619**	344,515	88,486
Bank notes (unsecured)	**–**	343,950	–
Financial instruments with fixed interest rates:			
Bank borrowings (secured)	**176,761**	447,588	1,004,176
Bank notes (unsecured)	**174,399**	–	–
	1,308,779	1,136,053	1,092,662
Non-current			
Financial instruments with floating interest rates:			
Bank borrowings (secured)	**1,518,020**	2,157,466	2,494,430
Bank notes (unsecured)	**–**	–	325,997
	1,518,020	2,157,466	2,820,427
Total	**2,826,799**	3,293,519	3,913,089

	Company		
	31 December 2019 RMB'000	**31 December 2018 RMB'000**	**1 January 2018 RMB'000**
Current			
Financial instruments with floating interest rates:			
Bank notes (unsecured)	**–**	343,950	–
Financial instruments with fixed interest rates:			
Bank borrowings (secured)	**126,761**	187,588	28,292
Bank notes (unsecured)	**348,798**	–	–
	475,559	**531,538**	**28,292**
Non-current			
Financial instruments with floating interest rates:			
Bank notes (unsecured)	**–**	–	325,997
	–	–	325,997
Total	**475,559**	531,538	354,289

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 BORROWINGS (CONT'D)

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group		
	31 December 2019 RMB'000	**31 December 2018 RMB'000**	**1 January 2018 RMB'000**
6 months or less	**2,475,639**	2,845,931	2,908,913

	Company		
	31 December 2019 RMB'000	**31 December 2018 RMB'000**	**1 January 2018 RMB'000**
6 months or less	**–**	343,950	325,997

The weighted effective interest rates are as follows:

	Group		
	31 December 2019 RMB'000 %	**31 December 2018 RMB'000 %**	**1 January 2018 RMB'000 %**
Bank borrowings	**5.52**	6.03	6.45
Bank notes	**3.00**	7.66	6.48

	Company		
	31 December 2019 %	**31 December 2018 %**	**1 January 2018 %**
Bank borrowings	**2.13**	3.32	1.71
Bank notes	**3.00**	7.66	6.48

The fair value of the borrowings is reasonable approximation of the carrying amount due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rates.

As at 31 December 2019, the borrowings from financial institutions are secured by:

(a) mortgage over certain investment properties with carrying value of approximately RMB3,912,935,000 (31 December 2018: RMB4,419,100,000; 1 January 2018: RMB4,332,193,000) (Note 16);
(b) mortgage over certain development properties with carrying value totalling approximately RMB366,149,000 (31 December 2018: RMB366,236,000; 1 January 2018: RMB368,106,000) (Note 14);
(c) intra-group corporate guarantees from certain Group entities;
(d) bank balances pledged amounting to RMB338,374,000 (31 December 2018: RMB335,151,000; 1 January 2018: RMB101,068,000) (Note 12); and
(e) personal guarantee from a former director for a loan obtained from a financial institution.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 BORROWINGS (CONT'D)

Security granted

The Company has provided guarantees to banks in respect of banking facilities granted to Group entities amounting to RMB840,649,000 (31 December 2018: RMB998,975,000; 1 January 2018: RMB995,664,000). 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.

20 TRADE AND OTHER PAYABLES

	Group		
	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)	1 January 2018 RMB'000 (Restated)
Trade payables			
– Non-related parties	**157,657**	320,068	627,285
Other payables			
– Non-related parties	**136,574**	110,872	108,288
– Related party	**161,128**	55,820	–
Accruals for operating expenses	**80,022**	92,197	166,883
Deposits received	**43,577**	77,098	66,509
Other tax payable	**50,011**	24,877	34,116
Advances received from lessees	**21,382**	36,297	30,858
Contract liabilities (Note 4(a))	**26,110**	99,527	302,785
Total trade and other payables	**676,461**	816,756	1,336,724

The Group's other payables to non-related parties and a related party are unsecured, interest free and repayable on demand.

	Company		
	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)	1 January 2018 RMB'000 (Restated)
Other payables			
- Related party	**161,128**	55,820	–
Accruals for operating expenses	**21,759**	30,095	155,933
Other tax payable	**30,681**	6,511	–
Amount due to subsidiary corporations	**1,490,513**	746,480	791,365
Total trade and other payables	**1,704,081**	838,906	947,298

The Company's amount due to subsidiary corporations and a related party are unsecured,interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21 PROVISIONS

	Group		
	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)	1 January 2018 RMB'000 (Restated)
Current			
Provision on litigation case #a	**359,377**	357,916	270,000
Provision on litigation case #b	**28,578**	26,864	–
Provision on penalties	**40,322**	40,322	33,710
	428,277	425,102	303,710

	Group	
	2019 RMB'000	2018 RMB'000 (Restated)
Movement:		
Beginning of financial year	**425,102**	303,710
Provision made (Note 8)	**3,899**	170,633
Provision utilised	**(724)**	(49,241)
End of financial year	**428,277**	425,102

Provision on litigation cases #a

In May 2017, CQYL entered into certain agreements (the "Agreements") with non-related parties (the "Non-Related Parties"), in relation to, inter alia, the acquisition of shares in a company located in the PRC. Under the Agreements, the total amount payable by CQYL was approximately RMB372,000,000.

In 2017 and 2018, certain Non-Related Parties commenced legal proceedings against CQYL in respect of disputes arising out of the Agreements (the "Disputes"). The total remaining quantum of the claims amounts to approximately RMB359,377,000.

During the financial year ended 31 December 2019, while there were certain preliminary judgments made by the courts of the PRC in favour of the Group, the Disputes have not concluded as the counterparties had filed for appeal against these preliminary court judgements. Taking into account the information available to the management and the advice obtained from the Group's legal advisers in respect of the potential outcome of the Disputes, it is uncertain at this stage what the outcome of the appeals would be and whether CQYL would be discharged from any of the liabilities arising from the Disputes. Accordingly, out of prudence, the management has made provisions in respect of such liabilities in the financial statement for the financial year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21 PROVISIONS (CONT'D)

Provision on litigation cases #a (Cont'd)

	Group	
	2019	**2018**
	RMB'000	**RMB'000**
		(Restated)
Movement:		
Beginning of financial year	**357,916**	270,000
Provision made	**2,185**	137,157
Provision utilised	**(724)**	(49,241)
End of financial year	**359,377**	357,916

Provision on litigation case #b

The litigation case is in relation to a dispute arising out of a joint construction agreement entered into by CQYL with a non-related party on 9 August 2001. The provision in the financial statement was restated to the financial year ended 31 December 2018 is being made as the courts of the PRC had ordered CQYL to compensate the non-related party for their entitlement of a cash compensation of RMB28,578,000 as well as interest and legal and appraisal fees then.

Provision on penalties

Provisions were provided for potential penalties charged by local authorities for certain noncompliance matters in relation with the projects developed.

22 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the consolidated statement of financial position as follows:

	Group		
	31 December 2019	**31 December 2018**	**1 January 2018**
	RMB'000	**RMB'000**	**RMB'000**
		(Restated)	**(Restated)**
Deferred income tax assets	**27,529**	27,529	27,529
Deferred income tax liabilities	**(566,459)**	(722,214)	(762,510)
Net deferred income tax liabilities	**(538,930)**	(694,685)	(734,981)

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22 DEFERRED INCOME TAXES (CONT'D)

Movement in deferred income tax account is as follows:

	Group 2019 RMB'000	Group 2018 RMB'000 (Restated)
Beginning of financial year	**(694,685)**	(734,981)
Credited to profit or loss (Note 10)	**155,755**	40,296
End of financial year	**(538,930)**	(694,685)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

	Group			
	Investment properties RMB'000	Financial assets, at FVPL RMB'000	Others RMB'000	Total RMB'000
Deferred income tax assets				
Group				
2019				
Beginning and end of financial year	**–**	**–**	**27,529**	**27,529**
2018				
Beginning and end of financial year	–	–	27,529	27,529

	Group			
	Investment properties RMB'000	Financial assets, at FVPL RMB'000	Others RMB'000	Total RMB'000
Deferred income tax liabilities				
Group				
2019				
Beginning of financial year	**540,350**	**112,250**	**69,614**	**722,214**
(Credited)/debited to profit or loss	**(92,923)**	**(34,550)**	**(28,282)**	**(155,755)**
End of financial year	**447,427**	**77,700**	**41,332**	**566,459**
2018 (Restated)				
Beginning of financial year	526,467	80,250	155,793	762,510
Debited/(credited) to profit or loss	13,883	32,000	(86,179)	(40,296)
End of financial year	540,350	112,250	69,614	722,214

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22 DEFERRED INCOME TAXES (CONT'D)

At the end of the reporting year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is RMB1,738,495,000 (31 December 2018: RMB2,050,442,000; 1 January 2018: RMB1,921,417,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. Accordingly, withholding tax amounting to RMB173,850,000 (31 December 2018: RMB205,044,000, 1 January 2018: RMB192,142,000) relating to the undistributed earnings has not been recognised.

23 SHARE CAPITAL

	Number of ordinary shares	Amount RMB'000
Company		
2019 and 2018		
Beginning and end of financial year	**2,557,040,024**	**4,028,372**

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

24 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24 PERPETUAL CONVERTIBLE SECURITIES (CONT'D)

The Perpetual Convertible Securities confer on the holder a right to receive a distribution at a pre-determined date at a rate from 9.50% to 16.06% (31 December 2018: 8.75% to 9.50%, 1 January 2018: 8.75 to 9.50%). 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 2019 was RMB112,530,000 (2018: RMB105,376,000).

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.

25 OTHER RESERVES

		Group	
	31 December 2019 RMB'000	**31 December 2018 RMB'000 (Restated)**	**1 January 2018 RMB'000 (Restated)**
(a) Composition:			
Reverse acquisition reserve	**(2,034,754)**	(1,993,712)	(1,993,712)
Convertible bonds reserve	**42,458**	42,458	42,458
Statutory common reserve	**91,018**	91,018	88,588
Currency translation reserve	**(78,710)**	(39,023)	(7,033)
	(1,979,988)	(1,899,259)	(1,869,699)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25 OTHER RESERVES (CONT'D)

	Group	
	2019	**2018**
	RMB'000	**RMB'000**
		(Restated)
(b) Movements:		
(i) Reverse acquisition reserve		
Beginning of financial year	**(1,993,712)**	(1,993,712)
Acquisition of additional interest in a subsidiary	**(41,042)**	–
End of financial year	**(2,034,754)**	(1,993,712)
(ii) Convertible bonds reserve		
Beginning and end of financial year	**42,458**	42,458
(iii) Statutory common reserve		
Beginning of financial year	**91,018**	88,588
Reversal on disposal of subsidiaries	**–**	2,430
End of financial year	**91,018**	91,018
(iv) Currency translation reserve		
Beginning of financial year	**(39,023)**	(7,033)
Net currency translation differences arising from consolidation	**(39,687)**	(31,990)
End of financial year	**(78,710)**	(39,023)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25 OTHER RESERVES (CONT'D)

		Company		
		31 December 2019 RMB'000	**31 December 2018 RMB'000 (Restated)**	**1 January 2018 RMB'000 (Restated)**
(c)	Composition:			
	Convertible bonds reserve	**42,458**	42,458	42,458
	Translation reserve	**(21,055)**	(9,470)	(17,510)
		21,403	32,988	24,948

		Company	
		2019 RMB'000	**2018 RMB'000 (Restated)**
(d)	Movement		
	(i) Convertible bonds reserve		
	Beginning and end of financial year	**42,458**	42,458
	(ii) Translation reserve		
	Beginning of financial year	**(9,470)**	(17,510)
	Net translation differences	**(11,585)**	8,040
	End of financial year	**(21,055)**	(9,470)

The capital reserve represents the effects of changes in ownership interests in subsidiaries that did not result in a change of control.

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 Company entities whose functional currencies are different from that of the Group's presentation currency.

The other reserves are not distributable unless realised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26 COMMITMENTS

(a) Operating lease commitments – where the Group is a lessee

The Group leases office premises from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases, contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group
	31 December 2018
	RMB'000
Not later than one year	2,451
Between one and five years	204
	2,655

(b) Operating lease commitments – where the Group is a lessor

The Group sublets its investment properties to non-related parties under non-cancellable operating leases. The lessees are required to pay absolute fixed annual increase to the lease payments during the lease period.

The future minimum lease receivables under non-cancellable operating leases, contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	31 December 2019	**31 December 2018**
	RMB'000	**RMB'000**
Not later than one year	**167,205**	167,335
Between one and five years	**359,930**	413,581
Later than five years	**168,596**	305,786
	695,731	886,702

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

Financial risk management is carried out by the finance department in accordance with the policies set. The finance personnel identifies and evaluates financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares regular reports for review by the Chief Financial Officer. Regular reports are also submitted to the Board of Directors.

(a) Market risk

(i) 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 Singapore dollar (SGD).

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

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows:

			Group		
	RMB	SGD	USD	HKD	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2019					
Financial assets					
Financial assets, at FVPL	869,799	–	–	–	869,799
Cash and cash equivalents	838,885	17,124	146,444	45	1,002,498
Trade and other receivables	325,170	4,357	–	–	329,527
	2,033,854	21,481	146,444	45	2,201,824
Financial liabilities					
Trade and other payables	(414,536)	(208,660)	(5,773)	–	(628,969)
Provisions	(428,277)	–	–	–	(428,277)
Borrowings	(2,105,990)	(365,035)	(355,774)	–	(2,826,799)
	(2,948,803)	(573,695)	(361,547)	–	(3,884,045)
Net financial (liabilities)/assets	(914,949)	(552,214)	(215,103)	45	(1,682,221)
Less: Net financial assets denominated in the respective entities' functional currencies	917,940	552,220	–	–	1,470,160
Currency exposure of net financial assets/(liabilities) of those denominated in the respective entities' functional currencies	2,991	6	(215,103)	45	(212,061)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows: (Cont'd)

	Group				
	RMB	**SGD**	**USD**	**HKD**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
As at 31 December 2018 (Restated)					
Financial assets					
Financial assets, at FVPL	1,008,000	–	–	–	1,008,000
Cash and cash equivalents	722,037	15,696	12,777	–	750,510
Trade and other receivables	1,462,759	6,824	1,360	–	1,470,943
	3,192,796	22,520	14,137	–	3,229,453
Financial liabilities					
Trade and other payables	(587,577)	(92,426)	(929)	–	(680,932)
Provisions	(425,102)	–	–	–	(425,102)
Borrowings	(2,351,006)	(261,355)	(522,804)	(158,354)	(3,293,519)
	(3,363,685)	(353,781)	(523,733)	(158,354)	(4,399,553)
Net financial liabilities	(170,889)	(331,261)	(509,596)	(158,354)	(1,170,100)
Less: Net financial assets denominated in the respective entities' functional currencies	203,171	331,267	–	–	534,438
Currency exposure of net financial assets/(liabilities) of those denominated in the respective entities' functional currencies	32,282	6	(509,596)	(158,354)	(635,662)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows: (Cont'd)

			Group		
	RMB	**SGD**	**USD**	**HKD**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
As at 1 January 2018 (Restated)					
Financial assets					
Financial assets, at FVPL	880,000	–	–	–	880,000
Cash and cash equivalents	603,742	8,778	14,390	–	626,910
Trade and other receivables	2,699,792	7,007	6,111	–	2,712,910
	4,183,534	15,785	20,501	–	4,219,820
Financial liabilities					
Trade and other payables	(845,712)	(155,932)	(1,437)	–	(1,003,081)
Provisions	(303,710)	–	–	–	(303,710)
Borrowings	(3,058,752)	(28,292)	(826,045)	–	(3,913,089)
	(4,208,174)	(184,224)	(827,482)	–	(5,219,880)
Net financial liabilities	(24,640)	(168,439)	(806,981)	–	(1,000,060)
Less: Net financial assets denominated in the respective entities' functional currencies	1,457,821	168,445	–	–	1,626,266
Currency exposure of net financial assets/(liabilities) of those denominated in the respective entities' functional currencies	1,433,181	6	(806,981)	–	626,206

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows: (Cont'd)

			Company		
	RMB	**SGD**	**USD**	**HKD**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
As at 31 December 2019					
Financial assets					
Cash and cash equivalents	–	16,726	133,270	47	150,043
Trade and other receivables	1,226,948	515,011	1,072,244	–	2,814,203
	1,226,948	531,737	1,205,514	47	2,964,246
Financial liabilities					
Trade and other payables	(561,779)	(569,422)	(572,871)	(9)	(1,704,081)
Borrowings	–	(126,761)	(348,798)	–	(475,559)
	(561,779)	(696,183)	(921,669)	(9)	(2,179,640)
Net financial assets/(liabilities)	(665,169)	(164,446)	283,845	38	784,606
Less: Net financial assets denominated in the respective entities' functional currencies	–	164,446	–	–	164,446
Currency exposure of net financial assets of those denominated in the respective entities' functional currencies	665,169	–	283,845	38	949,052

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 **FINANCIAL RISK MANAGEMENT (CONT'D)**

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows: (Cont'd)

			Company		
	RMB	**SGD**	**USD**	**HKD**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
As at 31 December 2018 (Restated)					
Financial assets					
Cash and cash equivalents	–	15,304	182	2	15,488
Trade and other receivables	925,571	520,147	868,669	–	2,314,387
	925,571	535,451	868,851	2	2,329,875
Financial liabilities					
Trade and other payables	(136,426)	(142,695)	(559,776)	(9)	(838,906)
Borrowings	–	(29,234)	(343,950)	(158,354)	(531,538)
	(136,426)	(171,929)	(903,726)	(158,363)	(1,370,444)
Net financial assets/(liabilities)	789,145	363,522	(34,875)	(158,361)	959,431
Less: Net financial liabilities denominated in the respective entities' functional currencies	–	(363,522)	–	–	(363,522)
Currency exposure of net financial assets/(liabilities) of those denominated in the respective entities' functional currencies	789,145	–	(34,875)	(158,361)	595,909

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Group's and the Company's foreign currency exposure based on the information provided to key management is as follows: (Cont'd)

			Company		
	RMB	**SGD**	**USD**	**HKD**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
As at 1 January 2018 (Restated)					
Financial assets					
Cash and cash equivalents	–	6,712	2,472	–	9,184
Trade and other receivables	1,401,259	483,147	813,073	–	2,697,479
	1,401,259	489,859	815,545	–	2,706,663
Financial liabilities					
Trade and other payables	(1,779)	(310,234)	(635,277)	(8)	(947,298)
Borrowings	–	(28,292)	(325,997)	–	(354,289)
	(1,779)	(338,526)	(961,274)	(8)	(1,301,587)
Net financial assets/(liabilities)	1,399,480	151,333	(145,729)	(8)	1,405,076
Less: Net financial liabilities denominated in the respective entities' functional currencies	–	(151,333)	–	–	(151,333)
Currency exposure of net financial assets/(liabilities) of those denominated in the respective entities' functional currencies	1,399,480	–	(145,729)	(8)	1,253,743

Sensitivity analysis

A 1% (31 December 2018: 1%; 1 January 2018: 1%) strengthening of RMB, SGD, USD and HKD against the functional currencies of the Group entities at the reporting date would increase/(decrease)the profit before income tax by the amounts shown below. This analysis assumes that all other variables being held constant.

		Group	
	31 December 2019	**31 December 2018**	**1 January 2018**
	RMB'000	**RMB'000**	**RMB'000**
		(Restated)	**(Restated)**
RMB	**30**	323	14,332
SGD	*****	*	*
USD	**(2,151)**	(5,096)	(8,070)
HKD	*****	(1,584)	–

* Less than RMB1,000

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) *Currency risk (Cont'd)*

Sensitivity analysis (Cont'd)

		Company	
	31 December 2019 RMB'000	**31 December 2018 RMB'000 (Restated)**	**1 January 2018 RMB'000 (Restated)**
RMB	**6,652**	7,891	13,995
USD	**2,838**	(349)	(1,457)
HKD	*****	(1,584)	*

* : Less than RMB1,000

A 1% (31 December 2018: 1%; 1 January 2018: 1%) weakening of the above currencies against the functional currencies of the Group entities at the reporting date would have the equal but opposite effect to the amounts shown above, on the basis that all other variables are being held constant.

(ii) *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.

(iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from interest-earning financial assets and interest-bearing financial liabilities. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months from the reporting date.

The Group obtains additional financing through bank borrowings and finance lease arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its exposure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(iii) Cash flow and fair value interest rate risks (Cont'd)

The following table sets out the carrying amounts, by maturity or repricing, whichever is earlier, of the financial instruments of the Group that are exposed to interest rate risk:

	Group		
	31 December 2019 RMB'000	**31 December 2018 RMB'000**	**1 January 2018 RMB'000**
Financial liabilities			
Fixed rate			
Bank borrowings	**176,761**	447,588	1,004,176
Bank notes	**174,399**	–	–
	351,160	447,588	1,004,176
Floating rate			
Bank borrowings	**2,475,639**	2,501,981	2,582,916
Bank notes	**–**	343,950	325,997
	2,475,639	2,845,931	2,908,913

	Company		
	31 December 2019 RMB'000	**31 December 2018 RMB'000**	**1 January 2018 RMB'000**
Financial liabilities			
Fixed rate			
Bank borrowings	**126,761**	187,588	28,292
Bank notes	**348,798**	–	–
	475,559	187,588	28,292
Floating rate			
Bank notes	**–**	343,950	325,997

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company are not exposed to changes in interest rates for fixed rate financial liabilities.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(iii) Cash flow and fair value interest rate risks (Cont'd)

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial liabilities, a change of 50 basis points (31 December 2018: 50 basis points; 1 January 2018: 50 basis points) in interest rate at the reporting date would increase/(decrease) profit before income tax by the amounts shown below. This analysis assumes that all other variables being held constant.

	Profit or loss	
	50 basis points increase RMB'000	**50 basis points decrease RMB'000**
Group		
31 December 2019		
Floating rate instruments	**(12,378)**	**12,378**
31 December 2018		
Floating rate instruments	(14,230)	14,230
1 January 2018		
Floating rate instruments	(14,545)	14,545

	Profit or loss	
	50 basis points increase RMB'000	**50 basis points decrease RMB'000**
Company		
31 December 2019		
Floating rate instruments	**–**	**–**
31 December 2018		
Floating rate instruments	(1,720)	1,720
1 January 2018		
Floating rate instruments	(1,630)	1,630

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company.

Risk management

The Group adopts the following policy to mitigate the credit risk.

For banks and financial institutions, the Group mitigates its credit risks by transacting only with counterparties who are rated "A" and above by independent rating agencies. The cash balances are measured on 12-month expected credit loose and subject to immaterial credit loss.

For sales of properties, the Group typically requires advanced payment by the customers or notifications from financial institution on approval of loan applications submitted by the customers upon entering into sales agreement, and sales proceeds are typically fully settled concurrent with delivery of properties. For leasing of properties, rental deposits and advanced payments from the tenants are required prior to the lease term commenced to to mitigate their credit risks over lease receivables.

The Group believes that no allowance for impairment is necessary in respect of trade receivables as these receivables relate mainly to tenants that have good records with the Group or have sufficient rental deposits as collateral, and hence ECL is not material.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

There is no concentration of credit risk with respect to trade receivables, as there are a large number of customers.

Other financial assets, at amortised cost

The Group's and the Company's other financial assets recognised at amortised cost are mainly comprised of other receivables, i.e. non-trade amount due from non-related parties and deposits.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any pass-due amounts.	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impairment
In default	There is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impairment
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

Other financial assets, at amortised cost (Cont'd)

Movement in allowance on other receivables:

	Group	
	31 December 2019 RMB'000	**31 December 2018 RMB'000 (Restated)**
At the beginning of the year	**325,960**	-
Change to profit or loss included in other losses	**24,223**	325,960
At end of the year	**350,183**	325,960

The Company held non-trade receivables from its subsidiaries amounted to RMB2,812,930,000. These balances are amounts funded to subsidiaries as working capital. The Company used general approach for assessment of ECLs for these receivables. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, and available press information, if available, and applying experienced credit judgement), these exposures are considered to have low credit risk. Therefore impairment on these balances has been measured on the 12 month expected credit loss basis and the amount of the allowance is RMB302,056,000 (31 December 2018: RMB302,056,000; 1 January 2018: RMB Nil).

Financial guarantee contracts

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. The Group has intra-group financial guarantees These guarantees are subject to the impairment requirements of SFRS(I) 9. The Group and the Company have assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as and when they fall due. The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or rising damage to the Group's and the Company's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuation in cash flows. The Group also ensures the availability of funding through committed bank facilities and lines.

The table below analyses the non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group		
	Less than 1 year RMB'000	**Between 2 to 5 years RMB'000**	**Over 5 years RMB'000**
At 31 December 2019			
Trade and other payables	**628,969**	**–**	**–**
Provisions	**428,277**	**–**	**–**
Borrowings	**1,476,254**	**1,041,158**	**960,507**
	2,533,500	**1,041,158**	**960,507**
At 31 December 2018 (Restated)			
Trade and other payables	680,932	–	–
Provisions	425,102	–	–
Borrowings	1,164,283	1,835,168	987,697
	2,270,317	1,835,168	987,697
At 1 January 2018 (Restated)			
Trade and other payables	1,003,081	–	–
Provisions	303,710	–	–
Borrowings	1,056,981	2,525,272	1,205,613
	2,363,772	2,525,272	1,205,613

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

	Company	
	Less than 1 year RMB'000	**Between 2 to 5 years RMB'000**
At 31 December 2019		
Trade and other payables	**1,704,081**	**–**
Borrowings	**491,859**	**–**
	2,195,940	**–**
At 31 December 2018 (Restated)		
Trade and other payables	838,906	–
Borrowings	560,770	–
	1,399,676	–
At 1 January 2018 (Restated)		
Trade and other payables	947,298	–
Borrowings	49,522	336,551
	996,820	336,551

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group's and the Company's strategies, which were unchanged, are to maintain gearing ratios of less than 100%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(d) Capital risk (Cont'd)

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

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	Group		
	31 December 2019 RMB'000	**31 December 2018 RMB'000 (Restated)**	**1 January 2018 RMB'000 (Restated)**
Borrowings	**2,826,799**	3,293,519	3,913,089
Cash and cash balances	**(1,002,498)**	(750,510)	(626,910)
Net debt	**1,824,301**	2,543,009	3,286,179
Total equity	**3,003,724**	3,774,027	4,162,721
Total capital	**4,828,025**	6,317,036	7,448,900
Gearing ratio	**38%**	40%	44%

	Company		
	31 December 2019 RMB'000	**31 December 2018 RMB'000**	**1 January 2018 RMB'000**
Borrowings	**475,559**	531,538	354,289
Cash and cash balances	**(150,043)**	(15,488)	(9,184)
Net debt	**325,516**	516,050	345,105
Total equity	**3,751,297**	3,928,028	4,378,785
Total capital	**4,076,813**	4,444,078	4,723,890
Gearing ratio	**8%**	12%	7%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2019 and 2018 and as at 1 January 2018.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(e) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the assets and liabilities measured at fair value at each reporting date:

	Level 3 RMB'000
31 December 2019	
Financial assets, at FVPL	**869,799**
31 December 2018	
Financial assets, at FVPL	1,008,000
1 January 2018	
Financial assets, at FVPL	880,000

There were no transfers between Levels 1, 2 and 3 of fair value measurement hierarchy during the financial years ended 31 December 2019 and 2018 and as at 1 January 2018.

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the reporting date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. These investments are classified as Level 2 and comprise debt investments and derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The carrying amount less impairment allowance of trade and other receivables and trade and other payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosures purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximate their fair values.

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(e) Fair value measurements (Cont'd)

Valuation techniques and inputs used in Level 3 fair value measurements

Valuation technique	Significant unobservable input[2]	Range
31 December 2019		
Direct comparison approach and residual value	selling price per square meter[1]	RMB37,250 – RMB48,120
	gross development value per square meter[1]	RMB43,400
	value of to-be-developed land per square meter[1]	RMB19,111
31 December 2018		
Direct comparison approach and residual value	selling price per square meter[1]	RMB56,000 – RMB84,000
	gross development value per square meter[1]	RMB40,000
	value of to-be-developed land per square meter[1]	Not available
1 January 2018		
Direct comparison approach and residual value	selling price per square meter[1]	RMB33,900 – RMB59,000
	gross development value per square meter[1]	RMB48,600
	value of to-be-developed land per square meter[1]	RMB11,600

(1) Any significant isolated increases/(decreases) in these inputs would result in a significantly higher/(lower) fair value measurement.
(2) There were no significant inter-relationship between unobservable inputs.

There were no changes in valuation techniques during the financial year.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers into or out of fair value hierarchy levels for the financial years ended 31 December 2019 and 2018 and as at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		
	31 December 2019 RMB'000	**31 December 2018 RMB'000**	**1 January 2018 RMB'000**
Financial assets, at FVPL	**869,799**	1,008,000	880,000
Financial assets, at amortised cost	**1,332,025**	2,221,453	3,339,820
Financial liabilities, at amortised cost	**3,884,045**	4,399,519	5,219,880

	Company		
	31 December 2019 RMB'000	**31 December 2018 RMB'000**	**1 January 2018 RMB'000**
Financial assets, at amortised cost	**2,964,246**	2,329,875	2,706,663
Financial liabilities, at amortised cost	**2,179,640**	1,370,444	1,301,587

28 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and other related parties at terms agreed between the parties:

(a) Key management personnel compensation

The remuneration of directors and other members of key management during the financial year is as follows:

	Group	
	2019 RMB'000	**2018 RMB'000**
Directors' fees	**1,491**	1,264
Director's remuneration		
– salaries, wages and other related costs	**8,333**	10,668
Key management personnel (other than directors)		
– salaries, wages and other related costs	**4,982**	9,291

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) 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:

	Group	
	2019	**2018**
	RMB'000	**RMB'000**
Fees paid/payable to a subsidiary of controlling shareholder for securing credit facilities to fund the Group's property development projects	**1,505**	5,609
Interest expense charged by related corporations of controlling shareholder	**–**	24,701
Management fees charged by a joint venture of controlling shareholder	**4,766**	4,563
Staff costs paid to a joint venture of controlling shareholder	**628**	265
Distribution on perpetual convertible securities paid/payable to controlling shareholder	**112,530**	105,376

29 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer ("CEO"), designated as the Chief Operating Decision Maker ("CODM"), that are used to make strategic decisions, allocate resources, and assess performance.

The CEO considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in three primary geographic areas namely, Singapore, People's Republic of China and Hong Kong. From a business segment perspective, management separately considers the business activities in these geographic areas.

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the CEO reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Property development	:	Development of residential, commercial and other types of properties
Property investment	:	Leasing of investment properties to generate rental income and to gain from the appreciation in the value of the properties in the long term
Others	:	Mainly related with corporate office functions and investment holding

There are sales between operating segments. The revenue from external parties reported to the CEO is measured in a manner consistent with that in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29 SEGMENT INFORMATION (CONT'D)

The segment information provided to the CEO for the reportable segments is as follows:

	Property investment RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
2019				
Revenue				
Total segment sales	**217,345**	**141,580**	**–**	**358,925**
Adjusted EBIT	**(315,213)**	**(145,330)**	**(43,673)**	**(504,216)**
Depreciation of property, plant and equipment	–	–	**4,596**	**4,596**
Segment assets	**4,180,841**	**2,547,673**	**994,250**	**7,722,764**
Segment assets includes:				
Additions to:				
– Property, plant and equipment	**–**	**–**	**934**	**934**
Segment liabilities	**2,171,296**	**681,940**	**1,865,804**	**4,719,040**

	Property investment RMB'000 (Restated)	Property development RMB'000 (Restated)	Others RMB'000 (Restated)	Total RMB'000 (Restated)
2018 (Restated)				
Revenue				
Total segment sales	208,659	543,972	–	752,631
Adjusted EBIT	113,312	117,656	(218,893)	12,075
Depreciation of property, plant and equipment	–	–	6,178	6,178
Segment assets	4,557,905	3,766,410	916,952	9,241,267
Segment assets includes:				
Additions to:				
– Property, plant and equipment	–	–	475	475
Segment liabilities	2,255,700	1,746,581	1,464,959	5,467,240

29 SEGMENT INFORMATION (CONT'D)

(a) Reconciliation

Segment profit

Segment profit is reconciled to profit before income tax as follows:

The amounts provided to the CEO with respect to (loss)/profit before income tax are measured in a manner consistent with that in the consolidated statement of comprehensive income. These profit or loss is allocated based on the operations of the segment. All profit are allocated to the reportable segments other than directors' fees, employee compensation, auditors' remuneration, legal and professional fees, travelling expenses and others as these are separately analysed and driven by the finance department, which manages the financial position of the Group.

	Group	
	2019	**2018**
	RMB'000	**RMB'000**
		(Restated)
Adjusted EBIT for reportable segments	**(460,543)**	230,968
Adjusted EBIT for other segments	**(43,673)**	(218,893)
Total adjusted EBIT	**(504,216)**	12,075
Finance expenses	**(171,279)**	(228,195)
Loss before income tax	**(675,495)**	(216,120)

(b) Geographical information

The Group's three business segments operate in three main geographical areas:

- Singapore and Hong Kong – the Company is headquartered in Singapore. The operations in Singapore and Hong Kong are principally investment in real estate related businesses and investment holding;
- China – the operations in this area are principally the property development and property investment and facility management;

	Group	
	2019	**2018**
	RMB'000	**RMB'000**
		(Restated)
Sales		
– PRC	**358,925**	752,631
Non-current assets		
– PRC	**5,097,865**	5,613,548

30 EVENT OCCURRING AFTER THE REPORTING DATE

On 30 March 2020, one subsidiary, Chongqing Rong Guang Commercial Management Co., Ltd. incorporate a wholly-owned subsidiary, Zhuhai Rong Guang Commercial Management Co., Ltd. with a registered capital of RMB100,000.

The emergence of coronavirus disease 2019 ("COVID-19") has had a significant impact on lifestyles, businesses and communities globally. All property assets of the Group are situated in the PRC, with the majority located in the prime locations of Chongqing, comprising integrated office and retail developments, residential properties and commercial properties.

Due to the COVID-19 outbreak in the PRC, the Group has complied with the directives from the Chinese government and local authorities in Chongqing. In addition, the Group has instituted precautionary measures to protect the health and safety of its employees.

COVID-19 has brought about uncertainties and new challenges to the Group's operating environment and its financial position subsequent to the financial year end. As the situation is still evolving, the effect of the COVID-19 outbreak is subject to uncertainty hence the Group is unable to quantify the magnitude and duration of such impact and has not considered such impact, if any, on the Group's financial statements for the current financial year.

31 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Amendments to SFRS(I) 3 Business Combination (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32 PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS

Prior year adjustments

Management has identified certain errors in respect of the historical financial statement of the Group and the Company, therefore the following prior year adjustments were made:

i. There was a decrease in the gain on disposal of subsidiary corporations for the financial year ended 31 December 2017 due to the difference in the carrying value of net assets of the subsidiary corporations, which led to a decrease in the retained earnings amounted to RMB109,252,000, a decrease of RMB15,102,000 in trade and other receivables and increase of RMB94,150,000 in trade and other payables as at 31 December 2018 and also 1 January 2018;

ii. Allowance for impairment loss on the consideration receivables from the disposal of subsidiary corporations and a land parcel amounted to RMB302,056,000 and RMB10,584,000 respectively was provided in the financial year ended 31 December 2018 as the Group most likely would not be able to fulfil certain clauses under the Sales and Purchase Agreement ("S&P Agreement") and the buyer retained the rights to deduct from the consideration receivable in the event of non-fulfilment of the clauses in the S&P Agreement, which resulted in a total decrease of RMB312,640,000 in the retained earnings as at 31 December 2018;

iii. There was an error in the calculation of the value for the share subscription of a subsidiary corporation, which was fulfiled by the transfer of certain development properties of the Group in June 2016. This gave rise to the overstatement in the prior year's retained earnings of RMB160,482,000 and the carrying value of completed properties held for sale of RMB160,482,000;

iv. There were omissions and cut-off misstatements in the recognition of project development costs, resulting in:

   (a) trade payables were understated by RMB47,526,000 and RMB241,568,000 respectively on 31 December 2018 and 1 January 2018;

   (b) understatement of costs of sales recognised for sold properties due to errors in the calculation of unit costs, this resulted in a reduction in the retained earnings by RMB272,274,000 and RMB352,809,000 respectively on 31 December 2018 and 1 January 2018; and

   (c) misstatement in the calculation of unit costs also resulted in a reduction in the carrying value of completed properties held for sales as at 31 December 2018 and 1 January 2018 of RMB224,748,000 and RMB111,241,000 respectively;

v. The carrying value of certain properties held for sales as at 1 January 2018 were overstated and were written down to the net realisable value by RMB246,910,000 based on the valuation reports from an external independent valuation firm. As a result, the retained earnings decreased by RMB246,910,000;

32 PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS (CONT'D)

Prior year adjustments (Cont'd)

vi. Provisions amounted to RMB303,710,000 was provided for in the financial statement prior to 1 January 2018. These related to the litigation cases and penalties as disclosed in Note 21. Additional provision of RMB170,633,000 were provided for the financial year ended 31 December 2018. Together, the total amount reduced retained earnings by RMB474,343,000 as at 31 December 2018;

vii. The omitted corporation income tax expenses of RMB66,988,000 from disposal of a land parcel was recognised for the financial year ended 31 December 2018, which led to an increase in income tax payable amounted to RMB66,988,000 and reduced the retained earnings by the same amount;

viii. Additional land appreciation tax for the properties completed prior to 1 January 2018 amounted to RMB121,820,000 were adjusted due to the misstatement in prior years; further adjustment amounted to RMB9,404,000 was made for the land appreciation tax for the financial year ended 31 December 2018. Together, the total amount reduced retained earnings by RMB131,224,000 as at 31 December 2018;

ix. There were omissions and cut off misstatements on revenue recognition for the sale of properties in accordance with the accounting policy disclosed in Note 2.2. As a result, the revenue from sale of properties for the financial year ended 31 December 2018 decreased by RMB68,422,000;

x. Deferred income tax liabilities were reduced by RMB136,922,000 and RMB61,727,000 on 31 December 2018 and 1 January 2018 respectively due to the adjustments made as disclosed in the Notes 32(v) and (vi);

xi. There was a misstatement in the non-controlling interest calculation due to the overstatement of net asset of a subsidiary corporation. Therefore, RMB41,469,000 and RMB40,895,000 were adjusted respectively in retained earnings for 31 December 2018 and 1 January 2018; and

xii. There were other miscellaneous misstatements, including omissions and cut off misstatements in administrative expenses and corporate income tax. The total amount of RMB42,230,000 and RMB15,300,000 were adjusted respectively in the retained earnings for 31 December 2018 and 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32 PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS (CONT'D)

Reclassifications

Certain comparative figures for the financial year ended 31 December 2018 and 1 January 2018 have been reclassified to improve clarify and conform to current year's presentation.

The prior year adjustments and certain reclassifications to the extent that they are applied retrospectively have the following impact, as presented below:

	Note	Before restatement RMB'000	Prior year adjustments RMB'000	Reclassification RMB'000	After restatement RMB'000
The Group					
As at 31 December 2018					
Statement of financial position					
ASSETS					
Current assets					
Cash and cash equivalents		750,510	–	–	750,510
Trade and other receivables	i,ii,vi, ix,xii	2,031,392	(389,011)	21,164	1,663,545
Development properties	iii,iv,v	1,845,275	(632,140)	–	1,213,135
		4,627,177	(1,021,151)	21,164	3,627,190
Non-current assets					
Property, plant and equipment		42,652	–	–	42,652
Investment properties		4,535,896	–	–	4,535,896
Financial assets, at FVPL		1,008,000	–	–	1,008,000
Deferred tax assets		27,529	–	–	27,529
		5,614,077	–	–	5,614,077
Total assets		10,241,254	(1,021,151)	21,164	9,241,267
LIABILITIES					
Current liabilities					
Borrowings		1,126,795	–	9,258	1,136,053
Trade and other payables	i, iv, ix, xii	746,702	131,128	(61,074)	816,756
Provisions	vi	–	425,102	–	425,102
Income tax payable	vii, viii	170,346	198,212	(158,909)	209,649
		2,043,843	754,442	(210,725)	2,587,560
Non-current liabilities					
Borrowings		2,166,724	–	(9,258)	2,157,466
Deferred tax liabilities	x	641,795	(136,922)	217,341	722,214
		2,808,519	(136,922)	208,083	2,879,680
Total liabilities		4,852,362	617,520	(2,642)	5,467,240
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		4,028,372	–	–	4,028,372
Perpetual convertible securities		878,970	–	–	878,970
Other reserves	xii	(1,922,408)	(656)	23,805	(1,899,259)
Retained earnings	i ~ xii	2,347,351	(1,596,546)	1	750,806
		5,332,285	(1,597,202)	23,806	3,758,889
Non-controlling interests	xi	56,607	(41,469)	–	15,138
Total equity		5,388,892	(1,638,671)	23,806	3,774,027

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32 PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS (CONT'D)

The prior year adjustments and certain reclassifications to the extent that they are applied retrospectively have the following impact, as presented below: (Cont'd)

	Note	Before restatement RMB'000	Prior year adjustments RMB'000	Reclassification RMB'000	After restatement RMB'000
The Group					
As at 1 January 2018					
Statement of financial position					
ASSETS					
Current assets					
Cash and cash equivalents		626,910	–	–	626,910
Trade and other receivables	i,ix,xii	2,917,625	(2,298)	19,509	2,934,836
Development properties	iii,iv,v	2,099,791	(518,633)	(1)	1,581,157
		5,644,326	(520,931)	19,508	5,142,903
Non-current assets					
Property, plant and equipment		48,493	–	–	48,493
Investment properties		4,486,742	–	–	4,486,742
Financial assets, at FVPL		880,000	–	–	880,000
Deferred tax assets		27,529	–	–	27,529
		5,442,764	–	–	5,442,764
Total assets		11,087,090	(520,931)	19,508	10,585,667
LIABILITIES					
Current liabilities					
Borrowings		1,092,662	–	–	1,092,662
Trade and other payables	i,iv, ix,xii	1,098,922	253,994	(16,192)	1,336,724
Provisions	vi	–	303,710	–	303,710
Income tax payable	viii	147,048	121,820	(161,955)	106,913
		2,338,632	679,524	(178,147)	2,840,009
Non-current liabilities					
Borrowings		2,820,427	–	–	2,820,427
Deferred tax liabilities	x	634,322	(61,727)	189,915	762,510
		3,454,749	(61,727)	189,915	3,582,937
Total liabilities		5,793,381	617,797	11,768	6,422,946
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		4,028,372	–	–	4,028,372
Perpetual convertible securities		878,970	–	–	878,970
Other reserves		(1,877,435)	–	7,736	(1,869,699)
Retained earnings	i,iii,iv,v, vi,viii,ix, x,xi,xii	2,204,600	(1,097,833)	4	1,106,771
		5,234,507	(1,097,833)	7,740	4,144,414
Non-controlling interests	xi	59,202	(40,895)	–	18,307
Total equity		5,293,709	(1,138,728)	7,740	4,162,721

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32 PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS (CONT'D)

The prior year adjustments and certain reclassifications to the extent that they are applied retrospectively have the following impact, as presented below: (Cont'd)

	Note	Before restatement RMB'000	Prior year adjustments RMB'000	Reclassification RMB'000	After restatement RMB'000
The Group					
Statement of comprehensive income					
For the financial year ended 31 December 2018					
Revenue	ix	821,053	(68,422)	–	752,631
Cost of sales	iv,viii,xii	(521,751)	87,454	(21,169)	(455,466)
Gross profit/(loss)		299,302	19,032	(21,169)	297,165
Other income		5,821	–	5,306	11,127
Other gains/(losses) – net	ii, vi, xii	424,397	(495,937)	(22,770)	(94,310)
Expenses					
– Distribution and marketing		(88,220)	–	21,437	(66,783)
– Administrative	xii	(147,208)	(5,109)	17,193	(135,124)
– Finance	iv	(203,282)	(24,913)	–	(228,195)
Profit/(loss) before income tax		290,810	(506,927)	(3)	(216,120)
Income tax expense	vii,x,xii	(42,848)	7,640	–	(35,208)
Net profit/(loss) for the year		247,962	(499,287)	(3)	(251,328)
Other comprehensive profit/ (loss):					
Items that maybe reclassified subsequently to profit or loss:					
Net currency translation differences arising from consolidation	xii	(47,403)	15,413	–	(31,990)
Other comprehensive profit/ (loss), net of tax		(47,403)	15,413	–	(31,990)
Total comprehensive loss		200,559	(483,874)	(3)	(283,318)
Profit/(Loss) attributable to:					
Equity holders of the Company		250,557	(498,713)	(3)	(248,159)
Non-controlling interests		(2,595)	(574)	–	(3,169)
		247,962	(499,287)	(3)	(251,328)
Total comprehensive profit/ (loss) attributable to:					
Equity holders of the Company		203,154	(483,300)	(3)	(280,149)
Non-controlling interests		(2,595)	(574)	–	(3,169)
		200,599	(483,874)	(3)	(283,318)

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32 PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS (CONT'D)

The prior year adjustments and certain reclassifications to the extent that they are applied retrospectively have the following impact, as presented below: (Cont'd)

	Note	Before restatement RMB'000	Prior year adjustments RMB'000	Reclassification RMB'000	After restatement RMB'000
The Company					
As at 31 December 2018					
Statement of financial position					
ASSETS					
Current assets					
Cash and cash equivalents		15,488	–	–	15,488
Trade and other receivables	ii	2,691,390	(302,056)	(73,204)	2,316,130
		2,706,878	(302,056)	(73,204)	2,331,618
Non-current assets					
Property, plant and equipment		529	–	–	529
Investments in subsidiary corporations		2,966,326	–	(1)	2,966,325
		2,966,855	–	(1)	2,966,854
Total assets		5,673,733	(302,056)	(73,205)	5,298,472
LIABILITIES					
Current liabilities					
Borrowings		531,538	–	–	531,538
Trade and other payables	xii	906,256	5,855	(73,205)	838,906
		1,437,794	5,855	(73,205)	1,370,444
Total liabilities		1,437,794	5,855	(73,205)	1,370,444
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		4,028,372	–	–	4,028,372
Perpetual convertible securities		878,970	–	–	878,970
Other reserves	xii	33,882	(894)	–	32,988
Accumulated losses	ii, xii	(705,285)	(307,017)	–	(1,012,302)
Total equity		4,235,939	(307,911)	–	3,928,028

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32 PRIOR YEAR ADJUSTMENTS AND RECLASSIFICATIONS (CONT'D)

The prior year adjustments and certain reclassifications to the extent that they are applied retrospectively have the following impact, as presented below: (Cont'd)

	Note	Before restatement RMB'000	Prior year adjustments RMB'000	Reclassification RMB'000	After restatement RMB'000
The Company					
As at 1 January 2017					
Statement of financial position					
ASSETS					
Current assets					
Cash and cash equivalents		9,184	–	–	9,184
Trade and other receivables		2,580,564	–	123,320	2,703,884
		2,589,748	–	123,320	2,713,068
Non-current assets					
Property, plant and equipment		979	–	–	979
Investments in subsidiary corporations		2,966,325	–	–	2,966,325
		2,967,304	–	–	2,967,304
Total assets		5,557,052	–	123,320	5,680,372
LIABILITIES					
Current liabilities					
Borrowings		28,292	–	–	28,292
Trade and other payables		831,747		115,551	947,298
		860,039	–	115,551	975,590
LIABILITIES					
Current liabilities					
Borrowings		325,997	–	–	325,997
Total liabilities		1,186,036	–	115,551	1,301,587
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		4,028,372	–	–	4,028,372
Perpetual convertible securities		878,970	–	–	878,970
Other reserves	xii	18,075	(894)	7,767	24,948
Accumulated losses	xii	(554,399)	894	–	(553,505)
Total equity		4,371,018	–	7,767	4,378,785

33 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 03 April 2020.

SHAREHOLDERS' INFORMATION

AS AT 16 MARCH 2020

Issued and Fully Paid-up Capital	:	S$855,835,508.311
Number of Shares	:	2,557,040,024
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per share

The Company does not hold any treasury shares and subsidiary holdings.

STATISTICS OF SHAREHOLDINGS AS AT 16 MARCH 2020

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	5	0.12	141	0.00
100 – 1,000	68	1.64	53,822	0.00
1,001 – 10,000	1,280	30.91	10,046,800	0.39
10,001 – 1,000,000	2,748	66.36	213,228,826	8.34
1,000,001 and above	40	0.97	2,333,710,435	91.27
	4,141	100.00	2,557,040,024	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2020

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Everbright Hero Limited[1]	381,000,000	14.90%	–	–
State Alpha Limited[2]	1,461,011,837	57.14%	–	–
Everbright Hero Holdings Limited[3]	–	–	381,000,000	14.90%
Everbright Hero, L.P.[4]	–	–	381,000,000	14.90%
Everbright Hero LP Limited[5]	–	–	381,000,000	14.90%
Aerial Victory Limited[6]	–	–	381,000,000	14.90%
China Everbright Venture Capital Limited[7]	–	–	1,461,011,837	57.14%
China Everbright Limited[8]	–	–	1,842,011,837	72.04%
Honorich Holdings Limited[9]	–	–	1,842,011,837	72.04%
Datten Investments Limited[10]	–	–	1,842,011,837	72.04%
China Everbright Holdings Company Limited[11]	–	–	1,842,011,837	72.04%
China Everbright Group Ltd.[12]	–	–	1,842,011,837	72.04%
Central Huijin Investment Ltd.[13]	–	–	1,842,011,837	72.04%

Notes:

(1) 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.

(2) State Alpha Limited has a total beneficial interest in 1,461,011,837 shares, out of which 1,125,474,562 shares are held in the names of nominees.

(3) 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.

(4) 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.

SHAREHOLDERS' INFORMATION

AS AT 16 MARCH 2020

(5) 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.

(6) 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.

(7) 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.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

(13) Central Huijin Investment Ltd ("**Central Huijin**") holds approximately 55.67% of the shareholding in CEG. CEG in turn holds 100% of the shareholding in China Everbright Holdings Company Limited. China Everbright Holdings Company Limited in turn holds 100% of the shareholding in Datten Investments Limited. Datten Investments Limited in turn holds 100% of the shareholding in Honorich Holdings Limited. Honorich Holdings Limited in turn holds approximately 49.39% of the shareholding in China Everbright Limited. China Everbright Limited in turn holds 100% of the shareholding in Aerial Victory Limited and 100% of the shareholding in China Everbright Venture Capital Limited, each of which is in turn, respectively, deemed interested in the shares held by Everbright Hero Limited and holds 100% of the shareholding in State Alpha Limited. Central Huijin is therefore deemed interested in all the shares held by Everbright Hero Limited and State Alpha Limited.

Central Huijin mandated to exercise the rights and the obligations as an investor in major state-owned financial enterprises, on behalf of the State. In September 2017, the Ministry of Finance issued special treasury bonds and acquired all the shares of Central Huijin from the People's Bank of China. The acquired shares were injected into China Investment Corporation ("**CIC**") as part of its initial capital contribution. However, Central Huijin's principal shareholder rights are exercised by the State Council. The members of Central Huijin's Board of Directors and Board of Supervisors are appointed by and are accountable to the State Council.

Accordingly, China Everbright Limited and its associates as defined under Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST Listing Manual**"), are considered controlling shareholders of the Company and to be interested persons under the SGX-ST Listing Manual.

SHAREHOLDERS' INFORMATION

AS AT 16 MARCH 2020

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1	DBS VICKERS SECURITIES (S) PTE LTD	1,507,238,562	58.94
2	STATE ALPHA LIMITED	335,537,275	13.12
3	DBS NOMINEES PTE LTD	164,716,583	6.44
4	CITIBANK NOMINEES SINGAPORE PTE LTD	59,080,241	2.31
5	RAFFLES NOMINEES (PTE) LIMITED	34,440,614	1.35
6	PHILLIP SECURITIES PTE LTD	34,349,600	1.34
7	OCBC SECURITIES PRIVATE LTD	33,838,313	1.32
8	LIM HONG CHING	25,208,000	0.99
9	UOB KAY HIAN PTE LTD	23,868,000	0.93
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	14,851,900	0.58
11	DB NOMINEES (SINGAPORE) PTE LTD	10,262,300	0.40
12	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	9,300,000	0.36
13	UNITED OVERSEAS BANK NOMINEES PTE LTD	7,857,900	0.31
14	CHEONG CHOONG KONG	7,762,000	0.30
15	PENG XIALIN	5,944,000	0.23
16	LOH KERN SIANG	5,500,000	0.22
17	TAN OOI NYUK	5,500,000	0.22
18	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	4,705,800	0.18
19	MERRILL LYNCH (SINGAPORE) PTE LTD	4,311,447	0.17
20	YUN KWANG HUN	4,000,000	0.16

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

27.96% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

SHAREHOLDERS' INFORMATION

AS AT 16 MARCH 2020

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.

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