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

(i) PROPOSED AMENDMENTS AND WAIVERS IN RELATION TO THE PERPETUAL SUBORDINATED CONVERTIBLE CALLABLE SECURITIES ISSUED IN 2014; AND

(ii) PROPOSED ISSUANCE OF ADDITIONAL CONVERSION SHARES

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1. INTRODUCTION

1.1 The Board of Directors of Ying Li International Real Estate Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 7 November 2022 entered into an amendment and supplemental deed (the "**Amendment Deed**") with Everbright Hero Mauritius Limited (the "**Bondholder**"), a direct subsidiary of Everbright Hero Holdings Limited ("**EHHL**"), pursuant to which, the Company and the Bondholder have agreed to, among others:

(a) amend certain terms of the S$165 million perpetual subordinated convertible callable securities issued to the Bondholder in 2014 (the "**Tranche 1 PCS Conditions**") and certain terms of the S$20 million perpetual convertible callable securities issued to the Bondholder in 2014 (the "**Tranche 2 PCS Conditions**", together with the Tranche 1 PCS Conditions, the "**PCS Conditions**") on the terms and subject to the conditions of the Amendment Deed; and

(b) waive certain outstanding amounts owed by the Company to the Bondholder under the PCS (as defined below).

1.2 EHHL is an indirect subsidiary of China Everbright Limited ("**CEL**"), a company listed on the Stock Exchange of Hong Kong. In turn, CEL is the controlling shareholder of the Company.

2. BACKGROUND

2.1 Perpetual Subordinated Convertible Callable Securities Issued in 2014

In 2014, the Company issued two tranches of perpetual subordinated convertible callable securities with an aggregate principal amount of S$185 million comprising a tranche of S$165 million perpetual subordinated convertible callable securities and a tranche of S$20 million perpetual subordinated convertible callable securities (collectively, the "**PCS**") to the Bondholder pursuant to a perpetual convertible securities subscription agreement entered into between the Company and EHHL (the "**PCS Subscription**").

Shareholders' approval was obtained pursuant to Rules 803, 805 and 824 of the listing manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**") for, among others, the following:

(a) the proposed issuance of the PCS to EHHL or its nominee; and

(b) the allotment of any Conversion Shares (as defined below), including such number of Conversion Shares required to be allotted and issued upon the conversion of any of the PCS upon adjustment of the conversion price in accordance with the PCS Conditions.

2.2 **Relevant Principal Terms of the PCS Conditions**

(a) **Rate of Distribution**

The PCS confer on the Bondholder the right to receive distributions at such rate calculated in accordance with the PCS Conditions on pre-determined dates. The current distribution rate of the PCS determined in accordance with condition 3(b) of the PCS Conditions ("**Rate of Distribution**") is 16.06%.

(b) **Deferral of Distributions**

The Company has the right to defer the payment of distributions to the Bondholder. If the Company were to elect to defer any arrears of distribution, the amount of arrears of distribution shall bear interest as if it constituted the principal of the PCS at the prevailing Rate of Distribution (such amount of additional interest accrued, the "**Additional Distribution Amount**"). In addition, in the event that the Company further defers any distribution, all outstanding principal of the PCS, arrears of distribution and Additional Distribution Amount shall, from and including the date of deferral of distribution, incur additional interest of 0.015% per day (such additional interest amount accrued, the "**Additional Interest Amount**", together with the Additional Distribution Amount, the "**Additional Amounts**").

In the event that the Company does not provide the Bondholder with prior written notice of its election to defer any payment of scheduled distribution to the next scheduled distribution payment date, such unpaid amount of scheduled distribution will bear default interest at the rate of 15.00% per annum from the date of default ("**Default Interest**").

(c) **Settlement of PCS**

Settlement of outstanding amounts due under the PCS may be satisfied by either one of the two mechanisms:

(i) the PCS (including the principal amount, the amount of arrears of distribution, and any Additional Amounts) may be converted into new ordinary shares in the capital of the Company ("**Conversion Shares**") at the option of the Bondholder (the "**Conversion Option**"). Following such conversion in accordance with the PCS Conditions, the right of the Bondholder to the repayment of the PCS will be extinguished. Under the PCS Conditions, the PCS shall be converted into Conversion Shares at the initial conversion price of S$0.318 per share (the "**Conversion Price**"); or

(ii) the Company has the right to redeem all or some of the PCS (including the principal amount, the amount of arrears of distribution and any Additional Amounts) at its option by settling in cash to the Bondholder.

3. THE PROPOSED AMENDMENTS AND WAIVERS

3.1 **Rule 830 of the Listing Manual**

Under Rule 830 of the Listing Manual, an issuer must announce any adjustment or amendment

made to the terms of the issue of convertible securities. In compliance with Rule 830, the Company sets out in paragraph 3.2 below the key amendments that are proposed to be made to the PCS Conditions.

3.2 **Key Proposed Amendments**

Pursuant to the Amendment Deed, with effect from the Effective Date (as defined below), the following key amendments are proposed to be made to the PCS Conditions:

(a) the Rate of Distribution shall be reduced to 4.00% in respect of the period from, and including, 3 April 2019, the date on which the Company became a subsidiary of CEL (the "**Distribution Rate Amendment**");

(b) in order to counter the effect of the Distribution Rate Amendment on the net tangible assets ("**NTA**") per share of the Company, the Conversion Price shall be adjusted accordingly from S$0.318 per share to S$0.125 per share ("**Conversion Price Amendment**"). The revised Conversion Price of S$0.125 is at a premium to the last traded price, 1-month, 3-month, 6-month and 12-month volume-weighted average price respectively; and

(c) no Additional Amounts shall be incurred in connection with cumulative deferral of distributions by the Company such that no Additional Amounts will become due and payable to the Bondholder from the Effective Date ("**Additional Amounts Amendments**"),

(the "**Proposed Amendments**").

3.3 **Waivers**

The Bondholder has also agreed to waive, among others:

(a) the difference between the amount of arrears of distribution accrued from 3 April 2019 up to the Effective Date (i) calculated on the basis of the original Rate of Distribution under the PCS Conditions and (ii) calculated on the basis of the revised Rate of Distribution of 4.00%;

(b) all Additional Amounts payable by the Company to the Bondholder for the period commencing 3 April 2019 up to the Effective Date; and

(c) all Default Interest payable by the Company from 3 April 2019 up to the Effective Date,

(the "**Waivers**", together with the Proposed Amendments, the "**Proposed Amendments and Waivers**").

3.4 **Conditions**

The Proposed Amendments and Waivers are conditional upon, among others, the receipt of approval by the shareholders of the Company at an extraordinary general meeting to be held by the Company (or at any adjournment of such meeting) for the Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares (as defined in paragraph 5 below) under Chapter 8 and Chapter 9 of the Listing Manual for reasons as set out in paragraphs 5, 6 and 7 below.

3.5 **Effective Date**

The Company and the Bondholder have agreed that the Proposed Amendments and Waivers shall take effect on the date on which all of the conditions precedent under the Amendment Deed have been satisfied to the reasonable satisfaction of the Bondholder ("**Effective Date**").

4. RATIONALE FOR THE PROPOSED AMENDMENTS AND WAIVERS

4.1 As announced in the Company's financial statements for the half-year period ended 30 June 2022, as at 30 June 2022, the Company was in a net current liabilities position. As set out in the Company's announcement dated 22 August 2022 in response to SGX-ST's queries on 18 August 2022, the net current liabilities position arose mainly due to the significant amount of provision for the distributions payable by the Company to the Bondholder under the PCS.

4.2 The Company intends to improve to a net current assets position so that the Company may be in a better position to approach other financial institutions for external debt financing if the need arises. After discussions with the Bondholder, the Bondholder has agreed to the Proposed Amendments and Waivers in order to assist the Company in reducing the amounts outstanding under the PCS, which will in turn reduce the amount of current liabilities of the Company.

4.3 The new Rate of Distribution of 4.00% is within the range of the current interest rate charged on the Company's existing borrowings.

4.4 The Board believes that the Proposed Amendments and Waivers are likely to improve the cash flow of the Group in the future, which will in turn allow the Company to have more working capital for future development.

5. PROPOSED ISSUANCE OF ADDITIONAL CONVERSION SHARES

5.1 At the time of the PCS Subscription, the maximum number of Conversion Shares to be allotted and issued by the Company pursuant to the full conversion of the principal amount of the PCS is 581,761,006 Conversion Shares (based on the initial Conversion Price and without any adjustment).

5.2 As a result of the Conversion Price Amendment, the maximum number of Conversion Shares that could be allotted and issued to the Bondholder calculated based on the principal amount of the PCS and assuming full conversion of the PCS is 1,480,000,000 Conversion Shares. This will result in CEL indirectly holding approximately 82.3% of the enlarged total issued share capital of the Company comprising 4,037,040,024 ordinary shares.

5.3 Accordingly, the number of additional Conversion Shares ("**Additional Conversion Shares**") that could be allotted to the Bondholder as a result of the Conversion Price Amendment calculated based on the principal amount of the PCS and assuming full conversion of the PCS is 898,238,994 Conversion Shares ("**Proposed Issuance of Additional Conversion Shares**", together with the Proposed Amendments and Waivers, the "**Proposed Transactions**").

5.4 Pursuant to Rule 805(1) (except as provided in Rule 806), the Company must obtain the prior approval of shareholders in a general meeting for, among others, the issue of shares. In order not to utilise the permissible threshold of number of shares that may be issued other than on a pro-rata basis to shareholders under the general share issuance mandate obtained by the Company from the shareholders at its annual general meeting held on 27 April 2022 and to provide flexibility for the Company to undertake further fundraising activities, the directors of the

Company ("**Directors**") wish to seek the approval of shareholders for the Proposed Issuance of Additional Conversion Shares.

5.5 Further, pursuant to Rule 812, unless specific shareholders' approval has been obtained, an issue of securities must not be placed to, among others, the substantial shareholders, related companies, associated companies and sister companies of the issuer's substantial shareholders.

5.6 The Bondholder is a related company of CEL, a substantial shareholder of the Company. Therefore, in accordance with Rule 812(2), specific approval from shareholders is required for the Proposed Issuance of Additional Conversion Shares. Pursuant to Rule 812(2), the Bondholder and its associates will abstain from voting on the resolution relating to the Proposed Issuance of Additional Conversion Shares.

5.7 Accordingly, the Company will be convening an extraordinary general meeting ("**EGM**") to seek the specific shareholders' approval from the independent shareholders for the Proposed Issuance of Additional Conversion Shares in respect of the allotment and issuance of such number of Additional Conversion Shares to the Bondholder upon the conversion of the PCS.

5.8 The Company will be submitting an additional listing application to the SGX-ST as soon as reasonably practicable after the EGM for the listing and quotation of the Additional Conversion Shares on the SGX-ST in the event of conversion of the PCS, and will make an announcement when the listing and quotation notice is obtained from the SGX-ST.

6. SHAREHOLDERS' APPROVAL REQUIRED FOR THE CONVERSION PRICE AMENDMENT

6.1 Rule 829(3) of the Listing Manual and condition 9(e)(ii) of the PCS Conditions provide that any material amendment to the PCS Conditions which is to the advantage of the Bondholder must be approved by the shareholders of the Company in an extraordinary meeting, except where the alterations are made pursuant to the PCS Conditions.

6.2 In this regard, while the Additional Amounts Amendments and the Distribution Rate Amendment are likely to be considered material amendments to the PCS Conditions, they will result in less distributions and payments payable to the Bondholder and are not to the advantage of the Bondholder. Consequently, shareholders' approval is not required for the Additional Amounts Amendments and the Distribution Rate Amendment.

6.3 As mentioned in paragraph 5.2 above, the Conversion Price Amendment will increase the number of Conversion Shares from the original 581,761,006 Conversion Shares to 1,480,000,000 Conversion Shares (based on the revised Conversion Price of S$0.125 per share), resulting in an additional 898,238,994[1] Conversion Shares to be issued to the Bondholder in the event it elects the Conversion Option. Accordingly, the Conversion Price Amendment is a material amendment to the advantage of the Bondholder.

6.4 Pursuant to the in-principle approval received from the SGX-ST dated 7 August 2014 for the PCS Subscription, the Company had undertaken to the SGX-ST that the terms of the PCS should not permit revision of the conversion price/ratio in any form, other than in compliance with Rule 829(1) of the Listing Manual. Accordingly, as the Conversion Price Amendment does not fall under any of the permitted adjustment events set out in Rule 829(1) of the Listing Manual where shareholders' approval is not required, shareholders' approval will be required for the Conversion Price Amendment under Rule 829(3) of the Listing Manual and condition 9(e)(ii) of the PCS Conditions.

[1] This represents approximately 35.13% of the total number of issued ordinary shares of the Company as at the date of this Announcement.

6.5 The Company will be seeking specific shareholders' approval for the Conversion Price Amendment under Rule 829(3) at the EGM.

7. CHAPTER 9 OF THE LISTING MANUAL

7.1 The Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares as Interested Person Transactions

As at the date of this announcement ("**Announcement**"), CEL is deemed to have an interest in 1,842,011,837 ordinary shares in the share capital of the Company, representing 72.04% of the total issued share capital of the Company. As the Bondholder is an indirect subsidiary of CEL, who is a controlling shareholder of the Company, the Bondholder is considered to be an associate of CEL and accordingly, the Bondholder is also considered to be an interested person of the Company for the purposes of Chapter 9 of the Listing Manual.

Accordingly, the Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares each constitutes an interested person transaction under Chapter 9 of the Listing Manual.

7.2 Value at Risk and NTA

Based on the Group's latest audited consolidated financial statements for the financial year ended 31 December 2021, the Group's latest audited NTA is RMB2,093,575,000.

The amount at risk to the Company in respect of the Distribution Rate Amendment and Amendments relating to Additional Amounts is nil as these amendments will have the effect of reducing the amounts payable to the Bondholder with effect from the Effective Date under the PCS.

The amount at risk to the Company in respect of the Waivers is nil as the Waivers will result in a reduction of the amount that would have otherwise been payable by the Company to the Bondholder on the Effective Date.

The amount at risk to the Company in respect of the Conversion Price Amendment, which is the same as the value of the Proposed Issuance of Additional Conversion Shares, is the market value of the Additional Conversion Shares of RMB115,042,000[2] (being the market value of the Additional Conversion Shares on the date that the Amendment Deed was entered into between the Company and the Bondholder).

Accordingly, the total amount at risk to the Company in respect of the Proposed Amendments and Waivers, which is the same as the value of the Proposed Issuance of Additional Conversion Shares, is RMB115,042,000, which represents 5.5% of the Group's latest audited NTA.

7.3 Shareholders' Approval

Pursuant to Rule 906(1) of the Listing Manual, an issuer must obtain shareholders' approval for an interested person transaction of a value equal to, or exceeding 5% of the group's latest audited consolidated NTA.

[2] Computed based on the exchange rate of SGD1: RMB 5.1230 as at 7 November 2022.

As the value of the interest person transactions in relation to the Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares is 5.5% of the Group's latest audited NTA, shareholders' approval is required for the Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares pursuant to Rule 906(1) of the Listing Manual.

Pursuant to Rule 919 of the Listing Manual, an interested person and any associate of the interested person must abstain from voting on the resolution approving the interested person transactions and shall not accept appointments as proxies unless specific instructions as to voting are given. Accordingly, the Bondholder and its associates shall abstain from voting on the resolution approving the interested person transactions and shall not accept appointments as proxies unless specific instructions as to voting are given.

7.4 **Total Value of Interested Person Transactions with the Same Interested Person**

In addition to the Proposed Transactions, the Group has entered into the following interested person transactions with the same interested person (as defined in Rule 908 of the Listing Manual) for the current financial year commencing on 1 January 2022 up to the date of this Announcement (excluding transactions which are less than S$100,000):

Name of Interested Person	**Nature of the Transaction**	**Value of the Transaction RMB'000**
EBA (Shanghai) Commercial Management Co., Ltd	Management and consultancy fees charged	5,326
China Everbright Finance Limited	Loan interest charged	5,960
Everbright Hero Mauritius Limited	Outstanding amounts payable under the PCS	258,154(1)
Total		269,440

Note:

(1) If the Proposed Amendments and Waivers are approved by shareholders of the Company at the EGM, this amount will become RMB32,049,000.

7.5 **Total Value of all Interested Person Transactions**

Assuming the Proposed Transactions are approved by shareholders of the Company, the aggregate value of all interested person transactions entered into by the Group for the current financial year commencing on 1 January 2022 up to the date of this Announcement (excluding transactions which are less than S$100,000) is approximately RMB158,377,000, representing approximately 7.6% of the NTA of the Group.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr Zhang Mingao and Mr Wang Hongyang are directors of CEL, and Dr Yang Haishan is a managing director of Real Estate Fund Investment and Management Centre at CEL.

Save as disclosed above and in this Announcement, none of the Directors or controlling shareholder(s) of the Company has any interest, direct or indirect, in the Proposed Transactions, otherwise than through their respective shareholdings (if any) in the Company.

9. EGM AND CIRCULAR TO SHAREHOLDERS

As stated above, the Company will convene an EGM to seek shareholders' approval for the Proposed Amendments and Waivers and Proposed Issuance of Additional Conversion Shares. A circular ("**Circular**") to the shareholders containing further details of, among others, the Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares, together with a notice of the EGM will be despatched to the shareholders in due course.

10. IFA AND AUDIT COMMITTEE STATEMENT

10.1 Pursuant to Rule 921(4)(a) of the Listing Manual, Hong Leong Finance Limited has been appointed as the independent financial adviser ("**IFA**") to advise the Directors who are independent for the purposes of the Proposed Transactions, being Mr Chia Seng Hee, Jack, Mr Tan Sek Khee, Mr Chen Guodong and Mdm Ma Jieyu (the "**Independent Directors**") on whether the Proposed Transactions as interested person transactions are on normal commercial terms and not prejudicial to the interest of the Company and its minority shareholders.

10.2 A copy of the letter from the IFA to the Independent Directors will be appended in the Circular to be issued by the Company in due course for the purpose of convening the EGM.

10.3 The Audit Committee of the Company comprises Mr Chia Seng Hee, Jack (Chairman), Mr Tan Sek Khee and Mr Wang Hongyang. As mentioned above, Mr Wang Hongyang, a nominee Director from CEL, will recuse himself from the Audit Committee's deliberation on the Proposed Transactions.

10.4 The Audit Committee will be obtaining an opinion from the IFA before forming its view on whether the Proposed Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. Such views of the Audit Committee will be set out in the Circular to be issued to the shareholders of the Company in due course.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Amendment Deed will be available for inspection at the registered office of the Company at 6 Temasek Boulevard, #21-01 Suntec Tower Four, Singapore 038986, during normal business hours on any weekday from the date of this Announcement until the date of the EGM.

BY ORDER OF THE BOARD
Ying Li International Real Estate Limited

Chia Seng Hee, Jack
Lead Independent Director
7 November 2022