YING LI INTERNATIONAL REAL ESTATE LIMITED

(Incorporated in the Republic of Singapore on 20 December 1991)
(Company Registration No. 199106356W)

APPENDIX TO SHAREHOLDERS ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING DATED 12 APRIL 2018

This Appendix is circulated to shareholders ("**Shareholders**") of Ying Li International Real Estate Limited (the "**Company**") together with the Company's annual report ("**Annual Report**"). Its purpose is to explain to the Shareholders the rationale and provide information for the proposed Ratification (as defined in this Appendix) to be tabled at the Annual General Meeting of the Company (the "**AGM**") to be held on 27 April 2018 at 9.30 a.m. at Mandarin Orchard Singapore, 333 Orchard Road, Imperial Ballroom, Level 35, Orchard Wing, Singapore 238867.

The Notice of AGM and a Proxy Form are enclosed with the Annual Report. The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Appendix.

Dear Sir/Madam,

THE PROPOSED RATIFICATION OF THE DISPOSAL OF INTERESTS IN YING LI INTERNATIONAL COMMERCIAL CENTRE PROJECT AND TRANSFER OF LAND PARCEL

1. INTRODUCTION

1.1 The Transaction

The Board of the Company had on 28 November 2017 and 7 December 2017 announced that the Company had entered into a conditional sale and purchase agreement ("**SPA**") with Shengyu (BVI) Limited (the "**Purchaser**") in relation to a transaction (the "**Transaction**") for an aggregate cash consideration of RMB3.29 billion (equivalent to approximately S$671.9 million) (the "**Aggregate Consideration**") comprising:

(i) the sale by the Company of the entire issued and paid-up share capital in its wholly-owned subsidiary Shiny Profit Enterprises Limited ("**Shiny Profit**") which is the holding company of the Ying Li International Commercial Centre Project (the "**Project**") (the "**Disposal**") for a consideration of RMB2,035.35 million; and

(ii) in conjunction with the Disposal, the transfer of a separate parcel of bare land not connected to the Project ("**Land Parcel**") which the Group is in the process of acquiring ("**Transfer of Land Parcel**") for a consideration of RMB1,250 million.

The Transaction is considered a major transaction under Rule 1014 of the Listing Manual of the SGX-ST.

1.2 SGX-ST Waiver and Completion

The Company had sought a waiver from the SGX-ST from the requirement under Chapter 10 of the Listing Manual to obtain Shareholders' approval prior to completion of the Transaction ("**Waiver**") and the SGX-ST had by way of a letter dated 8 December 2017 informed the Company that it had no objection to the Company's application for the Waiver, subject to certain conditions. Please refer to Section 4.2 of this Appendix for further details on the Waiver.

1.3 Ratification

The Transaction was completed and the Directors are seeking Shareholders' ratification of the Transaction (the "**Proposed Ratification**") by way of ordinary resolution, notice of which is set out in this Appendix.

1.4 Appendix

The Board refers to the Notice of Annual General Meeting of the Company dated 12 April 2018 ("**Notice of AGM**") convening the AGM of the Company to be held on 27 April 2018 at 9.30 a.m., and Ordinary Resolution 9 under the heading "Special Business" set out in the Notice of AGM.

The purpose of this Appendix is to provide Shareholders with relevant information relating to the Transaction and the Proposed Ratification, including the rationale for the Transaction and the Proposed Ratification and to seek Shareholders' approval for the ordinary resolution to ratify the Transaction.

2. THE TRANSACTION

2.1 Information on the Purchaser

The Purchaser is incorporated in the British Virgin Islands and is part of the China Evergrande Group, which is headquartered in Guangzhou and is engaged in the business of real estate, finance, health, tourism, culture and sports. The China Evergrande Group has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 5 November 2009. As at 31 December 2016, the China Evergrande Group had total assets of RMB1.35 trillion, cash balance of RMB304 billion and total sales for FY2016 was RMB211 billion. In 2017, it had raised another RMB130 billion via shares placement to its strategic investors.

For the avoidance of doubt, the Purchaser is not connected to any of the directors, executive officers or controlling shareholders of the Company.

2.2 Information on Shiny Profit

Shiny Profit was incorporated on 11 November 2009 in the British Virgin Islands as an investment holding company. Prior to completion of the Disposal, the Company directly owned the entire issued and paid-up share capital of Shiny Profit of US$10,000 comprising 10,000 ordinary shares (the "**Sale Shares**").

Shiny Profit directly owned the entire registered capital of RMB1,013,081,400 in Chongqing Yingli Shiny Profit Real Estate Co., Ltd. (重庆英利辉利置业有限公司) ("**CQYL Shiny Profit**", together with Shiny Profit, the "**Shiny Profit Group**"), which held the rights, powers, interests and benefits which the Group had in relation to the Project, which was previously known as the Ying Li Chongqing Financial Street Project. The Project is a premium integrated project currently under construction located in Chongqing's central business district of Jiefangbei comprising two office tower blocks and a 6-storey retail mail. The Project sits on two prime land parcels totalling approximately 18,400 square metres, and features a gross floor area of approximately 320,000 square metres.

Based on the latest announced unaudited consolidated financial statements of the Group for the nine months ended 30 September 2017:

(a) the revenue of Shiny Profit Group was approximately RMB0, which represents 0% of the Group's revenue for such period;

(b) Shiny Profit Group recorded loss before tax for such period of approximately RMB4,409,646, compares to the Group's profit before tax of RMB56,884,285 for such period;

(c) as at 30 September 2017, the net assets of Shiny Profit Group was approximately RMB1,359 million, which represents 27.1% of the Group's net assets of approximately RMB5,013 million as at 30 September 2017; and

(d) as at 30 September 2017, the NTA of Shiny Profit Group was approximately RMB1,359 million, which represents 27.1% of the Group's NTA of approximately RMB5,013 million as at 30 September 2017.

As the Sale Shares represented the entire equity interest held by the Company in Shiny Profit Group at the time of completion of the Transaction, the Company has ceased to have any interest in Shiny Profit and Shiny Profit has ceased to be a subsidiary of the Company following the completion of the Transaction.

Prior to entering into the SPA with the Purchaser, the Company had been engaged in discussions with at least eight unrelated third parties in relation to the Disposal and the Transfer of Land Parcel over a period of approximately 12 months.

Having considered the proposals presented during the course of such discussions in terms of pricing, payment terms, transaction structure and likelihood of the deal completing, the Company determined that the Aggregate Consideration was the best deal that was proposed and was at fair value even though the Company had not undertaken any valuation of the Project or the Land Parcel prior to the Disposal.

2.3 Information on the Land Parcel

The Land Parcel is a separate parcel of bare land of approximately 8,557 square metres which is also located in Chongqing's central business district of Jiefangbei, but which is not connected to the Project.

Pursuant to an agreement entered into by the Company and a government-linked company in the People's Republic of China ("**PRC**") in 2015 ("**2015 Agreement**"), the Group was granted the right to acquire the Land Parcel in consideration for the payment of certain land tender deposits comprising:

(i) RMB514.7 million, which is the aggregate land tender deposits paid by the Group for the Land Parcel since the first quarter of 2015 and as at the signing of the SPA; and

(ii) approximately RMB520 million, which is the estimated balance payable by the Group in the second or third quarter of 2018, to complete the acquisition of the Land Parcel.

The Group expects to receive approval from the relevant authorities for the Transfer of Land Parcel by the third quarter of 2018.

As at the date of this Appendix, the Transfer of Land Parcel has not been completed.

2.4 Key Terms of the Transaction

Consideration and Terms of Payment

Under the terms of the SPA, the Aggregate Consideration for the Transaction is RMB3.29 billion in cash comprising:

(i) the consideration to be paid by the Purchaser in respect of the Disposal ("**Disposal Consideration**"), amounting to RMB2,770.6 million and;

(ii) RMB514.7 million, which is the aggregate land tender deposits paid by the Group for the Land Parcel as at the signing of the SPA ("**Land Parcel Acquisition Amount**").

The Aggregate Consideration was arrived at after arm's length negotiations between the parties on a willing-buyer and willing-seller basis, having taken into account a further balance of RMB520 million payable by the Group to complete the acquisition of the Land Parcel to be transferred to the Purchaser.

Under the terms of the SPA, the Purchaser has assumed all the existing liabilities in the Shiny Profit Group amounting to approximately RMB898 million in aggregate.

The Aggregate Consideration is payable by the Purchaser in six tranches as follows:

(a) 9.7% of the Aggregate Consideration (equivalent to RMB320 million) to be paid five days after the completion of the Disposal ("**Completion**");

(b) 39.6% of the Aggregate Consideration (equivalent to RMB1,300 million) to be paid 30 days after Completion;

(c) 15.0% of the Aggregate Consideration (equivalent to RMB530 million) is to be paid upon the Purchaser having successfully acquired, with the assistance of the Company, the Land Parcel for which the Company has previously placed deposits as part of a land tender;

(d) 0.3% of the Aggregate Consideration (equivalent to RMB10 million) is to be paid three days after the third tranche payment;

(e) 17.0% of the Aggregate Consideration (equivalent to RMB550 million) is to be paid 180 days after the third tranche payment; and

(f) the remaining 18.4% of the Aggregate Consideration (equivalent to RMB575.35 million) is to be paid 180 days after the fifth tranche payment.

The payment terms, including the deferred payment arrangements for the Disposal have been deliberated and agreed by the Board after taking into consideration, the Aggregate Consideration, other potential business opportunities which would be available to the Company if it were to continue to develop the Project and the Land Parcel itself, the structure of the Transaction such that the Purchaser would take over all the liabilities in the project company as part of its acquiring the equity of Shiny Profit, and the financial status of the Purchaser (given that the Purchaser is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited). As such, the parties agreed that no security need be provided for the deferred payment terms.

Adjustment to Aggregate Consideration

In the remote event that there is a change in the real estate policies or regulations in the PRC which would result in the government-linked company in the PRC deciding not to fulfil its obligations under the 2015 Agreement, the acquisition of the Land Parcel may be unsuccessful and the Transfer of Land Parcel may fail to proceed. Should the Transfer of Land Parcel fail to proceed, the Disposal of Shiny Profit would not be voided or rescinded and accordingly, the Aggregate Consideration and terms of payment would be adjusted and the resulting net gain from the Transaction will also be adjusted, as described below:

(a) in accordance with the intention of the parties, the Transfer of Land Parcel will no longer form part of the Transaction and the Aggregate Consideration will be reduced by RMB1.25 billion to carve out the value of the Land Parcel that was provided for in the Aggregate Consideration, which takes into account (i) the additional costs of approximately RMB520 million that the Company will need to incur and (ii) the RMB514.7 million that it has already incurred, in respect of the acquisition of the Land Parcel. The revised amount payable would be RMB2,035.35 million. In addition, the Company will no longer be required to incur the additional costs of RMB520 million in respect of completing the acquisition of the Land Parcel. Accordingly, should the acquisition of the Land Parcel be unsuccessful, the Company will still record a net gain of RMB118 million from the Transaction; and

(b) the terms of payment of the Aggregate Consideration will be adjusted as follows:

(i) there will be no changes to the first and second payment tranches;

(ii) the amounts payable under the third to sixth tranches of the Aggregate Consideration will be adjusted as follows:

Tranche	Existing amounts payable	Adjustment amount	Revised amounts payable
	(RMB million)	(RMB million)	(RMB million)
First	320.00	N/A	320.00
Second	1,300.00	N/A	1,300.00
Third	530.00	450.00	80.00
Fourth	10.00	10.00	N/A
Fifth	550.00	214.65	335.35
Sixth	575.35	575.35	N/A
Total	3,285.35	1,250.00	2,035.35

(iii) the revised third and fourth tranches of the Aggregate Consideration will be payable by the Purchaser at the following milestones:

(A) RMB80 million is to be paid no later than the end of 6 months and 20 days after Completion of the Transaction (or such later date as mutually agreed by the parties); and

(B) RMB335.35 million is to be paid 180 days after the third tranche payment.

The timeframe of 6 months and 20 days for the payment of the adjusted third payment tranche was agreed to by the Board, having taken into consideration, the expected payment date of the third payment tranche as provided for in the SPA and the Group's payment obligations in respect of the remaining land tender deposits to be paid. The Company will agree, upon mutual agreement with the Purchaser, to a later date for the payment of the adjusted third payment tranche in the event that the administrative process for the acquisition of the Land Parcel takes longer than expected as a result of unforeseen changes in the PRC real estate industry's policies or regulations.

Conditions Precedent

Pursuant to the SPA, the obligations of the parties to complete the Transaction were conditional upon, *inter alia*, the following conditions being satisfied, fulfilled or waived, as the case may be, before Completion:

(a) the approval of the Board of Directors having been obtained for the Transaction and, (if required) the requisite approval of the Shareholders having been obtained for the Transaction;

(b) the results of the due diligence exercise conducted by the Purchaser and/or its advisors in connection with the Transaction being satisfactory to the Purchaser;

(c) no material adverse changes in the operations and financial conditions of Shiny Profit;

(d) the representations, warranties and undertakings given by the Company under the SPA being in all material respects, complied with, true and accurate and correct as at the closing date of the Transaction; and

(e) all other consents and approvals required under any and all applicable laws and regulations for the Transaction, in particular, any consent, approval, or authorisation of any regulatory agency or body having been obtained, unless such consent, approval or authorisation is waived.

The abovementioned conditions precedent have been satisfied, fulfilled or waived and the Company had announced on 1 March 2018 that the Disposal has been completed and accordingly, Shiny Profit Enterprises Limited has ceased to be a subsidiary of the Company.

As at the date of this Appendix, the Company has not received payment of the Aggregate Consideration. Under the terms of the SPA, non-payment of the Aggregate Consideration constitutes a breach of the SPA, and there is a 0.02% late payment penalty per day for the late payment amount. The aforesaid rate was arrived at based on negotiations between the parties with reference to the current borrowing rate from banks in the PRC. There is no specific reason that the Company is aware of that the Purchaser has not made payment and based on the information currently available to the Company, there is no expectation that the Purchaser will not be able to pay the Aggregate Consideration and that the Transaction may need to be terminated as a result thereof. The Company is following up closely with the Purchaser on the payment of the Aggregate Consideration in accordance with the terms of the SPA. The Company will provide monthly updates on the payment of the first tranche of the Aggregate Consideration and any receipts for subsequent tranches of the Aggregate Consideration and if such are also late, the Company will provide monthly updates on the payment.

Representations and Warranties

Pursuant to the terms of the SPA, each party has furnished to the other party various representations and warranties customary for transactions of a similar nature as the Transaction.

3. RATIONALE FOR AND BENEFITS OF THE TRANSACTION

The Transaction has provided an opportunity for the Company to realise the capital value of the Project, which will expedite the capital recycling process and enable the Group to pursue new ventures and investment opportunities in Tier 1 and fast-growing Tier 2 cities in the PRC. The Transaction would also strengthen the financial position of the Group and allow the Group to redeploy its capital to other fast turnaround projects with a shorter completion cycle.

Accordingly, the Board believes that the Transaction is in the best interests of the Company and the Shareholders, having regard to the terms of the Transaction, and market conditions in the property industry in the PRC.

4. REQUIREMENTS UNDER CHAPTER 10 OF THE LISTING MANUAL OF THE SGX-ST

4.1 Relative bases under Rule 1006

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures[1]	Relative Figures[2]
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	27.1%(1)	37.4%(4)
(b)	Net profits/(loss) attributable to the assets to be disposed, compared with the Group's net profits	(7.8%)(2)	(7.8%)(2)
(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares	147.5%(3)	174.9%(5)
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable to a disposal of assets	Not applicable to a disposal of assets
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	Not applicable as the Company is not a mineral, oil and gas company	

Notes:

(1) Based on the total net asset value of Shiny Profit Group and the net asset value of the Group as at 30 September 2017 being RMB1,359 million and RMB5,013 million respectively.

(2) After eliminating all intercompany transactions and based on the net profits of the Group for the nine-month period ended 30 September 2017 of RMB56.883 million. As the Project is still under development, all allowed costs have been capitalised in accordance with the requirements under Singapore Financial Reporting Standards.

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1 The relative figures in this column are calculated based solely on the Disposal Consideration, as the Land Parcel Acquisition Amount is expected to be the same as the monies expended by the Group in acquiring the Land Parcel. Therefore the amount attributable to the Transfer of Land Parcel will be zero.

2 The relative figures under this column are calculated based on the Aggregate Consideration comprising the Disposal Consideration and the Land Parcel Acquisition Amount.

(3) Based on the Disposal Consideration of RMB2.77 billion and the market capitalisation of the Company of RMB1.88 billion, which is determined by multiplying the issued share capital of the Company of 2,557,040,024 Shares with the weighted average price of S$0.15 transacted on the Mainboard of the SGX-ST on 22 November 2017 (being the last market day on which the Shares were traded prior to the date of the SPA) and based on the exchange rate of S$1 : RMB4.8971.

(4) Based on the total net asset value of Shiny Profit Group and the net asset value of the Land Parcel and the net asset value of the Group as at 30 September 2017 being RMB1,359 million, RMB514.7 million and RMB5,013 million respectively.

(5) Based on the Aggregate Consideration of RMB3.29 billion and the market capitalisation of the Company of RMB1.88 billion, which is determined by multiplying the issued share capital of the Company of 2,557,040,024 Shares with the weighted average price of S$0.15 transacted on the Mainboard of the SGX-ST on 22 November 2017 (being the last market day on which the Shares were traded prior to the date of the SPA) and based on the exchange rate of S$1 : RMB4.8971.

As the relative figures under Rules 1006(a) and (c) of the Listing Manual exceed 20%, the Transaction constitutes a "major transaction" as defined in Chapter 10 of the Listing Manual and is typically subject to the approval of Shareholders in general meeting.

Following completion of the Disposal, the Company continues to own and operate three retail malls, car parks, and office floor areas in Chongqing which it collects rental income from, and is also currently developing two other real estate projects in Chongqing. The Company also has an equity interest in the development of an integrated real estate project in Beijing.

4.2 Waiver by the SGX-ST

The Company had sought confirmation from the SGX-ST that the Transaction was entered into in the ordinary course of the Company's business and Chapter 10 of the Listing Manual does not apply to the Transaction. While the SGX-ST had responded that the Transaction is a transaction to which Chapter 10 of the Listing Manual applies as it is not in the ordinary course of the Company's business, the Company had sought the Waiver from the SGX-ST.

In a letter dated 8 December 2017, the SGX-ST informed the Company that it had no objection to the Company's application for the Waiver, subject to the following:

(a) the Company convening a general meeting ("**Ratification EGM**") to seek shareholders' ratification for the Disposal as soon as practicable and no later than the date of the next annual general meeting of the Company or 30 April 2018, whichever is earlier;

(b) Mr. Fang Ming, Everbright Hero Limited and China Everbright Venture Capital Limited, who have shareholding interests in the Company of approximately 30.00%, 14.90% and 14.02% respectively ("**Undertaking Shareholders**") providing a written irrevocable undertaking to the Company to vote in favour of the Transaction at the Ratification EGM;

(c) the Undertaking Shareholders providing a written irrevocable undertaking to the Company that they will not dispose their equity stake in the Company before and up to the date of the Ratification EGM;

(d) the Company announcing the Waiver, details of the reasons for seeking the Waiver and the conditions as required by Rule 107 of the Listing Manual; and

(e) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the constitution of the Company.

The Company had made an announcement on 17 December 2017 that the SGX-ST had granted the Waiver and that it had also obtained the Undertaking Shareholders' irrevocable undertakings as required by the Waiver.

On 23 January 2018, Newest Luck Holdings Limited, which is wholly-owned by Mr. Fang Ming, one of the Undertaking Shareholders, had transferred 153,422,401 Shares by way of an off-market transaction to State Alpha Limited. State Alpha Limited is wholly-owned by China Everbright Venture Capital Limited, which in turn is wholly-owned by China Everbright Limited. Accordingly, the aforesaid transfer resulted in the shareholding interests of Mr. Fang Ming in the Company decreasing from 36.00% to 30.00% and the shareholding interests of China Everbright Limited in the Company increasing from 22.92% to 28.92%. Following the transfer, the aggregate shareholding interests of the Undertaking Shareholders in the Company remained unchanged at 58.92%.

For the avoidance of doubt, the written irrevocable undertaking provided by the Undertaking Shareholders to the Company provides that an Undertaking Shareholder may transfer its Shares prior to the completion of the Ratification EGM, if the transferee of the Shares provides a similar written irrevocable undertaking to the Company that such transferee will not transfer or dispose of its Shares before and up to the date of the Ratification EGM. In connection with the aforesaid transfer, China Everbright Venture Capital Limited had, prior to the transfer, provided a written irrevocable undertaking to the Company that it will not transfer or dispose of its Shares (including the Shares acquired by its wholly-owned subsidiary State Alpha Limited pursuant to the aforesaid transfer) before and up to the date of the Ratification EGM.

5. FINANCIAL EFFECTS OF THE DISPOSAL

5.1 Earnings per Share ("EPS")

Assuming that the Transaction had been completed on 1 January 2016 and that the acquisition of the Land Parcel is successful, its effect on the Group's EPS would have been:

FY2016	Before the Transaction	After the Transaction[3]	After the Transaction[4]
Net profit after tax attributable to owners of the Company (RMB'000)	87,672	431,402(2)	206,027(2)
Number of Shares(1)	2,557,040,024	2,557,040,024	2,557,040,024
Earnings per Share (RMB cents)	3.43	16.87	8.06

Notes:

(1) Based on the number of issued Shares as at 30 September 2017.

(2) The net profit after tax attributable to the owners of the Company has been determined after deducting the estimated transaction expenses.

[3] The effects of the Transaction on the Group's EPS are calculated based on the assumption that the acquisition of the Land Parcel is successful. The illustration takes into account the gain on disposal.

[4] The effects of the Transaction on the Group's EPS are calculated based on assumption that the acquisition of the Land Parcel is unsuccessful. The illustration takes into account the gain on disposal.

5.2 Net Tangible Assets ("NTA")

Assuming that the Transaction had been completed on 31 December 2016, its effect on the Group's NTA as at 31 December 2016 would have been:

As at 31 December 2016	Before the Transaction	After the Transaction[5]	After the Transaction[6]
NTA (RMB'000)	5,003,367	5,347,097[(2)]	5,121,722[(2)]
Number of Shares[(1)]	2,557,040,024	2,557,040,024	2,557,040,024
NTA per Share (RMB)	1.96	2.09	2.00

Notes:

(1) Based on the number of issued Shares as at 30 September 2017.

(2) The NTA has been determined after taking into account the net proceeds to be received, after deducting the estimated transaction expenses.

5.3 Gearing

Gearing refers to the ratio of the gross borrowing to the NTA of the Company. The Transaction is expected to result in the decrease of the gearing of the Company from 96.1% to 74.6%, which is illustrated as follows:

	Before the Transaction	After the Transaction
NTA (RMB'000)	5,003,367	5,347,097
Number of Shares	2,557,040,024	2,557,040,024
NTA per Share (RMB)	1.96	2.09
Gearing	96.1%	74.6%

5.4 Use of Proceeds and Gain on the Disposal

The net proceeds from the Transaction, after deducting all costs and expenses, are estimated to be approximately RMB3,285 million (equivalent to approximately S$672 million).

Based on the latest announced unaudited consolidated financial statements of the Group for the nine months ended 30 September 2017, the book value of the Target Company was RMB1,359 million (equivalent to approximately S$278 million). For illustrative purposes only, assuming the Transaction was completed on 30 September 2017, the gain on disposal for the Group would have been approximately RMB343 million (equivalent to approximately S$70 million).

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[5] The effects of the Transaction on the Group's NTA are calculated on the assumption that the acquisition of the Land Parcel is successful.

[6] The effects of the Transaction on the Group's NTA are calculated on the assumption that the acquisition of the Land Parcel is unsuccessful.

The Company intends to use the net proceeds from the Transaction mainly for (i) reinvestment in other real estate projects, including the acquisition of new land for development, and (ii) working capital and the repayment of borrowings of the Group which amounted to RMB4,658 million as at 30 September 2017. The amount of the Aggregate Consideration to be used in repayment of the abovementioned borrowings has not been determined as at the date of this Appendix as this would depend on the investment opportunities available to the Company, the refinancing terms offered by the financial institution if the Company were to explore the option of refinancing the borrowings and the prevailing business conditions. The Company will consider this further once the monies have been received.

Shareholders should note that the financial effects set out above were prepared based on the audited consolidated financial statements of the Group for FY2016, and are for illustration purposes only. The results of the Group for FY2016 may not be representative of future performance.

6. IRREVOCABLE UNDERTAKINGS

The following Shareholders, being the Undertaking Shareholders and collectively interested in Shares representing 58.92% of the share capital of the Company, have each undertaken to the Company to vote in favour of the Ordinary Resolution relating to the Proposed Ratification:

(a) Fang Ming;

(b) Everbright Hero Limited; and

(c) China Everbright Venture Capital Limited.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of Directors and Substantial Shareholders as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders respectively, as at 29 March 2018, being the latest practicable date prior to the printing of this Appendix (the "**Latest Practicable Date**"), are as follows:

	Direct Interest		**Deemed Interest**	
	No. of Shares	**%**[(1)]	**No. of Shares**	**%**[(1)]
Directors				
Fang Ming[(2)]	–	–	767,052,161	30.00
Pan Ying	–	–	–	–
Yang Xiao Yu	340,664	0.01	–	–
Hu Bing	–	–	–	–
Lim Yeow Hua @ Lim You Qin	–	–	–	–
Tan Sek Khee	–	–	–	–
Xiao Zu Xiu	–	–	–	–

	Direct Interest		Deemed Interest	
	No. of Shares	%(1)	No. of Shares	%(1)
Substantial Shareholders				
Newest Luck Holdings Limited(3)	767,052,161	30.00	–	–
Everbright Hero Limited(4)	381,000,000	14.90	–	–
State Alpha Limited	358,422,401	14.02	–	–
Everbright Hero Holdings Limited(5)	–	–	381,000,000	14.90
Everbright Hero, L.P.(6)	–	–	381,000,000	14.90
Everbright Hero LP Limited(7)	–	–	381,000,000	14.90
Aerial Victory Limited(8)	–	–	381,000,000	14.90
China Everbright Venture Capital Limited(9)	–	–	358,422,401	14.02
China Everbright Limited(10)	–	–	739,422,401	28.92
Honorich Holdings Limited(11)	–	–	739,422,401	28.92
Datten Investments Limited(12)	–	–	739,422,401	28.92
China Everbright Holdings Company Limited(13)	–	–	739,422,401	28.92
China Everbright Group Ltd.(14)	–	–	739,422,401	28.92
Central Huijin Investment Ltd.(15)	–	–	739,422,401	28.92

Notes:–

(1) Based on the issued share capital of 2,557,040,024 Shares as at the Latest Practicable Date.

(2) Mr. Fang Ming holds 100% of the issued share capital of Newest Luck Holdings Limited and is therefore deemed interested in the Shares held by Newest Luck Holdings Limited.

(3) Newest Luck Holdings Limited has a total beneficial interest in 767,052,161 Shares which are held in the names of nominees.

(4) Everbright Hero Limited has a total beneficial interest in 381,000,000 Shares, all of which are held in the names of nominees.

(5) 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.

(6) Everbright Hero, L.P. holds 100% of the shareholding in Everbright Hero Holdings Limited which in turn holds 100% of the shareholding in Everbright Hero Limited. Everbright Hero, L.P. is therefore deemed interested in the Shares held by Everbright Hero Limited.

(7) 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.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

(13) 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.

(14) China Everbright Group Ltd. 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. China Everbright Group Ltd. is therefore deemed interested in all the Shares held by Everbright Hero Limited and State Alpha Limited.

(15) Central Huijin Investment Ltd ("Central Huijin") holds approximately 55.67% of the shareholding in China Everbright Group Ltd. China Everbright Group Ltd. 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 Investment Ltd 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 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.

None of the directors and controlling shareholders of the Company and their associates have any interests in the Transaction, other than through the respective shareholdings in the Company.

8. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DIRECTORS' RECOMMENDATIONS

Having fully considered, *inter alia*, the terms, rationale and benefits of the Transaction, the Board is of the view that it would be beneficial to and in the interests of the Company to proceed with the Transaction. Accordingly, the Board recommends that the Shareholders **vote in favour** of Ordinary Resolution 9 relating to the Proposed Ratification under the heading "Special Business" set out in the Notice of AGM.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM are requested to complete and sign the Proxy Form which is attached to this Appendix in accordance with the instructions printed thereon and return it to the registered office of the Share Registrar of the Company, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building, Singapore 048544 as soon as possible and in any event so as to arrive at the registered office of B.A.C.S. Private Limited not less than 48 hours before the time fixed for the holding of the AGM. The completion and return of the Proxy Form by a Shareholder will not preclude him from attending the AGM and voting in person in place of his proxy, should he subsequently wish to do so.

As stipulated under Section 130D of the Companies Act, a Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his is shown to have Shares entered against his name in the Depository Register 48 hours before the AGM.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Ratification, the Transaction and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information contained in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 12 Marina Boulevard, #18-05, Marina Bay Financial Centre, Singapore 018982 during normal business hours from the date of this Announcement up to and including the date falling three months after the date of this Appendix:

(a) the SPA;

(b) the Constitution of the Company;

(c) the Annual Report for the Company for FY2016; and

(d) the irrevocable undertakings executed by the Undertaking Shareholders.

Yours faithfully,
For and on behalf of
YING LI INTERNATIONAL REAL ESTATE LIMITED

Fang Ming
Executive Chairman and Group CEO