英利国际
YING LI INTL

ANNUAL REPORT 2021

# REFRESHED Strategy IMPROVED Potential

# Contents



For more information, please visit:
**www.yingligj.com**

# Corporate Profile

Ying Li International Real Estate Limited ("Ying Li" or the "Company" and together with its subsidiaries, the "Group") is a premier Chongqing-based property developer, principally engaged in the development, sale, rental, management and long-term ownership of high quality commercial, residential and bespoke properties in the prime locations of Chongqing. 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.

# 董事局主席致辞

**MR. ZHANG MINGAO**
*Non-Executive and Non-Independent Chairman*

## 2022年，乘势而上 远见稳进 守正出奇

回首2021年，全球新冠疫情仍在持续，面对复杂严峻的国内外形势和诸多风险挑战,中国统筹疫情防控和经济社会发展，“十四五”实现良好开局，经济发展取得新的重大成就。中国经济具备多方面持续发展的有利条件,必将行稳致远，稳中求进。

英利管理团队在极具挑战的内外部环境下，应时而变、顺势而为，在消化矛盾中发展，在破解难题中前进，一方面强化了风险管理体系建设，全力提升公司运营效能；另一方面开启了绿色投资发展领域，促进战略转型迈出新步伐。

展望2022年，随着疫苗接种的加速推进，国内国际经济体翘首以盼市场复苏。面对错综复杂的内外部挑战，征途漫漫，唯有发展和转型。

英利管理团队秉承“远见稳进，守正出奇”的核心价值观，坚持跨境产业及不动产投资和资产管理的战略目标，聚焦和强化核心主业，稳固和提升经营发展质量；公司将围绕绿色产业发展的新格局，充分发挥跨境资源管理优势，落实绿色产业转型实践，带动公司整体经营成果提升，回馈股东更佳的回报。

我谨代表董事会向所有关心和支持英利的机构和人士表达衷心的感谢，我期待在新的一年里，英利继续为股东和投资者创造收益，为社会创造更多价值，实现更加灿烂的辉煌！

# Chairman's Statement

"

## 2022, Aligning to New Growth Trends, Foresight with Steady Progress, Integrating Traditions with Innovations

Looking back at 2021, COVID-19 continue to impact global economies and communities. Faced with complex challenges from both internal and external factors as well as various market risks, China has been proactively implementing a dual policy of epidemic prevention and control, and economic and social development, creating a good foundation for China's 14th Five-Year (2021-2025) Plan and enabling major achievements in economic development. Within China's economy, there are still several multifaceted sustainable growth drivers that are supported by favourable market conditions. Hence, China will continue to advance towards its long-term economic objectives, and concurrently seek progress while maintaining stability.

Operating under intense external and internal market conditions, the management team of Yingli has quickly adapted to align with new market trends and growth opportunities, navigating across various challenges to achieve progress. On one hand, the Group enhanced its risk management framework and improved the overall operating productivity of the Group's business activities. On the other hand, the Group expanded towards eco-investment and development, making new strides in its strategic transformation.

Looking ahead to 2022, domestic and international economies are eagerly anticipating for further market recovery as vaccination rate accelerates. The intricacies of internal and external challenges have prolonged the journey in achieving its business objectives. Hence, the Group's strategy ahead is to expand and transform its business model.

Adhering to the Group's core values, the management team is committed to its strategy of developing a cross-border property investment and asset management platform, focusing on strengthening its core operating activities and increase the quality of its business development.

With the rising trend of eco-investment and development, the Group aims to leverage on its cross-border asset management capabilities to implement the Group's transformation towards such trends, driving improved operating results and rewarding shareholders with higher returns.

On behalf of the Board of Directors, we would like to express our sincere appreciation to our business partners and stakeholders for their care and support. In the new year ahead, Ying Li aim to create new value propositions for shareholders and investors, adding on new benefits for communities that the Group serve and attain greater heights in its business achievements.

# Financial Review

| | FY2021 | FY2020 | FY2019 |
|---|---|---|---|
| | RMB ('000) | RMB ('000) | RMB ('000) |
| **Revenue** | **228,816** | **231,035** | **358,925** |
| Sale of Properties | 33,649 | 63,996 | 141,580 |
| Rental Income | 195,167 | 167,039 | 217,345 |
| **Gross profit** | **158,075** | **138,252** | **206,864** |
| Sale of Properties | 11,649 | 17,711 | 39,272 |
| Rental Income | 146,426 | 120,541 | 167,592 |
| **Total assets** | **6,837,731** | **7,234,799** | **7,722,764** |
| **Total liabilities** | **4,744,156** | **4,615,510** | **4,719,040** |
| **Total equity** | **2,093,575** | **2,619,289** | **3,003,724** |

For financial year ended 31 December 2021 ("FY2021"), the Group's revenue decreased marginally by 1.0% year-on-year ("Y-o-Y"), or RMB2.2 million to RMB228.8 million (financial year ended 31 December 2020 ("FY2020"): RMB231.0 million). The decline was due to a decrease in sales of properties by RMB30.4 million, partially offset by an increase in rental income by RMB28.2 million in FY2021.

Revenue from the sales of properties decreased by 47.5% Y-o-Y, or RMB30.4 million to RMB33.6 million in FY2021 (FY2020: RMB64.0 million), mainly attributed to a lower quantity of property units sold in FY2021.

Rental income increased by 16.9% Y-o-Y or RMB28.2 million to RMB195.2 million in FY2021 (FY2020: RMB167.0 million) as the occupancy rate of the Group's retail malls and retail spaces gradually increased with the COVID-19 situation under better control by the Chinese authorities. In FY2020, its retail malls and retail spaces were temporary closed amid the COVID-19 outbreak to support the Chinese Government and local authorities' measures to curb the spread of the virus. In addition, the Group provided rental reliefs to support its tenants' business recovery in FY2020.

The Group's gross profit increased by 14.3% Y-o-Y or RMB19.8 million, to RMB158.1 million in FY2021 (FY2020: RMB138.3 million), mainly due to higher profit margin. The Group's overall gross profit margin for FY2021 increased by 9.3 percentage points to 69.1% (FY2020: 59.8%), primarily due to higher margin achieved in both sales of properties and rental income.

# Financial Review

For FY2021, the Group's other income decreased by RMB3.1 million, to RMB15.2 million (FY2020: RMB18.3 million), which was due to lesser sundry income in FY2021.

The Group's selling expenses decreased by 6.9% Y-o-Y or RMB2.4 million, to RMB32.2 million in FY2021, mainly due to a decrease in variable components of selling expenses which was consistent with the lower revenue recognised in FY2021.

The Group's administrative expenses decreased by RMB12.0 million or 12.5% to RMB83.7 million in FY2021, mainly due to a decrease in staff costs and professional fees.

The Group's finance costs decreased by RMB16.0 million or 10.7% to RMB134.1 million in FY2021, mainly due to lower weighted average interest rates in FY2021 and lower outstanding loan principal.

The Group recognised other losses in FY2021, mainly due to (i) an increase in unrealised foreign currency exchange losses, (ii) additional provision for potential penalties of development projects, and (iii) lesser written back of liabilities on legal cases.

As at 31 December 2021, an independent valuation was carried out by Colliers International (Hong Kong) Limited on the investment properties held by the Group. Based on the valuation report, the Group recognised a fair value loss of RMB1.9 million in FY2021 due to the slight weakening of the commercial property market in Chongqing in 2021.

Separately, KPMG Advisory (Hong Kong) Limited was commissioned to provide an updated and independent valuation on the unquoted investment (subordinated shares) in Beijing New Everbright Centre Project. Based on the valuation report, the Group recognised a fair value loss of RMB148.0 million in FY2021, mainly due to tougher policies maintained by local authorities in the property sector, which prolonged the property development and sales period. These factors also resulted in higher development expenditures such as finance costs, leading to a reduction of forecasted margin of the project.

For FY2021, the Group enjoyed a net tax credit mainly due to reversal of deferred income tax as a result of a decrease in fair value of investment properties and financial asset, at fair value through profit or loss ("FVPL").

Overall, the Group reported a net loss attributable to the ordinary shareholders of the Company of RMB254.1 million in FY2021 (FY2020: RMB187.8 million), mainly due to additional provision for potential penalties of development projects and higher fair value loss on financial asset, at FVPL recognised in FY2021.

## FINANCIAL POSITION

As at 31 December 2021, the Group's total assets decreased by 5.5% or RMB397.1 million to RMB6,837.7 million (31 December 2020: RMB7,234.8 million), mainly due to (i) a decrease in fair value of investment properties and financial asset, at FVPL of RMB150.0 million, (ii) a decrease in development properties of RMB18.8 million arising from the handover of completed properties to purchasers, (iii) a decrease in deferred tax assets of RMB27.5 million, and (iv) a decrease in cash and cash equivalents of RMB189.9 million attributable to the repayment of loan principal and interest.

The Group's total liabilities increased by 2.8% or RMB128.7 million, to RMB4,744.2 million as at 31 December 2021 (31 December 2020: RMB4,615.5 million), mainly due to an increase in trade and other payable of RMB322.2 million, partially offset against a decrease in deferred tax liabilities of RMB60.1 million and a decrease in bank loan of RMB161.5 million as a result of loan principal repayments.

The Group's total equity decreased by RMB525.7 million to RMB2,093.6 million as at 31 December 2021 (31 December 2020: RMB2,619.3 million), mainly due to an increase in accumulated losses of RMB570.0 million, partially offset by a decrease in translation deficit of RMB53.4 million.

## CASH FLOW

In FY2021, the Group's unrestricted cash and cash equivalent decreased by RMB32.0 million as a result of (i) net cash outflow of RMB44.3 million from operating activities, (ii) net cash outflow of RMB0.2 million from investing activities, and (iii) net cash inflow of RMB12.5 million generated from financing activities.

The net cash outflow in operating activities of RMB44.3 million in FY2021 was mainly attributable to net interest paid of RMB118.0 million, partially offset by (i) cash from operating profit before working capital changes of RMB44.7 million, and (ii) a decrease in development properties of RMB18.8 million.

The net cash outflow in investing activities in FY2021 was attributable to the purchase of office equipments amounting to RMB0.2 million.

Net cash inflow from financing activities of RMB12.5 million in FY2021 was due to a decrease in restricted deposits with financial institutions amounting to RMB156.2 million, partially offset by the net repayment of borrowings amounting to RMB143.7 million.

Overall, the Group's unrestricted cash and cash equivalents stood at RMB354.4 million as at 31 December 2021.

# Operations Review

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

The Chinese economy, which cooled over the course of 2021, faces multiple headwinds in 2022, including persistent property weakness and a fresh challenge from the local spread of the highly contagious COVID-19 Omicron variant.

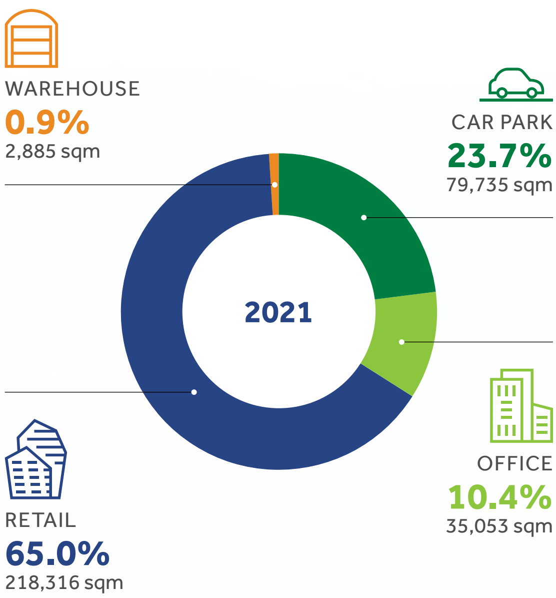
According to the International Monetary Fund (IMF), its forecast for China's economic growth in 2022 has been cut to 4.8%, reflecting disruptions caused by the pandemic, China's zero-COVID policy and pressure on the country's property and retail sector.

To prop up the slowing economy, China's central bank cut its benchmark lending rates in January 2022 and the Chinese authorities has pledged to speed up issuance of local government special bonds to help boost investment, while China's finance ministry has issued RMB1.46 trillion in the 2022 advance quota for local special bonds.

Notably, the Chinese authorities has taken a string of measures to restore stability in the property sector hit by defaults on debt obligations, credit rating downgrades and a selloff in developers' bonds and stocks. Those measures include urging banks to provide appropriate lending to developers and decrease in borrowing costs.

## PROPORTION OF GFA BY DIFFERENT TYPES OF INVESTMENT PROPERTIES

Total Gross Floor Area ("GFA"): 335,989 square metres ("sqm") (as at 31 December 2021)



# Operations Review

Against the backdrop of the evolving macro-economic challenges and current market conditions, the Group has undertaken a strategic review in calibrating its business model, direction shifting from asset heavy to asset light and property management service in order to mitigate the impact of regulatory control over the real estate development sector, offload non-core property assets, identifying emerging growth opportunities and to be in line with China's 14th Five-Year (2021-2025) Plan.

The Group's core real estate business activities are based in Chongqing and its investment property portfolio mainly comprises integrated office and commercial properties developments.

In Chongqing, the city's GDP reached nearly RMB2.78 trillion in 2021, surging 8.3% from the previous year, and the city's GDP is expected to grow by around 5.5% in 2022, according to the government work report delivered at the fifth session of the 5th People's Congress of the Chongqing Municipality.

As at 31 December 2021, the Group's investment properties have a total GFA of 335,989 sqm which comprises four main segments of retail (approximately 65%), office (approximately 10%), carpark and warehousing (approximately 25%).

## SECTOR REVIEW

*Chongqing Office Market*

According to a Savills report issued in January 2022, the new supply of Grade A office spaces in the Chongqing market in 2021 was doubled that of 2020. Property owners remain hesitant to adjust rents and tend to provide services such as customised interior design to satisfy the diversified demand of tenants, and as a result enhancing their competitiveness and stabilising rents for their projects. 2022 is expected to usher in a new round of supply peaks in Chongqing Grade A office market, with the overall vacancy rate of the market seen to increase.

*Chongqing Retail Market*

In a separate Savills report issued in January 2022, there will be new supply of more than 400,000 sqm of retail space expected to enter the Chongqing retail property market in 2022. The current retail market having a large inventory and a continued entry of new projects that could intensify the competition and contradiction between supply and demand, would lead to continued adjustments of retail commercial projects in the future.

## 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 Ying Li International Hardware and Electrical Centre ("IEC") that 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. 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 integrating new innovations, creating conducive spaces and more agile workspaces.

Similarly, for the retail rental segment, the Group continues to closely monitor new retail trends and create new retail concepts and experiences with its tenants so that the Group's retail properties continue to be relevant and interesting amidst an increasingly competitive retail market.

*Investment Project*

The Group's investment in Beijing New Everbright Centre, located at Beijing Tongzhou, has been undergoing construction with a total of 3 Phases. Construction of Phase 1, which comprises 4 SOHO towers, has been completed.

Construction of Phase 2, which comprises two office towers and a retail podium, is in the progress of renovation and one of the office towers has been sold while the remaining office tower is put up for sale to prospective buyers. Phase 3 comprises one premium office tower and the retail podium was at the piling stage as at the end December 2021, of which the project management team is reviewing the development plan to be consistent with the additional policies initiated by local authorities for the property industry.

# Operations Review

*STATUS AND SNAPSHOT OF PROJECTS AS AT 31 DECEMBER 2021*


*Status:* **Completed**

## FUTURE INTERNATIONAL

| | |
|---|---|
| *TYPE:* | Retail / Office |
| *LAND AREA:* | 8,667 sqm |
| *TOTAL GFA:* | 136,369 sqm<br>• Office: 53,416 sqm<br>• Retail Mall: 60,501 sqm<br>• Car Park / Others: 22,452 sqm |
| *GFA OWNED:* | 82,009sqm |

Future International is located at the heart of the Chongqing's Guanyinqiao 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 People's Republic of China ("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 mainly two master tenants.

# Operations Review

*Status:* **Completed**

## YING LI INTERNATIONAL FINANCIAL CENTRE (IFC)/ YING LI IMIX PARK JIEFANGBEI (IMIX PARK JFB)

| | |
|---|---|
| *TYPE:* | Retail / Office |
| *LAND AREA:* | 8,927 sqm |
| *TOTAL GFA:* | 177,327 sqm<br>• Office: 90,683sqm<br>• Retail Mall: 56,589 sqm<br>• Car Park / Others: 30,055 sqm |
| *GFA OWNED:* | 95,327 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 OCBC, DBS, 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 2021*

*Status:* **Completed**

## YING LI INTERNATIONAL PLAZA/ YING LI IMIX PARK DAPING (IMIX PARK DAPING)

| | |
|---|---|
| *TYPE:* | Retail/Office/Residential |
| *LAND AREA:* | 28,226 sqm |
| *TOTAL GFA:* | 408,645 sqm<br>• Residential / SOHO: 117,957 sqm<br>• Office: 82,489 sqm<br>• Retail Mall: 109,990 sqm<br>• Car Park / Others: 98,209 sqm |
| *GFA OWNED:* | 132,564 sqm |

Located in the bustling residential cluster of Yuzhong District in Chongqing, 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.

# Operations Review


*Status:* **Under development**

## SAN YA WAN PHASE 2 (LION CITY GARDEN)

| | |
|---|---|
| *TYPE:* | Retail/Residential |
| *LAND AREA:* | approx. 134,636 sqm |
| *TOTAL GFA:* | approx. 347,536 sqm |
| *TOTAL SALES AND CONTRACTED PRE-SALES AS AT 31 DECEMBER 2021:* | RMB899.0 million |

The Lion City Garden project occupies a strategic location in the Liangjiang New Area, Chongqing. 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 a GFA of approximately 50,000 sqm and it is under planning stage. 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 2021*



*Status:* **Under development**

## YING LI INTERNATIONAL HARDWARE AND ELECTRICAL CENTRE (IEC)

| | |
|---|---|
| *TYPE:* | Commercial (Build-to-order Wholesale Centre, Retail, Hotels, Residential, Logistics Distribution Centre) |
| *LAND AREA:* | approx. 360,708 sqm |
| *TOTAL GFA:* | approx. 639,105 sqm |
| *TOTAL SALES AND CONTRACTED PRE-SALES AS AT 31 DECEMBER 2021:* | RMB1,454 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, SOHO and 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 which provides a ready customer base from its nine trade associations. The development of remaining approximately 200,000 sqm GFA is at planning stage. Management is evaluating the options and appropriate timing to develop the unutilised land portions of this project.

# Operations Review

## BEIJING NEW EVERBRIGHT CENTRE – BEIJING TONGZHOU

| | |
|---|---|
| *TYPE:* | SOHO/Office/Retail |
| *LAND AREA:* | approx. 57,000 sqm |
| *TOTAL GFA:* | approx. 770,000 sqm |
| *TOTAL SALES AND CONTRACTED PRE-SALES AS AT 31 DECEMBER 2021:* | RMB8.3 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 topped off in 2019. Part of the retail podium under the Phase 2 construction is still renovation in progress. One of the office towers has been sold, while the other office tower has been put up for sale to prospective buyers. 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 2021.

*Status:* **Under development**

# Other Projects
## At a Glance

1997

**Minsheng Mansion**
*First skyscraper in Yuzhong district*

*TYPE:*
Commercial & Residential

*COMPLETION DATE:*
December 1997

*TOTAL GFA (SQM):*
63,342

2000

**Zou Rong Plaza**
*Chongqing's first financial industry focused project*

*TYPE:*
Commercial & Residential

*COMPLETION DATE:*
December 2000

*TOTAL GFA (SQM):*
102,502

2004

**Southland Garden**
*Chongqing's first high-end residential project*

*TYPE:*
Residential & Retail

*COMPLETION DATE:*
December 2004

*TOTAL GFA (SQM):*
57,009

2005

**New York New York**
*Received one of China's highest architectural accolades*

*TYPE:*
Commercial

*COMPLETION DATE:*
March 2005

*TOTAL GFA (SQM):*
41,337

2007

**Bashu Cambridge**
*One of first enterprise educational institution partnerships*

*TYPE:*
Residential & Retail

*COMPLETION DATE:*
February 2007

*TOTAL GFA (SQM):*
43,086

2009


**San Ya Wan Phase 1 and 1A**
*One of the largest integrated seafood wholesale center in western PRC*

*TYPE:*
Commercial

*COMPLETION DATE:*
April 2009

*TOTAL GFA (SQM):*
72,000

# Investment Properties Portfolio

As At 31 December 2021

## 1997

### Minsheng Mansion

*ADDRESS*
No. 181 Minsheng Road, Yuzhong Yuzhong District, Chongqing

*USAGE*
Office, Retail and Car Park

*LAND USE RIGHT EXPIRY:*
Commercial – September 2033

*COMPLETION DATE:*
December 1997

## 2000

### Zou Rong Plaza

*ADDRESS*
Nos. 141 to 155 Zourong Road, Yuzhong District, Chongqing

*USAGE*
Office, Retail and Car Park

*LAND USE RIGHT EXPIRY:*
Commercial – January 2046

*COMPLETION DATE:*
December 2000

## 2004

### Southland Garden

*ADDRESS*
Nos. 46 to 52 Cangbai Road, Yuzhong District, Chongqing

*USAGE*
Office, Retail and Car Park

*LAND USE RIGHT EXPIRY:*
Commercial – November 2042

*COMPLETION DATE:*
December 2004

## 2005

### New York New York

*ADDRESS*
No. 108 Bayi Road, Yuzhong District, Chongqing

*USAGE*
Car Park

*LAND USE RIGHT EXPIRY:*
Commercial – January 2042

*COMPLETION DATE:*
March 2005

# Investment Properties Portfolio

As At 31 December 2021

| 2006 | 2007 | 2011 | 2013 |
|---|---|---|---|
| **Future International** | **Bashu Cambridge** | **Ying Li International Financial Centre/ Ying Li Imix Park Jiefangbei** | **Ying Li International Plaza/ Ying Li Imix Park Daping** |
| *ADDRESS*<br>No. 6 Guanyinqiao Pedestrian Street, Jiangbei District, Chongqing | *ADDRESS*<br>No. 8 Bashu Road, Yuzhong District, Chongqing | *ADDRESS*<br>Nos. 26 & 28 Minquan Road, Yuzhong District, Chongqing | *ADDRESS*<br>No. 19 Daping Zheng Jie Road, Yuzhong District, Chongqing |
| *USAGE*<br>Retail and Car Park | *USAGE*<br>Retail and Car Park | *USAGE*<br>Retail, Office and Car Park | *USAGE*<br>Retail and Car Park |
| *LAND USE RIGHT EXPIRY:*<br>Commercial – March 2045 | *LAND USE RIGHT EXPIRY:*<br>Commercial – September 2044 | *LAND USE RIGHT EXPIRY:*<br>Commercial – December 2044 | *LAND USE RIGHT EXPIRY:*<br>Commercial – July 2050 |
| *COMPLETION DATE:*<br>December 2006 | *COMPLETION DATE:*<br>February 2007 | *COMPLETION DATE:*<br>December 2011 | *COMPLETION DATE:*<br>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. He was last re-elected on 22 May 2020. Mr. Zhang is the Non-Executive and Non-Independent Chairman and a member of the Remuneration Committee of the Company. Mr. Zhang is an Executive Director and the President of CEL. He is also the Chairman of Everbright Jiabao Co., Ltd., a public company listed in Shanghai Stock Exchange.

He 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 (Headquarters) 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.

## DR. YANG HAISHAN

*Non-Executive and Non-Independent Director*

Dr. Yang Haishan was appointed to the Board in June 2020. He was last re-elected on 29 April 2021. Dr. Yang is the Non-Executive and Non-Independent Director of the Company. He is a member of the Nominating Committee. Dr. Yang Haishan is a Managing Director of Asset Allocation and Investment Management Centre at CEL. Before joining CEL, he was a Deputy General Manager with Beijing Lichun Asset Management. Prior to that, he served as a General Manager of Equity Investment at Dacheng Innovative Capital Management and Investment Management Director at China Investment & Development.

Dr. Yang has over 20 years of cross-border experience in real estate portfolio strategy, fund and investment management of private real estate and private equity in real estate. Dr. Yang received his Bachelor of Engineering from Chongqing University in China and his Doctor of Philosophy in Real Estate Finance from National University of Singapore.

The Group Chief Executive Officer ("CEO")'s duties has been temporarily undertaken by Dr. Yang with effect from 7 December 2020.

# Board of Directors

## MR. WANG HONGYANG

*Non-Executive and Non-Independent Director*

Mr. Wang was appointed as the Non-Executive and Non-Independent Director of the Company in December 2021. He is a member of the Audit Committee and the Risk Management Committee.

Mr. Wang is an Executive Director and the Vice President of CEL in charge of finance. He joined CEL in 2016 and served as the Deputy Chief Financial Officer. Mr. Wang is a Supervisor of Everbright Securities Company Limited (stock code: 601788.SH, 6178.HK) and a Non-Executive Director of China Aircraft Leasing Group Holdings Limited (stock code: 1848.HK). Prior to joining CEL, Mr. Wang had worked in KPMG Huazhen for over 15 years and served as a partner. He holds a Bachelor's degree of Arts in English Literature and a Certificate of Second Major in International Economics and Trade from Beijing Foreign Studies University. He is also a non-practicing member of the Chinese Institute of Certified Public Accountants and a member of the Institute of Internal Auditors.

## 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 was last re-elected on 29 April 2021. He is the Chairman of the Audit Committee, the Nominating Committee and the Risk Management 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 mm2 Asia Ltd., CDW Holding Limited and CFM Holdings Limited. Mr. Chia brings to the Group significant experience in corporate governance and risk management.

# Board of Directors

### MR. TAN SEK KHEE
*Independent Director*

Mr. Tan Sek Khee was appointed as an Independent Director of the Company in April 2013. He is the Chairman of the Remuneration Committee and a member of the Audit Committee. He was last re-elected on 29 April 2019. He is also currently an Independent Director of SGX-listed company, 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. CHEN GUO DONG
*Independent Director*

Mr. Chen Guodong was appointed as an Independent Director of the Company in June 2019. He is a member of the Nominating Committee and the Remuneration Committee. He was last re-elected on 22 May 2020. 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).

### MDM. MA JIEYU
*Independent Director*

Mdm. Ma Jieyu was appointed as an Independent Director of the Company in May 2021. She is a member of the Risk Management Committee. She has accumulated several years of professional experience and knowledge working in various financial institutions. From February 2017 to March 2020, she was the Chief Supervisor of China Construction Bank Pension Management Co., Ltd. From October 2014 to February 2017, she was Deputy General Manager - Headquarters (Institutional Business Department) of China Construction Bank. She was Vice President of CCB Financial Leasing Corporation Limited from December 2007 to October 2014. Mdm. Ma holds a Bachelor of Science degree in Mathematics from Chongqing Normal University.

# Key Management

## MR. ZHANG HANQIU

*Group Vice President*

Mr. Zhang Hanqiu was appointed as the Group Vice President on 1 September 2020. He is responsible for the daily operations of the Group and any other tasks assigned by the Group CEO. He has over two decades of working experience in the real estate project investment, design, management and operation.

Mr. Zhang previously worked at Guangdong Zhujiang Investment Co., Ltd. and Hopson Development Holdings Limited as Vice President. Subsequently, Mr. Zhang joined EBA (Beijing) Asset Management Co., Ltd. in 2015 and was in charge of numerous comprehensive projects development and management.

Mr. Zhang Hanqiu graduated from Chongqing University with a Bachelor's degree in Architect.

## MR. KOOI WEI BOON

*Group Chief Financial Officer*

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, financial and management reporting, financing, capital management, tax, treasury and financial analysis.

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 has 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.

## MS. QU MINLI

*Deputy General Manager of Corporate Finance Department*

Ms. Qu Minli is the Deputy General Manager of Corporate Finance Department of the Group. Having an extensive experience in the finance industry, she is responsible for overseeing financial activities concerning reporting and financing of the Group. Prior to joining the Group, Ms. Qu was the Chief Financial Officer at EBA (Beijing) Asset Management Co., Ltd.'s Guangzhou Project.

## MR. REN CHAO

*Group Vice President*

Mr. Ren Chao was appointed as the Group Vice President on 11 March 2022. He is responsible for the daily operation of the Group and any other tasks assigned by the Group CEO, including but not limited to maintaining the Group's relationship with Chongqing's Government Administrative Department and to liaise with potential business partners for business opportunities.

From June 2015 to March 2022, he was a Consultant at Jiangsu Chuangyou Holding Group Co., Ltd., Chongqing Land Construction Group Co., Ltd., Chongqing Jingji Agriculture Co., Ltd. and Chongqing Hengyao Industrial Holding Group Co., Ltd.. From December 2008 to June 2015, he was the Chairman of Chongqing Traffic Investment Co., Ltd.

Mr. Ren graduated from Chongqing Jiaotong University, majoring in Road and Bridge Engineering.

## MS. ZENG RONG

*General Manager of Law and Compliance Department*

Ms. Zeng Rong, General Manager of Law and Compliance Department of the Group, is mainly responsible for the in-house legal, supervisory and compliance management activities of the Group. Ms. Zeng holds a Bachelor's degree in Law and a Master's degree in Law. Prior to joining the Group, Ms. Zeng has worked in Socam, Sino Group and other law firms, accumulating more than 16 years of experience in corporate legal management and law practice.

## MS. YANG MEI

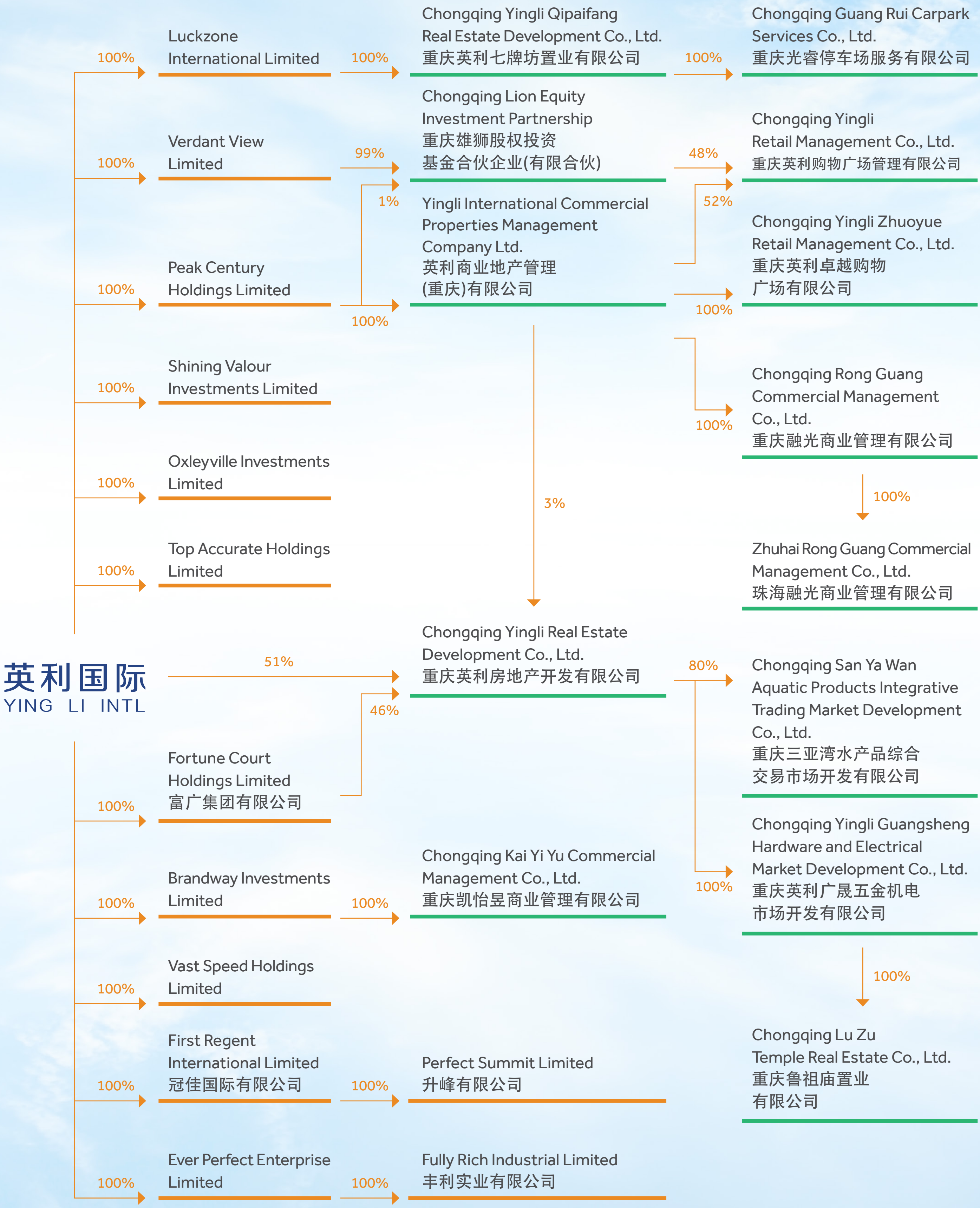
*Group Financial Controller*

Ms. Yang Mei was appointed as Group Financial Controller of the Group on 13 July 2018. She oversees the financial functions in relation to accounting, financial and management reporting, tax, treasury and financial analysis. In addition, she is also responsible for liaising with external parties in respect of the Group's financial matters. She has been in the accounting profession for more than 10 years. Prior to joining the Group, Ms. Yang was the Group Financial Controller of China Minzhong Food Corporation Limited and an audit manager at Crowe Horwath First Trust LLP Singapore. Ms. Yang is fellow member of the Association of Chartered Certified Accountants and is a Chartered Accountant (Singapore) of the Institute of Singapore Chartered Accountants.

# 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)*
**Yang Haishan**
*(Non-Executive and Non-Independent Director)*
**Wang Hongyang**
*(Non-Executive and Non-Independent Director)*
**Chia Seng Hee, Jack**
*(Lead Independent Director)*
**Tan Sek Khee**
*(Independent Director)*
**Chen Guodong**
*(Independent Director)*
**Ma Jieyu**
*(Independent Director)*

**AUDIT COMMITTEE**
**Chia Seng Hee, Jack**
*(Chairman)*
**Tan Sek Khee**
**Wang Hongyang**

**RISK MANAGEMENT COMMITTEE**
**Chia Seng Hee, Jack**
*(Chairman)*
**Wang Hongyang**
**Ma Jieyu**

**NOMINATING COMMITTEE**
**Chia Seng Hee, Jack**
*(Chairman)*
**Yang Haishan**
**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@yingligj.com

**SHARE REGISTRAR**
B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

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

**AUDIT DIRECTOR-IN-CHARGE**
**Meriana Ang Mei Ling**
Date of Appointment:
With effect from financial year ended
31 December 2021

**PRINCIPAL BANKERS**
China Construction Bank
DBS Bank
Standard Chartered Bank
China Minsheng Bank
Oversea-Chinese Banking
Corporation Limited

# 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 CHONGQING 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

# Corporate and Training Activities


## TRAINING ACTIVITIES

Taking strategic steps to transition its business model towards an asset-light operating model coupled with asset management services, the Group has also recalibrated its corporate culture and core values to reflect its long-term business strategies.

In addition, the Group also proactively organises town-hall meetings to develop the cohesiveness of employees' thinking, integrating an individual's career progression into the common roadmap of the Group's long-term business strategies and objectives. The Group also continues to strengthen the quality of training programs for the entire workforce.

At the beginning of 2021, the Group procured a specialised set of training curriculum, in relation to "Investment, Financing, Management and Divestment", to provide systematic online training for our team members.

In July 2021, the Group invited experienced fund managers and veteran professionals (such as Everbright Real Estate Fund Investment and Management Center) in the property asset management industry to undertake training for our team members, so as to enhance our knowledge and understanding of the asset-light operating model in the real estate industry.

In October 2021, the Group developed and organised a "Human Resource Management Training" program for non-HR personnel, reflecting our commitment to strengthen talent and team building. And to further strengthen the risk management awareness and mindset among employees, the Group organised and carried out new aspects of real estate training with a focus on the legal risks related to property sales and rental as well as property asset management training.

## CORPORATE CULTURE AND TEAM BUILDING INITIATIVES

Aspiring to be China's leading cross-border property investment and asset management company, Ying Li is committed to achieving steady progress and growth that are aligned to our core values and management philosophy. Through continuous employee training and development activities, we aim to guide our employees to establish common values and corporate transition objectives, so as to inspire a sense of mission and responsibility among our workforce.


Through various training programs and dynamic team-building activities, the Group aims to enhance our unity and team spirit, building up a positive and upwardly corporate culture, infusing confidence, positive mindsets and collective dedication among our management team and staff to create new business propositions and a better future for the Group.

# 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 financial year ended 31 December 2021 ("**FY2021**"), 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**") ("**Listing Manual**"), the Companies Act 1967 of Singapore ("**Companies Act**") and the Guidebook for Audit Committees in Singapore, 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 of Directors (the "**Board**") is collectively responsible for and works with the management team of the Group ("**Management**") in, 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 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 of the Company ("**Shareholders**") and other stakeholders are transparent, understood and met;

- approving the appointment of Directors of the Company ("**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**");

- establishing and maintaining a framework of good corporate governance within the Group, including risk management systems and prudent and effective internal controls to safeguard the Shareholders' interests and the Group's assets, taking into consideration feedback and recommendations from the Audit Committee ("**AC**");

- establishing prudent, adequate and effective internal controls and a risk management framework which enables applicable risks to be assessed and managed, including reviewing and approving the investment proposals from Management, taking into consideration the recommendations of the Risk Management Committee ("**RMC**");

- approving material acquisitions and disposals of assets, mergers and acquisitions, major corporate policies in key areas of operations, annual budgets, major funding, issuance of shares, dividends and proposals relating to Shareholder returns, the Group's half-yearly 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 who act objectively in the best 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 or she might have a conflict of interest, in relation to any matter, he or she is required to send a written notice to the Company containing details of his or her 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 or herself from participating in any discussion and abstain from voting 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 of the Company.

Provision 1.2 – Induction, training and development 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 roles, duties, obligations and responsibilities whereas Executive Directors will be provided with Service Agreements setting out their terms of office and terms and conditions of appointment (including his or her roles, duties, obligations and responsibilities). 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 develop and maintain their skills and knowledge, and 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 ("**SID**"), 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.

The Listing Manual provides that a director who has no prior experience as a director of an issuer listed on the SGX-ST (a "**First-time Director**") must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST within one year from the date of his or her appointment to the Board ("**Mandatory Training**"). In exceptional circumstances, First-time Directors assessed by the 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 SGX-ST. 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 or in the prospectus, offering memorandum or introductory document. Notwithstanding this, the SGX-ST has the discretion to direct a First-time Director to attend Mandatory Training.

# Corporate Governance

The following Directors are First-time Directors and are required to undergo Mandatory Training:

(i) Mr. Chen Guodong was appointed as an Independent Director of the Company on 14 June 2019. He has attended certain electives of the Listed Entity Directors Programme conducted in Mandarin by the SID on 7 August 2019 and 8 August 2019, namely, LEDM 5 – AC Essentials, LEDM 6 – Board Risk Committee Essentials, LEDM 7 – NC Essentials and LEDM 8 – RC Essentials (collectively, the "**Elective Modules**"). As Mr. Chen Guodong was not able to complete the remaining core modules of the Mandatory Training, namely, LEDM 1 – Listed Entity Director Essentials, LEDM 2 – Board Dynamics, LEDM 3 – Board Performance and LEDM 4 – Stakeholder Engagement (collective, the "**Core Modules**"), within one year from the date of his appointment to the Board and there were no upcoming online courses for the Listed Entity Directors Programme conducted in Mandarin by the SID, the Company notes that SGX-ST has no objections to the extension of an additional 1 year up to 14 June 2021 for Mr. Chen Guodong to complete the remaining Core Modules of the Mandatory Training.

    Although there were online courses for the remaining Core Modules conducted in Mandarin by the SID in October 2020, Mr. Chen Guodong was unable to attend due to work commitments. Since October 2020, there were no online courses for Listed Entity Directors Programme conducted in Mandarin. In view thereof, the Company notes that SGX-ST has no objections to the further extension of an additional 1 year up to 14 June 2022 for Mr. Chen Guodong to complete the remaining Core Modules of the Mandatory Training, subject to a written undertaking provided by the Company that Mr. Chen Guodong will complete the Mandatory Training by 14 June 2022. Such written undertaking by the Company was provided to SGX-ST on 11 June 2021.

    Mr. Chen Guodong has since completed the Core Modules of the Listed Entity Directors Programme conducted in Mandarin by the SID from 25 October 2021 to 29 October 2021, before the further extension deadline of 14 June 2022.

(ii) Dr. Yang Haishan was appointed as Non-Executive and Non-Independent Director of the Company on 5 June 2020. He has attended certain Core Modules of the Listed Entity Directors Programme conducted in Mandarin by the SID on 22 October 2020, 23 October 2020 and 26 October 2020. However, Dr. Yang Haishan was not able to complete the remaining Elective Modules of the Mandatory Training within one year from the date of his appointment to the Board as there were no Elective Modules courses in Mandarin since October 2020. In addition, there were no upcoming online courses for the Listed Entity Directors Programme conducted in Mandarin by the SID. In view thereof, the Company notes that SGX-ST has no objections to the extension of an additional 1 year up to 5 June 2022 for Dr. Yang Haishan to complete the Mandatory Training, subject to a written undertaking provided by the Company that Dr. Yang Haishan will complete the Mandatory Training by 5 June 2022. Such written undertaking by the Company was provided to SGX-ST on 11 June 2021.

    Dr. Yang Haishan has since completed the Elective Modules of the Listed Entity Directors Programme conducted by the SID on 21 July 2021, 22 July 2021, 19 October 2021 and 22 October 2021, before extension deadline of 5 June 2022.

(iii) Mdm. Ma Jieyu was appointed as Independent Director of the Company on 28 May 2021. She has since completed the Listed Entity Directors Programme conducted by the SID within one year from the date of her appointment to the Board.

(iv) Mr. Wang Hongyang was appointed as a Non-Executive and Non-Independent Director of the Company on 21 December 2021. He will thus be attending the Listed Entity Directors Programme conducted by the SID within one year from the date of his appointment to the Board.

Pursuant to Rule 720(7) of the Listing Manual effective 1 January 2022, all Directors of the Company must undergo training on sustainability matters as prescribed by the SGX-ST. If the NC is of the view that training is not required because the Director has expertise in sustainability matters, the basis of its assessment must be disclosed. The Company is required to confirm in its sustainability report for the financial year ending 31 December 2022 that all its Directors have attended the mandatory training on sustainability. Accordingly, the Company is in the midst of arranging for its Directors to attend the mandatory training on sustainability training by 31 December 2022.

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 between a substantial Shareholder or Director, and the Company;
- annual financial budget (including annual capital expenditure) of the Group;
- any variance with the annual financial budget which will cause, or will reasonably likely to cause, a diminution in the net asset value of the Group's latest audited financial accounts by more than 5%;
- entry into mergers and acquisitions (including divestment and liquidation), joint ventures and new projects which are regarded to be discloseable transactions, major transactions, very substantial acquisitions or reverse take-overs under Chapter 10 of the Listing Manual;
- entry into new loan agreements or debt securities issued by the Company or any of its subsidiaries that contain a condition (the "**Condition**") that make reference to the controlling shareholder's shareholding interest, and the breach of this Condition will be an event of default, an enforcement event or an event that would cause acceleration of the repayment of the principal of the loan or debt securities, significantly affecting the operations of the Company or results in the Company facing cash flow problems (for the avoidance of doubt, this does not include the renewal of, or extension of, existing borrowings); and
- any matter under Singapore law, the Listing Manual or any rules, regulations or guidance which may be promulgated by the SGX-ST which requires (i) to be disclosed by the Company (including the matters set out in item 8 of Appendix 7.1 of the Listing Manual (as may be amended from time to time), (ii) the approval of the Board and/or (iii) approval of the Shareholders of the Company.

Provision 1.4 – Delegation by the Board

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

Each Board Committee reports to and are monitored by the Board, and has its own clear written terms of reference. The written terms of reference of each Board Committee sets out their composition, duties and 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. Following the establishment of the RMC on 28 May 2021, the responsibility of risk governance was transferred from the AC to the RMC. Accordingly, the revised terms of reference of the AC were reviewed by the AC and approved by the Board on 11 August 2021.

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 is as follows:

| | | Board Committee Membership | | | |
|---|---|---|---|---|---|
| **Name of Director** | **Position** | **AC** | **NC** | **RC** | **RMC [1]** |
| Zhang Mingao | Non-Executive and Non-Independent Chairman | - | - | Member | - |
| Yang Haishan [2] | Non-Executive and Non-Independent Director | - | Member | - | - |
| Wang Hongyang [3] | Non-Executive and Non-Independent Director | Member | - | - | Member |
| Chia Seng Hee, Jack ("Jack Chia") [4] | Lead Independent Director | Chairman | Chairman | - | Chairman |
| Tan Sek Khee | Independent Director | Member | - | Chairman | - |
| Chen Guodong | Independent Director | - | Member | Member | - |
| Ma Jieyu [5] | Independent Director | - | - | - | Member |

**Notes:**

(1) The RMC was formed on 28 May 2021.

(2) Dr. Yang Haishan was appointed as a member of the NC of the Company on 26 February 2021.

(3) Mr. Wang Hongyang was appointed as a Non-Executive and Non-Independent Director and members of the AC and the RMC of the Company on 21 December 2021.

(4) Mr. Jack Chia was appointed as the Chairman of the RMC of the Company on 28 May 2021.

(5) Mdm. Ma Jieyu was appointed as an Independent Director and a member of the RMC of the Company on 28 May 2021.

No alternate Director was appointed to the Board in FY2021.

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

All Directors had accorded sufficient time and attention to the affairs of the Company. 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 2021 to 31 December 2021, as well as the Directors' attendance at these meetings are disclosed in the following table:

| | **General meetings** | | | | | | **Board Committees' meetings** | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **AGM** | | **EGM** | | **Board** | | **AC** | | **RC** | | **NC** | | **RMC** [1] | |
| | **No. of meetings** | | **No. of meetings** | | **No. of meetings** | | **No. of meetings** | | **No. of meetings** | | **No. of meetings** | | **No. of meetings** | |
| **Name of Directors** | **Held** | **Attended** | **Held** | **Attended** | **Held** | **Attended** | **Held** | **Attended** | **Held** | **Attended** | **Held** | **Attended** | **Held** | **Attended** |
| Zhang Mingao | 1 | 1 | - | - | 4 | 4 | | | 1 | 1 | | | | |
| Yang Haishan [2] | 1 | 1 | - | - | 4 | 4 | | | | | - | - | | |
| Wang Hongyang [3] | - | - | - | - | - | - | - | - | | | | | - | - |
| Jack Chia [4] | 1 | 1 | - | - | 4 | 4 | 4 | 4 | | | 1 | 1 | 2 | 2 |
| Tan Sek Khee | 1 | 1 | - | - | 4 | 4 | 4 | 4 | 1 | 1 | | | | |
| Chen Guodong | 1 | 1 | - | - | 4 | 3 | | | 1 | 1 | 1 | 1 | | |
| Ma Jieyu [5] | - | - | - | - | 3 | 3 | | | | | | | 2 | 2 |
| Tang Chi Chun [6] | 1 | 1 | - | - | 4 | 4 | 4 | 4 | | | | | 2 | 2 |
| Hu Bing [7] | 1 | 0 | - | - | 1 | 0 | | | | | | | | |

**Notes:**

(1) The RMC was formed on 28 May 2021.

(2) Dr. Yang Haishan was appointed as a member of the NC of the Company on 26 February 2021. No NC meeting was held during the period from his date of appointment to 31 December 2021.

(3) Mr. Wang Hongyang was appointed as a Non-Executive and Non-Independent Director and members of the AC and the RMC of the Company on 21 December 2021. There was no AC, RMC and Board meeting held during the period from his date of appointment to 31 December 2021.

(4) Mr. Jack Chia was appointed as the Chairman of the RMC of the Company on 28 May 2021. His attendance at the RMC meetings held during the aforementioned period was recorded from the date of his appointment thereof.

(5) Mdm. Ma Jieyu was appointed as an Independent Director and a member of the RMC of the Company on 28 May 2021. Her attendance at the RMC and the Board meetings held during the aforementioned period was recorded from the date of her appointment thereof.

(6) Mr. Tang Chi Chun resigned as a Non-Executive and Non-Independent Director of the Company on 21 December 2021. Following his resignation, he stepped down as members of the AC and the RMC accordingly. His attendance at the AC, the RMC and the Board meetings held during the aforementioned period was recorded up to the date of resignation thereof.

(7) Following the passing of the ordinary resolution 4 relating to the vacation of, and resolution not to fill, Mr. Hu Bing's office as a Director at the AGM held on 29 April 2021, Mr. Hu Bing shall not deemed to have been re-elected as Director at the conclusion of the said AGM. Accordingly, he retired as a Non-Executive and Non-Independent Director at the conclusion of the AGM held on 29 April 2021. His attendance at the Board meetings held during the aforementioned period was recorded up to the date of his retirement thereof.

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 prior to meetings and on an on-going 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 the Management.

In order to ensure that the Board is able to discharge its responsibilities effectively, Management provides the Directors with regular updates on the operational and financial performance of the Group, 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 Chief Financial Officer ("**CFO**") upon the Board's request.

Provision 1.7 – Independent access to Management, Company Secretaries and professional advice

All Directors have separate and independent access to Management and the 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 corporate governance and administrative 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 Secretaries 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 external professional advisers 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 one who 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.

The Board, with the concurrence of the NC, had adopted a declaration of independence pursuant to Provision 2.1 of the Code and Rule 210(5)(d) of the 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

Currently, the Independent Directors make up a majority of the Board which comprises seven members of whom three are Non-Executive and Non-Independent Directors (one of whom is the Chairman of the Board) and four are Independent Directors. Accordingly, there is a strong and independent element on the Board and the Company complies with provisions 2.2 and 2.3 of the Code.

# Corporate Governance

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 to be appointed as an Executive Director of the Company. The search for appropriate candidate(s) is still on-going.

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.

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.

Based on the current scope and nature of the Group's operations, the NC and the Board review the size of the Board and the Board Committees, including the skills and core competencies of its members on an annual basis to ensure that the Board and the Board Committees are of an appropriate size, an appropriate balance and mix of skillset, knowledge, experience, expertise and gender, with a strong element of independent, which facilitates effective decision making.

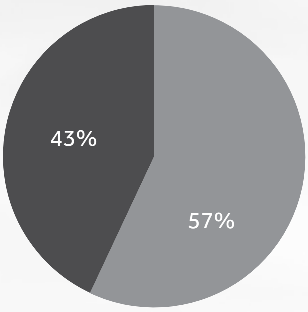
During the year, the Board has appointed Mdm. Ma Jieyu, a female Independent Director having considered (i) the recommendation of the NC, (ii) the Board Diversity Policy, and (iii) Mdm. Ma Jieyu's qualifications and experience.

Taking into account the nature and scope of the Group's operations, the Board, with the concurrence of the NC, 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.

No individual or select group of individuals dominates the Board's decision-making process as a majority of the Board is made up of Independent Directors. In terms of gender diversity, there is one female Director on the Board. The current composition of the Board reflects its commitment to the relevant diversity in gender, age, skills and knowledge.

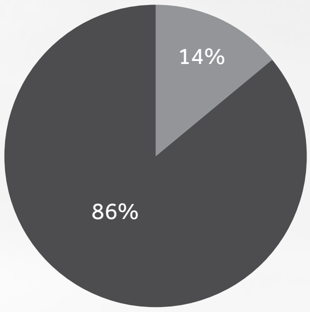
# Corporate Governance

**INDEPENDENCE**




- Independent Directors (4 out of 7 Board members)
- Non-Executive and Non-Independent Directors (including Chairman) (3 out of 7 Board members)

**GENDER DIVERSITY**




- 1 Female Director (1 out of 7 Board members)
- 6 Male Directors (6 out of 7 Board members)

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.

<u>Provision 2.5 – Role of the Non-Executive Directors and/or Independent Directors</u>

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, meet frequently without the presence of Management, the Executive Directors and other Non-Independent Directors to discuss matters of significance which findings are then reported by the chairman of such meetings 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 without the presence of Management, 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

<u>Provisions 3.1 and 3.2 – Chairman and CEO</u>

The roles and responsibilities between the Chairman of the Board and the Group Chief Executive Officer ("**CEO**") 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 a clear division of responsibilities between the leadership of the Board and Management, and 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 of the Board 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;

- ensuring effective communication with the Shareholders; and

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

The Group CEO is responsible for the overall daily operations, management, sales and marketing functions of the Group.

The Group CEO's duties has been temporarily undertaken by Dr. Yang Haishan, a Non-Executive and Non-Independent Director of the Company following the cessation of Mr. Hu Bing as the Executive Director and Group CEO on 7 December 2020. The search for an appropriate candidate(s) for the office of the Group CEO is currently on-going.

Mr. Zhang Mingao and Dr. Yang Haishan 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 to provide leadership in situations where the Chairman of the Board is conflicted, and especially since the Chairman of the Board is not independent. As the Lead Independent Director, he leads and co-ordinates the activities of the Non-Executive Directors of the Company 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 of communications with the Non-Executive and Non-Independent Chairman of the Board, the Group CEO (if applicable), the Group CFO and Management, has failed to provide a satisfactory resolution, or when such contact is inappropriate.

# Corporate Governance

## PRINCIPLE 4: BOARD MEMBERSHIP

As set out below, the Board has a formal and transparent process for the appointment and re-election of Directors, taking into account the need for progressive renewal of the Board.

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 |
| Dr. Yang Haishan (Non-Executive and Non-Independent Director) | - NC member |

The principal duties and responsibilities of the NC include making recommendations to the Board on relevant matters relating to:

- the review of 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, the Board Committees and the 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;
- review of training and professional development programmes for the Board and the Directors; 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.

The principal activities of the NC during FY2021 are summarised below:

a. reviewed the completed evaluations of (i) AC, (ii) NC, (iii) RC and (iv) Board and self-assessment of the individual Directors;

b. reviewed the size and composition of the Board and the composition of the NC, and recommended the appointment of Dr. Yang Haishan as a member of the NC;

c. reviewed and recommended the nominations of Directors for re-election at the AGM;

d. approved and recommended the inclusion of an ordinary resolution at the AGM for shareholders' approval not to fill Mr. Hu Bing's vacated office pursuant to Article 108(a) of the Company's Constitution, failing which by default Mr. Hu Bing will be deemed re-elected based on Article 108 of the Company's Constitution;

e. reviewed whether Directors, with multiple board representations, has been adequately carrying out his duties as a Director of the Company;

f. reviewed and recommended the appointment of Mdm. Ma Jieyu as an Independent Director of the Company; and

g. reviewed and recommended the appointment of Mr. Wang Hongyang as a Non-Executive and Non-Independent Director and members of the AC and the RMC of the Company.

<u>Provision 4.3 – Process for selection and appointment of new Directors</u>

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, and 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 its net as wide as possible for the right candidates, taking into consideration diversity requirements. Recommendations of the NC are then put to the Board for 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.

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

In accordance with the Company's Constitution, at each AGM at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not lesser than one-third) shall retire from office by rotation provided that all Directors are required to retire from office at least once every three years. A new Director appointed in between AGMs shall retire from office at the close of the next AGM following his or her 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 or her contributions.

Through the NC, the Board will endeavour to ensure that Directors appointed to the Board, whether individually or collectively, possess the experience, knowledge and expertise critical to the Group's business. It has also ensured that each Director, with his or her 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.

Effective 1 January 2022, Rule 210(5)(d)(iii) of the Listing Manual provides that a director will not be independent if he has been a director for an aggregate period of more than 9 years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the CEO of the issuer, and associates of such directors and CEO ("**Two-Tiered Voting**"). For the purpose of the resolution referred to in (B), the directors and the CEO of the issuer, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given. Such resolutions may remain in force until the earlier of the following:- (X) the retirement or resignation of the director; or (Y) the conclusion of the third annual general meeting of the issuer following the passing of the resolutions.

The Board together with the NC, is of the view that there has been progressive renewal of the Board since the mandatory unconditional cash offer (the "**Offer**") made by State Alpha Limited (the "**Offeror**") in 2019 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. Such progressive renewal of the Board is in line with the intent of the Two-Tiered Voting.

# Corporate Governance

The NC, having considered the attendance and participation of such 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 following Directors:

(i) Mr. Chen Guodong will be retiring at the forthcoming AGM pursuant to Article 106 of the Company's Constitution.

(ii) Mr. Tan Sek Khee will be retiring at the forthcoming AGM pursuant to Article 106 of the Company's Constitution. Accordingly, the Board, with the concurrence of the NC, having considered the use of Two-Tiered Voting sparingly, proposed to retain Mr. Tan Sek Khee as an Independent Director of the Company, subject to the approval from Shareholders under Two-Tiered Voting at the forthcoming AGM of the Company.

(iii) Mdm. Ma Jieyu will be retiring at the forthcoming AGM pursuant to Article 90 of the Company's Constitution.

(iv) Mr. Wang Hongyang will be retiring at the forthcoming AGM pursuant to Article 90 of the Company's Constitution.

Mr. Chen Guodong, Mr. Tan Sek Khee, Mdm. Ma Jieyu and Mr. Wang Hongyang have consented to continue in their office as Directors and the Board had accepted the recommendation of the NC and accordingly, the above Directors will be offering themselves for re-election.

If the separate ordinary resolutions in respect of the re-election of Mr. Tan Sek Khee under the Two-Tiered Voting are passed, Mr. Tan Sek Khee shall remain as an Independent Director of the Company until the earlier of (i) his retirement or resignation as a Director; or (ii) the conclusion of the third AGM of the Company, Chairman of the RC and a member of the AC. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

However, if the ordinary resolution (A) is passed but ordinary resolution (B) in respect of the re-election of Mr. Tan Sek Khee under the Two-Tiered Voting is not passed by Shareholders, excluding the Directors and the CEO (if any) of the Company, and associates of such Directors and CEO (if any), Mr. Tan Sek Khee shall be re-designated as a Non-Independent and Non-Executive Director of the Company.

The NC and the Board will also take into consideration whether a Director had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators. The NC and the Board will also assess whether a Director's resignation from the board of any such company casts any doubt on the director's qualification and ability to act as a Director of the Company.

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.

Provision 4.4 – Review of Directors' Independence

Each year, the NC reviews, determines and affirms the independence of the Company's Independent Directors, having regard the circumstances set forth in Provision 2.1 of the Code. 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 with the Company, its related corporations, its substantial Shareholders or its officers (if any), as and when they arise, which would affect their independence as defined in the Code and the Listing Manual.

# Corporate Governance

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. Chen Guodong and Mdm. Ma Jieyu, concluded that they are independent and free from any relationships outlined in the Code and the Listing Manual.

Mr. Tan Sek Khee, who was appointed on the Board on 29 April 2013, will exceed nine years from the date of his first appointment on 29 April 2022. 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 his 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. Tan Sek Khee.

The Board had observed the performance of Mr. Tan Sek Khee 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 with the concurrence of the NC, having considered the Declaration of Independence Form for FY2021 and the completed questionnaire of independence submitted by Mr. Tan Sek Khee, concluded that he is independent in character and judgement despite having been on the Board for almost 9 years since the date of his first appointment and free from any relationships outlined in the Code. The Board acknowledges his combined strength of characters, objectivity and wealth of useful and relevant experience bring himself to continue effectively as an Independent Director of the Company. The Board also acknowledges and recognises the benefits of the experience and stability brought by the long-serving Independent Director for his strength of character, objectivity and wealth of extensive business experience, and his knowledge on the Group's business which would enable him to be an effective Independent Director, notwithstanding his long tenure.

As set out in Provision 4.3 above, the Board, with the concurrence of the NC, proposed to retain Mr. Tan Sek Khee as an Independent Director of the Company, subject to the approval from Shareholders under Two-Tiered Voting at the forthcoming AGM of the Company.

Each 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 ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his duties as Director, taking into consideration the listed company directorships and other principal commitments of each Director.

No maximum number of listed company directorships 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 31. Thus, in assessing each Director's ability to discharge his or her duties diligently and adequately, the Board will also consider, amongst other factors, contributions by Directors during Board and Board Committees' meetings, and their attendance at such meetings, in addition to each of their principal commitments.

# Corporate Governance

Directorships or chairmanships held by the 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 | Directorships in other Listed Companies [1] Past 3 Years |
|---|---|---|---|
| Zhang Mingao (Non-Executive and Non-Independent Chairman) | 14 November 2019 / 22 May 2020 | - CEL [2]<br>- Everbright Jiabao Co., Ltd [3] | Nil |
| Yang Haishan (Non-Executive and Non-Independent Director) | 5 June 2020 / 29 April 2021 | Nil | Nil |
| Wang Hongyang (Non-Executive and Non-Independent Director) | 21 December 2021 / Not applicable | - CEL [2]<br>- China Aircraft Leasing Group Holdings Limited [2] | Nil |
| Jack Chia (Lead Independent Director) | 27 July 2018 / 29 April 2021 | - mm2 Asia Ltd.<br>- CDW Holding Limited<br>- CFM Holdings Limited | - Combine Will International Holdings Limited<br>- Debao Property Development Ltd<br>- China Shenshan Orchard Holdings Co. Ltd.[4] |
| Tan Sek Khee (Independent Director) | 29 April 2013 / 29 April 2019 | - ASL Marine Holdings Ltd | Nil |
| Chen Guodong (Independent Director) | 14 June 2019 / 22 May 2020 | Nil | Nil |
| Ma Jieyu (Independent Director) | 28 May 2021 / 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 The Stock Exchange of Hong Kong Limited.

(3) Listed on the Shanghai Stock Exchange.

(4) Formerly known as Dukang Distillers Holdings Limited.

As set out in the table above, Mr. Zhang Mingao, Mr. Wang Hongyang, Mr. Jack Chia and Mr. Tan Sek Khee hold concurrent directorships in other listed companies for FY2021.

Taking into account the assessment criteria set out above, the NC is satisfied that Mr. Zhang Mingao, Mr. Wang Hongyang, 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 diligently 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, the Board Committees and individual Directors

The Board has implemented a process for formally assessing its effectiveness as a whole, and that of each of its Board Committee and individual Directors 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 of each Board Committee separately, as well as the contribution by the Chairman of the Board and each individual Director to 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 FY2021, the NC has conducted the assessments on the effectiveness of the Board as a whole and assessment of each individual Directors where each Director was required to complete his or her 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) meeting of 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 (6) 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 the respective Board Committees are required to complete a questionnaire on the effectiveness of these Board Committees. The Board, with the concurrence of the NC, had also adopted a RMC questionnaire in respective of its effectiveness.

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.

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 FY2021, 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 conducted by the SID.

To-date, no external facilitator has been engaged.

## REMUNERATION MATTERS

## PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Provisions 6.1 and 6.2 – RC's duties and composition

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:

- taking into account all relevant legal and regulatory requirements, including the principles and provisions of the Code, when determining the Company's remuneration policies. In doing so, it should also consider the Company's risk appetite and ensure that the policies are aligned to long-term goals;
- ensuring that the level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company;
- setting the remuneration policy for Directors (both Executive Directors and Non-Executive Directors) and key management personnel. The Board should recommend proposed Non-Executive Directors fees for Shareholders' approval;
- monitoring the level and structure of remuneration for key management personnel relative to the internal and external peers and competitors;
- ensuring that the remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities;
- reviewing the remuneration of employees related to the Directors, CEO or substantial Shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotion for these related employees will also be subject to the review and approval of the RC;
- reviewing the ongoing appropriateness and relevance of the Company's remuneration policy (including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered) and other benefit programmes (where appropriate);
- obtaining reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants. Such information can also be obtained by commissioning or purchasing any appropriate reports, surveys or information. These will be at the expense of the Company, subject to the budgetary constraints imposed by the Board;
- overseeing any major changes in employee benefits or remuneration structures;
- reviewing the design of all long-term and short-term incentive plans for approval by the Board and Shareholders;
- ensuring that the contractual terms and any termination payments are fair to the individual and the Company;

- setting performance measures and determine targets for any performance-related pay schemes operated by the Company;
- working and liaising, as necessary, with all other Board Committees on any other matters connected with remuneration matters; and
- undertaking such other functions and duties as may be required by the Board under the Code, statute or Listing Rules (where applicable).

The principal activities of the RC during FY2021 are summarised below:

a. reviewed and recommend the Group's key performance indicators and self-assessment for the financial year ended 31 December 2020 ("**FY2020**");

b. reviewed the remuneration of CEO, Executive Directors and key management personnel of the Group and those employees who are substantial Shareholders of the Company, or are immediate family members of any Director, the CEO or a substantial Shareholders of the Company (if any) for FY2020;

c. reviewed and recommended Directors' fees for FY2021; and

d. reviewed and renewed the Service Agreement/Contract of Executive Director(s) and/or key management personnel, which is/are due for renewal, if any.

<u>Provisions 6.3 and 6.4 – Remuneration framework and engagement of remuneration consultants, if any</u>

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.

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 the Executive Directors or key management personnel in the event of such breach of fiduciary duties.

For FY2021, 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 FY2021.

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

<u>Provisions 7.1 to 7.3 and provision 8.3 – Level and mix of remuneration</u>

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.

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.

***(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***

The Ying Li Employee Share Option Scheme ("**ESOS**") and Ying Li Performance Share Plan ("**PSP**") adopted at the EGM held on 28 April 2010 had expired 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.

In determining the remuneration packages of the Executive Directors and key management personnel, a significant and appropriate proportion of the Executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance, and 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 that it is appropriate to the level of contribution, taking into account factors such as effort, responsibilities and time spent by such individuals. Such fees are paid subject to the 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 the 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.

Mr. Zhang Mingao and Mr. Wang Hongyang have voluntarily relinquished their Directors' fees with effect from 1 April 2021 and 21 December 2021 (i.e. his date of appointment) respectively. Dr. Yang Haishan has also voluntarily relinquished his Directors' fees with effect from 1 January 2022.

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

The remuneration of the Directors for FY2021 is as follows:

| | Salary / Director's Fees % | Bonus % | Share Options % | Share-Based Incentives % | Total % |
|---|---|---|---|---|---|
| **Below $250,000** | | | | | |
| Zhang Mingao [(1)] | 100 | - | - | - | 100 |
| Yang Haishan [(2)] | 100 | - | - | - | 100 |
| Tang Chi Chun [(3)] | 100 | - | - | - | 100 |
| Jack Chia [(4)] | 100 | - | - | - | 100 |
| Tan Sek Khee | 100 | - | - | - | 100 |
| Chen Guodong | 100 | - | - | - | 100 |
| Ma Jieyu [(5)] | 100 | - | - | - | 100 |
| Wang Hongyang [(1)] | - | - | - | - | - |

**Notes:**

(1) As set out under "Remuneration of Non-Executive Directors" above, Mr. Zhang Mingao and Mr. Wang Hongyang have voluntarily relinquished their Director's fees with effect from 1 April 2021 and 21 December 2021 respectively. Accordingly, Mr. Zhang Mingao will only receive Director's fees for the period from 1 January 2021 to 31 March 2021 and Mr. Wang Hongyang will not be receiving any Director's fees.

(2) Dr. Yang Haishan was appointed as a member of the NC of the Company on 26 February 2021. As set out under "Remuneration of Non-Executive Directors" above, Dr. Yang Haishan has voluntarily relinquished his Director's fees with effect from 1 January 2022. Accordingly, Dr. Yang Haishan will not be receiving any Director's fees from 1 January 2022 onwards.

(3) Mr. Tang Chi Chun resigned as a Non-Executive and Non-Independent Director of the Company on 21 December 2021. Following his resignation, he stepped down as members of the AC and the RMC accordingly.

(4) Mr. Jack Chia was appointed as Chairman of the RMC of the Company on 28 May 2021.

(5) Mdm. Ma Jieyu was appointed as an Independent Director and a member of the RMC of the Company on 28 May 2021.

The remuneration band of the five key management personnel for FY2021 is as follows:

| | Salary and Bonus % | Share Options % | Share-Based Incentives % |
|---|---|---|---|
| **Above S$250,000 but below S$500,000** | | | |
| Zhang Hanqiu | 100 | - | - |
| Kooi Wei Boon | 100 | - | - |
| Qu Minli | 100 | - | - |
| Zeng Rong | 100 | - | - |
| **Below S$250,000** | | | |
| Yang Mei | 100 | - | - |

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 and the five key management personnel. Instead, the disclosures have 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 five key management personnel (who are not Directors or the Group CEO) for FY2021 is S$1,566,000.

Despite having varied from provisions 8.1(a) and (b) of the Code, the Board believes that consistent with the intent of principle 8 of the Code, sufficient information has been disclosed for the Shareholders' understanding with respect to the Group's remuneration policies, level and mix of remuneration, the criteria and 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, and whose remuneration exceeds S$100,000 for FY2021.

## 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 the interests of the Company and the Shareholders, including the Company's assets, and will also determine the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. 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.

To provide better oversight of the Group's risks and assist the Board which functions as a dedicated Board risk management committee, the Board established the RMC to undertake the responsibility of the Group's risk governance. Notwithstanding that the risk governance is undertaken by the RMC, the Board acknowledges that there are certain overlapping responsibilities between the AC and the RMC in maintaining a sound risk management system and sound internal controls, including but not limited to monitoring the Group's internal audit function and Management's efforts in managing financial reporting-related risks. In view thereof, the Board concurrently delegated the responsibility of the Group's risk management systems and internal controls to the AC. Furthermore, the primary reporting line of the internal audit function shall remain with the AC in accordance with provision 10.4 of the Code, and relevant information of such internal audit function and internal audit plans/reports are promptly shared with the RMC.

In particular, the Board, with support from the AC and the RMC, is responsible to ensure that the Company puts in place adequate safeguards to address and mitigate any financial, operating and compliance risks.

The terms of reference of the RMC provides that the RMC shall comprise at least three Directors, the majority of whom shall be Non-Executive Directors and the RMC Chairman shall be Independent Director. The composition of the RMC is set out below:

| | |
|---|---|
| Mr. Jack Chia (Lead Independent Director) | RMC Chairman |
| Mr. Wang Hongyang (Non-Executive and Non-Independent Director) | RMC member |
| Mdm. Ma Jieyu (Independent Director) | RMC member |

The principal duties and responsibilities of the RMC include:

- overseeing and advising Management in the design, implementation and monitoring the internal controls, including financial, operational, compliance and information technology controls, and risk management systems ("**Internal Control and Risk Management Systems**");
- developing and guiding the Board in establishing a process to effectively identify and manage the implications of risk tolerance in internal controls and strategic transactions that is or will be undertaken by the Company;
- overseeing and advising the Board on the current risk exposures, overall risk tolerance and overall risk strategy of the Company;
- reviewing the adequacy and effectiveness of the Company's Internal Control and Risk Management Systems annually, including the overall risk assessment processes to ensure that a robust risk management system is maintained;
- reviewing the risk limits established by the Company periodically and where applicable, report on any material breach of such limits and the adequacy of proposed action(s) to be taken, and if necessary, make recommendations on further action to be taken;
- recommending to the Board the statements to be included in the Company's annual report concerning the adequacy and effectiveness of the Company's Internal Controls and Risk Management Systems;
- monitoring and ensuring the independence of the risk management function throughout the Group;
- reviewing and monitoring Management's responsiveness to its findings and proposed mitigating efforts undertaken by Management;
- reviewing all investment proposals from Management before recommending to the Board for approval;
- reporting to the Board its findings from time to time on matters arising and requiring the attention of the RMC; and
- undertaking such other functions and duties as may be required by the Board under the Code, statute or Listing Rules (where applicable).

The principal activities of the RMC during FY2021 are summarised below:

a. reviewed and adopted the Terms of Reference of the RMC;

b. discussed the various risk categories relevant to the Group;

c. appointed the relevant key management personnel to be in charge of each risk category;

d. received and reviewed the internal audit plan; and

e. received the risk management reports from the Head of Finance, Head of Legal and Head of Operations.

# Corporate Governance

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 metre 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 and the RMC, undertakes periodic reviews and a formal annual assessment on the adequacy and effectiveness of the Group's Internal Control and Risk Management Systems. The assessment for FY2021 considered issues dealt with in reports reviewed by the Board during such financial 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 FY2021.

The AC and the RMC continuously assesses these risks and formally undertakes a review of such risks with Management and the internal auditors annually. The AC and the RMC 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.

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 and the RMC has put in place certain additional controls with respect to cash management and monitoring and feedback mechanisms, and the AC Chairman (who is also the RMC Chairman) meets with the audit partner of the internal auditor privately at least twice a year.

Provision 9.1 – Risks relating to Sanctions Law

The Board confirms that as at the date of this annual report, the Group is not at risk of becoming subject to, or violating, any sanctions-related law or regulation. The RMC, the AC and the Board will assess the need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Group and continuous monitoring the validity of the information to Shareholders and the SGX-ST, if required.

Provision 9.2 – Written assurance regarding (i) financial records and financial statements; and (ii) adequacy and effectiveness of the Group's Internal Control and Risk Management Systems

Mr. Hu Bing had ceased as the Group CEO with effect from 7 December 2020. During the interim period, the Group CEO's duties has been temporarily undertaken by Dr. Yang Haishan, a Non-Executive and Non-Independent Director.

In addition, the Company had received the written assurance from Ms Peng Jianhua, the Head of Human Resource that as at 31 December 2021:-

(a) nothing has come to her attention which would render the financial statements, in particular the employee compensation, to be false or misleading in any material aspects;

(b) the payroll records of the Group have been properly maintained and the employee compensation is accurately disclosed in the financial statements; and

(c) the Group's Payroll Management System in place is adequate and effective and there are no known significant deficiencies or lapses in the Group's Payroll Management System which could adversely affect its ability to record, process, summarise or report payroll data, or any fraud that other employees of the Human Resource Department who have a significant role in the Group's Payroll Management System.

Following the receipt of the aforesaid written assurance, the Board has received the written assurance from Dr. Yang Haishan, the Non-Executive and Non-Independent Director and Mr. Kooi Wei Boon, Logan, the Group CFO, who have the authority and responsibility for planning, directing and controlling the activities of the Group regarding the adequacy and effectiveness of the Group's Internal Control and Risk Management Systems that as at 31 December 2021:-

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

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

(c) the Group's 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.

<u>Rule 1207(10) of the Listing Manual</u>

Based on the internal controls including financial, operational and compliance and information technology controls, established and maintained by the Group, work performed by the internal and external auditors, and reviews undertaken by Management, the Board is of the opinion, with the concurrence of the AC and the RMC, 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 2021 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

The Board has an AC which discharges its duties objectively.

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. Wang Hongyang (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. Wang Hongyang has over 20 years of experience in audit, investment, accounting and finance. The members of the AC, collectively, have recent and relevant expertise or experience in accounting or related financial management and are qualified to discharge the AC's responsibilities. None of the members of the AC 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 at least annually 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, and risk management systems;

- 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, and reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;

- reviewing the assistance given by Management to the internal auditors and the external auditors to ensure that there is no restriction hindering the work of the internal auditors and the external auditors;

- 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;

- making recommendations to the Board on (i) the proposals to the Shareholders on the appointment and removal of the external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

- 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 significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company, and of announcements relating to the Company's financial performance and recommending changes, if any, to the Board;

- reviewing the assurance from the Group CEO and the Group CFO on the financial records and financial statements;

- reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

- overseeing the establishment and operation of the whistle blowing process in the Company;

- reviewing IPTs (if any) falling within the scope of Chapter 9 of the 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; and

- undertaking such other functions and duties as may be required by the Board under the Code, statute or Listing Rules (where applicable).

Besides assisting the Board in discharging its responsibilities in safeguarding the Shareholders' investment and the Company's assets, the AC together with the RMC have been constantly reviewing the development and maintenance of an 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 Group CFO will update the AC on the changes to accounting standards and issues which have a direct impact on the financial statements of the Company and/or the Group 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.

During FY2021, the AC has met at least once with the internal auditors and Nexia TS Public Accounting Corporation ("**Nexia**" or "**External Auditors**") separately, without the presence of Management to review any matter that might be raised.

The aggregate amount of fees paid to the External Auditors for FY2021 is S$268,000 and there were no fees paid for non-audit services. Pursuant to their annual review of the independence of Nexia, the AC is also satisfied with their independence for FY2021.

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 director assigned to the audit, Nexia's 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, 715 and 716 of the Listing Manual. Pursuant to Rule 716 of the Listing Manual, the AC and Board confirmed that they are satisfied that the appointment of different auditors for certain of its subsidiaries as disclosed under Note 18 of the notes to financial statements would not compromise the standard and effectiveness of the audit of the Group.

The principal activities of the AC during FY2021 are summarised below:

a. reviewed the quarterly unaudited financial results highlights and all its announcements relating to the Group's financial performance; and recommended to the Board for approval of these announcements;

b. reviewed the Company's sustainability report for FY2020;

c. reviewed the audit plan and audit report of the internal auditors and External Auditors and assessed the adequacy of the Internal Control and Risk Management Systems as well as the level of the co-operation given by Management to the internal auditors and External Auditors;

d. reviewed the breakdown of audit and non-audit services provided by the Auditors for FY2020 to determine if the provision of such non-audit services would affect the independence of the External Auditors and to obtain confirmation of independence from the External Auditors;

e. recommended to the Board for re-appointment of Nexia as the External Auditors for the ensuing year;

f. reviewed whether the internal audit function is independent, effective and adequately resourced;

g. considered the adequacy and effectiveness of the Group's Internal Control and Risk Management Systems for FY2020. Where any material weaknesses are identified, reviewed the steps taken to address them;

h. reviewed whistle blowing reports, if any;

i. reviewed the Group's IPTs to ensure that the transactions were carried out on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders;

j. reviewed the Group's updated IPTs policy and whistle blowing policy and recommended the same to the Board for approval;

k. reviewed the Group's budget for FY2021 and recommended the same to the Board for approval; and

l. reviewed and adopted the updated Terms of Reference of AC.

<u>Whistle blowing (Rule 1207(18A) and (18B) of the Listing Manual)</u>

The Group is committed to a high standard of ethical conduct and adopts a zero-tolerance approach to fraud. The Board, with the concurrence of the AC, has adopted a new whistle blowing policy and procedures on 26 February 2021, which sets out the procedures for a whistle blower to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers.

To ensure that the identity of any whistle blower is kept confidential, the Group will treat all information received with utmost confidentiality. Anonymous disclosures will be accepted and anonymity honoured. The Group is committed to ensure protection of the whistle blower against detrimental or unfair treatment. A key aim of the Company's whistle blowing policy as stated therein is to reassure employees that if they raise any concerns in good faith, they will be protected from possible retaliation.

# Corporate Governance

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 to the AC. All reports, including anonymous reports, reports that are lacking in detail and verbal reports, will be thoroughly investigated by the Group CEO (which is temporarily undertaken by Dr. Yang Haishan, a Non-Executive and Non-Independent Director of the Company) as authorised by the AC in accordance with whistle blowing policy. The Group CEO will decide whether there is a prima facie to answer. If there is prima facie evidence, the matter will be brought to the attention of the AC Chairman. The AC may also delegate the responsibility of the day-to-day whistle blowing matters in the PRC to the relevant personnel of the Group.

Depending on the nature of the matter raised and to ensure independence in the investigation of whistle blowing reports, assessment, investigation and evaluation of complaints are conducted internally by or, at the direction of the AC if it deems appropriate, investigation may also be referred to the External Auditors or subject of independent enquiry 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. For instance, an independent function, such as the internal auditors and/or External Auditors may conduct the investigation in case of a financial irregularity. In addition, when decided if there is a case to answer and what procedures to follow, the reporting committee may set up a special internal independent investigation or refer the matter to an external authority such as the police, for further investigation. The decision may be that civil and/or criminal proceedings be taken, in addition to appropriate disciplinary actions.

The AC is responsible for the oversight and monitoring of whistle blowing. All whistle blowing matters, if any, are reviewed quarterly by the AC. Matters requiring immediate or urgent attention are reported immediately to the AC Chairman.

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, including the existence of the whistle blowing policy and procedures for raising such concerns, have been made available to all employees.

<u>Provision 10.4 – Internal Audit (Rule 1207(10C) of the Listing Manual)</u>

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 KPMG Services Pte. Ltd. ("**KPMG Singapore**") and KPMG Advisory (China) Limited, Beijing Branch ("**KPMG Beijing**"), which reports directly to the AC.

KPMG Singapore was unable perform on-site audit of the Group in Chongqing, PRC, due to COVID-19 travel restrictions. In view thereof, KPMG Beijing has been commissioned to assist with the internal audit for its foreign principal subsidiaries in China whereas KPMG Singapore shall continue to provide internal audit to the Company in Singapore. KPMG Singapore and KPMG Beijing jointly provide internal audit services to the Group.

KPMG Singapore is a member of the Institute of Internal Auditors Singapore ("**IIA**"), a professional internal auditing body affiliated to the Institute of Internal Auditors, Inc. Its audit work 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.

KPMG Beijing is guided by the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

To improve the effectiveness of the Group's internal audit function and ensure its internal audit function is adequately resourced and staffed with person(s) with relevant qualification and experience, the Company has also employed an internal audit staff who has more than 15 years of experience in internal audit to oversee the Group's internal audit function, including coordinating with KPMG Singapore and KPMG Beijing on the internal audit requirements of the Group. Such full-time employee reports directly to the Group CEO.

In consideration of the foregoing,the AC is of the view that the internal audit function is independent, effective and adequately resourced.

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

The 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 FY2021, the AC is satisfied that the internal audit function is independent, effective and adequately resourced.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

## PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Company ensures that all Shareholders are treated fairly and equitably in order to enable them to exercise their Shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives the Shareholders a balanced and understandable assessment of its performance position and prospects.

<u>Provisions 11.1 to 11.5 – Participation and voting at general meetings of the Shareholders</u>

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/she/it is allowed to appoint up to two proxies to vote on his/her/its behalf. The Company also allows CPF investors to attend general meetings as observers. All Shareholders may access the annual report of the Company and notice of AGM on the Company's corporate website or SGXNET within the mandatory period and will be informed of the rules, including voting procedures, which govern general meetings of the Shareholders.

Every matter requiring the 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. The Company tables separate resolutions at general meetings on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications.

Save for the AGMs for the financial year ended 31 December 2019 ("**FY2019**"), FY2020 and the forthcoming AGM for FY2021 to be held on 27 April 2021 by way of electronic means, all resolutions are usually put to vote by electronic poll at the Company's general meetings 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, the RC and the RMC are required to be present and available at the AGM to address the Shareholders' queries. Appropriate senior management personnel are also present at the meeting to address operational questions from the Shareholders. The External Auditors are also present to address the Shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

# Corporate Governance

<u>Alternative arrangements for the conduct of general meetings</u>

In 2020, due to the COVID-19 pandemic, Singapore entered into a circuit breaker period during which physical meetings were not allowed to be held. Hence, the FY2019 AGM was held on 22 May 2020 by way of electronic means and the Shareholders were not allowed to attend the AGM in person due to the circuit breaker measures applicable as of the notice of the said AGM dated 7 May 2020 up to 1 June 2020 and pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Alternative Arrangements Order**") (as amended from time to time).

The Alternative Arrangements Order allowed entities to hold general meetings via electronic means up to 30 June 2021, even where entities are permitted under safe distancing regulations to hold physical meetings. Compliance with the Alternative Arrangements Order will be deemed to be compliant with the relevant provisions of written law or legal instrument in respect of which the alternative arrangements are made. The Alternative Arrangements Order is permissive, not mandatory. General meetings can still be held in accordance with existing law or legal instrument, if doing so would not breach prevailing safe management measures contained in the Act and the Regulations (and any subsequent advisories or regulations as may be issued).

The FY2020 AGM was held on 29 April 2021 by way of electronic means pursuant to the Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period and checklist jointly issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation on 13 April 2020 ("**Joint Checklist**"), which was based on the Alternative Arrangements Order which provide alternative arrangements for, amongst others, listed companies in Singapore to hold their general meetings.

Notwithstanding that Shareholders were not allowed to attend the FY2019 and FY2020 AGMs in person, the Company had put in place arrangements for Shareholders to participate in the meeting by submitting questions ahead of the meeting, voting by proxy and/or observing and/or listening to the proceedings via a "live" webcast via mobile phone, tablet or computer (the "**Live Webcast**"). The submission of questions and proxy forms was done electronically via a website set up for the purposes of the meeting, to an electronic mail address, or by depositing the same in physical copy at the registered office of the Company's share registrar. The Company had informed the shareholders of such alternative arrangements and the details relating thereto ahead of the meeting in an announcement released by the Company on SGXNET and its corporate website.

Save for Mr. Hu Bing, a Non-Executive and Non-Independent Director, all the Directors attended the FY2020 AGM, together with the External Auditors and key management personnel via the Live Webcast. The Directors' attendance at the general meetings of the Company held in 2021 is disclosed under provision 1.5 above.

As required under the Alternative Arrangements Order and the Joint Checklist, the Company had published its minutes of FY2020 AGM, which record substantial and relevant comments and queries from the Shareholders relating to the agenda of such meeting (if any), within one month after the general meeting on SGXNET and its corporate website. The Company did not receive any questions from Shareholders prior to 9.30 a.m. on 26 April 2021 during the FY2020 AGM. Independent scrutineers have also checked the validity of the proxy forms received and prepared a report on the poll results.

On 6 April 2021, the Ministry of Law announced the extension of temporary legislative relief, which allows entities to conduct general meetings via electronic means, beyond 30 June 2021. To help keep physical interactions and COVID-19 transmission risks to a minimum, which remain important in the long term, even as safe distancing regulations are gradually and cautiously relaxed, the Company will be conducting its forthcoming FY2021 AGM to be held on 27 April 2022 via electronic means in accordance with the Alternative Arrangements Order. The Company has taken steps to ensure that the requirements in the Alternative Arrangements Order and the latest requirements issued by the SGX-ST in its regulator's column of 16 December 2021 and its joint statement of 4 February 2022 are complied with. In particular, shareholders will have at least 7 calendar days to submit their questions to the Company and the Company will respond to substantial and relevant questions at least 48 hours prior to the deadline for shareholders to submit their proxy forms. This is to ensure that shareholders will have the benefit of the Company's responses to their substantial and relevant questions before they cast their votes through the lodgement of proxy forms.

# 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 2022 informed that it has not recommended any dividend. No dividend was declared for FY2021 as the Board has taken a conservative view which includes the global macroeconomic uncertainties, 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 rewarding the Shareholders when the conditions are met.

## PRINCIPLE 12: ENGAGEMENT WITH THE SHAREHOLDERS

The Company is mindful of its obligations to provide material information in a fair and organised manner and on a timely basis to the Shareholders. The Company strives to ensure regular, effective and fair communication with the Shareholders, and be as descriptive, detailed and forthcoming as possible in disclosing the information and to inform the 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, half-yearly and full year results announcements and presentation slides are always released through the SGXNET on a timely basis for dissemination to the Shareholders and the public in accordance with the requirements of the SGX-ST. All materials on the half-yearly 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 the Shareholders.

The Company values dialogue sessions with the Shareholders. During general meetings of the Company, the Board devotes time and attention to address questions from and concerns raised by the Shareholders and the Directors are generally present for the entire duration of the meetings. The Company and/or the Chairman of the general meetings will also endeavour to facilitate the participation of the Shareholders during the general meetings and other dialogues to allow the Shareholders to communicate their views on various matters affecting the Company. In addition, members of the Board and key management personnel make themselves available to interact with the Shareholders both before and after general meetings. The Group believes in regular, effective and fair communication with the Shareholders and is committed to hearing the 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, the Shareholders may contact the Company's CFO through ir@yingligj.com on any investor 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

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

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), the Shareholders and investors.

# Corporate Governance

The Company recognises the need to continuously develop its responsible business approach in order to address growing stakeholder expectations around its 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.

Provision 13.3 – Corporate website

The Company maintains a current corporate website to communicate and engage with stakeholders.

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 the Shareholders and all other stakeholders.

## DEALINGS IN SECURITIES

In line with Rule 1207(19) of the 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 and the Company are not allowed to deal in the Company's securities during the "black-out" period, being one month before the announcement of the Company's half-year and full-year financial statements, 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 FY2021, the Company has complied with Rule 1207(19) of the 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 Listing Manual on IPTs. To ensure compliance with Chapter 9 of the Listing Manual, 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 of the Listing Manual; 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 of the Listing Manual before such approval.

The Board, with the concurrence of the AC, has adopted an interested person transaction policy on 26 February 2021, with the intention to regulate its IPTs and mitigate control related risk to protect the overall interests of the Group and the Shareholders and prevent the Directors, Management and Controlling Shareholders from violating the relevant laws, rules and regulations relating to IPTs in Singapore.

Based on Rule 907 of the Listing Manual, the IPTs for FY2021 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 Listing Manual) RMB'000 | Aggregate value of all interested person transactions conducted under a Shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000) RMB'000 |
|---|---|---|---|
| **EBA (Shanghai) Commercial Management Co., Ltd**<br>Management fees charged by joint venture of controlling shareholder | Controlling shareholder | 5,879 | - |
| **China Everbright Finance Limited** [(1)]<br>Loan interest payable | Controlling shareholder | 2,547 | |
| **Sub-total** | | 8,426 | - |
| **Everbright Hero Holdings Limited** [(1)]<br>Distribution on perpetual convertible securities | Controlling shareholder | 315,885 | - |
| **Total** | | 324,311 | - |

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

Based on the IPTs made known to the Company, the total value of the transactions entered into with the interested persons of the Company for FY2021 was RMB8.43 million, which represents 0.32% of the Group's latest audited net tangible assets for FY2020, 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 the Shareholders for IPTs.

## MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual, save as disclosed above, the Company confirms that there were no material contracts entered into between the Company and its subsidiaries involving the Group CEO, any of the Directors or controlling Shareholders, either still subsisting at the end of FY2021, or was entered into since the end of the previous financial year.

# Sustainability Report

## ABOUT THIS REPORT

### Board Statement

The Board has oversight of all sustainability issues, including but not limited to this Ying Li Sustainability Report 2021 ("SR"), material sustainability topics, stakeholder engagement and consideration of ESG factors in the decision-making process.

The Board is responsible for reviewing and approving this SR as well as reviewing, monitoring and evaluating material ESG issues.

### Reporting Scope

Our SR is published on an annual basis as a chapter within the Ying Li Annual Report 2021 ("AR"). The scope of this SR covers Ying Li's sustainability performance between 1 January 2021 and 31 December 2021 across our offices in Chongqing and Singapore, as well as certain portions[1] from a combination of investment properties and properties completed for sales that are under our direct operational control. Some projects are in the development stage but no construction work was conducted throughout FY2021, and therefore relevant information is not disclosed in this Sustainability Report.

No restatements are made from the previous report.

### Reporting Standards and Principles

Apart from the Sustainability Reporting Guide in Practice Note 7.6 of the SGX-ST Listing Manual, this SR is prepared in accordance with Global Reporting Initiative ("GRI") Standards: Core option because it is widely recognised and highly regarded by the industry worldwide. In order to better align with the reporting standards of our parent company, CEL, we have additionally aligned our report with the ESG Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on SEHK.

The seven principles below have been observed with a precautionary approach in this report:

| | |
|---|---|
| **Stakeholder Inclusiveness** | We consider the interests of a wide range of stakeholders, mainly shareholders, investors, employees, customers, builders and suppliers, and regulatory authorities. |
| **Materiality** | We identify the environmental, social, and governance-related topics that are most material to us and our stakeholders, through a materiality assessment and is reliably reflected in this SR. |
| **Sustainability Context** | Apart from material environmental, social, and governance-related factors, we also consider potential contribution to fighting climate change. |
| **Completeness** | We incorporated material topics, topic boundaries, significant impacts and stakeholder feedbacks into this SR while adhering to the six other reporting principles to enhance its completeness. |
| **Quantitative** | We commit to quantifying the data accurately with clarification as far as practicable. |
| **Balance** | We present the positive and negative aspects of our business in a transparent manner. |
| **Consistency** | We adhere to the same reporting approach as the previous year to ensure clarity and comparability for our readers. |

### Accessibility and Feedback

Our AR and SR are accessible through our corporate website: www.yingligj.listedcompany.com/ar.html.

We also value your feedback and suggestions on our SR for our continuous improvement. Please share them with us at ir@yingligj.com.

1 Including portions of Ying Li IFC, Ying Li International Plaza, Ying Li IEC, San Ya Wan Phase 2 (Lion City Garden).

# Sustainability Report

## OUR APPROACH TO SUSTAINABILITY

**Stakeholder Engagement**

Stakeholder feedback is integral to our continuous business development. In order to strengthen our understanding of stakeholders' expectations around our impacts on the economy, environment and society, as well as to assess the effectiveness of our sustainability priorities and measures, Ying Li maintained regular communication with stakeholders through numerous engagement channels in 2021.

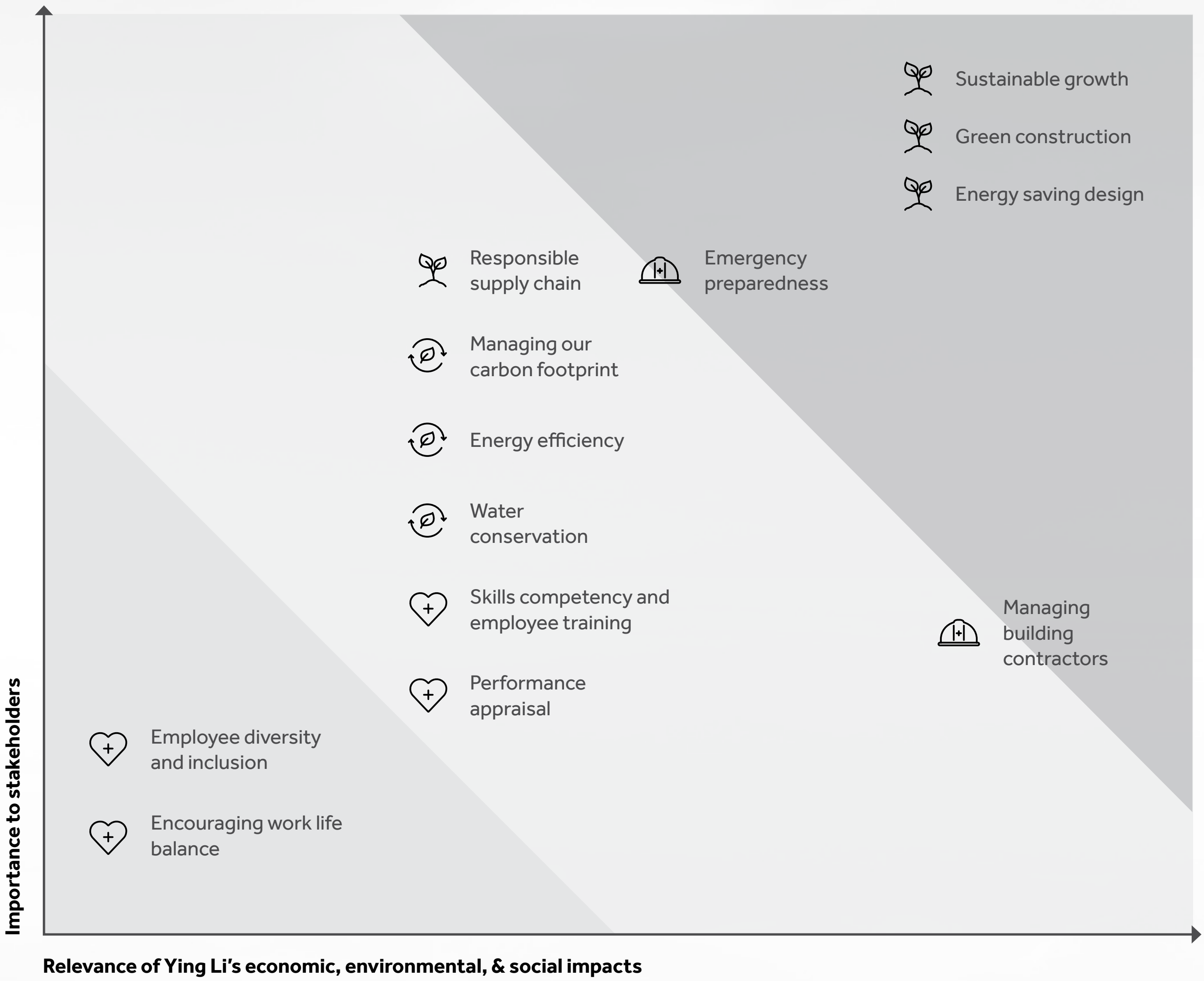
| Stakeholders | How we listen | Why we do it | What you've told us |
|---|---|---|---|
| **Builders and suppliers** | • Daily project meetings<br>• Periodic evaluations on supplier performance | • Ensure construction projects are completed on time, with quality, and at a reasonable cost | • Ability to meet Company quality standards<br>• Ability to meet Company delivery timelines |
| **Customers** | • Road shows<br>• Feedbacks<br>• Company website | • Safeguard investment value of customers<br>• Ensure customer satisfaction is upheld<br>• Ensure service standards | • Optimising customer service<br>• Increase in investment value of properties<br>• Emergency preparedness |
| **Employees** | • Internal updates and communication<br>• Events and functions | • Improve employee capabilities through internal and external trainings<br>• Improve employee well-being through managing health and safety | • Health and safety<br>• Career progression<br>• Benefits and rewards<br>• External courses |
| **Regulatory authorities (Governments, SGX, MOM, IRAS)** | • Regular updates and communication<br>• Reports and compliance<br>• Periodical meetings with government bodies | • Adhere to environmental regulations for building construction<br>• Good relationship between continuous sponsors and Company<br>• Dialogue with SGX<br>• Active participation in SGX events to increase visibility and transparency | • Compliance with relevant laws and regulations |
| **Shareholders and investors** | • SGX Announcements<br>• Shareholder meetings<br>• Annual reports<br>• Company's website<br>• Regular updates and communication | • Committed to delivering economic value to our capital providers through a strong financial performance and our diverse methods of engagement | • Long-term profitability<br>• Sustainability matters<br>• Group performance against targets<br>• Compliance with all relevant requirements |

# Sustainability Report

**Materiality and Targets**

Based on our ongoing stakeholder engagement and our annual review, there were no major changes to our principal business and operational risks this year, our materiality aspects have therefore remained the same as last year's and have continued to guide our sustainability strategy, as illustrated in the matrix below.

The aspect boundaries 'within' the organisation are limited to Ying Li and our subsidiaries, whereas the aspect boundaries 'outside' the organisation include builders and suppliers, customers, employees, regulatory authorities (Governments, SGX, MOM, IRAS), shareholders and investors.



# Sustainability Report

With reference to the thirteen material aspects identified in the matrix above, we have set long-term targets for Ying Li in the table below. Relevant quantified data are available in Appendix A - Sustainability Scorecard.

| Material ESG Factor | Relevant GRI Material Topic | Target | ESG Risk | Value Created |
|---|---|---|---|---|
| Sustainable growth | GRI 302: Energy 2016, GRI 305: Emissions 2016, GRI 303: Water and Effluents 2018, GRI 306: Effluents and Waste 2020 | To create long-term sustainable growth in economic, environmental and social aspects. | Medium | Clear governance structure is set out to incorporate ESG considerations into the formulation and implementation of our business strategies. |
| Green construction | GRI 302: Energy 2016 | To enforce green construction materials, installations and practices in our projects. | High | Minimised embodied carbons by seeking Leedership in Energy and Enviromental Design ("LEED") certification for our portfolio as far as practicable. |
| Energy saving design | GRI 302: Energy 2016 | To prioritise energy saving designs in our projects. | High | Maximised energy saving as early as the design stage by seeking LEED certification for our portfolio as far as practicable. |
| Emergency preparedness | GRI 403: Occupational Health and Safety 2018 | To conduct more employee trainings to enhance their preparedness and response in case of various emergencies. | Medium | Emergency response procedures set out as part of our safety management, we will consider providing emergency preparedness-specific trainings. |
| Managing building contractors | GRI 403: Occupational Health and Safety 2018 | To ensure environmentally and socially responsible actions are taken by building contractors. | High | Established strict guidelines as part of our subcontractor management to ensure the quality of their products and services. |
| Responsible supply chain | GRI 301: Materials 2016 | To prioritise environmentally and socially responsible suppliers. | High | Established strict guidelines as part of our subcontractor management to ensure the quality of their products and services. |
| Managing our carbon footprint | GRI 305: Emissions 2016 | To provide the tools to better monitor and evaluate our carbon footprint in order to minimise our carbon emissions. | High | Keeping account of our scope 1 to 3 emissions to better monitor our impacts on the environment and society. |
| Energy efficiency | GRI 302: Energy 2016 | To adopt energy saving installations and enforce energy saving policies within the offices, malls and development projects. | High | Installed energy efficient lighting installations and reduce energy consumption. |
| Water conservation | GRI 303: Water and Effluents 2018 | To adopt water saving installations and enforce water saving policies within the offices, malls and development projects. | Medium | Installed water efficient fittings and water meters, and raised awareness among stakeholders to conserve water. |
| Skills competency and employee training | GRI 404: Training and Education 2016 | To provide a wider range of training types to enhance employee competency. | Medium | Procedures in place for setting up internal trainings, subsidies available for external trainings. |
| Performance appraisal | GRI 404: Training and Education 2016 | To ensure that employees' performance is monitored, reviewed and evaluated without prejudice or discrimination. | Low | Appraisals are conducted annually for each employee. |
| Employee diversity and inclusion | GRI 405: Diversity and Inclusion 2016 | To build a diverse and inclusive office environment for our employees. | Low | As stipulated in the *Staff Handbook*, recruitment, remuneration, promotion, and benefits are not discriminated in any way. |
| Encouraging work-life balance | GRI 401: Employment 2016 | To optimise schedules to prevent overtime work and introduce physical activities to promote well-being. | Low | Periodic gatherings, competitions or activities are organised to advocate physical and mental well-being. |

**Supply Chain Management**

Striving to develop and maintain a sustainable relationship with our stakeholders, we integrate our sustainable practices into our supply chain. We have formulated the *Supplier Management Policy and the Bidding and Procurement Management Policy*, which define our standards and expectations of our suppliers. Our suppliers and subcontractors mainly provide products and services related to office supplies, property maintenance and retrofitting works.

We have constantly improved the bidding and procurement management system with environmental and social considerations, maintained good partnership with our suppliers and subcontractors, and further deepened strategic cooperation with outstanding partners for the sake of shared development under a rigorous supplier evaluation system, boosting the overall capacity of the supply chain.

<u>Number of Suppliers by Geographical Region</u>

| | |
|---|---|
| China: | 121 |
| Singapore: | 22 |

We value our suppliers as respected business partners and established various effective communication channels with them to pursue shared goals for sustainable development. We work closely with our suppliers to understand their sustainability policies, initiatives and monitoring systems, while at the same time help them to comply with our standards. We believe that a stable supply chain meeting our sustainability needs would definitely lead to smooth operation of our business.

## OUR GOVERNANCE

Ying Li is committed to upholding and maintaining high standards of corporate governance. We have fully integrated sustainability into our strategic planning and have established a rigorous three-tier sustainability organisational structure.

Our commitment to sustainability begins at the top. The Board of Directors has overall responsibility for the Group's sustainability strategy, management approach and the integration of sustainability principles throughout Ying Li.

# Sustainability Report

**Sustainability Strategy**

Our sustainability strategy is to ensure that we run our business in an ethically, socially and environmentally responsible manner, and create shared value for our stakeholders. The Board reviews and amends our sustainability strategy from time to time through the discussion of ESG matters during board meetings. Together with disciplined execution of our strategy and a commitment to do business responsibly, we commit to deliver value through the following focused areas:

| Green Development | Operational Safety | Environmental Sustainability | Employee Motivation |
|---|---|---|---|

The sustainability strategy is underpinned by our comprehensive internal policies on the following:

- Safety Management (安全技术管理), which covers aspects on safety culture, safety training and development, rewards and penalties, safety inspections, incidence reporting, and emergency response procedures in the event of safety incidents.

- Subcontractor Management (分包单位管理), which covers aspects on subcontractor listing, subcontractor jobs and responsibilities, quality of goods and services delivered, and subcontractor evaluations.

- Human Resources Management (人事管理), which covers aspects on employee handbook, department-specific performance evaluations, rewards and penalties.

The strategy is also guided by external sources, including the GRI Standards and Sustainability Reporting Guide in Practice Note 7.6 of the SGX-ST Listing Rules.

# Sustainability Report

## ENVIRONMENTAL PROTECTION

### Overview

The Group has a strong reputation for innovative design with green and eco-friendly development. Our integrated business model and operations allow us to embed green practices into key aspects of property development, from design and construction to operation and management. We are committed to full compliance with local legislations and combating climate change by reducing our impact on the environment; and dedicated to reducing the carbon emissions in our daily operations. Our priority areas include energy saving, along with managing our resources and waste efficiently and effectively. We aim to reduce electricity usage, minimise water consumption and divert waste from landfill. In addition, we have appointed a consultant to study the Task Force on Climate-Related Financial Disclosure ("TCFD") framework with aims of reporting climate risks and opportunities in the near future.

To optimise eco-efficiency in our building operations, tenant participation is essential. We actively cooperate with our tenants to obtain their water and electrical consumption data, so we can implement the necessary policies and initiatives for reaching our climate targets. In addition, posters and guidance signs are posted in all the common areas, such as toilets and lift lobbies, to remind the users about water conservation and energy conservation.

### Greenhouse Gas ("GHG") Emissions

We calculated the GHG emissions of our operations with reference to the methodology of the GHG Protocol Corporate Accounting and Reporting Standard.

Our direct GHG emissions (Scope 1) include our fuel consumption, use of refrigerants and fugitive emissions from the use of fire extinguishers in property management. Meanwhile, our indirect emissions (Scope 2 and 3) include emissions from purchased electricity, water and paper consumption, and air travels by employees for all operation activities.

In the long run, we are committed to actively reduce our contribution to GHG emissions.

### Water Resources

The world's water supply is finite, so conserving water is imperative for everyone. We have monitored our water consumption in our offices and properties.

As a responsible corporation, the Group strongly supports conscientious water consumption behaviour, and we aim to actively reduce water consumption at our properties in the long run. Water-efficient fittings and water meters have been installed across our properties and business units so as to closely monitor and further reduce water consumption. To enhance the awareness on water conservation among our employees, tenants, customers and communities, guidance signs are posted in common areas, including toilets to remind the users and tenants of the overarching green movement.

### Energy Usage

The Group aims to accelerate its efforts in energy conservation and strives to embed the concepts of sustainability into the design and construction stages. Energy consumption has been one of our major expenses. By improving the energy efficiency of our properties, we not only contribute to energy conservation but also lower our operating costs.

To improve the energy efficiency, we have incorporated energy saving designs into our building design plans. Appropriate insulation and ventilation with exhaust heat recycling systems and recycled water systems for air conditioning have been adopted to optimise the use of Heating, Ventilation, and Air Conditioning ("HVAC"). We also put in smart lighting and energy efficient bulbs throughout our properties, allowing illumination in the building to be controlled remotely with a higher energy efficiency. The tenants are well communicated to ensure the understanding on energy-saving measures of the property, so as to improve the overall energy-saving target of the property. Furthermore the Group is co-operating with other specialised enterprises to improve the electricity system of our properties to reduce energy usage. We are committed to reduce our energy consumption in the long run.

# Sustainability Report

We are actively striving to obtain LEED certification for all our properties where possible. It is the most widely used green building rating system in the world. As of 31 December 2021, 22% of our investment properties have been LEED-certified. We will continue to review our strategy in pursuing green building certifications and contribute to raising industry standards for green building design and construction.

**Waste Management**

We are committed to actively optimise the use of resources and divert waste from landfills in the long run. Most of the waste are generated from construction and tenant activities. The Group adheres to the local waste management regulations on waste disposal, segregation, and collection.

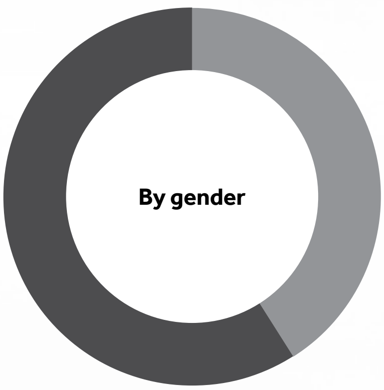
Paper waste constitutes the largest portion of office waste in our operation. We extend the mindset of responsible procurement through our operations, for instance, all the office paper purchased are certified by the Forest Stewardship Council. We also encourage our staff to consider environmentally friendly options when purchasing other office supplies.

## OUR PEOPLE

The Group recognises that our successful business growth would not be possible without the talents and dedication of our employees at all levels. We are committed to provide a fair and inclusive, healthy and safe workplace for our employees, and strive to provide them with attractive career development opportunities and a caring working environment through an effective human resource management system.

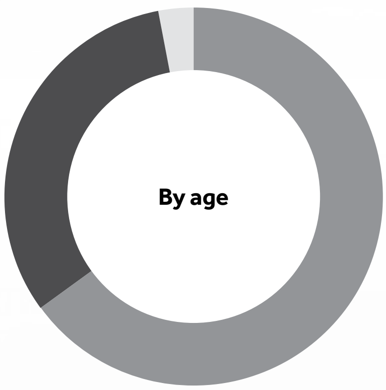
As of 31 December 2021, Ying Li had a total of 133 employees, all of which were permanent, full-time employees.

**Total Workforce by Gender, Age and Region**




**79 (59%)** Female

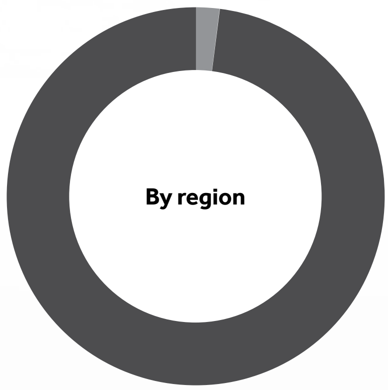
**54 (41%)** Male




**42 (32%)** Under 30 years old

**87 (65%)** 30-50 years old

**4 (3%)** Over 50 years old

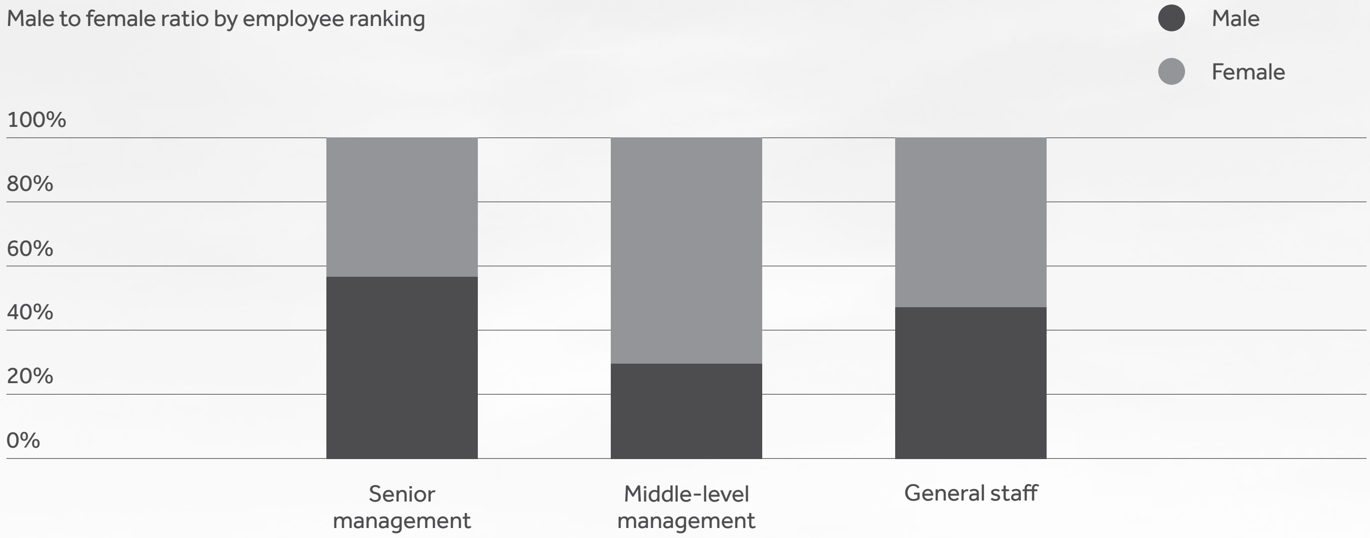



**131 (98%)** China

**2 (2%)** Singapore

# Sustainability Report

**Gender Distribution by Employment Category**



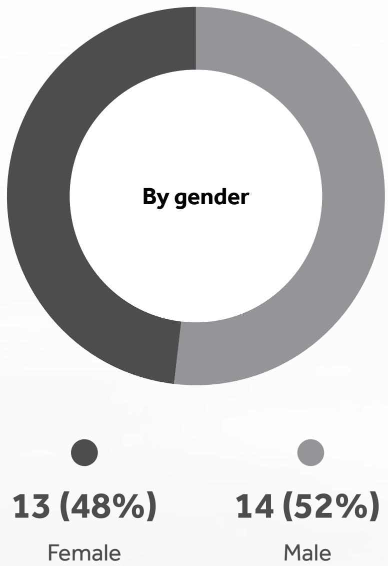

**Talent Recruitment and Retention**

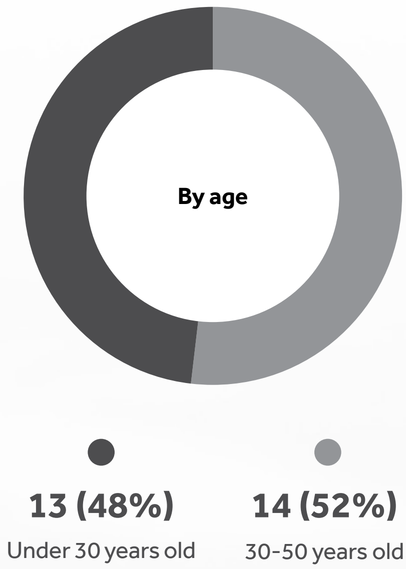
Talents are crucial to sustainable business development. We ensure the recruitment process is fair and flexible as stipulated in our *Staff Handbook*.

We have formulated various employment measures as stipulated in our *Staff Handbook*, including competitive remuneration packages, comprehensive employee benefits and development opportunities, to retain talents. Remuneration packages are reviewed regularly and adjusted based on the employment market.

In FY2021, there were 27 new employees, accounting for 20% of the Group's total workforce as at 31 December 2021, while the turnover (including resignation and retirement) rate accounted for 38%, mainly due to the pandemic and staff restructuring.

**New Employees by Gender and Age**



**Diversity and inclusion**

We pledge to provide a fair and inclusive work environment for our employees. The Group formulated the *Staff Handbook*, which ensure that recruitment, remuneration, promotion, and benefits are not biased by gender, age, race, marital and family status, religion, disability and other factors.

To prevent misconduct and unethical behaviour in recruitment, promotion and dismissal, including prevention of bribery, discrimination and forced or child labour, we review our labour practices regularly. We have zero tolerance towards such violations, which will be subjected to internal disciplinary actions or referred to relevant authorities.

**Employee Training**

Talent has been a major pillar underpinning our success and the key driver propelling our sustainable development. The Group provides the employees with an array of internal and external trainings, and offers them educational subsidies to pursue external trainings. Our *Training Management Policy* is in place to guide the training arrangement for employees. We believe nourishing talents is the key to boost business growth in the long term.

To enhance the awareness of the Group's employees on anti-corruption, trainings are provided regularly to ensure they adhere to practices relating to the prevention of bribery, fraud, and corruption.

With the help from a reputed international human resource management system consultancy, we put in place an effective human resource management system with the focus on skills training and development for all staff, to ensure that they will continuously improve in their skills sets to support the company's growth.

**Performance Appraisal**

The Group's internal assessment closely monitors its employees' career development by setting achievable goals along with continuous evaluation. The appraisal system comprises mainly quantifiable evaluation criteria. The employees' performance is evaluated by their respective direct supervisors based on periodical employee communication sessions.

The program also allows us to understand the performance and skills needed of each team. Annual training program is designed and developed to further enhance the skills of the employees and boost the overall productivity of the Group.

In FY2021, all employees are subjected to an annual performance appraisal by their superiors.

**Employee Wellness**

We believe our people's well-being is vital to maintaining an effective and productive workforce. To enhance employee teamwork and cohesion, we advocate work-life balance and a variety of activities to improve our employees' physical and mental well-being. In FY2021, we have been organising periodic employee gatherings during major festivals and sports competitions.

**Occupational Health and Safety**

Safety is of paramount importance to our business operation. We ensure workplace safety by complying with relevant occupation health and safety regulations, including *Work Safety Law* of the PRC. The Group has also outlined the health and safety standards for our employees and contractors in the *Safety Management Policy and Equipment Management Policy*. Standard procedures are formulated to identify safety risks and provide guidance on appropriate health and safety practices at the workplace to prevent potential accidents.

The Group strives to apply the highest safety standard in construction projects to ensure safety at construction sites. In particular, we have institutionalised our construction safety management and outlined the safety requirements in the C*onstruction Management Policy* to ensure contractor compliance with the relevant safety regulations. We have also established an effective communication platform that enhances the overall safety awareness of our employees and contractors and encourages the employees to provide suggestions on improving the management system.

To facilitate the management of potential safety hazards in different types of construction works, including foundation and superstructure constructions, renovations, and alterations and additions works, the Group has delegated specific responsibilities to different parties. Project Management Departments are designated to be the coordinator while dedicated consultants specialising in construction site health and safety are hired to regularly monitor and assess the effectiveness of the health and safety policies.

To minimise the impacts from unexpected incidents of any kind, the Group has implemented emergency response plans as part of the *Safety Management Policy* for our Property and Project Management Division in the following aspects:

- Fire
- Flood
- Torrential rain
- Typhoon
- Power outage
- Elevator failure
- Gas leakage
- Burglary
- Fights or violence
- Demonstrations or riots
- Bomb disposal

In FY2021, we did not record any case of occupational injury or illness of our employees as well as contractors working in our sites.

# Sustainability Report

**COVID-19 Pandemic**

The COVID-19 pandemic is easing off in the PRC and the economy continues to recover amid lingering pandemic-related disruptions. In demonstrating our solidarity to join the authorities' efforts to prevent and control the spread of COVID-19, the Group has strictly complied with the directives from the government and implemented relevant control measures such as increasing disinfection frequency and ventilation in areas with large flow of people. At all entrances and exits of our properties, a standee with the QR code for health declaration is set up for contact tracing along with the provision of disinfectants.

We issued anti-pandemic policies and strengthened the implementation of prevention and control measures to protect the health of all our employees. All employees are required to take their temperature daily before entering the workplace. We have also initiated business continuity planning to mitigate the impacts on our business operation.

The global situation remains fluid and is expected to continue to affect all aspects of our lives. We will continue keeping a close eye on our operations and announce any necessary material changes in our business to our shareholders in a timely manner.

**Community Engagement**

As a committed member of our community, Ying Li has a strong sense of corporate social responsibility, contributing to the communities, promoting sustainable development and environmental protection. We encourage all staff to be active and socially responsible by participating in charity programmes for the underprivileged in society, volunteering their time and efforts for natural disaster assistance programmes, educational assistance programs and environmental enhancement initiatives.

In FY2021, Ying Li supported the "Everbright Group's 3rd Agricultural Products Exhibition and Poverty Alleviation Live Streaming" to promote social and economic development in the fight against poverty. Our top management attaches great importance to it and considers the activity a leading example to encourage the contribution of time, money and efforts, by the more fortunate, for the less fortunate.

# Sustainability Report

## APPENDIX A: SUSTAINABILITY SCORECARD[2]

### Economic Performance

| Revenue | Unit | 2020 | 2021 |
|---|---|---|---|
| Revenue | RMB million | 231 | 229 |

| Green Development | Unit | 2020 | 2021 |
|---|---|---|---|
| Investment properties (since 1997) | No. | 8 | 8 |
| GFA of investment properties | '000 sqm | 337 | 336 |
| GFA of properties for sale | '000 sqm | 305 | 299 |
| GFA of properties for development | '000 sqm | 257 | 257 |
| Total GFA for all properties | '000 sqm | 899 | 892 |
| Regulatory incidents | No. | 0 | 0 |
| LEED-certified properties in our portfolio | % | 22 | 22 |

### Environmental Performance

| Emissions | Unit | 2020 | 2021 |
|---|---|---|---|
| Scope 1 GHG emission | $tCO_2e$ | – | 1,833 |
| Scope 2 GHG emission | | – | 17,605 |
| Scope 3 GHG emission | | – | 163 |
| Total GHG emission | | – | 19,601 |
| Total GHG emission intensity | $tCO_2e$/ '000 $m^2$ | 65 | 37 |
| Sulphurous Oxides ($SO_x$) emission | kg | – | 0.1 |
| Nitrous Oxides ($NO_x$) emission | | – | 16 |
| Particulate Matter (PM) emission | | – | 2 |

| Others Environmental Aspects | Unit | 2020 | 2021 |
|---|---|---|---|
| Electricity Consumption | MWh | – | 30,151 |
| Electricity Consumption Intensity | MWh/ '000 $m^2$ | – | 57 |
| Petrol Consumption | L | – | 4,268 |
| Natural Gas Consumption | $m^3$ | – | 840,706 |
| Total Energy Consumption | GJ | – | 139,996 |
| Total Energy Consumption Intensity | GJ/ '000 $m^2$ | – | 266 |
| Water Consumption | $m^3$ | – | 324 |
| Water Consumption Intensity | $m^3$/ '000 $m^2$ | 789 | 598 |
| Non-hazardous Waste Disposal | t | – | 4,910 |
| Non-hazardous Waste Disposal Intensity | t/ '000 $m^2$ | 13 | 9 |
| Paper Consumption | t | – | 0.5 |

2 2021 scorecard includes additional data disclosure due to the additional reporting requirement of the ESG Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on SEHK, in order to better align with parent company CEL.

# Sustainability Report

**Social Performance**

| Workforce | Unit | 2020 | 2021 |
|---|---|---|---|
| By location | | | |
| China | no. (%) | – (–) | 131 (98) |
| Singapore | | – (–) | 2 (2) |
| By gender | | | |
| Female | no. (%) | – (54) | 79 (59) |
| Male | | – (46) | 54 (41) |
| By age group | | | |
| Under 30 years old | no. (%) | – (–) | 42 (32) |
| 30 – 50 years old | | – (–) | 87 (65) |
| Over 50 years old | | – (–) | 4 (3) |
| By employment category | | | |
| Senior level management | no. (%) | – (–) | 14 (11) |
| Middle-level management | | – (–) | 60 (45) |
| General staff | | – (–) | 59 (44) |

| Turnover Rate | Unit | 2020 | 2021 |
|---|---|---|---|
| Overall turnover rate | no. (%) | – (–) | 50 (38) |
| By location | | | |
| China | no. (%) | – (–) | 50 (38) |
| Singapore | | – (–) | 0 (0) |
| By gender | | | |
| Female | no. (%) | – (–) | 24 (30) |
| Male | | – (–) | 26 (48) |
| By age group | | | |
| Under 30 years old | no. (%) | – (–) | 20 (48) |
| 30 – 50 years old | | – (–) | 30 (34) |
| Over 50 years old | | – (–) | 0 (0) |

| Average training hours per employee | Unit | 2020 | 2021 |
|---|---|---|---|
| By location | | | |
| China | Hours | – | 51 |
| Singapore | | – | 20 |
| By gender | | | |
| Female | Hours | – | 58 |
| Male | | – | 40 |
| By employment category | | | |
| Senior level management | Hours | – | 47 |
| Middle-level management | | – | 58 |
| General staff | | – | 44 |

| Occupational health and safety | Unit | 2020 | 2021 |
|---|---|---|---|
| Work-related fatalities[3] | No. | 0 | 0 |
| Work-related fatalities | No. per 200,000 man-hours | 0 | 0 |
| Work-related injuries | No. | 0 | 0 |
| Lost days due to work-related injuries | Days | – | 0 |

3 Total number of work-related fatalities in 2019 was also 0.

## APPENDIX B: GRI AND SEHK ESG CONTENT INDEX

This SR is prepared in accordance with GRI Standards: Core option and the ESG Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on SEHK. The following table provides cross-references of the relevant chapters within the SR and AR as well as any clarifications or reasons for omission.

| GRI Disclosure Number (SEHK KPI) | GRI Disclosure Title | Page reference and remarks |
|---|---|---|
| **GRI 102: General Disclosures 2016** | | |
| 102-1 | Name of the organisation | • AR: Corporate Profile (page 1) |
| 102-2 | Activities, brands, products, and services | • AR: Corporate Profile (page 1) |
| 102-3 | Location of headquarters | • AR: Corporate Profile (page 1) |
| 102-4 | Location of operations | • AR: Corporate Profile (page 1)<br>• AR: Investment in Subsidiaries – Note 18 to the Financial Statements (pages 126-130) |
| 102-5 | Ownership and legal form | • AR: General Information - Note 1 to the Financial Statements (page 97) |
| 102-6 | Markets served | • AR: Segment Information – Note 29 to the Financial Statements (pages 154-156) |
| 102-7 | Scale of the organisation | • AR: Corporate Profile (page 1)<br>• AR: Segment Information – Note 29 to the Financial Statements (pages 154-156) |
| 102-8 (B1.1, B1.2) | Information on employees and other workers | • SR: Our People (pages 66-70)<br>• SR: Sustainability Scorecard (pages 71-72)<br>• There was no significant portion of workers who were not employees; and there were no significant fluctuations of workforce throughout FY2021. |
| 102-9 (GD-B5, B5.1, B5.2, B5.3, B5.4) | Supply Chain | • SR: Our Approach to Sustainability (pages 60-63)<br>• SR: Environmental Protection (pages 65-66) |
| 102-10 | Significant changes to the organisation and its supply chain | • No significant changes to size, structure or ownership during the reporting period. |
| 102-11 | Precautionary principle or approach | • AR: Corporate Governance (pages 26-58) |
| 102-12 | External initiatives | • Not applicable |
| 102-13 | Membership of associations | • Not applicable |
| 102-14 | Statement from senior decision maker | • SR: About this Report (page 59) |

| GRI Disclosure Number (SEHK KPI) | GRI Disclosure Title | Page reference and remarks |
|---|---|---|
| 102-16 (GD-B7, B7.2) | Values, principles, standards, and norms of behaviour | • SR: Our Governance (pages 63-64) |
| 102-18 | Governance structure | • AR: Corporate Governance (pages 26-58)<br>• SR: Our Governance (pages 63-64) |
| 102-40 | List of stakeholder groups | • SR: Our Approach to Sustainability (pages 60-63) |
| 102-41 | Collective bargaining agreements | • No current employees are covered by collective bargaining agreements. |
| 102-42 | Identifying and selecting stakeholders | • SR: Our Approach to Sustainability (pages 60-63) |
| 102-43 (B6.2) | Approach to stakeholder Engagement | • SR: Our Approach to Sustainability (pages 60-63) |
| 102-44 (B6.2) | Key topics and concerns raised | • SR: Our Approach to Sustainability (pages 60-63) |
| 102-45 | Entities included in the consolidated financial statements | • AR: Investment in Subsidiaries – Note 18 to the Financial Statements (pages 126-130) |
| 102-46 | Defining report content and topic Boundaries | • SR: About this Report (page 59)<br>As there have been no significant changes in our material issues since the 2016 assessment, a materiality assessment survey was not conducted in 2021. Our management shall review our material issues annually and provide updates if necessary. |
| 102-47 | List of material topics | • SR: Our Approach to Sustainability (pages 60-63) |
| 102-48 | Restatements of information | • There were no restatements of information in this Report. |
| 102-49 | Changes in reporting | • There are no significant changes compared to previous reporting periods regarding the lists of material topics and topic boundaries. |
| 102-50 | Reporting period | • SR: About this Report (page 59) |
| 102-51 | Date of most recent report | • Our previous report was published in 14 April 2021. |
| 102-52 | Reporting cycle | • Report is published annually. |
| 102-53 | Contact point for questions regarding the report | • SR: About this Report (page 59) |
| 102-54 | Claims of reporting in accordance with the GRI Standards | • SR: About this Report (page 59) |
| 102-55 | GRI content index | • SR: GRI and SEHK ESG Content Index (pages 73-79) |
| 102-56 | External assurance | • No external assurance was conducted. |

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| GRI Disclosure Number (SEHK KPI) | GRI Disclosure Title | Page reference and remarks |
|---|---|---|
| **GRI 200: Economic** | | |
| **GRI 201: Economic Performance 2016** | | |
| GRI 103 Management Approach 2016 | | • AR: Financial Review (pages 4-5) |
| 201-1 (B8.2) | Direct economic value generated and distributed | • AR: Financial Review (pages 4-5) |
| **GRI 202: Market Presence 2016** | | |
| GRI 103 Management Approach 2016 | | • SR: Our Approach to Sustainability (pages 60-63)<br>• SR: Our People (pages 66-70) |
| 202-1 (GD-B1) | Ratios of standard entry level wage by gender compared to local minimum wage | • We complied with local minimum wages laws in Mainland China and Singapore. Employees' wage rate is based on performance and experience. We will consider disclosing the wage ratio in the future. |
| **GRI 300: Environment** | | |
| **GRI 301: Materials 2016** | | |
| GRI 103 Management Approach 2016 (GD-A2, GD-A3, A3.1) | | • SR: Environmental Protection (pages 65-66)<br>• SR: Sustainability Scorecard (pages 71-72) |
| 301-1 (A2.5) | Materials used by weight or volume | • SR: Sustainability Scorecard (pages 71-72)<br>• We do not involve significant use of packaging material for finished products but we will consider quantifying materials used in the future. |
| **GRI 302: Energy 2016** | | |
| GRI 103 Management Approach 2016 (GD-A2, A2.3, GD-A3, A3.1) | | • SR: Our Approach to Sustainability (pages 60-63)<br>• SR: Environmental Protection (pages 65-66)<br>• SR: Sustainability Scorecard (pages 71-72) |
| 302-1 (A2.1) | Energy consumption within the organisation | • SR: Sustainability Scorecard (pages 71-72)<br>• There was no consumption of renewable fuels nor electricity from renewable sources; no consumption of energy in forms of heating or steam; consumption of energy in form of cooling was already in electricity consumption. |
| **GRI 303: Water and Effluents 2018** | | |
| GRI 103 Management Approach 2016 (GD-A2, A2.4, GD-A3, A3.1) | | • SR: Our Approach to Sustainability (pages 60-63)<br>• SR: Environmental Protection (pages 65-66)<br>• SR: Sustainability Scorecard (pages 71-72) |
| 303-1 (GD-A2, A2.4, GD-A3, A3.1) | Interactions with water as a shared resource | • SR: Our Governance (pages 63-64)<br>• SR: Environmental Protection (pages 65-66) |
| 303-2 (GD-A2, A2.4, GD-A3, A3.1) | Management of water discharge-related impacts | • SR: Our Governance (pages 63-64)<br>• SR: Environmental Protection (pages 65-66)<br>• Our properties in China have followed GB 8978-1996 and equivalent standards. |

| GRI Disclosure Number (SEHK KPI) | GRI Disclosure Title | Page reference and remarks |
|---|---|---|
| 303-5 (A2.2) | Water consumption | • SR: Sustainability Scorecard (pages 71-72)<br>• We will study water stress in the future; and water storage in our residential / commercial buildings would not cause significant water-related impacts. |
| GRI 103 Management Approach 2016 (GD-A1, A1.5, GD-A3, A3.1, GD-A4, A4.1) | | • SR: Our Approach to Sustainability (pages 60-63)<br>• SR: Environmental Protection (pages 65-66)<br>• SR: Sustainability Scorecard (pages 71-72)<br>• There are no laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions.<br>• We will consider disclosing significant climate-related risks, impacts and policies in the future. |
| **GRI 305: Emissions 2016** | | |
| 305-1 (A1.2) | Direct (Scope 1) GHG emissions | • SR: Sustainability Scorecard (pages 71-72)<br>• Only $CO_2$, $N_2O$ and $CH_4$ were included in the calculations and there were no biogenic GHG emisisons.<br>• GWP values from IPCC AR6 were adopted. |
| 305-2 (A1.2) | Energy indirect (Scope 2) GHG emissions | • SR: Sustainability Scorecard (pages 71-72)<br>• Grid emission factors were referenced from the National Average Grid Emission Factor in China 2021 issued by the Ministry of Ecology and Environment of the PRC and the Singapore Energy Statistics 2021 issued by the Energy Market Authority of the Singaporean Government. |
| 305-7 (A1.1) | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | • SR: Sustainability Scorecard (pages 71-72)<br>• Emissions from POP, VOC and HAP are regarded as insignificant compared to emissions from PM, $NO_x$ and $SO_x$.<br>• Emission factors from GHG Protocol were adopted. |
| **GRI 306: Effluents and Waste 2020** | | |
| GRI 103 Management Approach 2016 (GD-A1, A1.6, GD-A3, A3.1) | | • SR: Environmental Protection (pages 65-66)<br>• SR: Sustainability Scorecard (pages 71-72)<br>• There are no laws and regulations that have a significant impact on the Group relating to discharges into water and land, and generation of hazardous and non-hazardous waste. |
| 306-2 (A1.3, A1.4) | Waste by type and disposal method | • SR: Sustainability Scorecard (pages 71-72)<br>• The amount of hazardous waste disposed is regarded as insignificant. |

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| GRI Disclosure Number (SEHK KPI) | GRI Disclosure Title | Page reference and remarks |
|---|---|---|
| **GRI 307: Environmental Compliance 2016** | | |
| GRI 103 Management Approach 2016 (GD-A1) | | • SR: Environmental Protection (pages 65-66) |
| 307-1 (GD-A1) | Non-compliance with environmental laws and regulations | • There were no fines or non-monetary sanctions for non-compliance in the environmental area during the reporting period. |
| **GRI 400: Social** | | |
| **GRI 401: Employment 2016** | | |
| GRI 103 Management Approach 2016 (GD-B1, B4, B4.1, B4.2) | | • SR: Our Approach to Sustainability (pages 60-63)<br>• SR: Our People (pages 66-70)<br>• There are no laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. |
| 401-1 | New employee hires and employee turnover | • SR: Our People (pages 66-70)<br>• SR: Sustainability Scorecard (pages 71-72) |
| **GRI 402 Labour/Management Relations 2016** | | |
| GRI 103 Management Approach 2016 (GD-B1, B4, B4.1, B4.2) | | • SR: Our Approach to Sustainability (pages 60-63)<br>• SR: Our People (pages 66-70)<br>• There were no incidents of non-compliance related to child and forced labour.<br>• There are no laws and regulations that have a significant impact on the Group relating to child and forced labour. Therefore, we have no dedicated policies in the respective aspects. |
| 402-1 | Minimum notice periods regarding operational changes | • Depending on the circumstances, there is no fixed minimum notice regarding operational change. However, to the extent possible, we do inform our colleagues well in advance the intention and details of the change. Prior to such changes, we will conduct briefing for employees to collect their feedback and try to put relevant notice within a month's time. |
| **GRI 403: Occupational Health and Safety 2018** | | |
| GRI 103 Management Approach 2016 (GD-B2, B2.3) | | • SR: Our Approach to Sustainability (pages 60-63)<br>• SR: Our People (pages 66-70) |
| 403-1 (GD-B2, B2.3) | Occupational health and safety management system | • SR: Our People (pages 66-70) |
| 403-2 (GD-B2, B2.3) | Hazard identification, risk assessment, and incident investigation | • SR: Our People (pages 66-70) |
| 403-3 (GD-B2, B2.3) | Occupational health services | • SR: Our People (pages 66-70) |
| 403-4 (GD-B2, B2.3) | Worker participation, consultation, and communication on occupational health and safety | • SR: Our People (pages 66-70) |

# Sustainability Report

| GRI Disclosure Number (SEHK KPI) | GRI Disclosure Title | Page reference and remarks |
|---|---|---|
| 403-5 (GD-B2, B2.3) | Worker training on occupational health and safety | • SR: Our People (pages 66-70)<br>• Safety is a core component in each of the annual training provided to all staff. |
| 403-6 (GD-B2, B2.3) | Promotion of worker health | • SR: Our People (pages 66-70)<br>• All employees are covered by general medical insurance to safeguard their health. |
| 403-7 (GD-B2, B2.3) | Prevention and mitigation of occupational health and safety impacts directly linked bybusiness relationships | • SR: Our People (pages 66-70) |
| 403-9 (B2.1, B2.2) | Work-related injuries | • SR: Our People (pages 66-70)<br>• SR: Sustainability Scorecard (pages 71-72)<br>• We will collect health and safety statistics of 3rd parties working on site in the future; and there were no high-consequence work injury cases.<br>• We will count the total working hours in the future. |
| **GRI 404: Training and Education 2016** | | |
| GRI 103 Management Approach 2016 (GD-B3, B7.3) | | • SR: Our Approach to Sustainability (pages 60-63)<br>• SR: Our People (pages 66-70) |
| 404-1 (B3.1, B3.2) | Average hours of training per year per employee | • SR: Our People (pages 66-70)<br>• SR: Sustainability Scorecard (pages 71-72) |
| **GRI 405: Diversity and Inclusion 2016** | | |
| GRI 103 Management Approach 2016 (GD-B1) | | • SR: Our Approach to Sustainability (pages 60-63)<br>• SR: Our People (pages 66-70) |
| 405-1 (B1.1) | Diversity of governance bodies and employees | • SR: Our People (pages 66-70)<br>• SR: Sustainability Scorecard (pages 71-72)<br>• AR: Corporate Governance (pages 26-58)<br>• We will collect employee ethnic minority data in the future. |
| **GRI 413: Local Communities 2016** | | |
| GRI 103 Management Approach 2016 (GD-B8) | | • SR: Our Approach to Sustainability (pages 60-63)<br>• SR: Our People (pages 66-70) |
| 413-1 (B8.1) | Operations with local community engagement, impact assessments, and development programs | • SR: Our People (pages 66-70)<br>• All properties developed by the Group in China have completed the mandatory environmental and social assessments to minimise impacts on the local communities. |
| **GRI 416: Customer Health and Safety 2016** | | |
| GRI 103 Management Approach 2016 (GD- B6) | | • SR: About this Report (page 59)<br>• SR: Our Approach to Sustainability (pages 60-63) |

| GRI Disclosure Number (SEHK KPI) | GRI Disclosure Title | Page reference and remarks |
|---|---|---|
| 416-2 (GD- B6, B6.1, B6.4) | Incidents of non-compliance concerning the health and safety impacts of products and services | • There are no laws and regulations that have a significant impact on the Group relating to health and safety impacts of our products and services. Therefore, we have no dedicated policies in the respective aspects.<br>• There were no cases of non-compliance. |
| **GRI 417: Marketing and Labelling 2016** | | |
| GRI 103 Management Approach 2016 (GD-B6, B6.3) | | • SR: About this Report (page 59)<br>• SR: Our Approach to Sustainability (pages 60-63)<br>• Intellectual property is not relevant to our operations but we will remain vigilant of any potential cases identified. |
| 417-2 (GD-B6) | Incidents of non-compliance concerning product and service information and labelling | • There are no laws and regulations that have a significant impact on the Group relating to advertising and labelling of products and services. Therefore, we have no dedicated policies for the respective aspects.<br>• There were no cases of non-compliance. |
| **GRI 418: Customer Privacy 2016** | | |
| GRI 103 Management Approach 2016 (GD-B6, B6.5) | | • SR: About this Report (page 59) |
| 418-1 (B6.2) | Substantiated complaints concerning breaches of customer privacy and losses of customer data | • There are no laws and regulations that have a significant impact on the Group relating to privacy matters relating to products and services.<br>• Therefore, we have no dedicated policies in the respective aspects.<br>• There were no substantiated complaints identified in relation to property management services during the reporting period. |
| **GRI 419: Socioeconomic Compliance 2016** | | |
| GRI 103 Management Approach 2016 | | • SR: About this Report (page 59)<br>• The Group's *Code of Conduct* was established in accordance with Hong Kong's *Prevention of Bribery Ordinance*, which prohibits unethical issues such as corruption, bribery and conflict of interest within our working environment. |
| 419-1 (GD-B1, GD-B2, GD-B4, GD-B6, GD-B7, B7.1) | Non-compliance with laws and regulations in the social and economic area | • There were no incidents of non-compliance concerning laws and regulations during the reporting period. |

# Directors' Statement

for the financial year ended 31 December 2021

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 subsidiaries (the "Group") for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

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 90 to 158 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 2021 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 | |
| Yang Haishan | |
| Wang Hongyang | (Appointed on 21 December 2021) |
| Chia Seng Hee, Jack | |
| Tan Sek Khee | |
| Chen Guodong | |
| Ma Jieyu | (Appointed on 28 May 2021) |

## 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 2021** | **At 31 December 2021** | **At 1 January 2021** | **At 31 December 2021** |
| **Company** | | | | |
| (No. of ordinary shares) | | | | |
| Chia Seng Hee, Jack | 1,000 | 1,000 | - | - |

The directors' interests in the ordinary shares of the Company as at 21 January 2022 were the same as those as at 31 December 2021.

# Directors' Statement

for the financial year ended 31 December 2021

## SHARE OPTIONS

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

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 subsidiaries.

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) | (Chairman and Lead Independent Director) |
| Tan Sek Khee | (Independent Director) |
| Wang Hongyang | (Non-Executive and Non-Independent Director) |

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

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967. 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 2021 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 2021

## INDEPENDENT AUDITOR

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

On behalf of the directors

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**Zhang Mingao**
Director

..................................................

**Yang Haishan**
Director

**31 March 2022**

# 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 2021, 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 90 to 158.

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 Singapore Companies Act 1967 (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 2021 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.

***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.

**Valuation of investment properties**
(Refer to Note 16 to the financial statements)
(See accounting policy on Note 2.8 and critical accounting estimates on Note 3(a))

***Area of focus***

The Group has a portfolio of investment properties in the People’s Republic of China (the “PRC”) with a carrying value of RMB4.1 billion which representing 60% of the Group’s total assets as at 31 December 2021. Investment properties represent the most significant asset item on the consolidated statement of financial position.

The Group’s accounting policy is to state investment properties at fair value which is based on independent external valuations by real estate valuers. The valuation process involves significant judgements in determining the appropriate valuation methodologies and in applying the key assumptions or estimates applied in the valuation which are dependent on the prevailing market conditions and require certain adjustments by the real estate valuers.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

***Key Audit Matters (continued)***

**Valuation of investment properties (continued)**
(Refer to Note 16 to the financial statements)
(See accounting policy on Note 2.8 and critical accounting estimates on Note 3(a))

***Area of focus (continued)***

Given the degree of complexity, subjective nature and the involvement of assumptions in the valuation process, additional audit focus was placed on this area. Any input inaccuracies, unreasonable bases used or any change in the key assumptions applied by the real estate valuers such as the discount rate, terminal yield rate, capitalisation rate and price per square metre used in the valuation model could result in a material misstatement of the Group's consolidated financial statements.

***How our audit addressed the area of focus***

We assessed the real estate valuers' qualifications and their expertise and we read the terms of engagement of the real estate valuers with the Group to determine 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 income method, against those applied for similar property types in the market and held discussion with the real estate valuers and management to understand the methods adopted and the valuation methodologies. Together with our internal valuation specialists, we assessed and evaluated the reasonableness of the key assumptions used in the valuation method which included the suitability of comparable properties, price per square metre and adjustments made to derive the price per square metre, projected income and costs, growth rates, capitalisation rates and the discount rates, against historical rates and available market data, taking into consideration comparability and market factors.

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and the key assumptions in the estimates. This includes the relationship between the key unobservable assumptions or inputs and the fair values.

**Valuation of financial assets, at fair value through profit or loss**
(Refer to Note 15 to the financial statements)
(See accounting policy on Note 2.11 and critical accounting estimates on Note 3(b))

***Area of focus***

The Group has a material investment in an unquoted equity of a limited partnership with a carrying value of RMB622 million which representing 9% of the Group's total assets as at 31 December 2021. The underlying assets pertain to an integrated property project (the "Project") in Tongzhou District, Beijing which has been classified as financial assets, at fair value through profit or loss.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

***Key Audit Matters (continued)***

**Valuation of financial assets, at fair value through profit or loss (continued)**
(Refer to Note 15 to the financial statements)
(See accounting policy on Note 2.11 and critical accounting estimates on Note 3(b))

***Area of focus (continued)***

The Group's accounting policy is to account for the valuation of the investment in unquoted equity of a limited partnership at fair value at the end of each financial year. The fair value of the investment in an unquoted equity of a limited partnership is determined based on valuation performed by an international independent firm of professional valuer who has the appropriate recognised professional qualification and recent experience in the financial asset being valued, taking into consideration the fair value of the underlying asset of the Project as determined by another international independent firm of professional real estate valuer and the terms and consideration of the investment agreement signed between the Group and other shareholders of the limited partnership (the "Investment and Partnership Agreement").

Estimating the fair value is a complex process which involves a number of judgements and estimates regarding various inputs. Due to the nature of the underlying asset and multiple phases of development, the valuation of this investment is determined using the direct comparison method, income method and residual method that involve the use of unobservable inputs, accordingly additional audit focus was placed on this area.

***How our audit addressed the area of focus***

We focused on the valuation process and considered the Group's processes for the selection of the valuers, the determination of the scope of work of the valuers and the review and acceptance of the valuations reported by the valuers. We assessed the valuers' qualifications and their expertise and we read the terms of engagement of the valuers with the Group to determine 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, income method and residual method, against those applied for similar property types. Together with our internal valuation specialists, we assessed the reasonableness of the key assumptions used in the valuations such as price per square metre and adjustments made to derive the price per square metre, projected income and costs, growth rates, capitalisation rates and the discount rates, 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 Investment and Partnership Agreement. We also considered the adequacy of the disclosures in the financial statements.

**Valuation of development properties**
(Refer to Note 14 to the financial statements)
(See accounting policy on Note 2.17 and critical accounting estimates on Note 3(c))

***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 statements. As at 31 December 2021, the carrying value of development properties is RMB1 billion which representing about 15% of the Group's total assets.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

***Key Audit Matters (continued)***

**Valuation of development properties (continued)**
(Refer to Note 14 to the financial statements)
(See accounting policy on Note 2.17 and critical accounting estimates on Note 3(c))

***Area of focus (continued)***

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 engaged independent professional valuer to estimate the net realisable value for certain properties with higher risk of being written down. In determining the net realisable value, the valuer used valuation methods 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 estimation used are appropriate.

Specific audit focus in this area is required, as the determination of the estimated net realisable value of the development properties involves significant judgements and is critically dependent upon management and/or the valuer's expectation of recent and future selling prices which are assessed with reference to market prices at the reporting date for comparable properties and estimated selling prices.

***How our audit addressed the area of focus***

We discussed with management regarding its basis for net realisable value including reviewing and evaluating the methods and assumptions used. We also evaluated the sales patterns in the past few years and considered current market prices of the properties involved or the comparable properties and the prevailing property market conditions.

Where valuation determined by valuer was used as the basis for net realisable value of the development properties, we also assessed the valuer's qualifications and its expertise and we read the terms of engagement of the valuer with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon its work.

We considered the appropriateness of the valuation methods used, which included direct comparison method and income method, against those applied for similar property types in the market. We assessed the reasonableness of the key assumptions used in the valuation models which included the estimated price per unit and the term yield, against historical rates and available market data, taking into consideration comparability and market factors. We also considered the adequacy of the disclosures in the financial statements.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

***Key Audit Matters (continued)***

**Expected credit loss ("ECL") on other receivables**
(Refer to Note 13 to the financial statements)
(See accounting policy on Note 2.11 and critical accounting estimates on Note 3(d))

***Area of focus***

As of 31 December 2021, the Group has other receivables from a non-related party of RMB263 million, net of loss allowance of RMB312 million (the "debtor") which is related to the outstanding receivables from disposal of the Group's subsidiaries and a parcel of land. This represents 4% of the Group's total assets.

In accordance with SFRS(I) 9 *Financial Instruments*, the Group is required to recognise ECL on financial assets. For other receivables, the Group has applied general approach and measured loss allowance at an amount equal to the 12-month ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating the ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience. The Group also considers the forward-looking overlay adjustment on the uncertainties in existing market conditions including the recent adverse news of the debtor and real estate policies in the PRC.

Management has assessed that no additional loss allowance is required for the remaining outstanding receivables from the debtor based on the assessment of various options available to obtain repayment from the debtor which include but not limited to seeking legal advice to take legal action against the debtor to settle the outstanding receivable and to apply for asset preservation action as collateral for the outstanding amount.

As the impairment assessment on other receivables required significant management's judgement in estimating the ECL and considering the increase in credit risk of the debtor as a result of the recent adverse news and real estate market condition in the PRC, we determined this area to be a key audit matter.

***How our audit addressed the area of focus***

We obtained an understanding and evaluated the Group's processes and ECL assessment for other receivables. We assessed the reasonableness of management's judgement and assumptions applied in the ECL model, including:
- obtained an independent legal opinion which states that the Group is able to take various actions to obtain repayment from the debtor through taking legal action against the debtor and applying for asset preservation action as collateral;
- assessment of management's justification that the asset to be preserved would be sufficient to cover the remaining receivables; and
- obtained a formalised action plan as approved by the Board of Directors.

We also reviewed and considered the adequacy of the disclosures made in the financial statements in respect of the credit risk of other receivables.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

**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.

- 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.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- 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.

**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 Meriana Ang Mei Ling.

**Nexia TS Public Accounting Corporation**
***Public Accountants and Chartered Accountants***

**Singapore**
**31 March 2022**

# Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2021

| | Note | 2021 RMB'000 | 2020 RMB'000 |
|---|---|---|---|
| Revenue | 4 | 228,816 | 231,035 |
| Cost of sales | | (70,741) | (92,783) |
| Gross profit | | 158,075 | 138,252 |
| Other income | 7 | 15,202 | 18,320 |
| Other losses | | | |
| - Impairment loss on trade and other receivables | 27(b) | (1,073) | – |
| - Others - net | 8 | (217,891) | (60,689) |
| Expenses | | | |
| - Distribution and marketing | | (32,175) | (34,584) |
| - Administrative | | (83,747) | (95,730) |
| - Finance | 9 | (134,052) | (150,129) |
| Loss before income tax | | (295,661) | (184,560) |
| Income tax credit / (expense) | 10 | 32,382 | (11,299) |
| **Net loss for the financial year** | | (263,279) | (195,859) |
| **Other comprehensive income** | | | |
| *Items that maybe reclassified subsequently to profit or loss:* | | | |
| Net currency translation differences arising from consolidation | 25(b)(iv) | 53,450 | 60,140 |
| **Other comprehensive income, net of tax** | | 53,450 | 60,140 |
| **Total comprehensive loss** | | (209,829) | (135,719) |
| **Net loss attributable to:** | | | |
| Equity holders of the Company | | (254,114) | (187,848) |
| Non-controlling interests | 18 | (9,165) | (8,011) |
| | | (263,279) | (195,859) |
| **Total comprehensive loss attributable to:** | | | |
| Equity holders of the Company | | (200,664) | (127,708) |
| Non-controlling interests | 18 | (9,165) | (8,011) |
| | | (209,829) | (135,719) |
| **Loss per share for loss attributable to equity holders of the Company** | | | |
| Basic loss per share (RMB) | 11 | (0.099) | (0.073) |
| Diluted loss per share (RMB) | 11 | (0.099) | (0.073) |

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

# Consolidated Statement of Financial Position

as at 31 December 2021

| | | Group | |
|---|---|---|---|
| | | **2021** | **2020** |
| | **Note** | **RMB'000** | **RMB'000** |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 12 | 567,936 | 757,838 |
| Trade and other receivables | 13 | 456,841 | 459,580 |
| Development properties | 14 | 1,036,947 | 1,055,780 |
| | | 2,061,724 | 2,273,198 |
| **Non-current assets** | | | |
| Property, plant and equipment | 17 | 51,824 | 35,745 |
| Investment properties | 16 | 4,102,384 | 4,128,528 |
| Financial assets, at fair value through profit or loss ("FVPL") | 15 | 621,799 | 769,799 |
| Deferred income tax assets | 22 | – | 27,529 |
| | | 4,776,007 | 4,961,601 |
| **Total assets** | | 6,837,731 | 7,234,799 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Borrowings | 19 | 432,952 | 377,919 |
| Trade and other payables | 20 | 1,197,633 | 875,400 |
| Provisions | 21 | 406,499 | 378,099 |
| Current income tax liabilities | | 179,731 | 180,085 |
| | | 2,216,815 | 1,811,503 |
| **Non-current liabilities** | | | |
| Borrowings | 19 | 2,056,314 | 2,272,893 |
| Deferred income tax liabilities | 22 | 471,027 | 531,114 |
| | | 2,527,341 | 2,804,007 |
| **Total liabilities** | | 4,744,156 | 4,615,510 |
| **NET ASSETS** | | 2,093,575 | 2,619,289 |
| **EQUITY** | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | |
| Share capital | 23 | 4,028,372 | 4,028,372 |
| Perpetual convertible securities | 24 | 878,970 | 878,970 |
| Other reserves | 25 | (1,866,398) | (1,919,848) |
| Accumulated losses | | (942,839) | (372,840) |
| Equity attributable to equity holders of the Company | | 2,098,105 | 2,614,654 |
| Non-controlling interests | 18 | (4,530) | 4,635 |
| **TOTAL EQUITY** | | 2,093,575 | 2,619,289 |

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

# Statement of Financial Position

as at 31 December 2021

| | Note | Company 2021 RMB'000 | Company 2020 RMB'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 12 | 22,472 | 97,225 |
| Trade and other receivables | 13 | 2,677,956 | 2,721,052 |
| | | 2,700,428 | 2,818,277 |
| **Non-current assets** | | | |
| Property, plant and equipment | 17 | 3 | 13 |
| Investments in subsidiaries | 18 | 2,966,325 | 2,966,325 |
| | | 2,966,328 | 2,966,338 |
| **Total assets** | | 5,666,756 | 5,784,615 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Borrowings | 19 | 397,793 | 447,068 |
| Trade and other payables | 20 | 2,221,431 | 1,915,777 |
| | | 2,619,224 | 2,362,845 |
| **Total liabilities** | | 2,619,224 | 2,362,845 |
| **NET ASSETS** | | 3,047,532 | 3,421,770 |
| **EQUITY** | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | |
| Share capital | 23 | 4,028,372 | 4,028,372 |
| Perpetual convertible securities | 24 | 878,970 | 878,970 |
| Other reserves | 25 | 31,415 | 25,104 |
| Accumulated losses | | (1,891,225) | (1,510,676) |
| **TOTAL EQUITY** | | 3,047,532 | 3,421,770 |

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

# Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2021

| | Note | Share capital RMB'000 | Perpetual convertible securities RMB'000 | Reverse acquisition reserve RMB'000 | Convertible bonds reserve RMB'000 | Statutory common reserve RMB'000 | Currency translation reserve RMB'000 | Accumulated losses RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ← Attributable to equity holders of the Company | | | | | | | → | | |
| **Group** | | | | | | | | | | | |
| Balance as at 1 January 2021 | | 4,028,372 | 878,970 | (2,034,754) | 42,458 | 91,018 | (18,570) | (372,840) | 2,614,654 | 4,635 | 2,619,289 |
| Total comprehensive (loss)/income for the financial year: | | | | | | | | | | | |
| Net loss for the financial year | | – | – | – | – | – | – | (254,114) | (254,114) | (9,165) | (263,279) |
| Net currency translation differences arising from consolidation | 25(b)(iv) | – | – | – | – | – | 53,450 | – | 53,450 | – | 53,450 |
| | | – | – | – | – | – | 53,450 | (254,114) | (200,664) | (9,165) | (209,829) |
| Distribution on perpetual convertible securities | 24 | – | – | – | – | – | – | (315,885) | (315,885) | – | (315,885) |
| **Balance as at 31 December 2021** | | 4,028,372 | 878,970 | (2,034,754) | 42,458 | 91,018 | 34,880 | (942,839) | 2,098,105 | (4,530) | (2,093,575) |

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

# Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2021

| | | Attributable to equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital RMB'000 | Perpetual convertible securities RMB'000 | Reverse acquisition reserve RMB'000 | Convertible bonds reserve RMB'000 | Statutory common reserve RMB'000 | Currency translation reserve RMB'000 | Retained earnings/ (Accumulated losses) RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total RMB'000 |
| <u>Group</u> | | | | | | | | | | | |
| Balance as at 1 January 2020 | | 4,028,372 | 878,970 | (2,034,754) | 42,458 | 91,018 | (78,710) | 63,724 | 2,991,078 | 12,646 | 3,003,724 |
| Total comprehensive (loss)/income for the financial year: | | | | | | | | | | | |
| Net loss for the financial year | | – | – | – | – | – | – | (187,848) | (187,848) | (8,011) | (195,859) |
| Net currency translation differences arising from consolidation | 25(b)(iv) | – | – | – | – | – | 60,140 | – | 60,140 | – | 60,140 |
| | | – | – | – | – | – | 60,140 | (187,848) | (127,708) | (8,011) | (135,719) |
| Distribution on perpetual convertible securities | 24 | – | – | – | – | – | – | (248,716) | (248,716) | – | (248,716) |
| **Balance as at 31 December 2020** | | 4,028,372 | 878,970 | (2,034,754) | 42,458 | 91,018 | (18,570) | (372,840) | 2,614,654 | 4,635 | 2,619,289 |

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

# Consolidated Statement of Cash Flows

for the financial year ended 31 December 2021

| | Note | 2021 RMB'000 | 2020 RMB'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Loss before income tax | | (295,661) | (184,560) |
| Adjustments for: | | | |
| Fair value loss on investment properties | 8 | 1,972 | 19,000 |
| Fair value loss on financial assets, at FVPL | 8 | 148,000 | 100,000 |
| Interest expense | 9 | 134,052 | 150,129 |
| Depreciation of property, plant and equipment | 5 | 3,472 | 3,053 |
| Amortisation of deferred lease incentives | 5 | 3,791 | 6,379 |
| Loss/(gain) on disposal of property, plant and equipment | | 246 | (140) |
| Provision/(reversal of provision) on legal cases and penalties | 8 | 27,400 | (36,332) |
| Impairment loss on trade and other receivables | | 1,073 | – |
| Interest income | 7 | (10,920) | (10,636) |
| Unrealised exchange differences | | 31,302 | 3,072 |
| Operating cash flows before movements in working capital | | 44,727 | 49,965 |
| Investment properties | | 814 | 8,173 |
| Trade and other receivables | | 60 | (13,134) |
| Development properties | | 18,833 | 76,179 |
| Trade and other payables | | 8,538 | (102,647) |
| Provisions | | 1,000 | (13,846) |
| Cash generated from operations | | 73,972 | 4,690 |
| Interest paid | | (130,551) | (139,461) |
| Interest received | | 12,526 | 9,001 |
| Income tax paid | | (210) | 154 |
| Net cash used in operating activities | | (44,263) | (125,616) |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | 17 | (234) | (627) |
| Proceeds from disposal of property, plant and equipment | | 3 | 500 |
| Net cash used in investing activities | | (231) | (127) |
| **Financing activities** | | | |
| Decrease in restricted cash | | 156,157 | 10,108 |
| Proceeds from borrowings | | 79,716 | 1,255,096 |
| Repayment of borrowings | | (223,419) | (1,387,573) |
| Net cash generated from/(used in) financing activities | | 12,454 | (122,369) |
| Net decrease in cash and cash equivalents | | (32,040) | (248,112) |
| Effect of exchange rate changes on cash and cash equivalents | | (1,705) | 13,560 |
| **Cash and cash equivalents at beginning of the financial year** | | 388,150 | 622,702 |
| Cash and cash equivalents at end of the financial year | 12 | 354,405 | 388,150 |
| Restricted bank balances | 12 | 213,531 | 369,688 |
| **Cash and cash equivalents in the consolidated statement of financial position** | 12 | 567,936 | 757,838 |

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

# Consolidated Statement of Cash Flows

for the financial year ended 31 December 2021

**Reconciliation of liabilities arising from financing activities**

| | | | | Non-cash changes | |
|---|---|---|---|---|---|
| | 1 January 2021 RMB'000 | Proceeds from borrowings RMB'000 | Principal payments RMB'000 | Foreign exchange movement RMB'000 | 31 December 2021 RMB'000 |
| Borrowings | 2,650,812 | 79,716 | (223,419) | (17,843) | 2,489,266 |

| | | | | Non-cash changes | |
|---|---|---|---|---|---|
| | 1 January 2020 RMB'000 | Proceeds from borrowings RMB'000 | Principal payments RMB'000 | Foreign exchange movement RMB'000 | 31 December 2020 RMB'000 |
| Borrowings | 2,826,799 | 1,255,096 | (1,387,573) | (43,510) | 2,650,812 |

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

# Notes to The Financial Statements

for the financial year ended 31 December 2021

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 28 Minquan Road, #35-08 Ying Li International Financial Center, Yuzhong District, Chongqing 400010, the People’s Republic of China (the “PRC”).

The Company’s immediate, intermediate and ultimate holding corporations are State Alpha Limited, China Everbright Limited (“CEL”) and Central Huijin Investment Ltd. respectively.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries 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 2021***

On 1 January 2021, 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.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition

(a) *Sales of properties*

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

Revenue from sales of properties is recognised at a point in time when or as the control of the property is transferred to the customer who 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. 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 pre-sale are recorded as contract liabilities.

(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.

### 2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries 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. Subsidiaries 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 subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (continued)

*(a) Subsidiaries (continued)*

*(i) Consolidation (continued)*

Non-controlling interests comprise the portion of a subsidiary'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, 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 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 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 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.

*(iii) Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary, 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 Note 2.9 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (continued)

*(b) Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary 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.

*(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 |
| Office equipment | 3 to 5 years |
| Computers | 3 to 5 years |
| Furniture and fittings | 20 years |
| Motor vehicles | 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.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Property, plant and equipment (continued)

*(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 subsidiaries 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 subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

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

### 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 subsidiaries

Investments in subsidiaries 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

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 subsidiaries*

Property, plant and equipment and investments in subsidiaries 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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial assets

(a) *Classification and measurement*

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

- Amortised cost; and
- FVPL

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.

These 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 instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or fair value through other comprehensive income ("FVOCI") are classified 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/(losses) - net"

(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 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".

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial assets (continued)

*(b) Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. 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 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of these 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 subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

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 *Revenue from Contracts with Customers*; and

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

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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

*(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 conveys 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.

- Right-of-use assets

  The Group recognises 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 assets are 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 receivable;
  - Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Leases (continued)

*(i) When the Group is the lessee (continued):*

- Lease liabilities (continued)

  - 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 contracts 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.

  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 is a 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 recognise 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 Group leases investment properties under operating leases to non-related parties.

- Lessor – Operating leases

  Leases 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.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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. 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 for sale*

Completed properties for sale are stated at lower of cost and 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 subsidiaries, 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.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Income taxes (continued)

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 Employee benefits

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.

*(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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 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.

### 2.21 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 functional currency of the Company is Singapore Dollar. The consolidated financial statements of the Group are presented in RMB and have been rounded to the nearest thousand ("RMB'000") as majority of the Group's transactions are denominated in RMB.

(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.

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.

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Currency translation (continued)

(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 are responsible 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.

### 2.24 Share capital

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

### 2.25 Dividends to Company's shareholders

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

### 2.26 Perpetual securities

Perpetual securities, including perpetual bonds, do not have a maturity date and the Company can at its option redeem the perpetual securities and at its discretion defer distributions subject to terms and conditions of the securities or bonds. Perpetual securities are classified as equity when there is no contractual obligation to deliver cash or other financial assets (i.e. to make principal repayments in respect of its perpetual securities) to another person or entity or to exchange financial assets or liabilities with another person or entity that is potentially unfavourable to the issuer. Incremental costs directly attributable to the issue of perpetual securities are shown in equity as a deduction, net of tax, from the proceeds. The proceeds received, net of any directly attributable transaction costs, are credited to perpetual securities. Distributions are treated as dividends which will be directly debited from equity.

## 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) *Valuation of investment properties*

The Group carries its investment properties at fair value based on the valuation performed by an independent professional valuer, with changes in fair values being recognised in profit or loss. In determining the fair value, the valuer used valuation methods which involves certain estimates. In relying on the valuation report, management has exercised its judgement and is satisfied that the valuation methods are reflective of current market conditions and the estimations used are appropriate.

The carrying amount of investment properties as at 31 December 2021 is RMB4,102,384,000 (2020: RMB4,128,528,000).

(b) *Valuation of financial assets, at FVPL*

As disclosed in Note 15 to the financial statements, the fair value of financial asset 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 as at 31 December 2021 is RMB621,799,000 (2020: RMB769,799,000).

(c) *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 with higher risk of being written down. In determining the net realised value, the valuer has based on 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 2021 is RMB1,036,947,000 (2020: RMB1,055,780,000).

(d) *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.

## 3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

*(d) Assessment of expected credit loss ("ECL") of trade and other receivables (continued)*

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).

The gross amounts of trade receivables and loss allowance as at 31 December 2021 are RMB41,237,000 and RMB2,474,000 (2020: RMB34,235,000 and RMB3,271,000) respectively.

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 gross amounts of other receivables and loss allowance as at 31 December 2021 are RMB651,122,000 and RMB350,222,000 (2020: RMB649,050,000 and RMB350,183,000) respectively.

*(e) Provision on litigation cases and penalties*

As disclosed in Note 21 to the financial statements, the Group makes provisions on litigation cases and penalties. Provisions in respect of litigation cases are subject to many uncertainties and the outcome of individual matters cannot be predicted with assurance. Significant judgement is required in assessing probability and making estimates in respect of these contingencies, and the Group's final liabilities may ultimately be materially different. The Group's total liabilities in respect of litigation and regulatory proceedings are determined on a case-by-case basis and represent 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 2021, for some litigation cases, the proceedings are still on-going. The outcome of the proceedings remains uncertain.

The amount of provisions recognised as at 31 December 2021 is RMB406,499,000 (2020: RMB378,099,000).

## 3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(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 entity 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 as at 31 December 2021 are Nil and RMB471,027,000 (2020: RMB27,529,000 and RMB531,114,000) respectively.

(g) *Perpetual convertible securities*

Pursuant to the terms of the perpetual convertible securities, the Company, as the issuer, can at its option redeem the Perpetual Convertible Securities and at its discretion defer distributions on the perpetual convertible securities. As 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 dividends.

The carrying amount of the Perpetual Convertible Securities as at 31 December 2021 is RMB878,970,000 (2020: RMB878,970,000).

(h) *Unquoted investment in limited partnership*

An entity is accounted for using the equity method in the consolidated financial statements where the Group has significant influence over the entity. Significant influence arises where the Group has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If an investor holds directly or indirectly 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Significant judgement is applied by management in assessing whether significant influence exists. This involves assessment of the purpose and design of the entity, identification of the activities which significant affect the entity's returns and how decisions are made about those activities. In assessing how decisions are made, management considers contractual arrangements with the entity or other parties, and any rights or ability to appoint, remove or direct key management personnel or entities that have the ability to direct the relevant activities of the entity. Although the Group holds more than 20% of the interest in a limited partnership entity, management concluded that the Group neither have control nor significant influence over the investee in accordance with the partnership agreement. The Group has classified as financial assets, FVPL as disclosed in Note 15 to the financial statements.

## 3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

*(i) Going concern*

During the financial year ended 31 December 2021, the Group recorded a net loss of RMB263,279,000 (2020: RMB195,859,000) and incurred net cash used in operating activities of RMB44,263,000 (2020: RMB125,616,000). As at 31 December 2021, the Group is in net current liabilities position of RMB155,091,000 (2020: net current assets position of RMB461,695,000).

As at the date of these financial statements, the COVID-19 situation continues to evolve and develop. There have been significant uncertainties as to the duration of the pandemic and its impact on the market segments which the Group operates in. If the situation persists, the Group may continuously experience a loss and lack of working capital in the subsequent financial years.

Notwithstanding the above, the Directors have considered the operations of the Group and its ability to operate as a going concern and are of the view that the Group will be able to improve its financial performance and meet its obligations as and when they fall due within the next twelve months because of the following:

- The Group's significant operations are in the PRC in which the economy has progressively recovered in 2021 and while there are more stringent property measures that have short term impact to the Group's business activities, the Group is supportive of the government's initiatives as it will promote a healthy and sustainable property market in the long run;

- The Directors had carried out a review of the cash flows projections of the Group for the next financial year ending 31 December 2022 and are of the view that there is adequate liquidity to finance the working capital requirements of the Group;

- In addition, the Group has adopted an asset-light business model to capitalise on our listing status in Singapore and track record in Chongqing to develop a cross-border property asset management platform;

- The Group will be proactively reshuffling or disposing low yielding properties to reduce gearing and improve liquidity position;

- With our niche capabilities in the property industry, the Group aims to develop more fee-based recurring income streams by providing a comprehensive suite of property investment and asset management services, which will allow the Group to scale and expand business activities faster without the need for huge capital expenditure; and

- The net current liabilities position is mainly due to the significant increase in trade and other payable balance amounting of RMB322,233,000, out of which, the amount of RMB311,058,000 is the provision for the distribution for the perpetual convertible securities (the "PCS") payable to a related party of the Company (the "Holder") for the financial year ended 31 December 2021.

  Based on the terms of the PCS, the Company may elect to defer the payment of the distribution on any distribution payment date by giving written notice to the Holder and the Company is not subject to any limits as to the number of times which it may defer the payment of the distributions. The deferral of any distribution payment in accordance with the terms of the PCS does not constitution a default for any purpose on the part of the Company. The Group intends to pay the distribution accrued to the Holder and management will continue to closely monitor the liquidity position and cash flow projection so as to determine the appropriate timing and conditions to do so.

Accordingly, management does not foresee there is a material uncertainty over the ability of the Group to operate as a going concern.

## 4 REVENUE

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Revenue from contracts with customers – PRC: | | |
| - Sales of completed properties – at a point in time | 28,381 | 47,967 |
| - Sales of investment properties – at a point in time | 5,268 | 16,029 |
| | 33,649 | 63,996 |
| Property rental income – PRC (Note 16) | 195,167 | 167,039 |
| | 228,816 | 231,035 |

(a) Contract liabilities

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| *Point in time:* | | |
| Contract liabilities - sales of completed properties (Note 20) | 29,654 | 41,436 |

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, which is when control of properties transfers to the customer.

*Revenue recognised in relation to contract liabilities*

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Revenue recognised in the financial year that was included in the contract liabilities balance at the beginning of the financial year: | | |
| - Sales of completed properties held for sale – at a point in time | 20,975 | 10,629 |

(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 charged to profit or loss as cost of sales on a basis consistent with the pattern of recognition of the associated revenue.

## 5 EXPENSES BY NATURE

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Amortisation of deferred lease incentives | 3,791 | 6,379 |
| Cost of construction, completed properties held for sale and investment properties | 70,741 | 92,783 |
| Consultancy and service fees | 17,218 | 22,395 |
| Depreciation of property, plant and equipment (Note 17) | 3,472 | 3,053 |
| Employee compensation (Note 6) | 44,070 | 52,815 |
| Marketing expenses | 9,456 | 17,466 |

## 6 EMPLOYEE COMPENSATION

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Wages and salaries | 36,144 | 32,268 |
| Employer's contribution to defined contribution plans | 5,754 | 2,645 |
| Other short-term benefits | 2,172 | 17,902 |
| | 44,070 | 52,815 |

## 7 OTHER INCOME

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Bank interest income | 10,920 | 10,636 |
| Sundry income | 4,282 | 7,684 |
| Total | 15,202 | 18,320 |

## 8 OTHER LOSSES - NET

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Fair value loss on investment properties (Note 16) | (1,972) | (19,000) |
| Fair value loss on financial assets, at FVPL (Note 15) | (148,000) | (100,000) |
| (Provision)/reversal of provision on legal cases and penalties (Note 21) | (27,400) | 36,332 |
| (Accrued payables for development projects)/reversal of over-accrued payables | (6,545) | 29,324 |
| Foreign exchange losses - net | (32,772) | (16,714) |
| Others | (1,202) | 9,369 |
| Total | (217,891) | (60,689) |

## 9 FINANCE EXPENSES

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Interest expenses: | | |
| - bank borrowings | 126,580 | 145,863 |
| - bank notes | 4,925 | 4,266 |
| - Loan from a related party | 2,547 | – |
| | 134,052 | 150,129 |

## 10 INCOME TAX (CREDIT)/EXPENSE

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Tax (credit)/expense attributable to profit or loss is made up of: | | |
| For the current financial year: | | |
| - Current income tax | 12 | 496 |
| - Deferred income tax (Note 22) | (32,558) | 10,208 |
| - Withholding tax | – | 766 |
| Under/(over) provision in prior financial year | | |
| - Current income tax | 164 | (171) |
| | (32,382) | 11,299 |

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

In 2021 and 2020, the taxation arising in the PRC is calculated at the prevailing rate of 25%.

## 10 INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

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 follows:

| | Group | |
|---|---|---|
| | 2021 RMB'000 | 2020 RMB'000 |
| Loss before income tax | (295,661) | (184,560) |
| Tax calculated at tax rate of 25%* (2020: 25%*) | (73,915) | (46,140) |
| Effects of: | | |
| - Different tax rates in other countries | 10,844 | 5,213 |
| - Forfeited deferred income tax | 21,457 | 45,553 |
| - Expenses not deductible for tax purposes | 9,068 | 6,078 |
| - Withholding tax | - | 766 |
| - Under/(over) provision in prior financial year | 164 | (171) |
| Tax (credit)/charge | (32,382) | 11,299 |

* This is the applicable tax rate 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 | |
|---|---|---|
| | 2021 | 2020 |
| Net loss attributable to equity holders of the Company (RMB'000) | (254,114) | (187,848) |
| 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) | (0.099) | (0.073) |

(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.

## 12 CASH AND CASH EQUIVALENTS

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Cash at bank and on hand | 567,936 | 627,838 |
| Fixed deposits | – | 130,000 |
| Cash and cash equivalents per consolidated statement of financial position | 567,936 | 757,838 |
| Less: Restricted bank balances | (213,531) | (369,688) |
| Cash and cash equivalents per consolidated statement of cash flows | 354,405 | 388,150 |

As at 31 December 2020, the average effective interest rate of fixed deposits at 1.60% per annum and the fixed deposits have a tenure of approximately 90 days.

Restricted bank balances of RMB40,216,000 (2020: RMB55,318,000) pledged to banks are in relation to interest reserve account on borrowings and sales of mortgaged properties to customers.

Restricted bank balances of RMB173,315,000 (2020: RMB314,370,000) pledged to banks are to secure banking facilities granted to the Group entities (Note 19).

| | Company | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Cash and cash equivalents - Cash at bank and on hand | 22,472 | 97,225 |

## 13 TRADE AND OTHER RECEIVABLES

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Trade receivables - Non-related parties | 41,237 | 34,235 |
| Less: loss allowance (Note 27(b)) | (2,474) | (3,271) |
| Trade receivables – net | 38,763 | 30,964 |
| Other receivables - Non-related parties | 58,544 | 56,464 |
| Consideration receivables from disposal of subsidiaries and a land parcel | 575,350 | 575,350 |
| Refundable deposits | 17,228 | 17,236 |
| | 651,122 | 649,050 |
| Less: loss allowance (Note 27(b)) | (350,222) | (350,183) |
| Total other receivables – net | 300,900 | 298,867 |
| Financial assets at amortised cost | 339,663 | 329,831 |
| Advances to sub-contractors and vendors | 4,116 | 4,363 |
| Prepayments | 65,530 | 77,883 |
| Prepaid tax | 47,532 | 47,503 |
| Total trade and other receivables | 456,841 | 459,580 |

## 13 TRADE AND OTHER RECEIVABLES (CONTINUED)

| | Company | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Other receivables: | | |
| - non-related parties | 36 | 35 |
| - subsidiaries | 2,979,448 | 3,022,597 |
| Refundable deposits | 227 | 236 |
| | 2,979,711 | 3,022,868 |
| Less: loss allowance | (302,056) | (302,056) |
| Financial assets at amortised cost | 2,677,655 | 2,720,812 |
| Prepayments | 301 | 240 |
| Total trade and other receivables | 2,677,956 | 2,721,052 |

Other receivables from subsidiaries are unsecured, interest-free and repayable on demand.

## 14 DEVELOPMENT PROPERTIES

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Completed properties for sale | 914,535 | 933,368 |
| Properties for development | 122,412 | 122,412 |
| | 1,036,947 | 1,055,780 |

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 RMB357,981,000 (2020: RMB357,981,000) (Note 19).

## 15 FINANCIAL ASSETS, AT FVPL

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| **Unquoted investment in limited partnership, FVPL** | | |
| **Fair value:** | | |
| Beginning of financial year | 769,799 | 869,799 |
| Fair value loss (Note 8) | (148,000) | (100,000) |
| End of financial year | 621,799 | 769,799 |

## 15 FINANCIAL ASSETS, AT FVPL (CONTINUED)

Unquoted investment in limited partnership relates to a subsidiary's investment with initial cost of RMB559 million to subscribe for 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 (the "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 unquoted investment in limited partnership is carried at fair value at the end of the financial year, based on valuation performed by KPMG Advisory (Hong Kong) Limited (the "KPMG"), an international independent firm of professional valuers who have the appropriate recognised professional qualification and recent experience in the financial asset being valued.

The valuation of the unquoted investment in limited partnership is primarily based on the fair value of the Project, which is measured using the direct comparison method, income method and residual method, depending on the stage of development of the individual project phases. The underlying assets held by the project companies are carried at fair value at the end of the financial year, based on valuation performed by Cushman & Wakefield Beijing Branch, an international independent firm of professional valuers who have the appropriate recognised professional qualification and recent experience in the asset being valued.

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. The income method derives the value of the property by prediction of the future income generated from the property, and then use an appropriate rate of return or capitalisation rate to discount its future income into value of the property.

## 16 INVESTMENT PROPERTIES

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| **Leasehold properties:** | | |
| Beginning of financial year | 4,122,220 | 4,151,210 |
| Sales of investment properties | (1,499) | (9,990) |
| Fair value loss (Note 8) | (1,972) | (19,000) |
| Transfer to property, plant and equipment (Note 17) | (19,566) | – |
| End of financial year | 4,099,183 | 4,122,220 |
| Deferred lease incentives | 3,201 | 6,308 |
| Total investment properties | 4,102,384 | 4,128,528 |

Certain bank borrowings are secured by investment properties of the Group with carrying amount of RMB3,890,771,000 (2020: RMB3,909,775,000) (Note 19).

During the financial year ended 31 December 2021, the Group transferred investment properties with carrying amount of RMB19,566,000 (2020: Nil) to property, plant and equipment as these properties were used as the Group's office spaces.

## 16 INVESTMENT PROPERTIES (CONTINUED)

The following amounts are recognised in profit or loss:

| | Group | |
|---|---|---|
| | 2021 RMB'000 | 2020 RMB'000 |
| Rental income (Note 4) | 195,167 | 167,039 |
| Direct operating expenses arising from: | | |
| - Investment properties that generate rental income | (48,741) | (46,498) |
| - Investment properties that do not generate rental income | (2,625) | (2,352) |

At the end of the financial year, 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 | Retail, office 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. |

## 16 INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy - Recurring fair value measurement

| Description | Fair value measurement using | | |
|---|---|---|---|
| | 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 2021** | | | |
| - Retail, office and car parks - PRC | – | – | 4,099,183 |
| **As at 31 December 2020** | | | |
| - Retail, office and car parks - PRC | – | – | 4,122,220 |

*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 location, building age and 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 2021 and 2020, the fair values of the properties have been determined by Colliers International (Hong Kong) Limited.

At each financial year end, management:

- 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.

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 2021 and 2020.

## 16 INVESTMENT PROPERTIES (CONTINUED)

| Description | Fair value RMB'000 | Valuation technique | Significant unobservable input [1] | Range |
|---|---|---|---|---|
| **31 December 2021** | | | | |
| Investment properties | 4,099,183 | Direct comparison approach | price per square meter [2] | RMB5,900 - RMB24,100 |
| | | Income method | discount rate [3] | 6.0% - 6.7% |
| | | | occupancy rate [2] | 64% - 100% |
| | | | rental growth[2] | 3% - 8% |
| **31 December 2020** | | | | |
| Investment properties | 4,122,220 | Direct comparison approach | price per square meter [2] | RMB6,200 - RMB24,100 |
| | | Income method | discount rate [3] | 6.0% - 6.7% |
| | | | occupancy rate [2] | 70% - 100% |
| | | | rental growth [2] | 3% - 8% |

(1) There were no significant inter-relationships 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.

## 17 PROPERTY, PLANT AND EQUIPMENT

| | Leasehold buildings RMB'000 | Office equipment, computer, furniture and fittings RMB'000 | Motor vehicles RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| <u>Group</u> | | | | |
| **2021** | | | | |
| *Cost* | | | | |
| Beginning of financial year | 48,733 | 20,508 | 2,753 | 71,994 |
| Additions | – | 234 | – | 234 |
| Transfer from investment properties (Note 16) | 19,566 | – | – | 19,566 |
| Write-off/disposal | (208) | (1,213) | (77) | (1,498) |
| Currency translation differences | – | (3) | – | (3) |
| End of financial year | 68,091 | 19,526 | 2,676 | 90,293 |
| *Accumulated depreciation* | | | | |
| Beginning of financial year | 15,568 | 18,526 | 2,155 | 36,249 |
| Depreciation (Note 5) | 3,058 | 338 | 76 | 3,472 |
| Write-off/disposal | (90) | (1,102) | (57) | (1,249) |
| Currency translation differences | – | (3) | – | (3) |
| End of financial year | 18,536 | 17,759 | 2,174 | 38,469 |
| ***Net book value*** | | | | |
| ***Beginning of financial year*** | 33,165 | 1,982 | 598 | 35,745 |
| ***End of financial year*** | 49,555 | 1,767 | 502 | 51,824 |

## 17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Leasehold buildings RMB'000 | Office equipment, computer, furniture and fittings RMB'000 | Motor vehicles RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2020** | | | | |
| *Cost* | | | | |
| Beginning of financial year | 48,733 | 24,548 | 5,806 | 79,087 |
| Additions | – | 205 | 422 | 627 |
| Write-off | – | (4,241) | (3,475) | (7,716) |
| Currency translation differences | – | (4) | – | (4) |
| End of financial year | 48,733 | 20,508 | 2,753 | 71,994 |
| *Accumulated depreciation* | | | | |
| Beginning of financial year | 13,227 | 22,106 | 5,220 | 40,553 |
| Depreciation (Note 5) | 2,341 | 643 | 69 | 3,053 |
| Write-off | – | (4,222) | (3,134) | (7,356) |
| Currency translation differences | – | (1) | – | (1) |
| End of financial year | 15,568 | 18,526 | 2,155 | 36,249 |
| ***Net book value*** | | | | |
| ***Beginning of financial year*** | 35,506 | 2,442 | 586 | 38,534 |
| ***End of financial year*** | 33,165 | 1,982 | 598 | 35,745 |

Certain bank borrowings are secured by property, plant and equipment of the Group with carrying amounts of RMB18,832,000 (2020: Nil) (Note 19).

| | Office equipment, furniture and fittings RMB'000 | Computers RMB'000 | Total RMB'000 |
|---|---|---|---|
| **Company** | | | |
| **2021** | | | |
| *Cost* | | | |
| Beginning of financial year | – | 83 | 83 |
| Currency translation differences | – | (4) | (4) |
| End of financial year | – | 79 | 79 |
| *Accumulated depreciation* | | | |
| Beginning of financial year | – | 70 | 70 |
| Depreciation | – | 9 | 9 |
| Currency translation differences | – | (3) | (3) |
| End of financial year | – | 76 | 76 |
| ***Net book value*** | | | |
| ***Beginning of financial year*** | – | 13 | 13 |
| ***End of financial year*** | – | 3 | 3 |

## 17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Office equipment, furniture and fittings RMB'000 | Computers RMB'000 | Total RMB'000 |
|---|---|---|---|
| Company | | | |
| **2020** | | | |
| *Cost* | | | |
| Beginning of financial year | 2,729 | 87 | 2,816 |
| Write-off | (2,729) | – | (2,729) |
| Currency translation differences | – | (4) | (4) |
| End of financial year | – | 83 | 83 |
| *Accumulated depreciation* | | | |
| Beginning of financial year | 2,678 | 61 | 2,739 |
| Depreciation | 51 | 10 | 61 |
| Write-off | (2,729) | – | (2,729) |
| Currency translation differences | – | (1) | (1) |
| End of financial year | – | 70 | 70 |
| ***Net book value*** | | | |
| ***Beginning of financial year*** | 51 | 26 | 77 |
| ***End of financial year*** | – | 13 | 13 |

## 18 INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2021 RMB'000 | 2020 RMB'000 |
| Unquoted equity shares, at cost: | | |
| Beginning and end of financial year | 2,966,325 | 2,966,325 |

Management assesses for impairment whenever there is any objective evidence or indication that investments in subsidiaries may be impaired. As at 31 December 2021 and 2020, management has assessed that there is no indication that the Company's investments in subsidiaries would be impaired.

## 18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group has the following subsidiaries as at 31 December 2021 and 2020:

| Name of subsidiaries | 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 | |
|---|---|---|---|---|---|---|---|---|
| | | | 2021 % | 2020 % | 2021 % | 2020 % | 2021 % | 2020 % |
| **Held by the Company** | | | | | | | | |
| Luckzone International Limited[(a)] | Investment holding | British Virgin Islands ("BVI") | 100 | 100 | 100 | 100 | – | – |
| Peak Century Holdings Limited[(a)] | Investment holding | BVI | 100 | 100 | 100 | 100 | – | – |
| Top Accurate Holdings Limited[(a)] | Investment holding | BVI | 100 | 100 | 100 | 100 | – | – |
| Verdant View Limited[(a)] | Investment holding | BVI | 100 | 100 | 100 | 100 | – | – |
| Vast Speed Holdings Limited[(a)] | Investment holding | BVI | 100 | 100 | 100 | 100 | – | – |
| Brandway Investments Limited[(a)] | Investment holding | BVI | 100 | 100 | 100 | 100 | – | – |
| Ever Perfect Enterprise Limited[(a)] | Investment holding | BVI | 100 | 100 | 100 | 100 | – | – |
| Oxleyville Investments Limited[(a)] | Investment holding | BVI | 100 | 100 | 100 | 100 | – | – |
| Shining Valour Investments Limited[(a)] | Investment holding | BVI | 100 | 100 | 100 | 100 | – | – |
| Fortune Court Holdings Limited[(a)] | Investment holding | Hong Kong | 100 | 100 | 100 | 100 | – | – |
| First Regent International Limited[(a)] | Investment holding | Hong Kong | 100 | 100 | 100 | 100 | – | – |
| Chongqing Yingli Real Estate Development Co., Ltd.[(b)] ("CQYL") | Property development | PRC | 51 | 51 | 100 | 100 | – | – |
| **Held by Ever Perfect Enterprise Limited** | | | | | | | | |
| Fully Rich Industrial Limited[(a)] | Trading | Hong Kong | 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 | – | – |
| **Held by Fortune Court Holdings Limited** | | | | | | | | |
| CQYL[(b)] | Property development | PRC | 46.05 | 46.05 | 100 | 100 | – | – |

## 18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group has the following subsidiaries as at 31 December 2021 and 2020: (continued)

| Name of subsidiaries | Principal activities | Country of business/ incorporation | Proportion of ordinary shares directly held by parent 2021 % | 2020 % | Proportion of ordinary shares held by the Group 2021 % | 2020 % | Proportion of ordinary shares held by non-controlling interests 2021 % | 2020 % |
|---|---|---|---|---|---|---|---|---|
| **Held by CQYL** | | | | | | | | |
| Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd.[(b)] ("SYW") | Property development | PRC | 80 | 80 | 80 | 80 | 20 | 20 |
| Chongqing Yingli Guangsheng Hardware and Electrical Market Development Co., Ltd.[(b)] ("GS") | Property Development, property management | PRC | 100 | 100 | 100 | 100 | – | – |
| **Held by GS** | | | | | | | | |
| Chongqing Lu Zu Temple Real Estate Co., Ltd.[(b)] | Property development | PRC | 100 | 100 | 100 | 100 | – | – |
| **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 | – | – |
| Chongqing Lion Equity Investment Partnership[(b)] | Investment holding | PRC | 1 | 1 | 100 | 100 | – | – |
| **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 | 100 | 100 | – | – |
| Chongqing Yingli Zhuoyue Retail Management Co., Ltd.[(b)] | Property consultancy, sale, marketing and management | PRC | 100 | 100 | 100 | 100 | – | – |
| Chongqing Rong Guang Commercial Management Co., Ltd.[(b)] | Mall, property management and corporate management consultancy | PRC | 100 | 100 | 100 | 100 | – | – |

## 18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group has the following subsidiaries as at 31 December 2021 and 2020: (continued)

| Name of subsidiaries | 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 | |
|---|---|---|---|---|---|---|---|---|
| | | | 2021 % | 2020 % | 2021 % | 2020 % | 2021 % | 2020 % |
| **Held by Yingli International Commercial Properties Management Co., Ltd. (continued)** | | | | | | | | |
| CQYL[(b)] | Property development | PRC | 2.95 | 2.95 | 100 | 100 | – | – |
| **Held by Verdant View Limited** | | | | | | | | |
| Chongqing Lion Equity Investment Partnership[(b)] | Investment holding | PRC | 99 | 99 | 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 | 100 | 100 | – | – |
| **Held by First Regent International Limited** | | | | | | | | |
| Perfect Summit Limited[(a)] | Investment holding | Hong Kong | 100 | 100 | 100 | 100 | – | – |
| **Held by Brandway Investments Limited** | | | | | | | | |
| Chongqing Kai Yi Yu Commercial Management Co., Ltd.[(b)] | Corporate management consultancy | PRC | 100 | 100 | 100 | 100 | – | – |
| **Held by Chongqing Rong Guang Commercial Management Co., Ltd.** | | | | | | | | |
| Zhuhai Rong Guang Commercial Management Co., Ltd.[(b)] | Mall and property management, corporate management consultancy | PRC | 100 | 100 | 100 | 100 | – | – |
| **Held by Chongqing Yingli Qipaifang Real Estate Development Co., Ltd.** | | | | | | | | |
| Chongqing Guang Rui Carpark Service Co., Ltd.[(b)] | Carpark, commercial property management and leasing services | PRC | 100 | 100 | 100 | 100 | – | – |

## 18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group has the following subsidiaries as at 31 December 2021 and 2020: (continued)

(a) Audited by Nexia TS Public Accounting Corporation for consolidation purpose.
(b) Audited by Shanghai Nexia TS Certified Public Accountants 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 subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

*Carrying value of non-controlling interests*

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| SYW | (4,530) | 4,635 |

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

*Summarised statement of financial position of SYW*

| | 2021 | 2020 |
|---|---|---|
| | RMB'000 | RMB'000 |
| Current assets | 294,033 | 317,423 |
| Non-current assets | 26 | 148 |
| Total assets | 294,059 | 317,571 |
| Current liabilities | 316,710 | 294,394 |
| Total liabilities | 316,710 | 294,394 |
| Net (liabilities)/assets | (22,651) | 23,177 |

*Summarised income statement of SYW*

| | 2021 | 2020 |
|---|---|---|
| | RMB'000 | RMB'000 |
| Revenue | – | 4,290 |
| Total comprehensive loss, representing net loss | (45,828) | (40,053) |
| Total comprehensive loss allocated to non-controlling interests | (9,165) | (8,011) |

*Summarised cash flows of SYW*

| | 2021 | 2020 |
|---|---|---|
| | RMB'000 | RMB'000 |
| Net cash (used in)/generated from operating activities | (161) | 28,341 |
| Net cash used in financing activities | (1) | (50,000) |

## 19 BORROWINGS

| | Group 2021 RMB'000 | Group 2020 RMB'000 |
|---|---|---|
| *Current* | | |
| Financial instruments with floating interest rates: | | |
| Bank borrowings (secured) | 194,560 | 93,971 |
| Financial instruments with fixed interest rates: | | |
| Bank borrowings (secured) | – | 120,829 |
| Bank notes (unsecured) | 159,401 | 163,119 |
| Loan from a related party (unsecured) | 78,991 | – |
| | 432,952 | 377,919 |
| *Non-current* | | |
| Financial instruments with floating interest rates: | | |
| Bank borrowings (secured) | 2,056,314 | 2,272,893 |
| Total | 2,489,266 | 2,650,812 |

| | Company 2021 RMB'000 | Company 2020 RMB'000 |
|---|---|---|
| *Current* | | |
| Financial instruments with fixed interest rates: | | |
| Bank borrowings (secured) | – | 120,829 |
| Bank notes (unsecured) | 318,802 | 326,239 |
| Loan from a related party (unsecured) | 78,991 | – |
| Total | 397,793 | 447,068 |

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the end of the financial year are as follows:

| | Group 2021 RMB'000 | Group 2020 RMB'000 |
|---|---|---|
| 6 months or less | 2,250,874 | 2,366,864 |

## 19 BORROWINGS (CONTINUED)

The weighted effective interest rates are as follows:

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | % | % |
| Bank borrowings | 5.39 | 5.48 |
| Bank notes | 3.00 | 3.00 |
| Loan from a related party | 8.00 | – |

| | Company | |
|---|---|---|
| | 2021 | 2020 |
| | % | % |
| Bank borrowings | – | 1.02 |
| Bank notes | 3.00 | 3.00 |
| Loan from a related party | 8.00 | – |

The fair value of the borrowings is a 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.

At the end of the financial year, the borrowings from financial institutions are secured by:

(a) mortgage over certain investment properties with carrying value of approximately RMB3,890,771,000 (2020: RMB3,909,775,000) (Note 16);
(b) mortgage over certain development properties with carrying value of approximately RMB357,981,000 (2020: RMB357,981,000) (Note 14);
(c) intra-group corporate guarantees from certain Group entities;
(d) bank balances pledged amounting to RMB173,315,000 (2020: RMB314,370,000) (Note 12); and
(e) mortgage over certain property, plant and equipment with carrying value of approximately RMB18,832,000 (2020: Nil) (Note 17).

*Security granted*

As at 31 December 2021, the Company has provided guarantees to banks in respect of banking facilities granted to Group entities amounting to RMB1,077,066,000 (2020: RMB1,099,585,000). 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 end of the financial year, 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 | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Trade payables - Non-related parties | 139,753 | 101,030 |
| Other payables: | | |
| - Non-related parties | 121,424 | 144,114 |
| - Related party | 628,351 | 372,329 |
| | 749,775 | 516,443 |
| Accruals for operating expenses | 91,043 | 84,761 |
| Deposits received | 43,285 | 43,097 |
| Other tax payables | 126,402 | 71,107 |
| Financial liabilities, at amortised cost | 1,150,258 | 816,438 |
| Advances received from lessees | 17,721 | 17,526 |
| Contract liabilities (Note 4(a)) | 29,654 | 41,436 |
| Total trade and other payables | 1,197,633 | 875,400 |

The Group's other payable to a related party is pertaining to the unpaid distribution on perpetual convertible securities (Note 24).

| | Company | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Other payables: | | |
| - Subsidiaries | 1,440,924 | 1,453,355 |
| - Related party | 628,351 | 372,329 |
| | 2,069,275 | 1,825,684 |
| Accruals for operating expenses | 33,690 | 25,936 |
| Other tax payables | 118,466 | 64,157 |
| Total trade and other payables, representing financial liabilities, at amortised cost | 2,221,431 | 1,915,777 |

The Company's other payables to subsidiaries are unsecured, interest free and repayable on demand.

The Company's other payable to a related party is pertaining to the distribution on perpetual convertible securities (Note 24).

## 21 PROVISIONS

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RMB'000** | **RMB'000** |
| *Current* | | |
| Provision on litigation case #a | 337,777 | 337,777 |
| Provision on penalties | 68,722 | 40,322 |
| | 406,499 | 378,099 |

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RMB'000** | **RMB'000** |
| *Movement:* | | |
| Beginning of financial year | 378,099 | 428,277 |
| Reversal of provision previously utilised | 1,000 | 11,797 |
| Amount recognised in profit or loss (Note 8): | | |
| - Provision made | 28,400 | – |
| - Reversal of provision | (1,000) | (36,332) |
| | 27,400 | (36,332) |
| Provision utilised | – | (25,643) |
| End of financial year | 406,499 | 378,099 |

*Provision on litigation case #a*

In May 2017, CQYL entered into certain agreements (the "Agreements") with various 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 under the disputes, amounted to approximately RMB337,777,000.

As at 31 December 2021, CQYL entered into settlement agreements with the Non-Related Parties, where the Non-Related Parties had agreed to repay CQYL RMB49,970,000, based on an agreed repayment schedule. As no security was provided by the Non-Related Parties in respect of the agreed repayments, the Group will only reverse the provisions upon receiving the cash repayment. As of 31 December 2020, CQYL had received repayment of a total amount of RMB11,797,000, and management had accordingly reversed the provisions in respect of the cash repayment received and other savings based on the settlement agreement in the financial statements for the financial year ended 31 December 2020.

During the financial year ended 31 December 2021, CQYL had received repayment of a total amount of RMB1,000,000 from the Non-Related Parties, and management had accordingly reversed the provisions in respect of the amount received. As at 31 December 2021, CQYL is in the midst of re-negotiating the repayment schedule with these Non-Related Parties.

However, the Disputes have not been concluded as the settlement agreement was only in respect of certain elements of the Disputes. Taking into account the information available to 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 whether CQYL would be discharged from any of the remaining liabilities arising from the Disputes. Accordingly, no further adjustment was made by management on provisions in respect of such remaining liabilities in the financial statements for the financial year ended 31 December 2021.

## 21 PROVISIONS (CONTINUED)

*Provision on penalties*

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

*Legal Proceedings*

As announced by the Company on 3 February 2021 (the "Announcement"), legal proceedings had been commenced against CEL, together with the Company and various of its subsidiaries in Chongqing, PRC by Mr. Fang Ming, the former Group Chief Executive Officer and a former controlling shareholder of the Company ("Plaintiff"). The Plaintiff is claiming an amount of up to RMB1.172 billion from CEL, the controlling shareholder of the Company, in connection with the sale of the Plaintiff's shares in the Company to the indirect subsidiaries of CEL. The Plaintiff had also applied for the Company and various of its subsidiaries to be jointly liable.

As highlighted in the Announcement, based on current information available and the legal advice from the Company's Chinese legal counsel, the Company is of the view that the legal proceedings instituted by the Plaintiff will not have any material impact on the financial position and performance of the Group. In addition, management is of the opinion that the legal proceedings will not significantly affect the daily operations of the Group. Further details on this ongoing litigation proceedings were set out in the Announcement, which was uploaded on the Company's website as well as SGXNET.

## 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 | |
|---|---|---|
| | **2021** | **2020** |
| | **RMB'000** | **RMB'000** |
| Deferred income tax assets | – | 27,529 |
| Deferred income tax liabilities | (471,027) | (531,114) |
| Net deferred income tax liabilities | (471,027) | (503,585) |

Movement in deferred income tax account is as follows:

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RMB'000** | **RMB'000** |
| Beginning of financial year | (503,585) | (538,930) |
| Balance previously presented under prepaid tax | – | 45,553 |
| Credited/(charged) to profit or loss (Note 10) | 32,558 | (10,208) |
| End of financial year | (471,027) | (503,585) |

## 22 DEFERRED INCOME TAXES (CONTINUED)

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 | Financial assets, at FVPL | Others | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| *Deferred income tax assets* | | | | |
| **2021** | | | | |
| Beginning of financial year | – | – | 27,529 | 27,529 |
| Charged to profit or loss | – | – | (27,529) | (27,529) |
| End of financial year | – | – | – | – |
| **2020** | | | | |
| Beginning of financial year | – | – | 27,529 | 27,529 |
| Balance previously presented under prepaid tax | – | – | 45,553 | 45,553 |
| Charged to profit or loss | – | – | (45,553) | (45,553) |
| End of financial year | – | – | 27,529 | 27,529 |
| *Deferred income tax liabilities* | | | | |
| Group | | | | |
| **2021** | | | | |
| Beginning of financial year | 442,677 | 52,700 | 35,737 | 531,114 |
| Credited to profit or loss | (493) | (37,000) | (22,594) | (60,087) |
| End of financial year | 442,184 | 15,700 | 13,143 | 471,027 |
| **2020** | | | | |
| Beginning of financial year | 447,427 | 77,700 | 41,332 | 566,459 |
| Credited to profit or loss | (4,750) | (25,000) | (5,595) | (35,345) |
| End of financial year | 442,677 | 52,700 | 35,737 | 531,114 |

At the end of the financial year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is RMB1,626,867,000 (2020: RMB1,640,487,000). 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 RMB162,686,700 (2020: RMB164,048,700) relating to the undistributed earnings has not been recognised.

## 23 SHARE CAPITAL

| | Number of ordinary shares | Amount RMB'000 |
|---|---|---|
| **Company** | | |
| **2021 and 2020** | | |
| 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.

The Perpetual Convertible Securities confer on the holder a right to receive a distribution at a pre-determined date at a rate at 16.06% (31 December 2020: 16.06%). The Company may elect to defer distribution and is not subject to any limits as to the number of times distribution can be deferred, all outstanding principal of the Securities, 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.

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 financial year ended 31 December 2021 was RMB315,885,000 (2020: RMB248,716,000).

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 as financial liabilities. As a result, the whole instrument is classified as equity, and respective distributions, if and when declared, are treated as dividends.

## 25 OTHER RESERVES

| | Group 2021 RMB'000 | Group 2020 RMB'000 |
|---|---|---|
| (a) Composition: | | |
| Reverse acquisition reserve | (2,034,754) | (2,034,754) |
| Convertible bonds reserve | 42,458 | 42,458 |
| Statutory common reserve | 91,018 | 91,018 |
| Currency translation reserve | 34,880 | (18,570) |
| | (1,866,398) | (1,919,848) |
| (b) Movements: | | |
| *(i) Reverse acquisition reserve* | | |
| Beginning and end of financial year | (2,034,754) | (2,034,754) |
| *(ii) Convertible bonds reserve* | | |
| Beginning and end of financial year | 42,458 | 42,458 |
| *(iii) Statutory common reserve* | | |
| Beginning and end of financial year | 91,018 | 91,018 |
| *(iv) Currency translation reserve* | | |
| Beginning of financial year | (18,570) | (78,710) |
| Net currency translation differences arising from consolidation | 53,450 | 60,140 |
| End of financial year | 34,880 | (18,570) |

| | Company 2021 RMB'000 | Company 2020 RMB'000 |
|---|---|---|
| (c) Composition: | | |
| Convertible bonds reserve | 42,458 | 42,458 |
| Currency translation reserve | (11,043) | (17,354) |
| | 31,415 | 25,104 |
| (d) Movements: | | |
| *(i) Convertible bonds reserve* | | |
| Beginning and end of financial year | 42,458 | 42,458 |
| *(ii) Currency translation reserve* | | |
| Beginning of financial year | (17,354) | (21,055) |
| Net translation differences | 6,311 | 3,701 |
| End of financial year | (11,043) | (17,354) |

## 25 OTHER RESERVES (CONTINUED)

The reverse acquisition reserve relates to the excess of purchase consideration over the fair value of the net assets of subsidiaries acquired under a reverse acquisition.

The convertible bonds reserve relates to the equity component of the convertible bonds issued in prior financial years retained within equity upon redemption.

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 currency translation reserve records exchange differences arising from the translation of the financial statements of Group entities whose functional currencies are different from that of the Group's presentation currency.

The other reserves are not distributable unless realised.

## 26 COMMITMENTS

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** | |
|---|---|---|
| | **2021**<br>**RMB'000** | **2020**<br>**RMB'000** |
| Not later than one year | 146,629 | 147,500 |
| Between one and five years | 381,120 | 342,885 |
| Later than five years | 153,750 | 127,407 |
| | 681,499 | 617,792 |

## 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.

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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.

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** | **Total** |
| | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| **2021** | | | | |
| **Financial assets** | | | | |
| Financial assets, at FVPL | 621,799 | – | – | 621,799 |
| Cash and cash equivalents | 523,550 | 3,973 | 40,413 | 567,936 |
| Trade and other receivables | 339,436 | 227 | – | 339,663 |
| Intra-group receivables | 4,873,529 | 940,340 | 2,188,969 | 8,002,838 |
| | 6,358,314 | 944,540 | 2,229,382 | 9,532,236 |
| **Financial liabilities** | | | | |
| Trade and other payables | (395,619) | (750,463) | (4,176) | (1,150,258) |
| Borrowings | (1,842,808) | (78,991) | (567,467) | (2,489,266) |
| Intra-group payables | (4,873,529) | (940,340) | (2,188,969) | (8,002,838) |
| | (7,111,956) | (1,769,794) | (2,760,612) | (11,642,362) |
| **Net financial liabilities** | (753,642) | (825,254) | (531,230) | (2,110,126) |
| Less: Net financial liabilities denominated in the respective entities' functional currencies | 753,709 | 825,254 | – | 1,578,963 |
| **Currency exposure of net financial assets/(liabilities) of those denominated in the respective entities' functional currencies** | 67 | – | (531,230) | (531,163) |

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

*(i) Currency risk (continued)*

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

| | Group | | | |
|---|---|---|---|---|
| | RMB | SGD | USD | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 2020 | | | | |
| **Financial assets** | | | | |
| Financial assets, at FVPL | 769,799 | – | – | 769,799 |
| Cash and cash equivalents | 634,103 | 7,128 | 116,607 | 757,838 |
| Trade and other receivables | 329,594 | 237 | – | 329,831 |
| Intra-group receivables | 4,770,239 | 975,556 | 2,230,672 | 7,976,467 |
| | 6,503,735 | 982,921 | 2,347,279 | 9,833,935 |
| **Financial liabilities** | | | | |
| Trade and other payables | (367,270) | (442,163) | (7,005) | (816,438) |
| Borrowings | (1,949,278) | (120,829) | (580,705) | (2,650,812) |
| Intra-group payables | (4,770,239) | (975,556) | (2,230,672) | (7,976,467) |
| | (7,086,787) | (1,538,548) | (2,818,382) | (11,443,717) |
| **Net financial liabilities** | (583,052) | (555,627) | (471,103) | (1,609,782) |
| Less: Net financial liabilities denominated in the respective entities' functional currencies | 583,119 | 555,633 | – | 1,138,752 |
| **Currency exposure of net financial assets/(liabilities) of those denominated in the respective entities' functional currencies** | 67 | 6 | (471,103) | (471,030) |

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

*(i) Currency risk (continued)*

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

| | Company | | | |
|---|---|---|---|---|
| | **RMB** | **SGD** | **USD** | **Total** |
| | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| 2021 | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | – | 3,616 | 18,856 | 22,472 |
| Trade and other receivables | 1,226,948 | 461,838 | 988,869 | 2,677,655 |
| | 1,226,948 | 465,454 | 1,007,725 | 2,700,127 |
| **Financial liabilities** | | | | |
| Trade and other payables | (562,769) | (1,134,631) | (524,031) | (2,221,431) |
| Borrowings | – | (78,991) | (318,802) | (397,793) |
| | (562,769) | (1,213,622) | (842,833) | (2,619,224) |
| **Net financial assets/(liabilities)** | 664,179 | (748,168) | 164,892 | 80,903 |
| Add: Net financial liabilities denominated in the Company's functional currencies | – | 748,168 | – | 748,168 |
| **Currency exposure of net financial assets of those denominated in the Company's functional currency** | 664,179 | – | 164,892 | 829,071 |

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

*(i) Currency risk (continued)*

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

| | Company | | | | |
|---|---|---|---|---|---|
| | RMB | SGD | USD | Other | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **2020** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | - | 6,747 | 90,478 | - | 97,225 |
| Trade and other receivables | 1,226,948 | 490,548 | 1,003,316 | - | 2,720,812 |
| | 1,226,948 | 497,295 | 1,093,794 | - | 2,818,037 |
| **Financial liabilities** | | | | | |
| Trade and other payables | (576,607) | (803,122) | (536,040) | (8) | (1,915,777) |
| Borrowings | - | (120,829) | (326,239) | - | (447,068) |
| | (576,607) | (923,951) | (862,279) | (8) | (2,362,845) |
| **Net financial assets/(liabilities)** | 650,341 | (426,656) | 231,515 | (8) | 455,192 |
| Add: Net financial liabilities denominated in the Company's functional currencies | - | 426,656 | - | - | 426,656 |
| **Currency exposure of net financial assets/(liabilities) of those denominated in the Company's functional currency** | 650,341 | - | 231,515 | (8) | 881,848 |

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

*(i) Currency risk (continued)*

*Sensitivity analysis*

A 1% (2020: 1%) strengthening of RMB, SGD and USD 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 | |
|---|---|---|
| | **2021** | **2020** |
| | **RMB'000** | **RMB'000** |
| RMB | 1 | 1 |
| SGD | – | * |
| USD | (5,312) | (4,711) |

* Less than RMB1,000

| | Company | |
|---|---|---|
| | **2021** | **2020** |
| | **RMB'000** | **RMB'000** |
| RMB | 6,642 | 6,503 |
| USD | 1,649 | 2,315 |

* Less than RMB1,000

A 1% (2020: 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.

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

*(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 arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its exposure.

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 | |
|---|---|---|
| | **2021** | **2020** |
| | **RMB'000** | **RMB'000** |
| **Financial liabilities** | | |
| *Fixed rate* | | |
| Bank borrowings | – | 120,829 |
| Bank notes | 159,401 | 163,119 |
| Loan from a related party | 78,991 | – |
| | 238,392 | 283,948 |
| *Floating rate* | | |
| Bank borrowings | 2,250,874 | 2,366,864 |
| | 2,250,874 | 2,366,864 |

| | Company | |
|---|---|---|
| | **2021** | **2020** |
| | **RMB'000** | **RMB'000** |
| **Financial liabilities** | | |
| *Fixed rate* | | |
| Bank borrowings | – | 120,829 |
| Bank notes | 318,802 | 326,239 |
| Loan from a related party | 78,991 | – |
| | 397,793 | 447,068 |

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

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

*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.

*Cash flow sensitivity analysis for variable rate instruments*

For the variable rate financial liabilities, a change of 50 basis points (2020: 50 basis points) in interest rate at the reporting date would (increase)/decrease loss 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 | decrease |
| | RMB'000 | RMB'000 |
| **Group** | | |
| **31 December 2021** | | |
| Floating rate instruments | (11,254) | 11,254 |
| **31 December 2020** | | |
| Floating rate instruments | (11,834) | 11,834 |

(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 loss 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 mitigate their credit risks over lease receivables.

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

The Group believes that ECL for trade receivables is insignificant as these receivables relate mainly to tenants that have good records with the Group or have sufficient rental deposits as collateral.

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 is a large number of customers.

*Trade receivables*

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the ECL, trade receivables are grouped based on similar credit risk characteristics and days past due. In calculating the ECL, the Group considers historical loss rates and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) in which it sells goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes on the factor.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

*Other financial assets, at amortised cost*

The Group's and the Company's other financial assets recognised at amortised cost 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 |

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

*Other financial assets, at amortised cost (continued)*

Movement in loss allowance on trade and other receivables:

| | Group | | |
|---|---|---|---|
| | | 2021 | |
| | Trade receivables RMB'000 | Other receivables RMB'000 | Total RMB'000 |
| At beginning of the financial year | 3,271 | 350,183 | 353,454 |
| Charge to profit or loss included in other losses | 1,034 | 39 | 1,073 |
| Written-off | (1,831) | – | (1,831) |
| At end of the financial year | 2,474 | 350,222 | 352,696 |

| | Group | | |
|---|---|---|---|
| | | 2020 | |
| | Trade receivables RMB'000 | Other receivables RMB'000 | Total RMB'000 |
| At beginning and end of the financial year | 3,271 | 350,183 | 353,454 |

As at 31 December 2021, the Company held non-trade receivables from its subsidiaries amounting to RMB2,677,392,000 (2020: RMB2,720,541,000). These balances are amounts funded to subsidiaries as working capital. The Company used general approach for assessment of ECL 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, loss allowance on these balances has been measured on the 12-month expected credit loss basis and the amount of the loss allowance provided as at 31 December 2021 is RMB302,056,000 (2020: RMB302,056,000).

*Financial guarantee contracts*

As at 31 December 2021, the Company has issued financial guarantees to banks for borrowings of its subsidiaries amounting to RMB1,077,066,000 (2020: RMB1,099,585,000) (Note 19). The Group has intra-group financial guarantees. These guarantees are subject to the impairment requirements of SFRS(I) 9 *Financial Instruments*. The Group and the Company have assessed that its subsidiaries have strong financial capacity to meet their respective contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

| | Group | | |
|---|---|---|---|
| | **Less than 1 year RMB'000** | **Between 1 to 5 years RMB'000** | **Over 5 years RMB'000** |
| **2021** | | | |
| Trade and other payables | 1,150,258 | – | – |
| Borrowings | 432,952 | 1,859,644 | 601,716 |
| | 1,583,210 | 1,859,644 | 601,716 |
| **2020** | | | |
| Trade and other payables | 816,438 | – | – |
| Borrowings | 377,919 | 2,023,141 | 780,743 |
| | 1,194,357 | 2,023,141 | 780,743 |

| | Company |
|---|---|
| | **Less than 1 year RMB'000** |
| **2021** | |
| Trade and other payables | 2,221,431 |
| Borrowings | 397,793 |
| Financial guarantee contracts | 1,077,066 |
| | 3,696,290 |
| **2020** | |
| Trade and other payables | 1,915,777 |
| Borrowings | 447,068 |
| Financial guarantee contracts | 1,099,585 |
| | 3,462,430 |

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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%. The Group and the Company are also required by certain financial institutions to maintain certain level of consolidated net worth and certain leverage and financial gearing ratios.

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.

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RMB'000** | **RMB'000** |
| Borrowings | 2,489,266 | 2,650,812 |
| Cash and cash balances | (567,936) | (757,838) |
| Net debt | 1,921,330 | 1,892,974 |
| Total equity | 2,093,575 | 2,619,289 |
| Total capital | 4,014,905 | 4,512,263 |
| Gearing ratio | 48% | 42% |

| | Company | |
|---|---|---|
| | **2021** | **2020** |
| | **RMB'000** | **RMB'000** |
| Borrowings | 397,793 | 447,068 |
| Cash and cash balances | (22,472) | (97,225) |
| Net debt | 375,321 | 349,843 |
| Total equity | 3,047,532 | 3,421,770 |
| Total capital | 3,422,853 | 3,771,613 |
| Gearing ratio | 11% | 9% |

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2021 and 2020.

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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** |
| **2021** | |
| Financial assets, at FVPL | 621,799 |
| **2020** | |
| Financial assets, at FVPL | 769,799 |

There were no transfers between Level 1, Level 2 and Level 3 of fair value measurement hierarchy during the financial years ended 31 December 2021 and 2020.

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 the carrying amount of 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 (CONTINUED)

(e) Fair value measurements (continued)

*Valuation techniques and inputs used in Level 3 fair value measurements*

| Valuation technique | Significant unobservable input[3] | Range |
|---|---|---|
| **2021** | | |
| Direct comparison approach, income method and residual value | selling price per square meter [1] | RMB51,500 |
| | discount rate [2] | 7% |
| | occupancy rate [1] | 90% - 98% |
| | rental growth[1] | 3% - 4% |
| | gross development value per square meter [1] | RMB25,600 |
| | value of to-be-developed land per square meter [1] | RMB19,800 |
| **2020** | | |
| Direct comparison approach, income method and residual value | selling price per square meter [1] | RMB45,600-RMB55,600 |
| | discount rate [2] | 7% |
| | occupancy rate [1] | 98% |
| | rental growth[1] | 3% - 4% |
| | gross development value per square meter [1] | RMB25,300 |
| | value of to-be-developed land per square meter [1] | RMB22,163 |

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

There were no changes in valuation techniques during the financial years ended 31 December 2021 and 2020.

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 2021 and 2020.

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

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

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Financial assets, at FVPL | 621,799 | 769,799 |
| Financial assets, at amortised cost | 907,599 | 1,087,669 |
| Financial liabilities, at amortised cost | 3,639,524 | 3,467,250 |

| | Company | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Financial assets, at amortised cost | 2,700,127 | 2,818,037 |
| Financial liabilities, at amortised cost | 2,619,224 | 2,362,845 |

## 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 | |
|---|---|---|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Directors' remuneration | | |
| - salaries, wages and other related costs | – | 2,193 |
| Key management personnel (other than directors) | | |
| - salaries, wages and other related costs | 7,518 | 7,239 |

## 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 | |
|---|---|---|
| | **2021** | **2020** |
| | **RMB'000** | **RMB'000** |
| Interest expenses charged by a subsidiary of controlling shareholder | 2,547 | – |
| Management fees and related costs charged by a joint venture of controlling shareholder | 5,879 | 3,867 |
| Distribution on perpetual convertible securities paid/payable to controlling shareholder | 315,885 | 248,716 |

## 29 SEGMENT INFORMATION

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

The CODM 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, PRC 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 CODM 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, facility management 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 |

The CODM assesses the performance of the operating segments based on a measure of earnings before interest and tax ("Adjusted EBIT") for continuing operations. Finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the case position of the Group.

## 29 SEGMENT INFORMATION (CONTINUED)

There are no sales between operating segments. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

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

| | Property investment RMB'000 | Property development RMB'000 | Others RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **2021** | | | | |
| **Revenue** | | | | |
| Total segment sales | 195,167 | 33,649 | – | 228,816 |
| **Adjusted EBIT** | 107,799 | (202,765) | (66,643) | (161,609) |
| Depreciation of property, plant and equipment | – | – | 3,472 | 3,472 |
| **Segment assets** | 4,156,744 | 2,045,165 | 635,822 | 6,837,731 |
| Segment assets includes: | | | | |
| Additions to: | | | | |
| - Property, plant and equipment | – | – | 234 | 234 |
| **Segment liabilities** | 1,980,022 | 756,257 | 2,007,877 | 4,744,156 |
| **2020** | | | | |
| **Revenue** | | | | |
| Total segment sales | 167,039 | 63,996 | – | 231,035 |
| **Adjusted EBIT** | 50,575 | (83,646) | (1,360) | (34,431) |
| Depreciation of property, plant and equipment | – | – | 3,053 | 3,053 |
| **Segment assets** | 4,166,770 | 2,188,913 | 879,116 | 7,234,799 |
| Segment assets includes: | | | | |
| Additions to: | | | | |
| - Property, plant and equipment | – | – | 627 | 627 |
| **Segment liabilities** | 2,096,088 | 722,253 | 1,797,169 | 4,615,510 |

## 29 SEGMENT INFORMATION (CONTINUED)

(a) Reconciliation

*Segment result*

Segment result is reconciled to loss before income tax as follows:

The amounts provided to the CODM with respect to loss before income tax are measured in a manner consistent with that in the consolidated statement of comprehensive income. These losses are allocated based on the operations of the segment. All losses 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 | |
|---|---|---|
| | **2021** | **2020** |
| | **RMB'000** | **RMB'000** |
| Adjusted EBIT for reportable segments | (94,966) | (33,071) |
| Adjusted EBIT for other segments | (66,643) | (1,360) |
| Total adjusted EBIT | (161,609) | (34,431) |
| Finance expenses | (134,052) | (150,129) |
| Loss before income tax | (295,661) | (184,560) |

(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 holding;
- PRC – the operations in this area are principally the property development and property investment and facility management;

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RMB'000** | **RMB'000** |
| **Sales** | | |
| - PRC | 228,816 | 231,035 |
| **Non-current assets** | | |
| - PRC | 4,776,004 | 4,961,588 |

(c) Revenue from major services

Revenue from external customers is derived mainly from sales of properties and property rental as disclosed in Note 4.

## 30 COVID-19 PANDEMIC AND THE AFTERMATH

The COVID-19 pandemic has affected almost all countries in the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in PRC, all of which have been affected by the spread of COVID-19 since 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the financial year ended 31 December 2021:

(i) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

(ii) The Group has considered the market conditions (including the impact of COVID-19) as at the end of the financial year, in making estimates and judgements on the assessment of fair value of investment properties and financial assets, at FVPL as at 31 December 2021.

(iii) The Group has considered the market conditions (including the impact of COVID-19) as at the end of the financial year, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts as at 31 December 2021.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the subsequent financial year.

## 31 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2022 and which the Group has not early adopted.

**Amendments to SFRS(I) 1-1 Presentation of Financial Statements:** Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023).

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

## 31 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

**Amendments to SFRS(I) 1-16 Property, Plant and Equipment:** Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022).

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

**Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets:** Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

## 32 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 31 March 2022.

# Shareholders' Information

As at 18 March 2022

## SHAREHOLDERS' INFORMATION AS AT 18 MARCH 2022

| | | |
|---|---|---|
| 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 18 MARCH 2022

| Size of Shareholding | | Number of Shareholders | % | Number of Shares | % |
|---|---|---|---|---|---|
| 1 | - 99 | 5 | 0.13 | 141 | 0.00 |
| 100 | - 1,000 | 73 | 1.86 | 56,317 | 0.00 |
| 1,001 | - 10,000 | 1,205 | 30.69 | 9,437,600 | 0.37 |
| 10,001 | - 1,000,000 | 2,601 | 66.23 | 198,135,495 | 7.75 |
| 1,000,001 | and above | 43 | 1.09 | 2,349,410,471 | 91.88 |
| | | 3,927 | 100.00 | 2,557,040,024 | 100.00 |

## SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2022

(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.

# Shareholders' Information

As at 18 March 2022

(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.

(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 63.16% 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 18 March 2022

## TWENTY LARGEST SHAREHOLDERS

| No. | Name of Shareholders | Number of Shares | % |
|---|---|---|---|
| 1 | DBS VICKERS SECURITIES (S) PTE LTD | 1,507,008,562 | 58.94 |
| 2 | STATE ALPHA LIMITED | 335,537,275 | 13.12 |
| 3 | CITIBANK NOMINEES SINGAPORE PTE LTD | 114,567,352 | 4.48 |
| 4 | DBS NOMINEES PTE LTD | 102,345,064 | 4.00 |
| 5 | POH CHOO BIN | 39,893,300 | 1.56 |
| 6 | PHILLIP SECURITIES PTE LTD | 33,727,200 | 1.32 |
| 7 | RAFFLES NOMINEES (PTE) LIMITED | 31,377,487 | 1.23 |
| 8 | OCBC SECURITIES PRIVATE LIMITED | 29,563,584 | 1.16 |
| 9 | LIM HONG CHING | 25,208,000 | 0.99 |
| 10 | UOB KAY HIAN PTE LTD | 22,865,800 | 0.89 |
| 11 | MAYBANK SECURITIES PTE. LTD. | 13,684,400 | 0.53 |
| 12 | BNP PARIBAS NOMINEES SINGAPORE PTE LTD | 9,300,000 | 0.36 |
| 13 | CHEONG CHOONG KONG | 7,762,000 | 0.30 |
| 14 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 7,543,600 | 0.29 |
| 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 | MERRILL LYNCH (SINGAPORE) PTE LTD | 4,237,247 | 0.17 |
| 19 | YUN KWANG HUN | 4,000,000 | 0.16 |
| 20 | OCBC NOMINEES SINGAPORE PTE LTD | 3,143,000 | 0.12 |
| | | **2,308,707,871** | **90.29** |

## 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 18 March 2022

## 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.<br><br>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)).<br><br>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:<br><br>(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<br><br>(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.<br><br>The Conversion Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of such Conversion Shares except for any dividends, rights, allotments or other distributions, the record date for which is prior to the date of the issue of the Conversion Shares. |

For more information on the Perpetual Convertible Securities, please refer to the Company's Circular dated 18 August 2014.

# Notice of Annual General Meeting

*This Notice has been made available on the home page of the Company's corporate website (www.yingligj.com) and SGXNET. A printed copy of the Notice of Annual General Meeting will not be despatched to members of the Company.*

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting ("**AGM**" or the "**Meeting**") of Ying Li International Real Estate Limited (**the "Company"**) will be by way of electronic means on Wednesday, 27 April 2022 at 9.30 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company ("**Directors**") retiring pursuant to Articles 106 and 90 of the Company's Constitution:

| | | |
|---|---|---|
| Mr. Chen Guodong | (retiring under Article 106) | **(Resolution 2)** |
| Mdm. Ma Jieyu | (retiring under Article 90) | **(Resolution 3)** |
| Mr. Wang Hongyang | (retiring under Article 90) | **(Resolution 4)** |

[See Explanatory Note (i)]

3. To re-elect Mr. Tan Sek Khee, a Director retiring pursuant to (i) Article 106 of the Company's Constitution, and (ii) Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").
[See Explanatory Notes (i) and (ii)] **(Resolution 5a)**

4. To approve, subject to and contingent upon the passing of Ordinary Resolution 5a above, the continued appointment of Mr. Tan Sek Khee as an Independent Director of the Company, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, for a period ending on the earlier of the following: (a) the retirement or resignation of Mr. Tan Sek Khee as a director; or (b) the conclusion of the third annual general meeting of the Company following the passing of this Ordinary Resolution 5b.
[See Explanatory Notes (i) and (ii)] **(Resolution 5b)**

5. To approve the payment of Directors' Fees of S$300,000 for the financial year ending 31 December 2022, payable quarterly in arrears.
[See Explanatory Note (iii)] **(Resolution 6)**

6. To re-appoint Messrs Nexia TS Public Accounting Corporation as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

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

## AS SPECIAL BUSINESS

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

## 8. SHARE ISSUE MANDATE

THAT pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**") and Rule 806 of the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors to:-

I. (a) issue and allot shares in the capital of the Company ("**Shares**"), whether by way of rights, bonus or otherwise; and/or

(b) make or grant offers, agreements or options that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares (collectively, "**Instruments**"),

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

II. (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:-

(a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the percentage of issued Shares (excluding treasury Shares and subsidiary holdings) shall be calculated based on the total number of issued Shares (excluding treasury Shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for:-

(i) new Shares arising from the conversion or exercise of any convertible securities which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(ii) new Shares arising from exercise of share options or vesting of share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(d) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 8)**

By Order of the Board

Toh Li Ping, Angela
Company Secretary

12 April 2022

# Notice of Annual General Meeting

**Explanatory Notes:**

(i) Mr. Chen Guodong will, upon re-election as a Director of the Company, remain as an Independent Director of the Company and members of the Nominating Committee and the Remuneration Committee ("**RC**"), and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Mdm. Ma Jieyu will, upon re-election as a Director of the Company, remain as an Independent Director of the Company and a member of the Risk Management Committee ("**RMC**"), and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr. Wang Hongyang will, upon re-election as a Director, remain as a Non-Executive and Non-Independent Director of the Company and members of the RMC and the Audit Committee ("**AC**").

The information relating to the Directors of the Company seeking re-election as required under Rule 720(6) of the Listing Manual of the SGX-ST is set out under the Additional Information on Directors seeking re-election in the Annual Report.

(ii) Effective 1 January 2022, Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST provides that a director will not be independent if he has been a director for an aggregate period of more than 9 years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the issuer, and associates of such directors and chief executive officer. For the purpose of the resolution referred to in (B), the directors and the chief executive officer of the issuer, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given. Such resolutions may remain in force until the earlier of the following:- (X) the retirement or resignation of the director; or (Y) the conclusion of the third annual general meeting of the issuer following the passing of the resolutions.

Mr. Tan Sek Khee was appointed on 29 April 2013 as an Independent Director of the Company and will serve on the Board beyond 9 years from the date of his first appointment on 28 April 2022. In view of the above, as Mr. Tan Sek Khee is seeking shareholders' approval pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST.

For the purposes of Ordinary Resolution 5b, the Directors and the Chief Executive Officer of the Company and their respective associates (as defined in the Listing Manual of the SGX-ST) (i) shall abstain from voting; and (ii) must not accept appointment as proxies unless specific instructions as to voting are given. Any votes cast by such persons in contravention of the foregoing shall be disregarded for the purposes of determining if this Ordinary Resolution has been passed.

If Ordinary Resolution 5a and Ordinary Resolution 5b are passed, Mr. Tan Sek Khee shall remain as an Independent Director of the Company for the duration specified in Ordinary Resolution 5b, the Chairman of the RC and a member of the AC. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of SGX-ST.

If Ordinary Resolution 5a is passed but Ordinary Resolution 5b is not passed, Mr. Tan Sek Khee shall be re-designated as a Non-Independent and Non-Executive Director of the Company.

If Ordinary Resolution 5a is not passed, Ordinary Resolution 5b will not be put to the vote at the AGM in the interests of efficiency.

(iii) The Ordinary Resolution 6 proposed in item 5 above, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred. The Directors' fees will be paid quarterly in arrears. The aggregate amount of Directors' fees provided in the resolution is calculated on the assumption that all the Directors will hold office for the whole of the financial year ending 31 December 2022 ("**FY2022**").

Should any Director hold office for only part of FY2022 and not the whole of FY2022, the Director's fee payable to him will be appropriately pro-rated.

(iv) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors, effective until (i) the conclusion of the next Annual General Meeting of the Company; or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings), of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury Shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury Shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:-

(a) new Shares arising from the conversion or exercise of any convertible securities which were issued and outstanding or subsisting at the time of the passing of Resolution 8;

(b) new Shares arising from the exercise of share options or vesting of share awards which were issued and outstanding or subsisting at the time of the passing of Resolution 8, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

# Notice of Annual General Meeting

**Notes:**

General

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing regulations to hold a physical meeting. Due to the current COVID-19 situation and the Company's effort to keep physical interactions and the COVID-19 transmission risk to a minimum, the AGM will be held by way of electronic means and members of the Company will NOT be allowed to attend the AGM in person.

2. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:

   (a) watching or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Notes 3 to 6 below;
   (b) submitting questions ahead of the AGM. Please refer to Notes 7 to 10 below for further details; and
   (c) voting by proxy at the AGM. Please refer to Notes 11 to 17 below for further details.

   **For Central Provident Fund ("CPF") and Supplementary Retirement Scheme ("SRS") Investment Account Holders, please refer to Note 18 below for further details. For persons who are holding shares through relevant intermediaries (other than for CPF and SRS Investment Account Holders), please refer to Note 19 below for further details.**

Participation in AGM proceedings via "live webcast"

3. A member of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the member must pre-register by 9.30 a.m. on 24 April 2022 ("**Registration Deadline**"), at the following URL: http://yingligj.com/agm/ (the "**Pre-registration Website**").

4. It is important that you provide your email address in your registration form. Following authentication of his/her/its status as a member of the Company, such member will receive an email on their authentication status containing instructions to access the Live Webcast of the AGM proceedings.

5. Members who have pre-registered by the Registration Deadline but do not receive the aforementioned email by 6.00 p.m. on 25 April 2022 should contact the Company's share registrar, B.A.C.S. Private Limited at the following email address: main@zicoholdings.com, with the following details included: (1) the full name of the member; and (2) his/her/its identification/registration number (as the case may be).

6. To pre-register for the Live Webcast, kindly access the Pre-registration Website using either the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox.

Submission of questions prior to the AGM

7. Please note that shareholders will not be able to ask questions at the AGM during the Live Webcast. A member of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations.

8. To do so, all questions must be submitted no later than 11.59 p.m. on 19 April 2022:

   (a) via the Pre-registration Website; or
   (b) in physical copy by depositing the same at the registered office of the Company's share registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or
   (c) by email to main@zicoholdings.com.

9. If the questions are deposited in physical copy at the Company's registered office of the Company's share registrar or sent via email, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

10. The Company will address all substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations by publishing its responses to such questions, if any, on the Company's corporate website at the following URL: www.yingligj.com and on SGXNET at the following URL: https://www.sgx.com/securities/company-announcements at least 48 hours prior to the deadline for submission of proxy forms ("**Responses to Q&A**").

    Should there be subsequent clarification sought, or follow-up questions after the deadline of the submission of questions, the Company endeavours to address any (i) subsequent clarifications sought, (ii) follow-up questions or (iii) subsequent substantial and relevant questions which are received after it has published its Responses to Q&A, prior to the AGM through publication on SGXNET, or at the AGM during the Live Webcast.

# Notice of Annual General Meeting

Voting by proxy

11. The Live Webcast will not provide for online voting. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**"), failing which the appointment will be treated as invalid.

12. The Chairman of the Meeting, as proxy, need not be a member of the Company.

13. The Proxy Form must be submitted through any one of the following means:

    (a) by depositing a physical copy at the registered office of the Company's share registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or
    (b) by sending a scanned PDF copy by email to main@zicoholdings.com,

    in each case, no later than 9.30 a.m. on 25 April 2022, and failing which, the Proxy Form will not be treated as valid.

14. The Proxy Form shall be in writing and must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

15. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

16. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form.

17. In the case of a member of the Company whose shares are entered against his/her/its name in the Depositor Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

CPF and SRS Investment Account Holders

18. CPF and SRS Investment Account Holders who wish to participate in the AGM by:

    (a) observing and/or listening to the proceedings of the AGM through the Live Webcast, must pre-register at the following URL: http://yingligj.com/agm/ in the manner outlined in Notes 3 to 6 above;

    (b) submitting questions ahead of the AGM, must submit their questions in the manner outlined in Notes 7 to 10 above; and/or

    (c) exercising their votes in respect of the resolutions to be tabled at the AGM, must appoint the Chairman of the Meeting as proxy. To submit their voting instructions, CPF and SRS Investment Account Holders should contact their respective CPF Agent Banks or SRS Approved Banks through which they hold their shares as soon as possible, and in any case at least seven (7) working days prior to the date of the AGM.

    **The Proxy Form referred to in Note 11 above is NOT valid for use by CPF and SRS Investment Account Holders and will be treated as invalid for all intents and purposes if used or purported to be used by such account holders.**

Persons holding shares through relevant intermediaries* (other than CPF/SRS Investment Account Holders)

19. Persons who hold shares through relevant intermediaries* (other than for CPF and SRS Investment Account Holders) will NOT be able to pre-register for the AGM via the following URL: http://yingligj.com/agm/, as it is not possible for the Company to verify their status as shareholder.

    Such persons who wish to participate in the AGM should contact their relevant intermediaries through which they hold their shares as soon as possible, so that the necessary arrangements can be made through such relevant intermediaries for such persons to attend the AGM via the Live Webcast. Arrangements will also have to be made through such relevant intermediaries for such persons to submit questions and/or exercise their votes in respect of the resolutions to be tabled at the AGM.

In particular, such persons who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their relevant intermediaries as soon as possible and at least seven (7) working days prior to the date of the AGM to make the necessary arrangements.

*A relevant intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 (the "**CPF Act**") in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

**Personal Data Privacy:**

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company: (i) consents to the collection, use and disclosure of such member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where such member discloses the personal data of such member's proxy(ies) and/or representative(s) to the Company (or its agents), such member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that such member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such member's breach of warranty.

# Additional Information on Directors Seeking for Re-Election

## ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST ON DIRECTORS SEEKING FOR RE-ELECTION (AS AT 12 APRIL 2022)

The following additional information on Mr. Chen Guodong, Mdm. Ma Jieyu, Mr. Wang Hongyang and Mr. Tan Sek Khee, all of whom are seeking re-election as Directors at this Annual General Meeting ("**AGM**"), is to be read in conjunction with their respective biographies on pages 17 to 19 of this Annual Report.

| | **Chen Guodong** | **Ma Jieyu** | **Wang Hongyang** | **Tan Sek Khee** |
|---|---|---|---|---|
| Date of Appointment | 14 June 2019 | 28 May 2021 | 21 December 2021 | 29 April 2013 |
| Date of last re-appointment (if applicable) | 22 May 2020 | Not applicable | Not applicable | 29 April 2019 |
| Age | 56 | 62 | 44 | 66 |
| Country of principal residence | China | China | Hong Kong | Singapore |
| The Board's comments on this appointment / re-election<br>(In the Company's case, the Board's comments on this re-election) | The Nominating Committee ("**NC**") having considered the attendance and participation of the Director at Board and Board Committees meetings, in particular, Mr. Chen Guodong's contribution to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Mr. Chen Guodong who will be retiring by rotation pursuant to Article 106 of the Company's Constitution at the forthcoming AGM.<br><br>The Board supported the NC's recommendation.<br><br>Mr. Chen Guodong had abstained from voting on any resolution and making any recommendation and/or participate in respect of his own re-election. | The NC having considered the attendance and participation of the Director at Board and Board Committees meetings, in particular, Mdm. Ma Jieyu's contribution to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Mdm. Ma Jieyu who will be retiring pursuant to Article 90 of the Company's Constitution at the forthcoming AGM.<br><br>The Board supported the NC's recommendation.<br><br>Mdm. Ma Jieyu had abstained from voting on any resolution and making any recommendation and/or participate in respect of her own re-election. | The NC having considered the attendance and participation of the Director at Board and Board Committees meetings, in particular, Mr. Wang Hongyang's contribution to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Mr. Wang Hongyang who will be retiring pursuant to Article 90 of the Company's Constitution at the forthcoming AGM.<br><br>The Board supported the NC's recommendation.<br><br>Mr. Wang Hongyang had abstained from voting on any resolution and making any recommendation and/or participate in respect of his own re-election. | The NC having considered the attendance and participation of the Director at Board and Board Committees meetings, in particular, Mr. Tan Sek Khee's contribution to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Mr. Tan Sek Khee who will be retiring by rotation pursuant to (i) Article 106 of the Company's Constitution, and (ii) Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST at the forthcoming AGM.<br><br>The Board supported the NC's recommendation.<br><br>Mr. Tan Sek Khee had abstained from voting on any resolution and making any recommendation and/or participate in respect of his own re-election. |

# Additional Information on Directors Seeking for Re-Election

| | Chen Guodong | Ma Jieyu | Wang Hongyang | Tan Sek Khee |
|---|---|---|---|---|
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive | Non-Executive | Non-Executive | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Independent Director and a member of the NC and the Remuneration Committee ("**RC**") | Independent Director and a member of the Risk Management Committee ("**RMC**") | Non-Executive and Non-Independent Director and a member of the Audit Committee ("**AC**") and the RMC | Independent Director, Chairman of the RC and a member of the AC |
| Professional qualifications | Please refer to the Directors' respective biographies on pages 17 to 19 of this Annual Report. | | | |
| Working experience and occupation(s) during the past 10 years | Please refer to the Directors' respective biographies on pages 17 to 19 of this Annual Report. | | | |
| Shareholding interest in the listed issuer and its subsidiaries | Nil | Nil | Nil | Nil |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Nil | Nil | Nil | Nil |
| Conflict of interest (including any competing business) | Nil | Nil | Nil | Nil |
| Undertaking (in the format set out in Appendix 7.7 under Rule 720(1) has been submitted to the listed issuer – Yes / No | Yes | Yes | Yes | Yes |
| Other Principal Commitments* | Please refer to the Directors' respective biographies on pages 17 to 19 of this Annual Report. | | | |
| Other Directorships for the past 5 years | Nil | Nil | Nil | Europtronic Group Ltd |
| Other Present Directorships | Nil | Nil | 1) CEL<br>2) China Aircraft Leasing Group Holdings Limited | ASL Marine Holdings Ltd |

# Additional Information on Directors Seeking for Re-Election

| | Chen Guodong | Ma Jieyu | Wang Hongyang | Tan Sek Khee |
|---|---|---|---|---|
| Disclosure applicable to appointment of Director only | | | | |
| Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | Not applicable | Not applicable | Not applicable | Not applicable |

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

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

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

**PROXY FORM**

*This Proxy Form has been made available on the home page of the Company's corporate website (http://www.yingligj.com/) and SGXNET. A printed copy of this Proxy Form will **not** be despatched to members of the Company.*

**IMPORTANT:**

1. Alternative arrangements relating to, amongst others, attendance, submission of questions in advance and voting by proxy at the AGM are set out in the Company's announcement dated 12 April 2022 which, together with the Notice of Annual General Meeting dated 12 April 2022, have been uploaded on SGXNET on the same day. The announcement and the Notice of Annual General Meeting can also be accessed at the Company's corporate website (www.yingligj.com).
2. A member will not be able to attend the AGM in person. Please see Note 2 below for further details.
3. This Proxy Form is not valid for use by CPF and SRS Investment Account Holders and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We,*____________________(Name), NRIC / Passport number/Company Registration Number*__________

of________________________________________(Address)

being a member/members of Ying Li International Real Estate Limited (the "**Company**"), hereby appoint the **Chairman of the Meeting** as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting ("**AGM**" or the "**Meeting**") of the Company, to be held by electronic means on Wednesday, 27 April 2022 at 9.30 a.m. and at any adjournment thereof.

The proxy shall vote on the Resolutions set out in the Notice of Annual General Meeting dated 12 April 2022 in accordance with my/our directions as indicated hereunder.

| No. | Ordinary Resolutions relating to: | For(1) | Against(1) | Abstain(1) |
|---|---|---|---|---|
| 1 | Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021 | | | |
| 2 | Re-election of Mr Chen Guodong as a Director pursuant to Article 106 of the Company's Constitution | | | |
| 3 | Re-election of Mdm Ma Jieyu as a Director pursuant to Article 90 of the Company's Constitution | | | |
| 4 | Re-election of Mr Wang Hongyang as a Director pursuant to Article 90 of the Company's Constitution | | | |
| 5a | Re-election of Mr Tan Sek Khee as a Director who is retiring pursuant to (i) Article 106 of the Company's Constitution, and (ii) Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") | | | |
| 5b | Subject to and contingent upon the passing of Ordinary Resolution 5a above, approval of the continued appointment of Mr Tan Sek Khee as an Independent Director of the Company, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, for a period ending on the earlier of the following: (a) the retirement or resignation of Mr Tan Sek Khee as a director; or (b) the conclusion of the third annual general meeting of the Company following the passing of this Ordinary Resolution 5b | | | |
| 6 | Approval of Directors' fees amounting to S$300,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears | | | |
| 7 | Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors | | | |
| 8 | Share Issue Mandate | | | |

** Delete as appropriate*

*(1) Voting will be conducted by poll. If you wish the Chairman of the Meeting, as your proxy, to cast all your votes for or against a Resolution, please indicate with a "√" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a Resolution, please indicate with a "√" in the space provided under "Abstain". Alternatively, please indicate the number of shares in the capital of the Company ("**Shares**") that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.*

Dated this day of April 2022

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

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

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

*Fold this Flap for sealing*

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.

2. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing regulations to hold a physical meeting. Due to the current COVID-19 situation and the Company's efforts to keep physical interactions and the COVID-19 transmission risk to a minimum, the AGM will be held by way of electronic means and members of the Company will NOT be allowed to attend the AGM in person. Members will be able to observe and/or listen to the AGM proceedings by "live" audiovisual webcast on their mobile phones, tablets or computers or via a "live" audio-only stream on their phones ("**Live Webcast**").

3. A member will not be able to vote through the Live Webcast. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in this Proxy Form, failing which the appointment will be treated as invalid.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. This Proxy Form must be submitted:

   (a) by depositing a physical copy at the registered office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or

   (b) by sending a scanned PDF copy by email to main@zicoholdings.com,

   in each case, no later than 9.30 a.m. on 25 April 2022, and failing which, this Proxy Form will not be treated as valid.

   **If any Member has made multiple submissions of this Proxy Form, the submission last received by the Company before the cut-off date and time will be treated as the final submission.**

6. This Proxy Form shall be in writing and must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where this Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.

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**Affix Postage Stamp**

**YING LI INTERNATIONAL REAL ESTATE LIMITED**
c/o B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

*Fold Here*

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act 1967 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

8. A member of the Company who holds his/her/its Shares through a relevant intermediary* (including CPF and SRS Investment Account Holders) and who wish to exercise his/her/its votes by appointing the Chairman of the Meeting as proxy should approach his/her/its relevant intermediary (including his/her/its CPF Agent Bank or SRS Approved Bank) to submit his/her/its voting instructions at least seven (7) working days prior to the date of the AGM.

   *A relevant intermediary is:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 and who holds Shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 (the "**CPF Act**"), in respect of Shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those Shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

**PERSONAL DATA PRIVACY:**
By submitting a Proxy Form appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2022.

**GENERAL:**
The Company shall be entitled to reject this Proxy Form if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this Proxy Form. In addition, in the case of a member whose Shares are entered in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

英利国际

YING LI INTL


**YING LI INTERNATIONAL REAL ESTATE LIMITED**

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