



YANLORD LAND GROUP LIMITED
(Incorporated with limited liability in the Republic of Singapore)
(Registration Number: 200601911K)

**RESPONSE TO QUESTIONS RECEIVED FROM SHAREHOLDERS
AND SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

Yanlord Land Group Limited (“**Company**” and together with its subsidiaries, “**Group**” or “**Yanlord**”) refers to the Company’s Annual General Meeting scheduled to be held and conducted by electronic means on 28 April 2023 (“**2023 AGM**”) and the following:

- (a) Notice of 2023 AGM dated 5 April 2023; and
- (b) Annual Report of the Company for the financial year ended 31 December 2022 (“**FY2022**”) (“**Annual Report 2022**”).

The Company would like to thank shareholders of the Company (“**Shareholders**”) and the Securities Investors Association (Singapore) (“**SIAS**”) for submitting their questions in relation to the resolutions to be proposed at the 2023 AGM and/or Annual Report 2022, in advance of the 2023 AGM.

The Company is pleased to set out below its response to the substantial and relevant questions. For ease of reference and reading, the Company has grouped related and similar questions under relevant topics and consequently not all questions may be individually addressed. The Company has also made editorial amendments to some of the questions; however, the editorial amendments do not change the meaning of the questions. To clarify, the Company also does not set out herein nor respond to the commentaries made by SIAS since they merely set out the context of the questions raised. The full text of SIAS’s commentaries can be downloaded from SIAS’s website at sias.org.sg. This announcement is published on the Singapore Exchange’s website on sgx.com/securities/company-announcements as well as the Company’s website on yanlord.listedcompany.com/newsroom.html.

Any further clarifications sought or follow-up questions received subsequent to this announcement may be addressed either before the 2023 AGM via another announcement to be released via SGXNET and published on the Company’s website or at the 2023 AGM.

Shareholders, or where applicable, the appointed proxy or proxies or authorised representative(s), as well as CPF and SRS investors who have pre-registered for participation at 2023 AGM and are verified to be able to attend the 2023 AGM electronically may ask questions live and online (in real time) during the 2023 AGM.

Questions from Shareholders:

No.	Shareholders' Questions and Company's Response
1.	<u>Geographical Diversification</u> <i>What is the plan (if any) of the Board of Directors of the Company ("Board") on geographical diversification to mitigate risk exposures to the People's Republic of China ("PRC")? Currently, what is the percentage of PRC vis-à-vis overseas portfolio? Any plan to diversify further?</i> The Group strives and has been taking measured steps to expand its businesses beyond PRC to diversify its asset base and income sources over the last five years. After its first attempt to acquire United Engineers Limited ("UEL") in 2017 at which the offer was lapsed, the Group had again exercised a mandatory general offer in 2019 and had successfully completed compulsorily acquisition of 100% of the issued and paid-up ordinary stock units of UEL in early 2020. Through UEL, the Group expands its footprint into various businesses internationally including to hold a high-quality investment property portfolio and hotels in Singapore, comprising UE BizHub CITY (including Park Avenue Clemenceau), UE BizHub TOWER, UE BizHub WEST, Rochester Mall and Park Avenue Rochester and Park Avenue Robertson. Such investment portfolio has been generating a growing recurring income for the Group. UEL also has non-property businesses such as mining, agriculture, precision engineering and other businesses in Australia, the United States of America, the United Kingdom and various other countries. For property development business, Yanlord made its maiden foray into the Singapore property market through a joint-venture with a subsidiary of Hongkong Land Holdings Limited, which has been awarded a tender for the freehold Tulip Garden site (now known as "Leedon Green") in Singapore's prime District 10 in April 2018. Save for Leedon Green, Yanlord has another residential project namely Dairy Farm Residences as well as a site located at Lenton Central which was acquired in 2022. Notwithstanding the predicament faced by the real estate industry in the PRC, the market in the Yangtze River Delta region, where Yanlord is strategically positioned, remains healthy. The Group's projects in Shanghai, Suzhou and Wuxi, among others, have withstood the prevailing market downturn and are still favored by customers, contributing to contracted pre-sales growth for the Group. The Group's long-term strategy of focusing on Yangtze River Delta region has been a formidable cornerstone of its performance and liquidity, the Group together with its joint ventures and associates recorded total contracted property pre-sales of RMB68.091 billion for FY2022 on a total contracted gross floor area of 1.43 million square metres ("sqm"), representing an increase of 14.3% and a decrease of 23.3% year-on-year. The average selling price ("ASP") of property contracted pre-sales for FY2022 reached a record high of RMB47,498 per sqm, a substantial increase of 48.9% compared to the financial year ended 31 December 2021 ("FY2021"), mainly due to the change in the composition of product-mix being pre-sold. Of which, property contracted pre-sales in the Yangtze River Delta region and Singapore contributed 80.9% and 4.5% to the total property contracted pre-sales of the Group together with its joint ventures and associates in FY2022, compared to 62.5% and 7.3% respectively in FY2021. As at 31 December 2022, the percentage of PRC and overseas portfolio in term of non-current assets is approximately 74% and 26%, respectively. Shareholders may refer to details on the Group's revenue from external customers and information about its segment assets by geographical location as set out on page 179 of Annual Report 2022. Looking ahead, the Group will continue to take measured steps for new investments on the premise of maintaining a stable financial position and adequate liquidity.

No.	Shareholders' Questions and Company's Response
2.	<u>Macroeconomic and Growth Plan</u> <i>Macroeconomic and political impact of the PRC on Yanlord as well as growth plans in 2023.</i> For growth plan, the Group will continue to take measured steps for new investments on the premise of maintaining a stable financial position and adequate liquidity. Shareholders may refer to other relevant information and details set out in the Chairman's Statement under "OUTLOOK" section on pages 19 and 21 of Annual Report 2022.
3.	<u>Dividend</u> (i) <i>It would have been reasonable for the Company to propose a lower dividend in line with the drop in earnings, but to not pay dividend at all, suggests that it is financially in distress. It is also inconsistent with the healthy financial and operating figures the Company has been reporting. Therefore, please explain the Company's dividend decision in greater details.</i> (ii) <i>Will the Company announce a dividend policy to provide clarity to Shareholders or potential investors that if certain conditions are met, like profitability and liquidity ratio, a portion of profit will be paid out as dividend?</i> (iii) <i>What step is management of the Group ("Management") taking to ensure Shareholders there is grow and dividend for next year?</i> (iv) <i>When can Shareholders expect dividends again?</i> Annual dividend has always been an important agenda item for Board discussion. Dividend shall be proposed by Management to the Board for consideration prior to any such declaration by the Board on an annual basis after taking into consideration the Group's business expansion and development plans, its financial performance and available resources and other relevant factors. The Board noted that uncertainty continued to exist in the PRC real estate sector arising from continued volatilities in the global economy and austerity measures promulgated by the PRC central government. While the Group has cash and cash equivalents of RMB21.552 billion as of 31 December 2022, in line with the Group's prudent financial policies and approach, the Board decided to retain the earnings of FY2022 for future business development and operations needs hence not to declare a dividend for FY2022. Putting the earnings back to the Company will serve to further augment the Group's financial flexibility and enable it to better mitigate any uncertainty posed by the economic environment and prepare itself for future growth and expansion opportunity. On the same note, it is in the interest of the Company to not determine any fixed annual dividend payment policy in view that annual dividend shall be proposed by Management to the Board for consideration on an annual basis after taking into consideration, <i>inter alia</i>, the Group's financial performance, business expansion and development plans and many other factors from time to time, including prevailing market condition, current and forecast earnings, internal capital expenditure requirements, growth options and debt equity position. The Board represents the Group would like to sincerely express its appreciation to the Shareholders for your understanding of the tough decision of not declaring any dividend for FY2022, in order to support the Group navigating through this period of complexity and changes.

No.	Shareholders' Questions and Company's Response
4.	<u>Share Price and Listing Status of Shares</u> (i) Why is the share price S\$0.90 so much different from the Net Asset Value of S\$3.60 as listed in the Annual Report 2022? How and what does Management intend to do to realise the real share price? Is there a plan to delist to realise the full value of the Company? (ii) Will the Company become a target for trader or speculator to sell down the stock further. Is it a plan of Management to delist the Company at a cheaper price? Share price is determined by market forces and the Company is not in a position to intervene. However, the Company will continue to strive to increase Shareholders' value through better operational and financial performance. The Group will continue to launch properties for pre-sales according to the development progress as well as delivery schedule to realise the full asset value of the Group, while boosting the rental and hotel performance riding on the borders' re-opening and economy recovery as a result of the progressive lifting of epidemic control measures across different countries in 2022. At the same time, the Group will continue to prudently manage its financial position and liquidity, including to adopting cost-efficiency management approach and re-structuring organisation to cope with the changing business and market environment. Delisting has not been a matter of Management nor Board discussion.
5.	<u>Recognition of Property Contracted Pre-Sales</u> Please explain why revenue from property development fell 20.3% in FY2022 despite the Company having RMB98.2 billion worth of contracted pre-sales pending recognition at the end of FY2021. The property pre-sales in PRC are recognised as revenue at a point of time when customers obtain control of the goods or services (i.e. when the property was completed and delivered to the customers); whereas the property pre-sales in Singapore are recognised as revenue on a progressive payment term over time. Property pre-sales contributed by the subsidiaries of the Group are recognised as revenue of the Group and property pre-sales from joint ventures or associates are accounted for according to the relevant accounting standards as share of profit (or loss) from joint ventures or associates. Shareholders may refer to pages 98 to 100 and 112 to 113 of Annual Report 2022 for details on how the Group consolidate and/or recognise property pre-sales as revenue of the Group and as share of profit (or loss) of joint ventures and associates. As at 31 December 2021, the Group together with its joint ventures and associates recorded an accumulated property contracted pre-sales of RMB98.219 billion. Depending on the development progress, delivery schedule and local laws' requirements, among others, it usually takes one to two years for the property contracted pre-sales to be recognised as revenue of the Group and/or share of profit (or loss) of joint ventures and associates. Based on the delivery schedule of the projects concerned, a total gross revenue of RMB64.323 billion from the mentioned property contracted pre-sales has been recognised in FY2022 with the balance amount to be recognised in the financial year ending 31 December 2023 ("FY2023") and beyond. Of which, RMB24.501 billion was recognised as gross revenue of the Group and RMB39.822 billion, in aggregate, was recognised as gross revenue of the joint ventures and associate which have been reflected as share of profit of joint ventures and share of loss of associates of the Group accordingly, for FY2022. Shareholders may refer to more details set out in the "Property Development" paragraphs under "Operation Review" section on pages 30 and 41 of Annual Report 2022.

Questions from SIAS:

No.	SIAS's Questions and Company's Response
1.	<u><i>Business Environment and Business Plans</i></u> (i) <i>What are the current sentiments in the PRC, particularly in Shanghai, since the lifting of COVID-19 restrictions in December 2022?</i> (ii) <i>In Management's view, to what extent were the government's policy adjustments effective in stimulating housing demand? Are more of such adjustments required or anticipated?</i> (iii) <i>Would the resilience that Shanghai has shown during this extremely challenging period reinforce the Group's belief that Shanghai remains the cornerstone of the Group's efforts, and that the Group should be highly selective in its geographical diversification to Tier 2 or Tier 3 cities?</i> (iv) <i>Similarly, does the Board still consider it viable to grow its property investment and hotel portfolio given how capital intensive it is? Would the Board consider an asset-light strategy?</i> Since Yanlord's foray into the PRC property market in 1993 with its first presence in Shanghai, it has been strategically positioned itself in Shanghai as well as Yangtze River Delta region. Despite the challenging market condition in 2022, Yanlord Arcadia – one of the Group's projects in Shanghai – continued to be well received by the market and was ranked "Shanghai Residential Property Sales No. 1 Project" by China Real Estate Information Corp. ("CRIC"). In the same year, Yanlord was also ranked "Shanghai Residential Property Sales No. 2 Developer" by CRIC. With a population of over 28 million and coupled with strong inflow of top-notch international and domestic talents, Shanghai has been demonstrated as a market with strong and resilient demand from end-users and upgraders. For the first quarter of FY2023, the residential property sales and ASP in the primary market of the PRC remained stable particularly in Shanghai. Government policies, in particular the "Price Cap Policy" and "Home Purchase Restrictions" which are continuing in force, coupled with limited residential land supply remained key challenges in Shanghai. The Group has been very selective and cautious in geographical investment and diversification, where it takes, and will continue to take, measured steps for new investments on the premise of maintaining a stable financial position and adequate liquidity. The Group will also continue to look for new investments that are suitable and fit to its business strategy at appropriate time to create value to Shareholders. Shareholders may refer to the "Land Acquisitions and Landbank" paragraphs under "Operation Review" section on pages 31 to 32 and 41 of Annual Report 2022 for more details on the Group's land acquisition strategy. In respect of asset-light strategy for hotel operations, Yanlord has launched "ParcVue" hotel management brand in 2020 for offering leasing and operation services of hotels, serviced apartments and long-lease apartments owned by third parties and business partners for services fee income. For example, the Group had signed management agreement to manage the long-lease apartments owned by "Shanghai Real Estate Corporation" located in Kangqiao District in Shanghai. The Group will continue to develop this business line.

No.	SIAS's Questions and Company's Response
2.	<u>Operational and Financial Matters</u> <i>Would the Board/Management provide Shareholders greater clarity on the following operational and financial matters? Specifically:</i> <i>(i) Construction progress: In 2022, the Group delivered a total of 34 batches, over 14,000 units of properties. How did the Group maintain its construction timelines when cities in the PRC were under lockdown?</i> <i>(ii) Non-core assets: Has Management evaluated the potential divestment of non-core assets? If yes, what assets are being considered? How much focus did Management give to the Group's non-property business?</i> <i>(iii) Landbank: In light of the need to maintain/reduce its gearing, what changes will the Group make to its landbank acquisition strategy in the PRC and Singapore?</i> <i>(iv) Completed properties: Can Management provide a breakdown of the RMB10.7 billion in completed properties for sale?</i> Shareholders may refer to the "Property Development" paragraphs under "Operation Review" section on pages 30 to 31 and 41 of Annual Report 2022 for relevant information and details in respect of question 2(i). Shareholders may refer to the "Non-Property Business of United Engineers Limited Group in Other Countries" paragraphs under "Operation Review" section on pages 37 to 38 and 44 to 45 of Annual Report 2022 for relevant information and details in respect of question 2(ii). Shareholders may refer to the "Land Acquisitions and Landbank" paragraphs under "Operation Review" section on pages 31 to 32 and 41 of Annual Report 2022 for relevant information and details in respect of question 2(iii). As of 31 December 2022, completed residential and commercial properties of the Group together with its joint ventures and associates yet to be delivered to customers was approximately 714,350 sqm. The RMB10.7 billion of completed properties for sales included those pre-sold and pending for delivery starting from the first quarter of FY2023. Shareholders may also refer to the "Completed Development Properties" table under "Development Schedule Summary" section on pages 56 to 59 of Annual Report 2022 for relevant information and details in respect of question 2(iv).
3.	<u>Remuneration Framework of Independent Non-Executive Directors</u> <i>(i) Can the Remuneration Committee ("RC") elaborate further on the remuneration framework of the fees for the independent director?</i> <i>(ii) Did the RC also compare its remuneration practices with other listed companies? For instance, how common is it for directors to receive a flat fee without considering the different responsibilities of the directors in the board committees?</i> The remuneration framework of independent non-executive directors of the Company ("INEDs") for FY2022, which is the same as that of FY2021, provides that where INEDs with full term of service shall be paid a fixed fee of S\$100,000, and for those who have not served a full-term of service, such fee be paid in proportion to the service period rendered by such INED for the financial year concerned. All the five INEDs served full term, i.e. 12 months, for FY2022 and accordingly, it is proposed for each of them to be paid a fixed fee of S\$100,000 for FY2022.

No.	SIAS's Questions and Company's Response
	Directors' fees of some comparable industry peers in the market, where such information is extracted from their latest annual reports and/or based on sources published on the website of Singapore Exchange or Hong Kong Stock Exchange, are used as benchmark in considering and proposing the remuneration framework as well as directors' fees of INEDs for FY2022. The RC noted that the Hong Kong Stock Exchange-listed companies selected for comparing and benchmarking purpose paid flat fee to all their independent and/or non-executive directors whereas selected industry peers listed on the Singapore Exchange paid directors' fees based on the scope of responsibilities of each individual director. The RC had discussions on whether to continue adopting flat directors' fee across the Board; and after considering that the Board shares responsibilities as a whole and directors' roles may be changed on a rotational basis whereby chairmen and members take turn in chairing and sitting at different Board committees, the RC satisfied that the existing remuneration framework for the INEDs (i.e. a fixed fee of S\$100,000 for INEDs who have served a full-term of service, and for those who have not served a full-term of service, such fee be paid in proportion to the service period rendered by such INED for the financial year concerned) is fit to the current context of the Board and the Company and that the Company will assess market condition and review the framework from time to time to ensure it is symmetric with the future needs of the Board and the Company as well as the prevailing market practice.