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YANLORD

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

**RESPONSE TO QUESTIONS RECEIVED FROM SHAREHOLDERS
IN RELATION TO THE COMPANY'S ANNUAL GENERAL MEETING**

Yanlord Land Group Limited ("**Company**" and together with its subsidiaries, "**Group**" or "**Yanlord**") would like to thank shareholders of the Company ("**Shareholders**") for submitting their questions in advance of the Company's Annual General Meeting, which will be held at Park Avenue Convention Centre, 4 Changi Business Park Avenue 1, Singapore 486016 on Monday, 29 April 2024 at 2.00 p.m. ("**2024 AGM**").

The Company is pleased to provide its response to the substantial and relevant questions related to the resolutions to be proposed at the 2024 AGM, as set out in Appendix 1. 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 without changing the meaning of which and excluded the commentaries that merely set out the context of the questions raised.

Any further clarifications sought or follow-up questions received subsequent to this announcement may be addressed either before the 2024 AGM via another announcement to be released via SGXNET and published on the Company's website or at the 2024 AGM.

Yanlord Land Group Limited
Zhong Sheng Jian
Chairman and Chief Executive Officer

23 April 2024

No.	Shareholders' Questions and Company's Response
1.	<u>*Debt Obligations and Leverage*</u> *(i) Please provide information on total leverage of the Group, which includes debts related to joint ventures ("**JVs**") and associates.* *(ii) Is the Group able to meet all its debt obligations that are maturing this year?* As of 31 December 2023, the Group's borrowings and debt securities amounted to approximately RMB33.437 billion, consisting of bank and other borrowings totalling RMB23.946 billion, senior notes amounting to RMB6.070 billion and loans from non-controlling shareholders totalling RMB3.421 billion. Shareholders may refer to Note 39 of the Group's financial statements ("**Financial Statements 2023**") for the financial year ended 31 December 2023 ("**FY2023**"), as set out in the Company's Annual Report for FY2023 ("**Annual Report 2023**"), for details of contingencies and financial guarantees for the debts of the Group's JVs and associates as of 31 December 2023. Management of the Group ("**Management**") diligently monitors the Group's financial and cash positions in a timely manner and based on the existing conditions, anticipates that the Group will be able to meet all its maturing debt obligations for the current financial year.
2.	<u>*Impairment Provisions and Non-Trade Finance Assets*</u> *(i) Please state the amount of impairment provisions made in FY2023. Are these provisions related only to the property development segment in the People's Republic of China ("**PRC**")?* *(ii) Please provide commentary regarding the approximately RMB1 billion impairment of financial assets in FY2023, totalling RMB1.5 billion when combined with the previous years, of which are non-trade nature, involving amounts due from JVs and associates, as well as deposits and other receivables.* Nearly 100% of net impairment losses on financial assets and write-downs of completed properties for sale and properties under development for sale are attributed to the property development segment in the PRC. Shareholders may refer to the Consolidated Statement of Profit or Loss and Note 9 of the Financial Statements 2023 on pages 85 and 130, respectively, of the Annual Report 2023 for further details. In estimating the loss allowance of financial assets, Management has taken into account historical data and forward-looking information, as appropriate. This includes historical default rate, financial position, property development plans and cash flow projections, as well as pledge of assets of the counterparties and collateral value of the assets, equity interests, undistributed retained earnings and expected future earnings that would be distributed by those JVs and associates.
3.	<u>*Property Write-Downs*</u> *Please explain the absence of write-down for properties under development for sales, especially considering they constitute over 70% of the carry value of all development properties, and contract sales should already be underway.* The provision for write-down comprises completed properties for sale and properties under development for sale.

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4.	<u>*Sale of Seletar Mall*</u> *Please confirm the sale of Seletar Mall as reported in the media. What are the gross proceeds and any divestment gain (if any).* In February 2024, the Company through its approximately 100%-indirectly owned subsidiary disposed of its entire interest, constituting a 30% stake, in the issued and paid-up capital of The Seletar Mall Pte. Ltd. to an unrelated party based on the agreed property value of S$550 million. The disposal has been completed. Further information on the disposal will be disclosed in compliance with Rule 706A of the Listing Manual of Singapore Exchange Securities Trading Limited ("**Listing Manual**"), in accordance with the timeline prescribed in the Listing Manual on the announcement of the unaudited condensed interim financial statements of the Group for the six months ended 30 June 2024.
5.	<u>*Valuation of Investment Properties*</u> *What is the latest total valuation of the Group's commercial properties and serviced apartments in Singapore?* The fair value of the Group's commercial properties and serviced apartments in Singapore as at 31 December 2023 is approximately RMB11.434 billion.
6.	<u>*Business Partners*</u> *In the Annual Report 2023, within the corporate finance section of operation review, Yanlord stated, "The Group remains one of the few private real estate companies in the market with capability to secure financing through corporate credit." and that the Management utilised a "small equity investment" approach in FY2023, and in fact, earlier, particularly over the last five (5) years, the Group typically invests alongside one or more partners in a single project.* *(i) Given that there are only a few private real estate companies in the market with capability to secure financing through corporate credit. Without naming names, are there any partners that Yanlord is concerned about their financial strength?* *(ii) Has any partners experienced financial difficulties since the downturn and what options are available when a partner encounters financial difficulties?* *(iii) What is the percentage of all JVs and associates, especially those involving small equity investments, where Yanlord is in charge of development, marketing and sales of the project, rather than just holding a financial interest.* Given that the majority of the Group's existing business partners comprise state-owned enterprises or local city investment enterprises of the PRC, as well as well-established corporations, the Group does not currently foresee any issues and remains confidence in their financial stability. Nonetheless, the Group will continue to diligently and closely monitor the market conditions and the financial positions of its JVs and associates. The Group did not experience any circumstances in which its business partners encountered financial difficulties that impacted project operations. In each project company, the Group will ensure sufficient funding is maintained to serve the operational needs. In term of gross floor area ("**GFA**"), all JVs and associates of the Group contributed approximately 40.2% of the total GFA, representing 8.197 million square metres, of the Group as at 31 December 2023.

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7.	<u>*Other Receivables*</u> *Please clarify the nature of the RMB2.2 billion pertains to other receivables, out of the total RMB8.9 billion classified as other receivables and deposits - net under Note 14 of the Financial Statements 2023.* The RMB2.2 billion of other receivables mainly consisted of prepaid construction cost, prepayments to suppliers and contractors, prepaid electricity surcharges, deposits for construction projects, and funds lent to suppliers or other counterparties.
8.	<u>*Other Payables*</u> *Please clarify the nature of the RMB3.1 billion, out of the total RMB5.8 billion classified as other payables under Note 24 of the Financial Statements 2023.* The RMB3.1 billion of other payables mainly consisted of current accounts with suppliers and deposits received.
9.	<u>*Loss on Disposal of JVs*</u> *Please comment on the loss of RMB577 million on disposal of JVs in FY2023.* The loss on disposal of JVs, totalling RMB557 million, stemmed from the disposal of a 50% equity interest in the registered capital of a project company in the PRC. While residential properties in Phase 1 of the said project were successfully sold and delivered, the commercial properties and hotel in Phase 2 and 3 of the project remained undeveloped. Management decided to exit the project to recoup the investment and abstain from further contributions due to uncertainties surrounding the remaining phases.
10.	<u>*Loss in Other Segment*</u> *Please comment on the losses incurred over the last three years within the “others” segment of the reportable segments.* The loss before income tax from “other” segment amounted to RMB652 million, RMB284 million and RMB332 million for the financial years 2021, 2022 (“**FY2022**”) and 2023, respectively. The loss from other segment primarily derived from investment holding and group financing entities in Singapore and Hong Kong SAR. This loss predominantly comprised non-capitalised finance costs and administrative expenses incurred by these entities.
11.	<u>*Share Price*</u> *The Company’s share price has fallen significantly in the past year and is currently trading at over an 80% discount to the latest Net Asset Value (NAV) of S$3.30. Please clarify whether the Company is in financial distress. Can something be done to address the depressed valuation?* Share price tends to track with market dynamics, and the Company is not positioned to intervene in this process. Against the backdrop of market downturn in the PRC, market confidence is inevitably influenced by business performances and the decline in underlying asset value, as reflected by the impairment losses recorded in the Financial Statements 2023.

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	As of 31 December 2023, the Group held total assets amounting to RMB154.7 billion, representing a decrease of 18.2% compared to that as of year end of 2022. The decline was due to the delivery of more properties to customers, coupled with a reduction in debt. In light of the sustained escalation of U.S. dollar interest rates and the tightened credit conditions in international markets, the Group has proactively undertaken preparations to address its capital requirements throughout 2023. During this period, the Group was able to meet its financial obligations by promptly redeeming its senior notes, and repaying and refinancing a portion of its syndicated loans. The Group's total debt reduced by 26.4% or RMB12 billion to RMB33.437 billion as of 31 December 2023 compared to that as of year end of 2022, with its net debt reduced by 17.3% to RMB20.4 billion. The Group held an adequate cash position of RMB13 billion as of year end of 2023. Despite prevailing high interest rates, the Group experienced only a slight increase in its average cost of borrowings, rising by 0.6 percentage points to 5.6% for FY2023. Considering the prevailing market conditions and the ongoing relaxation of property purchase policies in the PRC, the Group will remain focused on its existing business strategies to serve the demand for high-quality residential development in the PRC. Moreover, the Group is committed to upholding prudent financial policies aimed at preserving its healthy cash position, thereby supporting and sustaining its development initiatives. Moving forward, the Company will persist in its efforts to enhance Shareholders' value by consistently launching properties for pre-sales in accordance with development progress and delivery schedules, thereby realising the full asset value of the Group. Concurrently, the Group aims to augment rental income from investment property and hotel operations, property management and other non-property businesses. At the same time, the Group will maintain prudent management of its financial position and liquidity to provide ongoing support and sustainability for its development endeavors.
12.	*Interested Person Transactions* *Please explain the nature of the RMB154 million interested person transactions entered into during FY2023.* Interested person transactions increased from approximately RMB8 million in FY2022 to RMB154 million in FY2023, primarily attributable to the interest payments to Mr. Zhong Sheng Jian, the Chairman and Chief Executive Officer, a director and controlling shareholder of the Company, in respect of his acquisition of senior notes issued by a wholly-owned subsidiary of the Company; sale of a property unit of the Group to Mr. Zhong Sili, an associate of Mr. Zhong Siliang, an Executive Director of the Company; and a leasing of an office premise owned by Pretty Honour Investment Limited, an associate of Mr. Zhong Sheng Jian, Mr. Zhong Ming, the Executive Deputy Chairman, and Mr. Zhong Iek Ka, an Executive Director of the Company, to an indirect wholly-owned subsidiary of the Company, during FY2023.
13.	*Remuneration of Executive Directors and Key Management Personnel* *The remuneration of Executive Directors and key management personnel are largely reflecting the Group's performance. Please comment exceptions such as Mr. Zhong Ming and Mr. Tan Chee Keong, Roy.* The Executive Directors and key management personnel are remunerated with salary and variable bonus or performance incentive. Beside the Group's performance, which is a

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	predominant criterion, an appropriate portion of the variable components of the remuneration of Executive Directors and key management personnel are linked to the performance of the business unit(s) they are responsible for, as well as profits generated from the project(s) managed by them. For FY2023, Mr. Zhong Ming and Mr. Roy Tan were rewarded with variable bonus corresponding to their performance based on the key performance indicators such as budget achievement rate, project quality, cost efficiency and customer satisfaction, amongst other criteria, for the property development, investment properties, hotel operations and property management in Singapore, as well as non-property business of United Engineers Limited group in other countries. Due to the market downturn in the PRC, key management personnel who were responsible for the business units in the PRC have not been able to achieve their respective key performance indicators and therefore they were not rewarded with any variable bonus nor incentive for PRC-related performance.