**CIRCULAR DATED 14 DECEMBER 2022**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.**

The purpose of this Circular is to provide information to shareholders of Ying Li International Real Estate Limited (the "**Company**") ("**Shareholders**") in relation to, and to seek Shareholders' approval for, the Proposed Transactions (as defined herein) to be tabled at the extraordinary general meeting of the Company (the "**EGM**") to be held on 29 December 2022 by electronic means.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Circular together with the Notice of EGM and the accompanying Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has been made available on SGXNet at https://www.sgx.com/securities/company-announcements and may be accessed on the Company's website at https://www.yingligj.com/. Printed copies of this Circular, the Notice of EGM and the accompanying Proxy Form will NOT be despatched to Shareholders.

To minimise physical interactions and COVID-19 transmission risks, Shareholders will not be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM via electronic means. Shareholders should refer to Section 14 of this Circular in relation to such arrangements for further information, including the steps to be taken by Shareholders to participate at the EGM.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements or opinions made or reports contained in this Circular.

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

**CIRCULAR TO SHAREHOLDERS**
**in relation to**

**(1) THE PROPOSED AMENDMENT OF CONVERSION PRICE FROM S$0.318 PER SHARE TO S$0.125 PER SHARE IN THE TERMS AND CONDITIONS OF THE PERPETUAL SUBORDINATED CONVERTIBLE CALLABLE SECURITIES ISSUED IN 2014 ("PERPETUAL SECURITIES");**

**(2) THE PROPOSED ISSUANCE AND ALLOTMENT OF 898,238,994 ADDITIONAL CONVERSION SHARES COMPRISING 35.13% OF THE EXISTING ISSUED SHARE CAPITAL OF THE COMPANY TO EVERBRIGHT HERO MAURITIUS LIMITED UPON THE CONVERSION OF THE PERPETUAL SECURITIES (THE "PROPOSED ISSUANCE OF ADDITIONAL CONVERSION SHARES");**

**(3) THE PROPOSED AMENDMENTS AND WAIVERS IN RELATION TO THE PERPETUAL SECURITIES AS AN INTERESTED PERSON TRANSACTION; AND**

**(4) THE PROPOSED ISSUANCE OF ADDITIONAL CONVERSION SHARES AS AN INTERESTED PERSON TRANSACTION.**

Independent Financial Adviser to the Independent Directors and Audit Committee in relation to the Proposed Interested Person Transactions

**HONG LEONG FINANCE LIMITED**
(Incorporated in the Republic of Singapore)
(Company Registration No. 196100003D)

**IMPORTANT DATES AND TIMES**

| | | |
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| Last date and time to pre-register online to attend the EGM | : | 26 December 2022 at 9:30 a.m. |
| Last date and time for lodgement of Proxy Form | : | 27 December 2022 at 9:30 a.m. |
| Date and time of the EGM | : | 29 December 2022 at 9:30 a.m. |
| Place of the EGM | : | The EGM will be held by way of electronic means. |

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In this Circular, the following definitions apply throughout unless the context otherwise requires:

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| **"1H2022"** | : | The six months ended 30 June 2022 |
| **"Additional Amounts"** | : | The Additional Distribution Amount and the Additional Interest Amount |
| **"Additional Amounts Amendments"** | : | The amendments made to the PCS Conditions which have the effect of deleting the concepts of Additional Amounts from the PCS Conditions with effect from the Effective Date |
| **"Additional Conversion Shares"** | : | 898,238,994 new Shares to be allotted and issued by the Company as a result of the Conversion Price Amendment calculated based on the principal amount of the PCS and assuming full conversion of the PCS |
| **"Additional Distribution Amount"** | : | The amount of interest payable in respect of any Arrears of Distribution, calculated by applying the applicable distribution rate (pursuant to the PCS Conditions) to such amount of Arrears of Distribution |
| **"Additional Interest Amount"** | : | The additional interest of 0.015% per day applicable in the event the Company elects to defer any scheduled Distribution, with such additional interest incurring on the outstanding principal of PCS, the Arrears of Distribution and Additional Distribution Amounts (if any) |
| **"Amended PCS Conditions"** | : | The PCS Conditions as amended by the Amendment Deed. The key amendments made are the Distribution Rate Amendment, the Conversion Price Amendment and the Additional Amounts Amendments as set out in Section 3.1 of this Circular |
| **"Amendment Deed"** | : | The amendment and supplemental deed entered into between Everbright Hero Mauritius Limited and the Company dated 7 November 2022 to amend the PCS Conditions |
| **"Announcement"** | : | The announcement dated 7 November 2022 made by the Company in relation to the Proposed Transactions |
| **"Arrears of Distribution"** | : | Any scheduled Distribution payable under the PCS Conditions that has been deferred at the sole option of the Company to the next scheduled payment date |
| **"Audit Committee"** | : | The audit committee of the Company for the time being, comprising Mr Chia Seng Hee, Jack, Mr Tan Sek Khee and Mr Wang Hongyang |
| **"Board"** | : | The board of Directors of the Company for the time being |
| **"Bondholder"** | : | Everbright Hero Mauritius Limited |
| **"CDP"** | : | The Central Depository (Pte) Limited |
| **"CEL"** | : | China Everbright Limited, a Controlling Shareholder of the Company who indirectly holds approximately 72.04% of the total voting rights in the Company as at the Latest Practicable Date |
| **"CEL Nominee Directors"** | : | The Directors appointed by CEL for the time being, comprising Mr Zhang Mingao and Mr Wang Hongyang who are directors of CEL, and Dr Yang Haishan |

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| **"Change of Control"** | : | A "**Change of Control**" event occurs where:<br><br>(a) Fang Ming no longer holds a direct or indirect controlling interest of at least 15 per cent. in the equity of the Company on a fully diluted basis; or<br><br>(b) (as long as Everbright Hero Holdings Limited (or its nominee) holds any of the PCS, Fang Ming ceases to be the Chairman of the board of directors of the Company without prior written consent of EHHL (or its nominee) |
| **"Circular"** | : | This circular to Shareholders dated 14 December 2022 in respect of the Proposed Transactions |
| **"Companies Act"** | : | The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time |
| **"Company"** | : | Ying Li International Real Estate Limited |
| **"Constitution"** | : | The constitution of the Company, as amended, modified or supplemented from time to time |
| **"Controlling Shareholder"** | : | A person who:<br><br>(a) holds directly or indirectly 15% or more of the total voting rights in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or<br><br>(b) in fact exercises control over a company |
| **"Conversion Option"** | : | The Bondholder's option to convert the PCS (including the principal amount, the amount of Arrears of Distribution, and any Additional Amounts) into new Conversion Shares in lieu of repayment |
| **"Conversion Price"** | : | The price per Share at which Conversion Shares will be allotted and issued upon conversion of the PCS |
| **"Conversion Price Amendment"** | : | The amendments to the Conversion Price in the PCS Conditions from S$0.318 per Share to S$0.125 per Share |
| **"Conversion Shares"** | : | The new Shares to be allotted and issued by the Company upon conversion of the PCS |
| **"Default Date"** | : | The date on which a Change of Control event or an Event of Default occurs |
| **"Default Interest"** | : | The default interest payable by the Company in the event the Company does not provide the holders prior written notice of its election to defer any scheduled Distribution to the next scheduled Distribution Payment Date |
| **"Directors"** | : | The directors of the Company for the time being, comprising Mr Zhang Mingao, Dr Yang Haishan, Mr Wang Hongyang, Mr Chia Seng Hee, Jack, Mr Tan Sek Khee, Mr Chen Guodong and Mdm Ma Jieyu |
| **"Distribution"** | : | The distribution to be paid out to the Bondholder in accordance with the PCS Conditions |

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| **"Distribution Payment Date"** | : | The date every year on which Distributions are payable in arrears by the Company to the Bondholder |
| **"Distribution Rate Amendment"** | : | The amendments to the PCS Conditions to reduce the Rate of Distribution to 4.00% with effect from 3 April 2019 |
| **"Effective Date"** | : | The date on which the Proposed Amendments and Waivers will take effect |
| **"Event of Default"** | : | The conditions of default set out in Section 2.5 of this Circular |
| **"EGM"** | : | The extraordinary general meeting of the Company, notice of which is set out in this Circular |
| **"EHHL"** | : | Everbright Hero Holdings Limited, who directly holds approximately 14.90% of the total voting rights in the Company as at the Latest Practicable Date |
| **"FY2021"** | : | The financial year ended 31 December 2021 |
| **"Group"** | : | The Company and its Subsidiaries |
| **"IFA"** | : | Hong Leong Finance Limited, the independent financial adviser to the Independent Directors and Audit Committee in relation to the Proposed Interested Person Transactions |
| **"IFA Letter"** | : | The letter from the IFA dated 14 December 2022, as required under Chapter 9 of the Listing Manual, a copy of which is set out in the Appendix to this Circular |
| **"Independent Directors"** | : | Mr Chia Seng Hee, Jack, Mr Tan Sek Khee, Mr Chen Guodong and Mdm Ma Jieyu |
| **"Issue Date"** | : | The date of issue of the PCS, being 17 October 2014 |
| **"Latest Practicable Date"** | : | The latest practicable date prior to the printing of this Circular, being 6 December 2022 |
| **"Listing Manual"** | : | The listing manual of the SGX-ST |
| **"Notice of EGM"** | : | The notice in respect of the EGM dated 14 December 2022 as attached to this Circular |
| **"NTA"** | : | Net tangible assets |
| **"Ordinary Resolution"** | : | A resolution passed by a majority of members being greater than 50.0% of such members as, being entitled to do so, vote in person or proxy, at a general meeting or a class meeting of the Company |
| **"PCS"** or **"Perpetual Securities"** | : | The S$185,000,000 perpetual subordinated convertible callable securities issued to the Bondholder on 17 October 2014 subject to the PCS Conditions, comprising a tranche of S$165,000,000 perpetual subordinated convertible callable securities and a tranche of S$20,000,000 perpetual subordinated convertible callable securities |
| **"PCS Conditions"** | : | The Tranche 1 PCS Conditions and the Tranche 2 PCS Conditions |

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| **"PCS Subscription"** | : | The subscription by the Bondholder of an aggregate principal amount of S$185,000,000 PCS which are convertible into Conversion Shares |
| **"Perpetual Convertible Securities Subscription Agreement"** | : | The subscription agreement dated 30 June 2014 entered into between the Company and EHHL in relation to the subscription of the PCS by EHHL or its nominee |
| **"Proposed Amendments"** | : | The proposed amendments to the PCS Conditions comprising the Distribution Rate Amendment, the Conversion Price Amendment and the Additional Amounts Amendments |
| **"Proposed Amendments and Waivers"** | : | The Proposed Amendments to the PCS Conditions and the Waivers to be given by the Bondholder, collectively |
| **"Proposed Interested Person Transactions"** | : | The Proposed Issuance of Additional Conversion Shares and the Proposed Amendments and Waivers as interested person transactions under Chapter 9 of the Listing Manual |
| **"Proposed Issuance of Additional Conversion Shares"** | : | The proposed issuance of 898,238,994 new Shares by the Company as a result of the Conversion Price Amendment calculated based on the principal amount of the PCS and assuming full conversion of the PCS |
| **"Proposed Transactions"** | : | (a) The Conversion Price Amendment; (b) the Proposed Issuance of Additional Conversion Shares; (c) the Proposed Amendments and Waivers in relation to the PCS as an interested person transaction under Chapter 9 of the Listing Manual; and (d) the Proposed Issuance of Additional Conversion Shares as an interested person transaction under Chapter 9 of the Listing Manual |
| **"Proxy Form"** | : | The proxy form in respect of the EGM as attached to this Circular |
| **"Rate of Distribution"** | : | The distribution rate under the PCS Conditions |
| **"Register of Members"** | : | The register of members of the Company |
| **"Resolutions"** | : | The Ordinary Resolutions set out in the Notice of EGM |
| **"SFA"** | : | Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time |
| **"SGX-ST"** | : | Singapore Exchange Securities Trading Limited |
| **"Shareholders"** | : | Registered holders of Shares except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with Shares |
| **"Shares"** | : | Ordinary shares in the issued share capital of the Company |
| **"Substantial Shareholder"** | : | A person (including a corporation) who holds directly or indirectly five per cent. (5%) or more of the issued share capital of the Company |
| **"Tranche 1 PCS Conditions"** | : | The terms of the S$165 million perpetual subordinated convertible callable securities issued to the Bondholder on 17 October 2014 |

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| **"Tranche 2 PCS Conditions"** | : | The terms of the S$20 million perpetual convertible callable securities issued to the Bondholder on 17 October 2014 |
| **"VWAP"** | : | Volume-weighted average price |
| **"Waivers"** | : | The waivers to be given by the Bondholder pursuant to the Amendment Deed as set out in Section 3.2 of this Circular |

Currencies, units and others

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|---|---|---|
| **"RMB"** | : | Renminbi |
| **"S$"** and **"cents"** | : | Singapore dollars and cents respectively |
| **"%"** and **"per cent."** | : | Per centum or percentage |

The terms "**Depositor**", "**Depository**", "**Depository Agent**", "**Depository Register**" and "**Sub-Account Holder**" shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA. The terms "**treasury shares**", "**subsidiaries**" and "**subsidiary holdings**" shall have the meaning ascribed to them, respectively, in the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, or the Listing Manual, or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, the SFA, or the Listing Manual, or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

Unless otherwise stated, all figures presented in RMB in this Circular are rounded to the nearest thousand.

Any reference in this Circular to "**we**", "**our**", "**us**" or their other grammatical variations is a reference to our Company, or our Group, or any member of our Group, as the context requires.

Any reference to a website or any website directly or indirectly linked to such websites in this Circular is not incorporated by reference into this Circular and should not be relied upon.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical fact included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "**aim**", "**seek**", "**expect**", "**anticipate**", "**estimate**", "**believe**", "**intend"**, "**project**", "**plan**", "**potential**", "**strategy**", "**forecast**", "**possible**", "**probable**" and similar expressions or future or conditional verbs such as "**if**", "**will**", "**would**", "**should**", "**could**", "**may**" or "**might**". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risk and uncertainties. Accordingly, actual future results, performance, events or achievements may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements and information. The Company does not undertake any obligation to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

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

**Directors:**

Mr Zhang Mingao (Non-Executive and Non-Independent Chairman)
Dr Yang Haishan (Non-Executive and Non-Independent Director)
Mr Wang Hongyang (Non-Executive and Non-Independent Director)
Mr Chia Seng Hee, Jack (Lead Independent Director)
Mr Tan Sek Khee (Independent Director)
Mr Chen Guodong (Independent Director)
Mdm Ma Jieyu (Independent Director)

**Registered Office:**

6 Temasek Boulevard
#21-01 Suntec Tower Four
Singapore 038986

14 December 2022

To: The Shareholders of Ying Li International Real Estate Limited

Dear Sir/Madam

**(1) THE PROPOSED AMENDMENT OF CONVERSION PRICE FROM S$0.318 PER SHARE TO S$0.125 PER SHARE IN THE TERMS AND CONDITIONS OF THE PERPETUAL SUBORDINATED CONVERTIBLE CALLABLE SECURITIES ISSUED IN 2014 ("PERPETUAL SECURITIES");**

**(2) THE PROPOSED ISSUANCE AND ALLOTMENT OF 898,238,994 ADDITIONAL CONVERSION SHARES COMPRISING 35.13% OF THE EXISTING ISSUED SHARE CAPITAL OF THE COMPANY TO EVERBRIGHT HERO MAURITIUS LIMITED UPON THE CONVERSION OF THE PERPETUAL SECURITIES (THE "PROPOSED ISSUANCE OF ADDITIONAL CONVERSION SHARES");**

**(3) THE PROPOSED AMENDMENTS AND WAIVERS IN RELATION TO THE PERPETUAL SECURITIES AS AN INTERESTED PERSON TRANSACTION; AND**

**(4) THE PROPOSED ISSUANCE OF ADDITIONAL CONVERSION SHARES AS AN INTERESTED PERSON TRANSACTION.**

## 1. INTRODUCTION

### 1.1 ENTRY INTO THE AMENDMENT DEED

On 7 November 2022, the Company announced that it had entered into an amendment and supplemental deed ("**Amendment Deed**") with Everbright Hero Mauritius Limited (the "**Bondholder**") pursuant to which, the Company and the Bondholder agreed to, among others:

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

(i) the price per Share at which Conversion Shares will be allotted and issued upon conversion of S$185,000,000 perpetual subordinated convertible callable securities issued to the Bondholder on 17 October 2014 ("**PCS**") (the "**Conversion Price**");

(ii) the distribution rate under the PCS Conditions ("**Rate of Distribution**"); and

(iii) the additional amounts payable to the Bondholder in the event of cumulative deferral of distributions in accordance with the PCS Conditions ("**Distributions**"),

each on the terms and subject to the conditions of the Amendment Deed; and

(b) waive outstanding amounts of RMB759,238,000 owed by the Company to the Bondholder under the PCS[1].

1.2 **EGM**

The Directors are convening an EGM to be held on 29 December 2022 by electronic means to seek Shareholders' approval for the following proposed transactions in relation to the PCS:

(a) (Ordinary Resolution 1) the proposed amendment of the Conversion Price from S$0.318 per Share to S$0.125 per Share in the PCS Conditions;

(b) (Ordinary Resolution 2) the proposed allotment and issuance of 898,238,994 Additional Conversion Shares comprising 35.13% of the existing issued share capital of the Company to the Bondholder upon the conversion of the PCS (the "**Proposed Issuance of Additional Conversion Shares**");

(c) (Ordinary Resolution 3) the Proposed Amendments and Waivers in relation to the PCS as an interested person transaction under Chapter 9 of the Listing Manual; and

(d) (Ordinary Resolution 4) the Proposed Issuance of Additional Conversion Shares as an interested person transaction under Chapter 9 of the Listing Manual,

(collectively, the "**Proposed Transactions**").

1.3 **Inter-conditionality of the Resolutions**

Shareholders should note that the Resolutions set out in the Notice of EGM are inter-conditional upon one another. This means that if any of the Resolutions is not approved, the other Resolutions will not be passed.

1.4 **Circular to Shareholders**

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the Proposed Transactions to be tabled at the EGM. The Notice of EGM is set out on pages 49 to 53 of this Circular.

1.5 **Legal Adviser**

Drew & Napier LLC is the legal adviser to the Company as to Singapore law in relation to the subject matter of this Circular.

## 2. BACKGROUND AND RELEVANT TERMS OF THE PCS CONDITIONS

2.1 **PCS Subscription**

In 2014, the Company issued the PCS to the Bondholder, as the nominee of Everbright Hero Holdings Limited ("**EHHL**"), pursuant to a perpetual convertible securities subscription agreement entered into between the Company and EHHL on 30 June 2014 ("**Perpetual Convertible Securities Subscription Agreement**") (the "**PCS Subscription**").

1 For the purpose of computing the figure in Section 1.1(b) of this Circular, the Company has assumed the Effective Date to be 29 December 2022.

The aggregate principal amount of the PCS is S$185,000,000. The issue price of the PCS was 100% of the aggregate principal amount of the PCS. The PCS were issued in two tranches. Tranche 1 comprised S$165,000,000 in aggregate principal amount of PCS and Tranche 2 comprised S$20,000,000 in aggregate principal amount of PCS.

The initial Conversion Price was S$0.318 per Share.

Shareholders' approval was obtained pursuant to Rules 803, 805 and 824[2] of the Listing Manual for, among others, the following:

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

(b) the allotment of up to 581,761,006 Conversion Shares including such number of Conversion Shares required to be allotted and issued upon the conversion of any of the PCS upon adjustment of the Conversion Price in accordance with the PCS Conditions.

2.2 **Rate of Distribution**

The PCS confer on the Bondholder the right to receive Distributions at such rate calculated in accordance with the PCS Conditions. Distribution shall be payable on the PCS annually in arrears on 15 May each year (each such date being a "**Distribution Payment Date**"), with the first Distribution Payment Date falling on 15 May 2015 in respect of the period from, and including, the Issue Date to, but excluding, such Distribution Payment Date.

The payment of Distribution is mandatory but the Company may at its sole discretion elect to defer any scheduled Distribution to the next scheduled Distribution Payment Date by giving prior written notice. The Company may further defer any Arrears of Distribution following the foregoing notice requirement and is not subject to any limits as to the number of times scheduled Distribution and Arrears of Distribution can be deferred. Under the PCS Conditions, other than the option to defer, there is no exception to the payment of Distributions by the Company to the Bondholder.

The Rate of Distribution, except in the event of a Change of Control event or an Event of Default, is:

(a) in respect of the period from, and including the Issue Date to, the third anniversary from the Issue Date (but excluding the date of the third anniversary from the Issue Date), 8.75% per annum. Accordingly, the Rate of Distribution from 17 October 2014 to 16 October 2017 is 8.75%;

(b) in respect of the period from the third anniversary of the Issue Date (and including the date of the third anniversary from the Issue Date) to the fifth anniversary from the relevant Issue Date (but excluding the date of the fifth anniversary from the Issue Date), 9.50% per annum. Accordingly, the Rate of Distribution from 17 October 2017 to 16 October 2019 is 9.50%; and

(c) in respect of the period from and including the date of the fifth anniversary from the Issue Date, 9.50% plus 5.00% per annum plus the applicable five-year U.S. Treasury Rate, which will be reset every five years.

As at the Latest Practicable Date, the applicable 5-year U.S. Treasury Rate is 1.5575% and accordingly, the current Rate of Distribution determined in accordance with the sub-section (c) above is 16.06%.

2 Rule 803 of the Listing Manual provides that an issuer must not issue securities to transfer a controlling interest without the prior approval of shareholders in general meeting.
Rule 805 of the Listing Manual provides that an issuer must obtain the prior approval of shareholders in general meeting for the issue of, *inter alia*, shares and convertible securities, unless such shares and convertible securities are issued under a general mandate obtained from shareholders in general meeting.
Rule 824 of the Listing Manual provides that every issue of company warrants or other convertible securities not covered under a general mandate must be specifically approved by shareholders in general meeting.

Upon the occurrence of a Change of Control or an Event of Default, the Rate of Distribution shall be, where a Change of Control event or an Event of Default occurs during the period commencing and including the Issue Date and ending on the third anniversary of the relevant Issue Date (including the date of the third anniversary from the Issue Date), (i) in respect of the period from, and including the date of occurrence of the Change of Control event or Event of Default (the "**Default Date**") to the second anniversary of the Default Date (but excluding the date of the second anniversary of the Default Date), 9.50 per cent. per annum; and (ii) in respect of the period from the second anniversary of the Default Date (including the date of the second anniversary of the Default Date), 9.50 per cent. plus 5.00 per cent. per annum plus the applicable 5-year U.S. Treasury Rate, which will be reset every five years.

2.3 **Deferral of Distributions**

The Company has the right to defer the payment of Distributions to the Bondholder to the next scheduled Distribution Payment Date by giving prior written notice. If the Company were to elect to further defer any scheduled Distribution payable under the terms of the PCS that has been deferred to the next scheduled payment date ("**Arrears of Distribution**"), the amount of Arrears of Distribution shall bear interest as if it constituted the principal of the PCS at the prevailing Rate of Distribution (such amount of additional interest accrued, the "**Additional Distribution Amount**"). In addition, in the event that the Company further defers any Distribution, all outstanding principal of the PCS, Arrears of Distribution and Additional Distribution Amount shall, from and including the date of deferral of Distribution, incur additional interest of 0.015% per day (such additional interest amount accrued, the "**Additional Interest Amount**", together with the Additional Distribution Amount, the "**Additional Amounts**").

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

2.4 **Settlement of PCS**

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

(a) the PCS (including the principal amount, the amount of Arrears of Distribution, and any Additional Amounts) may be converted into new Conversion Shares at the option of the Bondholder (the "**Conversion Option**"). Following such conversion in accordance with the PCS Conditions, the right of the Bondholder to the repayment of the PCS will be extinguished. Under the PCS Conditions, the PCS shall be converted into Conversion Shares at the initial Conversion Price of S$0.318 per Share; or

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

2.5 **Events of Default under PCS Conditions**

Under condition 11 of the PCS Conditions, an Event of Default occurs when:

(a) a default in the payment of any principal, premium or Distribution due in respect of the PCS is subsisting for a period of more than three (3) business days;

(b) any failure by the Company to deliver any Shares as and when the Shares are required to be delivered following the conversion of PCS, Distribution, Additional Distribution Amount and/or Additional Interest Amount;

(c) the Company does not perform or comply with one or more of its other obligations under the PCS which default is incapable of remedy or, if such default is capable of remedy and is not remedied within 21 days after written notice of such default shall have been given to the Company by the Bondholder;

(d) if (i) any present or future indebtedness of the Company or any subsidiary of the Company becomes (or becomes capable of being declared) due and repayable prematurely by reason of an event of default (however described); (ii) the Company or any subsidiary of the Company fails to make any payment in respect of any present or future indebtedness on the due date for payment as extended by any originally applicable grace period; (iii) any security given by the Company or any subsidiary of the Company for any present or future indebtedness becomes enforceable; or (iv) default is made by the Company or any subsidiary of the Company in making any payment due under any guarantee and/or indemnity given by it in relation to any present or future indebtedness of any other person; provided that no such event shall constitute an Event of Default unless the relative present or future indebtedness, either alone or when aggregated with other present or future indebtedness relative to all (if any) other such events which shall have occurred, shall amount to at least S$5.0 million (or its equivalent in any other currency);

(e) if (i) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any substantial part of the property, assets or revenues of the Company or any principal subsidiary (as defined in the Companies Act) and is not discharged or stayed within 30 days; or (ii) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Company or any subsidiary of the Company;

(f) any step is taken to enforce any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Company or any principal subsidiary (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager, judicial manager or other similar person) and is not discharged or stayed within 30 days;

(g) the Company or any principal subsidiary is insolvent or bankrupt or unable to pay its debts when they fall due, or stops, suspends or threatens to stop or suspend payment of all or a substantial part of (or of a particular type of) its debts, or proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any substantial part) which it will otherwise be unable to pay when due, or proposes or makes a general assignment or an arrangement or composition or compromise with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any substantial part of (or of a particular type of) the debts of the Company or any principal subsidiary;

(h) an order is made or a resolution is passed for the winding-up, dissolution, administration or judicial management of the Company or any principal subsidiary, or the Company or any principal subsidiary has passed a special resolution to have itself wound up or has made an announcement or issued a notice to that effect, or the Company or any principal subsidiary ceases or threatens to cease to carry on all or a substantial part of its business or operations, (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an ordinary resolution of the Holders or (ii) in the case of a principal subsidiary, whereby the undertaking and assets of such principal subsidiary are transferred to or otherwise vested in the Company or another subsidiary of the Company;

(i) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the PCS and (ii) to ensure that those obligations are legally binding and enforceable is, in the case of (i) or (ii) above, not taken, fulfilled or done;

(j) a final judgment or judgments for the payment of money are rendered against the Company or any Subsidiary of the Company and which judgments are not, within 30 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 30 days after the expiration of such stay;

(k) it is or will become unlawful for the Company to perform or comply with any of its obligations under or in respect of the PCS;

(l) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the above; or

(m) the Shares of the Company are delisted or trading of the Shares is suspended for more than sixty (60) days.

Upon the occurrence of an Event of Default, the Rate of Distribution will increase as set out in Section 2.2 of this Circular.

Prior to the Latest Practicable Date, the Company had inadvertently omitted to provide the Bondholder with prior written notice of its election to defer payments of scheduled Distribution on a few occasions. Accordingly, the Company may have triggered a technical Event of Default. However, there is no practical consequence as the increased Rate of Distribution as a result of an Event of Default would not apply given that the possible technical Event of Default did not occur during the period commencing and including the Issue Date and ending on the third anniversary of the relevant Issue Date (including the date of the third anniversary from the Issue Date).

Furthermore, pursuant to the Amendment Deed, the Bondholder has agreed to waive any breach or potential breach of the PCS Conditions, including any Event of Default or potential Event of Default howsoever arising. Accordingly, assuming that the Proposed Transactions are approved by Shareholders, the possible technical Event of Default will be waived by the Bondholder.

2.6 **Bondholder's Right to Convert**

Under the Conversion Option, the Bondholder may exercise its conversion right in the following situations:

(a) at any time on or after 17 October 2017 to and excluding 17 October 2020;

(b) if an offer is made to shareholders of the Company for all the outstanding Shares of the Company, at any time on or after the offer is formally announced in compliance with applicable rules and regulations; and

(c) if an Event of Default (as set out in Section 2.5 of this Circular) or Change of Control event occurs, at any time on or after the date of occurrence of the Event of Default or the Change of Control event, as the case may be.

Prior to April 2019, Newest Luck Holdings Limited had a 30% direct interest in the Company and was a controlling shareholder of the Company. In April 2019, State Alpha Limited, the then indirect wholly-owned subsidiary of CEL, acquired all the Shares held by Newest Luck Holdings Limited in the Company, thus resulting in an occurrence of a Change of Control event.

The foregoing acquisition of the Shares by State Alpha Limited then triggered an obligation under the Singapore Code on Take-overs and Mergers for State Alpha Limited to make a mandatory unconditional cash offer for all the issued and paid-up ordinary shares in the Company (other than those already owned, controlled or agreed to be acquired by State Alpha Limited and parties acting in concert with it).

Given that both a Change of Control event occurred and an offer was made to the Shareholders of the Company for all the Shares of the Company prior to 17 October 2020, the Bondholder's conversion right remains valid under the Conversion Option.

## 3. THE PROPOSED AMENDMENTS AND WAIVERS

### 3.1 Key Proposed Amendments

As announced by the Company in the announcement dated 7 November 2022 made by the Company in relation to the Proposed Transactions (the "**Announcement**"), pursuant to the Amendment Deed, with effect from the Effective Date, the following key amendments are proposed to be made to the PCS Conditions:

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

(b) Conversion Price shall be adjusted accordingly from S$0.318 per Share to S$0.125 per Share ("**Conversion Price Amendment**"). The revised Conversion Price of S$0.125 is at a premium to the last traded price on 7 November 2022, being the last full market day on which the Shares were traded prior to the signing of the Amendment Deed on 7 November 2022, 1-month, 3-month, 6-month and 12-month volume-weighted average prices respectively; and

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

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

### 3.2 Waivers

The Bondholder has also agreed to waive, among others:

(a) RMB401,717,000, being the difference between the amount of Arrears of Distribution accrued from 3 April 2019 up to the Effective Date[3]:

  (i) calculated on the basis of the original Rate of Distribution under the PCS Conditions, which amounts to RMB627,285,000; and

  (ii) calculated on the basis of the revised Rate of Distribution of 4.00%, which amounts to RMB225,568,000;

(b) RMB161,009,000, being all Additional Distribution Amount payable by the Company to the Bondholder for the period commencing 3 April 2019 up to the Effective Date[4] as if it constituted the principal of the PCS by applying the prevailing Rate of Distribution to the relevant Arrears of Distribution;

(c) RMB196,512,000, being all Additional Interest Amount payable by the Company to the Bondholder for the period commencing 3 April 2019 up to the Effective Date[5] computed at 0.015% per day;

3 For the purpose of computing the figures in Section 3.2(a) of this Circular, the Company has assumed the Effective Date to be 29 December 2022.

4 For the purposes of computing the figure in Section 3.2(b) of this Circular, the Company has assumed the Effective Date to be 29 December 2022.

5 For the purposes of computing the figure in Section 3.2(c) of this Circular, the Company has assumed the Effective Date to be 29 December 2022.

(d) all Default Interest payable at the rate of 15.00% per annum by the Company from 3 April 2019 up to the Effective Date. As no Default Interest has been recognised on the Group's financial statements, this amount is nil; and

(e) any breach or potential breach of the PCS Conditions arising up to and including the Effective Date (including, without limitation, any Event of Default or potential Event of Default howsoever arising under condition 11 of the PCS Conditions (which has been set out in Section 2.5 of this Circular above) provided that no such waiver shall extend to, or be taken in any manner whatsoever to affect, any subsequent event of default or the right to remedies resulting therefrom,

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

3.3 **Conditions**

The conditions precedent to the Proposed Amendments and Waivers in the Amendment Deed are:

(a) the receipt of approval by the Shareholders for the Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares as required under the Listing Manual;

(b) the receipt by the Bondholder of a certified extract of the resolutions of the Board of the Company authorising the execution, delivery and performance of the Amendment Deed and approving the Proposed Amendments and seeking of the Waivers;

(c) the Amendment Deed duly executed by the parties thereto; and

(d) the extraordinary resolutions in relation to Proposed Amendments and Waivers, duly passed by the Bondholder.

3.4 **Effective Date**

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

## 4. RATIONALE FOR THE PROPOSED AMENDMENTS AND WAIVERS

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

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

4.3 The revised Rate of Distribution of 4.00% is a rate commercially acceptable by both the Company and the Bondholder based on commercial negotiation and is within the range of the current interest rate charged on the Company's existing borrowings of 4.00% to 8.58%. Under the prevailing Rate of Distribution, the Distribution amount payable per annum is RMB155,116,000. Under the revised Rate of Distribution of 4.00%, the Distribution payable per annum is RMB38,640,000. Accordingly, the interest cost savings achieved per annum as a result of the Rate of Distribution being revised is RMB116,476,000.

4.4 The Conversion Price will be revised accordingly to ensure that the minority Shareholders will not be disadvantaged considering the potential dilution effect of the Conversion Price Amendment. Accordingly, the revised Conversion Price was determined after taking into consideration that there will be minimal impact on the Group's NTA per Share after full conversion of the PCS under existing PCS Conditions and the Amended PCS Conditions respectively.

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

## 5. PROPOSED ISSUANCE OF ADDITIONAL CONVERSION SHARES

5.1 At the time of the PCS Subscription, the maximum number of Conversion Shares to be allotted and issued by the Company pursuant to the full conversion of the principal amount of the PCS is 581,761,006 Conversion Shares (based on the initial Conversion Price and without any adjustment). The 581,761,006 Conversion Shares to be allotted and issued pursuant to the full conversion of the PCS represent approximately 22.75% of the entire issued share capital of the Company comprising 2,557,040,024 Shares as at the Latest Practicable Date, and will represent 18.53% of the entire issued share capital of the Company comprising 3,138,801,030 Shares upon the full conversion of the PCS (based on the initial Conversion Price and assuming no adjustments thereto).

5.2 The shareholding interest of CEL in the Company as at the Latest Practicable Date and upon the issuance of 581,761,006 Conversion Shares at the initial Conversion Price is as follows:

| **Shareholders** | **As at the Latest Practicable Date** | | **After the issuance of the Conversion Shares at the initial Conversion Price** | |
|---|---|---|---|---|
| | **No. of Shares** | **%** | **No. of Shares** | **%** |
| CEL | 1,842,011,837(1) | 72.04(1) | 2,423,772,843(2) | 77.22(2) |
| Others | 715,028,187 | 27.96 | 715,028,187 | 22.78 |
| **Total** | **2,557,040,024** | **100.00** | **3,138,801,030** | **100.00** |

**Notes:**

(1) As at the Latest Practicable Date, CEL is deemed to hold 1,842,011,837 Shares, which represent approximately 72.04% of the total number of Shares in issue.

(2) The 581,761,006 Conversion Shares constitute approximately 18.53% of the enlarged share capital of the Company assuming full conversion of the PCS. The Proposed Transactions will result in an increase in CEL's indirect shareholding interests to approximately 77.22% of the enlarged share capital under the initial Conversion Price.

5.3 As a result of the Conversion Price Amendment, the maximum number of Conversion Shares that could be allotted and issued to the Bondholder calculated based on the principal amount of the PCS and assuming full conversion of the PCS is 1,480,000,000 Conversion Shares. Accordingly, upon the full conversion of the PCS (at the revised Conversion Price) CEL will indirectly hold approximately 82.29% of the enlarged total issued share capital of the Company comprising 4,037,040,024 Shares. In this regard, CEL's shareholding in the enlarged share capital of the Company upon full conversion of the PCS (at the revised Conversion Price) will be 5.07% higher than if CEL were to fully convert the PCS at the initial Conversion Price.

5.4 The shareholding interest of CEL in the Company as at the Latest Practicable Date and upon the issuance of 1,480,000,000 Conversion Shares at the revised Conversion Price is as follows:

| Shareholders | As at the Latest Practicable Date | | After the issuance of the Conversion Shares at the revised Conversion Price | |
|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % |
| CEL | 1,842,011,837(1) | 72.04(1) | 3,322,011,837(2) | 82.29(2) |
| Others | 715,028,187 | 27.96 | 715,028,187 | 17.71 |
| **Total** | **2,557,040,024** | **100.00** | **4,037,040,024** | **100.00** |

**Notes:**

(1) As at the Latest Practicable Date, CEL is deemed to hold 1,842,011,837 Shares, which represent approximately 72.04% of the total number of Shares in issue.

(2) The 1,480,000,000 Conversion Shares constitute approximately 36.66% of the enlarged share capital of the Company assuming full conversion of the PCS. The Proposed Transactions will result in an increase in CEL's indirect shareholding interests to approximately 82.29% of the enlarged share capital under the revised Conversion Price.

5.5 Accordingly, the number of additional Conversion Shares ("**Additional Conversion Shares**") that could be allotted to the Bondholder as a result of the Conversion Price Amendment calculated based on the principal amount of the PCS and assuming full conversion of the PCS is 898,238,994 Conversion Shares which represent approximately 35.13% of the total number of issued Shares of the Company as at the Latest Practicable Date.

5.6 Pursuant to Rule 805(1) (except as provided in Rule 806) of the Listing Manual, the Company must obtain the prior approval of Shareholders in a general meeting for, among others, the issue of Shares. In order not to utilise the permissible threshold of number of Shares that may be issued other than on a pro-rata basis to Shareholders under the general share issuance mandate obtained from the Shareholders at the Company's annual general meeting held on 27 April 2022 and to provide flexibility for the Company to undertake further fundraising activities, the Directors wish to convene an EGM to seek the approval of Shareholders for the Proposed Issuance of Additional Conversion Shares.

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

5.8 The Bondholder is a related company of CEL, a Substantial Shareholder of the Company. Therefore, in accordance with Rule 812(2) of the Listing Manual, specific approval from Shareholders is required for the Proposed Issuance of Additional Conversion Shares. Pursuant to Rule 812(2) of the Listing Manual, the Bondholder and its associates will abstain from voting on the Resolutions relating to the Proposed Issuance of Additional Conversion Shares.

5.9 Accordingly, the Company will be seeking, by way of Ordinary Resolution, specific Shareholders' approval from the independent Shareholders for the Proposed Issuance of Additional Conversion Shares in respect of the allotment and issuance of such number of Additional Conversion Shares to the Bondholder upon the conversion of the PCS.

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

## 6. CONVERSION PRICE AMENDMENT

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

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

6.3 As mentioned in Section 5.3 above, the Conversion Price Amendment will increase the number of Conversion Shares from the original 581,761,006 Conversion Shares to 1,480,000,000 Conversion Shares (based on the revised Conversion Price of S$0.125 per share), resulting in an additional 898,238,994[6] Conversion Shares to be issued to the Bondholder in the event it elects the Conversion Option. Accordingly, the Conversion Price Amendment is a material amendment to the advantage of the Bondholder.

6.4 Under the Proposed Amendments, there will be no change to the conversion period set out in Section 2.6 of this Circular and accordingly, the Bondholder can exercise its right to convert the PCS into Conversion Shares at any time in the future as there is no maturity date prescribed under the PCS Conditions.

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

## 7. PROPOSED INTERESTED PERSON TRANSACTIONS

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

(a) **Details of the Interested Person**

As at the Latest Practicable Date, CEL, a Controlling Shareholder of the Company, has a deemed interest in 1,842,011,837 Shares in the share capital of the Company, representing 72.04% of the total issued share capital of the Company. As the Bondholder is an indirect subsidiary of CEL, the Bondholder is considered to be an associate of CEL and accordingly, the Bondholder is also considered to be "an interested person" of the Company under Chapter 9 of the Listing Manual.

(b) **Interested Person Transaction**

Accordingly, each of the Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares, which is a transaction between the Bondholder (an "**interested person**") and the Company (being an "**entity at risk**"), constitutes an "interested person transaction" under Chapter 9 of the Listing Manual.

### 7.2 Value at Risk and NTA

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

6 This represents approximately 35.13% of the total number of issued Shares of the Company as at the Latest Practicable Date.

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

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

The amount at risk to the Company in respect of the Conversion Price Amendment, which is the same as the value of the Proposed Issuance of Additional Conversion Shares, is the market value of the Additional Conversion Shares as at the Latest Practicable Date of RMB198,888,000[7].

Accordingly, the total amount at risk to the Company in respect of the Proposed Amendments and Waivers, which is the same as the value of the Proposed Issuance of Additional Conversion Shares, is RMB198,888,000, which represents 9.5% of the Group's latest audited NTA.

7.3 **Shareholders' Approval**

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

As the value of the interested person transactions in relation to the Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares is 9.5% of the Group's latest audited NTA, Shareholders' approval is required for the Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares pursuant to Rule 906(1) of the Listing Manual.

Pursuant to Rule 919 of the Listing Manual, an interested person and any associate of the interested person must abstain from voting on the resolution approving the interested person transactions and shall not accept appointments as proxies unless specific instructions as to voting are given. Accordingly, the Bondholder and its associates shall abstain from voting on the Resolution approving the Proposed Issuance of Additional Conversion Shares and the Proposed Amendments and Waivers as interested person transactions under Chapter 9 of the Listing Manual (the "**Proposed Interested Person Transactions**") and shall not accept appointments as proxies unless specific instructions as to voting are given.

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

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

| **Name of Interested Person** | **Nature of the Transaction** | **Value of the Transaction RMB'000** |
|---|---|---|
| EBA (Shanghai) Commercial Management Co., Ltd | Management and consultancy fees charged | 5,689 |
| China Everbright Finance Limited | Loan interest charged | 7,145 |
| Everbright Hero Mauritius Limited | Outstanding amounts payable under the PCS | 291,268(1) |
| **Total** | | **304,102** |

**Note:**

(1) If the Proposed Amendments and Waivers are approved by Shareholders at the EGM, this amount will become RMB35,994,000, which is the amount of Distribution payable to the Bondholder for the period from 1 January 2022 to the Latest Practicable Date calculated based on the revised Rate of Distribution of 4.00%.

7 Computed based on the last traded price of the Company's Shares of S$0.043 on the Latest Practicable Date based on the exchange rate of SGD1 : RMB5.1493.

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

Assuming the Proposed Transactions are approved by Shareholders, the aggregate value of all interested person transactions entered into by the Group for the current financial year commencing on 1 January 2022 up to the Latest Practicable Date (excluding transactions which are less than S$100,000) is:

| **Nature of the Transaction** | **Value of the Transaction RMB'000** |
|---|---|
| Management and consultancy fees charged | 5,689 |
| Loan interest charged | 7,145 |
| Value of the Proposed Issuance of Additional Conversion Shares | 198,888 |
| The amount of Distribution calculated using the revised Rate of Distribution of 4.00% (as per Note 1 of the table in Section 7.4) | 35,994 |
| **Total** | **247,716** |
| **Total as a percentage of NTA of the Group** | **11.8%** |

7.6 **Directors' Service Contracts**

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

## 8. FINANCIAL EFFECTS OF THE PROPOSED AMENDMENTS AND WAIVERS

8.1 The financial effects of the Proposed Amendments and Waivers set out below are strictly for illustrative purposes and do not necessarily reflect the actual future financial position and results of the Company following the completion of the Proposed Amendments and Waivers.

8.2 The table below sets out the financial effects of the Proposed Amendments and Waivers based on the following bases and assumptions:

(a) reference is made to the unaudited consolidated financial statements of the Group for 1H2022;

(b) the financial impact on the consolidated NTA per Share for 1H2022 is computed based on the assumption that the Proposed Amendments and Waivers were completed on 1H2022; and

(c) the total amount that would have been waived under the Waivers as at 30 June 2022 is RMB567,414,000, comprising:

(i) RMB317,102,000, being the Arrears of Distribution;

(ii) RMB109,388,000, being the Additional Distribution Amount; and

(iii) RMB140,924,000, being the Additional Interest Amount.

| | **Before Proposed Amendments and Waivers, Before conversion under the PCS Conditions** | **Before Proposed Amendments and Waivers, After conversion under the PCS Conditions** | **After Proposed Amendments and Waivers, Before conversion under the Amended PCS Conditions** | **After Proposed Amendments and Waivers, After conversion under the Amended PCS Conditions** |
|---|---|---|---|---|
| Issued and paid-up share capital[(1)] (RMB'000) | 4,028,372 | 4,907,342 | 4,028,372 | 4,907,342 |
| Number of Shares ('000) | 2,557,040 | 3,138,801[(2)] | 2,557,040 | 4,037,040[(2)] |
| Net current (liabilities) / assets position (RMB'000) | (431,861) | (431,861) | 135,553 | 135,553 |
| NTA (RMB'000) | 1,855,255 | 1,855,255 | 2,422,669 | 2,422,669 |
| NTA per Share (RMB) | 0.73 | 0.59 | 0.95 | 0.60 |

**Notes:**

(1) Computed based on the historical exchange rate of SGD1 : RMB4.7512.

(2) Assuming full conversion of the PCS and the issuance of 581,761,006 or 1,480,000,000 Conversion Shares, respectively.

## 9. IFA AND AUDIT COMMITTEE STATEMENT

### 9.1 Independent Financial Adviser

The Company has appointed the IFA, Hong Leong Finance Limited, as an independent financial adviser to advise Directors who are independent for the purposes of the Proposed Interested Person Transactions, being Mr Chia Seng Hee, Jack, Mr Tan Sek Khee, Mr Chen Guodong and Mdm Ma Jieyu (the "**Independent Directors**") and the Audit Committee on the Proposed Interested Person Transactions.

Having regard to the considerations set out in the IFA Letter as set out in the Appendix to this Circular and the information available to the IFA as at the Latest Practicable Date, the IFA is of the opinion that the Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, after assessing the following key considerations:

(a) **the rationale for the Proposed Amendments and Waivers**

The Proposed Amendments and Waivers will reduce the debt burden of the Group without adversely affecting its operating cash flow, and strengthen the Group's financial position and capital base, thus enhancing its flexibility to raise debt and to capitalise on potential growth opportunities.

The improved balance sheet position of the Group will provide it with a better position to negotiate for more favourable financing terms from financial institutions in respect of any funding requirements which may arise going forward.

The revised Rate of Distribution of 4.0% is a rate commercially acceptable by both the Company and the Bondholder based on commercial negotiation and is within the range of the current interest rate charged on the Company's existing borrowings of 4.00% to 8.58%.

The Conversion Price was revised from S$0.318 to S$0.125 to ensure that the minority Shareholders will not be disadvantaged considering the potential dilution effect of the Conversion Price Amendment. Accordingly, the revised Conversion Price was determined after taking into consideration that there will be minimal impact on the Group's NTA per Share after full conversion of the PCS under existing PCS Conditions and the Amended PCS Conditions respectively.

(b) **the historical financial performance and condition of the Group**

The Group continued to face multiple headwinds including the persistent property sector weakness hit by defaults on debt obligations and China's COVID-19 policy which have put pressure on the country's property and retail sectors.

Following the Proposed Amendments and Waivers, the Company will improve to a net current assets position from a net current liabilities position based on certain assumptions as set out in Section 8 of this Circular and Section 5.4 of the IFA Letter.

(c) **the reasonableness of the terms of the Proposed Transactions**

The Conversion Price represents a significant premium of 221.3%, 263.9% and 366.5% above the VWAP of the Shares for the 6-month, 3-month and 1-month periods prior to 7 November 2022, being the Announcement Date (as defined in the IFA Letter), respectively.

The significant premium of the Conversion Price over the VWAP of the Shares for trades done on the Announcement Date of 400.0% is above the range of the corresponding premium/(discounts) of the Precedent Convertible Debt Transactions (as defined in the IFA Letter) of between a discount of 53.8% and a premium of 32.0%.

The Conversion Price-to-NTA ratio as implied by the Conversion Price and the unaudited consolidated NTA per Share of the Group as at 30 June 2022 of 0.8 times is within the range of the corresponding conversion price-to-NTA ratios of the Precedent Convertible Debt Transactions of between 0.5 times and 11.1 times.

The interest rate of 4.0% per annum for the PCS is within the range of the corresponding interest rates of the Precedent Convertible Debt Transactions of between 0% (i.e. interest-free) and 10.0%, and above the mean and median interest rates of the Precedent Convertible Debt Transactions of 3.8% and 2.0% respectively.

(d) **the financial effects of the Proposed Transactions on the Group**

The Group's NTA per share will improve from RMB0.73 to RMB0.95, and improve from a net current liabilities position of RMB431.9 million to a net current assets position of RMB135.6 million, assuming before conversion under existing terms and amended terms respectively.

The Group's NTA per share will improve slightly from RMB0.59 to RMB0.60, and improve from a net current liabilities position of RMB431.9 million to a net current assets position of RMB135.6 million assuming after conversion under existing terms and amended terms respectively.

(e) **other relevant considerations**

The issuance of the Conversion Shares pursuant to the Proposed Transactions will increase the shareholding interest of CEL and as a result dilute other existing Shareholders' interests in the Company. In view of the above, CEL will still remain the single largest shareholding block of the Company.

**Shareholders are advised to read and consider the IFA Letter in its entirety as reproduced in the Appendix to this Circular and consider carefully the recommendations of the Independent Directors for the Resolutions in relation to the Proposed Transactions set out in Section 11 of this Circular.**

9.2 **Audit Committee Statement**

The Audit Committee comprises Mr Chia Seng Hee, Jack (Chairman), Mr Tan Sek Khee and Mr Wang Hongyang. Mr Wang Hongyang, a nominee Director from CEL, has recused himself from the Audit Committee's deliberation on the Proposed Interested Person Transactions and abstained from issuing a view on the Proposed Interested Person Transactions.

The Audit Committee (other than Mr Wang Hongyang) has considered and reviewed, among others, the terms, rationale and benefits of the Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares as a whole, and the opinion of the IFA as set out in the IFA Letter in the Appendix, and is of the view that the Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares are on normal commercial terms and are not be prejudicial to the interests of the Company and its minority Shareholders.

9.3 **IFA's Consent**

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto and the IFA Letter reproduced in the Appendix, in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.

## 10. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

10.1 **Shareholdings of Directors and Substantial Shareholders**

As at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in issued voting Shares are as follows:

| | Direct Interest | | Deemed Interest | | Total |
|---|---|---|---|---|---|
| | No. of Shares | %(1) | No. of Shares | %(1) | %(1) |
| **Directors** | | | | | |
| Zhang Mingao | – | – | – | – | – |
| Yang Haishan | – | – | – | – | – |
| Wang Hongyang | – | – | – | – | – |
| Chia Seng Hee, Jack | 1,000 | 0.000039 | – | – | – |
| Tan Sek Khee | – | – | – | – | – |
| Chen Guodong | – | – | – | – | – |
| Ma Jieyu | – | – | – | – | – |
| **Substantial Shareholders** | | | | | |
| Everbright Hero Limited (2) | 381,000,000 | 14.90 | – | – | 14.90 |
| State Alpha Limited (3) | 1,461,011,837 | 57.14 | – | – | 57.14 |
| Everbright Hero Holdings Limited (4) | – | – | 381,000,000 | 14.90 | 14.90 |
| Everbright Hero, L.P.(5) | – | – | 381,000,000 | 14.90 | 14.90 |
| Everbright Hero LP Limited (6) | – | – | 381,000,000 | 14.90 | 14.90 |
| Aerial Victory Limited (7) | – | – | 381,000,000 | 14.90 | 14.90 |
| China Everbright Limited (8) | – | – | 1,842,011,837 | 72.04 | 72.04 |
| Honorich Holdings Limited (9) | – | – | 1,842,011,837 | 72.04 | 72.04 |
| Datten Investments Limited (10) | – | – | 1,842,011,837 | 72.04 | 72.04 |
| China Everbright Holdings Company Limited (11) | – | – | 1,842,011,837 | 72.04 | 72.04 |
| China Everbright Group Ltd. (12) | – | – | 1,842,011,837 | 72.04 | 72.04 |
| Central Huijin Investment Ltd. (13) | – | – | 1,842,011,837 | 72.04 | 72.04 |

**Notes:**

(1) The shareholding interest is calculated based on the total issued and paid-up share capital of the Company comprising 2,557,040,024 Shares as at the Latest Practicable Date. The Company does not have any treasury shares.

(2) 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.

(3) 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.

(4) 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.

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

(6) 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.

(7) 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.

(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 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, which in turn is deemed interested in the Shares held by Everbright Hero Limited, and also 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, which in turn is deemed interested in the Shares held by Everbright Hero Limited, and also 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, which in turn is deemed interested in the Shares held by Everbright Hero Limited, and also 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, which in turn is deemed interested in the Shares held by Everbright Hero Limited, and also 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, which in turn is deemed interested in the Shares held by Everbright Hero Limited, and also 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.

10.2 **Interests in the Proposed Transactions**

Mr Zhang Mingao and Mr Wang Hongyang are directors of CEL, and Dr Yang Haishan (together with Mr Zhang Mingao and Mr Wang Hongyang, "**CEL Nominee Directors**") is a managing director of the Real Estate Fund Investment and Management Centre at CEL.

Save as disclosed in Sections 7.1, 10.1 and 10.2 of this Circular, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Transactions, otherwise than through their respective shareholdings (if any) in the Company.

## 11. INDEPENDENT DIRECTORS' RECOMMENDATIONS

The CEL Nominee Directors will abstain from making any recommendation to Shareholders on the Proposed Transactions in their capacity as Directors.

Having considered the rationale for and benefits of the Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares, the advice and opinion of the IFA in the IFA Letter, and the statement of the Audit Committee, the Independent Directors are of the opinion that the Proposed Amendments and Waivers and the Proposed Issuance of Additional Conversion Shares are in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the Resolutions in relation to the Proposed Transactions to be proposed at the EGM.

## 12. ABSTENTION FROM VOTING

Pursuant to Rule 812(2) of the Listing Manual, the Bondholder and its associates must abstain from voting on the Resolutions relating to the Proposed Issuance of Additional Conversion Shares.

Pursuant to Rule 919 of the Listing Manual, in a meeting to obtain shareholder approval, an interested person and any associate of the interested person must not vote on the resolution, nor accept appointments as proxies unless specific instructions as to voting are given.

The Bondholder will abstain, and will procure that its associates will abstain, from voting at the EGM in relation to the Proposed Interested Person Transactions, and will not accept appointments as proxies unless the independent Shareholders appointing them as proxies give specific instructions in the relevant Proxy Form on the manner in which they wish their votes to be cast for the Resolutions relating to the Proposed Interested Person Transactions. The Company will disregard any votes cast by the Bondholder and its associates on the Resolutions relating to the Proposed Interested Person Transactions.

## 13. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held by way of electronic means on 29 December 2022 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the Resolutions set out in the Notice of EGM.

In line with the provisions of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, no printed copies of this Circular (including the Notice of EGM and the Proxy Form) will be despatched to Shareholders. A copy of this Circular (including the Notice of EGM and the Proxy Form) have been uploaded on SGXNet and may also be accessed at the Company's website at http://www.yingligj.com.

In compliance with Rule 704(16)(b) of the Listing Manual, the Company will announce among others, details of parties who are required to abstain from voting on any resolution(s), including the number of Shares held and the individual resolution(s) on which they are required to abstain from voting.

## 14. ACTIONS TO BE TAKEN BY SHAREHOLDERS

### 14.1 No attendance at EGM

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 EGM will be held by way of electronic means and members will NOT be allowed to attend the EGM in person.

### 14.2 Alternative Arrangements

Instead, alternative arrangements have been put in place to allow members/proxies to participate in the EGM by:

(a) watching or listening to the EGM proceedings via a Live Webcast (as defined in the Notice of EGM). Members/proxies who wish to participate as such will have to pre-register in the matter outlined in Notes 4 to 8 of the Notice of EGM;

(b) submitting questions ahead of or "live" at the EGM. Please refer to Notes 9 to 11 of the Notice of EGM for further details; and

(c) voting (i) "live" by the members or by their duly appointed proxy(ies) (other than the Chairman of the EGM); or (ii) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM. Please refer to Notes 12 to 19 of the Notice of EGM for further details.

## 15. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at 6 Temasek Boulevard, #21-01 Suntec Tower Four, Singapore 038986, during normal business hours from the date hereof up to and including the date of the EGM:

(a) the annual report of the Company for FY2021;

(b) the Constitution;

(c) the Amendment Deed;

(d) the IFA Letter as set out in the Appendix to this Circular; and

(e) the letter of consent referred to in Section 9.3 of this Circular.

To minimise physical interactions and COVID-19 transmission risks, Shareholders should provide their name, contact number, proposed date and time of inspection to the Company at +65 6334 9052 at least three (3) working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the documents.

## 16. DIRECTORS' RESPONSIBILITY STATEMENT

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

Yours faithfully

For and on behalf of
the Board of Directors of
**Ying Li International Real Estate Limited**

**Chia Seng Hee, Jack**
**Lead Independent Director**

**LETTER FROM HONG LEONG FINANCE LIMITED TO THE INDEPENDENT DIRECTORS AND THE AUDIT COMMITTEE OF YING LI INTERNATIONAL REAL ESTATE LIMITED**

14 December 2022

**Ying Li International Real Estate Limited**
6 Temasek Boulevard #21-01
Suntec Tower Four
Singapore 038986

**To: The Independent Directors and the Audit Committee**

Dear Sirs/Madam,

**1) THE PROPOSED AMENDMENT OF CONVERSION PRICE FROM S$0.318 PER SHARE TO S$0.125 PER SHARE IN THE TERMS AND CONDITIONS OF THE PERPETUAL SUBORDINATED CONVERTIBLE CALLABLE SECURITIES ISSUED IN 2014 ("PERPETUAL SECURITIES");**

**2) THE PROPOSED ISSUANCE AND ALLOTMENT OF 898,238,994 ADDITIONAL CONVERSION SHARES COMPRISING 35.13% OF THE EXISTING ISSUED SHARE CAPITAL OF THE COMPANY TO EVERBRIGHT HERO MAURITIUS LIMITED UPON THE CONVERSION OF THE PERPETUAL SECURITIES (THE "PROPOSED ISSUANCE OF ADDITIONAL CONVERSION SHARES");**

**3) THE PROPOSED AMENDMENTS AND WAIVERS IN RELATION TO THE PERPERTUAL SECURITIES AS AN INTERESTED PERSON TRANSACTION; AND**

**4) THE PROPOSED ISSUANCE OF ADDITIONAL CONVERSION SHARES AS AN INTERESTED PERSON TRANSACTION**

*Except where the context otherwise requires or where otherwise stated, capitalised terms used in the circular dated 14 December 2022 ("**Circular**") to the shareholders of Ying Li International Real Estate Limited shall have the same meaning herein.*

## 1. INTRODUCTION

On 7 November 2022 ("**Announcement Date**"), Ying Li International Real Estate Limited (the "**Company**" and together with its subsidiaries, the "**Group**") announced that it had on that date entered into an amendment and supplemental deed (the "**Amendment Deed**") with Everbright Hero Mauritius Limited (the "**Bondholder**"), a direct subsidiary of Everbright Hero Holdings Limited ("**EHHL**"), pursuant to which, the Company and the Bondholder have agreed to, among others:

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

(ii) waive outstanding amounts of RMB759,238,000 owed by the Company to the Bondholder under the PCS (as defined below).

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

**1.1 Background**

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

Pursuant to the relevant principal terms of the PCS Conditions:

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

(ii) the Company has the right to defer the payment of distributions to the Bondholder to the next scheduled Distribution Payment Date by giving prior written notice. If the Company were to elect to further defer any scheduled Distribution payable under the terms of the PCS that has been deferred to the next scheduled payment date ("**Arrears of Distribution**"), the amount of Arrears of Distribution shall bear interest as if it constituted the principal of the PCS at the prevailing Rate of Distribution (such amount of additional interest accrued, the "**Additional Distribution Amount**"). In addition, in the event that the Company further defers any distribution, all outstanding principal of the PCS, Arrears of Distribution and Additional Distribution Amount shall, from and including the date of deferral of distribution, incur additional interest of 0.015% per day (such additional interest amount accrued, the "**Additional Interest Amount**", together with the Additional Distribution Amount, the "**Additional Amounts**").

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

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

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

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

Under the Conversion Option, the Bondholder may exercise its conversion right in the following situations:

(i) at any time on or after 17 October 2017 to and excluding 17 October 2020;

(ii) if an offer is made to shareholders of the Company for all the outstanding Shares of the Company, at any time on or after the offer is formally announced in compliance with applicable rules and regulations; and

(iii) if an Event of Default (as set out in Section 2.5 of the Circular) or Change of Control event occurs, at any time on or after the date of occurrence of the Event of Default or the Change of Control event, as the case may be.

Prior to April 2019, Newest Luck Holdings Limited had a 30% direct interest in the Company and was a controlling shareholder of the Company. In April 2019, State Alpha Limited, the then indirect wholly-owned subsidiary of CEL, acquired all the Shares held by Newest Luck Holdings Limited in the Company, thus resulting in an occurrence of a Change of Control event.

The foregoing acquisition of the Shares by State Alpha Limited then triggered an obligation under the Singapore Code on Take-overs and Mergers for State Alpha Limited to make a mandatory unconditional cash offer for all the issued and paid-up ordinary shares in the Company (other than those already owned, controlled or agreed to be acquired by State Alpha Limited and parties acting in concert with it).

Given that both a Change of Control event occurred and an offer was made to the Shareholders of the Company for all the Shares of the Company prior to 17 October 2020, the Bondholder's conversion right remains valid under the Conversion Option.

**1.2 The Proposed Amendments and Waivers**

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

(i) the current Rate of Distribution of 16.06% shall be reduced to 4.00% in respect of the period from, and including, 3 April 2019, the date on which the Company became a subsidiary of CEL (the "**Distribution Rate Amendment**");

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

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

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

The Bondholder has also agreed to waive, among others:

(i) RMB401,717,000, being the difference between the amount of Arrears of Distribution accrued from 3 April 2019 up to the Effective Date (a) calculated on the basis of the original Rate of Distribution under the PCS Conditions, which amounts to RMB627,285,000 and (b) calculated on the basis of the revised Rate of Distribution of 4.00%, which amounts to RMB225,568,000;

(ii) RMB161,009,000, being all Additional Distribution Amount payable by the Company to the Bondholder for the period commencing from 3 April 2019 up to the Effective Date as if it constituted the principal of the PCS by applying the prevailing Rate of Distribution to the relevant Arrears of Distribution;

(iii) RMB196,512,000, being all Additional Interest Amount payable by the Company to the Bondholder for the period commencing 3 April 2019 up to the Effective Date computed at 0.015% per day;

(iv) all Default Interest payable at the rate of 15.00% per annum by the Company from 3 April 2019 up to the Effective Date. As no Default Interest has been recognised on the Group's financial statements, this amount is nil; and

(v) any breach or potential breach of the PCS Conditions arising up to and including the Effective Date (including, without limitation, any events of default or potential event of default howsoever arising under condition 11 of the PCS Conditions as set out in Section 2.5 of the Circular) provided that no such waiver shall extend to, or be taken in any manner whatsoever to affect, any subsequent event of default or the right to remedies resulting therefrom,

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

**1.3 The Proposed Issuance of Additional Conversion Shares**

At the time of the PCS Subscription, the maximum number of Conversion Shares to be allotted and issued by the Company pursuant to the full conversion of the principal amount of the PCS is 581,761,006 Conversion Shares (based on the initial Conversion Price and without any adjustment). The 581,761,006 Conversion Shares to be allotted and issued pursuant to the full conversion of the PCS represent approximately 22.75% of the entire issued share capital of the Company comprising 2,557,040,024 Shares as at the Latest Practicable Date, and will represent 18.53% of the enlarged issued share capital of the Company comprising 3,138,801,030 Shares upon the full conversion of the PCS (based on the initial Conversion Price and assuming no adjustments thereto). As at the Latest Practicable Date, CEL is deemed to hold 1,842,011,837 Shares, which represents approximately 72.04% of the total number of Shares in issue and assuming full conversion of the PCS (based on the initial Conversion Price), this will result in CEL indirectly holding approximately 77.22% of the enlarged share capital.

As a result of the Conversion Price Amendment, the maximum number of Conversion Shares that could be allotted and issued to the Bondholder calculated based on the principal amount of the PCS and assuming full conversion of the PCS is 1,480,000,000 Conversion Shares. Accordingly, upon the full conversion of the PCS (based on the revised Conversion Price), CEL will indirectly hold approximately 82.29% of the enlarged issued share capital of the Company comprising 4,037,040,024 ordinary shares (the "**Enlarged Share Capital**"). In this regard, CEL's shareholding in the Enlarged Share Capital upon full conversion of the PCS (based on the revised Conversion Price) will be 5.07% higher than if CEL were to fully convert the PCS at the initial Conversion Price.

Accordingly, the number of additional Conversion Shares (the "**Additional Conversion Shares**") that could be allotted to the Bondholder as a result of the Conversion Price Amendment calculated based on the principal amount of the PCS and assuming full conversion of the PCS is 898,238,994 Conversion Shares which represent approximately 35.13% of the total number of issued Shares of the Company as at the Latest Practicable Date (the "**Proposed Issuance of Additional Conversion Shares**", and together with the Proposed Amendments and Waivers, the "**Proposed Transactions**").

**1.4 Shareholders' approval**

The Proposed Transactions will require independent Shareholders' approval at the extraordinary general meeting ("EGM") pursuant to the following rules in the Listing Manual of the SGX-ST:

(i) Rule 805(1) – Issuance of Shares other than under the general mandate approved at the Company's last annual general meeting ("**AGM**");

(ii) Rule 812(2) – Issuance of Shares to the Bondholder, a related company of CEL, who is a substantial shareholder of the Company;

(iii) Rule 829(3) – Material amendments to the PCS; and

(iv) Rule 906(1) – As at the Latest Practicable Date, CEL is deemed to have an interest in 1,842,011,837 ordinary shares in the capital of the Company, representing 72.04% of the total issued share capital of the Company. As the Bondholder is an indirect subsidiary of CEL, who is a controlling shareholder of the Company, the Bondholder is considered to be an associate of CEL and accordingly, the Bondholder is also considered to be an interested person of the Company for the purposes of Chapter 9 of the Listing Manual.

Besides seeking Shareholders' approval for the Proposed Transactions as an interested person transaction ("**IPT**"), Rule 921(4)(a) also requires an opinion from an independent financial adviser ("**IFA**") to opine on whether the Proposed Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

In connection with the above, Hong Leong Finance Limited ("**HLF**") has been appointed as the IFA pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Independent Directors and the Audit Committee in respect of the Proposed Transactions as an IPT.

This letter ("**IFA Letter**") is therefore issued pursuant to Rule 921(4)(a) of the Listing Manual as well as addressed to the Independent Directors and the Audit Committee and set outs, *inter alia*, our evaluation and opinion on the Proposed Transactions as an IPT. This IFA Letter forms part of the Circular which provides, *inter alia*, the details of the Proposed Transactions and the recommendation of the Independent Directors and the Audit Committee to the independent Shareholders arising thereof.

### 1.5 The Independent Directors and the Audit Committee

As at the Latest Practicable Date, the Directors are:

(i) Mr Zhang Mingao (Non-Executive and Non-Independent Chairman)
(ii) Dr Yang Haishan (Non-Executive and Non-Independent Director)
(iii) Mr Wang Hongyang (Non-Executive and Non-Independent Director)
(iv) Mr Chia Seng Hee, Jack (Lead Independent Director)
(v) Mr Tan Sek Khee (Independent Director)
(vi) Mr Chen Guodong (Independent Director)
(vii) Mdm Ma Jieyu (Independent Director)

The Company has confirmed that the four directors, namely, Mr Chia Seng Hee, Jack, Mr Tan Sek Khee, Mr Chen Guodong and Mdm Ma Jieyu are deemed as independent for the purposes of making a recommendation to the independent Shareholders in respect of the Proposed Transactions (the "**Independent Directors**").

The Audit Committee of the Company comprises Mr Chia Seng Hee, Jack (Chairman), Mr Tan Sek Khee and Mr Wang Hongyang. As Mr Wang Hongyang is a director from CEL, he had abstained from deliberating and making any recommendation in respect of the Proposed Transactions.

Accordingly, the Directors who are considered independent for the purpose of making a recommendation to the independent Shareholders in respect of the Proposed Transactions are, Mr Chia Seng Hee, Jack, Mr Tan Sek Khee, Mr Chen Guodong and Mdm Ma Jieyu. For the avoidance of doubt, Mr Zhang Mingao, Dr Yang Haishan and Mr Wang Hongyang will abstain from making recommendation to the independent Shareholders.

## 2. TERMS OF REFERENCE

HLF is neither a party to the negotiations or discussions in relation to the Proposed Transactions, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Amendment Deed, and we do not, by this IFA Letter, advise on the merits of the Proposed Transactions other than to form an opinion as to whether the Proposed Transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the independent Shareholders.

We have limited our evaluation to the Proposed Transactions. Our terms of reference do not require us to evaluate or comment on the legal, strategic and commercial merits and/or risks (if any) of the Proposed Transactions, or to compare its relative merits vis-à-vis alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluations or comments. Such evaluations or comments remain the sole responsibility of the Directors and the management of the Company (the "**Management**"), but we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

In the course of our evaluation, we have held discussions with the members of the Board and Management and/or their professional advisers (where applicable). For the purpose of rendering our advice and opinion, we have relied on publicly available information collated by us, information set out in the Circular and information (including representations, opinions, facts and statements) provided to us by the Directors, the Management, employees and/or professional advisers of the Company. We have relied upon and assumed the accuracy, truth, completeness and adequacy of, without having independently verified, such information, whether written or verbal, provided to us by the aforesaid parties and accordingly cannot and do not warrant, and do not accept any responsibility for, the accuracy, truth, completeness or adequacy of such information, save that we have made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information.

We have relied upon the assurances of the Directors and the Management who have confirmed to us that to the best of their respective knowledge, information and belief, having made due and careful enquiries, all material information available to them in connection with the Proposed Transactions, the Company and the Group has been disclosed to HLF, that such information constitutes full and true disclosure of all material information, is true, complete and accurate in all material respects and there is no other information or fact, the omission of which would cause any of the information disclosed to or relied by us or the facts of or in relation to the Proposed Transactions to be inaccurate, untrue, incomplete, unfair or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for the accuracy, truth, completeness and adequacy of the information provided to us. Accordingly, we cannot and do not represent or warrant (expressly or impliedly), and do not accept any responsibility for the accuracy, truth, completeness or adequacy of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors and Management to us or in the Circular have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information upon which we have relied, we have not independently verified such information but nevertheless have made reasonable enquiries and exercised our judgment on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group. Any such evaluation or review remains the responsibility of the Directors and the Management, but we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter. We have not obtained from the Company and/or the Group any projection of the future performance including financial performance of the Company and/or the Group and further, we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of the Company and/or the Group. In addition, we are not expressing any view herein as to the prices at which the Shares may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after completion of the Proposed Transactions or if the Proposed Transactions do not proceed.

We are not required to and have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held by the Group.

Our opinion herein is based upon market, economic, industry, monetary, regulatory and other applicable conditions prevailing on, and the information provided to us, as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of, and this IFA Letter does not take into account, any subsequent development after the Latest Practicable Date that may affect our opinion herein. Shareholders should also take note of any announcements relevant to the Proposed Transactions which may be released by or on behalf of the Company and other relevant sources after the Latest Practicable Date.

The Company has been separately advised by its advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for, and express no views, express or implied, on the contents of the Circular (except for this IFA Letter).

We have not regarded the general or specific investment objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment portfolios and objectives, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his or her investment portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisers immediately.

We have prepared the IFA Letter pursuant to Rule 921(4)(a) of the Listing Manual, as well as to advise the Independent Directors and the Audit Committee in connection with their consideration of the Proposed Transactions and their recommendation to the independent Shareholders arising thereof. The recommendation made to the independent Shareholders in respect of the Proposed Transactions remain the responsibility of the Independent Directors and the Audit Committee.

Our opinion in relation to the Proposed Transactions as an IPT should be considered in the context of the entirety of this IFA Letter and the Circular.

## 3. THE PROPOSED AMENDMENTS AND WAIVERS

### 3.1 Background of the Bondholder

The Bondholder is a company incorporated in Mauritius and is an indirect subsidiary of EHHL. In turn, EHHL is an indirect subsidiary of CEL, a company listed on the Stock Exchange of Hong Kong. As at the Latest Practicable Date, CEL is deemed interested in a total of 1,842,011,837 Shares, representing approximately 72.04% of the issued share capital of the Company, and is a controlling shareholder of the Company.

### 3.2 Key Proposed Amendments and Waivers

Details of the Proposed Amendments and Waivers are set out in Section 3 of the Circular. The salient terms of the key amendments are set out below:

| | |
|---|---|
| **Rate of Distribution Amendment** | The current Rate of Distribution of 16.06% shall be reduced to 4.00% in respect of the period from, and including, 3 April 2019. |
| **Additional Amounts Amendments** | No Additional Amounts shall be incurred in connection with the cumulative deferral of distributions by the Company such that no Additional Amounts will become due and payable to the Bondholder from the Effective Date. |
| **Conversion Price Amendment** | In order to counter the effect of the Distribution Rate Amendment on the NTA per Share of the Company, the Conversion Price shall be adjusted accordingly from S$0.318 per share to S$0.125 per share. The revised Conversion Price represents a premium of approximately 400.0% to the weighted average price of S$0.025 for trades done on the SGX-ST on 7 November 2022, being the last full market day on which the Amendment Deed is signed.<br><br>In accordance with the requirements of Rule 829 of the Listing Manual, the revised Conversion Price shall be subject to adjustments in the event of, but not limited to, rights issue, bonus issue, capital distributions or the occurrence of certain other dilutive events in relation to the issued share capital of the Company. |
| **Additional Conversion Shares** | The number of Additional Conversion Shares that could be allotted to the Bondholder as a result of the Conversion Price Amendment is 898,238,994 which represent approximately 35.13% of the total number of issued Shares of the Company as at the Latest Practicable Date. |

The Bondholder has also agreed to the following Waivers:

(i) RMB401,717,000, being the difference between the amount of Arrears of Distribution accrued from 3 April 2019 up to the Effective Date (a) calculated on the basis of the original Rate of Distribution under the PCS Conditions, which amounts to RMB627,285,000 and (b) calculated on the basis of the revised Rate of Distribution of 4.00%, which amounts to RMB225,568,000;

(ii) RMB161,009,000, being all Additional Distribution Amount payable by the Company to the Bondholder for the period commencing from 3 April 2019 up to the Effective Date as if it constituted the principal of the PCS by applying the prevailing Rate of Distribution to the relevant Arrears of Distribution;

(iii) RMB196,512,000, being all Additional Interest Amount payable by the Company to the Bondholder for the period commencing 3 April 2019 up to the Effective Date computed at 0.015% per day;

(iv) all Default Interest payable at the rate of 15.00% per annum by the Company from 3 April 2019 up to the Effective Date. As no Default Interest has been recognised on the Group's financial statements, this amount is nil; and

(v) any breach or potential breach of the PCS Conditions arising up to and including the Effective Date (including, without limitation, any events of default or potential event of default howsoever arising under condition 11 of the PCS Conditions as set out in Section 2.5 of the Circular) provided that no such waiver shall extend to, or be taken in any manner whatsoever to affect, any subsequent event of default or the right to remedies resulting therefrom.

**3.3 Conditions precedent**

The Proposed Transactions are subject to and conditional upon the fulfilment and satisfaction of various conditions precedent under the Amendment Deed, including the specific approval of the independent Shareholders for the passing of the resolutions in respect of the Proposed Transactions.

## 4. THE PROPOSED TRANSACTIONS AS AN IPT

Rule 906 of the Listing Manual provides that an issuer must obtain shareholder approval for any IPT of a value equal to, or more than 5% of the Group's latest audited NTA.

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

Accordingly, the Proposed Transactions each constitute an interested person transaction under Chapter 9 of the Listing Manual.

Based on the Group's latest audited consolidated accounts for the financial year ended 31 December 2021, the Group's latest audited consolidated NTA amounted to approximately RMB2,094 million. As the value of the Additional Conversion Shares to be issued assuming full conversion of the PCS amounted to approximately RMB198,888,000[(1)], representing 9.5% of the Group's latest audited consolidated NTA as at 31 December 2021, which is more than 5% of the Group's latest audited consolidated NTA as at 31 December 2021, Shareholders' approval is therefore required for the Proposed Transactions pursuant to Rule 906(1) of the Listing Manual.

In addition to the Proposed Transactions, the Group has entered into interested person transactions amounting to approximately RMB304.1 million with the same interested person for the current financial year commencing on 1 January 2022 up to the Latest Practicable Date (excluding transactions which are less than S$100,000):

| **Name of Interested Person** | **Nature of the Transaction** | **Value of the Transaction RMB'000** |
|---|---|---|
| EBA (Shanghai) Commercial Management Co., Ltd | Management and consultancy fees charged | 5,689 |
| China Everbright Finance Limited | Loan interest charged | 7,145 |
| Everbright Hero Mauritius Limited | Outstanding amounts payable under the PCS | 291,268[(2)] |
| **Total** | | **304,102** |

Assuming the Proposed Transactions are approved by the Shareholders, the aggregate value of all IPTs entered into by the Group for the current financial year commencing on 1 January 2022 up to the Latest Practicable Date (excluding transactions which are less than S$100,000) is approximately RMB247.7 million, representing approximately 11.8% of the NTA of the Group:

| **Nature of the Transaction** | **Value of the Transaction RMB'000** |
|---|---|
| Management and consultancy fees charged | 5,689 |
| Loan interest charged | 7,145 |
| Value of the Proposed Issuance of Additional Conversion Shares | 198,888 |
| The amount of Distribution calculated using the revised Rate of Distribution of 4.00%[(2)] | 35,994 |
| **Total** | **247,716** |
| **Total as a percentage of NTA of the Group** | **11.8%** |

**Notes:**

(1) Computed based on the last closing price of S$0.043 as at the Latest Practicable Date using exchange rate of S$1.00 : RMB5.1493

(2) If the Proposed Amendments and Waivers are approved by Shareholders at the EGM, this amount will become RMB35,994,000, which is the amount of Distribution payable to the Bondholder for the period from 1 January 2022 to the Latest Practicable Date calculated based on the revised Rate of Distribution of 4.00%.

## 5. EVALUATION OF THE PROPOSED TRANSACTIONS AS AN IPT

In our evaluation of the Proposed Transactions as an IPT, we have given due consideration to, *inter alia*, the following key factors:

(i) the rationale for the Proposed Amendments and Waivers;

(ii) the historical financial performance and condition of the Group;

(iii) the reasonableness of the terms of the Proposed Transactions;

(iv) the financial effects of the Proposed Transactions on the Group; and

(v) other relevant considerations.

### 5.1 Rationale for the Proposed Transactions

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Transactions or the future prospects of the Group after the Proposed Transactions. Nevertheless, we have reviewed the Company's rationale for the Proposed Amendments and Waivers as set out in Section 4 of the Circular and the financial effects of the Proposed Amendments and Waivers as set out in Section 8 of the Circular and Section 5.4 of this IFA Letter.

We note the following salient points:

(i) The Proposed Amendments and Waivers will reduce the debt burden of the Group without adversely affecting its operating cash flow, and strengthen the Group's financial position and capital base, thus enhancing its flexibility to raise debt and to capitalise on potential growth opportunities;

(ii) The improved balance sheet position of the Group will provide it with a better position to negotiate for more favourable financing terms from financial institutions in respect of any funding requirements which may arise going forward. As an illustration, based on the financial position of the Group as at 30 June 2022, the Proposed Amendments and Waivers will improve the NTA per Share from RMB0.73 to RMB0.95[(1)];

(iii) The revised Rate of Distribution of 4.0% is a rate commercially acceptable by both the Company and the Bondholder based on commercial negotiation and is within the range of the current interest rate charged on the Company's existing borrowings of 4.00% to 8.58%. Under the prevailing Rate of Distribution, the Distribution amount payable per annum is approximately RMB155.1 million. Under the revised Rate of Distribution of 4.00%, the Distribution payable per annum is approximately RMB38.6 million. Accordingly, the interest cost savings achieved per annum as a result of the revised Rate of Distribution is approximately RMB116.5 million; and

(iv) The Conversion Price was revised from S$0.318 to S$0.125 to ensure that the minority Shareholders will not be disadvantaged considering the potential dilution effect of the Conversion Price Amendment. Accordingly, the revised Conversion Price was determined after taking into consideration that there will be minimal impact on the Group's NTA per Share after full conversion of the PCS under existing PCS Conditions and the Amended PCS Conditions respectively.

**Note:**

(1) Computed based on 2,557,040,024 number of issued shares and NTA of approximately RMB1,855 million before Proposed Amendments and Waivers, before conversion under the PCS condition, and NTA of approximately RMB2,423 million after Proposed Amendments and Waivers, before conversion under the PCS condition.

## 5.2 Historical financial performance and condition of the Group

### 5.2.1 Financial performance of the Group

We set out below a summary of the key financial results of the Group for the last three financial years ended 31 December, i.e. FY2019, FY2020 and FY2021, and the latest interim results for 1H2022 and the corresponding period for the preceding year i.e. 1H2021:

| | Audited | | | Unaudited | |
|---|---|---|---|---|---|
| **RMB'000** | **FY2019** | **FY2020** | **FY2021** | **1H2021** | **1H2022** |
| Revenue | 358,925 | 231,035 | 228,816 | 112,937 | 87,657 |
| Gross profit | 206,864 | 138,252 | 158,075 | 79,117 | 65,578 |
| Net loss attributable to | | | | | |
| - Equity holders of the Company | (523,432) | (187,848) | (254,114) | (93,531) | (83,030) |
| - Non-controlling interests | (2,492) | (8,011) | (9,165) | (4,277) | (202) |
| **Net loss** | **(525,924)** | **(195,859)** | **(263,279)** | **(97,808)** | **(83,232)** |

*Source: Company's annual reports for FY2020 and FY2021, and interim results announcement for 1H2022*

*FY2019 to FY2021*

Revenue of the Group declined significantly by 35.6% from RMB358.9 million in FY2019 to RMB231.0 million in FY2020 due mainly to the impact of COVID-19 pandemic which led to a decrease in the sale of properties and rental income. Consequently, the Group recorded a net loss of RMB195.9 million in FY2020.

With the COVID-19 situation under better control in FY2021, revenue of the Group declined slightly by 1.0% from RMB231.0 million in FY2020 to RMB228.8 million in FY2021. The decline was due mainly to a decrease in the sale of properties, partially offset by an increase in rental income. Notwithstanding, the Group's gross profit increased by 14.3% to RMB158.1 million in FY2021 due mainly to higher profit margin. The Group recorded a net loss of RMB263.3 million in FY2021 as compared to a net loss of RMB195.9 million in FY2020 due mainly to additional provision for potential penalties in relation to its development projects and higher fair value loss on financial asset recognised in FY2021.

Overall, the Group continued to face multiple headwinds including the persistent property sector weakness hit by defaults on debt obligations and China's COVID-19 policy which have put pressure on the country's property and retail sectors.

*1H2022 vs 1H2021*

Revenue of the Group declined by 22.4% year-on-year to RMB87.7 million in 1H2022 due mainly to the lingering fallout from the impact of COVID-19 which led to a decrease in the sale of properties and rental income. Notwithstanding, the Group recorded a lower net loss of RMB83.2 million in 1H2022 as compared to a net loss of RMB97.8 million in 1H2021 due mainly to lower expenses incurred in 1H2022.

### 5.2.2 Key financial position of the Group

A summary of the statement of financial position of the Group as at 30 June 2022 based on the Company's latest unaudited results announcement for 1H2022 is set out below:

| | Unaudited as at 30 June 2022 RMB'000 |
|---|---|
| Non-current assets | |
| Property, plant and equipment | 49,917 |
| Investment properties | 4,099,183 |
| Financial asset, at fair value through profit or loss | 621,799 |
| | **4,770,899** |
| Current assets | |
| Development properties | 1,036,610 |
| Trade and other receivables | 461,825 |
| Cash and cash equivalents | 487,206 |
| | **1,985,641** |
| **Total assets** | **6,756,540** |
| Non-current liabilities | |
| Deferred income tax liabilities | 471,027 |
| Borrowings | 2,012,756 |
| | **2,483,783** |
| Current liabilities | |
| Trade and other payables | 1,327,347 |
| Current income tax liabilities | 179,669 |
| Borrowings | 494,585 |
| Provisions | 415,901 |
| | **2,417,502** |
| **Total liabilities** | **4,901,285** |
| Total equity | |
| Share capital | 4,028,372 |
| Reverse acquisition reserve | (2,034,754) |
| Statutory common reserve | 91,018 |
| Convertible bonds reserve | 42,458 |
| Perpetual convertible securities | 878,970 |
| Translation reserve | 22,461 |
| Accumulated losses | (1,168,538) |
| Equity attributable to owners of the Company | 1,859,987 |
| Non-controlling interests | (4,732) |
| **Total equity** | **1,855,255** |
| NTA of the Group as at 30 June 2022 (RMB'000) | RMB1,855,255 |
| Number of outstanding shares as at 30 June 2022 ('000) | 2,557,040 |
| NTA per share as at 30 June 2022 | |
| - in RMB | RMB0.73 |
| - in S$ equivalent* | S$0.151 |

*Source: Company's results announcement for 1H2022*

** based on the exchange rate of S$1 : RMB4.82 on 30 June 2022 (Source: Bloomberg L.P.)*

*Assets*

Total assets comprised mainly (i) investment properties of RMB4,099 million (60.7% of total assets) which are mainly in relation to office and commercial properties held for rental income; (ii) development properties of RMB1,037 million (15.3% of total assets) which are mainly in relation to completed properties held for sale and land parcels for development; (iii) financial asset of RMB622 million (9.2% of total assets) which is mainly in relation to unquoted investment in Shanghai Zhaoli Investment Centre (LLP); (iv) cash and cash equivalents of RMB487 million (7.2% of total assets); and (v) trade and other receivables of RMB462 million (6.8% of total assets).

*Liabilities*

Total liabilities comprised mainly (i) borrowings of RMB2,507 million (51.2% of total liabilities); (ii) trade and other payables of RMB1,327 million (27.1% of total liabilities) which are mainly in relation to the PCS; (iii) income tax related liabilities of RMB651 million (13.2% of total liabilities); and (iv) provisions of RMB416 million (8.5%% of total liabilities) which are mainly in relation to provision on litigation cases and penalties.

Following the Proposed Amendments and Waivers, the Company will improve to a net current assets position from a net current liabilities position based on certain assumptions as set out in Section 8 of the Circular and Section 5.4 of this IFA Letter. Key terms of the Proposed Amendments and Waivers are set out in Section 3 of the Circular and Section 3.2 of this IFA Letter.

**5.3 Reasonableness of the terms of the Proposed Transactions**

Based on the revised terms of the PCS, the S$185 million principal amount of the PCS can be converted into a maximum number of 1,480,000,000 Conversion Shares, at the Conversion Price of S$0.125 per Conversion Share.

Accordingly, we have considered the following in assessing the reasonableness of the Conversion Price:

(i) market quotation of the Shares;

(ii) comparison with the NTA of the Group; and

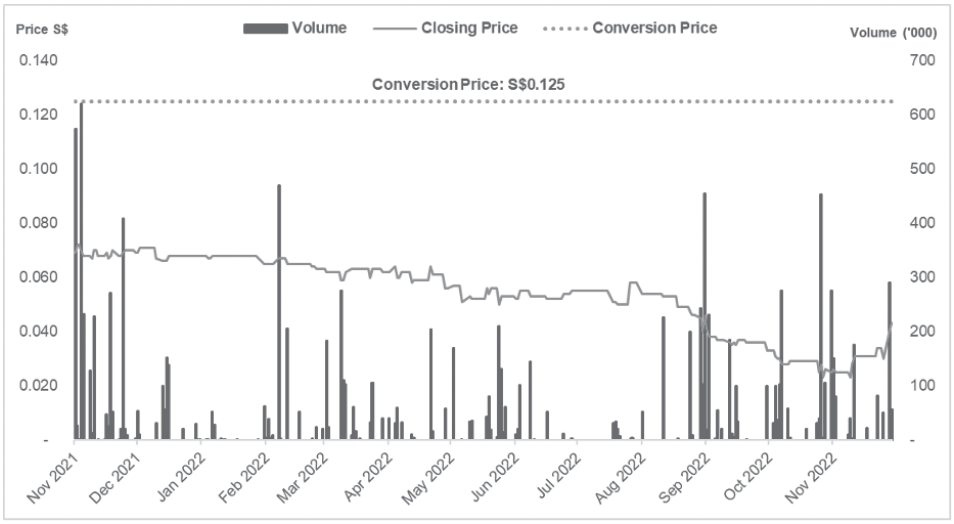
(iii) comparison with precedent issues of convertible debt.

**5.3.1 Market quotation of the Shares**

The Conversion Price of S$0.125 for each new Share represents a significant premium of approximately 400.0% above the VWAP of the Shares of S$0.025 on 7 November 2022, being the trading day on which the Amendment Deed was entered into, and the Announcement Date.

We also note the historical trading performance and trading activity of the Shares for the one-year period from 8 November 2021 to 7 November 2022, and up to the Latest Practicable Date ("**Period Under Review**"), as shown in the chart below:

**Price movement and trading volume of the Shares for the Period Under Review**




*Source: Bloomberg L.P.*

Based on the above, we note the following:

(i) For the one-year period up to the Announcement Date, based on daily transacted prices, the Shares had traded between a low of S$0.023 and a high of S$0.072. The VWAP of the Shares during this one-year period was S$0.053. Hence, the Conversion Price of the Conversion Shares of S$0.125 represents a significant premium of 443.5% above the lowest traded price, a significant premium of 73.6% to the highest traded price, and a significant premium of 135.3% above the VWAP of the Shares for the one-year period up to the Announcement Date. The Conversion Price also represents a significant premium of 221.3%, 263.9% and 366.5% above the VWAP of the Shares for the 6-month, 3-month and 1-month periods prior to the Announcement Date, respectively.

(ii) Since the Announcement Date and up to the Latest Practicable Date, the Share price had fluctuated between a low of S$0.023 and a high of S$0.044. As at the Latest Practicable Date, the last transacted Share price was S$0.043. The Conversion Price of the Conversion Shares of S$0.125 is now at a premium of 190.7% to the current market Share price.

(iii) For the one-year period up to the Announcement Date, trading liquidity on the Shares was relatively low with an average daily trading volume of 41,625[(1)] Shares, representing 0.01% of the free float of the Shares[(2)]. Nevertheless, the Shares were traded on most days. The Shares had traded on 133 out of 252 trading days when the SGX-ST was opened for trading. After the Announcement Date and up to the Latest Practicable Date, trading liquidity had increased slightly, with an average daily trading volume of 42,933 Shares.

**Notes:**

(1) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST during the one-year period up to the Announcement Date, divided by the number of days when the SGX-ST was open for trading during the period; and

(2) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders. For the purposes of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 2,557 million Shares based on the free float of 27.96% as disclosed in the annual report of the Company for FY2021.

### 5.3.2 Comparison with the NTA of the Group

Based on the latest unaudited consolidated financial statements of the Group as at 30 June 2022, the unaudited consolidated NTA of the Group amounted to approximately RMB1,855 million (equivalent to S$384.9 million based on the exchange rate of S$1.00 : RMB4.82), or RMB0.73 per Share (S$0.151 per Share) (based on 2,557,040,024 issued Shares as at 30 June 2022). Accordingly, the Conversion Price of S$0.125 per Share represents a discount of S$0.026 or 17.2% over the unaudited consolidated NTA per Share of S$0.151 as at 30 June 2022.

The Directors have confirmed that to the best of their knowledge and belief, (a) they are not aware of any circumstances which may cause the NTA of the Group, as at the Latest Practicable Date, to be materially different from that recorded in the unaudited balance sheet of the Group as at 30 June 2022; (b) there have been no material acquisitions or disposals of assets by the Group since 30 June 2022 and up to the Latest Practicable Date; and (c) there are no other contingent liabilities which are likely to have a material impact on the unaudited NTA of the Group as at 30 June 2022.

### 5.3.3 Comparison with precedent issues of convertible debts

In assessing the reasonableness of the terms of the PCS, we have compared the financial terms of the Amendment Deed with those of selected recent unlisted convertible loans or bonds issued by companies (excluding real estate investment trusts and business trusts) listed on the SGX-ST between 1 January 2021 and 31 December 2021 (the "**Precedent Convertible Debt Transactions**"). For the purpose of our comparison, we have excluded convertible loans or bonds which do not have a fixed conversion price. While not directly comparable to the PCS, the Precedent Convertible Debt Transactions provide a reference on certain market rates and terms.

Shareholders should note that the circumstances and terms relating to the Precedent Convertible Debt Transactions are unique and might not be identical to the PCS, and are dependent on factors such as the financial performance and position of the companies, the volatility and trading liquidity of the shares of the companies, and the market sentiments prevailing at the time of the relevant Precedent Convertible Debt Transactions.

We wish to highlight that the Precedent Convertible Debt Transactions set out below are by no means exhaustive. In addition, the Group is not directly comparable to the companies involved in the Precedent Convertible Debt Transactions in terms of business activities, scale of operations, market capitalisation, geographical spread, accounting policies, financial performance, operating and financial leverage, asset base, risk profile, track record, future prospects and other relevant criteria. Any comparison merely serves as an illustrative guide and each of the Precedent Convertible Debt Transactions must be judged on its own commercial and financial merits. We are using NTA per share of the Company in comparing to the comparable companies. The Company's NTA is equivalent to NAV and it has no intangible assets in their financials. Accordingly, any comparison made herein is strictly limited in scope.

| Company | Date of annoucement | Principal amount | Coupon/ interest per annum | Conversion price | Premium/ (Discount) of conversion price over/to market price prior to announcement[1] | Conversion price / NAV[2] |
|---|---|---|---|---|---|---|
| Oxley Holdings Limited | 7 Jan 2021 | US$80mn | 4.5% | S$0.25 | 13.6%[3] | 1.0x |
| Medi Lifestyle Limited | 29 Jan 2021 | S$2.25mn | 10.0% | S$0.04 | 3.1% | 6.8x |
| Singapore Exchange Limited | 2 Feb 2021 | EUR240mn | Interest-free | S$13.0944 | 32.0% | 11.1x |
| Healthbank Holdings Limited | 23 Mar 2021 | S$3.3mn | Interest-free | S$0.088 | 0.0% | 0.5x |
| OIO Holdings Limited | 29 Mar 2021 | US$2.4mn | 8.0% | S$0.178 | (9.6)% | n.m.[4] |
| KTL Global Limited | 3 Jun 2021 | S$2.0mn | 2.0% | S$0.062 | (10.0)% | n.m.[4] |
| Lum Chang Holdings Limited | 25 Jun 2021 | S$20.0mn | 2.0% | S$0.44 | 11.4% | 0.7x |
| Jasper Investments Limited | 16 Aug 2021 | S$1.2mn | 8.0% | S$0.00315 | (10.0)% | n.m.[4] |
| Plastoform Holdings Limited | 15 Nov 2021 | S$1.5mn | Interest-free | S$0.006 | (53.8)% | n.m.[4] |
| **High** | | | **10.0%** | | **32.0%** | **11.1x** |
| **Mean** | | | **3.8%** | | **(2.6)%** | **4.0x** |
| **Median** | | | **2.0%** | | **0.0%** | **1.0x** |
| **Low** | | | **0.0%** | | **(53.8)%** | **0.5x** |
| **The Company** | | **S$185mn** | **4.0%** | **S$0.125** | **400.0%[5]** | **0.8x[6]** |

*Source: Bloomberg L.P., announcements of the respective companies and HLF's computations*

**Notes:**

(1) The premium/(discount) to market price or VWAP prior to announcement are based on the respective companies' announcements.

(2) Price-to-NAV ratio is computed based on the latest announced results for the respective companies prior to the announcement.

(3) For Oxley Holdings Limited, the conversion price represents a premium of 13.6% over S$0.22, being the prevailing market price of the underlying shares prior to the signing of the subscription agreement.

(4) Not meaningful as the respective companies are in a net liability position.

(5) For the Company, the Conversion Price represents a premium of approximately 400.0% to the VWAP for trades done on 7 November 2022, being the last full market day on which the Amendment Deed is signed.

(6) For the Company, the price-to-NTA ratio is computed based on the NTA as at 30 June 2022 and based on the exchange rate of S$1.00 : RMB4.82.

Based on the above, we note the following:

(i) The significant premium of the Conversion Price over the VWAP of the Shares for trades done on the Announcement Date of 400.0% is above the range of the corresponding premium/(discounts) of the Precedent Convertible Debt Transactions of between a discount of 53.8% and a premium of 32.0%;

(ii) The Conversion Price-to-NTA ratio as implied by the Conversion Price and the unaudited consolidated NTA per Share of the Group as at 30 June 2022 of 0.8 times is (a) within the range of the corresponding conversion price-to-NAV ratios of the Precedent Convertible Debt Transactions of between 0.5 times and 11.1 times, and (b) below the mean and median conversion price-to-NAV ratios of the Precedent Convertible Debt Transactions of 4.0 times and 1.0 times respectively; and

(iii) The interest rate of 4.0% per annum for the PCS is (a) within the range of the corresponding interest rates of the Precedent Convertible Debt Transactions of between 0% (i.e. interest-free) and 10.0%, and (b) above the mean and median interest rates of the Precedent Convertible Debt Transactions of 3.8% and 2.0% respectively.

In addition to the above, we also note that the interest rate of 4.0% per annum for the PCS is below the range of the corresponding Prime Lending Rates of between 4.25% and 8.5%(1).

**Note:**

(1) According to abs.org.sg – Prime Lending Rates as of 2 December 2022, which is available at https://abs.org.sg/benchmark-rates/prime-lending-rates

## 5.4 Financial effects of the Proposed Transactions on the Group

Details on the financial effects of the Proposed Transactions are set out in Section 8 of the Circular which are based on the Group's financial information for 1H2022 and certain assumptions. Shareholders are advised to read the information carefully, including the bases and assumptions set out therein. Shareholders should note that the financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Group after the completion of the Proposed Transactions.

The table below sets out the financial effects of the Proposed Amendments and Waivers:

| | **Before Proposed Amendments and Waivers, Before conversion under the PCS Conditions** | **Before Proposed Amendments and Waivers, After conversion under the PCS Conditions** | **After Proposed Amendment and Waiver, Before conversion under the Amended PCS Conditions** | **After Proposed Amendment and Waiver, After conversion under the Amended PCS Conditions** |
|---|---|---|---|---|
| Issued and paid-up share capital(1) (RMB'000) | 4,028,372 | 4,907,342 | 4,028,372 | 4,907,342 |
| Number of Shares ('000) | 2,557,040 | 3,138,801(2) | 2,557,040 | 4,037,040(2) |
| Net current (liabilities) /assets position (RMB'000) | (431,861) | (431,861) | 135,553 | 135,553 |
| NTA (RMB'000) | 1,855,255 | 1,855,255 | 2,422,669 | 2,422,669 |
| **NTA per Share (RMB)** | **0.73** | **0.59** | **0.95** | **0.60** |

**Notes:**

(1) Computed based on the historical exchange rate of SGD1 : RMB4.7512.

(2) Assuming full conversion of the PCS and the issuance of 581,761,006 or 1,480,000,000 Conversion Shares, respectively.

In summary, we note the Proposed Transactions would have the following financial effects on the Group based on its latest unaudited results announcement for 1H2022 and assuming the amount that would have been waived under the Waivers as at 30 June 2022 is RMB567,414,000 comprising (i) RMB317,102,000, being the Arrears of Distribution; (ii) RMB109,388,000, being the Additional Distribution Amount; and (iii) RMB140,924,000, being the Additional Interest Amount.

The Group's NTA per share will improve from RMB0.73 to RMB0.95, and improve from a net current liabilities position of RMB431.9 million to a net current assets position of RMB135.6 million, assuming before conversion under existing terms and amended terms respectively.

The Group's NTA per share will improve slightly from RMB0.59 to RMB0.60, and improve from a net current liabilities position of RMB431.9 million to a net current assets position of RMB135.6 million assuming after conversion under existing terms and amended terms respectively.

**5.5 Other relevant considerations**

**5.5.1 Dilution impact to the independent Shareholders**

As at the Latest Practicable Date, CEL is deemed to hold 1,842,011,837 Shares, which represents approximately 72.0% of the total number of Shares in issue.

The Conversion Shares will constitute approximately 36.7% of the Enlarged Share Capital. The Proposed Transactions will result in an increase in CEL's shareholding interests (indirect) to approximately 82.3% of the Enlarged Share Capital.

Accordingly, the shareholding interest of CEL in the Company as at the Latest Practicable Date and the issuance of the Conversion Shares is as follows:

| Shareholders | As at the Latest Practicable Date | | After the issuance of the Conversion Shares | |
|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % |
| CEL | 1,842,011,837 | 72.0 | 3,322,011,837 | 82.3 |
| Others | 715,028,187 | 28.0 | 715,028,187 | 17.7 |
| **Total** | **2,557,040,024** | **100.0** | **4,037,040,024** | **100.00** |

Based on the above, we note that the issuance of the Conversion Shares pursuant to the Proposed Transactions will increase the shareholding interest of CEL and as a result dilute other existing Shareholders' interests in the Company. In view of the above, we note that CEL will still remain the single largest shareholding block of the Company.

**5.5.2 Voting abstentions**

We note that as set out in Section 12 of the Circular, *inter alia*:

(i) the Bondholder has undertaken to the Company to abstain and procure that its associates will abstain from voting on the resolutions to approve the Proposed Transactions; and

(ii) the Bondholder shall decline and ensure that its associates decline to accept appointment as proxy/ proxies to vote at the EGM in respect of the resolutions relating to the Proposed Transactions for other Shareholders unless the Shareholders concerned shall have given specific instructions as to the manner in which his votes are to be cast at the EGM.

Accordingly, the approval of the Proposed Transactions would be subject entirely to the approval of the independent Shareholders.

### 5.5.3 Inter-conditionality of the resolutions for the Proposed Transactions

Shareholders should note that the Resolutions in relation to the Proposed Transactions are inter-conditional upon one another. Accordingly, the Proposed Transactions will not be completed if any of the Resolutions failed to be approved by the independent Shareholders of the Company in the upcoming EGM.

## 6. OUR OPINION

In arriving at our opinion in respect of the Proposed Transactions, we have reviewed and have deliberated on the following key considerations which we consider to be pertinent in our assessment:

(i) the rationale for the Proposed Amendments and Waivers, as detailed in paragraph 5.1 of this IFA Letter;

(ii) the historical financial performance and condition of the Group, as detailed in paragraph 5.2 of this IFA Letter;

(iii) the reasonableness of the terms of the Proposed Transactions, as detailed in paragraph 5.3 of this IFA Letter;

(iv) the financial effects of the Proposed Transactions on the Group, as detailed in paragraph 5.4 of this IFA Letter; and

(v) other relevant considerations, as detailed in paragraph 5.5 of this IFA Letter.

**Overall, based on our analysis and after having considered carefully the information available to us, we are of the opinion that, on balance, the Proposed Transactions as an IPT, are on normal commercial terms and are not prejudicial to the interests of the Company and the independent Shareholders.**

**Accordingly, we advise the Independent Directors and the Audit Committee to recommend that the independent Shareholders vote in favour of the resolutions in respect of the Proposed Transactions.**

Our opinion herein is based upon market, economic, industry, monetary, regulatory and other applicable conditions prevailing on, and the information provided to us, as of the Latest Practicable Date. Our opinion does not reflect any projections of future financial performance of the Company and/or the Group after the completion of the Proposed Transactions. In addition, our opinion is solely confined to our views on the Proposed Transactions as an IPT.

This IFA Letter is prepared pursuant to Rule 921(4)(a) of the Listing Manual, as well as to advise the Independent Directors and the Audit Committee for their benefit, in connection with and for the purpose of their consideration of the Proposed Transactions as an IPT. Any recommendations made by the Independent Directors and the Audit Committee in respect thereof shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Group, the Directors nor any other person may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, other than for the purposes of the EGM, the Proposed Transactions as an IPT, at any time and in any manner without the prior written consent of HLF in each specific case.

This IFA Letter is governed by and to be construed in accordance with the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly,
For and on behalf of
**Hong Leong Finance Limited**

Tang Yeng Yuen
Vice President

Kaeson Chui
Vice President

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

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 this Notice will not be despatched to members of the Company.

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting ("**EGM**") of Ying Li international Real Estate Limited ("**Company**") will be held by electronic means on Thursday, 29 December 2022 at 9:30 a.m. for the purpose of considering and, if thought fit, passing Resolutions 1 to 4 which will be proposed as Ordinary Resolutions.

*All capitalised terms used in this Notice of EGM which are not defined herein shall have the same meanings ascribed to them in the circular to the shareholders of the Company dated 14 December 2022 (the "**Circular**").*

Shareholders should note that the passing of Resolutions 1, 2, 3 and 4 are inter-conditional. This means that if any of the Resolutions is not approved, the other Resolutions will not be passed.

**RESOLUTION 1:**

**ORDINARY RESOLUTION**

**THE PROPOSED AMENDMENT OF CONVERSION PRICE IN THE PCS CONDITIONS**

That subject to and contingent upon the passing of Resolutions 2, 3 and 4:

(a) the Conversion Price in Condition 5(a)(iii) of the Tranche 1 PCS Conditions and Condition 5(a)(iii) of the Tranche 2 PCS Conditions be amended from S$0.318 per Share to S$0.125 per Share in accordance with the Amendment Deed; and

(b) any Director be and is hereby authorised to do and complete all such acts and things as he/she may consider desirable, necessary or expedient to give effect to this Resolution, including without limitation, executing all such documents and to approve any amendments, alterations or modification to any documents as he/she may think fit and in the interests of the Company.

**Note to Resolution 1:**

(1) The Bondholder and its associates will voluntarily abstain from exercising any voting rights in relation to Resolution 1 as the Conversion Price Amendment forms part of the Proposed Amendments and Waivers, which is an interested person transaction.

**RESOLUTION 2:**

**ORDINARY RESOLUTION**

**THE PROPOSED ISSUANCE OF ADDITIONAL CONVERSION SHARES**

That subject to and contingent upon the passing of Resolutions 1, 3 and 4:

(a) approval be and is hereby given to the Directors or any of them to allot and issue up to 898,238,994 Additional Conversion Shares comprising 35.13% of the existing issued Share capital of the Company as may be required or permitted to be allotted or issued on the conversion of the PCS, to the Bondholder, subject to and otherwise in accordance with the Amended PCS Conditions, whereby such Additional Conversion Shares when issued shall rank *pari passu* in all respects with the then existing Shares of the Company, except for any dividends, rights, allotments or other distributions the record date for which is before the relevant conversion date of the PCS; and

(b) any Director be and is hereby authorised to complete and to do all acts and things as he/she may consider desirable, necessary or expedient to give effect to this Resolution, including without limitation, executing all such documents and to approve any amendments, alterations or modification to any documents as he/she may think fit and in the interests of the Company.

**Note to Resolution 2:**

(1) Pursuant to Rule 812(2) of the Listing Manual, the Bondholder and its associates will abstain from exercising any voting rights in relation to Resolution 2.

**RESOLUTION 3**

**ORDINARY RESOLUTION**

**THE PROPOSED AMENDMENTS AND WAIVERS AS AN INTERESTED PERSON TRANSACTION**

That subject to and contingent upon the passing of Resolutions 1, 2 and 4:

(a) the execution of the Amendment Deed between the Company and the Bondholder and all transactions contemplated thereby be and are hereby approved, confirmed, adopted and ratified;

(b) approval be and is hereby given for the transactions contemplated under the Amendment Deed as an interested person transaction for the purpose of Chapter 9 of the Listing Rules, details of which have been set out in the Circular; and

(c) any Director be and is hereby authorised to do and complete all such acts and things as he/she may consider desirable, necessary or expedient to give effect to this Resolution, including but not limited to amending, finalising, approving and executing all such documents as may be required in connection with the Amendment Deed and exercise such discretion as he/she may deem fit, advisable or necessary in connection with all or any of the above matters.

**Note to Resolution 3:**

(1) Pursuant to Rule 919 of the Listing Manual, the Bondholder and its associates will abstain from exercising any voting rights in relation to Resolution 3.

**RESOLUTION 4:**

**ORDINARY RESOLUTION**

**THE PROPOSED ISSUANCE OF ADDITIONAL CONVERSION SHARES AS AN INTERESTED PERSON TRANSACTION**

That subject to and contingent upon the passing of Resolutions 1, 2 and 3:

(a) approval be and is hereby given for Proposed Issuance of Additional Conversion Shares as an interested person transaction for the purpose of Chapter 9 of the Listing Rules, details of which have been set out in the Circular; and

(b) any Director be and is hereby authorised to complete and to do all acts and things as he/she may consider desirable, necessary or expedient to give effect to this Resolution, including without limitation, executing all such documents and to approve any amendments, alterations or modification to any documents as he/she may think fit and in the interests of the Company.

**Note to Resolution 4:**

(1) Pursuant to Rule 919 of the Listing Manual, the Bondholder and its associates will abstain from exercising any voting rights in relation to Resolution 4.

**By Order of the Board**

Toh Li Ping, Angela
Company Secretary
14 December 2022

**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 EGM will be held by way of electronic means and members will NOT be allowed to attend the EGM in person.

2. There will be no despatch of printed copies and this Notice of EGM together with the following documents are made available to members on 14 December 2022 via SGXNet at the following URL: https://www.sgx.com/securities/company-announcements and the Company's website at the following URL: www.yingligj.com:

   (a) Notice of EGM;

   (b) Proxy Form in relation to the EGM; and

   (c) Circular.

3. Alternative arrangements are instead put in place to allow members/proxies to participate in the EGM by:

   (a) watching or listening to the EGM proceedings via a Live Webcast (as defined below). Members/proxies who wish to participate as such will have to pre-register in the matter outlined in Notes 4 to 8 below;

   (b) submitting questions ahead of or "live" at the EGM. Please refer to the Notes 9 to 11 below for further details; and

   (c) voting (i) "live" by the members or by their duly appointed proxy(ies) (other than the Chairman of the EGM); or (ii) by appointing the Chairman of the EGM as proxy to vote on their behalf at the EGM. Please refer to Notes 12 to 19 below for further details.

Participation in EGM proceedings via "live webcast"

4. A member of the Company, their proxy(ies) 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 EGM through a live webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the member/proxy(ies) must pre-register by 9.30 a.m. on 26 December 2022, being seventy-two (72) hours before the time appointed for the EGM ("**Registration Cut-Off Time**"), at the following URL: https://yingligj.com/2022egm/ ("**Pre-Registration Website**"), to create an account.

5. Following authentication of his/her/its status as a member or proxy(ies) of the member of the Company, such member/proxy(ies) will receive an email on their authentication status and will be able to access the Live Webcast using the account created.

6. Members/proxies who have registered by the Registration Cut-Off Time in accordance with paragraph (4) above but do not receive an email response by 5.00 p.m. on 27 December 2022 may contact the Company's live webcast provider by 10.00 a.m. on 28 December 2022 for assistance at the following email address: webcast@bigbangdesign.co, with the following details included:

   (a) the member's/proxy's full name;

   (b) his/her/its identification/company registration number; and

   (c) the manner in which the shares are held (e.g. via The Central Depositor (Pte) Limited ("**CDP**"), Central Provident Fund ("**CPF**") Investment Scheme, or Supplementary Retirement Scheme ("**SRS**")).

7. Non-CPF/SRS holders whose shares are registered under Depository Agents ("**DAs**") must also contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the EGM proceedings.

8. Corporate shareholders must also submit the Corporate Representative Certificate to the Share Registrar, B.A.C.S. Private Limited, at main@zicoholdings.com, in addition to the registration procedures as set out in paragraph (4) above, by the Registration Cut-Off Time, for verification purpose.

Submission of questions ahead of the EGM

9. Members (including CPF and SRS Investors) may also submit questions relating to the resolutions to be tabled for approval at the EGM or the Company's businesses and operations ahead of the EGM. To do so, all questions must be submitted by 9.30 a.m. on 22 December 2022 through any of the following means:

   (a) via the pre-registration website;

   (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 sending a scanned PDF copy by email to main@zicoholdings.com.

   If the questions are submitted by post, be deposited at the 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, 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 EGM 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. Should there be subsequent clarification sought, or follow-up questions after the deadline of the submission of questions, the Company will address those substantial and relevant questions prior to the EGM through publication on SGXNet, or at the EGM.

Submission of questions "live" at the EGM

11. Members (including CPF and SRS Investors) may submit textual questions "live" at the EGM in the following manner:

   (a) Members (including CPF and SRS Investors) or where applicable, their appointed proxy(ies) who have pre-registered and are verified to attend the EGM can ask questions relating to the ordinary resolutions tabled for approval at the EGM "live" at the EGM, by typing in and submitting their questions through the "live" ask-a-question function via the webcast platform during the EGM.

   (b) Members who wish to appoint a proxy(ies) (other than the Chairman of the EGM) to ask questions "live" at the EGM on their behalf must, in addition to completing and submitting a Proxy Form, ensure that their proxy(ies) pre-register separately via the Pre-Registration Website before the Registration Cut-Off Time.

   (c) Members (including CPF and SRS Investors) or, where applicable, their appointed proxy(ies) must access the EGM proceedings via the "live" webcast platform in order to ask questions "live" at the EGM.

   (d) The Company will, during the EGM itself, address the substantial and relevant questions (which are related to the resolutions to be tabled for approval at the EGM) which have not already been addressed prior to the EGM, as well as those received "live" at the EGM itself, as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions; consequently, not all questions may be individually addressed.

Submission of Proxy Form, or voting "live" at the EGM

12. Members who wish to exercise their voting rights at the EGM may:

   (a) (where such members are individuals) vote "live" via electronic means at the EGM or (where such members are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the EGM)* to vote "live" via electronic means at the EGM on their behalf; or

      * For the avoidance of doubt, CPF and SRS investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the EGM) to vote "live" at the EGM on their behalf.

   (b) (where the member is an individual or corporate) appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment for that resolution will be treated as invalid.

   A proxy need not be a member of the Company.

13. A member of the Company who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint one or two proxies to attend and vote in his/her stead. Where a member who is not a relevant intermediary appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

14. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

    "Relevant intermediary" means:

    (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;

    (b) a person holding a capital markets services licence to provide custodial services for securities 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, in respect of shares purchased under the subsidiary legislation made under that 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

15. Subject to Note 18 below, completion and return of Proxy Form shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Live Webcast of the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

16. The completed and signed Proxy Form must be submitted to the Company in the following manner:

    (a) by depositing a hard copy (whether in person or by post) 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 either case **by no later than 9.30 a.m. on 27 December 2022, being forty-eight (48) hours before the time appointed for the EGM**.

    A member who wishes to submit a Proxy Form must first **download, complete and sign the Proxy Form,** before submitting it by depositing to the address provided above, or scanning and sending it by email to the email address provided above.

17. The Proxy Form must be signed by the appointer or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

18. Investors who hold shares under the CPF Investment Scheme and/or the SRS (as may be applicable) and wish to appoint the Chairman of the EGM as their proxy to vote on their behalf at the EGM, in which case should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the EGM (i.e. 19 December 2022 at 5.00 p.m.).

19. The Company shall be entitled to reject the 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 the Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one Proxy Form). In addition, in the case of Shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Personal data privacy:**

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

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**YING LI INTERNATIONAL REAL ESTATE LIMITED**
(Company Registration No. 199106356W)
(Incorporated in Singapore)

## EXTRAORDINARY GENERAL MEETING PROXY FORM

*(Please see notes overleaf before completing this Form)*

**IMPORTANT:**

1. The Extraordinary General Meeting ("**EGM**" or "**Meeting**") is being convened by electronic means 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.
2. A member will not be able to attend the EGM in person. Alternative arrangements relating to the attendance of the EGM through electronic means, as well as conduct of the EGM and relevant guidance with full details are set out in the Notice of EGM dated 14 December 2022 which has been uploaded on SGXNet at the URL at: https://www.sgx.com/securities/company-announcements on the same day. The announcement and the Notice of Extraordinary General Meeting can also be accessed at the Company's corporate website (www.yingligj.com). **Printed copies of this Proxy Form and the Notice of EGM will not be sent to members.**
3. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") and wishes to vote should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes to appoint the Chairman of the EGM as their proxy, at least seven (7) working days before the EGM (i.e. 19 December 2022 at 5.00 p.m.).
4. **This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.**

I/We, _____ (Name), NRIC/Passport number/Co Regn. No.* _____

of _____ (Address)

being a member/members of Ying Li International Real Estate Limited (the "**Company**"), hereby appoint(s):

| **Name** | **Address** | **Email Address** | **NRIC/ Passport No.** | **Proportion of Shareholdings** | |
|---|---|---|---|---|---|
| | | | | **No. of Shares** | **%** |
| | | | | | |

and/or (delete as appropriate)

| **Name** | **Address** | **Email Address** | **NRIC/ Passport No.** | **Proportion of Shareholdings** | |
|---|---|---|---|---|---|
| | | | | **No. of Shares** | **%** |
| | | | | | |

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the EGM of the Company to be held by way of electronic means on Thursday, 29 December 2022 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

| **No.** | **Ordinary Resolutions relating to:** | **For**** | **Against**** | **Abstain**** |
|---|---|---|---|---|
| 1 | Proposed Amendment of Conversion Price | | | |
| 2 | Proposed Issuance of Additional Conversion Shares | | | |
| 3 | Proposed Amendments and Waivers as an interested person transaction | | | |
| 4 | Proposed Issuance of Additional Conversion Shares as an interested person transaction | | | |

* * Delete where inapplicable

** If you wish to use all your votes "For", "Against" or "Abstain", please indicate with an "√" within the box provided. Otherwise, please indicate number of votes "For", "Against" or "Abstain" for each resolution within the box provided. If you mark "√" in the "Abstain" box for a particular resolution, you are directing your proxy(ies) not to vote on that resolution.

Dated this _____ day of December, 2022

| **Total number of Shares in:** | **No. of Shares** |
|---|---|
| (a) CDP Register | |
| (b) Register of Members | |

_____

Signature of Member(s)

or, Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM**

**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, the Proxy Form shall be deemed to relate to all the Shares held by you.

2. Members will not be able to attend the EGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it may:

   (a) (where the member is an individual) vote "live" via electronic means at the EGM or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the EGM)*** to vote "live" via electronic means at the EGM on his/her/its behalf; or

   *** For the avoidance of doubt, CPF Investors and SRS Investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the EGM) to vote "live" at the EGM on their behalf.

   (b) (where the member is an individual or corporate) appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment for that resolution will be treated as invalid.

   A proxy need not be a member of the Company.

3. A member of the Company who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint one or two proxies to attend and vote in his/her stead.

4. Where a member who is not a relevant intermediary appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (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;

   (b) a person holding a capital markets services licence to provide custodial services for securities 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, in respect of shares purchased under the subsidiary legislation made under that 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

6. Subject to paragraph 9 below, completion and return of this Proxy Form shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Live Webcast of the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

7. The completed and signed Proxy Form must be submitted to the Company in the following manner:

   (a) by depositing a hard copy (whether in person or by post) 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 either case **by no later than 9:30 a.m. on 27 December 2022, being forty-eight (48) hours before the time appointed for the EGM**.

   A member who wishes to submit a Proxy Form must first **download, complete and sign the Proxy Form,** before submitting it by depositing to the address provided above, or scanning and sending it by email to the email address provided above.

8. The Proxy Form must be 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 either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

9. Investors who hold shares under the CPF Investment Scheme and/or the SRS (as may be applicable) and wish to appoint the Chairman of the EGM as their proxy to vote on their behalf at the EGM, in which case should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the EGM (i.e. 19 December 2022 at 5.00 p.m.).

**PERSONAL DATA PRIVACY:**

By submitting a Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 14 December 2022.

**GENERAL:**

The Company shall be entitled to reject the 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 the Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.