英利国际置业
YING LI INTERNATIONAL
REAL ESTATE LIMITED

STRATEGIC TRANSFORMATION

ANNUAL REPORT 2016

RESIDENTIAL ◆ RETAIL ◆ COMMERCIAL ◆ BESPOKE DEVELOPMENT

Ying Li International Hardware and Electrical Centre

CONTENTS

CORPORATE PROFILE

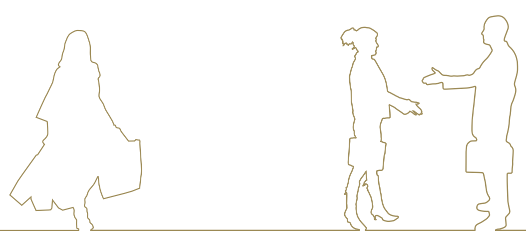
Ying Li International Real Estate Limited ("Ying Li" and together with its subsidiaries, the "Group") is a premier Chongqing-based property developer, principally engaged in the development, sale, rental, management and long-term ownership of high quality commercial, residential and bespoke properties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

Established in 1993, Ying Li has a strong reputation for innovative design and urban renewal, having transformed areas of an old city into high-value urban integrated commercial developments of office spaces and shopping malls. In the process, it has successfully modernised the landscape of Chongqing's main business districts, with several landmark commercial buildings such as New York New York, Zou Rong Plaza, Future International and Ying Li International Financial Centre which are occupied by prestigious companies.

Ying Li is a well-recognised brand for its outstanding design, premium quality, eco-friendly features and rich user-experience in commercial property developments, and is well-positioned to capitalise on the strong market growth in Chongqing as well as other regions of China. With China Everbright Limited on board as its strategic partner and shareholder, Ying Li poised to achieve long-term sustainable growth.

Over the years, Ying Li has won numerous industry awards and accolades including "Chongqing Real Estate Development Industry Trustworthy Brand Award (AAA-highest category)" and Chongqing's "Top 50 Real Estate Development Enterprises Award" for 2001, 2003, 2005, 2007, 2009, 2011, 2013 and 2015. Ying Li was also conferred the 2015 Most Outstanding Commercial Real Estate Business by China Index Academy, Development Research Centre of the State Council and Institute of Real Estate Studies of Tsinghua University. The Group's strong track record and reputation have provided an advantage in securing land in prime locations, for building premier commercial and residential developments.

Ying Li is listed on the Mainboard of the Singapore Exchange ("SGX-ST") under the stock code 5DM.



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YEAR IN REVIEW

JANUARY

- Signed a memorandum of understanding ("MOU") for offshore bond issuance with Shanghai Pudong Development Bank at the first high-level Joint Implementation Committee meeting for the China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity in Chongqing. This paved the way for the Group's eventual successful issuance of USD50 million floating rate notes in April 2016.

- Launch of pre-sales for Ying Li International Hardware and Electrical Centre ("IEC") Phase 1A.

APRIL

- IEC was awarded Hardware & Electrical Market Integrity Award for 2015 by China Hardware and Electromechanical Chamber of Commerce.
- Ying Li successfully issued US$50 million floating rate notes to its strategic shareholder, China Everbright Limited and Shanghai Pudong Development Bank.

MAY

- "Forbidden City Trio" music concert to kick-start the branding exercise for Ying Li International Commercial Centre.

YEAR IN REVIEW

JULY

Completion and continual handover of Lion City Garden project Phase 2B.

Ying Li's Executive Chairman and Group Chief Executive Officer Mr. Fang Ming was elected as Chairman of Chongqing Real Estate Chamber of Commerce.

AUGUST

Soft launch of Ying Li International Commercial Centre Phase 1 (SOHO Tower).

Ying Li signed MOU with Chengdu's hardware and electrical firm Wanguan Group to establish a strategic co-operation towards the Group's IEC project.

DECEMBER

Completion and started handover of IEC Phase IA.

Property visit for investors.

RESULTS AT A GLANCE

- Increase in development properties due to progress made on Ying Li International Commercial Centre and Ying Li International Hardware and Electrical Centre projects
- Decrease in trade and other receivables mainly due to decrease in security deposits placed with contractors, suppliers and relevant authorities
- Decrease in cash and cash equivalents mainly due to payment made to suppliers, payment for income tax and repayment of borrowings
- Decrease in borrowings mainly due to repayment of loans
- Increase in trade and other payables due to three projects concurrently under development and pre-sales proceeds collected
- Decrease in capital and reserves due to i) a reduction in Retained Profits mainly due to payment of distributions on the Perpetual Convertible Securities; and ii) a decrease in exchange fluctuation reserve because of RMB devaluation

(RMB '000)	As at 31 Dec 2016	As at 31 Dec 2015
Non-current assets		
Property, plant and equipment	54,656	60,598
Investment properties	4,457,926	4,391,519
Other investment	620,000	602,000
Deferred tax assets	28,108	22,840
Total non-current assets	**5,160,690**	**5,076,957**
Current assets		
Development properties	5,187,210	4,651,332
Trade and other receivables	841,759	872,515
Cash and cash equivalents	676,315	1,322,708
Total current assets	**6,705,284**	**6,846,555**
Total assets	**11,865,974**	**11,923,512**
Non-current liabilities		
Deferred tax liabilities	573,209	549,019
Borrowings	1,804,559	2,263,230
Total non-current liabilities	**2,377,768**	**2,812,249**
Current liabilities		
Trade and other payables	1,265,015	1,033,222
Current tax payables	156,958	172,830
Borrowings	3,004,222	2,822,420
Total current liabilities	**4,426,195**	**4,028,472**
Total liabilities	**6,803,963**	**6,840,721**
Capital and reserves	5,003,367	5,025,805
Non-controlling interests	58,644	56,986
Total equity	**5,062,011**	**5,082,791**
Total equity and liabilities	**11,865,974**	**11,923,512**

RESULTS AT A GLANCE

(RMB '000)	FY2016	FY2015	Change %
Revenue	1,079,543	616,838	75.0
Cost of sales	(741,478)	(355,931)	108.3
Gross profit	**338,065**	**260,907**	**29.6**
Other income	96,790	211,089	(54.1)
Selling expenses	(80,144)	(73,162)	9.5
Administrative expenses	(128,712)	(119,160)	8.0
Finance costs	(93,017)	(102,296)	(9.1)
Profit before tax	**132,982**	**177,378**	**(25.0)**
Taxation	(43,652)	(48,753)	(10.5)
Profit for the year	**89,330**	**128,625**	**(30.6)**
Profit attributable to owners of the company	**87,672**	**126,203**	**(30.5)**

Unprecedented record revenue:

- Mainly driven by the Sales of Properties segment as a result of the continued handover of the residential units at Lion City Garden project and revenue recognised from the commencement of handover at Ying Li International Electrical and Hardware Centre Phase 1A in 4QFY2016.
- Rental income grew modestly on the back of a healthy increase in rental contribution from IMIX Park Daping but moderated by the introduction of value-added tax regime in PRC and loss of income due to non-renewal of leases for certain tenants in other properties and rent free periods provided to new tenants.

Gross profit increased; gross profit margin declined:

- Gross profit grew in tandem with revenue. However, gross profit margin decreased as the proportion of gross profit from the high profit margin rental income is lower, as well as a higher proportion of residential and industrial properties handed over in FY2016 where profit margins were lower than those of the office properties handed over between 1QFY2015 and 3QFY2015.

Other income decreased:

- Mainly due to lower fair value gains on the Group's investment properties and other investment in FY2016 versus FY2015.

Selling expenses increased:

- Primarily due to an increase in sales commissions paid out during the year in line with the increase in sales.

Administrative expenses increased:

- Mainly due to an increase in foreign exchange losses arising from the strengthening of the USD.

Finance cost decreased:

- Mainly attributable to lower interest rates obtained through the refinancing of some of the Group's existing loans.

Tax expense decreased:

- Mainly due to lower fair value gain on investment properties and other investment and thus lower provision for deferred tax.

Profit attributable to owners of the company declined:

- Mainly due to decline in fair value gain on investment properties and other investment.

CHAIRMAN'S STATEMENT

Fang Ming
Executive Chairman & Group CEO

Dear Shareholders,

On behalf of the Board, I am pleased to present Ying Li International Real Estate Limited's ("Ying Li" and together with its subsidiaries, the "Group") annual report for the financial year ended 31 December 2016 ("FY2016").

2016 Macro Perspectives

2016 proved to be a tumultuous year as corporates faced a series of uncertainties both within and outside of the People's Republic of China ("PRC") throughout the year. On the external front, the world economy was beset by subdued recovery which impeded foreign investments into PRC. Internally, the PRC government had to forge ahead with supply-side structural reforms as its key strategy to mitigate the country's economic slowdown brought upon by the downward pressure of the global economy. With the reforms beginning to gradually present its effect, coupled with the rebound in the overall demand for infrastructure, housing and automobile in PRC, the economy ended on a sound note for the year. For 2016, the economy in PRC grew steady with an annual gross domestic product ("GDP") growth of 6.7% year-on-year ("Y-o-Y") to RMB74.4 trillion, crossing the RMB70 trillion mark for the first time and leading the world with the highest economic growth[1].

On the sector front, property destocking was prioritised as one of the key economic targets for 2016 at the annual Central Economic Work Conference in 2016. This had led the fragmented property sector to experience a diverging policy trend during the year. In the first half of the year, policies were loosened to stimulate demand such as relaxing purchase criteria, reducing down-payment requirement and tax payable in various oversupplied Tier 2 and 3 cities. In contrast, in the second half of the year, soaring property prices in bigger cities such as Beijing, Shanghai, Shenzhen, Nanjing and Hefei prompted the government to introduce cooling measures in a bid to cool the respective overheated markets in the fourth quarter.

Due to the uneven development of the property sector across the cities, property prices have skyrocketed in Tier 1 and bigger Tier 2 cities such as Beijing and Nanjing, while Tier 3 and 4 cities are still grappling with high inventory levels and depressed prices. This prompted the central and provincial governments to introduce city-specific policies to alleviate the situation. As such, restrictions were imposed only in the overheated markets to keep speculation at bay. Overall, positive progress was made on destocking as the nation's total area of commercial housing available for sale dropped 3.2% Y-o-Y to 695.39 million square meters ("sqm") in 2016. In addition, real estate activity for the year had also expanded, evidenced by the improvements of its various indicators such as real estate development investment, total construction area, new construction area, total sales transaction, total area transacted and capital injection from property developers.

As the economic and financial centre of western PRC and pillar of the development for the Western region, Chongqing's economy has exhibited steady growth over the years along with improvements in its social development. For 2016, Chongqing's GDP grew by 10.7% Y-o-Y to RMB 1.76 trillion, outpacing the country's GDP growth rate by 4 percentage points. Maintaining a double-digit growth for four consecutive years, Chongqing is the fastest growing city in PRC for 2016. Moreover, investments in infrastructure and urbanisation rate have been progressing on a stable growth trajectory while disposable income per capita

[1] The State Council of The People's Republic Of China, "China regains first place in IMF's world economic growth report", 19 January 2017

CHAIRMAN'S STATEMENT

has also been growing apace during the year. These signal the continuing huge prospects for growth and development in Chongqing.

In comparison with the nationwide property market, Chongqing's property sector has been progressing on a relatively healthy and stable course, devoid of any extreme price surges. Coupled with the stable growth momentum of Chongqing's economy and rising disposable income, inventory levels had moderated to a certain extent with the active destocking exercise in 2016. For 2016, the total area sold for commercial housing increased by 16.3%, of which total area sold for residential property increased by 14.0%. Accordingly, total transacted amount for commercial housing increased by 16.3%, of which total transacted amount for residential housing increased by 17.4%. Although Chongqing is still facing a short-term oversupply situation, these encouraging indicators demonstrate a relatively stable demand for residential property and investor's confidence in the city.

FY2016 Performance

As a property developer engaged in both commercial and residential developments, 2016 was an eventful year fraught with both opportunities and challenges for the Group. Charting through choppy waters, Ying Li delivered an improved financial performance for FY2016, notably with the following:

- Unprecedented record revenue for the full year;
- Revenue from Sale of Properties leaped by 117.4% Y-o-Y to RMB867.6 million;
- Finance costs decreased by 9.1% Y-o-Y to RMB93.0 million due to a successful reduction in borrowing costs;
- Profit (excluding fair value gain and its associated deferred tax expenses) increased by 465.4% Y-o-Y to RMB57.6 million

During the year, the Group actively pursued various means to broaden its financing channels and lower borrowing costs. Particularly, the Group successfully issued a US$50 million floating rate notes to its strategic shareholder, China Everbright Limited ("CEL"), and Shanghai Pudong Development Bank in April 2016. Prior to the issuance, a memorandum of understanding was signed between the related parties at the inaugural high-level Joint Implementation Committee meeting in Chongqing for the China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity ("CCI") on 8 January 2016. Notably, this issuance is the first of such to crystallise from the CCI. In addition, the Group has refinanced some of its existing loans, effectively lowering its average interest rates to 6.91% as at 31 December 2016 versus 7.65% as at 31 December 2015.

> In view of the complexities of the macro and micro environment, *Ying Li implemented several key strategies in adapting to* market volatility, to better capture opportunities and respond to risks and challenges during the year.

Strategies to Capture Opportunities and Overcome Challenges

The Group's improved financial performance for FY2016 could not be realised without strategies to overcome the headwinds. In view of the complexities of the macro and micro environment, Ying Li implemented several key strategies in adapting to market volatility, to better capture opportunities and respond to risks and challenges during the year.

Firstly, the Group had adjusted its business strategy to mitigate the challenge arises from the existing short-term oversupply situation in the property market. Building on our core competencies of developing high quality projects, the Group sought to increase the variety of its product offerings to reduce the overall risks assumed. To that end, we introduced projects that cater for hard core demand with shorter development cycles and relatively faster cash flow generation, such as Lion City Garden and Ying Li International Hardware and Electrical Centre ("IEC"), apart from our traditional niche premium commercial property projects. Coupled with the analysis of market needs, we established a bespoke segment with the IEC project where project specifications are tailored according to customer's requirements, which is a step further in mitigating our risk. This well-balanced portfolio catering to the needs of various customer segments allows the Group to steer

CHAIRMAN'S STATEMENT

away from the oversupply situation in any particular segment. To further mitigate potential risks associated with a specific region, the Group has ventured outside of Chongqing with an investment in Beijing as we continue to gradually expand in PRC, particularly in Tier 1 and fast growing Tier 2 cities.

Secondly, the Group's partnership with its strategic shareholder, CEL, was further strengthened when CEL increased its shareholdings in the Group through the acquisition of an additional 8.02% stake in Ying Li in December 2016, bringing its total equity interest to 22.92%. This is a vote of confidence towards the Group's business prospect and gradual strategic transformation in scale and scope from a local commercial-centric property developer in Chongqing to a property developer with diversified product offerings including residential, commercial and bespoke properties, as well as a geographical focus on selective promising cities in PRC. In addition to complementing Ying Li's existing capabilities, the strengthened partnership will assist the Group in the areas of widening funding avenue and talent acquisition, among others. Exemplifying CEL's support to boost the Group's existing talent pool, CEL has introduced individuals with experience and competency in real estate and asset management, valuable in driving the Group to new heights.

Thirdly, to enhance the quality of our project offerings, the Group has been diligently focusing on optimising its management model with an aim to reduce overall costs and enhance efficiency while raising quality control standards for its projects. These are done to ensure our product offerings can meet or even exceed customer requirements.

Last, but not least, the proliferation of e-commerce continues to impact the retail climate in PRC adversely, presenting significant challenges to our three retail malls in Chongqing. In addressing this online threat, the Group has enlisted the support of CEL for the management of its two IMIX Park retail malls to tap on their expertise in mall management. Apart from the continual tenant-mix adjustments, our IMIX Park malls are undergoing repositioning to differentiate from other malls. With an emphasis on in-store experiences, lifestyle, family/children and entertainment themes which online retail could not emulate, the Group hopes to further augment its occupancy rates and recurring income base for the retail malls.

Projects Under-development on Schedule while Pre-sales were Strong

Currently, Ying Li is dedicating efforts in building three integrated projects, namely Lion City Garden, IEC, and Ying Li International Commercial Centre ("ICC"). These ongoing developments progressed smoothly during the year and are on track for their completion/handover within their respective stipulated periods. As planned, we completed and commenced the handover of IEC Phase 1A in December 2016. The handover of the high-rise towers for the Lion City Garden project had also commenced in the third quarter of 2016. As at 31 December 2016, the total sales and contracted pre-sales of IEC's Phase 1A and 2A amounted to RMB946.0 million, while the same for Lion City Garden, which includes Phase 2A, 2B and 2C, amounted to RMB809.0 million.

Over at Beijing Tongzhou where our investment project, New Everbright Centre (formerly known as Future Beijing) resides, pre-sales for SOHO Tower 2 and 3 remained robust with 96.0% and 30.0% pre-sold respectively as at 31 December 2016. Total contracted pre-sales for the project (including Tower 1 which was fully pre-sold) amounted to RMB3.4 billion as at 31 December 2016 while the average selling price for Tower 3 reached RMB44,300 per sqm as at 31 December 2016.

CHAIRMAN'S STATEMENT


New Everbright Centre, SOHO Blocks, Tongzhou Beijing

Outlook For 2017

The economic condition in 2017 is expected to remain challenging as the uncertainty of the global economy continues to loom. On an optimistic note, PRC's economic outlook could potentially brighten on the back of steady domestic demand and supportive monetary policies. As we usher in the new year, the development of Chongqing remains buoyant as demonstrated by the city's steady economic growth and consistent GDP growth ahead of other cities. Coincidentally, Chongqing marks the 20th year of municipality in 2017. With the introduction of a series of favourable and monumental initiatives such as One Belt One Road, Chongqing-Xinjiang-Europe International Railway, cross-border bonded zone, and approval to set up a free-trade zone, Chongqing has cemented its position as the cornerstone of the development in western PRC with its favourable geographical location. In particular, the establishment of the free trade zone will greatly enhance the development of Chongqing in appealing to more international organisations, including Fortune 500 companies to venture into Chongqing.

In a nod to Chongqing's economic prospects, bilateral cooperation has deepened from the CCI in the past year, notably with the inking of a collaboration where Singapore and Chongqing will not only jointly develop PRC and Southeast Asia's logistics sector but also explore on breaking through the geographical limits of the traditional concept of a free trade zone to establish a bonded area with low-tax or tariff-free zone. In addition, both sides will also look to extend the collaboration to other sectors such as education, healthcare, infrastructure, financing, and precision engineering. Combining favourable policies, an influx of organisations alongside their employees and city urbanisation, the property sector is poised for a healthy and stable development. If these three conditions materialise, a sustainable increase in value for high-end properties coupled with a rise in office and residential property demand will result in a more vibrant and diversified property landscape.

In view of the property oversupply situation, the PRC government has placed a strong emphasis to curb property speculation with the statement "houses are for living in, not speculating on". Destocking will continue to be the core focus for some Tier 2 and 3 cities experiencing oversupply situation. These factors will continue to weigh down on property developers in 2017.

At Ying Li, the direction of our business development and positioning of our projects have always been in line with the government's growth policies. Our ongoing projects, IEC and Lion City Garden are developed according to the city's hard core demand and will be less affected by major impacts from any policy adjustments. As we expect near-term demand to be driven by residential properties, the Group will lean towards the development of residential projects to ride on that demand.

Looking forward, we continue to be sanguine of Chongqing's prospect and its impact on our business. Given the present macro uncertainty and market volatility, we will actively pursue viable opportunities while maintaining a watchful eye on risks, and at the same time adhering to corporate governance guidelines and operating in line with our strategies. These will hold us in good stead as we strive to deliver a stronger performance in the coming year.

Acknowledgements

On behalf of the Group, I would like to express my heartfelt appreciation to all the shareholders who have bestowed us with their long-term support and understanding and at the same time, I would like to urge for your continual support and trust in Ying Li. I would also like to extend my gratitude to all the dedicated employees and the Board of Directors. In particular, I would like to thank Mr. Christopher Chong who will be retiring at the upcoming Annual General Meeting after serving the Group for nine years. Mr. Chong has rendered invaluable advice in every aspect of the Group's operations during his tenure that has helped the Group to grow from strength to strength. I sincerely wish him well in his future endeavours. Moving forth, together with the Group's committed employees, we will ceaselessly devote efforts to meet your expectations and create shareholder value.

Yours sincerely,

Fang Ming
Executive Chairman & Group CEO

董事局主席
致辞

尊敬的各位股东：

本人在此代表董事会，欣然呈报英利国际置业股份有限公司（“英利”，连同其附属公司统称“集团”）截至2016年12月31日（“2016 财年”）的年度报告。

2016 年宏观经济

2016年，企业面临的国内外经济环境错综复杂。一方面，世界经济仍延续疲弱复苏态势，中国发展面临的外部经济环境复杂多变；另一方面，面对经济下行压力，中国政府以推进供给侧结构性改革为主线，随着供给侧结构性改革逐步显效，在基建投资、住房和汽车需求全面回暖等综合作用下，经济平稳收官。整体来看，2016年中国经济运行缓中趋稳、稳中向好，全年国内生产总值突破了70万亿大关，达到744,127亿元，比上年增长6.7%，中国经济增速重回全球第一[1]。

根据中央经济工作会议精神，“去库存”是2016年重点经济工作之一。在“去库存”的大背景下，中国房地产市场在2016年呈现出前松后紧的政策走势及发展不均衡的状态。上半年，房地产政策利好不断，降准、降税、降首付等各项政策陆续出台，环境宽松；在降库存系列政策的刺激下，部分热点城市如北京、上海、深圳、南京等出现楼市过热现象。下半年，从四季度开始，房地产政策逐步收紧。因全国房地产的发展并不平衡，一二线热点城市如北京、上海等出现高房价、三四线城市仍面临高库存，因此中央和地方采用“因城施策”的调控政策，房地产市场逐步回归理性。整体来看，2016年全国房地产去库存效果显著。截止2016年12月末，全国商品房待售面积69,539万平方米，比上年末下降3.2%。同时，2016年房地产活跃度较前一年有较高幅度的改善，开发投资、施工面积、新开工面积、成交金额、成交面积、开发企业到位资金等各项指标均呈现增长态势。

重庆作为中国西部的经济金融中心和西部大开发的龙头，其经济实现了持续稳定增长，经济社会发展整体态势良好。2016年重庆地区生产总值（GDP）同比增长10.7%总值17,558.76亿元，较全国高4个百分点，成为中国实际经济增速最快的城市，并已连续4年保持了两位数的增长。而且，重庆固定资产投资增速平稳，城市化进程稳步推进，居民收入实现较快增长。显而易见，重庆这座城市有着很大的发展潜力和发展空间。

与全国房地产相比，房地产市场一直处于比较健康稳定的发展态势，并未出现其他热点城市暴涨状态。伴随重庆经济的增长和居民收入水平的提高，房地产去库存也取得一定的成效。2016年全市商品房销售面积增长16.3%，其中住宅销售面积增长14.0%。商品房销售额增长16.3%，其中住宅销售额增长17.4%。投资者信心和市场对住宅的需求均保持相对稳定。但不可否认，楼市依然还存在一定的库存积压。

[1] 中华人民共和和国中央人民政府，“IMF最新数据：中国经济增速重回全球第一”，2017-01-19

FY2016年度业绩表现

作为一家综合性房地产开发企业，2016年，对于英利来说，是机遇与挑战并存的一年。通过充满挑战的时期，集团业绩指标相比2016年都有了提升。

- 创新全年新销售纪录
- 2016年销售额比同期增长117.4%，达到人民币86,760万；
- 财务成本有明显的下降，比2015年减少了9.1%或人民币928万，为人民币93,000万；
- 净利润（除去公允价值盈利和相关税务计提）比同期增长了465.4%或人民币4,740万，达到人民币5,760万。

同时，集团不断积极拓展新的融资渠道和降低贷款成本。在2016年1月8日举行的中新示范项目管理局揭牌暨合作项目签约仪式上，英利与浦发银行正式签署了《海外发债之合作意向协议》，成为中新示范项目落户重庆后，首批签约的重点项目之一，并于2016年4月成功发行了5,000万美元境外债券。此单海外发债是中新示范项目落户重庆后，首批落地的海外发债项目。此外，本集团成功降低了贷款成本，截至2016年12月31日平均利率从去年同期的7.65%降低到6.91%。

面对机遇和挑战的发展战略

面对复杂的宏观和微观环境，为更好地抓住机遇，应对风险和挑战，英利实施了几项关键战略以适应市场变化，这也是本集团在2016年度业绩有所改善的重要原因。

首先，面对楼市库存高企的背景，集团调整了经营策略。一方面，在保持原有开发优势的基础上，集团将产品类型往多元化方向发展以减少集团整体的风险。除了优质的高端商业物业资产，集团也匹配了新的流动性高的项目。如英利狮城花园、英利国际五金机电城等住宅、专业市场项目，以满足刚性需求。并结合市场需求，引入量身订做的开发模式，以控制集团风险。特别是在高库存的市场情况下，有着不同的产品类型能让集团更好地迎合不同客户群的需求。另一方面，在项目拓展方面，集团也将打破地域局限，不再局限于重庆，而是将眼光和布局放

董事局主席致辞

到全国，尤其是在一线和快速增长的二线城市，立足于让英利从一个区域性的集团逐步向全国性的企业发展。

第二、英利进一步加强了与光大控股的合作。光大控股的全资子公司在2016年12月增持了英利8.02%的股份，将持有的股份增加至22.92%。这印证了光大对公司前景的认可，也催化了公司从一个专注于重庆商业地产的开发商逐步转型至一个拥有多元化产品及放眼于国内较有潜能的城市的房地产企业。这不但巩固了公司现有的基础，合作的深化也将帮助英利更好地发展。同时，光大控股还将在资源整合、人才引进等方面与英利加强合作。

第三，为打造出更好的产品，英利不断苦练内功，一方面集团不断优化管理模式，以降低成本增加效益；另一方面集团进一步加强了对产品质量和细节的巡查，不断提高质量管理水平，以精益求精的态度去打造项目。

第四，当前网购对于中国实体商店依然有一定的冲击，给商业物业的运作企业等，也带来了较大挑战。为应对网购的冲击，在光大专业的管理团队的助力下，英利旗下的“大融城”系列商场，也在继续进行调改。通过对租户进行优化，将商场调改成家庭体验式购物中心，找准市场机会点，走出差异化路线，以持续增加商场的入住率和租赁收益。

在建项目稳步推进，销售强劲

集团目前正精心打造3个综合性项目，即英利国际五金机电城项目、英利狮城花园项目、英利环贸中心项目，各在建项目均进展顺利。英利国际五金机电城1A期已于2016年12月底开始集中交付业主。英利狮城花园高层部分也已于第三季度实现交付。英利环贸中心塔楼已经完成封顶。截至2016年12月31日，英利国际五金机电城的1A及2A期的销售及签约总值为人民币9.46亿元，而狮城花园包括2A，2B及2C期的销售及签约总值为人民币8.09亿元 。

此外，集团的投资性项目，坐落于北京的新光大中心也如火如荼的进展中，在2016年开盘的物业都取得良好的销售成绩。2号和3号塔楼的预售保持稳健，截至2016年12月31日分别预售96.0%和30.0%。截至2016年12月31日，该项目（包括100%预售的1号塔楼）的签约销售为人民币34亿元，而3号塔楼的平均售价为44,300元/平方米。

2017年前景展望

2017年中国经济发展面临的内外环境依然复杂严峻，全球经济增长的不确定性增加。但在稳健的国内需求和支持性的财政措施推动下，预计中国经济运行将持续向好。从重庆的发展趋势来看，也态势良好。一方面，重庆的经济蓬勃发展，GDP增长已持续多年名列全国前矛；另一方面，2017年正值重庆直辖20周年，借“一带一路”、“渝新欧”、跨境保税、自贸区获批等一系列“

东风”，重庆的发展可谓占尽天时、地利、人和。尤其是“自贸区”的设立，将大大提升重庆的开放度，吸引更多的世界级企业包括世界500强企业进入重庆。同时，中新第三个政府间合作项目即“中新（重庆）战略性互联互通示范项目”已超过一周年，合作也已进一步深化，中国和新加坡不仅在打造中国西部和东南亚的物流新通道方面达成共识，还将探讨突破自贸区限定地理位置区域做保税区仓库的传统概念，把合作延伸到教育、医疗、基础设施融资、精密工程等领域。政策的促进、更多企业及人员的进驻、以及城镇化进程的推进，这些都必将促进重庆房地产市场的健康稳定发展，让高端物业的价值得到进一步挖掘，并带来更多的住宅和写字楼刚性需求，引导地产业态丰富和多样化。

新的一年房地产调控的主要定位是：“房子是用来住的、不是用来炒的”，中央提出让房地产回归“居住属性”，支持居民自住购房需求，抑制投资投机性购房。“去库存”将仍然是二三线城市房地产政策的主题。因此我们预计2017年房地产企业的运营仍然面临较大的压力。

就英利本身而言，集团发展的方向和产品的定位方向始终与国家政策保持一致，集团在建在售的项目如位于江津双福新区的英利国际五金机电城、两江新区的英利狮城花园等，均是属于市场的刚性需求，不会受到政策调控的较大冲击。集团未来拓展的方向也将侧重于居住属性的项目。

因此，我们也继续看好重庆的发展前景和它对英利的良好影响。面对当前的经济和市场环境，我们将积极把握发展机遇，并警惕和抵御各种风险，以严谨的企业治理和稳健的经营模式，推动各项工作顺利开展，创造出良好的经营业绩。

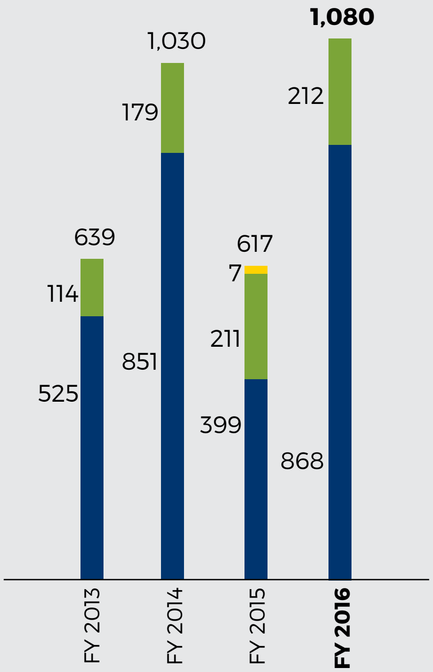
致谢

在此，我代表集团衷心感谢长久以来给予我们理解和支持的所有股东，希望各位股东继续给予我们支持和信任。同时，我也向在即将召开的股东大会上退休的张明德董事表示由衷的感谢。张明德董事在9年的任期里，在集团的各个运营方面都提出了宝贵的意见，从而为集团的发展也作出了有利的贡献。英利国际置业全体员工包括本人将为超越股东的期望而继续不懈努力，力争为股东创造更大价值。

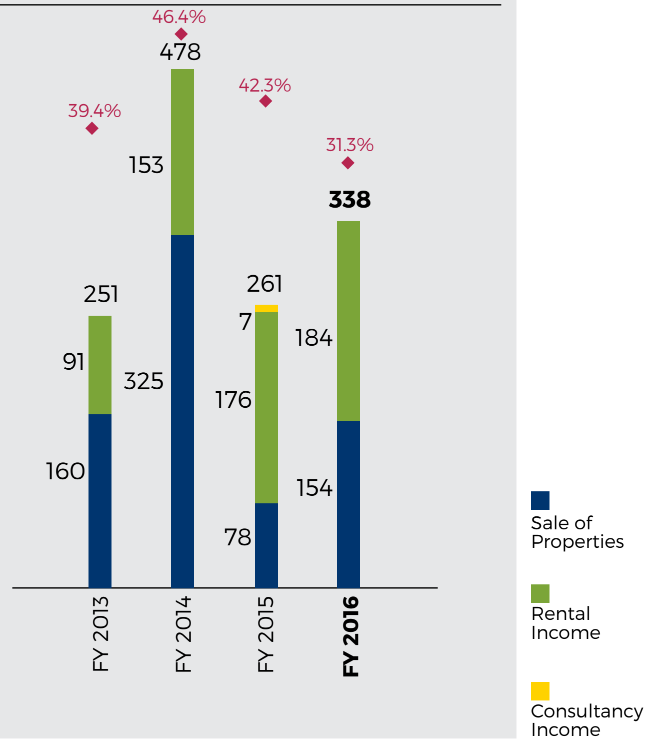
方明
执行董事长兼集团总裁

FINANCIAL REVIEW

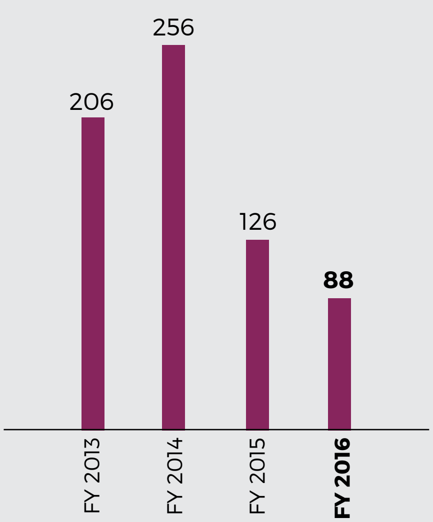
Revenue (RMB million)



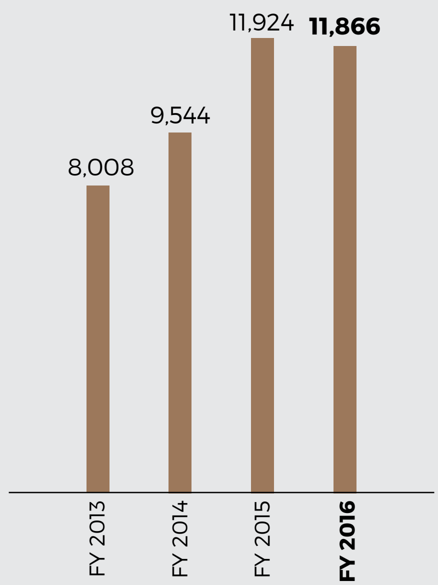
Gross Profit (RMB million) & Gross Profit Margin (%)



Profit Attributable to Ordinary Shareholders of the Company (RMB million)



Total Assets (RMB million)



FINANCIAL REVIEW

FINANCIAL RESULTS

For the financial year ended 31 December 2016 ("FY2016"), the Group achieved a record revenue of RMB1,079.5 million, representing an increase of 75.0 % year-on year ("Y-o-Y"). This unprecedented high was mainly driven by revenue recognised from the continued handover of the residential units at Lion City Garden project and the commencement of handover at Ying Li International Electrical and Hardware Centre ("IEC") Phase 1A in the 4th quarter of 2016 ("4QFY2016"). As such, revenue from the Sale of Properties segment increased by 117.4% Y-o-Y to RMB867.6 million in FY2016. Rental income grew modestly by 0.6% Y-o-Y to RMB211.9 million on the back of a healthy increase in rental contribution from IMIX Park Daping but moderated by the introduction of value-added tax ("VAT") regime[1] in People's Republic of China ("PRC") and loss of income due to non-renewal of leases for certain tenants in other properties and rent free periods provided to new tenants in 2016.

In tandem with the revenue growth, gross profit increased by 29.6% Y-o-Y to RMB338.1 million in FY2016. However, gross profit margin decreased by 11 percentage points Y-o-Y to 31.3% in FY2016 as a higher proportion of properties handed over in FY2016 was residential and industrial properties where profit margins were lower than those of the office properties handed over between 1QFY2015 and 3QFY2015. In addition the proportion of gross profit from the high profit margin rental income is lower.

Selling expenses increased by 9.5% Y-o-Y to RMB80.1 million in FY2016 primarily due to an increase in sales commissions paid out during the year in line with the increase in sales.

Administrative expenses increased by 8.0% Y-o-Y to RMB128.7 million in FY2016 mainly due to an increase in foreign exchange losses arising from the strengthening of the USD.

The fair value gain on investment properties was RMB24.3 million in FY2016. This gain is the difference between the fair value of investment properties as at 31 December 2016 and the carrying value of investment properties as at 31 December 2015. The decline in fair value gain was mainly due a more modest asset inflation for the Group's investment properties in FY2016 versus a higher level of revaluation gain in FY2015.

Similarly, the fair value gain on other investment (Beijing Tongzhou project) amounted to RMB18.0 million in FY2016.

Finance costs decreased by 9.1% Y-o-Y to RMB93.0 million in FY2016. This was mainly attributable to lower interest rates obtained through the refinancing of some of the Group's existing loans during the year.

Tax expense fell by 10.5% Y-o-Y to RMB43.7 million in FY2016 mainly due to lower fair value gain on investment properties and other investment and consequently lower provision for deferred tax.

Net profit dropped by 30.6% Y-o-Y to RMB89.3 million in FY2016. The decrease in profit is solely due to the decline in fair value gain on investment properties and other investments. Excluding the fair value gain and its associated deferred tax expenses for both FY2015 and FY2016, profit would have increased by 465.4% Y-o-Y to RMB57.6 million for FY2016.

As a result of the above factors, net profit attributable to owners of the company decreased 30.5% Y-o-Y to RMB87.7 million in FY2016. Earnings per share decreased by RMB0.02 cents to RMB0.03 cents in FY2016.

Financial Position

The Group's total assets decreased marginally by RMB57.5 million to RMB11.9 billion in FY2016. The slight decrease was mainly due to a decrease in cash and cash equivalents of RMB646.4 million. This was offset by an increase in development properties amounting to RMB535.9 million as progress is being made on the Ying Li International Commercial Centre and IEC (where most of the money was deployed); and an increase in investment properties and other investment amounting to RMB84.4 million mainly arising from fair value gains on these assets and additional assets classified as investment properties.

Total liabilities decreased by RMB36.8 million in FY2016 that was mainly due to a reduction in borrowings amounting to RMB276.9 million resulting from the repayment of loans. This was offset by an increase in trade and other payables of RMB231.8 million mainly attributable to an increase in pre-sales proceeds from IEC.

The Group's total equity decreased marginally by RMB20.8 million to RMB5,062.0 million in FY2016, mainly due to a decrease in the exchange fluctuation reserve because of the devaluation of RMB during the financial year. The exchange fluctuation reserve mainly comprises cumulative unrealised exchange gains/losses arising from the translation of the financial statements of the entities where the functional currency differs from the presentation currency (RMB).

Net assets attributable to shareholders decreased by RMB22.4 million, from RMB5,025.8 million as at 31 December 2015 to RMB5,003.4 million as at 31 December 2016. This represents a net asset value per share of RMB1.96 as at 31 December 2016 as compared to a net asset value per share of RMB1.97 as at 31 December 2015.

Cash Flow

The Group's net cash used in operating activities decreased by RMB1,218.9 million to RMB224.3 million for FY2016 as compared to FY2015. This was primarily due to a decrease in cash used in the development of properties by RMB794.3 million to RMB502.9 million, offset by a decrease in trade and other receivables of RMB54.4 million, and an increase in trade and other payables of RMB229.7 million.

Net cash used in investing activities amounted to RMB0.6 million for FY2016.

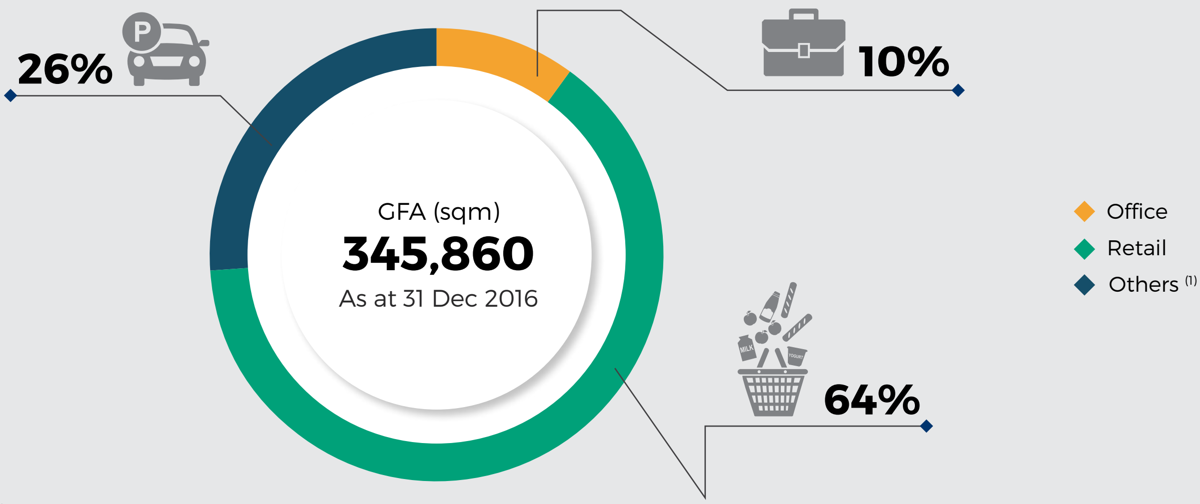
Net cash generated from financing activities of RMB271.7 million for FY2016 was mainly due to release of cash previously pledged to financial institutions as collaterals of RMB691.4 million, offset by a net cash outflow from drawdown and repayment of loans amounting to RMB329.7 million to finance the construction of the ongoing projects and payment of distribution on perpetual convertible securities of RMB90.0 million.

Overall, cash and cash equivalents increased by RMB46.8 million as at 31 December 2016.

[1] With effect from 1 May 2016, VAT is imposed on revenue received from customers in place of business tax. Revenue received will be deemed to be VAT inclusive and the tax will be deducted directly from revenue and paid to tax authorities.

OPERATIONS REVIEW

Proportion of GFA by different types of investment properties as at 31 December 2016.



(1) Others are mainly carparks

Sector Review

Chongqing Office Market

There were fewer new projects launched in 2016 as property developers remained cautious against a backdrop of unsold inventory. As such, the new supply for Grade A office dropped 13.8% Y-o-Y to 459,800 sqm in 2016, comprising seven office towers that were mainly concentrated in the Jiangbeizui area. After experiencing an initial subdued demand, net absorption for Grade A office rebounded in the last quarter to reach 102,800 sqm, representing an improvement of 185.9% Q-o-Q which is a record high for the past two years. On a Y-o-Y basis, vacancy rates also registered a slight improvement in 2016. Office demand was underpinned by local and domestic office upgraders and new set-ups, largely from the financial sector.

The Jiefangbei area is still the preferred location for MNCs, as such demand in the area remained healthy and the average rental for offices (Grade A and Non-Grade A offices) remained resilient at RMB93.6 per sqm per month as compared to the average office rental across Chongqing at RMB82.5 per sqm per month at the end of 2016.

Chongqing Retail Market

In 2016, Chongqing's retail market experienced healthy demand. Vacancy rates remain steady despite new supply from the opening of six new shopping malls located in non-core CBD areas such as Yubei, Nanbin Road and Dashihua districts, with a total GFA of 637,100 sqm added to the market. The new addition represents a marginal drop of 0.7% Y-o-Y. On a positive note, net absorption climbed 16.0% to 525,100 sqm while vacancy rates held steady at 10.7% as mall repositioning and tenant mix adjustment picked up steam. On the tenant-mix front, experiential and family/children-related themes dominated the retail scene in 2016, aiming to elicit consumer spending and foot traffic within malls.

Chongqing Residential Market

As Chongqing remains unencumbered from property tightening measures, market sentiment improved during the year, witnessed by the increase in sales volume of high-end residential units in the second half of 2016. Despite a slow start, total high-end residential units sold remain stable at 10,200 units in 2016. Underscored by healthy upgrade demand and stable economic growth, coupled with a decline in new supply of 55.3% Y-o-Y to 5,500 units, the average selling price rose by 9.6% Y-o-Y to RMB13,000 per sqm in 2016.

Beijing Market

Beijing is one of the cities in PRC to record considerable price surge in its residential market in 2016. Despite the introduction of property purchase restrictions in Beijing at the end of September 2016, seven projects were launched in the city's high-end residential market,

OPERATIONS REVIEW

raising total inventory by 6.1% Q-o-Q to 24,291 units in the last quarter of 2016. Due to the purchase restrictions, transaction volume in Beijing's overall residential market decreased by 35.8% Q-o-Q in 4Q2016. However, the high-end residential market was better cushioned from the impact of the cooling measures with a smaller decline of 10.0% Q-o-Q and increased more than 100% Y-o-Y in 4Q2016.

Operations Review

The Group delivered a strong revenue performance in FY2016 despite the oversupply climate in PRC, making major inroads in its core businesses - Sale of Properties and Leasing of Properties.

The Sale of Properties segment performed in line with the Group's expectation in 2016. The existing projects under development- namely the Lion City Garden, Ying Li International Hardware and Electrical Centre ("IEC"), and Ying Li International Commercial Centre ("ICC") progressed as per schedule during the year. The Lion City Garden residential project continued to draw healthy demand, with Phase 2B and 2C started to handover in stages throughout the year. The handover is still ongoing and will spill into 2017. Upon handover of the various phases, the buyers have gradually moved in during the year. At IEC, the Group's largest project under development and its first build-to-order project, construction was on schedule as Phase 1A begun to handover in the fourth quarter of 2016, boosting our top line for FY2016. Construction for Phase 2A has commenced and is on track for completion and handover in 2017. Strategically located in the heart of Jiefangbei district, the Group's landmark project Ying Li International Commercial Centre ("ICC") commenced the soft launch for its SOHO Tower (Phase 1). The project boasts smart home systems and state of the art amenities that offer home owners a higher quality of living. The showroom was completed following a room size and layout reconfiguration to better cater to the market demand. Façade installation for the SOHO Tower has since been completed and interior renovation is currently underway.

The Group's investment project New Everbright Centre (formerly known as Future Beijing) located in Beijing Tongzhou achieved structural completion for all its four SOHO Towers during the year. With the completion of the façade installation for the four towers, renovation works for the common areas are in progress and nearing completion for two of the four towers. With the continuing robust demand, the SOHO Tower 4 is expected to launch in 2017.

Pre-sales for the project remained robust with SOHO Tower 2 and 3 pre-sold 96.0% and 30.0% respectively as at 31 December 2016. Total contracted pre-sales for the project (including Tower 1 which was fully pre-sold) amounted to RMB3.4 billion as at 31 December 2016 while the average selling price for Tower 3 reached RMB44,300 per sqm as at 31 December 2016.

The Group is actively monitoring the progress of the project and takes an active role in the project through frequent consultations on key changes to the various aspects of the project.

On the Leasing of Properties front, the Group has been focusing efforts on the repositioning of both malls backed by China Everbright Limited's ("CEL") mall management expertise. Tailored to the needs of their respective customer bases, IMIX Park Jiefangbei is repositioned as a mass-market mall appealing to a wide variety of consumers while IMIX Park Daping is repositioned as a family/experiential mall with more in-store experiences, lifestyle, family/children and entertainment concepts as it is situated in a densely populated area. Apart from the repositioning and continual tenant mix adjustment to increase our recurring revenue and generate higher foot traffic, we have been concurrently optimising spaces within our malls by maximising the utilisation of common areas that at the same time do not obstruct foot traffic, such as vacant spaces under escalators, for retail stores. In addition, both malls had consistent streams of marketing and promotional activities throughout the year to drive foot traffic and consumer spending. For our IMIX Park Jiefangbei mall, we introduced more apparel-related, auto-mobile and romance-related events targeting consumers of all walks of life. For our IMIX Park Daping mall, we launched more kids-themed contests and performances as well as movie premieres hosted by Wanda Cinema where lead actors and actresses made appearances at the mall, including superstar Jackie Chan. Blended occupancy rates for office and retail classified under our Investment Properties held steady at 87.8% and 91.4% respectively as of 31 Dec 2016.

Managing funding cost and broadening financing channels are paramount to the Group's competitiveness and business sustainability. In FY2016, the Group has made strides in the right direction and successfully refinanced some of its existing loans, effectively lowering its average interest rate to 6.91% as at 31 December 2016 versus 7.65% as at 31 December 2015.

In the constant pursuit to broaden financing channels, the Group issued US$50 million floating rate notes to its strategic shareholder, CEL and Shanghai Pudong Development Bank's offshore arm in April 2016. Notably, this issuance is the first of such to crystallise from the China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity.

OPERATIONS REVIEW

STATUS AND SNAPSHOT OF PROJECTS AS AT 31 DECEMBER 2016

YING LI FUTURE INTERNATIONAL ("FI")

Project Description

Type
Retail / Office

Status
Completed

Land Area
8,667 sqm

Total GFA
135,540 sqm

- **Office**
  54,907 sqm
- **Retail Mall**
  59,600 sqm
- **Car Park / Others**
  21,033 sqm

Ying Li Future International is located at the heart of the Chongqing's Guangyingqiao CBD, one of the busiest shopping and entertainment districts in Chongqing. As the first Grade A office skyscraper building in the area, the iconic Future International brought about the beginning of the transformational developments in Guanyinqiao district, leading to its current prime CBD status today.

The project was awarded the Highest Contribution Landmark Commercial Building to Chongqing's Landscape Transformation in 2010.

The office space in FI was already fully sold, while the retail mall is operating on long-term lease arrangements with three master tenants.

OPERATIONS REVIEW

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

Project Description

Type
Retail / Office

Status
Completed

Land Area
8,927 sqm

Total GFA
177,327 sqm

- **Office**
  89,971 sqm
- **Retail Mall**
  49,873 sqm
- **Car Park / Others**
  37,483 sqm

IFC (office) / IMIX Park Jiefangbei (mall) is one of our investment properties encompassing retail spaces and a Grade A office tower. Strategically located in Jiefangbei, the heart of traditional core CBD of Chongqing, its diversified and prominent tenant mix for the offices includes Samsung, DBS, OCBC, Capitaland, Hitachi, CBRE, Epson, JCDecaux and KFC. Positioned as a mid-range, mass-market retail mall, Ying Li IMIX Park Jiefangbei draws footfall through popular brands such as H&M, Under Armour, Adidas, G-Star, City Chain, and through popular F&B establishments. In 3Q2016, well-known fitness chain Will's Fitness Centre debuted in Ying Li IMIX Park Jiefangbei, expanding the mall's range of offerings for the area's large catchment of consumers.

OPERATIONS REVIEW

YING LI INTERNATIONAL PLAZA / YING LI IMIX PARK DAPING

Project Description

Type
Retail / Office / Residential

Status
Completed

Land Area
28,226 sqm

Total GFA
409,141 sqm

- **Residential / SOHO**
  116,445 sqm
- **Office**
  78,695 sqm
- **Retail Mall**
  100,524 sqm
- **Car Park / Others**
  113,477 sqm

Nestled in the bustling and most populated area of Yuzhong District, this integrated development with a retail mall, Grade A office tower and residential spaces (fully sold) enjoys excellent connectivity well-served by a comprehensive public transport infrastructure including subway.

Repositioned as a family-oriented retail mall providing experiential retail to better suit local shopper needs, Ying Li IMIX Park Daping opened Chongqing's first snow themed children's amusement park and teenage's entertainment centre and introduced various lifestyle and children concept stores to the mall during the year. In addition, various concept F&B outlets were opened during the year including a food court featuring local delicacies.

OPERATIONS REVIEW

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

Project Description

Type
Retail / Residential

Status
Under-development

Land Area
approx. 89,726 sqm

Total GFA
approx. 273,656 sqm

Completed and Commenced Handover
Phase 2A
From 4Q2015
Phase 2B
From 1Q2016
Phase 2C
From 2Q2016

Targeted Handover
Phase 2D
2018-2019 (estimate)

Total Sales and Contracted Pre-sales as at 31 December 2016
RMB809 million

Located in the heart of Liangjiang New Area, the Lion City Garden project comprises premium residential townhouses, high-rise apartments as well as retail shops for the emerging middle class. As the only inland and third sub-provincial new area enacted by the State Council after Shanghai Pudong New Area and Tianjin Binhai New Area, the Liangjiang New Area is a vital gateway connecting Chongqing's trade hub with the rest of the country through its four-dimensional transport network of air, sea, rail and road. The Lion City Garden project is in close proximity to transportation nodes, shopping and lifestyle conveniences, and popular schools. The under-construction subway station which is adjacent to its frontage is expected to be completed in 2017.

The total sales and contracted pre-sales for Phase 2A, 2B and 2C amounted to RMB 809 million as at 31 December 2016, of which RMB660 million had been recognised since 4Q2015.

OPERATIONS REVIEW

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

Project Description

Type
Commercial (Build-to order Wholesale Centre, Retail, Hotels, Residential, Logistics Distribution Centre)

Status
Under-development

Land Area
approx. 360,708 sqm (Phase 1 and 2A)

Phase 1
approx. 199,773 sqm

Phase 2A
approx. 160,935 sqm

Total GFA
approx. 1.32 million sqm

Phase 1
approx. 481,560 sqm

Phase 2A
approx. 150,000 sqm

Targeted Presales

Phase 1A
1Q2016 (commenced)

Phase 2A
3Q2016 (commenced)

Targeted Handover

Phase 1A
4Q2016 (commenced)

Phase 2A
2017

Total Sales and Contracted Pre-sales as at 31 December 2016
RMB946 million

IEC is the Group's first build-to-order mixed-development project. Situated in Jiangjin Shuangfu District, the up-and-coming secondary CBD of Chongqing, IEC comprises a wholesale centre, retail shops, hotels, residential units and a logistics distribution centre. Aiming to amalgamate and strengthen the fragmented traditional hardware and electrical market in Chongqing, this project is a strategic collaboration between the Group and Chongqing Hardware & Electrical Industry Association Alliance which provides a ready customer base from its nine-trade associations.

Phase 1A of the project was launched in 1Q2016 to robust demand. Phase 1A was completed in 4Q2016 and handover commenced in December 2016. As at December 2016, the total sales and contracted pre-sales for the launched phases of 1A and 2A amounted to RMB946 million, of which RMB391 million had been recognised. The total registered interests that were secured with deposits pending conversion to sales contracts amounted to RMB208 million as at 31 December 2016.

OPERATIONS REVIEW

YING LI INTERNATIONAL COMMERCIAL CENTRE ("ICC")

Project Description

Type
SOHO / Office / Retail

Status
Under-development

Land Area
approx. 18,400 sqm

Total GFA
approx. 320,000 sqm

Targeted Pre-sales
Phase 1
3Q2016 (soft launch)

Targeted Handover
Phase 1
2018 (estimate)
Phase 2
2019 (estimate)

Nestled in the heart of Chongqing's long-established commercial enclave, Jiefangbei, ICC is a landmark integrated development comprising a high-end SOHO tower, a retail mall and Grade A office spaces. The project boasts smart home systems and state of the art amenities that offer home owners a higher quality of living.

Construction of ICC progressed on schedule with the completion of façade installation while interior renovation is still underway.

The soft launch of the SOHO Tower was held in 3Q2016 with target completion on track for 2018.

OPERATIONS REVIEW

NEW EVERBRIGHT CENTRE– BEIJING TONGZHOU ("NEC")

Project Description

Type
SOHO / Office / Retail

Status
Under-development

Land Area
approx. 57,00 sqm

Total GFA
approx. 770,000 sqm

Targeted Pre-sales

SOHO Tower 1
4Q2015 (commenced)

SOHO Tower 2
2016 (commenced)

SOHO Tower 3
2016 (commenced)

Targeted Handover

Phase 1 (SOHO)
2017/2018

Phase 2 (Office)
2019

Phase 3 (Office & Retail)
2021

Total Sales and Contracted Pre-sales as at 31 December 2016
RMB3.36 billion

SOHO Tower 1
RMB1.06 billion (100% pre-sold)

SOHO Tower 2
RMB1.89 billion (96.0% pre-sold)

SOHO Tower 3
RMB0.41 billion (30.0% pre-sold)

As its first venture outside of Chongqing, the Beijing Tongzhou project was renamed to New Everbright Centre ("NEC") during the year. This is the Group's investment project through a fund structure with its strategic shareholder China Everbright Limited and other esteemed partners.

Façade installation has completed for all of the four SOHO towers while interior renovation works are underway and nearing completion for two towers. Pre-sales for SOHO Tower 2 and 3 remain robust with 96.0% and 30.0% pre-sold respectively as at 31 December 2016. Total contracted pre-sales for the project amounted to RMB3.4 billion as at 31 December 2016 while the average selling price for Tower 3 reached RMB44,300 sqm as at 31 December 2016.

OUR PEOPLE, ENGAGING THE COMMUNITY & ENVIRONMENTAL PROTECTION

Our People

The Group recognises that human resource is the cornerstone of the development of our business. Anchored on this belief, Ying Li has strived to create a prudent and healthy working environment to enhance the development of its multidisciplinary team of competent professionals over the years. This has enabled the Group to establish a strong and mutually beneficial relationship towards the alignment of the goals of both corporate and individual. The Group has broadened its recruitment channels in order to enhance the standard of its talent pool. In order to realise its corporate strategic objectives, the Group has put in place attractive remuneration packages in line with market practices, continuously enhanced its human resource management and implemented a scientific performance appraisal system to motivate staff and stimulate creativity in their work. The Group also emphasizes on the personal development of its employees and strengthens staff competencies through a variety of training programmes to achieve parallel progress for both the Group and its employees.

With the firm belief of a "people-centric" organisation, the Group had organised a series of team-bonding activities during the year to cultivate a cohesive corporate culture. Activities such as New Year's countdown party, Lunar New Year celebration and an award ceremony to show recognition to outstanding union members have become a permanent fixture on the Group's calendar of events. Apart from providing an opportunity for staff to showcase their talent outside of work, these events also provide a communication channel with the staff as well as to invigorate them. In addition, the Group introduced company-wide fitness events such as trekking, basketball and badminton competitions to increase participation rates. Through these variety of activities catering to different interest groups and events that encourage mass participation, we have strengthened the bonding between colleagues and created a group of cohesive teams.

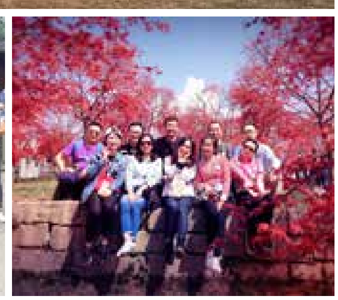
Caring for the Community and Environment

Social Responsibility

Participation in charitable causes has always been Ying Li's core focus on social responsibility. Amidst the rapid development of its business, Ying Li has always remembered to give back to the society through its long-term commitment on social welfare responsibilities. As part of its social responsibility effort, the Group encourages voluntary staff participation for its annual blood donation drives which in recent years have steadily achieved positive turnouts. To further its community outreach, Ying Li has been actively involved in charitable projects to help under-privileged groups through donation drives. Internally, the Group has been providing relief to staff facing personal difficulties so that they would not feel helpless and isolated. Providing assistance to our staff has also proved to be effective in creating a team of harmonious and united staff.

Protecting the Environment

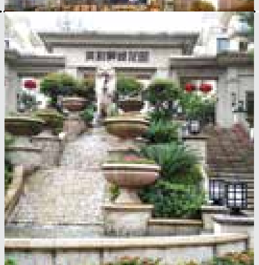
To become a socially responsible developer by protecting the environment through sustainable development is one of Ying LI's key objectives. To that end, Ying Li's project developments are geared towards low-carbon emission, energy-saving, and environmental protection. From the onset of project design and selection of building materials to the actual construction process, Ying Li always has an eye on protecting the environment. With an aim to become a green enterprise, the Group is moving towards that direction by building more green developments. As the frontrunner for green offices in Chongqing, Ying Li International Financial Centre is the Group's first project to receive international recognition with the Leadership in Energy and Environmental Design (LEED) certification. In addition, the project under development, Ying Li International Commercial Centre has also been pre-certified as a LEED Platinum certified building most recently.



PROJECTS AT A GLANCE

	PROJECT	DESCRIPTION	TYPE	COMPLETION DATE	TOTAL GFA (sqm)
	**Minsheng Mansion**	First skyscraper in Yuzhong district	Commercial Residential	December 1997	63,342
	**Zou Rong Plaza**	Chongqing's first financial industry focused project	Commercial Residential	December 2000	102,502
	**Southland Garden**	Chongqing's first high-end residential project	Residential Retail	December 2004	57,009
	**New York New York**	Received one of China's highest architectural accolades	Commercial	March 2005	41,337
	**Future International**	First landmark skyscraper in Guanyinqiao CBD	Commercial Retail	December 2006	135,540
	**Bashu Cambridge**	One of first enterprise educational institution partnerships	Residential Retail	February 2007	43,086

PROJECTS AT A GLANCE

	PROJECT	DESCRIPTION	TYPE	COMPLETION DATE	TOTAL GFA (sqm)
	**San Yan Wan Phase 1 and 1A**	Largest integrated seafood wholesale center in western PRC	Commercial	April 2009	72,000
	**Ying Li International Financial Centre / Ying Li IMIX Park Jiefangbei**	Highest skyscraper and landmark property in Chongqing and Southwest upon completion	Commercial	December 2011	177,327
	**Ying Li International Plaza / Ying Li IMIX Park Daping**	Landmark integrated project in the heart of Yuzhong's bustling Da Ping area	Commercial Residential Retail	December 2013 (Retail); 2014 (remaining phases)	409,141
	**San Ya Wan Phase 2 (Lion City Garden)**	Development of quality apartments	Commercial Residential	Expected 2015 / 2016 / 2018 (estimated)	approx. 273,656
	**Ying Li International Hardware and Electrical Centre**	Commercial - Build-to order wholesale centre, retail, hotels, residential, logistics distribution centre	Bespoke Commercial Retail	Expected 2016 / 2017 2018 in 3 phases (estimated)	approx. 631,560 for Phase 1A and 2A
	**Ying Li International Commercial Centre**	Development of luxurious SOHO, Grade A office and retail mall	Commercial SOHO Retail	Expected 2018 / 2019 (estimated)	approx. 320,000

INVESTMENT PROPERTIES PORTFOLIO

AS AT DECEMBER 31 2016


1


2


8


4


5


3


6


7

INVESTMENT PROPERTIES PORTFOLIO

1

Minsheng Mansion

Address
No. 181 Minsheng Road, Yuzhong Yuzhong District, Chongqing

Usage
Office, Retail and Car Park

Gross Floor Area (sqm)
7,345

Gross Rented Area (sqm)
4,055

Land Use Right Expiry
Commercial - Sep 2033

Market Valuation (RMB)
41,840,000

Completion Date
Dec 1997

2

Zou Rong Plaza

Address
Nos. 141 to 155 Zourong Road, Yuzhong District, Chongqing

Usage
Retail, Office and Car Park

Gross Floor Area (sqm)
6,806

Gross Rented Area (sqm)
6,443

Land Use Right Expiry
Commercial - Jan 2046

Market Valuation (RMB)
36,780,000

Completion Date
Dec 2000

3

Southland Garden

Address
Nos. 46 to 52 Cangbai Road, Yuzhong District, Chongqing

Usage
Office, Retail and Car Park

Gross Floor Area (sqm)
13,130

Gross Rented Area (sqm)
11,267

Land Use Right Expiry
Commercial - Nov 2042

Market Valuation (RMB)
79,720,000

Completion Date
Dec 2004

4

New York New York

Address
No. 108 Bayi Road, Yuzhong District, Chongqing

Usage
Car Park

Gross Floor Area (sqm)
277

Gross Rented Area (sqm)
277

Land Use Right Expiry
Commercial - Jan 2042

Market Valuation (RMB)
6,590,000

Completion Date
Mar 2005

5

Future International

Address
No. 6 Guanyinqiao Pedestrian Street, Jiangbei District, Chongqing

Usage
Retail and Car Park

Gross Floor Area (sqm)
82,227

Gross Rented Area (sqm)
81,986

Land Use Right Expiry
Commercial - Mar 2045

Market Valuation (RMB)
993,800,000

Completion Date
Dec 2006

6

Bashu Cambridge

Address
No. 8 Bashu Road, Yuzhong District, Chongqing

Usage
Retail and Car Park

Gross Floor Area (sqm)
6,969

Gross Rented Area (sqm)
6,894

Land Use Right Expiry
Commercial - Sep 2044

Market Valuation (RMB)
17,710,000

Completion Date
Feb 2007

7

Ying Li International Financial Centre / Ying Li IMIX Park Jiefangbei

Address
No. 28 Minquan Road, Yuzhong District, Chongqing

Usage
Office, Retail and Car Park

Gross Floor Area (sqm)
95,860

Gross Rented Area (sqm)
87,153

Land Use Right Expiry
Commercial - Dec 2044

Market Valuation (RMB)
1,730,000,000

Completion Date
Dec 2011

8

Ying Li International Plaza / Ying Li IMIX Park Daping

Address
No. 19 Zheng Jie Road, Yuzhong District, Chongqing

Usage
Retail and Car Park

Gross Floor Area (sqm)
133,246

Gross Rented Area (sqm)
119,977

Land Use Right Expiry
Commercial - Jul 2050

Market Valuation (RMB)
1,540,300,000

Completion Date
Dec 2013

BOARD OF DIRECTORS

MR. FANG MING

Executive Chairman and Group Chief Executive Officer

Mr. Fang Ming is the Executive Chairman and Group Chief Executive Officer. He is also the President of Chongqing Yingli Real Estate Development Co., Ltd. Mr. Fang is responsible for the overall management since its inception in 1993. He also oversees the Audit & Supervision Department. With more than 20 years of experience in the property sector, Mr. Fang has been instrumental in introducing international designs and quality standards into the real estate sector in Chongqing, gaining recognition from both city and state governments. Under his leadership, the Group has developed a number of award winning buildings in Chongqing's core central business districts and established good long-term relationships with the local government authorities and business partners. The Group successfully established a long-term strategic cooperative partnership with China Everbright Limited - one of China's most influential financial enterprises in 2014.

Prior to establishing Chongqing Yingli, Mr. Fang held a senior position in Chongqing Yunji Company. Mr. Fang is also a member of the Chongqing Committee of Chinese People's Political Consultative Conference ("CPPCC"), Vice President of Chongqing General Chamber of Commerce, President of the Chongqing Real Estate Chamber of Commerce, and the Executive Vice President of the Yuzhong District Federation of Industry and Commerce.

Mr. Fang graduated from Chongqing Broadcasting University School of Management and has a MBA from the Chongqing Technology and Business University.

MR. PAN YING

Non-Executive and Non-Independent Deputy Chairman

Mr. Pan was appointed to the Board in September 2014. He is the Chief Investment Officer and a member of the Management Decision Committee of China Everbright Limited ("CEL"). He is responsible for the real estate fund, institutional sales and financing business of CEL. Mr. Pan is also a Director of Shanghai Jiabao Industry & Commerce (Group) Co., Ltd and a Non-Executive Independent Director of Sinopec Oilfield Service Corporation.

Prior to joining CEL, he worked for the Foreign Exchange Reserve Department of SAFE (China's State Administration of Foreign Exchange), and established SAFE Investment Company Ltd., a Hong Kong-based wholly-owned subsidiary of the People's Bank of China which had AUM of more than HKD20 billion. Mr. Pan joined Seagate, an asset management company in Los Angeles in 1998. In 2004, he co-founded SeaBright, where he acted as CEO, with China Everbright. At SeaBright, he set up two funds that focused on investment opportunities in China, which invested more than USD150 million. Mr. Pan has more than 17 years of experience in private equity and investment. He received a BA in Economics from the Management School of Xi'an Jiaotong University in China.

BOARD OF DIRECTORS

MS. YANG XIAO YU

Executive Director

Ms. Yang Xiao Yu is an Executive Director of the Group, and the Deputy General Manager of Chongqing Yingli. She oversees administrative and human resource-related matters. Prior to joining the Group, Ms. Yang held various positions, including Deputy Editor of Chongqing Municipal Committee Magazine ("Dang Dai Dang Yuan"), Standing Director of Chongqing Publication Institution, Director and President of Chongqing Dang Hong Cultural Communication Company and Director of the Chongqing Municipal Government Office for Economic Cooperation.

Ms. Yang has obtained the Senior Economist certification from Chongqing Municipal Personnel Bureau, a college degree in Chinese and Economic Management, a Bachelor degree in Law and a postgraduate in Psychology from Southwest Normal University.

MR. CHRISTOPHER CHONG MENG TAK

Lead Independent Director

Mr. Christopher Chong was first appointed to the Board in 2007 and is the Lead Independent Director. He brings to the Group significant experience in corporate strategy, capital markets, securities law and corporate governance. Mr. Chong is a founding partner of ACH Investments Pte Ltd, a corporate advisory firm. Prior to this, and for some 12 years, he was with the Hongkong Bank Group where he held the position of CEO of HSBC Securities (Singapore), Executive Director of Kay Hian James Capel (now known as UOB Kay Hian) and was a multi award-winning analyst. Prior to joining the Hongkong Bank Group, Mr. Chong trained with Ernst & Young, London. Mr. Chong is a director of five other public companies listed on the Stock Exchanges of Australia and Singapore.

Mr. Chong is a Member of the Institute of Chartered Accountants of Scotland. He is also a Fellow of the Hong Kong Institute of Certified Public Accountants; the Australian Institute of CPAs; the Singapore Institute of Directors; and the Australian Institute of Company Directors. Mr. Chong is also a Senior Stockbroker of the Securities & Derivatives Industry Association. He has a Bachelor of Science in Economics (1st Hon) degree from the University College of Wales and a MBA from the London Business School.

BOARD OF DIRECTORS

MR. TAN SEK KHEE
Independent Director

Mr. Tan Sek Khee is an Independent Director of the Group. He is currently an Independent Director of SGX-listed Europtronic Group Ltd and ASL Marine Holdings Limited. Mr. Tan is also currently an Executive Director of several private companies in Singapore, Indonesia, Thailand and China. Mr. Tan brings to the Group extensive experience in general management, business development, marketing, procurement and logistics. He has more than 30 years of corporate and business experience in Singapore, Indonesia, Thailand and China.

Mr. Tan graduated with a Bachelor Degree of Commerce from Nanyang University in 1979. He is also a registered member of Singapore Institute of Directors.

MR. XIAO ZU XIU
Independent Director

Mr. Xiao Zu Xiu is an Independent Director of the Group. He has been the Chairman of the Chinese Nation Cultural Promotion Association since 1995. He was also Chairman of the Chongqing Veteran's Sports Association from 1997 to 2003 and the Chairman of the Association of Researching the System of the People's Congress from 2003 to 2009. He has been serving successively as the Vice Chairman and the Chairman of the Committee for Care of the Next Generation since 2004. Mr. Xiao has also been the Director-General of Chongqing Education Development Foundation since 2010. Mr. Xiao was elected as a representative to the Chongqing Municipal People's Congress and chosen as the Vice Chairman of the Chongqing Municipal People's Congress Standing Committee in 1997. Prior to that, he was elected as Executive Deputy Mayor of Chongqing in 1993, mainly overseeing the financial, taxation, auditing, educational and monitoring aspects. Mr. Xiao was with the Agricultural Economy Department of Southwest Agricultural University for 23 years before he was appointed as Director of the Committee for Peasants and Workers in 1985, a post he held till 1988.

Mr. Xiao studied Agricultural Economics in the Southwest College of Agriculture and the Beijing Agricultural University and graduated in 1960 and 1963 respectively.

BOARD OF DIRECTORS

MR. AI YU

Non-Executive and Non-Independent Director

Mr. Ai Yu was appointed to our Board in September 2014. He is the head and managing director of China Everbright Limited's Super Project Acquisition Team, where he is responsible for the daily investment and management of major projects. He was a Deputy General Manager of Everbright Prestige Capital Asset Management Co. Ltd where he was responsible for deal sourcing, execution and had closed multi-billion US dollar transactions. Mr. Ai was a Managing Director of EBA Investments (Advisory) Limited ("EBA Investments"), a real estate private equity firm and a subsidiary of China Everbright Limited. Prior to joining EBA Investments in 2008, Mr. Ai worked at JP Morgan's Hong Kong office in Real Estate Investment Banking. Before that, he worked at JP Morgan's New York Investment Banking team.

Mr. Ai received his Master of Science in Finance from Washington University in St. Louis and graduated with a Bachelor of Arts in Economics from Simon Fraser University.

KEY MANAGEMENT

MR. LIM GEE KIAT
Group Chief Financial Officer

Mr. Lim Gee Kiat was appointed as Group Chief Financial Officer of Ying Li International Real Estate Ltd on 2 July 2015. He oversees the Group's financial functions, including financial and management reporting, cashflow management, corporate finance, tax and treasury planning, investor relation as well as other finance-related matters. Mr, Lim was previously Senior Vice President (Finance) of the Group from 2011 to 2013. He was Chief Financial Officer of Nera Telecommunications Limited from 2013 to 2015 before rejoining the Group.

Mr. Lim's extensive experience in the finance industry spans more than 15 years, including stints in GIC Special Investments, SembCorp Industries and DBS. Mr. Lim graduated with a Bachelor of Engineering (First Class Honors) in Electrical & Electronics from Nanyang Technological University and has a Master of Business Administration from Nanyang Business School. He is also a Chartered Accountant with the Institute of Singapore Chartered Accountants.

MR. CAI MINGYI
Group Financial Controller

Mr. Cai Mingyi is the Group Financial Controller and Company Secretary. He oversees the Group's financial functions in relation to accounting, internal controls, financial and management reporting, tax, treasury, financial analysis, M&A support and risk management. In addition, he is also responsible for liaising with external parties in respect of the Group's financial matters. Prior to joining the Group, Mr. Cai was with PricewaterhouseCoopers LLP for more than five years, serving as manager with the advisory practice before leaving in 2012. Mr. Cai holds a Bachelor of Accountancy Degree and a Bachelor of Business Management Degree from the Singapore Management University. He is a Chartered Accountant (Singapore) since 2012 and is an associate member of the Singapore Institute of Directors.

MR. DENG LU ZHONG
Vice President, Ying Li International Real Estate Limited and General Manager, Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd.

Mr. Deng Lu Zhong is the Vice President of the Group, and the General Manager of Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd (San Ya Wan Project). Mr. Deng is a trained economist. He joined the Group in 2011 and has been responsible for the overall management and development of San Ya Wan project. Mr. Deng was appointed as Vice President of the Group with effect from 29 June 2016. He is familiar with various governmental policies and has vast experience in working and liaising with the government and relevant authorities. Prior to joining the Group, he had served as the Office Deputy Director of the People's Government of Chongqing Yuzhong District, Deputy Director of the United Front Work Department of Chongqing Yuzhong District, the Secretary of Party Committee and the First Vice President of Yuzhong District Federation of Industry and Commerce.

MR. YANG FANG HENG
Deputy General Manager

Mr. Yang Fang Heng is the Deputy General Manager in charge of Operation Management and Cost Management. He is overall responsible for the works of cost control, bidding and purchasing. He joined the Group since its inception and has participated in the development of various projects of the Group such as New York New York and Future International with more than 20 years of experience in real estate project development and management. Prior to joining the Group, Mr. Yang was the General Manager of the Nan'an Department Store.

MS. DAI LING
Deputy General Manager

Ms. Dai Ling is the Deputy General Manager of Chongqing Yingli and a qualified accountant. Ms. Dai joined the Group since its inception and oversees the Group's Finance Department and Corporate Finance Department. She is in charge of the development, supervision and maintenance of the accounting system and policies as well as the financial management and corporate tax planning.

KEY MANAGEMENT

Ms. Dai has over 30 years of experience in finance and accounting with 20 years' experience in real estate financial management, and has established good relationships with the main banks. Prior to joining the Group, she was the Chief Accountant in Nan'an Department Store and Nan'an District Federation of Industry and Commerce. Ms. Dai graduated with an accounting certification from Chongqing Business College.

MR. ZHANG GUANG WEI

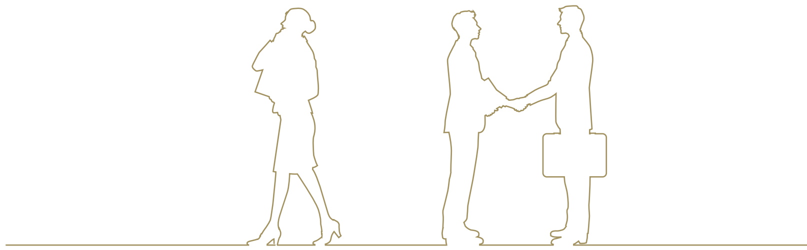
Deputy General Manager

Mr. Zhang Guang Wei is the Deputy General Manager in charge of marketing and sales operations for the Group. He holds a Real Estate Broker license with more than 18 years of real estate marketing experience, particularly in product positioning, sales strategy formulation and execution. Mr. Zhang oversees the marketing management as well as the sales, leasing and promotions for the Group's projects. Prior to joining the Group, he was an Assistant Sales Manager in Chongqing Jinshan Real Estate Development Co., Ltd, and a Marketing Director in Dun'an Real Estate Development Co., Ltd. Mr. Zhang graduated with a Bachelor degree in Real Estate Management from Chongqing Broadcasting University.

MR. LI JING HUAN

Deputy General Manager

Mr. Li Jing Huan is the Deputy General Manager for Investment Development and a Senior Engineer. Mr. Li has an extensive experience in the research and development of real estate projects. He is also well-versed with various government policies and has established good relationships with the local government authorities. Prior to joining the Group, he was a lecturer at Staff University of Ministry of Weapons Industry, Manager of Beibei Three Gorges Store, the Head and Representative of many foreign companies in Shenzhen as well as the Deputy General Manager of Chongqing Sinosteel Investment Group. Mr. Li holds a Bachelor degree in Engineering from Chongqing Architectural Engineering College.



MR. HUANG YEYAO

Chief Designer

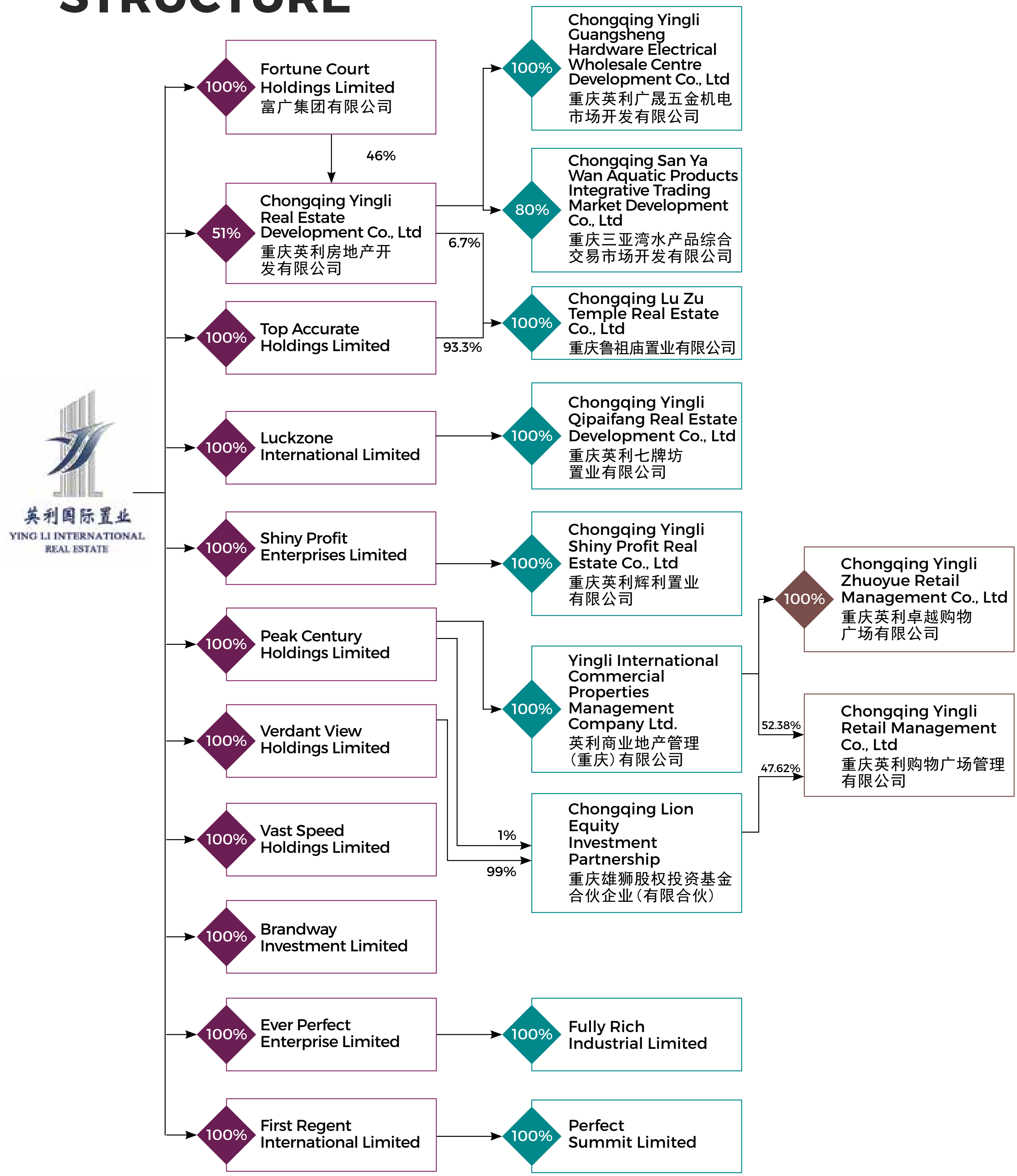
Mr. Huang Yeyao is the Chief Engineer Designer of Chongqing Yingli and a national first-class registered architect and national registered planner. He is responsible for the technical management of the architecture design for the Group's projects. Prior to joining the Group, he has five years of experience in architecture design and planning in Chongqing Planning & Design Institute and 12 years of experience in examination and approval of buildings, land management and planning management of sub-districts in Chongqing Urban Planning Bureau. Mr. Huang is very familiar with architecture design, planning management, basic construction process and relevant regulations. Mr. Huang holds a Bachelor of Engineering degree in Architecture from China University of Mining and Technology.

MR. WU SHAOMING

Deputy General Manager

Mr. Wu Shao Ming is the Deputy General Manager and a qualified Senior Engineer. He is in charge of engineering, construction, quality control and safety aspects of the Group's properties. Prior to joining the Group, he held senior positions at Chongqing Heng Wei Real Estate, Chongqing Jiali Real Estate and was an architect at the Chongqing Iron and Steel Designing Institute, and a Deputy General Engineer in Hainan Bonded Zone Development Co., Ltd. Mr. Wu holds a Bachelor degree from the Xian Highway College (now known as Chang'an University).

CORPORATE STRUCTURE



CORPORATE INFORMATION

Company Registration Number

199106356W

Board Of Directors

- **Fang Ming**
  (Executive Chairman and Group Chief Executive Officer)
- **Pan Ying**
  (Non-Executive and Non-Independent Deputy Chairman)
- **Yang Xiao Yu**
  (Executive Director)
- **Christopher Chong Meng Tak**
  (Lead Independent Director)
- **Tan Sek Khee**
  (Independent Director)
- **Xiao Zu Xiu**
  (Independent Director)
- **Ai Yu**
  (Non-Executive and Non-Independent Director)

Audit Committee

- **Christopher Chong Meng Tak**
  (Chairman)
- **Tan Sek Khee**
- **Pan Ying**

Nominating Committee

- **Christopher Chong Meng Tak**
  (Chairman)
- **Xiao Zu Xiu**
- **Yang Xiao Yu**

Remuneration Committee

- **Tan Sek Khee**
  (Chairman)
- **Xiao Zu Xiu**
- **Ai Yu**

Company Secretary

- **Cai Mingyi**

Registered Office

12 Marina Boulevard #18-05
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: (65) 6334 9052
Fax: (65) 6334 9058
Email address: ir@yingligj.com

Share Registrar

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

Auditor

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
24 Raffles Place
#07-03
Clifford Centre
Singapore 048621

Audit Partner-In-Charge

Chin Sin Beng
Since financial year 2016

Principal Bankers

China Construction Bank
DBS Bank
Huaxia Bank
Ping An Bank
Shanghai Pudong Development Bank
Standard Chartered Bank
Xiamen Bank

AWARDS AND ACCOLADES

Chairman Fang Ming - Chongqing Outstanding Private Entrepreneur
方明董事长荣获“重庆市优秀民营企业家”称号
By Chongqing Municipal Government
重庆市人民政府

2012 – 2013 China Luban Prize (Ying Li International Financial Centre)
2012-2013年度中国建筑工程鲁班奖(国家优质工程)”
By The Ministry of Housing and Urban-Rural Development of the People's Republic of China and China Construction Industry Association
中华人民共和国住房和城乡建设部、中国建筑业协会

2015 – Most Outstanding Commercial Real Estate Business
2015-中国商业地产优秀企业
By China Index Academy, Development Research Centre of the State Council and Institute of Real Estate Studies of Tsinghua University
国务院发展研究中心企业研究所，清华大学房地产研究所，中国指数研究

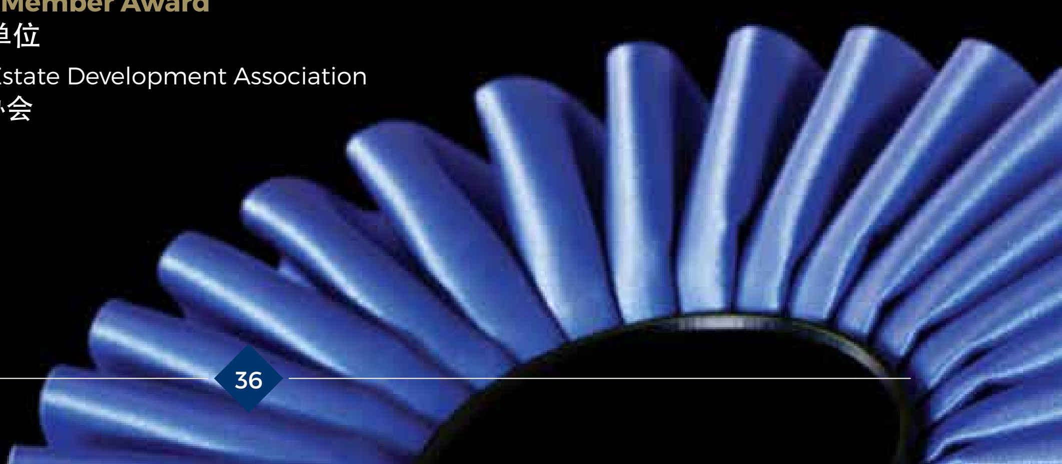
2015 – Chongqing's Top 50 Real Estate Enterprises (8th consecutive win)
2015-重庆市房地产开发企业五十强
By Chongqing Municipality's Real Estate Development Association
重庆市房地产开发协会

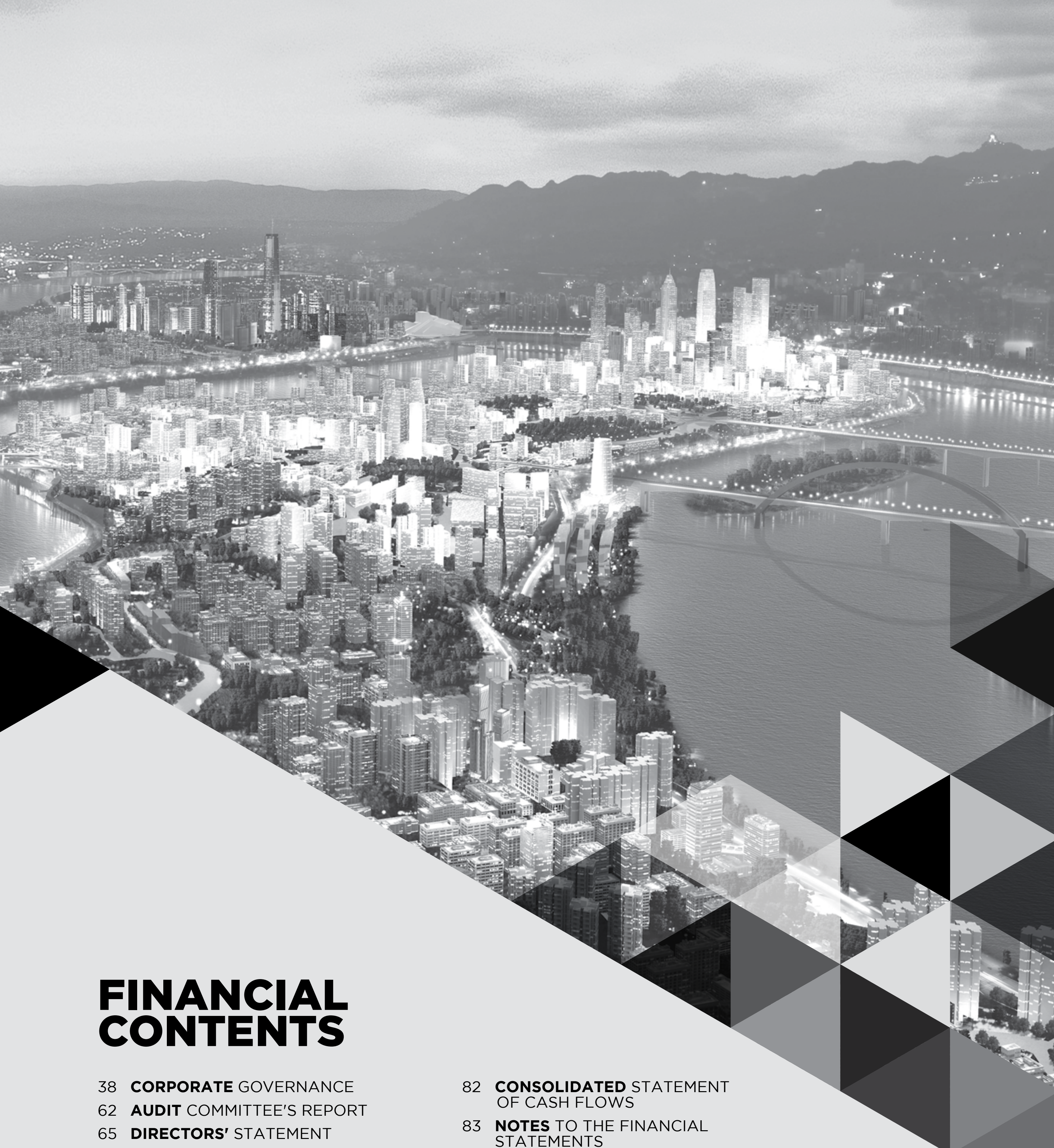
2014 – 2015 Chongqing Real Estate Development Industry Trustworthy Brand Award (5th consecutive win)
2014 - 2015 年度重庆市房地产开发行业信用品牌企业
By Chongqing Municipality's Real Estate Development Association
重庆市房地产开发协会

2014 – 2015 Trustworthy Credit Enterprise
2014-2015 年守合同重信用企业
By State Administration for Industry & Commerce of PRC
国家工商行政管理总局

2015 Hardware & Electrical Market Integrity Award
2015年度诚信五金机电市场
By China Hardware and Electromechanical Chamber of Commerce
全国工商联五金机电商会

2016 Outstanding Member Award
2016年度优秀会员单位
By Chongqing Real Estate Development Association
重庆市房地产开发协会





FINANCIAL CONTENTS

CORPORATE GOVERNANCE

The Board of Directors (the "Board") is committed to ensuring that the highest standards of corporate governance are practiced throughout Ying Li International Real Estate Limited (the "Company") and its subsidiaries (the "Group"), as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

This report describes the Group's corporate governance practices and structures that were put in place during the financial year ended 31 December 2016 ("FY2016"), with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 ("Code"), and where applicable, the SGX-ST Listing Manual, the Singapore Companies Act, focusing on areas such as internal controls, risk management, financial reporting, internal and external audits. Any deviations from the guidelines of the Code or areas of non-compliance have been explained accordingly. Save for the deviations disclosed below, the Board confirms that the Company has adhered to the principles and guidelines of the Code (where they are applicable, relevant and practicable to the Group).

BOARD MATTERS

The Board of Directors as at the date of this Annual Report comprises the following:

Mr. Fang Ming (Executive Chairman and Group Chief Executive Officer)
Mr. Pan Ying (Non-Executive and Non-Independent Deputy Chairman)
Ms. Yang Xiao Yu (Executive Director)
Mr. Christopher Chong Meng Tak (Lead Independent Director) [1]
Mr. Tan Sek Khee (Independent Director)
Mr. Xiao Zu Xiu (Independent Director)
Mr. Ai Yu (Non-Executive and Non-Independent Director)

Note:

(1) Mr. Christopher Chong Meng Tak, who is retiring pursuant to Article 106 of the Constitution of the Company at the forthcoming Annual General Meeting, will not be seeking re-election as he has served 9 years. With his retirement, he will also step down as the Lead Independent Director of the Company and Chairman of the Audit and Nominating Committees.

As of the date of this Annual Report, no alternate directors have been appointed to any directors.

Principle 1: Board's Conduct of Its Affairs

The Board is responsible for setting the Group's strategic direction, executing these strategies and strengthening the robustness of the Group.

The principal duties and responsibilities of the Board include:

- Providing entrepreneurial leadership and guidance to the management in setting the Company's overall long-term strategies and financial objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- Monitoring the implementation of such strategies and the business performance, management performance and results of the Group;
- Identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- Setting the Company's ethical values and standards in which it conducts businesses, and ensure that these are adhered to;
- Approving the appointment of Directors and other key management personnel;

CORPORATE GOVERNANCE

- Establishing and maintaining a framework of good corporate governance within the Group, including risk management systems and prudent and effective internal controls to safeguard shareholders' interests and the Group's assets; and
- Approving material acquisitions and disposals of assets, mergers and acquisitions, major corporate policies in key areas of operations, annual budgets, major funding and investment proposals, issuance of shares, dividends and proposals relating to shareholder returns, the Group's quarterly, half yearly and full year results and material interested person transactions.

The Board will consider sustainability issues such as environmental and social factors as part of its strategic formulation in line with the guidelines of the Code. It believes that when making decisions, all Directors of the Board discharge their duties and responsibilities at all times as fiduciaries and act objectively in the interests of the Company.

The Company has put in place a set of guidelines and clear directions to the management on matters reserved for the Board's decision and approval, and such matters are set out as follows:

- Matters involving a conflict of interest for a substantial shareholder or Director;
- Annual capital expenditure budget or any unbudgeted capital expenditure exceeding 10% of the budgeted capital expenditure;
- Corporate governance policies;
- All new projects or additional investments;
- Disposal of assets or investments not in the ordinary course of business with net book value or fair value exceeding S$5 million;
- Pledging of assets or investments for financing purposes;
- Write-off of bad debts of more than S$5 million; and
- Provision of corporate guarantees or letters of comfort.

The Board has delegated specific responsibilities to four Board Committees, namely, the Audit Committee ("AC"), the Board Risk Committee ("BRC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). On 12 May 2016, the Board had, following a thorough review, resolved that the BRC's responsibilities in overseeing the Group's risk management framework and policies be assumed by the AC as this arrangement provides the AC with additional insights and oversights on the Group's risk management systems and internal controls. This best serve the needs in assisting the Board to carry out its responsibility of overseeing the Company's risk management framework and policies. Consequently, the BRC was dissolved. Information on each of the three Board Committees is set out below.

The Board accepts that while these Board Committees have the authority to examine issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility for all matters lies with the Board. The effectiveness of each Board Committee is also constantly monitored by the Board.

During the financial year under review, the Board conducted regular and scheduled meetings. Ad-hoc meetings would be convened where circumstances require as such. The Company's Constitution allows board meetings to be conducted by way of telephone conference or other similar means of communication whereby all persons participating in the meeting are able to communicate as a group, without requiring the Directors' physical presence at the meeting. The Board and Board Committees may also make decisions through circulating resolutions.

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The number of meetings of the Board and Board Committees held in respect of the FY2016, as well as the attendance of every Board member at these meetings are disclosed in the following table:

	BOARD OF DIRECTORS (“BOD”)		AUDIT COMMITTEE (“AC”)			REMUNERATION COMMITTEE (“RC”)			NOMINATING COMMITTEE (“NC”)		
	No. of meetings			No. of meetings			No. of meetings			No. of meetings	
	held	attended	Pos	held	attended	Pos	held	attended	Pos	held	attended
Fang Ming (Executive Chairman and Group Chief Executive Officer)	4	4									
Pan Ying (Non-Executive and Non-Independent Deputy Chairman)	4	4	M	4	4						
Yang Xiao Yu (Executive Director)	4	4							M	1	1
Christopher Chong Meng Tak (Lead Independent Director)	4	4	C	4	4				C	1	1
Tan Sek Khee (Independent Director)	4	4	M	4	4	C	1	1			
Xiao Zu Xiu (Independent Director)	4	3				M	1	1	M	1	1
Ai Yu (Non-Executive and Non-Independent Director)	4	4				M	1	1			

C denotes Chairman; M denotes Member

A formal letter will be provided to each newly appointed Non-Executive Director (including Independent Director) upon his or her appointment, setting out his or her duties and obligations whereas Executive Directors will be provided with Service Agreements setting out their terms of office and terms and conditions of appointment. The Director will then undergo an orientation program and familiarize himself or herself with the business activities of the Group, its strategic direction and corporate governance practices. Arrangements will also be made for Directors to meet-up with key management personnel to have a better understanding of the businesses and operations of the Group.

For FY2016, the Company did not appoint any new first-time Director. In order to keep themselves abreast of new laws, regulations, changing commercial risks and accounting standards, all existing and new Directors will be informed of and encouraged to attend relevant courses, conferences and seminars in areas such as accounting, legal and industry-specific knowledge as appropriate, conducted by the Singapore Institute of Directors, the SGX-ST, business and financial consultants, and external professionals on a regular basis at the Company’s expense. All Directors are encouraged to undergo at least three hours of training every year. During the year under review, some Directors attended seminars on relevant industry-related trends/developments and/or legal and regulatory requirements/developments.

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Principle 2: Board Composition and Guidance

As at FY2016, the Board comprises seven members of whom two are Executive Directors and five are Non-Executive Directors of whom three are independent. Accordingly, pursuant to Guideline 2.1 of the Code, at least one-third of the Board is made up of Independent Directors.

The Board is cognizant of the need to comply, with Guideline 2.2 of the Code which provides that where, inter alia, the Chairman is part of management team, not an Independent Director and also the Group Chief Executive Officer ("Group CEO"), the Independent Directors should make up at least half of the Board, by its AGM in year 2018. The Board will revisit its Board composition for FY2017.

In determining the independence of each Director, the Board, taking into account the views of the NC, evaluates whether a Director is independent in character and judgment, and whether there are relationships or circumstances which are likely to affect, or could appear to affect, a Director's judgment. All Directors are required to disclose to the Board any such relationships or appointments, as and when they arise, which would affect their independence, as defined in the Code. Each Independent Director is required to complete a Confirmation of Independence Form annually to confirm his independence based on the guidelines set out in the Code.

During the financial year under review, Mr. Christopher Chong Meng Tak, the Lead Independent Director of the Company, has served on the Board for a period exceeding nine years from the date of his first appointment. Taking into account the need for progressive refreshing of the Board, Mr. Christopher Chong Meng Tak has indicated that he will not be seeking re-election and will be retiring at the conclusion of the forthcoming Annual General Meeting. Save for the above, none of the Independent Directors have served on the Board for a period exceeding nine years from the date of his first appointment.

The Board reviews the size of the Board on an annual basis, and is of the view that the current size of the Board is appropriate, which facilitates effective decision making. In view of Mr. Christopher Chong Meng Tak's retirement at the forthcoming Annual General Meeting, the Board, having taken into account the current scope and nature of the Group's operations, the requirements of the Group's business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, will appoint an Independent Director to fill the casual vacancy after the Annual General Meeting. No individual or small group of individuals dominates the Board's decision-making process as the Independent Directors and the Non-Executive and Non-Independent Directors make up more than two-third of the Board.

The Board is satisfied that it has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. Each Director has been appointed based on his or her strength, experience and stature. They are expected to bring a valuable range of experience and expertise, and contribute to the development of the Group's strategy and business performance. Together, the Board and Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender (1 female Director) and knowledge of the Company. They also bring with themselves a wide range of core competencies such as accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. The diversity of the directors' background allows for the useful exchange of ideas and views.

Key information regarding the Directors is given in the "Board of Directors" section of this annual report.

The Non-Executive Directors of the Company constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. At every scheduled meeting, the Board sets aside time for Non-Executive Directors to meet without the presence of Management. In addition, the Directors are in frequent contact with one another outside the Board and Board Committees' meetings and hold constant informal discussions amongst themselves.

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Principle 3: Executive Chairman and Chief Executive Officer

The principal duties and responsibilities of the Executive Chairman include:

- Leading the Board to ensure its effectiveness on all aspects of its roles;
- Scheduling meetings for the Board to discharge its duties, including setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- Promoting a culture of openness and debate at the Board;
- Coordinating activities of the Independent Directors and Non-Executive Directors and facilitate the effective contribution of Non-Executive Directors;
- Exercising control over quality, quantity and timeliness of the flow of information between the management and the Board to ensure that the Directors receive complete, adequate and timely information;
- Encouraging constructive relations within the Board and between the Board and Management;
- Ensuring effective communication with shareholders; and
- Assisting in ensuring the Company's compliance with corporate governance guidelines and promote high standards of corporate governance.

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

Mr. Fang Ming serves concurrently as Executive Chairman and Group CEO and accordingly, the roles and responsibilities of both the Executive Chairman and Group CEO are vested in Mr. Fang Ming. The Board is of the opinion that there is a sufficiently strong independent element in the Board, in view that all resolutions of the Board are passed collectively after due consideration and that no single individual exercised any concentration of power or influence.

In accordance with Guideline 3.3 of the Code, the Company appointed Mr. Christopher Chong Meng Tak as the Lead Independent Director. As Lead Independent Director, Mr. Chong leads and co-ordinates the activities of the Non-Executive Directors of the Group and aids the Independent and Non-Executive Directors to: (i) constructively challenge the management; (ii) assist the management in developing goals and objectives; and (iii) review and monitor the management's performance in meeting the agreed goals and objectives. Led by the Lead Independent Director, the Independent Directors will meet periodically without the presence of the other Directors and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

In view of Mr. Christopher Chong's retirement at the conclusion of the forthcoming AGM, the Company will be looking for a suitable candidate to replace him as the Lead Independent Director.

Shareholders with concerns are invited to contact the Lead Independent Director directly when contact through normal channels via management has failed to provide a satisfactory resolution, or when such contact is inappropriate.

CORPORATE GOVERNANCE

Principle 4: Board Membership

The terms of reference of the NC provides that the NC shall comprise at least three Directors, the majority of whom including the NC Chairman, shall be Independent Directors. The Lead Independent Director, if any, should be a member of the NC. The composition of the NC is set out below:

Mr. Christopher Chong Meng Tak (Lead Independent Director)	– NC Chairman
Mr. Xiao Zu Xiu (Independent Director)	– NC member
Ms. Yang Xiao Yu (Executive Director)	– NC member

The NC Chairman is not associated in any way with any 10% shareholders of the Company.

The principal duties and responsibilities of the NC include:

- To review Board succession plans for directors, in particular, the Chairman and CEO;
- To assist the Board in maximizing shareholders value;
- To develop a process for board performance evaluation and assessing annually the effectiveness of the Board as a whole and the contribution and performance of each individual Directors;
- To identify new candidates and review all nominations for the appointment, re-appointment or re-election of Directors;
- To conduct review of training and professional development programs for the Board; and
- To determine annually, and as and when circumstances require, whether or not a Director is independent pursuant to the guidelines set out in the Code, and by such amendments made thereto from time to time.

Although the Board does not have a written policy with regards to diversity in identifying director nominees, it will consider the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. New Directors, if any, will continue to be selected based on objective criteria set as part of the process for appointment of new Directors and the NC will, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The NC will evaluate potential candidates by undertaking background checks, assessing individual competency, knowledge, management skills, financial literacy, experience and qualifications, thereby ensuring the fulfilment of every requirement which the Board as a whole requires to be effective. The NC will seek candidates from a wide pool of individuals not limited to persons known to the Directors directly, and is empowered to engage professional search firms to aid in this process. Short-listed candidates will be invited to meet the Independent Directors separately and may also be invited to meet the Board as a whole to discuss the duties of a Director. This is to ensure that there are no misunderstandings or a mismatch of expectations. The new Directors will be briefed by the management, the AC Chairman and the NC Chairman, and are also provided with opportunities to speak to the external auditors, the internal auditors and the Company's legal advisers. The new Directors are also flown to Chongqing, where the principal activities of the Group are located, for meetings with key management personnel, relevant staff, site visits and to inspect the Group's projects.

CORPORATE GOVERNANCE

Each year, the NC reviews and affirms the independence of the Company's Independent Directors. Each Independent Director is required to complete a Confirmation of Independence Form annually to confirm their independence. This form is based on guidelines provided in the Code and requires each Independent Director to assess whether there are relationships or circumstances which are likely to affect, or could appear to affect their exercise of independent judgment in carrying out their duties as an Independent Director of the Company. In completing the form, the directors are required to confirm, amongst other things, the following items:

- that they do not have any relationships with the Company, its related corporations, its 10% shareholders or its officers;
- that they are not Executive Directors of the Company or any of its related corporations and they have not been employed by the Company or any of its related corporations, for the current financial year or any of the past three financial years;
- that they do not have any immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations whose remuneration is determined by the RC;
- that they or their immediate family member have not accepted any significant compensation from the Company or any of its related corporations, for the provision of services (other than compensation for board service), in the current financial year or the financial year immediately preceding it;
- that they do not have shareholdings, partnerships, offices or directorships (including those held by immediate family members) in an organization to which the Company or its subsidiaries made, or from which the Company or its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current financial year or the financial year immediately preceding it;
- that neither the Directors nor their immediate family members have 10% shareholdings in the Company; and
- that they are not and have not been directly associated with a 10% shareholder of the Company, in the current financial year or the financial year immediately preceding it.

The NC will then review the form completed by each Independent Director to determine whether the Director is independent.

The Board recognises the contributions of its Independent Directors who over time, have developed deep insights into the Group's businesses and operations, and who are therefore able to provide valuable contributions to the Group. The Board, with the concurrence of the NC, having considered the Confirmation of Independence forms submitted by Mr. Christopher Chong Meng Tak, Mr. Tan Sek Khee and Mr. Xiao Zu Xiu concluded that they are independent and free from any relationships outlined in the Code. The Board has not set a fixed term of office for each of its Independent Directors so as to be able to retain the services of the Directors as necessary. The Board, however, is cognisant of the need for gradual renewal.

The NC determines if a Director is able to and has been adequately carrying out his duties as Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The NC notes the requirement under the Code for companies to fix the maximum number of listed company board representations that their directors may hold and to disclose this in their annual report. No maximum number of listed company board representations has been fixed as time requirements are subjective and the NC recognises that its assessment of each Director's ability to discharge his or her duties adequately should not be confined to the sole criterion of the number of his or her board representations. Thus, in assessing each Director's ability to discharge his or her duties adequately, the Board will also consider, amongst other factors, contributions by Directors during Board and Board Committee meetings, and their attendance at such meetings, in addition to each of their principal commitments.

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Directorships or chairmanships held by the Company's Directors in other listed companies are as follows:

Name of Director	Date of first appointment / last re-election / re-appointment	Directorships in other listed companies [1]	
		Current	Past 3 Years
Fang Ming (Executive Chairman and Group CEO)	26 September 2008 / 28 April 2015	Nil	Nil
Pan Ying (Non-Executive and Non-Independent Deputy Chairman)	23 September 2014 / 28 April 2015	– Sinopec Oilfield Service Corporation [2] – Shanghai Jiabao Industry and Commerce (Group) Co., Ltd. [3]	Nil
Yang Xiao Yu (Executive Director)	31 May 2011 / 27 April 2016	Nil	Nil
Christopher Chong Meng Tak (Lead Independent Director)	19 December 2007 [4] / 28 April 2015	– ASL Marine Holdings Ltd – GLG Corp Ltd [5] – Forise International Limited (Formerly known as Great Group Holdings Limited) – Emerging Towns & Cities (Singapore) Limited – Singapore O&G Limited	– Lorenzo International Limited – Koon Holdings Limited
Tan Sek Khee (Independent Director)	29 April 2013 / 28 April 2015	– ASL Marine Holdings Ltd – Europtronic Group Ltd	Nil
Xiao Zu Xiu (Independent Director)	26 September 2008 / 27 April 2016	Nil	Nil
Ai Yu (Non-Executive and Non-Independent Director)	23 September 2014 / 27 April 2016	Nil	Nil

Notes:

(1) The principal commitment of each Director is set out in the "Board of Directors" section of this annual report.

(2) Listed on The Stock Exchange of Hong Kong Limited ("SEHK").

(3) Listed on the Shanghai Stock Exchange.

(4) Prior to 26 September 2008 and the reverse take-over, the Company was previously known as Showy International Limited.

(5) Listed on the Australian Securities Exchange Ltd.

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Mr. Christopher Chong Meng Tak, Mr. Pan Ying and Mr. Tan Sek Khee hold concurrent directorships in other listed companies for the FY2016.

The NC is satisfied that Mr. Christopher Chong Meng Tak, Mr. Pan Ying and Mr. Tan Sek Khee can and have been able to, devote sufficient time and attention to the affairs of the Group and adequately discharge their duties.

In accordance with the Company's Constitution, all Directors are required to retire from office at least once every three years and submit themselves for re-election at the AGM. A new Director appointed in between AGMs must also submit himself for re-election at the AGM following his appointment. The retiring Directors are eligible to offer themselves for re-election.

The NC, having considered the attendance and participation of the following Directors at Board and Board Committees meetings, in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Mr. Pan Ying and Mr. Tan Sek Khee who will be retiring pursuant to Article 106 of the Constitution of the Company at the forthcoming AGM. Mr. Christopher Chong Meng Tak, who is retiring pursuant to Article 106 of the Constitution of the Company, will not be seeking re-election.

Save for Mr. Christopher Chong, all Directors retiring by rotation have consented to continue in office and the Board had accepted the recommendation of the NC and accordingly, the above Directors will be offering themselves for re-election.

Each member of the NC had abstained from voting on any resolution and making any recommendation and/or participated in respect of his re-election, if any, as Director.

The information on each Director's academic and professional qualifications and other principal commitments is presented in the "Board of Directors" section of this annual report and their shareholdings in the company and its related corporations, relationships (if any) is presented in the "Directors' Statement" section of this annual report.

Principle 5: Board Performance

The Board has implemented a process for assessing its effectiveness as a whole and for assessing the contribution by each Director to the effectiveness of the Board. Currently, the Board does not assess the performance of each Director or at the Board Committees' level. The evaluation of the Board's performance is conducted by means of an evaluation questionnaire completed by each Director on the Board, which is then collated and analyzed. The results of the Board's performance evaluation will be reviewed by the NC and circulated to the Board for consideration thereafter. To-date, no external facilitator has been used.

When performing such appraisal, the NC and the Board will also take into consideration comparisons with peers in the real estate development industry and appropriate recommendations to further enhance the effectiveness of the Board will be implemented. The NC and the Board also considers the following key performance criteria:

- Board size and composition;
- Board information;
- Board processes;
- Board accountability;
- Performance benchmark; and
- Board performance in discharging its principal functions.

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For FY2016, each of the Directors had completed an evaluation questionnaire and forwarded the same to the Company Secretary to collate the results of the evaluation exercise. The evaluation exercise will seek feedback from each director, his/her views on the Board process and procedures as well as the effectiveness of the Board as a whole. The results of the Board performance evaluation will be collated and presented to the NC for discussion with comparatives from the previous year's result. The NC would continue to evaluate the process for such review and its effectiveness from time to time.

To improve the Board's performance, the NC encourages all Directors to attend relevant courses, the expense of which will be borne by the Company. These include courses conducted by the SGX-ST and other relevant courses in the People's Republic of China ("PRC") and in Singapore. The NC is also supportive of any Directors who wish to attend any diploma or certified courses such as those held by the Singapore Institute of Directors.

When considering the Directors to be nominated for re-election, the NC will evaluate the performance of the Director by considering amongst other things, his or her attendance record at meetings of the Board and Board Committees, active participation during these meetings and the quality of his or her contributions.

Through the NC, the Board will endeavour to ensure that Directors appointed to the Board, whether individually or collectively, possess the experience, knowledge and expertise critical to the Group's business. It has also ensured that each Director, with his special contributions, brings to the Board an objective perspective to enable sound, balanced and well-considered decisions to be made. Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his or her performance or re-nomination as Director of the Company.

Principle 6: Access to Information

In order to ensure that the Board is able to discharge its responsibilities effectively, the Company provides the Directors with regular updates on the operational and financial performance of the Company, and furnishes the Directors with complete and adequate information on matters that require their consideration in a timely manner. Board papers with the relevant background (such as Progress Report of the Group's projects) and financial information (with a variance analysis of the financials based on the actual versus budgeted and the financial performance by projects) are circulated prior to the respective meetings every quarter. However, to maintain confidentiality, sensitive matters may occasionally only be tabled at the meeting itself or discussed without papers being distributed. The notice(s) of additional meetings, with the relevant board papers, will be circulated prior to the meetings, as and when these meetings are required to be convened.

All Directors have separate, unrestricted and independent access to the Company's senior management and the Company Secretary. The responsibilities of the Company Secretary include ensuring a smooth flow of information between the Board and its Board Committees, the senior management and non-executive Directors. The Company Secretary attends all Board and Board Committee meetings, and is responsible for ensuring that proper Board procedures are being followed and that applicable rules and regulations are complied with. The Company Secretary also advises the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required.

Under the Constitution of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

In situations where the Directors, whether individually or as a group, in the furtherance of their duties, need to seek independent professional advice, they can select the professional advisor to be engaged by the Company. The cost of such professional advice will be borne by the Company.

CORPORATE GOVERNANCE

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The terms of reference of the RC provides that the RC shall comprise at least three Directors, the majority of whom including the RC Chairman, shall be Independent Directors. The composition of the RC is set out below:

Mr. Tan Sek Khee (Independent Director)	RC Chairman
Mr. Xiao Zu Xiu (Independent Director)	RC member
Mr. Ai Yu (Non-Executive and Non-Independent Director)	RC member

The RC Chairman is not associated in any way with any 10% shareholders of the Company.

The principal duties and responsibilities of the RC include:

- Reviewing and recommending to the Board for its endorsement a general framework of remuneration for the Board and key management personnel including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;
- Reviewing and recommending to the Board for its endorsement the specific remuneration packages for each Executive Director as well as for the key management personnel, and where necessary, obtaining advice from external remuneration consultants in relation to such contracts;
- Reviewing the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
- Proposing appropriate measures and identifying key performance indicators for assessing the performance of the Executive Directors; and
- Administering the Ying Li Performance Share Plan ("PSP") and Ying Li Employee Share Option Scheme ("ESOS") adopted at the Extraordinary General Meeting held on 28 April 2010 in accordance with their terms.

Each member of the RC will abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his own remuneration.

For FY2016, the Company has in place service contracts for every Executive Director which sets out their remuneration framework. Such service contracts are for a fixed period of up to five years, do not contain onerous removal clauses and provide for a notice period of up to six months.

The RC, if required, will seek expert advice, both within and outside the Company on remuneration of all Directors. No remuneration consultant was engaged in FY2016.

Principle 8: Level and Mix of Remuneration

The level and structure of remuneration is designed to be aligned with the long-term interest and risk policies of the Company, and is sufficiently competitive to attract, retain and motivate the Directors to provide good stewardship of the Company and the key management personnel to successfully manage the Company. In determining the remuneration packages of the Executive Directors and key management personnel, the RC takes into consideration their performance, as well as the financial, commercial and business outlook of the Company.

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The remuneration packages of the Executive Directors and other key management personnel (individuals who occupy the position of deputy general manager or its equivalent, or more senior positions) consist of the following components:

(a) Fixed and Variable Wage Components

The fixed component consists of a basic salary and annual wage supplement. To ensure that the remuneration packages of Executive Directors and key management personnel is consistent and comparable with market practice, the RC regularly compares this fixed component with those of companies in similar industries, while continuing to be mindful of the fact that there is a general correlation between increased remuneration and incentives, and improvement in performance.

The variable component comprises a variable bonus based on the Group's and individual's performance, as well as the monthly variable component of the basic salary. To link rewards to performance, the more senior the executive is within the Group, the higher the percentage of the variable component against total remuneration. A comprehensive and structured assessment of the performance of key executives is undertaken each year. Bonuses payable to key executives are reviewed by the RC and approved by the Board to ensure the alignment of their interests with those of shareholders.

The Company has in place policies that require employees to compensate the Company for financial losses suffered by the Company that arose from the misconduct of employees. This is on top of any disciplinary actions that may be meted out to employees from the same misconduct.

(b) Benefits

Benefits provided are consistent with market practice and include medical benefits and transport allowances. Eligibility to enjoy these benefits will depend on individual salary grade and length of service.

(c) Share Options and Performance Share

On 28 April 2010, the Company adopted the ESOS and PSP which are intended to inculcate in all participants a stronger and more lasting sense of identification with the Group. The purpose of adopting more than one share plan is to give the Company greater flexibility to align the interest of employees, especially Executive Directors and key management personnel, with those of the shareholders. The ESOS and PSP will complement each other in the Company's continuing efforts to reward, retain and motivate employees to achieve superior performance, and will allow the Company give recognition for past contributions and services, as well as motivating participants to generally contribute towards the Group's long-term prosperity. The ESOS and PSP will further strengthen the Company's competitiveness in attracting and retaining employees, especially employees who have the requisite knowledge, technical skills and experience whom the Company believes could contribute to the development and growth of the Group.

The PSP contemplates the award of fully-paid shares to participants after certain performance targets have been met. These performance targets may be set by the committee comprising Directors of the Group appointed by the Board to administer the ESOS and PSP ("Committee"), taking into account factors such as the Company's and Group's business goals and directions to each financial year, the participant's actual job scope and duties and the prevailing economic conditions. As such, the PSP is targeted at key employees who are in the best position to drive the growth of the Company through superior performance.

In contrast, the assessment criteria for granting options under the ESOS are more general (e.g. length of service and general performance of the Group) as it is intended as a loyalty-driven time-based incentive program.

CORPORATE GOVERNANCE

ESOS

Subject to the absolute discretion of the Committee, employees and Executive Directors of the Company are eligible to participate in the ESOS. If deemed eligible under the terms of the ESOS, a Controlling Shareholder (as defined in the SGX-ST Listing Manual) and his associates may also participate in the ESOS, subject to the absolute discretion of the Committee and provided that their participation and each grant of an option to any of them may only be effected with the specific prior approval of shareholders in a general meeting by a separate resolution (collectively, "**ESOS Participants**").

In compliance with the requirements of the SGX-ST Listing Manual, the aggregate number of shares over which options may be granted on any date under the ESOS, when aggregated with the number of shares issued and/or issuable in respect of all options granted under the ESOS, all awards granted under the PSP and all shares, options or awards granted under any other share option or share scheme of the Company then in force, shall not exceed 5% of the total number of issued shares (excluding treasury shares) on the day preceding the date of the relevant grant. Furthermore, the aggregate number of shares over which options may be granted under the ESOS to Controlling Shareholders and their associates shall not exceed 25% of the shares available under the ESOS, and the number of shares over which an option may be granted under the ESOS to each Controlling Shareholder or his associate shall not exceed 10% of the shares under the ESOS.

The options that are granted under the ESOS may have exercise prices that are set: (i) at a price equal to the average of the last dealt prices for an ordinary share determined by reference to the daily official list published by the SGX-ST for a period of five consecutive days on which the SGX-ST is open for trading in securities immediately prior to the relevant date on which an offer to grant an option is made ("Market Price"); or (ii) at a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price and is approved by shareholders in a general meeting in a separate resolution.

The ability to offer options at a discount to the Market Price will give the Company flexibility in structuring the options granted, and ensures that the Company maintains the competitiveness of its compensation strategy. The Company may also utilise the options as a means to reward the ESOS Participants for their outstanding performance and to motivate them to continue to excel, as well as attract new talent for the Company. The grant of options at a discount to the Market Price operate as a form of cashless reward from the Company which is an effective manner of motivating participants to maximise their performance, which will in turn create better value for shareholders.

An option granted which is exercisable at Market Price and at a discount to the Market Price shall be exercisable at any time by the ESOS Participant after the 2nd anniversary and the 3rd anniversary respectively of the date the option was granted ("Option Grant Date"), provided that such option must be exercised before the 4th anniversary of the Option Grant Date (or such earlier date as determined by the Committee), failing which the unexercised option shall immediately lapse and become null and void. In view of the longer vesting period for options that are granted at a discount to the Market Price, holders of such options are encouraged to have a long term view of the Company, thereby promoting staff and employee retention and reinforcing their commitment to the Company.

As at 31 December 2016, there were no outstanding share options granted under the ESOS (31 December 2015: 6,101,536).

CORPORATE GOVERNANCE

Further details of the options granted under the ESOS are as follows:

Date of grant of options	Exercise price per share	Number of options granted	Number of Options Lapsed / Revoked	Options outstanding at 31 December 2015	Number of Options Lapsed / Revoked	Number of Options Exercised	Options outstanding at 31 December 2016
2 Apr 2012	S$0.278	14,746,765	(9,970,004)	4,776,761	(4,776,761)	–	–
23 Apr 2012	S$0.263	1,514,000	(757,000)	757,000	(757,000)	–	–
14 Mar 2013	S$0.360	1,081,040	(1,081,040)	–	–	–	–
31 Mar 2013	S$0.371	1,847,163	(1,279,388)	567,775	(567,775)	–	–
29 Sep 2013	S$0.370	910,000	(910,000)	–	–	–	–
Total:		**20,098,968**	**(13,997,432)**	**6,101,536**	**(6,101,536)**	**-**	**-**

Note:

On 31 December 2015 and 30 September 2016, the RC, which is the committee in charge of administering the ESOS, was of the view that certain aspects of performance was not up to expectations, and hence revoked part of the share options granted. As of 31 December 2016, all share options previously granted had lapsed or revoked.

PSP

The Company has on 28 April 2010 adopted the PSP to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieved increased performance.

Subject to the absolute discretion of the Committee, employees and Executive Directors of the Company are eligible to participate in the PSP. If deemed eligible under the terms of the PSP, a Controlling Shareholder (as defined in the SGX-ST Listing Manual) and his associates may also participate in the PSP, subject to the absolute discretion of the Committee and provided that their participation and each grant of an option to any of them may only be effected with the specific prior approval of shareholders in a general meeting by a separate resolution (collectively, "**PSP Participants**").

An award under the PSP represents the right of a PSP Participant to receive fully paid shares of the Company free of charge upon the PSP Participant achieving the relevant performance target. Subject to limitations under the rules of the PSP, the number of shares which are the subject of an award to be granted to each PSP Participant shall be determined by the Committee in its absolute discretion, taking into consideration, where applicable, factors such as his rank, past performance, length of service, contribution to the success and development of the Group, potential for future development and prevailing market and economic conditions.

In compliance with the requirements of the SGX-ST Listing Manual, the aggregate number of shares for which an award may be granted on any date under the PSP, when added to the number of shares issued and/or issuable in respect of all awards granted under the PSP and all options granted under the ESOS and all shares, options or awards granted under any other share option or share scheme of the Company then in force shall not exceed 5% of the total number of issued shares (excluding treasury shares) on the day preceding the date of the relevant grant. Furthermore, the aggregate number of shares over which awards may be granted under the PSP to Controlling Shareholders and their associates shall not exceed 25% of the shares available under the PSP, and the number of shares over which an option may be granted under the PSP to each Controlling Shareholder or his associate shall not exceed 10% of the shares under the PSP.

The PSP shall be continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted.

CORPORATE GOVERNANCE

Subject to the Committee being satisfied at its absolute discretion that a PSP Participant has achieved his performance target, the shares granted will vest over a four-year period of service with the Group, commencing from the date of grant.

As at 31 December 2016, there were no outstanding share awards that were granted but not vested (31 December 2015: 425,831).

Further details of the share awards granted and/or vested under the PSP are as follows:

Date of grant	Granted	No. of Performance Shares Vested	Number of Performance Shares Lapsed / Revoked	Balance at 31 December 2015	No. of Performance Shares Vested	Number of Performance Shares Lapsed / Revoked	Balance at 31 December 2016
2 Apr 2012	22,120,148	(11,043,205)	(11,076,943)	–	–	–	–
23 Apr 2012	2,271,000	(1,135,548)	(1,135,452)	–	–	–	–
14 Mar 2013	1,081,040	(250,000)	(831,040)	–	–	–	–
31 Mar 2013	2,770,744	(664,297)	(1,680,616)	425,831	–	(425,831)	–
29 Sep 2013	1,360,000	–	(1,360,000)	–	–	–	–
Total	**29,602,932**	**(13,093,050)**	**(16,084,051)**	**425,831**	**-**	**(425,831)**	**-**

Note:

On 31 December 2015 and 30 September 2016, the RC, which is the committee in charge of administering the PSP, was of the view that certain aspects of performance was not up to expectations, and hence revoked part of the performance shares granted. As of 31 December 2016, all performance shares previously granted had vested, lapsed or revoked.

The Independent and Non-Executive Directors receive fees which are reviewed by the RC to ensure commensuration with the contributions, responsibilities and time spent by such individuals. Such fees are paid subject to shareholders' approval being obtained at the Company's AGM. The Independent Directors are not over-compensated to the extent that their independence is compromised. The RC would consider, if necessary, implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align the interests of such Non-Executive Directors with the interests of Shareholders.

In addition to their basic fee, each Director will also receive an allowance, the sum of which is determined by his or her role in the Board and in the various Board Committees for the relevant financial year.

CORPORATE GOVERNANCE

Principle 9: Disclosure of Remuneration

The remuneration of the Directors of the Group for the FY2016 is as follows:

	Salary / Directors' fees %	Bonus %	Share options(1) %	Share-based incentives(1) %	Total compensation (S$'000)
Executive Directors					
Fang Ming (Executive Chairman and Group CEO)	70	30	–	–	995
Yang Xiao Yu	92	8	–	–	125
Non-Executive and Non-Independent Directors					
Pan Ying (Non-Executive and Non-Independent Deputy Chairman)	100	–	–	–	76
Ai Yu	100	–	–	–	46.5
Independent Directors					
Christopher Chong Meng Tak	100	–	–	–	85
Tan Sek Khee	100	–	–	–	88
Xiao Zu Xiu	100	–	–	–	76.5

Note 1:

On 31 December 2015 and 30 September 2016, the RC, which is the committee in charge of administering the ESOS and PSP, was of the view that certain aspects of performance was not up to expectations, and hence revoked part of the performance shares and share options granted. As of 31 December 2016, all performance shares and share options previously granted had vested, lapsed or revoked.

CORPORATE GOVERNANCE

The remuneration bands of the top five key management personnel of the Group (who are not Directors or the Group CEO) for the FY2016 is as follows:

	Salary and Bonus %	Share options[1] %	Share-based incentives[1] %
Above S$500,000 but below S$750,000			
Lim Gee Kiat	100	–	–
Above S$250,000 but below S$500,000			
Yang Fang Heng	100	–	–
Hou Bao Jun	100	–	–
Zhang Guang Wei	100	–	–
Below $250,000			
Huang Yue Yao	100	–	–

Note 1:

On 31 December 2015 and 30 September 2016, the RC, which is the committee in charge of administering the ESOS and PSP, was of the view that certain aspects of performance was not up to expectations, and hence revoked part of the performance shares and share options granted. As of 31 December 2016, all performance shares and share options previously granted had vested, lapsed or revoked.

The aggregate remuneration paid to the top five key management personnel (who are not Directors or the Group CEO) for the FY2016 is S$1.72 million.

Save as disclosed below, none of the employees who are immediate family members of a Director or the Group CEO received more than S$50,000 in remuneration for the FY2016:–

Name	Relationship with Director or the CEO
Between S$50,000 to S$100,000	
Fang Xin Nian (Manager of Materials Department of Chongqing Yingli Real Estate Development Co., Ltd	Brother of Mr. Fang Ming

For FY2016, there were no termination, retirement and post-employment benefits granted to Directors and key management personnel.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is aware of its responsibilities to provide shareholders with a balanced, understandable and comprehensive view of the Company's performance, financial position and prospects on a timely basis. The quarterly and full year results announcements are released via the SGXNET within the mandatory period. Price sensitive information is publicly released either before the Company meets with any group of investors or analysts, or simultaneously with such meetings.

To comply with the Code, the Board has established written policies to ensure compliance with legislative and regulatory requirements where appropriate.

For the financial year under review, the Executive Chairman & Group CEO and the Chief Financial Officer (CFO) have provided assurance to the Board that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances. For interim financial statements, the Board provides a statement of negative assurance to shareholders, in line with the the SGX-ST listing rules.

The Company has also procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the SGX-ST Listing Manual.

Currently, the management will provide all members of the Board, including Non-Executive Directors, with management accounts and such explanation and information on a quarterly basis to allow effective monitoring and decision making by the Board.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk. The Board approves the key risk management policies and ensures that the management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and will also determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. The Company has established a risk matrix to document risk impact, risk response and follow-up. Risk assessment and control issues are communicated to employees.

As a property developer of prime commercial and office space, the Company's principal operating risks includes but is not limited to:

- Completion of its developments on time and within specifications;
- Achievement of minimum levels of occupancy and average per square meter rental rates and sales price;
- Access to adequate and reasonably priced funding;
- Ability to source for new and reasonably priced land; and
- Local or central government's policies and regulations that are adverse to the interests of the Group.

In addition to the above, the Company is also subject to the following risks:

- Changes in PRC laws and regulations that are adverse to the interests of the Group;
- Foreign exchange losses due to currency conversions (RMB-S$-US$);
- Compliance with government requirements and debt covenants; and
- Negative perceptions about the countries in which the Group has its principal operations and properties.

CORPORATE GOVERNANCE

Following a review in May 2016, the Board concluded that the management of financial risks is closely interrelated to the other risk factors that the Group faces. Therefore, the Board resolved that the AC assumed the BRC's responsibilities in overseeing the Group's risk management framework and policies as it provides additional insights and oversights on the Group's risk management systems and internal controls. Consequently, the BRC was dissolved.

The Board, with the assistance of the AC, undertakes periodic reviews and a formal annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems. The assessment for the FY2016 considered issues dealt with in reports reviewed by the Board during the year, together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for the FY2016.

The AC continuously assess these risks but a formal review of such risks with the management and the internal auditors is conducted annually. The AC uses a methodology to identify, judge and assess risks similar to that used by enterprise risk management systems. Once all identified risks are classified, the internal auditor is charged with assessing the adequacy of such controls: (i) annually for high risk sectors or risks with significant potential negative impacts; (ii) once every two years for medium risks sectors; and (iii) once every three years for low risk sectors.

The internal auditor is required to apply and has confirmed that the standards applied meet the equivalent of the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. In addition, the AC has put in place certain additional controls with respect to cash management and monitoring and feedback mechanisms, and the AC Chairman meets with the audit partner privately at least twice a year.

While the AC understands the importance of ensuring that the management maintains a sound internal control framework, it also recognizes that no internal control system will preclude all errors and irregularities as a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and it can only provide a reasonable but not absolute assurance against material misstatements or losses. To obtain assurance that the Group's risks are managed adequately and effectively, the Board conducted an overview of the risks which the Group is exposed to and reviewed the countermeasures and internal controls implemented to manage such risks.

The Board has obtained a written confirmation from the Group CEO and the Group Chief Financial Officer that as at 31 December 2016:

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

(b) regarding the effectiveness of the Group's risk management systems and internal control systems.

Based on the internal controls including financial, operational and compliance controls, established and maintained by the Group, work performed by the internal and external auditors, and reviews undertaken by the management, the various Board Committees and the Board are of the opinion that the Group's internal controls addressing material financial, operational, compliance and information technology risks, and risk management systems are adequate and effective as at 31 December 2016 to meet the needs of the Group, taking into account the nature and scope of its operations.

Principle 12: Audit Committee

The terms of reference of the AC provides that th AC shall comprise at least three Directors, the majority of whom including the AC Chairman, shall be Independent Directors. The composition of the AC is set out below:

Mr. Christopher Chong Meng Tak (Independent Director)	– AC Chairman
Mr. Tan Sek Khee (Independent Director)	– AC member
Mr. Pan Ying (Non-Executive and Non-Independent Deputy Chairman)	– AC member

CORPORATE GOVERNANCE

Mr. Christopher Chong Meng Tak is a Chartered Accountant and Mr. Tan Sek Khee has extensive experience in general corporate management, business development, marketing, procurement and logistics. Mr. Pan Ying has more than 17 years of experience in private equity and investment. The AC Chairman is not associated in any way with any 10% shareholders of the Company. The members of the AC, collectively, have expertise or experience in financial management and are qualified to discharge the AC's responsibilities. None of the members nor the AC Chairman are former partners or directors of the Group's existing auditing firm within the last twelve months nor does any of them has any financial interests in the said auditing firm.

The principal duties and responsibilities of the AC include:

- Reviewing the audit plans and the proposed scope of audit examination to be conducted by the internal auditors and external auditors for the purpose of evaluating the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- Reviewing the internal auditors' evaluation of internal accounting controls system and approving changes or new internal controls implemented by the Company;
- Appraising and reporting to the Board on the audit works undertaken by the internal auditors and external auditors, adequacy of information disclosed and the appropriateness and quality of the internal controls system;
- Reviewing the assistance given by management to the internal auditors and external auditors to ensure that there is no restriction hindering on their work;
- Reviewing the cost effectiveness of the audit, the independence and objectivity of the external auditors, and the nature and extent of non-audit services provided by them;
- Recommending to the Board the appointment, re-appointment or removal of the external auditors for the ensuring year and approving their remuneration and terms of engagement;
- Reviewing with the Board, management and the auditors the possible risks or exposures that may exist and identifying the necessary steps to take in order to minimize such risk to the Company;
- Reviewing the quarterly and full year results announcements, the audited annual financial statements, key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have an impact on the financials and any other announcements relating to the financials of the Company before recommending them to the Board for approval; and
- Reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual to evaluate whether these transactions are entered into on an arm's length basis and are not prejudicial to the interests of the Company and its minority shareholders.

Besides assisting the Board in discharging its responsibilities in safeguarding the shareholders' investment and the Company's assets, the AC is constantly involved in developing and maintaining an effective system of internal controls, with an overall objective of ensuring that the management creates and maintains an effective control environment in the Company.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the management, full discretion to invite any Executive Director or officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC meets with both the internal auditors and external auditors, without the presence of management, at least once a year to review any matter that might be raised.

CORPORATE GOVERNANCE

For the FY2016, the aggregate amount of fees paid to the external auditors is S$225,000 and there were no fees paid for non-audit services. Pursuant to their annual review of the independence of the external auditors, the AC is also satisfied with their independence for the FY2016.

The AC has recommended to the Board the re-appointment of Foo Kon Tan LLP as the Company's external auditors at the forthcoming AGM.

The Board and the AC, having reviewed the adequacy of the resources and experience of Foo Kon Tan LLP, the audit engagement partners assigned to the audit, their other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the audit, were satisfied that the Group had complied with Rules 712 and 715 of the SGX-ST Listing Manual.

The External Auditors and/or the CFO will update the AC on the changes to accounting standards and issues which have a direct impact on financial statements from time to time. In addition, the AC is entitled to seek clarification from Management, the External Auditor and/or the Internal Auditor or independent professional advice, or attend relevant seminars, informative talks at the Company's expense from time to time to apprise themselves of accounting standards/financial updates.

WHISTLE-BLOWING POLICY

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Company has put in place a whistle-blowing policy and procedures duly endorsed by the AC, where employees of the Group and any other persons may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters such as suspected fraud, corruption, dishonest practices etc. All reports, including anonymous reports, reports that are lacking in detail and verbal reports, will be thoroughly investigated. All complaints will be treated as confidential and will be brought to the attention of the AC.

Assessment, investigation and evaluation of complaints are conducted by or, at the direction of the AC if it deems appropriate, independent advisors engaged at the Group's expense. Following the investigation and evaluation of a complaint, the AC will then decide on recommended disciplinary or remedial actions, if any. Appropriate actions that are determined by the AC shall then be brought to the Board or to the appropriate senior executive of the Group for authorization or implementation respectively.

In the event that the report is about a Director, that Director will not be involved in the review and any decision making with respect to that report. The policy aims to encourage reporting of such matters in good faith, with the confidence that any employees and any other persons making such reports will be treated fairly and be protected from reprisals. Details of the whistle-blowing policy have been made available to all employees.

Principle 13: Internal Audit

The Company recognises the importance of establishing an internal audit function that is independent of the activities it audits. The internal audit function is currently outsourced to Ernst & Young Advisory Pte Ltd which reports directly to the AC Chairman. The team leader in-charge is a Certified Internal Auditor and the audit work is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC reviews the adequacy and effectiveness of the internal audit function annually and is satisfied that it has the appropriate standing and resources to perform its functions effectively and objectively. The AC approves the engagement, evaluation and fees of the Internal Auditors and provides a communication channel between the Board, the management and the external auditors on matters relating to audit.

CORPORATE GOVERNANCE

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders

The Company is mindful of its obligations to provide material information in a fair and organized manner and on a timely basis to its shareholders. The Company strives to ensure regular, effective and fair communication with its shareholders, and be as descriptive, detailed and forthcoming as possible in disclosing the information and to inform shareholders of changes in the Company or its business which would likely to materially affect the price or value of the Company's shares.

The Company does not practice selective disclosure of material information. Press releases in relation to material developments, quarterly and full year results announcements and presentation slides are always released through the SGXNET on a timely basis for dissemination to shareholders and the public in accordance with the requirements of the SGX-ST. All materials on the quarterly and full year financial results, as well as the latest annual report of the Company, are available on the Company's website at www.yingligj.com. The website also contains various other investor-related information about the Company which serves as an important resource for investors and its shareholders.

In order to solicit and understand the views of the shareholders, briefings for analysts are held in conjunction with the release of the Company's quarterly and full year results, with the Executive Chairman and Group CEO, the Group Chief Financial Officer and senior executive officers are available to answer the questions which the media and analysts may have. The Company meets with institutional and retail investors at least once every quarter for its results briefing. The corporate presentation slides are uploaded onto the SGXNET and the Company's website concurrently before these briefings to ensure that they are made also available to all shareholders. Road shows in respect of the Group's developments are held as and when necessary to keep the market abreast of the Group's developments.

All shareholders will receive the annual report of the Company and notice of AGM by post and through notices published in the newspapers within the mandatory period and will be informed of the rules, including voting procedures, which govern general meetings of shareholders.

The Group has a dedicated investor relations team which communicates with its shareholders and analysts on a regular basis through informal meetings and email communications and addresses their queries or concerns. This dedicated investor relations team manages our website and ensures that it is comprehensive and that all our financial information, announcements, policies, and developments are uploaded in a timely manner. All shareholders are invited to write to the Company c/o our Investor Relations team at ir@yingligj.com on any questions/concerns which they may have. The Company strives to reply to emails received between two to three working days. The team also manages the dissemination of corporate information to the media, public, institutional investors and public shareholders, and acts as a liaison point for such entities and parties.

In addition, the Group has conducted site visits to the Group's properties to enable shareholders to have a deeper understanding of the Group's businesses and operations.

The Company does not have a policy on payments of dividends. The form, frequency and amount of dividends declared each year will take into consideration the group's profit growth, cash position, positive cash generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Board has via the Company's full-year results announcement released on 27 February 2017 informed that it has not recommended any dividend for FY2016.

No dividend was declared for FY2016 as the Group is currently undertaking several extensive developments and the initial result can be seen in the significant increase in FY2016 revenue. However, even though the increase in revenue has translated into a significant increase in "Operating profit before working capital changes" by 78.1% to RMB 146.2 million, the net cashflow from operating activities remains negative, although the deficit has reduced substantially from the prior year. This is due to continued investment by the Group in development properties on the several projects undertaken.

CORPORATE GOVERNANCE

(E) PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

The Group believes in encouraging shareholder participation at general meetings. All registered shareholders are invited to participate and given the right to vote on resolutions at general meetings. Proxy forms will be sent with the notice of general meeting to all shareholders. If any shareholder is unable to attend the general meeting in person, he is allowed to appoint up to two proxies to vote on his behalf. The Company also allows CPF investors to attend general meetings as observers. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two proxies to attend, speak and vote at the general meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Voting in absentia by mail, facsimile or e-mail is currently not possible as such voting methods would need to be cautiously evaluated to ensure that the authenticity of the vote and the shareholder's identity is not compromised.

Every matter requiring shareholders' approval will be proposed as a separate resolution. Each item of special business included in the meeting notice will be accompanied by, where appropriate, an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

All resolutions are put to vote by poll and the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be made available through SGXNET. The Company has employed electronic polling at its general meetings since September 2014.

The Executive Chairman and all Directors including the Board Committees' Chairmen will attend the AGM and be available to take questions from the shareholders. The external auditors are also invited to attend the AGM and are available to assist the Directors in addressing any relevant queries from the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

Minutes of the AGM and/or Extraordinary General Meeting will be made available to shareholders upon their request.

DEALINGS IN SECURITIES

In line with Rule 1207(19) of the SGX-ST Listing Manual, the Company has adopted a compliance code to issue a notification to all Directors, key executives of the Group and their officers that they are not allowed to deal in the Company's securities during the "black-out" period, being two weeks and one month immediately preceding the announcement of the Company's quarterly and full-year results respectively, or if they are in possession of unpublished price-sensitive information of the Group. In addition, Directors, key executives and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's securities on short-term considerations.

The Board confirms that for FY2016, the Company has complied with Rule 1207(19) of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS

All interested person transactions (“IPTs”) to be entered into by the Company will be reviewed by the AC to ensure that the terms are fair and reasonable prior to recommending them to the Board for approval.

When a potential conflict of interest arises, the Director concerned will not participate in the discussion and will refrain from exercising any influence over other members of the Board.

As a listed company on the SGX-ST, the Company is required to comply with Chapter 9 of the SGX-ST Listing Manual on IPTs. To ensure compliance with Chapter 9, the following practices have been implemented:

- The AC meets once every three months to review if the Company will be entering into any IPTs. If the Company intends to do so, the AC will ensure that the Company complies with the requisite rules under Chapter 9; and
- The AC will then recommend the approval of the IPTs, if any, to the Board for review and approval. The Board will review and ensure that the Company complies with the requisite rules under Chapter 9 before such approval.

Based on Rule 907 of the SGX-ST Listing Manual, the IPTs computed for FY2016 are as follows:

Name of Interested Person	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than $100,000)**
	RMB'000	**RMB'000**
Yixing Everbright Investment Co., Ltd * Interest Receivable from the Group	671	–
China Everbright Limited Distribution on perpetual convertible securities	1,961	–

* A 100% indirectly owned subsidiary of China Everbright Limited.

The Group has not obtained a general mandate from shareholders for IPTs.

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the SGX-ST Listing Manual, save as disclosed above, the Company confirms that there were no material contracts entered into between the Company and its subsidiaries, which the Group CEO, any of the Directors or controlling shareholders, has an interest in, either still subsisting at the end of the financial year, or was entered into since the end of the previous financial year.

AUDIT COMMITTEE'S REPORT

Dear Shareholders,

Mr. Tan Sek Khee, Mr. James Pan and I form the Audit Committee, and are pleased to present our Audit Committee Report for the year ended 31 December 2016.

Audit Committee memberships during the year

Mr. Tan, Mr. Pan and myself were the only members of and comprise the whole of the Audit Committee. Mr. Tan and I are independent Non-Executive Directors. Mr. Tan and I have extensive corporate and financial knowledge and Mr. Pan has extensive management experience in government. Thus all the Committee members are appropriately qualified and experienced to fulfil their role.

Key activities of the Audit Committee during the year

We operate within the Terms of Reference described on Page 57.

In 2016, we met formally four times but also had several exchanges of emails and informal telephone calls on select issues. The main areas dealt with by the Committee included:

- Review of the quarter, half-year and full-year financial state of the Group and review of the half-year and full-year financial announcements that were approved by the Board and release via the Singapore Exchange Securities Trading Limited ("SGX-ST").
- Approval of the audit plans and strategies received from external and internal auditors for the year ended 31 December 2016.
- Review report of audit issues, audit report and management letter points by external auditor, Foo Kon Tan LLP. The Audit Committee also held a private meeting with the auditors without the presence of the executive directors and confirmed their independence
- Review report of control issues and internal audit report by the internal auditor, Ernst & Young Advisory Pte Ltd.
- A review of the significant accounting policies, the notes to the accounts and significant judgements applied in the preparation of the Financial Statements.
- Review with management and external advisors including the auditors the possible risks or exposures that face the Company and in the light of this review to review the completeness and appropriateness of controls.
- Review of the existing risk management and internal control framework for compliance with the relevant guidelines and regulations such as the Code of Corporate Governance 2012, Mainboard Rules of the Listing Manual of the SGX-ST ("Mainboard Rules") and the Companies Act (Cap. 50 of Singapore).
- Review of the Annual Report to ensure it is fair, balanced and readable/accessible.
- Reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual to evaluate whether these transactions are entered into on an arm's length basis and are not prejudicial to the interests of the Company and its minority shareholders.

The Audit Chairman and/or the Committee meets with the external and internal auditors without management being present to ensure honest and challenging conversations take place.

AUDIT COMMITTEE'S REPORT

Engagement of the external auditor

The external auditor is engaged to express an opinion on the Group's financial statements. The auditor's responsibilities for the audit of the Group's financial statements are set out in the Independent Auditor's Report.

Foo Kon Tan LLP ("FKT") was re-appointed on 28 April 2016 and has been the Group's auditors since its IPO. FKT provides the Committee with the relevant reports and advice throughout the year.

In accordance with the Mainboard Rules, the Company's auditor adheres to a partner rotation policy based on best practices. 2016 is the current partner's first audit since his appointment.

During the year, the performance of the auditor was formally assessed by the Committee in conjunction with the senior management team. In making this assessment, the Committee focused on the robustness of the audit and the quality of the delivery of audit services. The Committee is satisfied that the audit continues to be effective and provides an appropriate independent challenge of the Group's senior management. The Committee reviewed and is satisfied as to objectivity and independence of the auditor

Significant accounting matters of the Group

During the year, the Committee reviewed the key areas of management's estimates and judgement applied for key financial issues. The Committee response to Key Audit Matters highlighted by the auditor are as follows:

1. The Group owns a portfolio of investment properties comprising commercial buildings and shopping malls, located primarily in China. Investment properties is a significant asset on the balance sheet, at RMB 4,446.74 million as at 31 December 2016. These investment properties are stated at their fair values based on independent external valuations and any difference is taken to through the profit and loss. The valuation process involves judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied in deriving at the capitalisation, discount and terminal yield rates i.e. a small change in the assumptions can have a significant impact to the valuation.

   The AC considered the following: (i) the Group's process in appointing and instructing valuers, and in reviewing, challenging and accepting their valuations; and (ii) the reasonableness and appropriateness of the Group's approach to the methodologies and in deriving the assumptions in the valuations. The AC has also assessed the adequacy and appropriateness of the disclosures made in the financial statements in respect of investment properties set out under Note 4 to the financial statements.

2. The Group has made an investment in a development in Beijing. The investment has been undertaken through a Limited Partnership. The Limited Partnership investment is a significant asset on the balance sheet, at RMB 620 million as at 31 December 2016. The Limited Partnership investment is stated at their fair values based on independent external valuations and any difference is taken to through the profit and loss. Estimating its fair value is a complex process involving a number of judgements and estimates regarding various inputs. Due to the nature of the assets, our valuation technique includes the residual method and market approach based on comparable sales transactions that uses a number of inputs from internal sources. Consequently, we have determined the valuation of the investment in Limited partnership at fair value through profit or loss to be a key audit matter.

AUDIT COMMITTEE'S REPORT

The AC considered the following: (i) the budget, progress and sales of the Beijing development; (ii) the Group's process in appointing and instructing valuers, and in reviewing, challenging and accepting their valuations; and (iii) the reasonableness and appropriateness of the Group's approach to the methodologies and in deriving the assumptions in the valuations. The AC has also assessed the adequacy and appropriateness of the disclosures made in the financial statements in respect of the investment set out under Note 6 to the financial statements.

3. The Group classifies properties (office and retail units) as investment properties only when the Group has the intention to hold these properties for long-term capital appreciation or rental income, and if it can demonstrate that it has financial ability to hold them. Significant judgement, estimation and assumptions of future cashflow are required to determine whether or not the Group should and can retain properties and thus should classify them as invetsment properties.

   The AC considered the following: (i) the Group's projected cashflow; (ii) actual capital commitments, progress of sales and cash collection; and (iii) new proposed investments and their returns compared to existing properties the Group had intended to keep. The AC has also reviews the development properties to ensure that they are correctly classified as development property, transfers from development property to investment property for appropriateness and the adequateness of the disclosures made in the financial statements and as set out under Note 7.

We thank you for your attention.

Christopher Chong Meng Tak
Chairman of the Audit Committee
31 March 2017

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

We are pleased to submit this annual report to the members of the Company together with the audited consolidated financial statements for the financial year ended 31 December 2016.

In our opinion:

(a) the accompanying financial statements of the Group and Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards;

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

NAME OF DIRECTORS

The directors of the Company to office at the date of this report are:

Fang Ming	(Executive Chairman and Group Chief Executive Officer)
Pan Ying	(Non- Executive and Non-Independent Deputy Chairman)
Yang Xiao Yu	(Executive Director)
Christopher Chong Meng Tak	(Lead Independent Director)
Tan Sek Khee	(Independent Director)
Xiao Zu Xiu	(Independent Director)
Ai Yu	(Non-Executive and Non-Independent Director)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct interest		**Deemed interest**	
	As at 1.1.2016	**As at 31.12.2016**	As at 1.1.2016	**As at 31.12.2016**
Ordinary shares of the Company				
(Ying Li International Real Estate Limited)				
Fang Ming [(1)]	94,735,548	**94,735,548**	825,739,014	**825,739,014**
Yang Xiao Yu	340,664	**340,664**	–	–
Ordinary shares of USD1 each of the significant shareholder				
(Newest Luck Holdings Limited)				
Fang Ming	10,000	**10,000**	–	–

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	Direct interest		Deemed interest	
	As at 1.1.2016	**As at 31.12.2016**	As at 1.1.2016	**As at 31.12.2016**
Options to subscribe for ordinary shares exercisable from 12/4/2014 to 2/4/2016 at an exercise price of Singapore dollars (S$) 0.278 per share				
(Ying Li International Real Estate Limited)				
Yang Xiao Yu	227,000	**-**	–	**-**
Options to subscribe for ordinary shares exercisable from 22/4/2014 to 22/4/2016 at an exercise price of Singapore dollars (S$) 0.263 per share				
(Ying Li International Real Estate Limited)				
Fang Ming	757,000	**-**	–	**-**

Note:

(1) Mr. Fang Ming is deemed to have an interest in the shares of the Company through his shareholding in Newest Luck Holdings Limited, a significant shareholder of Ying Li International Real Estate Limited.

Mr. Fang Ming, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, is deemed to have an interest in the whole of the issued share capital of all the wholly-owned subsidiaries of Ying Li International Real Estate Limited and Newest Luck Holdings Limited.

There are no changes to the above shareholdings as at 21 January 2017.

SHARE OPTION SCHEME

(a) Ying Li Employee Share Option Scheme

The Ying Li Employee Share Option Scheme (the "Option Scheme") was approved by its members at an Extraordinary General Meeting held on 28 April 2010. The Option Scheme is administered by the Remuneration Committee.

The exercise price will be determined by the Remuneration Committee at:

(1) market price of the Company's shares; or

(2) a price which is set at a discount to the market price, the quantum of such discount to be determined by the Remuneration Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the market price.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

SHARE OPTION SCHEME (CONT'D)

(a) Ying Li Employee Share Option Scheme (Cont'd)

The aggregate number of new shares over which options may be granted under the Option Scheme, when aggregated with the number of new shares to be issued pursuant to the exercise of options and/or such number of fully paid shares in the Company as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan, shall not exceed 5% of the total number of issued shares in the capital of the Company (excluding treasury shares) on the day preceding that date.

Furthermore, the aggregate number of shares over which options may be granted under the Option Scheme to controlling shareholders and their associates shall not exceed 25% of the shares available under the Option Scheme, and the number of shares over which an option may be granted under the Option Scheme to each controlling shareholder or his associate shall not exceed 10% of the shares available under the Option Scheme.

The Option Scheme shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Option Scheme is approved by shareholders in general meeting, provided that the Option Scheme may continue beyond the aforesaid period of time with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

Other information regarding the Option Scheme:

(1) Options granted to employees and executive directors have a contractual life of 4 years commencing from the date of grant and expiring on the day immediately preceding the fourth anniversary of the date of grant.

(2) The options vest on the second anniversary and third anniversary of the date of grant.

(3) All options are settled by physical delivery of shares.

Details of the share options are as follows:

Option grant date	Exercise price (S$)	Options outstanding at 1 January 2016	Options granted	Options forfeited/ expired/ lapsed	Options exercised	Options outstanding at 31 December 2016	Exercise period
2/4/2012	0.278	4,776,761	-	(4,776,761)	-	-	1/4/2014 - 1/4/2016
23/4/2012	0.263	757,000	-	(757,000)	-	-	22/4/2014 - 22/4/2016
31/3/2013	0.371	567,775	-	(567,775)	-	-	30/3/2015 - 30/3/2017
		6,101,536	-	(6,101,536)	-	-	

No share options were granted during the financial year ended 31 December 2016. In 2015, the reconstituted Remuneration Committee – the committee in charge of administering the Scheme, is of view that certain aspects of performance was not up to expectations, and had decided to revoke some of the Share Options granted.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

SHARE OPTION SCHEME (CONT'D)

(a) Ying Li Employee Share Option Scheme (Cont'd)

At 31 December 2016, there were no outstanding share options that were exercisable (2015 – 5,533,761).

The weighted average remaining contractual life of share options outstanding at 31 December 2016 was nil (2015 – 0.35 years).

Details of options granted to directors of the Company under the Option Scheme are as follows:

Participants	Options granted in financial year ended 31 December 2016	Aggregate options granted since commencement of the Option Scheme to 31 December 2016	Aggregate options lapsed since commencement of the Option Scheme to 31 December 2016	Aggregate options exercised since commencement of the Option Scheme to 31 December 2016	Aggregate options outstanding as at 31 December 2016
Group Executive Directors					
Fang Ming	–	1,514,000	(1,514,000)	–	–
Yang Xiao Yu	–	454,000	(454,000)	–	–
	–	1,968,000	(1,968,000)	–	–

Other than as disclosed above, there have been no options granted to the controlling shareholders of the Company or their associates (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited). No director or employee has received 5% or more of the total number of options available under each of the share plans.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company and its subsidiaries.

No options to take up unissued shares of the subsidiaries have been granted during the financial year and no unissued shares of the subsidiaries under options granted by its subsidiaries as at the end of the financial year.

(b) Ying Li Performance Share Plan

The Ying Li Performance Share Plan (the "Share Plan") was approved by its members at an Extraordinary General Meeting held on 28 April 2010. The Share Plan is administered by the Remuneration Committee.

The aggregate number of new shares over which awards may be granted under the Share Plan, when aggregated with the number of fully paid shares in the Company to be issued pursuant to the vesting of awards under the Performance Share Plan and new shares to be issued pursuant to the exercise of options under the Option Scheme, shall not exceed 5% of the total number of issued shares in the capital of the Company (excluding treasury shares) on the day preceding that date.

Furthermore, the aggregate number of shares over which awards may be granted under the Share Plan to controlling shareholders and their associates shall not exceed 25% of the shares available under the Share Plan and the number of shares over which an award may be granted under the Share Plan to each controlling shareholder or his associate shall not exceed 10% of the shares available under the Share Plan.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

SHARE OPTION SCHEME (CONT'D)

(b) Ying Li Performance Share Plan (Cont'd)

The Share Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Share Plan is approved by shareholders in general meeting, provided that the Share Plan may continue beyond the aforesaid period of time with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

The shares which are subject to the share awards will vest over a period of four years, with one quarter of the shares vesting on each of the first, second, third and fourth anniversary of the date of grant, subject to certain service and non-market performance conditions being met.

Information with respect to the number of awards granted under Share Plan is as follows:

Grant date	Fair value (S$)	Balance as at 1 January 2016	Share awards granted	Share awards cancelled/ lapsed	Share awards vested	Balance as at 31 December 2016
31/3/2013	0.371	425,831	–	(425,831)	–	–
		425,831	–	(425,831)	–	–

Details of awards granted to directors of the Company under the Share Plan are as follows:

Participants	Awards granted in financial year ended 31 December 2016	Aggregate awards granted since commencement of the Share Plan to 31 December 2016	Aggregate awards lapsed since commencement of the Share Plan to 31 December 2016	Aggregate awards released since commencement of the Share Plan to 31 December 2016	Aggregate awards outstanding as at 31 December 2016
Group Executive Directors					
Fang Ming	–	2,271,000	(1,135,452)	(1,135,548)	–
Yang Xiao Yu	–	681,000	(340,336)	(340,664)	–
	–	2,952,000	(1,475,788)	(1,476,212)	–

The Company did not grant any share awards under the Share Plan and released nil share awards via the issuance of ordinary shares to those employees and directors during the financial year ended 31 December 2016.

In 2016, the reconstituted Remuneration Committee – the committee in charge of administering the Scheme, is of view that certain aspects of performance was not up to expectations, and had decided to revoke some of the Performance Shares granted.

The awards granted by the Company do not entitle the holders of the awards, by virtue of such holding, to any rights to participate in any share issue of any other company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

AUDIT COMMITTEE

The audit committee at the end of the financial year comprises the following members:

Christopher Chong Meng Tak (Chairman)
Tan Sek Khee
Pan Ying

The audit committee performs the functions set out in Section 201B(5) of the Singapore Companies Act, Chapter 50, the Listing Manual of the Singapore Exchange and the Code of Corporate Governance. In performing those functions, the committee reviewed the following:-

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016 as well as the auditor's report thereon;

(iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;

(v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(viii) reviewed the nature and extent of non-audit services provided by the external auditor;

(ix) recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(x) reported actions and minutes of the Audit Committee to the board of directors with such recommendations as the Audit Committee considered appropriate;

(xi) reviewed with the Board of Directors and management the possible risks or exposures that may exist and identifying the necessary steps to take in order to minimise such risks to the Company; and

(xii) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

AUDIT COMMITTEE (CONT'D)

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full authority and the discretion to invite any director or executive officer to attend its meetings. The audit committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees. The external and internal auditors have unrestricted access to the audit committee.

The audit committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Further details regarding the audit committee are provided in the Report on Corporate Governance.

In appointing auditors of the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

INDEPENDENT AUDITOR

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....
FANG MING

....
YANG XIAO YU

Dated: 31 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ying Li International Real Estate Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 December 2016, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matter	Risk	Our responses and work performed
Valuation of investment properties (Note 4)	The Group owns a portfolio of investment properties comprising commercial buildings, shopping malls and car parks, located primarily in China. Investment properties represent a significant portion of assets on the balance sheet, at RMB 4,457.93 million as at 31 December 2016. These investment properties are stated at their fair values based on independent external valuations. The Group has a structured process in appointing and instructing external valuers, and in reviewing, challenging and accepting their valuations. The external valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are within the range of market data. The approach to the methodologies and in deriving the assumptions in the valuations is supported by market practices and data and the disclosures in the financial statements are appropriate. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the capitalisation, discount and terminal yield rates i.e. a small change in the assumptions can have a significant impact to the valuation.	Management has a good knowledge of the price/rental trends and conditions of the local real estate market. We assessed the Group's processes for the selection of the external valuers, the determination of the scope of work of the external valuers, and the review and acceptance of the valuations reported by the external valuers. We have evaluated the competence, qualification and objectivity of management expert, obtained an understanding of the work of that expert; and evaluated the appropriateness of that expert's work as audit evidence for the relevant assertion. We also read the terms of engagement of the external valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work. Through our appointed auditor's expert, we considered the valuation methodologies used against those applied by the external valuers for similar property types. We have evaluated whether the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. We also considered the adequacy of the descriptions in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matter	Risk	Our responses and work performed
Transfer from development properties to investment properties (Notes 4 and 7)	During the year, the Group transferred of RMB 49.7 million completed development properties to investment properties (Notes 4 and 7). The Group classifies properties as investment properties only when the Group has the intention to hold these properties for long-term capital appreciation or rental income, and it can demonstrate that it has financial ability to hold them. In determining the amount of the properties to be classified as Investment Properties, management has consistently used the change of use and financial means test to evaluate whether it has the ability to retain these properties as the main criteria for the reclassification. Significant judgement, estimation and assumptions for the future are involved when management determine to transfers to, or from, investment properties. Therefore, we considered this to be a key audit matter.	A property is classified as investment property when the recognition criteria are met. The Group has developed criteria for classifying investment properties and has been exercising that judgement consistently. We have assessed that transfers to investment properties during the financial year are substantiated by evidenced that investment properties classification criteria have been met. We reviewed management's assessment and disclosure on the transfer of development properties to investment properties. We also assessed adequacy of the classification and disclosures of investment properties in the financial statements, including disclosure of significant judgements, estimates and assumptions.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matter	Risk	Our responses and work performed
Valuation of the unquoted investment in limited partnership at fair value through profit or loss (Note 6)	The Group's other investment includes the unquoted investment in limited partnership at fair value through profit or loss of RMB 620.0 million as at 31 December 2016, which is determined by an independent professional external valuer. The underlying assets are mainly commercial properties. Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs. Due to the nature of the underlying assets, the valuation technique (Note 27) includes the residual method and comparison approach based on comparable sales of similar properties that uses a number of inputs from internal sources. Consequently, we have determined the valuation of the unquoted investment in Limited partnership at fair value through profit or loss to be a key audit matter.	We used our auditor's expert to assist in evaluating the appropriateness of the valuation techniques and assumptions applied in determining the fair value of the unquoted investment in limited partnership. We have evaluated whether the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. We have evaluated the external valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are within the range of market data. We also assessed adequacy of the classification and disclosures of other investment in the financial statements, including disclosure of significant judgements, estimates and assumptions.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES (CONT'D)

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YING LI INTERNATIONAL REAL ESTATE LIMITED AND ITS SUBSIDIARIES (CONT'D)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chin Sin Beng.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 31 March 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		The Group		The Company	
	Note	**31 December 2016 RMB'000**	31 December 2015 RMB'000	**31 December 2016 RMB'000**	31 December 2015 RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**54,656**	60,598	**1,431**	1,820
Investment properties	4	**4,457,926**	4,391,519	**–**	–
Subsidiaries	5	**–**	–	**2,966,258**	2,827,257
Other investment	6	**620,000**	602,000	**–**	–
Deferred tax assets	15	**28,108**	22,840	**–**	–
		5,160,690	5,076,957	**2,967,689**	2,829,077
Current Assets					
Development properties	7	**5,187,210**	4,651,332	**–**	–
Trade and other receivables	8	**841,759**	872,515	**6,691**	801
Amounts owing from subsidiaries (non-trade)	9	**–**	–	**2,417,534**	2,201,757
Cash and cash equivalents	10	**676,315**	1,322,708	**12,109**	16,482
		6,705,284	6,846,555	**2,436,334**	2,219,040
Total assets		**11,865,974**	11,923,512	**5,404,023**	5,048,117
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	**4,028,372**	4,028,372	**4,028,372**	4,028,372
Perpetual convertible securities	13	**878,970**	878,970	**878,970**	878,970
Retained earnings/ (accumulated losses)		**1,953,241**	1,946,524	**(749,635)**	(668,717)
Other reserves	14	**(1,857,216)**	(1,828,061)	**(3,045)**	(53,111)
Equity attributable to owners of the Company		**5,003,367**	5,025,805	**4,154,662**	4,185,514
Non-controlling interests		**58,644**	56,986	**–**	–
Total equity		**5,062,011**	5,082,791	**4,154,662**	4,185,514
Non-Current Liabilities					
Deferred tax liabilities	15	**573,209**	549,019	**–**	–
Borrowings	16	**1,804,559**	2,263,230	**347,503**	–
		2,377,768	2,812,249	**347,503**	–
Current Liabilities					
Amount owing to subsidiaries (non-trade)	9	**–**	–	**786,139**	749,008
Trade and other payables	17	**1,265,015**	1,033,222	**62,380**	58,473
Borrowings	16	**3,004,222**	2,822,420	**53,339**	55,122
Current tax payables		**156,958**	172,830	**–**	–
		4,426,195	4,028,472	**901,858**	862,603
Total liabilities		**6,803,963**	6,840,721	**1,249,361**	862,603
Total equity and liabilities		**11,865,974**	11,923,512	**5,404,023**	5,048,117

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	**Year ended 31 December 2016 RMB'000**	Year ended 31 December 2015 RMB'000
Revenue	18	**1,079,543**	616,838
Cost of sales		**(741,478)**	(355,931)
Gross profit		**338,065**	260,907
Other income	19	**96,790**	211,089
Selling expenses		**(80,144)**	(73,162)
Administrative expenses		**(128,712)**	(119,160)
Finance costs	20	**(93,017)**	(102,296)
Profit before tax	20	**132,982**	177,378
Taxation	21	**(43,652)**	(48,753)
Profit for the year		**89,330**	128,625
Other comprehensive (loss)/income after tax:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences (at nil tax)		**(21,574)**	6,500
Other comprehensive (loss)/income for the year, net of tax		**(21,574)**	6,500
Total comprehensive income for the year		**67,756**	135,125
Profit attributable to:			
Owners of the Company		**87,672**	126,203
Non-controlling interests		**1,658**	2,422
		89,330	128,625
Total comprehensive income attributable to:			
Owners of the Company		**66,098**	132,703
Non-controlling interests		**1,658**	2,422
		67,756	135,125
Earnings per share (RMB):			
Basic	22	**0.03**	0.05
Diluted	22	**0.03**	0.05

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Attributable to owners of the Company										
	Share capital RMB'000	Perpetual convertible securities RMB'000	Retained earnings RMB'000	Equity compensation reserve RMB'000	Reverse acquisition reserve RMB'000	Convertible bonds reserve RMB'000	Statutory common reserve RMB'000	Translation reserve RMB'000	Total RMB('000)	Non-controlling interests RMB('000)	Total equity RMB('000)
At 1 January 2016	4,028,372	878,970	1,946,524	19,707	(1,993,712)	42,458	68,444	35,042	5,025,805	56,986	5,082,791
Total comprehensive income for the year:											
Profit for the year	-	-	87,672	-	-	-	-	-	87,672	1,658	89,330
Other comprehensive income:											
– Foreign currency translation differences	-	-	-	-	-	-	-	(21,574)	(21,574)	-	(21,574)
Total comprehensive income for the year	-	-	87,672	-	-	-	-	(21,574)	66,098	1,658	67,756
Transactions with owners recognised directly in equity											
Contributions by and distributions to owners											
– Transfer to statutory common reverse	-	-	(12,126)	-	-	-	12,126	-	-	-	-
– Distribution to holder of perpetual convertible securities (Note 13)	-	-	(88,536)	-	-	-	-	-	(88,536)	-	(88,536)
– Equity-settled share options forfrited/ expired/lapsed	-	-	19,707	(19,707)	-	-	-	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	(80,955)	(19,707)	-	-	12,126	-	(88,536)	-	(88,536)
At 31 December 2016	4,028,372	878,970	1,953,241	-	(1,993,712)	42,458	80,570	13,468	5,003,367	58,644	5,062,011

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Attributable to owners of the Company										
	Share capital	Perpetual convertible securities	Retained earnings	Equity compensation reserve	Reverse acquisition reserve	Convertible bonds reserve	Statutory common reserve	Translation reserve	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015, as reported	4,028,372	878,970	1,970,280	19,707	(1,993,712)	–	68,444	28,542	5,000,603	54,564	5,055,167
Prior year adjustment/ reclassification	–	–	(40,901)	–	–	42,458	–	–	1,557	–	1,557
At 1 January 2015, as restated	4,028,372	878,970	1,929,379	19,707	(1,993,712)	42,458	68,444	28,542	5,002,160	54,564	5,056,724
Total comprehensive income for the year:											
Profit for the year	–	–	126,203	–	–	–	–	–	126,203	2,422	128,625
Other comprehensive income:											
– Foreign currency translation differences	–	–	–	–	–	–	–	6,500	6,500	–	6,500
Total comprehensive income for the year	–	–	126,203	–	–	–	–	6,500	132,703	2,422	135,125
Transactions with owners recognised directly in equity											
Contributions by and distributions to owners											
– Distribution to holder of perpetual convertible securities	–	–	(109,058)	–	–	–	–	–	(109,058)	–	(109,058)
Total transactions with owners, recognised directly in equity	–	–	(109,058)	–	–	–	–	–	(109,058)		(109,058)
At 31 December 2015	4,028,372	878,970	1,946,524	19,707	(1,993,712)	42,458	68,444	35,042	5,025,805	56,986	5,082,791

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	**Year ended 31 December 2016 RMB'000**	Year ended 31 December 2015 RMB'000
Cash Flows from Operating Activities			
Profit before tax		**132,982**	177,378
Adjustments for:			
Depreciation of property, plant and equipment	3	**6,647**	8,228
Amortisation of deferred lease incentives	20	**2,392**	484
Amortisation of prepaid legal consultancy service fee	20	**–**	208
Change in fair value of investment properties	19	**(24,273)**	(114,910)
Change in fair value of unquoted investment in an unquoted limited partnership	19	**(18,000)**	(43,000)
Interest income	19	**(46,545)**	(48,569)
Interest expense	20	**93,017**	102,296
Loss on disposal of property, plant and equipment	20	**20**	2
Operating profit before working capital changes		**146,240**	82,117
Change in investment properties		**(35,473)**	(31,346)
Change in development properties		**(502,928)**	(1,297,214)
Change in trade and other receivables		**54,436**	(558,306)
Change in trade and other payables		**229,682**	432,848
Cash used in operations		**(108,043)**	(1,371,901)
Interest paid		**(89,452)**	(109,146)
Interest received		**13,813**	48,569
Income tax paid		**(40,602)**	(10,673)
Net cash used in operating activities		**(224,284)**	(1,443,151)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	3	**(640)**	(8,779)
Acquisition of unquoted investment in limited partnership	6	**–**	(59,000)
Net cash used in investing activities		**(640)**	(67,779)
Cash Flows from Financing Activities			
Change in cash at bank – restricted		**691,398**	(378,259)
Proceeds from loans from financial institutions		**1,927,337**	3,764,902
Repayment of loans from financial institutions		**(2,580,835)**	(1,843,043)
Payment of distribution on perpetual convertible securities		**(90,000)**	(53,868)
Proceeds from issuance of floating rate notes		**323,799**	–
Net cash generated from financing activities		**271,699**	1,489,732
Net increase/(decrease) in cash and cash equivalents		**46,775**	(21,198)
Cash and cash equivalents at beginning of the year		**178,120**	198,807
Effects of exchange rate fluctuations on cash held		**(1,770)**	511
Cash and cash equivalents at end of the year	10	**223,125**	178,120

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION

Ying Li International Real Estate Limited (the "Company") is a limited liability company incorporated in the Republic of Singapore. The Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited (SGX-ST) on 24 October 2008.

The registered office of the Company is located at 12 Marina Boulevard, #18-05 Marina Bay Financial Centre Tower 3, Singapore 018982. Its principal place of business is located at Level 57, Yingli International Financial Centre, No.28, Minquan Road, Yuzhong District, Chongqing 400010, the People's Republic of China (the "PRC").

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

The consolidated financial statements for the year ended 31 December 2016 relate to the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2(a) BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Renminbi (RMB) to the nearest thousand, RMB'000. The functional currency of the Company is Singapore dollars. All financial information has been presented in RMB, unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and area involving a significant judgement are described below.

(a) Significant judgements in applying accounting policies

Going concern

Management has assessed for the assumptions of the use of going concern by performing a profitability and cash flow projection for the next one year based on sales and related forecast and sales of development properties of existing projects. Management has also reviewed the Group's ability to source of re-financing of borrowings. Based on these assessments, the use of going concern is appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(a) BASIS OF PREPARATION (CONT'D)

(a) Significant judgements in applying accounting policies (Cont'd)

Identification of functional currencies

The functional currency for each entity in the Group is the currency of the primary economic environment in which it operates. These financial statements are presented in RMB, which is the functional and presentational currency of most of the Group entities. Determination of functional currency involves significant judgment and other companies may make different judgments based on similar facts. The functional currency of each of the Group entities is principally determined by the primary economic environment in which the respective entity operates.

The Group reconsiders the functional currency of its entities if there is a change in the underlying transactions, events and conditions which determine their primary economic environment. The determination of functional currency affects the carrying value of non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the income statement. It also impacts exchange gains and losses included in the income statement.

Transfer from Development Properties to Investment Properties (Note 4)

From time to time, the Group will transfer some of its properties held under Properties under Development to Investment Properties. In determining the amount of the properties to be classified as Investment Properties, the Group has consistently used the change of use and financial means test to evaluate whether it has the ability to retain these properties as the main criteria for the reclassification. On the date of the reclassification to Investment Properties, the property is measured at fair value by an independent firm of professional valuers. Any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss. The carrying amount of Investment Properties is disclosed in Note 4 to the financial statements.

Unquoted investment in limited partnership (Note 6)

An entity is accounted for using the equity method in the consolidated financial statements where the Group has significant influence over the entity. Significant influence arises where the Group has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If an investor holds directly or indirectly 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Significant judgement is applied by management in assessing where significant influence exists. This involves assessment of the purpose and design of the entity, identification of the activities which significant affect the entity's returns and how decisions are made about those activities. In assessing how decisions are made, management considers contractual arrangements with the entity or other parties, and any rights or ability to appoint, remove or direct key management personnel or entities that have the ability to direct the relevant activities of the entity. Although the Group holds more than 20% of the interest in a limited partnership entity, management concluded that the Group neither have control nor significant influence over the investee in accordance with the partnership agreement. The Group has classified as other investments as disclosed in Note 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(a) BASIS OF PREPARATION (CONT'D)

(a) Significant judgements in applying accounting policies (Cont'd)

Classification of development properties as current assets (Note 7)

The Group's current assets include assets which are expected to be realised, or are intended for sale in the Group's normal operating cycle. The Group engages in development of properties for sale which has an operating cycle of over one year. Significant judgement is involved in determining the length of the normal operating cycle which is the basis for classifying development properties as current assets when those development activities have commenced and are expected to be completed within the normal operating cycle. Similarly, the bank loans which are directly attributable to these properties under development and are expected to be settled within the normal course of the Group's operating cycle are classified as current liabilities. The carrying amounts of the development properties and borrowings are disclosed in Note 7 and 16 to the financial statements.

Perpetual convertible securities (Note 13)

Pursuant to the terms of the Perpetual Convertible Securities, the Company, as an issuer of the Perpetual Convertible Securities, can at its option redeem the Perpetual Convertible Securities and at its discretion defer distributions on the Perpetual Convertible Securities. However, the Company will not be able to declare or pay any dividends if any distributions on the Perpetual Convertible Securities are unpaid or deferred. In the opinion of the Directors of the Company, this restriction does not result in the Company having the obligation to redeem the Perpetual Convertible Securities or pay distributions on the Perpetual Convertible Securities. Accordingly, the Perpetual Convertible Securities are classified as equity instruments. The carrying amount of the Perpetual Convertible Securities is RMB 878,970,000 (2015 – RMB 878,970,000).

Deferred taxation on investment properties (Note 15)

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, management has reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under the business model whose objective is to consume substantially all of the economic benefits embodied the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, management has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has recognised deferred taxes on changes in fair value of investment properties. The carrying amount of deferred tax liabilities is disclosed in Note 15 to the financial statements.

Income tax (Note 21)

Significant judgement is involved in determining the provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The recognition of deferred tax assets is based upon whether it is probable that that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. The Group has recognised a deferred tax asset in respect of unabsorbed tax losses of certain subsidiaries in its financial statements which requires judgement for determining the extent of its recoverability at each balance sheet date. The recognition involves best estimation and judgement, including the subsidiaries' future financial performance based on the latest available profit forecasts. As at 31 December 2016, the carrying amounts of the Group's deferred tax assets, deferred tax liabilities and current tax payables amounted to RMB 28,108,000, RMB 573,209,000 and RMB 156,958,000 (2015 – RMB 22,840,000, RMB 549,019,000 and RMB 172,830,000), respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(a) BASIS OF PREPARATION (CONT'D)

(b) Critical accounting estimates and assumptions used in applying accounting policies

Depreciation of property, plant and equipment (Note 3)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage, maintenance programmes, and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment is disclosed in Note 3 to the financial statements. A 5% difference in the estimated useful lives of property, plant and equipment from management's estimates will result in approximately 0.36 % (2015 – 0.30%) variance in the Group's profit for the year.

Impairment of non-financial assets (Note 3 and 5)

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating-units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating-unit (or group of cash-generating-units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors. The carrying amounts of property, plant and equipment and investments in subsidiaries are RMB 54,656,000 (2015 – RMB 60,598,000) and RMB 2,966,258,000 (2015 – RMB 2,827,257,000) respectively. A reasonably possible change in key assumptions (1% increase in discount rate and 1% decrease in annual growth rate) would not cause the carrying amounts to exceed the recoverable amounts. The net carrying amount of property, plant and equipment, and investments in subsidiaries are disclosed under Note 3, Note 5, respectively.

Valuation of investment properties (Note 4)

The Group's investment properties are stated at estimated fair value based on the valuation performed by independent professional valuers. The determination of the fair value of investment property requires the use of historical transaction comparables and estimates such as future cash flows from assets and capitalisation rates applicable to those assets. The carrying amount of investment properties is disclosed in Note 4 to the financial statements. If the market value used to estimate the fair value of the investment properties decreases/increases by 5% from management's estimates, the Group's profit for the year will decrease/increase by RMB 910,000 (2015 – RMB 4,309,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(a) BASIS OF PREPARATION (CONT'D)

(b) Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Valuation of unquoted investment in limited partnership (Note 6)

The fair value of unquoted investment in limited partnership is based on generally accepted valuation techniques. Valuation techniques use a maximum of market inputs and include the use of discounted cash flow analysis and other valuation techniques commonly used by market participants. Because of the inherent valuation uncertainty, those estimated fair values may differ significantly from the values that would be used if a ready market for the financial assets existed, and those differences could be material. These fair value measurement is categorised as level 3 within the fair value hierarchy. The carrying amount of the unquoted equity investment is disclosed in Note 6 to the financial statements. If the market value used to estimate the fair value of the investment in limited partnership decreases/increases by 5% from management's estimates, the Group's profit for the year will decrease/increase by RMB 675,000 (2015 – RMB 1,613,000).

Estimation of net realisable value of development properties (Note 7)

Significant judgement is required in assessing the recoverability of the carrying value of properties for sale under development. Significant judgement is required in assessing the expected date of project completion and determining total costs of properties, including construction costs and variation orders. The Group estimates total construction costs based on contracts awarded, past experience and specialists. Significant judgement is also required to assess allowance made for foreseeable losses, if any, where the total estimated construction costs exceeds estimated selling price.

A 5% increase in the contract costs to be incurred from management's estimates would increase the costs of completion of the projects by approximately RMB 180,663,000 (2015 – RMB 202,787,000). The Group's carrying amount of properties under development at the reporting date amounted to RMB 3,600,520,000 (2015 – RMB 3,427,000,000).

Impairment of loans and receivables (Note 8)

Impairment loss of loans and receivables are based on an assessment of the recoverability of trade and other receivables and amounts due from subsidiaries. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible.

A significant degree of judgement is applied by management when considering whether a trade receivable is impaired. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics, default of payments, indications of financial difficulties of the specific customer, and general economic conditions. The carrying amounts of trade and other receivables and amounts due from subsidiaries are disclosed in Notes 8 and 9 to the financial statements respectively. If the present value of estimated future cash flows from trade and other receivables and amounts due from subsidiaries decreases by 5% from management's estimates, the Group's and the Company's profit for the year will decrease by approximately RMB 31,998,000 and RMB 37,000 (2015 – RMB 27,729,000 and RMB 40,000) respectively, where applicable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(b)(i) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2016

The directors do not anticipate that the adoption of the FRSs will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following new or amended FRS and INT FRS issued and effective in year 2016:

Reference	Description
Amendments to FRS 1	*Disclosure Initiatives*

The amendments to FRS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing FRS 1 requirements. The amendments clarify:

- The materiality requirements in FRS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities should adopt a systemic order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments to FRS 1 are effective for annual periods beginning on or after 1 January 2016. As this is a disclosure standard, it will have no impact to the financial position and performance of the Group when applied in.

2(b)(ii) FRS NOT YET EFFECTIVE

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the SGX-ST will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on the SGX-ST will have to assess the impact of IFRS 1 First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

The following are the new or amended FRS and INT FRS issued in 2016 that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on)
Amendments to FRS 7	*Statement of Cash Flows*	1 January 2017
Amendments to FRS 12	*Recognition of Deferred Tax Assets for Unrecognised losses*	1 January 2017
Amendments to FRS 102	*Classification and Measurement of Share-based Payments Transactions*	1 January 2018
FRS 115	*Revenue Contract from Customer*	1 January 2018
Clarifications to FRS 115	*Revenue Contract from Customer*	1 January 2018
FRS 109	*Financial Instruments*	1 January 2018
FRS 116	*Leases*	1 January 2019
Amendments to FRS 40	*Transfer of Investment Property*	1 January 2018
INT FRS 122	*Foreign Currency Transactions and Advance Consideration*	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(b)(ii) FRS NOT YET EFFECTIVE (CONT'D)

Amendments to FRS 7 *Statement of Cash Flows*

The Amendments to FRS 7 *Statement of Cash Flows* required entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows – excluding contributed equity – to the corresponding liabilities in the opening and closing statements of financial position and to disclose on any restrictions over the decisions of an entity to use cash and cash equivalent balances, in particular way - e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. These amendments are effective on beginning or after 1 January 2017. As this is a disclosure standard, it will have no impact to the financial position and performance of the Group when applied in.

Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments. So far, the Group does not expect any significant impact.

Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*

The amendments to FRS 102 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

(i) The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
(ii) Share-based payment transactions with a net settlement feature for withholding tax obligations and
(iii) A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity- settled.

Companies are required to apply the amendments for annual periods beginning on or after January 1, 2018. The Group is currently assessing the impact to the consolidated financial statements.

FRS 115 *Revenue Contracts with Customers*

FRS 115 *Revenue from Contracts with Customers* establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It established a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

The standard replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for Construction of Real Estate*, INT FRS 118 *Transfer of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions involving Advertising Services.* The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards.

FRS 115 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(b)(ii) FRS NOT YET EFFECTIVE (CONT'D)

Clarifications to FRS 115 *Revenue Contracts with Customers*

The amendments clarify how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided)
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The amendments have the same effective date as the Standard, FRS 115, i.e. on 1 January 2018.

FRS 109 *Financial Instruments*

FRS 109 *Financial Instruments* replaces the FRS 39 and it is a package of improvements introduced by FRS 109 which include a logical model for:

- Classification and measurement;
- A single, forward-looking "expected loss" impairment model and
- A substantially reformed approach to hedge accounting

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the consolidated financial statements.

FRS 116 *Leases*

FRS 116 *Leases* replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 *Leases* that are no longer considered fit for purpose, and is a major revision of the way in which companies where it is required lessees to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. FRS 116 *Leases* will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided the company has adopted FRS 115. The Group is currently assessing the impact to the consolidated financial statements.

Amendments to FRS 40 *Transfer of Investment Property*

Under the amendments in FRS 40 *Transfers of Investment Property* has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

The amendments are effective on 1 January 2018. However, earlier adoption is permitted. The amendments would be applied retrospectively in accordance with FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.* The Group is currently assessing the impact to the consolidated financial statements.

INT FRS 122 *Foreign Currency Transactions and Advance Consideration*

This Interpretation provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance.

The Interpretations are effective from 1 January 2018. On initial application, entities would have the option of applying the Interpretations either retrospectively or prospectively in accordance with FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.* The Group is currently assessing the impact to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
– de-recognises the carrying amount of any non-controlling interest;
– de-recognises the cumulative translation differences recorded in equity;
– recognises the fair value of the consideration received;
– recognises the fair value of any investment retained;
– recognises any surplus or deficit in profit or loss; and
– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

– power over the investee;
– exposure, or rights or variable returns from its involvement with the investee; and
– the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

– the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
– potential voting rights held by the Group, other vote holders or other parties;
– rights arising from other contractual arrangements; and
– any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consolidation (Cont'd)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Transactions with Non-Controlling Interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Singapore Dollars.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Renminbi. The choice of presentation currency is to better reflect the currency that mainly determines economic effects of transactions, events and conditions of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Conversion of foreign currencies

Foreign currency transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the date of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in the profit or loss, unless they arise from borrowings in foreign currencies and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the translations.

Group entities

The results and financial position of all the Group entities *(none of which has the currency of a hyperinflationary economy)* and the Company that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities (including comparatives) are translated at the closing exchange rates at the end of reporting period;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of transactions; and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Leasehold building	20 to 30 years
Furniture and fittings	20 years
Office equipment	3 to 5 years
Motor vehicles	5 years
Computers	3 to 5 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before that expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment and depreciation (Cont'd)

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the income statement.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation and are not occupied by the Group. Investment properties are treated as non-current investments and are initially carried at cost and subsequently carried at fair value, representing open market value determined on annual basis by an independent firm of professional valuers. The Group has consistently reclassified properties as investment properties when it has the financial resources to do so and when there is a change in use of the properties. Gross changes in fair values and the related tax impact are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

<u>Transfers</u>

Transfers to, or from, investment properties are made where there is a change in use, evidenced by:

- commencement of an operating lease to another party coupled with possession of financial means to retain the properties, for a transfer from inventories to investment property;
- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment;
- commencement of development with a view to sell, for a transfer from investment properties to development properties; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Development properties

Development properties are properties being constructed or developed for future sale. Development properties are recorded as current assets and are stated at specifically identified cost, including capitalised borrowing costs directly attributable to the development of the properties, exchange differences arising from foreign currency borrowings are capitalised to the extent that they are regarded as an adjustment to interest costs, aggregate cost of development, materials and supplies, wages and other direct expenses, less any allowance considered necessary by the directors.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. Capitalisation of borrowing costs ceases upon completion of development. The capitalisation rate is determined by reference to the actual rate payable on borrowings for properties for sale under development, weighted average as applicable.

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

Completed properties for sale are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

De-recognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment of impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not hold any held-to-maturity investments or available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (Cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets.

Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed.

Any reversal is recognised in the statement of comprehensive income.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and receivables. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

Loans and receivables comprise cash and cash equivalents and trade and other receivables, excluding prepayments and advance payments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include non-derivative financial assets (unquoted investment in limited partnership) that are acquired principally for the purpose of selling or repurchasing in the near term. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in profit or loss, net of any effects arising from income taxes, until the financial assets is disposed of.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. For the purpose of the consolidated statement of cash flows, pledged bank balances are excluded while bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and properties under development, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non-financial assets (Cont'd)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

Individual assets or cash-generating units are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation.

Impairment losses recognised for cash-generating units, are charged pro rata to the assets in the cash-generating unit.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Financial liabilities

The Group's financial liabilities include bank borrowings, and trade and other payables, excluding advances from customers and contractors. They are included in the statement of financial position items under "non-current financial liabilities", "current financial liabilities" and "trade and other payables".

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in profit or loss. Financial liabilities are de-recognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of borrowing using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities (Cont'd)

Borrowings which are due to be settled within 12 months after the reporting date are included in current borrowings in the statement of financial position even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date. Borrowings to be settled within the Group's normal operating cycle are considered as current. Other borrowings due to be settled more than 12 months after the reporting date are included in non-current borrowings in the statement of financial position.

Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Financial guarantee

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair value plus transaction costs in the statement of financial position.

Share capital

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

Perpetual convertible securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, are classified as equity instruments and are initially recorded at the proceeds received.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared because of the articles of association of the Company which grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Operating leases

Where the Group is a lessor

Assets leased out under operating leases are included in investment properties and are stated at fair value and not depreciated. Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Operating leases (Cont'd)

Where the Group is a lessee

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as a reduction of rental expense on a straight-line over the term of the lease term.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected costs of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Borrowing costs

Borrowing costs are recognised in profit or loss as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Foreign exchange differences arising from foreign currency borrowings are capitalised to the extent that they are regarded as an adjustment to interest costs. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Pension obligations

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to define contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Pursuant to the relevant regulations of the PRC government, the employees of the subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government (the "Central Pension Scheme"), whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Central Pension Scheme. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the Central Pension Scheme is to pay the ongoing required contributions under the Central Pension Scheme. Contributions under the Central Pension Scheme are charged to the statement of comprehensive income as incurred. The assets of the Central Pension Scheme are held separately from those of the PRC subsidiaries in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee benefits (Cont'd)

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain key executive officers are considered key management personnel.

Share-based payments

The Company also has an employee share option plan for the granting of non-transferable options.

The Group issues equity-settled share-based payments to certain employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the profit or loss with a corresponding increase in the share option reserve over the vesting period during which the employees become unconditionally entitled to the equity instrument. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued.

The fair value of performance shares award granted to employees is recognised as an expense in profit or loss over the vesting period of the share award with a corresponding credit to equity under the equity compensation reserve. At each reporting date, the number of equity instruments that are expected to be vested are estimated. The impact on the revision of original estimates is recognised as an expense and as a corresponding adjustment to equity over the remaining vesting period.

When the award shares are issued, the related balance previously recognised in the equity compensation reserve is credited to share capital.

The fair value of the employee share options and is measured using the binomial option pricing model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the Company's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on an estimation of general option holder behaviour), expected dividends, and the risk free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income taxes (Cont'd)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and
(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the asset.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

    (i) has control or joint control over the Company;
    (ii) has significant influence over the Company; or
    (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Related parties (Cont'd)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

Revenue

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the purchaser. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of the goods.

<u>Sale of properties</u>

Revenue from sale of properties is recognised when the control and risk and rewards of the properties have been transferred to the buyer, i.e. when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon signing of the property handover notice by the buyer, whichever is the earlier. Payments received from buyers prior to this stage are recorded as advances from customers and are classified as current liabilities.

<u>Rental income</u>

Rental income arising on investment and development properties is accounted for on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental to be received.

Rental income from sub-leased property is recognised as other income.

<u>Interest income</u>

Interest income is recognised on a time proportion basis using the effective interest method.

<u>Consultancy fee income</u>

Consultancy fee income is recognised when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise perpetual convertible securities and share options.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer who makes strategic resources allocation decisions.

Additional disclosures on operating segments are shown in Note 25 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Intra-group financial guarantees

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold buildings RMB'000	Office equipment, furniture and fittings RMB'000	Motor vehicles RMB'000	Computers RMB'000	Total RMB'000
Cost					
At 1 January 2015	48,733	9,486	11,855	4,046	74,120
Additions	–	7,256	–	1,523	8,779
Disposals	–	(9)	–	(4)	(13)
Exchange difference on translation	–	(6)	–	(2)	(8)
At 31 December 2015	48,733	16,727	11,855	5,563	82,878
Additions	**–**	**471**	**–**	**169**	**640**
Disposals	**–**	**(32)**	**(134)**	**(39)**	**(205)**
Exchange difference on translation	**–**	**112**	**–**	**4**	**116**
At 31 December 2016	**48,733**	**17,278**	**11,721**	**5,697**	**83,429**
Accumulated depreciation					
At 1 January 2015	1,235	2,126	9,142	1,565	14,068
Depreciation for the year	2,338	4,107	816	967	8,228
Disposals	–	(7)	–	(4)	(11)
Exchange difference on translation	–	(4)	–	(1)	(5)
At 31 December 2015	3,573	6,222	9,958	2,527	22,280
Depreciation for the year	**1,763**	**3,956**	**364**	**564**	**6,647**
Disposals	**–**	**(50)**	**(135)**	**–**	**(185)**
Exchange difference on translation	**–**	**28**	**–**	**3**	**31**
At 31 December 2016	**5,336**	**10,156**	**10,187**	**3,094**	**28,773**
Net carrying amount					
At 31 December 2016	**43,397**	**7,122**	**1,534**	**2,603**	**54,656**
At 31 December 2015	45,160	10,505	1,897	3,036	60,598

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	Office equipment, furniture and fittings RMB'000	Computers RMB'000	Total RMB'000
Cost			
At 1 January 2015	245	72	317
Additions	2,184	12	2,196
Exchange difference on translation	(6)	(2)	(8)
At 31 December 2015	2,423	82	2,505
Exchange difference on translation	**112**	**4**	**116**
At 31 December 2016	**2,535**	**86**	**2,621**
Accumulated depreciation			
At 1 January 2015	241	36	277
Depreciation for the year	393	19	412
Exchange difference on translation	(2)	(2)	(4)
At 31 December 2015	632	53	685
Depreciation for the year	**458**	**16**	**474**
Exchange difference on translation	**28**	**3**	**31**
At 31 December 2016	**1,118**	**72**	**1,190**
Net carrying amount			
At 31 December 2016	**1,417**	**14**	**1,431**
At 31 December 2015	1,791	29	1,820

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4 INVESTMENT PROPERTIES

The Group	2016 RMB'000	2015 RMB'000
At 1 January, at fair value	**4,386,990**	4,263,465
Transfer from completed properties for sale * (Note 7)	**49,673**	8,739
Investment properties sold	**(14,200)**	(124)
Net fair value gain recognised in profit or loss (Note 19)	**24,273**	114,910
At 31 December, at fair value	**4,446,736**	4,386,990
Deferred lease incentives **	**11,190**	4,529
Total investment properties	**4,457,926**	4,391,519

* During the year, due to changes in business conditions and business strategies, certain completed properties for sale were re-designated as investment properties for rental income and future capital appreciation. Arising therefrom, amounts of RMB 49,673,000 (2015 – RMB 8,739,000) were transferred from completed properties for sale to investment properties.

* * Deferred lease incentives relate to costs assumed by the Group on leasehold improvements to investment properties leased to tenants under operating leases. The lease incentives are recognised as an expense over the lease term on the same basis as the lease income.

The investment properties are carried at fair value at the end of the reporting period as determined by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a Hong Kong independent firm of professional valuers who have appropriate recognised professional qualification and recent experience in the location and category of the investment properties being valued. The fair values are made annually based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

The valuation is based on direct comparison method and income approach in arriving at the fair value of the properties. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income method takes into consideration the estimated net rent at a capitalisation rate applicable to the nature and type of asset in question.

The investment properties are leased to non-related parties under-operating leases.

The following amounts are recognised in profit or loss:

The Group	2016 RMB'000	2015 RMB'000
Rental income from investment properties	**179,664**	172,990
Direct operating expenses arising from investment properties that generated rental income	**(33,366)**	(26,370)
Direct operating expenses arising from investment properties that did not generate rental income	**(2,273)**	(3,083)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4 INVESTMENT PROPERTIES (CONT'D)

Details of the investment properties are as follows:

Location (Chongqing, PRC)	Name of project	Description	Gross Floor Area 2016 (sq. meters)	Gross Floor Area 2015 (sq. meters)	Group's effective interest in the property	Tenure (Years)
No.46 to 52 Cangbai Road, Yuzhong District	Southland Garden	Office, retail, storage and car parks	**13,129.85**	13,242.93	97%	40-year land use rights for commercial use expiring in November 2042.
No.108 Bayi Road, Yuzhong District	New York, New York	Car parks	**277.15**	277.15	97%	40-year land use rights for commercial use expiring in January 2042.
No.181 Minsheng Road, Yuzhong District	Minsheng Mansion	Office, retail, storage and car parks	**7,345.03**	9,174.63	97%	40-year and 50-year land use rights for commercial use expiring in September 2033.
No.6 Guanyinqiao, Pedestian Street, Jiangbei District	Future International	Retail, storage and car parks	**82,227.46**	82,227.46	97%	40-year land use rights for commercial use expiring in March 2045.
No.141 to 155 Zourong Road, Yuzhong District	Zou Rong Plaza	Retail, office and car parks	**6,805.51**	6,805.51	97%	50-year land use rights for commercial use expiring in January 2046.
No.8 Bashu Road, Yuzhong District	Bashu Cambridge	Retail and car parks	**6,968.80**	7,026.25	97%	40-year land use rights for commercial use expiring in September 2044.
No.19 Daping Zheng Jie, Yuzhong District	Ying Li International Plaza	Retail and car parks	**133,245.80**	133,245.80	100%	40-year land use rights for commercial use expiring in July 2050.
No. 26 & 28 Minquan Road, Yuzhong District	Ying Li International Financial Centre	Retail, office and car parks	**95,859.89**	91,344.78	97%	40-year land use rights for commercial use expiring in December 2044.

As at 31 December 2016, investment properties with carrying value of approximately RMB 4,053,021,000 (2015 – RMB 4,287,426,000) are mortgaged to banks to secure the bank loans granted to the Group (Note 16).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5 SUBSIDIARIES

The Company	**2016 RMB'000**	2015 RMB'000
Unquoted equity investments, at cost		
At 1 January	**2,827,257**	2,827,257
Additions	**139,001**	–
At 31 December	**2,966,258**	2,827,257

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective equity interest held by the Group **2016 %**	2015 %	Cost of investment **2016 RMB'000**	2015 RMB'000
<u>Held by the Company</u>						
Fortune Court Holdings Limited	Hong Kong	Investment holding	**100**	100	**2,584,794**	2,584,794
Chongqing Yingli Real Estate Development Co., Ltd ("CQYL")	PRC	Property development	**97**	97	**241,925**	241,925
Luckzone International Limited	British Virgin Islands ("BVI")	Investment holding	**100**	100	**139,069**	68
Shiny Profit Enterprises Limited	BVI	Investment holding	**100**	100	**68**	68
Peak Century Holdings Limited	BVI	Investment holding	**100**	100	**68**	68
Top Accurate Holdings Limited	BVI	Investment holding	**100**	100	**68**	68
Verdant View Limited	BVI	Investment holding	**100**	100	**65**	65
Vast Speed Limited	BVI	Investment holding	**100**	100	**65**	65
Brandway Investment Limited	BVI	Investment holding	**100**	100	**65**	65
Ever Perfect Enterprise Limited	BVI	Investment holding	**100**	100	**63**	63
First Regent International Limited	Hong Kong	Investment holding	**100**	100	**8**	8
					2,966,258	2,827,257

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5 SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation	Principal activities	Effective equity interest held by the Group 2016 %	2015 %
Held by Ever Perfect Enterprise Limited				
Fully Rich Industrial Limited	Hong Kong	Purchasing of construction material and equipment	**100**	100
Held by Luckzone International Limited				
Chongqing Yingli Qipaifang Real Estate Development Co., Ltd	PRC	Property development	**100**	100
Held by Fortune Court Holdings Limited				
Chongqing Yingli Real Estate Development Co., Ltd	PRC	Property development	**97**	97
Held by Chongqing Yingli Real Estate Development Co., Ltd.				
Chongqing San Ya Wan Aquatic Products Integrative Trading Market Development Co., Ltd ("San Ya Wan")	PRC	Property development	**77.6**	77.6
Chongqing Lu Zu Temple Real Estate Co., Ltd	PRC	Property development	**99.8**	99.8
Chongqing Ying Li Guangsheng Hardware and Electrical Market Development Co., Ltd ("Guangsheng")	PRC	Property development, property management, property leasing and carpark services	**97**	97
Held by Shiny Profit Enterprises Limited				
Chongqing Yingli Shiny Profit Real Estate Co., Ltd	PRC	Property development	**100**	100
Held by Peak Century Holdings Limited				
Yingli International Commercial Properties Management Co., Ltd.	PRC	Property consultancy, sale, marketing and management services	**100**	100
Chongqing Lion Equity Investment Partnership	PRC	Investment holding	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5 SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation	Principal activities	Effective equity interest held by the Group 2016 %	 2015 %
Held by Yingli International Commercial Properties Management Co., Ltd				
Chongqing Yingli Retail Management Co., Ltd	PRC	Property consultancy, sale, marketing and management services	**100**	100
Chongqing Yingli Zhuoyue Retail Management Co., Ltd	PRC	Property consultancy, sale, marketing and management services	**100**	100
Held by Top Accurate Holdings Limited				
Chongqing Lu Zu Temple Real Estate Co., Ltd	PRC	Property development	**99.8**	99.8
Held by Verdant View Limited:				
Chongqing Lion Equity Investment Partnership	PRC	Investment holding	**100**	100
Held by Chongqing Lion Equity Investment Partnership				
Chongqing Yingli Retail Management Co., Ltd	PRC	Property consultancy, sale, marketing and management services	**100**	100
Held by First Regent International Limited				
Perfect Summit Limited	Hong Kong	Investment holding	**100**	100

All subsidiaries of the Group, as listed above, are audited by Foo Kon Tan LLP for consolidation purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5 SUBSIDIARIES (CONT'D)

Summarised financial information in respect of the Group's subsidiaries in the PRC that have material non-controlling interests (NCI) are set out below.

The summarised financial information below represents amounts before intra-group eliminations.

Summarised statement of financial position

	CQYL RMB'000	San Ya Wan RMB'000	Guangsheng RMB'000	Total RMB'000
2016				
Current assets	**1,581,996**	**729,068**	**1,485,388**	**3,796,452**
Non-current assets	**2,635,900**	**392**	**112**	**2,636,404**
Total assets	**4,217,896**	**729,460**	**1,485,500**	**6,432,856**
Current liabilities	**639,476**	**424,755**	**1,244,120**	**2,308,351**
Non-current liabilities	**1,925,181**	**11,485**	**–**	**1,936,666**
Total liabilities	**2,564,657**	**436,240**	**1,244,120**	**4,245,017**
Equity attributable to owners of the Company	**1,653,239**	**234,576**	**241,380**	**2,129,195**
Net assets attributable to NCI	*	**58,644**	*	**58,644**
2015				
Current assets	2,257,122	1,084,125	451,489	3,792,736
Non-current assets	2,424,661	538	110	2,425,309
Total assets	4,681,783	1,084,663	451,599	6,218,045
Current liabilities	2,857,958	763,909	440,098	4,061,965
Non-current liabilities	269,600	19,814	–	289,414
Total liabilities	3,127,558	783,723	440,098	4,351,379
Equity attributable to owners of the Company	1,554,225	244,506	11,162	1,809,893
Net (liabilities)/assets attributable to NCI	(3,542)	60,189	339	56,986

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5 SUBSIDIARIES (CONT'D)

Summarised statement of comprehensive income

	CQYL RMB'000	San Ya Wan RMB'000	Guangsheng RMB'000	Total RMB'000
2016				
Revenue	**146,080**	**408,050**	**393,837**	**947,967**
Profit for the year	**99,015**	**8,290**	**8,494**	**115,799**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive income	**99,015**	**8,290**	**8,494**	**115,799**
Attributable to NCI:				
– Profit for the year	*	**1,658**	*	**1,658**
– Other comprehensive income	*	**–**	*	**–**
Total comprehensive income attributable to NCI	*	**1,658**	*	**1,658**
2015				
Revenue	146,836	252,292	–	399,128
Profit/(Loss) for the year	24,788	13,339	(8,353)	29,774
Other comprehensive income	–	–	–	–
Total comprehensive income/(loss)	24,788	13,339	(8,353)	29,774
Attributable to NCI:				
– Profit/(loss) for the year	*	2,668	(246)	2,422
– Other comprehensive income	*	–	–	–
Total comprehensive income/(loss) attributable to NCI	*	2,668	(246)	2,422

Other summarised information

	CQYL RMB'000	San Ya Wan RMB'000	Guangsheng RMB'000	Total RMB'000
2016				
Cash (outflow)/inflow from operating activities	**(117,051)**	**198,434**	**(633,119)**	**(551,736)**
Cash outflow from investing activities	**(221,031)**	**–**	**–**	**(221,031)**
Cash inflow/(outflow) from financing activities	**319,208**	**(200,003)**	**560,885**	**680,090**
Net cash outflow	**(18,874)**	**(1,569)**	**(72,234)**	**(92,677)**
2015				
Cash (outflow)/inflow from operating activities	(33,862)	13,176	(2,008)	(22,694)
Cash outflow from investing activities	(64,560)	–	–	(64,560)
Cash inflow from financing activities	118,244	32,670	–	150,914
Net cash inflow/(outflow)	19,822	45,846	(2,008)	63,660

* Non-controlling shareholders in CQYL have waived all their rights to receive dividends and/or other distributions (whether in the form of cash or as distributions in species save for bonus shares) declared by CQYL out of its retained earnings or profits in any particular financial year to its shareholders following the Company's completion of the reverse acquisition of Fortune Court Holdings Limited in 2008.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

6 OTHER INVESTMENT

The Group **Unquoted investment in limited partnership at fair value through profit or loss**	**2016** **RMB'000** **Fair value**	2015 RMB'000 Fair value
Balance at 1 January	**602,000**	500,000
Additions	**–**	59,000
Fair value gain recognised in profit or loss (Note 19)	**18,000**	43,000
Balance at 31 December	**620,000**	602,000

Unquoted investment in limited partnership relates to a subsidiary's investment of RMB 559 million (at cost) to subscribe 26.0% of the subordinated shares in Shanghai Zhaoli Investment Centre (LLP) in PRC (the "Investee"). The objective of the investment is to jointly participate in the New Beijing Centre Project, which is a integrated commercial project located in the Canal Core Area of Tongzhou District in Beijing, PRC ("Tong Zhou Project").

Although the Group holds 26.0% equity interest in the Investee, management assessed that the Group neither has control nor significant influence over the Investee.

The unquoted investment in limited partnership are carried at fair value at the end of the reporting period as determined by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an Hong Kong independent firm of professional valuers who have appropriate recognised professional qualification and recent experience in the financial assets being valued.

The valuation of the unquoted investment in limited partnership is based on the fair value of the underlying Tong Zhou Project, which are measured either the residual method or comparison approach by making reference to comparable sales transactions as available in the market.

As at 31 December 2016, the unquoted investment in limited partnership with fair value of RMB 620,000,000 (2015 – RMB 602,000,000) was mortgaged to secure a loan for the Group (Note 16).

7 DEVELOPMENT PROPERTIES

The Group	**31 December 2016** **RMB'000**	31 December 2015 RMB'000
Properties under development, at cost	**3,600,520**	3,427,422
Completed properties for sale, at cost	**1,586,690**	1,223,910
	5,187,210	4,651,332
During the year:		
– Borrowing costs capitalised	**218,354**	226,258
– Transfer to investment properties (Note 4)	**(49,673)**	(8,739)
– Units sold included in cost of sales	**(758,968)**	(280,406)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7 DEVELOPMENT PROPERTIES (CONT'D)

The Group	**2016** **RMB'000**	2015 RMB'000
Properties under development, at cost		
Expected completion date:		
– within the next 12 months	**910,701**	1,397,372
– beyond 12 months	**2,689,819**	2,030,050
	3,600,520	3,427,422

Properties under development and completed properties for sale as at 31 December 2016 are as follows:

Location (Chongqing, PRC)	Intended use	Stage of completion	Expected date of completion	Site area (sq. meters)	Approximate gross floor area (sq. meters)	Group's effective interest
Properties under development						
Ying Li International Commercial Centre No. 251 Wu Yi Road, Yuzhong District	Retail, office and car parks	52%	2018/2019 (in phases)	18,400	320,000	100%
Ying Li International Hardware and Electrical Centre Phase 2 &3 No. 9 Shan Hu Avenue, Shuangfu Area, Jiangjin District	Built-to-Order showrooms, warehouse and car parks	87%	2017/2018 (in phases)	360,708	631,560	97%
San Ya Wan Phase 2 Jinshi Avenue National Agricultural and Technology Zone, Yubei District	Retail, residential and car parks	65%	2017/2018 (in phases)	89,726	273,656	77.6%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7 DEVELOPMENT PROPERTIES (CONT'D)

Location (Chongqing, PRC)	**Intended use**	**Gross floor area (sq. meters)**	**Group's effective interest**
Completed properties for sale			
Ying Li International Plaza No.19 Daping Zheng Jie, Yuzhong District	Office, residential and car parks	94,066	100%
Ying Li International Financial Centre No. 26 & 28 Minquan Road, Yuzhong District	Office and car parks	39,865	97%
San Ya Wan Phase 2 Jinshi Avenue, National Agricultural and Technology Zone, Yubei District	Retail, residential and car parks	114,125	77.6%

At 31 December 2016, development properties with carrying value totalling approximately RMB 3,709,849,000 (2015 – RMB 4,061,590,000) was mortgaged to secure certain bank loans granted to the subsidiaries of the Group (Note 16).

8 TRADE AND OTHER RECEIVABLES

	The Group		**The Company**	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables	**90,322**	61,777	**–**	–
Less: Allowance for impairment losses	**(12,050)**	(11,415)	**–**	–
Net trade receivables	**78,272**	50,362	**–**	–
Deposit for land tender	**477,946**	423,678	**–**	–
Other deposits	**586**	577	**585**	560
Refundable deposits (Note A)	**53,435**	37,344	**–**	–
Others	**29,730**	42,626	**152**	192
Other receivables (Note B)	**561,697**	504,225	**737**	752
Loans and receivables at amortised cost	**639,969**	554,587	**737**	752
Prepayments (Note C)	**165,602**	176,619	**5,954**	49
Advances to sub-contractors and vendors	**36,188**	141,309	**–**	–
	201,790	317,928	**5,954**	49
Total trade and other receivables	**841,759**	872,515	**6,691**	801

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

8 TRADE AND OTHER RECEIVABLES (CONT'D)

Note A:

Refundable deposits pertain to the project deposits placed in some of the regulatory departments, which are refundable upon project completion.

Note B:

Except for the land tender deposit, other receivables are unsecured, interest-free and repayable on demand.

Note C:

At 31 December 2016, prepayments include sales and business taxes on pre-sold properties and loan upfront fees of RMB 106,225,000 (2015 – RMB 72,162,000).

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with a good payment record with the Group and Company.

Financial assets that are past due but not impaired

The ageing of loans and receivables that were past due but not impaired at the reporting date was:

The Group	**2016** **RMB'000**	2015 RMB'000
Past due but not impaired:		
– less than 3 months	**-**	–
– 3 months to less than 6 months	**-**	–
– 6 months to less than 9 months	**-**	–
– 9 months to less than 12 months	**223**	262
– 12 months and more	**743**	10,113
	966	10,375

The ageing of loans and receivables that were past due and impaired at the reporting date was:

The Group	**2016** **RMB'000**	2015 RMB'000
Past due and impaired:		
– 12 months and more	**12,050**	11,415
	12,050	11,415

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

8 TRADE AND OTHER RECEIVABLES (CONT'D)

The changes in impairment losses in respect of loans and receivables during the year is as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**11,415**	3,207	**–**	–
Impairment loss recognised	**635**	8,208	**–**	–
At 31 December	**12,050**	11,415	**–**	–

9 AMOUNTS OWING FROM/TO SUBSIDIARIES (NON-TRADE)

The non-trade amounts owing from/to subsidiaries, comprising mainly advances, unsecured, interest free and repayable on demand.

10 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash and bank balances	**593,190**	526,708	**12,109**	16,482
Fixed deposits	**83,125**	796,000	**–**	–
Cash and bank balances	**676,315**	1,322,708	**12,109**	16,482
Less: Restricted bank balance #	**(453,190)**	(1,144,588)	**–**	–
Cash and cash equivalents per consolidated cash flow statement	**223,125**	178,120	**12,109**	16,482

The cash and bank balances have a weighted average interest rate of interest-earning bank balances is 2.88 % per annum (2015 – 2.50% per annum) for the financial year ended 31 December 2016.

Restricted bank balance represents: (i) bank balances of RMB 163,865,000 (2015 – RMB 38,187,000) pledged to banks to release properties secured by banks upon sales of those properties to customers and (ii) bank balances of RMB 289,325,000 (2015 – RMB 1,106,401,000) pledged to banks to secure bank loans provided by banks to the Group entities.(See Note 16)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11 EQUITY COMPENSATION BENEFITS

(a) Share options (equity-settled)

The Ying Li Employee Share Option Scheme (the "Option Scheme") was approved by its members at an Extraordinary General Meeting held on 28 April 2010. The Option Scheme is administered by the Remuneration Committee.

The exercise price will be determined by the Remuneration Committee at:

(1) market price of the Company's shares; or

(2) a price which is set at a discount to the market price, the quantum of such discount to be determined by the Remuneration Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the market price

The aggregate number of new shares over which options may be granted under the Option Scheme, when aggregated with the number of new shares to be issued pursuant to the exercise of options and/or such number of fully paid shares in the Company as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan, shall not exceed 5% of the total number of issued shares in the capital of the Company (excluding treasury shares) on the day preceding that date.

Furthermore, the aggregate number of shares over which options may be granted under the Option Scheme to controlling shareholders and their associates shall not exceed 25% of the shares available under the Option Scheme, and the number of shares over which an option may be granted under the Option Scheme to each controlling shareholder or his associate shall not exceed 10% of the shares available under the Option Scheme.

The Option Scheme shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Option Scheme is approved by shareholders in general meeting, provided that the Option Scheme may continue beyond the aforesaid period of time with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

Other information regarding the Option Scheme:

(1) Options granted to employees and executive directors have a contractual life of 4 years commencing from the date of grant and expiring on the day immediately preceding the fourth anniversary of the date of grant.

(2) The options vest on the second anniversary and third anniversary of the date of grant.

(3) All options are settled by physical delivery of shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11 EQUITY COMPENSATION BENEFITS (CONT'D)

(a) Share options (equity-settled) (Cont'd)

Details of the share options are as follows:

Option grant date	Exercise price (S$)	Options outstanding at 1 January 2016 '000	Options granted	Options forfeited/ expired/ lapsed '000	Options exercised	Options outstanding at 31 December 2016 '000	Exercise period
2/4/2012	0.278	4,777	–	(4,777)	–	–	1/4/2014 – 1/4/2016
23/4/2012	0.263	757	–	(757)	–	–	22/4/2014 – 22/4/2016
31/3/2013	0.371	568	–	(568)	–	–	30/3/2015 – 30/3/2017
		6,102	–	(6,102)	–	–	

Option grant date	Exercise price (S$)	Options outstanding at 1 January 2015 '000	Options granted	Options forfeited/ expired/ lapsed '000	Options exercised	Options outstanding at 31 December 2015 '000	Exercise period
2/4/2012	0.278	10,538	–	(5,761)	–	4,777	1/4/2014 – 1/4/2016
23/4/2012	0.263	1,514	–	(757)	–	757	22/4/2014 – 22/4/2016
31/3/2013	0.371	1,272	–	(704)	–	568	30/3/2015 – 30/3/2017
		13,324	–	(7,222)	–	6,102	

No share options were granted since financial year ended 31 December 2014.

At 31 December 2016, there were no options that were exercisable (2015 – 5,533,761).

There were no share options outstanding as at 31 December 2016. The weighted average remaining contractual life of share options outstanding at 31 December 2015 was 0.35 years.

No expenses on share options was recognised during the current year due to forfeitures.

<u>Fair value of share options</u>

The fair value of share options granted is measured by reference to the fair value of services received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11 EQUITY COMPENSATION BENEFITS (CONT'D)

(a) Share options (equity-settled) (Cont'd)

Fair value of share options and assumptions

The fair value of share options was determined using the binomial option pricing model with the following inputs:

Date of award	13 March 2013	31 March 2013	29 September 2013	2 April 2012	23 April 2012
Fair value of shares at measurement date	S$0.19	S$0.22	S$0.14	S$0.184	S$0.145
Exercise price at grant date	S$0.36	S$0.371	S$0.37	S$0.278	S$0.263
Expected volatility	49.45%	49.55%	40.23%	61.85%	58.65%
Risk-free interest rate	0.34%	0.59%	0.78%	0.33%	0.31%
Expected dividend yield	0%	0%	0%	0%	0%
Expected option life	3.25 years	3.25 years	3.75 years	2.25 years	2.25 years

S$ - denotes Singapore dollars

The exercise price at the grant date was based on the average share price for 5 consecutive trading days prior to the grant date. The expected volatility was based on the historical volatility of the share price over the most recent period that commensurate with the expected life of the option. The risk-free interest rate was based on the extrapolated Singapore Government zero-coupon bond yield rate on the grant date with a tenure matching the expected option life. Expected dividend yield was based on expected dividend over one-year volume-weighted average share price prior to the grant date.

(b) Share plan

The Ying Li Performance Share Plan (the "Share Plan") was approved by its members at an Extraordinary General Meeting held on 28 April 2010. The Share Plan is administered by the Remuneration Committee.

The aggregate number of new shares over which awards may be granted under the Share Plan, when aggregated with the number of fully paid shares in the Company to be issued pursuant to the vesting of awards under the Performance Share Plan and new shares to be issued pursuant to the exercise of options under the Option Scheme, shall not exceed 5% of the total number of issued shares in the capital of the Company (excluding treasury shares) on the day preceding that date.

Furthermore, the aggregate number of shares over which awards may be granted under the Share Plan to controlling shareholders and their associates shall not exceed 25% of the shares available under the Share Plan and the number of shares over which an award may be granted under the Share Plan to each controlling shareholder or his associate shall not exceed 10% of the shares available under the Share Plan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11 EQUITY COMPENSATION BENEFITS (CONT'D)

(b) Share plan (Cont'd)

The Share Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Share Plan is approved by shareholders in general meeting, provided that the Share Plan may continue beyond the aforesaid period of time with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

The shares which are subject to the share awards vest over a four-year performance period, with one quarter of the shares vesting on each of the first, second, third and fourth anniversary of the date of grant, subject to certain service and non-market performance conditions being met.

Information with respect to the number of awards granted under Share Plan is as follows:

Grant date	Fair value (S$)	Balance as at 1 January 2016 '000	Share awards granted '000	Share awards cancelled/ lapsed '000	Share awards released '000	Balances at 31 December 2016 '000
31/3/2013	0.371	**426**	**–**	**(426)**	**–**	**–**
		426	**–**	**(426)**	**–**	**–**

Grant date	Fair value (S$)	Balance as at 1 January 2015 '000	Share awards granted '000	Share awards cancelled/ lapsed '000	Share awards released '000	Balances at 31 December 2015 '000
02/4/2012	0.278	7,903	–	(7,903)	–	–
23/4/2012	0.263	1,135	–	(1,135)	–	–
31/3/2013	0.371	1,431	–	(1,005)	–	426
		10,469	–	(10,043)	–	426

S$ - denotes Singapore dollars

Fair value of performance shares

The fair value of the performance shares was determined based on the market price of the Company's share at the grant date.

No expense on share awards was recognised in FY2016 and FY2015 due to forfeitures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

12 SHARE CAPITAL

	No. of ordinary shares		Amount	
The Company	**2016**	2015	**2016**	2015
			RMB'000	RMB'000
Issued and fully paid, with no par value				
At 1 January and at 31 December	**2,557,040,024**	2,557,040,024	**4,028,372**	4,028,372

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13 PERPETUAL CONVERTIBLE SECURITIES

In October 2014, the Company issued perpetual subordinated convertible securities (the "Perpetual Convertible Securities") with an initial aggregate principal amount of Singapore dollars S$185 million comprising Tranche 1 and Tranche 2 amounting to S$165 million and S$20 million, respectively. The details of the Perpetual Convertible Securities are set out in the circular dated 18 August 2014 (the "Circular"). The issue of the Perpetual Convertible Securities generated gross proceeds of RMB 902,097,000 and net proceeds of RMB 878,970,000 after deducting RMB 23,127,000 of transaction costs.

The Perpetual Convertible Securities have no fixed maturity.

Tranche 1 Perpetual Convertible Securities can be redeemed by the Company after the date of the fifth anniversary of the relevant issue date. Tranche 2 Perpetual Convertible Securities can be redeemed by the Company during the following periods: (i) between the second anniversary of the issue date (including the date of the second anniversary of the issue date) and the third anniversary from the issue date (but excluding the date of the third anniversary from the Issue Date); and (ii) after the date of the fifth anniversary from the issue date.

The Perpetual Convertible Securities confer on the holder a right to receive a distribution at a pre-determined date at a rate of 8.75% per annum on principal till the third anniversary from the issue date (but excluding the date of the third anniversary from the issue date), and subsequently at other rates as detailed in the Circular. The Company may elect to defer distribution, and is not subject to any limits as to the number of times distribution can be deferred.

While any distributions are unpaid or deferred, the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buyback or acquire for any consideration any share capital thereof (including preference shares) or security issued by the Company which security issued by the Company which ranks or is expressed to rank pari passu with Perpetual Capital Securities.

Distribution for the year ended 31 December 2016 was RMB 88,536,000 (2015: RMB 109,058,000).

The holder of the convertible securities has the right to convert such convertible securities into shares of the Company at any time between the expiry of three years from the issue date (including the date of the third anniversary from the issue date) and the expiry of six years from the issue date (excluding the date of the sixth anniversary of the issue date).

As the convertible securities have no contracted obligation to repay its principal nor to pay any distributions, they do not meet the definition for classification of a financial liabilities. As a result, the whole instrument is classified as equity, and respective distributions if and when declared are treated as equity dividends.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14 OTHER RESERVES

	The Group		The Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Equity compensation reserve	**-**	19,707	**-**	19,707
Reverse acquisition reserve	**(1,993,712)**	(1,993,712)	**-**	–
Statutory common reserve	**80,570**	68,444	**-**	–
Convertible bonds reserve	**42,458**	42,458	**42,458**	42,458
Translation reserve	**13,468**	35,042	**(45,503)**	(115,276)
	(1,857,216)	(1,828,061)	**(3,045)**	(53,111)

The equity compensation reserve comprises the cumulative value of employee services received for the issue of performance shares and share options.

The reverse acquisition reserve relates to the excess of purchase consideration over the fair value of the net assets of Fortune Court Holdings Limited acquired under a reverse acquisition in 2008.

The statutory common reserve represents the amount transferred from profit after taxation of the subsidiaries incorporated in the PRC in accordance with the PRC requirement. The statutory common reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off the accumulated losses or increasing capital.

The convertible bonds reserve comprises the equity component of the convertible bonds net of directly attributable transaction costs.

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

15 DEFERRED TAX ASSETS/LIABILITIES

	31 December 2016	31 December 2015
The Group	**RMB'000**	RMB'000
Deferred tax assets – recovered beyond one year	**28,108**	22,840
Deferred tax liabilities – settled beyond one year	**(573,209)**	(549,019)

As at 31 December 2016, deferred tax assets of RMB 28,108,000 (2015 – RMB 22,840,000) relates to temporary differences arising from unutilised tax losses of the PRC subsidiaries in which the management expects to utilise in the foreseeable future.

As at 31 December 2016, deferred tax liabilities of RMB 573,209,000 (2015 – RMB 549,019,000) relates to temporary differences arising from fair value gain on investment properties and unquoted investment in limited partnership.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15 DEFERRED TAX ASSETS/LIABILITIES (CONT'D)

Movement in temporary differences during the year is as follows:

	Balance at 1 January 2015	Recognised in profit or loss	Balance at 31 December 2015	Recognised in profit or loss	Balance at 31 December 2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group		(Note 21)		(Note 21)	
Deferred tax assets	26,910	(4,070)	22,840	**5,268**	**28,108**
Deferred tax (liabilities)	(527,047)	(21,972)	(549,019)	**(24,190)**	**(573,209)**
	(500,137)	(26,042)	(526,179)	**(18,922)**	**(545,101)**

At 31 December 2016, deferred tax liabilities amounting to RMB 157,216,000 (2015 – RMB 147,482,000) had not been recognised in respect of withholding tax payable on the undistributed profits of certain subsidiaries as the Group is able to control both the timing of distribution of profits and disposal of these subsidiaries.

16 BORROWINGS

		The Group		The Company	
		2016	2015	**2016**	2015
	Maturity	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Loans from financial institutions (secured)					
– repayable within one year or less	2017	**1,864,189**	1,578,153	**53,339**	55,122
– repayable after one year but within the normal operating cycle	2018-2019	**1,140,033**	1,244,267	**-**	–
Presented as current liabilities		**3,004,222**	2,822,420	**53,339**	55,122
Loans from financial institutions (secured)	2018-2028	**1,457,056**	2,263,230	**-**	–
Floating Rate Notes (unsecured)	2019	**347,503**	–	**347,503**	–
Presented as non-current liabilities		**1,804,559**	2,263,230	**347,503**	–
Total borrowings		**4,808,781**	5,085,650	**400,842**	55,122

Loans from financial institutions (secured)

The loans from financial institutions which are expected to be settled twelve months after the reporting date, but within the normal course of the Group's operating cycle for development of properties for sale or consumption, are classified as current liabilities because such loans from financial institutions are directly attributable to these properties under development.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

16 BORROWINGS (CONT'D)

Loans from financial institutions (secured) (Cont'd)

The Company has provided guarantees to banks in respect of banking facilities granted to several subsidiaries amounting to RMB 967,101,000 (2015 – RMB 844,580,000). The current interest rate charged by the lender on the loans to the subsidiaries is at market rate and is consistent with the borrowing cost of the subsidiary without corporate guarantees. The Company has assessed the fair value of corporate guarantees is immaterial. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

As at 31 December 2016, the loans from financial institutions are secured by:

a) mortgage over certain investment properties (Note 4) with carrying value of approximately RMB 4,053,021,000 (2015 – RMB 4,287,426,000). The Group's shareholdings in certain subsidiaries are charged as part of the loan agreements;
b) mortgage over certain development properties with carrying value totalling approximately RMB 3,709,849,000 (2015 – RMB 4,061,590,000) (Note 7);
c) a mortgage over the unquoted investment in limited partnership with fair value of RMB 620,000,000 (2015 – RMB 602,000,000) (Note 6);
d) Intra-group corporate guarantees from the Company's certain subsidiaries;
e) bank balances pledged amounting to RMB 289,325,000 (2015 – RMB 1,106,401,000); and
f) personal guarantee from a director for a loan from a financial institution.

Floating Rate Notes (unsecured)

On 14 April 2016, the Company issued unsecured floating rate notes denominated in United States Dollars with a nominal value of $50,000,000 to certain financial institutions due for repayment three years from the issue date. The interest rate on the Notes is based on the six-month U.S. dollar deposits rates that are dealt in on the London inter-bank market and commercial banks and foreign exchange markets, and interest is payable on 13 October and 13 April of each year. Prior to the maturity of the bonds, the Company may redeem the bonds, in whole or in part, based on the stipulated redemption price at the point of redemption.

The bank loans have a weighted average interest rate of 6.91% (2015 – 7.65%) per annum at the reporting date. Interest on the bank loans is repriced within 12 months (2015 – 12 months).

17 TRADE AND OTHER PAYABLES

	The Group		The Company	
	31 December 2016	31 December 2015	**31 December 2016**	31 December 2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables (including LAT and other tax payables)	**644,232**	688,180	**–**	–
Accrued expenses	**91,525**	87,985	**62,380**	58,473
Rental deposits received	**64,474**	96,369	**–**	–
Project security deposits	**15,085**	23,238	**–**	–
Others	**7,223**	5,986	**–**	–
Financial liabilities carried at amortised cost	**822,539**	896,758	**62,380**	58,473
Advances from customers	**442,476**	136,464	**–**	–
Total trade and other payables	**1,265,015**	1,033,222	**62,380**	58,473

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18 REVENUE

Significant categories of revenue, excluding inter-company transactions are detailed as follows:

The Group	**2016 RMB'000**	2015 RMB'000
Sale of properties	**867,603**	399,103
Rental income	**211,940**	210,772
Consultancy income	**–**	6,963
	1,079,543	616,838

19 OTHER INCOME

The Group	**2016 RMB'000**	2015 RMB'000
Interest income from		
– fixed and other deposits	**45,055**	46,861
– bank balances	**1,490**	1,708
	46,545	48,569
Sublet rental income	**235**	–
Government grants	**413**	1,115
Sundry income	**6,319**	3,313
Advertisement income	**1,005**	182
Changes in fair value of investment properties (Note 4)	**24,273**	114,910
Change in fair value of unquoted investment in limited partnership (Note 6)	**18,000**	43,000
	96,790	211,089

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

20 PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

The Group	Note	2016 RMB'000	2015 RMB'000
Amortisation of deferred lease incentives		**2,392**	484
Amortisation of prepaid legal consultancy service fee		**–**	208
Depreciation of property, plant and equipment	3	**6,647**	8,228
Exchange loss, net		**18,589**	26,607
Loss on disposal of property, plant and equipment		**20**	2
Operating lease expenses		**2,847**	4,165
Finance costs:			
– loans from financial institutions		**79,047**	102,296
– floating rate notes		**13,970**	
		93,017	102,296
Directors' fees		**1,880**	1,986
Directors' remuneration other than directors' fee			
– Salaries, wages and other related costs		**5,273**	5,050
– Employer's contributions to defined contribution plans		**117**	118
Key management personnel (other than directors)			
– Salaries, wages and other related costs		**11,989**	8,045
– Employer's contributions to defined contribution plans		**353**	347
		19,612	15,546
Other than directors and key management personnel			
– Salaries, wages and other related costs		**35,674**	33,074
– Employer's contributions to defined contribution plans		**4,557**	5,598
		59,843	54,218

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

21 TAXATION

Major components of income tax expense

The major components of income tax expenses for the year ended 31 December 2016 and 31 December 2015 are:

The Group	**2016** **RMB'000**	2015 RMB'000
Income tax		
Current year income tax expenses	**24,730**	22,711
Deferred tax		
Movements in temporary differences (Note 15)	**18,922**	26,042
Income tax expense recognised in the consolidated statement of comprehensive income	**43,652**	48,753

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

Relationship between tax expenses and profit before tax

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on profits before tax as a results of the following:

The Group	**2016** **RMB'000**	2015 RMB'000
Profit before tax	**132,982**	177,378
Tax at statutory rate of applicable tax rates	**33,329**	33,113
Tax effects on non-deductible expenses	**10,323**	15,640
	43,652	48,753

The Company, which is established in Singapore, is subject to Singapore income tax at 17% (2015 – 17%). The Group's subsidiaries in PRC are subject to PRC income tax rate at 25% (2015 – 25%). The applicable tax rate used in the reconciliation between the Group's tax expense and accounting profit is the Singapore statutory tax rate based on the jurisdiction where the ultimate holding company is established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share was based on the profit attributable to ordinary shareholders of RMB 87,672,000 (2015 – RMB 126,203,000) and a weighted average number of ordinary shares outstanding of 2,557,040,024 (2015 – 2,557,040,024), calculated as follows:

The Group	2016 RMB'000	2015 RMB'000
Profit attributable to ordinary shareholders of the Company	**87,672**	126,203

The Group		
Weighted average number of ordinary shares in issue during the year (Basic)	**2,557,040,024**	2,557,040,024
Weighted average number of ordinary shares under share options	**–**	–
Weighted average number of ordinary shares during the year (Diluted)	**2,557,040,024**	2,557,040,024
Earnings per share (RMB):		
– Basic	**0.03**	0.05
– Diluted	**0.03**	0.05

Diluted earnings per share is similar to basic earnings per share as there were no potential dilutive ordinary shares existed during the year.

23 RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, transactions with related parties based on terms agreed between the parties are as follows:

The Group	2016 RMB'000	2015 RMB'000
Fees paid / payable to a subsidiary of a substantial shareholder for securing credit facilities to fund the Group's property development projects	**7,902**	30,808
Interest expense charged by related corporations of a shareholder	**90,912**	108,196
Management fees charged by a joint venture of a shareholder	**4,917**	4,429
Staff costs paid to a joint venture of a shareholder	**1,339**	1,432
Distribution to a related party who is the holder of perpetual convertible securities	**88,536**	109,058

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

The Group	**2016** **RMB'000**	2015 RMB'000
Development and investment properties expenditure contracted but not provided for in the financial statements	**1,696,179**	1,069,981

(b) Loan arrangement fee commitment

The Group	**2016** **RMB'000**	2015 RMB'000
Not later than one year	**19,000**	18,000
Later than one year and not later than five years	**10,000**	20,000
Later than five years	**–**	–
	29,000	38,000

As part of the terms and conditions stipulated in one of the loan agreements entered with a financial institution, the Group is required to pay consultancy fees to the same financial institution amounting to RMB 110,000,000 from the period from FY2013 to FY2018.

(c) Lease commitments – *Where the Group and the Company are lessee*

At the reporting date, the Group and the Company were committed to making the following rental payments in respect of non-cancellable operating lease of office premises.

	The Group		**The Company**	
	2016 **RMB'000**	2015 RMB'000	**2016** **RMB'000**	2015 RMB'000
Not later than one year	**2,336**	2,740	**2,336**	2,233
Later than one year and not later than five years	**4,868**	6,886	**4,868**	6,886
Later than five years	**–**	–	**–**	–
	7,204	9,626	**7,204**	9,119

The lease on the Company's office premise will expire on January 2020, subject to an option to renew the lease after its expiry date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24 COMMITMENTS (CONT'D)

(d) Lease commitments – *Where the Group is lessor*

At the reporting date, the Group had the following rental receivable under non-cancellable operating leases for commercial premises with term of more than one year:

	The Group	
	2016	2015
	RMB'000	RMB'000
Not later than one year	**175,082**	77,480
Later than one year and not later than five years	**398,610**	172,727
Later than five years	**438,277**	203,862
	1,011,969	454,069

The operating leases of these commercial premises expire between 2017 to 2030 and contain renewal options.

25 OPERATING SEGMENTS

For management reporting purposes, the Group is organised into the following reportable operating segments which are the Group's strategic business units as follows:

(1) Property investment segment relates to the business of investing in properties to earn rentals and for capital appreciation;

(2) Property development segment relates to the development of properties for sale and earn rental income; and

(3) Others comprise property consultancy, sales, marketing and management services and corporate office functions.

The Group Chief Executive Officer ("Group CEO") monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Intersegment pricing is determined on an arm's length basis.

The Group's income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

25 OPERATING SEGMENTS (CONT'D)

	31 December 2016				31 December 2015			
	Property investment	**Property development**	**Others**	**Total**	Property investment	Property development	Others	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**194,764**	**884,779**	**-**	**1,079,543**	173,200	436,675	6,963	616,838
Segment results	**52,586**	**135,946**	**(59,303)**	**129,229**	127,756	(5,728)	(53,441)	68,587
Interest income	**-**	**-**	**46,545**	**46,545**	–	–	48,569	48,569
Interest expense	**-**	**-**	**(93,017)**	**(93,017)**		–	(102,296)	(102,296)
Sublet rental income	**-**	**-**	**235**	**235**	–	–	–	–
Government grants	**-**	**413**	**-**	**413**	–	1,115	–	1,115
Advertisement income	**1,005**	**-**	**-**	**1,005**	182	–	–	182
Sundry income	**40**	**6,279**	**-**	**6,319**	–	3,313	–	3,313
Changes in fair value of investment properties	**24,273**	**-**	**-**	**24,273**	114,910	–	–	114,910
Change in fair value of unquoted investments	**-**	**-**	**18,000**	**18,000**	–	–	43,000	43,000
Loss on disposal of property	**-**	**-**	**(20)**	**(20)**	–	–	(2)	(2)
Profit before tax	**77,904**	**142,638**	**(87,560)**	**132,982**	242,848	(1,300)	(64,170)	177,378
Segment assets	**4,482,967**	**6,653,512**	**701,387**	**11,837,866**	4,429,280	5,991,408	1,479,984	11,900,672
Total assets				**11,865,974**				11,923,512
Segment liabilities	**65,090**	**5,888,009**	**120,697**	**6,073,796**	92,402	5,848,770	177,700	6,118,872
Total liabilities				**6,803,963**				6,840,721
Other information								
Exchange loss, net	**-**	**18,589**	**-**	**18,589**	–	26,607	–	26,607
Capital expenditure	**-**	**-**	**640**	**640**	–	–	8,779	8,779
Depreciation of property, plant and equipment	**-**	**-**	**6,647**	**6,647**	–	–	8,228	8,228
Amortisation of deferred lease incentives	**-**	**-**	**2,392**	**2,392**	–	–	484	484

The Group derived substantially all of its revenue from the PRC and its non-current assets (ie. investment properties and property, plant and equipment) are mainly from PRC. Therefore, no geographical segment information is presented.

There is no single external customer or group of customers who accounts for 10% or more of the Group's revenue. Therefore, no information about major customers is disclosed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

25 OPERATING SEGMENTS (CONT'D)

Reportable segments' assets are reconciled to total assets as follows:

The Group	**2016** **RMB'000**	2015 RMB'000
Segment assets	**11,837,866**	11,900,672
Unallocated assets		
Deferred tax assets (Note 15)	**28,108**	22,840
Total assets per consolidated financial statements	**11,865,974**	11,923,512

Reportable segments' liabilities are reconciled to total liabilities as follows:

Segment liabilities	**6,073,796**	6,118,872
Unallocated liabilities		
Deferred tax liabilities (Note 15)	**573,209**	549,019
Provision for taxation	**156,958**	172,830
Total liabilities per consolidated financial statements	**6,803,963**	6,840,721

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company and Group have documented financial risk management policies. These policies set out the Company's and the Group's overall business strategies and its risk management philosophy. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, foreign currency risk, liquidity risk and market price risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Finance Division identifies, evaluates and hedges financial risks in close co-operation with the Group's and the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instrument and investing excess liquidity.

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

It is, and has been throughout the years under review, the Group's and Company's policy that no trading in derivative financial instruments shall be undertaken.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The main risks arising from the Company's and the Group's financial instruments are interest rate risks, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual growth while minimising losses arising from credit risk exposure. The Group closely monitors and avoids any significant concentration of credit risk on any of its development properties sold. In addition, receivable balances and payment profile of the debtors are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. For other financial assets, the Group adopts the policy of dealing mainly with reliable credit quality counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the reporting date, other than as disclosed in the ageing analysis in Note 8, no allowance for impairment is necessary in respect of trade and other receivables past due and not past due based on the credit quality and past collection history of the counterparties.

At the reporting date there is no significant concentration of credit risk in respect of trade and other receivables.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The cash and cash equivalents are held with banks of good credit ratings.

The Company has provided guarantees to a bank in respect of banking facilities granted to certain subsidiaries amounting to RMB 967,101,000 (2015 – RMB 844,580,000) (Note 16). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises from its variable rate bank borrowings and bank balances. The Group's policy is to obtain the most favourable interest rates available.

Interests on borrowings from financial institutions are repriced within 12 months (2015 – 12 months).

NOTES TO THE FINANCIAL STATEMENTS

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26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk (Cont'd)

At the end of each reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

	2016	2015
	RMB'000	RMB'000
The Group		
Fixed rate instruments		
Financial assets		
– Bank balances	**289,325**	1,106,401
Financial liabilities		
– Loans from financial institutions	**(874,326)**	(2,262,420)
	(585,001)	(1,156,019)
Variable rate instruments		
Financial assets		
– Bank balances	**386,990**	216,307
Financial liabilities		
– Loans from financial institutions	**(3,586,952)**	(2,878,352)
– Floating rate notes	**(347,503)**	–
	(3,547,465)	(2,662,045)
The Company		
Fixed rate instruments		
Financial liabilities		
– Loans from financial institutions	**(53,340)**	(55,122)
	(53,340)	(55,122)
Variable rate instruments		
Financial assets		
– Bank balances	**12,109**	16,482
Financial liabilities		
– Floating rate notes	**(347,503)**	–
	(335,394)	16,482

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of each reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk (Cont'd)

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, a 50 basis points ("bp") change in interest rates at the reporting date would have increased/decreased profit net of tax and equity by amounts as shown below. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

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

	Profit net of tax		**Equity**	
	increase/(decrease)		increase/(decrease)	
	(50 bp Increase)	(50 bp Decrease)	(50 bp Increase)	(50 bp Decrease)
	RMB'000	RMB'000	RMB'000	RMB'000
The Group				
31 December 2016				
Variable rate borrowings	**(14,754)**	**14,754**	**(14,754)**	**14,754**
Variable rate bank balances	**1,451**	**(1,451)**	**1,451**	**(1,451)**
	(13,303)	**13,303**	**(13,303)**	**13,303**
31 December 2015				
Variable rate borrowings	(10,794)	10,794	(10,794)	10,794
Variable rate bank balances	811	(811)	811	(811)
	(9,983)	9,983	(9,983)	9,983
The Company				
31 December 2016				
Variable rate borrowings	**(1,442)**	**1,442**	**(1,442)**	**1,442**
Variable rate bank balances	**50**	**(50)**	**50**	**(50)**
	(1,392)	**1,392**	**(1,392)**	**1,392**
31 December 2015				
Variable rate bank balances	68	(68)	68	(68)

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are dominated in foreign currencies.

The Company and the Group have currency exposures arising from transactions denominated in a currency other than their respective functional currencies, primarily Singapore dollar and Renminbi, respectively. The foreign currency transactions are denominated primarily in Singapore dollar (SGD), United States dollar (USD) and Renminbi (RMB).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk (Cont'd)

Consequently, the Company and the Group are exposed to movements in foreign currency exchange rate. However, the Company and the Group do not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

The Group's exposures in financial instruments to the various foreign currencies are mainly as follows:

The Group	**In RMB RMB'000**	**In SGD RMB'000**	**In USD RMB'000**	**Total RMB'000**
2016				
Trade and other receivables	**532**	**–**	**861**	**1,393**
Cash and cash equivalents	**207,811**	**6**	**12,549**	**220,366**
Borrowings	**–**	**–**	**(874,373)**	**(874,373)**
Trade and other payables	**(53)**	**–**	**(715)**	**(768)**
Net exposure	**208,290**	**6**	**(861,678)**	**(653,382)**
2015				
Trade and other receivables	264	7,418	–	7,682
Cash and cash equivalents	310,426	4,594	10,188	325,208
Borrowings	–	–	(689,178)	(689,178)
Trade and other payables	(446)	–	(1,694)	(2,140)
Net exposure	310,244	12,012	(680,684)	(358,428)

The Company	**In RMB RMB'000**	**In USD RMB'000**	**Total RMB'000**
2016			
Amounts owing from subsidiaries (non-trade)	**–**	**838,073**	**838,073**
Cash and cash equivalents	**–**	**77**	**77**
Borrowings	**–**	**(347,503)**	**(347,503)**
Amounts owing to subsidiaries (non-trade)	**(1,779)**	**(660,310)**	**(662,089)**
Net exposure	**(1,779)**	**(169,663)**	**(171,442)**
2015			
Amounts owing from subsidiaries (non-trade)	–	20,475	20,475
Cash and cash equivalents	–	62	62
Trade and other payables	(446)	(715)	(1,161)
Amounts owing to subsidiaries (non-trade)	(1,779)	(628,080)	(629,859)
Net exposure	(2,225)	(608,258)	(610,483)

NOTES TO THE FINANCIAL STATEMENTS

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26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk (Cont'd)

The Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

Currently, the PRC government imposes control over foreign currencies. RMB, the official currency in China, is not freely repatriated. Enterprises operating in the PRC can enter into certain approved transactions through the People's Bank of China or other authorised financial institutions.

Exchanges of RMB for foreign currency must be arranged through the People's Bank of China or other authorised financial institutions. Approval for exchanges at the People's Bank of China or other authorised financial institutions is granted to enterprises in the PRC for valid reasons such as purchase of imported materials and remittance of earnings. While conversion of RMB into foreign currencies can generally be effected at the People's Bank of China or other authorised financial institutions, there is no guarantee that it can be effected at all times.

Sensitivity analysis - Foreign currency risk

A 5% (2015 – 5%) strengthening of the above currencies against the functional currencies of the Group entities at the reporting date would have increased/decreased profit net of tax and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects.

A 5% (2015 – 5%) weakening of the above currencies against the functional currencies of the Group entities at the reporting date would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

The Group's and the Company's exposures in financial instruments to the various foreign currencies are mainly as follows:

		2016			2015	
	SGD strengthened 5% against RMB	**USD strengthened 5% against RMB**	**Total**	SGD strengthened 5% against RMB	USD strengthened 5% against RMB	Total
The Group	**RMB'000**	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Profit net of tax						
– (decrease) / increase	**7,811**	**(32,313)**	**(24,502)**	12,085	(25,526)	(13,441)
Equity						
– increase/(decrease)	**7,811**	**(32,313)**	**(24,502)**	12,085	(25,526)	(13,441)

NOTES TO THE FINANCIAL STATEMENTS

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26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk (Cont'd)

	2016			2015		
	RMB strengthened 5% against SGD	**USD strengthened 5% against SGD**	**Total**	RMB strengthened 5% against SGD	USD strengthened 5% against SGD	Total
The Company	**RMB'000**	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Loss net of tax						
– (decrease) / increase	**(74)**	**(7,041)**	**(7,115)**	(92)	(25,243)	(25,235)
Equity						
– (decrease) / increase	**(74)**	**(7,041)**	**(7,115)**	(92)	(25,243)	(25,235)

Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand- by credit facilities.

The government of the PRC imposes control over foreign currencies. Renminbi, the official currency in PRC, is not freely convertible. Enterprises operating in the PRC can enter into exchange transactions through the People's Bank of China or other authorised financial institutions.

Exchanges of Renminbi for foreign currency must be arranged through the People's Bank of China or other authorised financial institutions. Approval for exchanges at the People's Bank of China or other authorised financial institutions is granted to enterprises in the PRC for valid reasons such as purchase of imported materials and remittance of earnings. While conversion of Renminbi into foreign currencies can generally be effected at the People's Bank of China or other authorised financial institutions, there is no guarantee that it can be effected at all times.

The Group's liquidity risk management policy is to maintain sufficient liquid financial assets. In particular, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flow, including estimated interest payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (Cont'd)

		Contractual undiscounted cash flows			
	Carrying amount	Total	Less than 1 year	Between 2 and 5 years	Over 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group					
31 December 2016					
Trade and other payables (Note 17)	**822,539**	**822,539**	**822,539**	**–**	**–**
Borrowings (Note 16)	**4,808,781**	**5,578,895**	**2,128,431**	**2,484,532**	**965,932**
	5,631,320	**6,401,434**	**2,950,970**	**2,484,532**	**965,932**
31 December 2015					
Trade and other payables (Note 17)	896,758	896,758	896,758	–	–
Borrowings (Note 16)	5,085,650	6,267,942	2,043,073	3,008,458	1,216,411
	5,982,408	7,164,700	2,939,831	3,008,458	1,216,411
The Company					
31 December 2016					
Trade and other payables (Note 17)	**62,380**	**62,380**	**62,380**	**–**	**–**
Borrowings (Note 16)	**400,842**	**453,740**	**74,962**	**378,778**	**–**
Amounts due to subsidiaries (non-trade) (Note 9)	**786,139**	**786,139**	**786,139**	**–**	
Intra-group financial guarantee	**–**	**967,101**	**868,601**	**98,500**	**–**
	1,249,361	**2,269,360**	**1,792,082**	**477,278**	**–**
31 December 2015					
Trade and other payables (Note 17)	58,473	58,473	58,473	–	–
Borrowings (Note 16)	55,122	55,589	55,589	–	–
Amounts due to subsidiaries (non-trade) (Note 9)	749,008	749,008	749,008	–	–
Intra-group financial guarantee	–	844,580	4,600	839,980	–
	862,603	1,707,650	867,670	839,980	–

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices.

The Group and the Company are not exposed to any movement in price risk as it does not hold any quoted or marketable financial instruments.

Financial instruments by category

	The Group		The Company	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Financial asset at fair value through profit or loss:				
Unquoted investment in limited partnership (Note 6)	**620,000**	602,000	**-**	–
Financial assets measured at amortised cost:				
Trade and other receivables (Note 8)	**639,969**	554,587	**737**	752
Amounts owing by subsidiaries (non-trade)	**-**	–	**2,417,534**	2,201,757
Cash and cash equivalents (Note 10)	**676,315**	1,322,708	**12,109**	16,482
	1,936,284	2,479,295	**2,430,380**	2,218,991
Financial liabilities				
Financial liabilities measured at amortised cost:				
Amount owing to subsidiaries (non-trade)	**-**	–	**786,139**	749,008
Trade and other payables (Note 17)	**822,539**	896,758	**62,380**	58,473
Borrowings (Note 16)	**4,808,781**	5,085,650	**400,842**	55,122
	5,631,320	5,982,408	**1,249,361**	862,603

The Group ensures that there are adequate funds to meet all its obligations in a timely and cost effective manner.

27 FAIR VALUE MEASUREMENT

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of financial instruments

The carrying values of variable rate bank loans approximate their fair values.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, balances with related parties, cash and cash equivalents, trade and other payables, and borrowings) approximate their fair values because of the short period to maturity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27 FAIR VALUE MEASUREMENT (CONT'D)

Fair value measurement of non-financial assets

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and

Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of non-financial asset measured at fair value on a recurring basis as at 31 December 2016 and 31 December 2015:

The Group	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
2016				
Investment properties (Note 4)	**-**	**-**	**4,446,736**	**4,446,736**
Investment in unquoted limited partnership (Note 6)	**-**	**-**	**620,000**	**620,000**
	-	**-**	**5,066,736**	**5,066,736**
2015				
Investment properties (Note 4)	–	–	4,386,990	4,386,990
Investment in unquoted limited partnership (Note 6)	–	–	602,000	602,000
	–	–	4,988,990	4,988,990

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27 FAIR VALUE MEASUREMENT (CONT'D)

Fair value measurement of non-financial assets (cont'd)

The following table shows the Group's valuation technique used in measuring Level 3 fair values as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The Group **Investment properties** The valuation is based on direct comparison method and income approach in arriving at the fair value of the properties The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income method takes into consideration the estimated net rent at a capitalisation rate applicable to the nature and type of asset in question.	– Weighted average price per square meter: RMB 12,384 (2015 – RMB 15,430) – Expected average rental growth: not more than 10% (2015 – not more than 10%) – Discount rate: 7% (2015 – 7%) – Capitalisation rate: 7% (2015 – 7%)	The estimated fair value would increase/(decrease) if: – price per square meter was higher (lower); – expected average rental growth was higher (lower); – discount rate was lower (higher); – capitalisation rate was lower (higher).
Unquoted investment in limited partnership The valuation is based on residual method and comparison approach in arriving at the fair value of the investment which the underlying assets are mainly commercial properties. The residual method is based on assessment of the value of the project as if it is completed using a comparison approach and deducting total unexpended costs to arrive at the underlying fair value. Unexpended costs of development include construction costs, professional fees, developer's profit and allowance for interest expense. The comparison approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the properties.	Selling price per square meter – Phase 1 of the project with pre-sale of properties: RMB 34,500 to RMB 44,300 – Phase 1 of the project with unsold properties: RMB 34,500 to RMB 56,000 – Phase II of the project at initial stage of development: RMB 12,600 – Phase III of the project at initial stage of development: RMB 13,000	The estimated fair value would increase/(decrease) if selling price per square meter was higher/(lower)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27 FAIR VALUE MEASUREMENT (CONT'D)

Level 3 fair value measurements

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:

	Investment properties	
	2016	2015
The Group	**RMB'000**	RMB'000
At 1 January	**4,386,990**	4,263,465
Transfer from completed properties for sale (Note 7)	**49,673**	8,739
Properties sold	**(14,200)**	(124)
Fair value gain recognised in profit or loss (Note 19)	**24,273**	114,910
At 31 December	**4,446,736**	4,386,990

28 CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as a going concern;

(b) To support the Group's and the Company stability and growth;

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

The Group and the Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently does not adopt any formal dividend policy.

The Group and the Company monitors capital using Gearing Ratio, which is net debt divided by total equity attributable to owners of the Company. Net debt represents total borrowings less cash and bank balances.

There were no changes in the Group's and the Company's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

	The Group		**The Company**	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Total borrowings (Note 16) (A)	**4,808,781**	5,085,650	**400,842**	55,122
Cash and bank balances (Note 10) (B)	**676,315**	1,322,708	**12,109**	16,482
Net debt (C)=(A)-(B)	**4,132,466**	3,762,942	**388,733**	38,640
Equity attributable to owners of the Company (D)	**5,003,367**	5,025,805	**4,154,662**	4,185,514
Gearing ratio (times) (C)/(D)	**0.83**	0.75	**0.09**	0.01

SHAREHOLDERS' INFORMATION

AS AT 17 MARCH 2017

Issued and Fully Paid-up Capital	:	S$855,835,508.311
Number of Shares	:	2,557,040,024
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per share

The Company does not hold any Treasury Shares.

STATISTICS OF SHAREHOLDINGS AS AT 17 MARCH 2017

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	5	0.06	141	0.00
100 – 1,000	105	1.31	91,602	0.00
1,001 – 10,000	2,513	31.33	19,974,800	0.78
10,001 – 1,000,000	5,341	66.59	372,357,367	14.56
1,000,001 and above	57	0.71	2,164,616,114	84.66
	8,021	100.00	2,557,040,024	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2017

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Newest Luck Holdings Limited (1)	825,739,014	32.29%	–	–
Fang Ming (2)	94,735,548	3.70%	825,739,014	32.29%
Everbright Hero Limited (3)	381,000,000	14.90%	–	–
State Alpha Limited	205,000,000	8.02%	–	–
Everbright Hero Holdings Limited (4)	–	–	381,000,000	14.90%
Everbright Hero, L.P. (5)	–	–	381,000,000	14.90%
Everbright Hero LP Limited (6)	–	–	381,000,000	14.90%
Aerial Victory Limited (7)	–	–	381,000,000	14.90%
China Everbright Venture Capital Limited (8)	–	–	205,000,000	8.02%
China Everbright Limited (9)	–	–	586,000,000	22.92%

Notes:

(1) Newest Luck Holdings Limited has a total beneficial interest in 825,739,014 shares, of which 667,739,014 shares are held in the names of nominees.

(2) Mr. Fang Ming holds 100% of the issued share capital of Newest Luck Holdings Limited and is deemed interested in the shares of the Company held by Newest Luck Holdings Limited by virtue of his shareholdings in Newest Luck Holdings Limited.

(3) Total number of shares is held in the names of nominees.

(4) Everbright Hero Holdings Limited holds 100% of the shareholding in Everbright Hero Limited and is therefore deemed under the Securities and Futures Act to be interested in all the shares in the Company 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 under the Securities and Futures Act to be interested in all the shares in the Company 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 under the Securities and Futures Act to be interested in all the shares in the Company held by Everbright Hero Limited.

SHAREHOLDERS' INFORMATION

AS AT 17 MARCH 2017

(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 under the Securities and Futures Act to be interested in all the shares in the Company held by Everbright Hero Limited.

(8) China Everbright Venture Capital Limited is the sole Class A shareholder with, amongst others, the voting rights and power to appoint directors of State Alpha Limited and is therefore deemed under the Securities and Futures Act, Chapter 289 of Singapore to be interested in the shares in the Company held by State Alpha Limited.

(9) China Everbright Limited ("CEL") holds 100% of the shareholding in Aerial Victory Limited and China Everbright Venture Capital Limited. CEL is therefore deemed under the Securities and Futures Act to be interested in all the shares in the Company held by Aerial Victory Limited and China Everbright Venture Capital Limited.
CEL, a company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited ("SEHK"), operates in accordance with the Companies Ordinance, SEHK's Listing Rules and any other applicable laws and regulations.

China Everbright Group Ltd. ("CEG") is the single largest shareholder of CEL, indirectly holding 49.74% of CEL's shares.

Central Huijin Investment Ltd. ("Central Huijin"), a state-owned investment company incorporated in China in accordance with China's Company Law, holds 55.67% of the shares in CEG and is deemed to have an interest in the shares in which CEG has an interest. Central Huijin is mandated to exercise the rights and the obligations as an investor in major state-owned financial enterprises, on behalf of the State, and does not intervene in the day-to-day business operations of the firms, including CEG, in which it invests. China Investment Corporation ("CIC") holds the shares of Central Huijin in accordance with relevant directive issued by the State Council. The investment business of CIC and the share management function conducted on behalf of the State Council by Central Huijin are completely separated.

Accordingly, only CEL and its associates as defined under Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited ("SGX-ST Listing Rules"), are considered controlling shareholders of the Company and to be interested persons (in the event of any transactions) under the Securities Futures Act, the Fourth Schedule to the Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005 FR and the SGX-ST Listing Rules.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1	PHILLIP SECURITIES PTE LTD	691,529,114	27.04
2	DBS VICKERS SECURITIES (S) PTE LTD	611,122,200	23.90
3	CITIBANK NOMINEES SINGAPORE PTE LTD	179,426,128	7.02
4	NEWEST LUCK HOLDINGS LIMITED	158,000,000	6.18
5	DB NOMINEES (S) PTE LTD	98,088,600	3.84
6	RAFFLES NOMINEES (PTE) LTD	94,425,022	3.69
7	UOB KAY HIAN PTE LTD	65,491,200	2.56
8	DBS NOMINEES PTE LTD	39,917,809	1.56
9	OCBC SECURITIES PRIVATE LTD	28,090,841	1.10
10	LIM HONG CHING	25,208,000	0.99
11	MAYBANK KIM ENG SECURITIES PTE LTD	21,691,417	0.85
12	HSBC (SINGAPORE) NOMINEES PTE LTD	14,807,750	0.58
13	DBSN SERVICES PTE LTD	14,287,084	0.56
14	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	9,300,000	0.36
15	UNITED OVERSEAS BANK NOMINEES PTE LTD	8,266,500	0.32
16	PENG XIALIN	7,861,100	0.31
17	CHEONG CHOONG KONG	7,762,000	0.30
18	CIMB SECURITIES (SINGAPORE) PTE LTD	7,297,050	0.28
19	OCBC NOMINEES SINGAPORE PTE LTD	5,787,700	0.23
20	HL BANK NOMINEES (S) PTE LTD	5,073,100	0.20
		2,093,432,615	**81.87**

SHAREHOLDERS' INFORMATION

AS AT 17 MARCH 2017

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

41.07% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

PERPETUAL SUBORDINATED CONVERTIBLE CALLABLE SECURITIES

Principal Size of Perpetual Subordinated Convertible Securities ("Perpetual Convertible Securities):	S$185,000,000 in aggregate principal amount of Perpetual Convertible Securities comprising two tranches. Tranche 1 Perpetual Convertible Securities shall comprise S$165,000,000 in aggregate principal amount of Perpetual Convertible Securities and can be redeemed by the Company after the date of the fifth anniversary of the Issue Date (including the date of the fifth anniversary of the Issue Date)). Tranche 2 Perpetual Convertible Securities shall comprise S$20,000,000 in aggregate principal amount of Perpetual Convertible Securities and can be redeemed by the Company during the following periods: (i) between the second anniversary of the Issue Date (including the date of the second anniversary of the Issue Date) and the third anniversary of the Issue Date (but excluding the date of the third anniversary of the Issue Date); and (ii) after the date of the fifth anniversary of the Issue Date.
Holder of Perpetual Convertible Securities:	Everbright Hero Mauritius Limited, the nominee of Everbright Hero Holdings Limited
Issue Date:	17 October 2014
Voting Rights:	The Perpetual Convertible Securities do not confer any voting rights on its holder.
Maturity date :	No maturity date
Initial Conversion Price:	S$0.318 per Share but subject to adjustment in accordance with the Terms and Conditions of the Perpetual Convertible Securities, a summary of which is set out in the Appendix of the Company's Circular to Shareholders dated 18 August 2014
Conversion Shares:	Based on the initial Conversion Price and assuming there are no adjustments thereto, the number of Conversion Shares to be allotted and issued by the Company pursuant to the full conversion of the Perpetual Convertible Securities is 581,761,006. The Conversion Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of such Conversion Shares except for any dividends, rights, allotments or other distributions, the record date for which is prior to the date of the issue of the Conversion Shares.

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

NOTICE OF THE ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ying Li International Real Estate Limited (the "Company") will be held at Pan Pacific Orchard, 10 Claymore Road, Picasso Room, Singapore 229540 on Friday, 28 April 2017 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Article 106 of the Company's Constitution:

   Mr. Tan Sek Khee **(Resolution 2)**
   Mr. Pan Ying **(Resolution 3)**
   [See Explanatory Note (i)]

3. To note the retirement of Mr. Christopher Chong Meng Tak pursuant to Article 106 of the Company's Constitution at the conclusion of the Annual General Meeting.
   [See Explanatory Note (ii)]

4. To approve the payment of Directors' Fees of S$465,000 for the financial year ending 31 December 2017, payable half-yearly in arrears. (2016: S$465,000)
   [See Explanatory Note (iii)] **(Resolution 4)**

5. To re-appoint Messrs Foo Kon Tan LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

6. To receive and adopt the Directors' Report and the restated and re-audited Financial Statements of the Company for the financial year ended 31 December 2013 together with the Auditors' Report thereon.
   [See Explanatory Note (iv)] **(Resolution 6)**

7. To receive and adopt the Directors' Report and the restated and re-audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Auditors' Report thereon.
   [See Explanatory Note (iv)] **(Resolution 7)**

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

AS SPECIAL BUSINESS

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

9. **SHARE ISSUE MANDATE**

   THAT pursuant to Section 161 of the Companies Act, Chapter 50 (the "Companies Act") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

   I. (a) issue and allot shares (whether by way of rights, bonus or otherwise); and/or

NOTICE OF THE ANNUAL GENERAL MEETING

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

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

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

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

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

(i) new shares arising from the conversion or exercise of any convertible securities;

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

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

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

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

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

10. **AUTHORITY TO ISSUE AND ALLOT SHARES UNDER**

(a) **YING LI EMPLOYEE SHARE OPTION SCHEME**

THAT the Directors of the Company be and are hereby authorized to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the options under the Ying Li Employee Share Option Scheme (the "Option Scheme") provided always that the aggregate number of shares to be issued pursuant to the Scheme, when added to the number of shares issued and/or issuable under other share-based incentives schemes of the Company shall not exceed five per cent (5%) of the total number of issued shares (excluding treasury shares) from time to time.

[See Explanatory Note (vi)] **(Resolution 9a)**

NOTICE OF THE ANNUAL GENERAL MEETING

(b) **YING LI PERFORMANCE SHARE PLAN**

THAT the Directors of the Company be and are hereby authorized to offer, allot and issue or deliver from time to time such number of fully paid-up shares as may be required to be issued pursuant to the vesting of awards under the Ying Li Performance Share Plan (the "Share Plan") provided always that the aggregate number of shares to be issued pursuant to the Plan, when added to the number of shares issued and or issuable under other share-based incentives schemes of the Company, shall not exceed five per cent (5%) of the total number of issued shares (excluding treasury shares) from time to time.
[See Explanatory Note (vi)] **(Resolution 9b)**

11. **THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

THAT:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the issued share capital of the Company ("Shares") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchase(s), transacted on the SGX-ST through the ready market on the SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for such purpose (each an "On-Market Share Purchase"); and/or

(ii) off-market purchase(s) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act (each an "Off-Market Share Purchase"),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("Share Purchase Mandate");

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the "Relevant Period", which is the period commencing from the date of this Annual General Meeting of the Company, at which the renewal of the Share Purchase Mandate is approved, up to the earliest of:

(i) the date of the next Annual General Meeting of the Company or the date by which such Annual General Meeting of the Company is required by law to be held;

(ii) the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by ordinary resolution of the Company in a general meeting.

(c) in this Resolution:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five (5) Market Days, on which the Shares were transacted on the SGX-ST, immediately preceding the date of the On-Market Share Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five (5) day period;

NOTICE OF THE ANNUAL GENERAL MEETING

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the Share Purchase, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase;

"Prescribed Limit" means 10% of the total number of issued Shares (excluding any Shares which are held as treasury shares) ascertained as at the date of this Annual General Meeting of the Company at which the renewal of the Share Purchase Mandate is approved, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares that may be held by the Company from time to time);

"Market Day" means a day on which the SGX-ST is open for securities trading; and

"Maximum Price" means the purchase price (excluding related brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid by the Company for the Shares as determined by the Directors of the Company and must not exceed:

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Share Purchase, 110% of the Average Closing Price of the Shares,

in either case, excluding related expenses of such purchase or acquisition by the Company of its own Shares pursuant to the Share Purchase Mandate,

(d) the Directors of the Company or any of them be and are hereby authorised to deal with the Shares purchased or acquired by the Company pursuant to the Share Purchase Mandate in any manner as they think fit, which is permissible under the Companies Act; and

(e) the Directors of the Company or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (vii)] **(Resolution 10)**

By Order of the Board

Cai Mingyi
Company Secretary

Singapore, 13 April 2017

NOTICE OF THE ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr. Tan Sek Khee will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee, and will be considered independent.

Mr. Pan Ying will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, and will be considered non-independent.

(ii) Item 3 above is to note the retirement of Mr. Christopher Chong Meng Tak who does not wish to seek re-election pursuant to Article 106 of the Company's Constitution and he shall retire as the Lead Independent Director of the Company at the conclusion of this Annual General Meeting. Accordingly, he will step down as Chairman of the Audit and Nominating Committees.

(iii) The Ordinary Resolution 4 proposed in item 4 above, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred. The Directors' fees will be paid half-yearly in arrears. The aggregate amount of Directors' fees provided in the resolution is calculated on the assumption that all the Directors will hold office for the whole of the financial year ending 31 December 2017 ("FY2017").

Should any Director hold office for only part of FY2017 and not the whole of FY2017, the Director's fee payable to him will be appropriately pro-rated.

(iv) The Ordinary Resolutions 6 and 7 proposed in items 6 and 7 above, are to receive and adopt Directors' Reports and the restated and re-audited Financial Statements of the Company for the financial years ended 31 December 2013 and 31 December 2014 respectively. The restatements of the financial statements for the financial years ended 31 December 2013 and 31 December 2014 were prompted by the Accounting and Corporate Regulatory Authority's Financial Reporting Surveillance Programme.

(v) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company, effective until (i) the conclusion of the next Annual General Meeting of the Company; or (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares), of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

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

(a) new shares arising from the conversion or exercise of any convertible securities;

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

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

(vi) The Ordinary Resolutions 9a and 9b proposed in item 10 above, if passed, the aggregate number of shares to be issued under Ying Li Employee Share Option Scheme and Ying Li Share Performance Plan shall not exceed 5% of the total number of issued shares (excluding treasury shares) from time to time.

Ying Li International Real Estate Limited
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NOTICE OF THE ANNUAL GENERAL MEETING

(vii) The Ordinary Resolution 10 proposed in item 11 above, if passed, will empower the Directors of the Company, effective for the Relevant Period, to repurchase Shares by way of On-Market Share Purchases or Off-Market Share Purchases of up to the Prescribed Limit at the Maximum Price. The rationale for, the authority and limits on, the source of funds to be used for the purchase or acquisition including the financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the Company and the Group based on the audited financial statements of the Group for the financial year ended 31 December 2016 are set out in greater detail in Appendix 1 to the Circular dated 13 April 2017.

Notes:

1. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting (the "Meeting"). Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building Singapore 048544 not less than 48 hours before the time appointed for holding of the Meeting or adjourned meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that 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 the Republic of Singapore)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We*, ______________________________ (Name), NRIC/Passport number* ______________

of ____ (Address)

being a member/members* of **YING LI INTERNATIONAL REAL ESTATE LIMITED** (the "**Company**"), hereby appoint:

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

and/or*

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

or failing him/her the Chairman of the Annual General Meeting of the Company (the "**AGM**") as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM to be held at Pan Pacific Orchard, 10 Claymore Road, Picasso Room, Singapore 229540 on Friday, 28 April 2017 at 9.30 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the resolution to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	**Resolutions relating to:**	**For**	**Against**
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016		
2	Re-election of Mr. Tan Sek Khee as a Director		
3	Re-election of Mr. Pan Ying as a Director		
4	Approval of Directors' fees amounting to S$465,000 for the financial year ending 31 December 2017, to be paid half-yearly in arrears		
5	Re-appointment of Messrs Foo Kon Tan LLP as Auditors		
6	Directors' Report and the restated and re-audited Financial Statements for the financial year ended 31 December 2013		
7	Directors' Report and the restated and re-audited Financial Statements for the financial year ended 31 December 2014		
8	Share Issue Mandate		
9a	Authority to issue and allot shares under the Ying Li Employee Share Option Scheme		
9b	Authority to issue and allot shares under the Ying Li Performance Share Plan		
10	The Proposed Renewal of the Share Purchase Mandate		

* Delete as appropriate
** If you wish to exercise all your votes "For" or "Against", please indicate an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of ______________ 2017

Total Number of Shares held in:	
CDP Register	
Register of Members	

____
Signature(s) of member(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of shares held by you. If you have share entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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 of the Company, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building Singapore 048544 not less than 48 hours before the time appointed by holding the AGM.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50.

8. Under The Singapore Code on Take-overs and Mergers ("Take-over Code"), Mr. Fang Ming and Newest Luck Holdings Limited (the "Concert Party Group") are presumed to be parties acting in concert. In compliance with paragraph 3(a)(iii) of Appendix 2 of the Take-over Code, the Concert Party Group and parties acting in concert with them, if any, will abstain from voting at the AGM in relation to Resolution 10 relating to The Proposed Renewal of the Share Purchase Mandate.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies 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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that 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.

英利国际置业股份有限公司

YING LI INTERNATIONAL REAL ESTATE LIMITED

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