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YANLORD

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

RESPONSE TO QUESTIONS RECEIVED FROM SHAREHOLDERS

Yanlord Land Group Limited ("**Company**" and together with its subsidiaries, "**Group**" or "**Yanlord**") would like to thank shareholders of the Company ("**Shareholders**") for submitting their questions in advance of the Company's Annual General Meeting, which will be held at Park Avenue Convention Centre, 4 Changi Business Park Avenue 1, Singapore 486016 on Friday, 25 April 2025 at 2.00 p.m. ("**2025 AGM**").

The Company is pleased to provide its response to the questions received from Shareholders, as set out in Appendix 1. The Company has also made editorial amendments to some of the questions without changing the meaning of which and excluded the commentaries that merely set out the context of the questions raised.

Any further clarifications sought or follow-up questions related to the resolutions to be proposed at the 2025 AGM, if received subsequent to this announcement, may be addressed either before the 2025 AGM via another announcement to be released via SGXNET and published on the Company's website, or at the 2025 AGM.

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

17 April 2025

No.	Shareholders' Questions and Company's Response
1.	*<u>Outlook on the Property Market in the People's Republic of China ("**PRC**")</u>* *After declining sharply in the last few years, has the property market in the PRC stabilised?* The PRC's real estate sector has transitioned from nearly three decades of rapid growth, moving beyond a period characterised by high-leverage and high-turnover expansion strategies. The sector is now entering a new phase, with greater emphasis on asset quality and long-term sustainability. Residential developments are increasingly targeted at upgrader demand, while the valuation of investment properties is becoming more dependent on operational performance and management capabilities. A business model that balances market risks through diversified portfolios and promotes sustainable growth through recurring income is gradually becoming the industry norm. Yanlord will continue to closely monitor and stay prepared to response to the evolving market landscape across the various cities in which it operates.
2.	*<u>Assets in Singapore</u>* *What percentage of Yanlord's total assets is in Singapore?* Shareholders may refer to page 162 of the Company's Annual Report for the financial year ended 31 December 2024 ("**FY2024**") ("**Annual Report 2024**"), under sub-section 'Geographical information', in Note 32 of the Group's consolidated financial statements for FY2024 ("**Financial Statements 2024**"), for a breakdown of the Group's segment assets by geographical location.
3.	*<u>Gain on Disposal of Interest in The Seletar Mall Pte. Ltd. ("**Seletar Mall**")</u>* *What was the gain on disposal of Yanlord's interest in Seletar Mall?* The gain on the disposal of Yanlord's interest in Seletar Mall is approximately RMB84.6 million. This information is primarily reflected as 'Net gain on disposal of associates', in Note 26 of the Financial Statements 2024, under 'Other Operating Income and Other Gains' on page156 of the Annual Report 2024. Further information on the disposal can be found under 'Operations Review' on page 31 of the Annual Report 2024.
4.	*<u>Profitability of Development Projects and Tax Expenses</u>* *Despite incurring a loss before tax of RMB687 million, the Group recorded tax expenses of RMB3.76 billion, including Land Appreciation Tax (LAT) of RMB1.286 billion. This suggests that there were both profitable and non-profitable development projects. Could the management of the Group ("**Management**") please highlight the main profitable and non-profitable developments for FY2024?* The Group's revenue in FY2024 was primarily contributed by several profitable development projects, including Poetic Villa (荟雅华庭) in Shanghai, Yanlord Gardens (Phase 2) (仁恒滨江园，二期) in Haikou, Central Lake (星湖雅园) in Wuxi, Star Century (恒美雅苑) in Tianjin, Yanlord on the Park (仁恒公园世纪) in Shenyang, The Yangtze Garden (Phase 1) (仁恒滨江园，一期) in Wuhan, and Yanlord The Great Bay (Phase 1) (仁恒滨海湾花园，一期) in Zhuhai. Non profitable development projects for FY2024 are mainly located in Wuxi, Shenzhen, Yancheng, Yangzhou and Chengdu, the PRC.

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5.	<u>*Loss from 'Others' Segment in FY2024*</u> *In FY2024, the loss from 'Others' segment increased to RMB776 million. Could the Management help explain how non-capitalised finance costs and administrative expenses have escalated to this level?* The loss of approximately RMB776 million reported under 'Others' segment in FY2024 was primarily attributable to non-capitalised finance costs related to offshore bank borrowings, administrative expenses incurred by the Group's investment holding and financing entities in Singapore and Hong Kong SAR, as well as a net impairment loss of RMB609 million related to amounts due from a non-controlling shareholder of a subsidiary. Consistent with prior years, such costs cannot be capitalised under the relevant practices and policies, as they do not directly relate to the PRC qualifying property development projects. The increase in loss in 'Others' segment compared to the financial year ended 31 December 2023 ("**FY2023**") was mainly due to the recognition of the net impairment loss. Excluding this impairment, the non-capitalised finance costs and administrative expenses in FY2024 were lower year-on-year.
6.	<u>*Occupancy Rate of Investment Properties*</u> *The Group's investment properties recorded an average occupancy rate of 81%. This is not particularly high, considering the Group regards its investment properties as higher quality. Please comment on this.* The average occupancy rate of 81% for the Group's investment properties as of 31 December 2024 reflects a mix of both mature and newly operational properties within the portfolio. Despite the broader economic slowdown in the PRC, the Group's investment property portfolio continued to demonstrate resilient performance and steady growth in FY2024. Retail leasing performance was in line with Management's expectations, supported by improved occupancy rates and operational performance, particularly at Cangjie Commercial Plaza in Suzhou and Yanlord Reverie Plaza (including two office towers) in Shenzhen. These developments, with a total gross floor area ("**GFA**") of 256,715 square metres ("**sqm**"), contributed positively to the Group's overall commercial rental income. Cangjie Commercial Plaza in Suzhou, officially commenced operations in late 2023, has since made steady progress in leasing activities throughout year 2024, welcoming 79 new stores and bringing its occupancy rate to 80% as of 31 December 2024. Yanlord Reverie Plaza in Shenzhen, marked its second year of operations, continued to record strong performance with an occupancy rate exceeding 95% as of 31 December 2024. In 2024, the project was ranked first in the Longgang district with a top rating of 4.9 on Dianping and secured 8,085 sqm of new leases, including 18 (out of its 36 new tenants) regional first stores or top-rated dining tenants. The two office towers at Shenzhen Reverie Plaza, completed in late 2023, also achieved rapid leasing success, with nearly 60,000 sqm of its 100,000 sqm GFA secured. Meanwhile, Chengdu Yanlord Landmark was undergoing major tenant restructuring and asset enhancement works, whereas Yanlord Lane's community retail has maintained stable performance. It is typical for newly launched commercial and office developments to require a ramp-up period of 2 to 3 years to achieve stabilised occupancy and rental income, subject to prevailing market conditions.

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7.	<u>*Cost Rationalisation in Response to Reduced Operating Scale*</u> *The contracted pre-sales of RMB22.2 billion, which include joint ventures and associates, seem to reflect a reduction in the Group's operating scale given the lack of new projects. With a growing focus on investment properties—which are typically less labour-intensive—What are the Group's plans to rationalise costs in line with a potentially reduced level of operations?* The Group acknowledges that contracted pre-sales of RMB22.2 billion in FY2024 reflect a more measured operating scale, partly due to strategic decisions made aligned with the prevailing market conditions. In 2024, amid the ongoing nationwide real estate market downturn in the PRC, Yanlord also faced sales pressure across various regions. In response, Management implemented proactive measures, including accelerating sales and optimising cost efficiencies, to maintain financial stability and enhance financial resilience. In FY2024, the Group maintained its prudent financial position and did not acquire any new land to control capital expenditure under the transforming market outlook. The Group also proactively managed its capital structure by fully redeeming its maturing offshore senior notes on schedule and repaying syndicated loans during 2024. These initiatives reduced the Group's total offshore debt and financing costs while optimising its capital structure. As of 31 December 2024, compared to the end of FY2023, total borrowings decreased by 21.1% to RMB26.375 billion, while net debt reduced to RMB16.184 billion, improving the net gearing ratio to 41.3% and lowering borrowing costs by 33.1%. Interest paid reduced to RMB1.572 billion for FY2024 compared to RMB2.359 billion in FY2023. Operationally, Management implemented a comprehensive suite of cost-saving initiatives, including streamlining of internal operations and administrative functions, contributed to a 19.5% reduction in administrative expenses from RMB1.342 billion in FY2023 to RMB1.081 billion in FY2024, as disclosed in the consolidated statement of profit or loss on page 81 of the Annual Report 2024. Shareholders may refer to the 'Operations Review' on page 26 of the Annual Report 2024, under 'Property Development – Property Contracted Pre-sales', for further information.
8.	<u>*Debt Obligations*</u> *Is Yanlord able to meet all its debt obligations that are maturing this year?* Yanlord is confident to meet all its debt obligations that are maturing this year. As disclosed in the Directors' Statement on page 69 of the Annual Report 2024, the Directors are of the opinion that there are reasonable grounds to believe that the Company will be able to pay its debt when they fall.
9.	<u>*Net Impairment Losses on Financial Assets*</u> *With regards to the net impairment losses on financial assets amounting to RMB2.104 billion, as stated on page 13 of the Annual Report 2024, what are these financial assets?* The net impairment losses on financial assets amounting to RMB2.104 billion mainly relate to amounts due from associates, joint ventures and a non-controlling shareholder of a subsidiary, as well as other receivables and deposits. They largely pertain to payments made for land parcels intended for joint development, as well as operation and other related development costs associated with property development projects.

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10.	<u>*Impairment Loss and Financial Position of Development Partners*</u> *Please comment on the impairment of RMB609 million related to amounts due from non-controlling shareholders of a subsidiary, and whether the Group’s development partners are in a reasonably strong financial position.* Based on the Group’s assessment, the recoverability of the receivable from the non-controlling shareholder of the subsidiary is considered low, and accordingly, an allowance for impairment was recognised in FY2024. The outstanding receivables from the Group’s other development partners have been assessed to be recoverable.
11.	<u>*Impairment relating to Amounts Due from Associates and Joint Ventures*</u> *Please comment on the RMB1.3 billion impairment relating to amounts due from associates and joint ventures.* The impairment of approximately RMB1.3 billion relates to amounts due from associates and joint ventures arose from certain property development projects where the estimated net realisable value of the properties was lower than their carrying costs.
12.	<u>*Potential Impairments*</u> *Does Yanlord expect more write-downs or impairments in the year ahead?* Yanlord adopts a prudent and disciplined approach in assessing the carrying value of its properties. The Group conducts annual evaluations of the net realisable value and associated costs for each property, subject to the effect of assumptions in respect of development plans, timing of sale and prevailing market conditions; and Management performs cost studies for each project, taking into account the costs incurred to date, the development status and costs to complete each development project. Any future variation in plans, assumptions, or estimates may potentially impact the carrying amounts of the respective properties.
13.	<u>*Singapore Dollar-Denominated Loan from Related Party*</u> *There is a RMB717 million amount due to a related party, bearing interest at SORA + 1.5% per annum. This appears to be a Singapore dollar-denominated loan. Could the Management provide more information on this loan?* This loan was provided by a related party of the Group to a wholly-owned subsidiary for a five-year term, which may be drawn in a single advance or multiple advances, with any amounts prepaid or repaid re-drawable during the loan term. The loan is intended for the Group’s general corporate purposes.