英利国际置业
YING LI INTERNATIONAL
REAL ESTATE

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

RESPONSE TO SGX QUERIES ON 1ST QUARTER RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

The Board of Directors of Ying Li International Real Estate Limited (the "**Company**" and together with its subsidiaries, the **"Group"**) is pleased to set out its responses to the queries raised by the Singapore Exchange Securities Trading Limited (**"SGX"**) on 29 May 2017 in connection with the Company's First Quarter Financial Results for the period ended 31 March 2017 that was announced on 14 May 2017 (the "**Announcement**").

Query 1
In the Company's 1st Quarter Financial Statement for the financial period ended 31 March 2017, deposit for land tender amounted to RMB496 million as at 31 March 2017. Please elaborate the status of the material land tenders where such deposits were paid and when the land tender will be awarded.

Response
The Company is in the midst of working with the Chongqing Administration of Land, Resources and Housing (重庆市国土资源和房屋管理局) on the re-zoning of the land parcel from commercial to residential use, before it is put up for tender. The land tender process is expected to take place in 2018.

Query 2
Please provide a breakdown of the prepayments under "Other Receivables" in the Balance Sheet amounting to RMB176 million as at 31 March 2017 and elaborate on the nature of the contracts for these prepayments.

Response
The breakdown of the Prepayments amounting to RMB176 million as at 31 March 2017 is as follows:

	RMB'000	**Remarks**
Prepaid upfront fees on loan facilities	91,018	(i)
Prepaid Taxes	42,502	(ii)
Prepaid construction costs	42,177	(iii)
Total	**175,697**	

(i) The amount pertains to usual upfront fees charged by financial institutions to secure loan facilities. The upfront fees are paid in advance and are amortised over the remaining tenure of the loans. The weighted average tenure of the loans relating to these upfront fees as of 31 Mar 2017 was 9.0 years.

(ii) These amounts represent taxes that are prepaid to the tax authorities. The taxes will be recognized as an expense when the corresponding income relating to the tax prepaid have met the necessary recognition criteria and recognized as revenue in the profit or loss.

(iii) These amounts represent prepayments made to main contractor and equipment suppliers which have not met the necessary recognition criteria. It will be capitalized as part of project costs once the criteria are met.

Query 3

On page 9 of the Results, the Company disclosed that gross profit fell 13.8% due to lower contribution from the Sales of Properties segment arising from the mix of properties that were handed over. Please elaborate on the mix and type of properties that were handed over and why this led to 50% lower gross profit contribution from RMB17.4 million to RMB8.6 million in the Sale of Properties segment despite the increase in Revenue of 307% to RMB149.7 million in that segment.

Response

The properties that were handed over in 1QFY2017 mainly comprises bespoke developments at the Ying Li International Electrical and Hardware Centre and residential units at San Ya Wan Phase 2 project, whereas the properties handed over in 1QFY2016 were mainly the retail units at San Ya Wan Phase 2 project. For retail units, the average selling price is typically significantly higher than those of residential and bespoke properties, as thus its gross profit margin is also typically higher than those properties.

Query 4

Please provide details on the take-up rates of Lion City Garden, Ying Li International Hardware and Electrical Centre and Ying Li International Commercial Centre to-date.

Response

The take-up rates and/or status of Lion City Garden, Ying Li International Hardware and Electrical Centre and Ying Li International Commercial Centre were disclosed on Pages 17, 19 and 21 respectively in the Result Presentation slides that was released concurrently with the 1QFY2017 result announcement.

By Order of the Board
Ying Li International Real Estate Limited

Fang Ming
Executive Chairman and Group CEO
2 June 2017