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

RESPONSES TO QUERIES RAISED BY THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) REGARDING THE ANNUAL REPORT OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Board of Directors (the "**Board**") of Ying Li International Real Estate Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the queries raised by the Securities Investors Association (Singapore) (the "**SIAS**") regarding the annual report of the Company ("**AR 2022**") for the financial year ended 31 December 2022 ("**FY2022**") issued on 12 April 2023 and the Company's responses are as follows:

Query 1

"In 2022, the group's revenue predominantly came from rental income, which decreased by 15.3% to RMB165.2 million. This decline was due to the weakened rental market, influenced by COVID-19 measures and extreme weather conditions in Chongqing during FY2022. The group provided rental relief to aid tenants' business recovery and attract new occupants.

The group's main assets in Chongqing are:

- ***Future International which is located in Guanyinqiao CBD, the busiest shopping and entertainment district in Chongqing. The office space was sold and the retail mall is retained by the group and are on long-term lease agreements with three main master tenants.***
- ***Ying Li IFC (office)/IMIX Park JFB (mall) which is located in Jiefangbei, the tradition and core CBD area of Chongqing.***
- ***Ying Li International Plaza/IMIX Park Daping which is located in the Yuzhong District in Chong, a bustling residential cluster.***

Loss for the financial year was RMB(346.7) million in 2022.

(i) Could management provide insights into the situation in Chongqing since the lifting of COVID-related measures in December 2022? How significantly was the city impacted in 2022 while the zero-COVID policies were enforced?

(ii) How does the group plan to capitalise on the expected rebound? Is management tracking shopper traffic at its malls? If so, can management share the details?

(iii) In addition, please present detailed information on the assets (by property and floor space breakdown), occupancy rates, lease expirations, average rental rates, major tenants, etc., at the annual general meeting and in future annual reports.

(iv) Is the group still granting rental reliefs to tenants?"

Company's Response to Query 1

(i) Could management provide insights into the situation in Chongqing since the lifting of COVID-related measures in December 2022? How significantly was the city impacted in 2022 while the zero-COVID policies were enforced?

According to the Q1 2023 "Chongqing Commercial and Logistics Real Estate Market Report" issued by Jones Lang LaSalle, the leasing plans for office buildings and retail markets were delayed or even suspended due to the impact of the pandemic in 2022, and a large number of terminations of leases also led to historical high vacancy rates. From Q1 2023, the leasing transactions for office buildings and retail markets remain cautious, and a full recovery will likely be prolonged.

(ii) How does the group plan to capitalise on the expected rebound? Is management tracking shopper traffic at its malls? If so, can management share the details?

According to recent market reports and the Group's analysis and findings, there has been a rebound of the real estate market sentiment in China in the endemic phase, however, the market sentiment is not as strong as expected. The Group's management team will strive to achieve improved performance by continuing to closely monitor, track, and analyse footfall traffic and customers' preferences and proactively calibrating our business development strategies and the implementation of marketing and promotional activities to suit new market trends.

(iii) In addition, please present detailed information on the assets (by property and floor space breakdown), occupancy rates, lease expirations, average rental rates, major tenants, etc., at the annual general meeting and in future annual reports.

For details of the Group's property assets and portfolio, please refer to the information on pages 8 to 16 of the AR 2022, as well as the information disclosure on pages 128 to 130 of Note 16 of the financial statements in the AR 2022. In relation to commercially sensitive information about our property assets and portfolio that may affect our competitive position, it would not be appropriate for the Group to share such details publicly.

(iv) Is the group still granting rental reliefs to tenants?

In accordance with the relevant government regulations and policies as well as market conditions, the Group will review if such rental reliefs are necessary from time to time.

Query 2

"The group has an investment project in Beijing New Everbright Centre, located in Beijing Tongzhou. Phase 1 of the construction, which comprises four SOHO towers, has been completed. Phase 2 construction, which comprises two office towers and a retail podium, part of the retail podium under the Phase 2 construction is still undergoing some interior design works and is expected to be completed in 2024, one of the office towers has been sold and handover while the remaining office tower has been put up for sale to prospective buyers. Phase 3 construction, which consists of one premium office tower and the remaining part of the retail podium, was at the piling stage as of end December 2022.

The total sales and contracted pre-sales as at 31 December 2022 amounted to RMB8.48 billion.

(i) Can management clarify if the phase 3 construction is at the piling stage and progressing, or has it been halted to allow the project management team to review the development plan to better align with the additional policies initiated by the local authorities?

(ii) Can management help shareholders recall the selling price of the office tower in Phase 2 and confirm that the office tower has been handed over to the buyer? How is the management marketing the remaining office tower in Phase 2?

(iii) In addition, can management provide more information to shareholders on the price trends of the commercial/office market in Beijing Tongzhou?

(iv) What is the expected capital expenditure required to fully complete the project? How much of the total sales and contracted pre-sales have yet to be collected by the group?"

Company's Response to Query 2

The Board would like to refer to page 127 of the AR 2022. The management of the Group has assessed that the Group, as a limited partner in this project fund and based on the limited partnership agreement, has neither control nor significant influence over Shanghai Zhaoli Investment Centre (LLP) (the "**Investee**") as it does not have the power to participate in the financial and operating policy decisions of the Investee.

(i) Can management clarify if the phase 3 construction is at the piling stage and progressing, or has it been halted to allow the project management team to review the development plan to better align with the additional policies initiated by the local authorities?

The asset manager of the Investee (the "**Asset Manager**") has updated that the Beijing New Everbright Centre phase 3 is currently at the piling and foundation stage. As the capital investment in phase 3 is significantly high and considering the current uncertain market conditions, the Asset Manager does not intend to undertake further investment in this project for the time being after completing the relevant structural safety requirements under phase 3. Phase 3 of this project is planned to be sold in its current condition and the construction is expected to resume after the project has confirmed its buyer.

(ii) Can management help shareholders recall the selling price of the office tower in Phase 2 and confirm that the office tower has been handed over to the buyer? How is the management marketing the remaining office tower in Phase 2?

According to the Asset Manager, one of the office towers under phase 2 of the Beijing New Everbright Centre has been sold to the Postal Savings Bank of China (Beijing Branch) with a transacted price approximately about RMB 3.26 billion and the property was handed over to the buyer in June 2022. The remaining office towers under phase 2 is currently being marketed for tenancy and/or sale by third party agencies.

(iii) In addition, can management provide more information to shareholders on the price trends of the commercial/office market in Beijing Tongzhou?

According to the Asset Manager, the core district of Beijing Tongzhou is positioned as a pioneering and experimental showcase for China to build a world-class city with Chinese characteristics.

Serving as a strategic engine for the construction and development of modern townships, with high-end commerce services as the main highlight with creative development activities as the key driving force, Beijing Tongzhou aims to attract global MNCs, regional companies and high-end private enterprises, among others, to set up headquarter operations within the area.

In 2022, the trend of Beijing office market highlighted decreasing volume but stable prices, with a year-on-year decrease of about 36% in transaction volume and a year-on-year increase of 1% in transaction prices. The transaction volume was mainly concentrated in new emerging areas such as Tongzhou, Shijingshan, and Daxing districts of Beijing.

(iv) What is the expected capital expenditure required to fully complete the project? How much of the total sales and contracted pre-sales have yet to be collected by the group?

According to the Asset Manager, the total capital expenditure for the main construction works of phases 1 and 2 of the Beijing New Everbright Centre has reached approximately RMB 5.1 billion. As at 31 December 2022, the total contractual pre-sales for phases 1 and 2 of this project is approximately RMB 8.5 billion, of which RMB 300 million is receivable.

Query 3

"On 21 February 2023, the company announced that it had begun arbitration proceedings in Chongqing, China to recover monies from Hengda Real Estate Group (Chongqing) Company Limited.

This is for the fifth instalment of the aggregate consideration of RMB575.35 million with regard to the sale of a parcel of land and the transfer of the entire issued and paid-up share capital of Shiny Profit Enterprises Limited.

It was further disclosed that Arbitration Proceedings were formally accepted in January 2023 when the Claimants received the arbitration case acceptance notice from the China Chongqing Arbitration Commission.

As at 31 December 2022, the net outstanding receivables from Hengda Chongqing included in non-trade receivables amounting to RMB262,710,000 (Note 13), calculated based on the gross outstanding balance of RMB575,350,000 net of loss allowance of RMB312,640,000 recognised in previous years.

(i) Were there any reasons for the delay in the company's announcement concerning the arbitration proceedings, which was only made on February 21, 2023?

(ii) What was the working relationship, if any, with Hengda Chongqing prior to the commencement of arbitration?

(iii) Is management still in communication with Hengda Chongqing to resolve the matter expediently?

(iv) Is management aware of the financial status of Hengda Chongqing investments? If so, please provide shareholders with an update based on management's understanding and public information, especially if Hengda Chongqing is identified as being in distress.

(v) What is the level of involvement by the independent directors in this matter to ensure that shareholders' interests are safeguarded?"

Company's Response to Query 3

(i) Were there any reasons for the delay in the company's announcement concerning the arbitration proceedings, which was only made on February 21, 2023?

Please refer to the announcement released by the Company on 21 February 2023 relating to the Arbitration Proceedings against Shengyu (BVI) Limited, Hengda Real Estate Group (Chongqing) Company Limited (恒大地产集团重庆有限公司) ("Hengda Chongqing"), Chongqing Zhengyang Investment Co., Ltd. (重庆正杨投资有限责任公司), and Chongqing Yingli Shiny Profit Real Estate Co., Ltd. (重庆英利辉利有限公司), (collectively, the "**Defendants**").

The arbitration process was formally accepted in January 2023, and since then, the Chongqing Arbitration Commission of China has been arranging to serve the Defendants with the relevant legal notices. According to the arbitration rules, it is only required to serve the Defendants in a timely manner and there is no specified time limit for service. With an aim to prevent the dissipation of the assets by the Defendants, the Group undertook measures to maintain confidentiality before serving the relevant legal notices to the Defendants in order to avoid raising suspicion that may affect the preservation of the Defendant's assets. At the same time, it provided an opportunity for the Company to investigate the Defendants' assets during this period. After separately serving the Defendants with the relevant legal notices in February 2023, the Company then announced the arbitration proceedings on 21 February 2023 in a timely manner.

(ii) What was the working relationship, if any, with Hengda Chongqing prior to the commencement of arbitration?

Prior to the commencement of the arbitration proceedings, the Group had several discussions and negotiations with the Defendants regarding the fulfillment of the "conditional sale and purchase agreement" and the related payments due to the Group.

(iii) Is management still in communication with Hengda Chongqing to resolve the matter expediently?

The Group has been in communication with the Defendants in order to resolve the dispute expediently, currently, there are no material developments that warrant an announcement.

(iv) Is management aware of the financial status of Hengda Chongqing investments? If so, please provide shareholders with an update based on management's understanding and public information, especially if Hengda Chongqing is identified as being in distress.

The Group only has access to publicly available information on the financial details of the Defendants, hence without full access to their financial details, the Group cannot ascertain the financial status of the Defendants.

(v) What is the level of involvement by the independent directors in this matter to ensure that shareholders' interests are safeguarded?"

The Company has been reporting key updates regarding the arbitration proceedings to the Board of Directors, including independent directors. Independent directors have also participated in the discussion and approval process of initiating the arbitration proceedings against the Defendants.

By Order of the Board
Ying Li International Real Estate Limited

Yang Haishan
Non-Executive and Non-Independent Director
26 April 2023