



YING LI INTERNATIONAL REAL ESTATE LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199106356W)

RESPONSES TO QUERIES REGARDING THE ANNOUNCEMENT OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR PERIOD ENDED 30 JUNE 2020

The Board of Directors (the “**Board**”) of Ying Li International Real Estate (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 20 August 2020 regarding the Company’s announcement of its financial statements for the half year period ended 30 June 2020 (“**1H2020**”) and the Company’s responses are as follows:

Question 1:

“On page 2 of the Company’s 1H2020 financial statement for half year ended 30 June 2020, the Company disclosed Investment properties amounting to RMB 4,159million as at 30 June 2020. Please clarify if the Company has assessed the value of its investment properties for the financial period ended 30 June 2020, and its basis of assessment. Please explain how the Board has addressed its mind to the carrying value of its properties and decided if any material change is required, in view of the current Covid-19 situation.”

Company’s response to Question 1:

The Company typically conducts property valuations on its investment properties annually in the month of December. Based on the independent valuation report as at 31 December 2019 by an independent valuer, Colliers International (Hong Kong) Limited, the Company has assessed the value of its investment properties, located in Chongqing municipality of the People’s Republic of China (“**PRC**”), for 1H2020, taking into account the following key factors during such six-month period:

- (i) the economic value of the entire useful lifespan of the investment properties;
- (ii) the resiliency of rental income after the resumption of business activities of such investment properties in the months of May and June of 2020 following the easing of certain restrictions imposed by the PRC authorities in response to the COVID-19 pandemic; and
- (iii) the economic recovery in the PRC.

Given the abovementioned factors, the Board assessed the impact of the COVID-19 pandemic on the value of the investment properties and was of the view that as the full impact is currently uncertain, it is premature to make a reliable pre-assessment of any material impact on the carrying value of the Group’s investment properties at this stage.

As such, the Board will continue to monitor the situation of the evolving COVID-19 pandemic closely and the Company will be engaging an independent valuer to perform a full valuation of its investment properties as at 31 December 2020.

Question 2:

“On page 3 of the Company’s 1H2020 financial statement, the Company disclosed Prepayments amounting to RMB152 million as at 30 June 2020. Please provide a breakdown of the significant prepayments and elaborate on the nature of the underlying transactions.”

Company’s response to Question 2:

The breakdown of the prepayments amounting to RMB152 million and the nature of the underlying transactions are as follows:

- (i) RMB87 million comprising mainly prepaid income tax and land appreciation tax related to development properties;
- (ii) RMB59 million of upfront and arrangement fees paid to local banks in relation to bank borrowings; and
- (iii) RMB6 million comprising mainly advance payments made to sub-contractors and vendors.

Question 3:

“On page 9 of the Company’s 1H2020 financial statement, the Company disclosed “Revenue for 1H2020 declined by 64.0% Y-o-Y, or RMB137.9 million to RMB77.6 million (1H2019: RMB215.5 million), mainly due to the impact of coronavirus disease 2019 (“COVID-19”)”. Noting that revenue for sale of properties declined 91.5% to RMB9.3 million, please elaborate on the effects of Covid-19 on the Company’s revenue generated from the sale of properties.”

Company’s response to Question 3:

With the outbreak of the COVID-19 pandemic, the PRC authorities have responded swiftly with containment and precautionary measures in the PRC, significantly affecting market sentiment in the real estate industry during the first quarter ended 31 March 2020 (“1Q2020”). While there were no new real estate projects launched by the Company in 1H2020, in 1Q2020, the local government in Chongqing imposed a lock-down of the city which has kept potential buyers away from the Company’s showrooms during 1Q2020 and as a result, the Company’s showrooms were closed until early April 2020.

The COVID-19 pandemic has created unprecedented challenges and uncertainties in the global economy and against the backdrop of weakening economic prospects, potential real estate investors in the PRC will most likely adopt a prudent and cautious approach and conserve their financial resources on investment decisions, which may in turn affect the Company’s revenue generated from the sale of properties.

Question 4:

“On page 10 of the Company’s 1H2020 financial statement, the Company disclosed Exchange losses amounting to RMB 16.8million. Please provide details of the RMB16.8 million of exchange losses and the factors and the underlying items that caused the losses.”

Company’s response to Question 4:

The unrealised exchange losses amounting to RMB16.8 million arose mainly from the revaluation of foreign currency liabilities due to the weakening of the Singapore Dollar (SGD) against the Renminbi (RMB) and the United States Dollar (USD).

By Order of the Board
Ying Li International Real Estate Limited

Hu Bing
Executive Director and Group Chief Executive Officer
24 August 2020