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 FULL YEAR FINANCIAL RESULTS FOR FY2015

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 response to the query raised by the Singapore Exchange Securities Trading Limited ("**SGX**") on 18 March 2016 regarding the Company's Full Year Financial Results for FY2015 ("FY2015") announced on 29 February 2016.

Query 1

Please provide a reconciliation of the Finance costs of RMB 102.296 million which is an increase of 47.2% from the previous financial year, noting from the statement of cash flows that Interest paid in FY2015 has dropped from RMB 199.591 million in FY2014 to RMB 109.146 million.

Response

Finance costs = Interest due and paid in FY2015 + Interest due and accrued in FY2015 – Interest capitalized

Interest paid = Interest due and paid in FY2015 + Interest due, accrued in FY2014 but paid in FY2015 – Interest reclassified

Interest Capitalized

SFRS 23 only allows borrowing costs that are directly attributable to qualifying assets to be capitalized. Borrowing costs that do not meet this criteria shall be recognized as Finance costs and expensed. You will note that every year, older loans are retired and new loan are drawn down. However, the new loans may be drawn down for different purposes, thus the amount that can be capitalized does fluctuate, and in some years fluctuate significantly, from one year to another. On the other hand, the definition of Interest paid differs from that of Finance costs. As a consequence, depending on the amount capitalized, on the amount of interest reclassified and timing, a rise in interest costs need not result in a rise in interest paid.

Interest reclassified

Our FY2015 announcement is unaudited. Accordingly, we compared the FY2015 unaudited accounts with those of FY2014. The FY2014 unaudited accounts held that interest paid was 199,591 (RMB '000). However, you will note that subsequent to that announcement the auditors requested and we agreed to reclassify, RMB126.16 million from Interest paid to Increase in Development Properties. If we had shown the adjusted audited number in our unaudited FY2014 comparative results, the Interest paid in FY2015 would have also risen by 48.3% from RMB 73.591 million (being RMB 199.591 million – RMB 126.16 million) to RMB 109.146 million. This rise will be reflected in the audited accounts in the FY2015 Annual Report.

Query 2

Please provide more details on the progress of the construction and sales of the Company's projects and take-up rates under Paragraph 10 of the Announcement.

Response

All the constructions and sale updates on the development projects had already been provided, with photographs in the results presentation slides, which was released concurrently with the 4QFY15 result announcement.

By order of the Board
Ying Li International Real Estate Limited

Fang Ming
Executive Chairman and Group CEO
27 March 2016