

China
Property Development

Ying Li International Real Estate
(YINGLI SP)

May 27, 2016

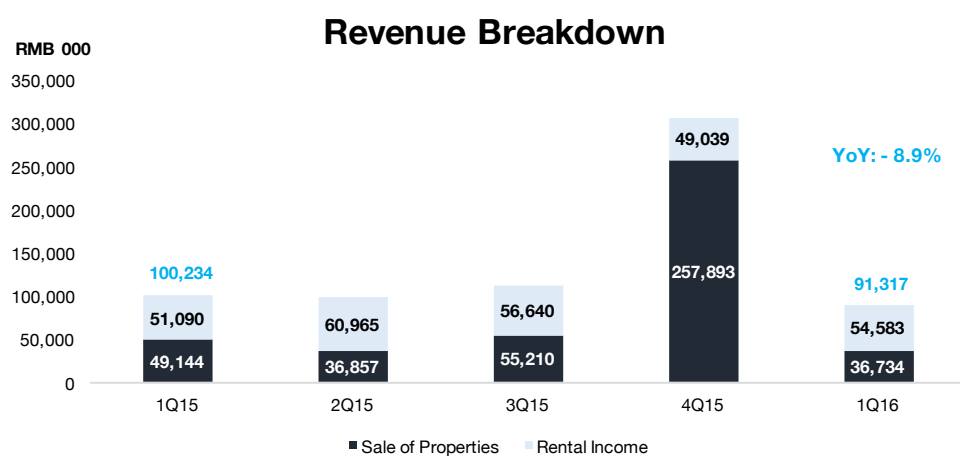
1Q16 Posts Lower Revenue but Higher Gross Profits; San Ya Wan 2A Handovers Continue

Ying Li reported 1Q16 revenues of RMB 91.3mn, 8.9% lower year-on-year. The decrease is attributed to the Sale of Properties segment as its revenue fell to RMB 36.7mn due to a lower amount of San Ya Wan's Phase 2A handovers occurring in the quarter. On the other hand, revenue from the Rental Income segment increased to RMB 54.6mn as occupancy rates at IMIX Daping and IMIX Jiefangbei improved.

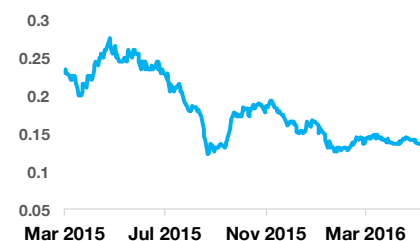
Market Cap (s\$)	352.9m
Trailing P/E	11.8x
P/B	0.34x
Price (s\$)	0.14
Avg. Volume (3m)	8.78m

*As of 19/05/2016

Ying Li's 1Q16 Revenues Went Down 8.9% YoY due to Lower Sale of Properties



Ying Li 1-Year Stock Chart

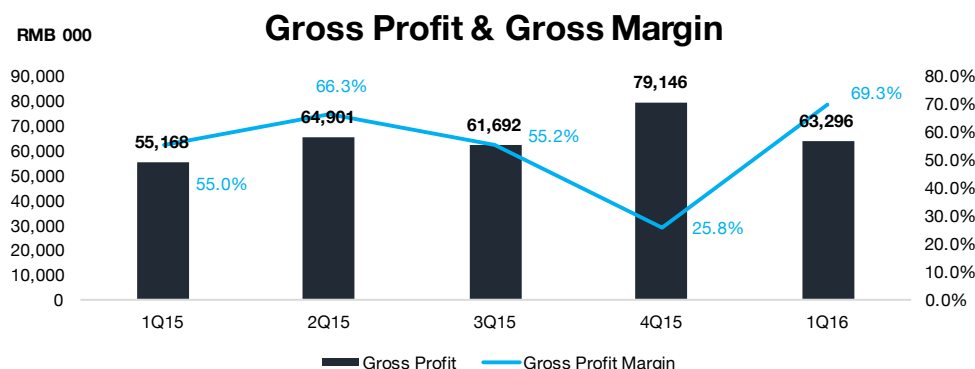


<http://insyte.asia>

Source: Company Filings, Insyte

Despite the decrease in revenue, 1Q16's gross profit still grew 14.7% YoY to RMB 63.3mn due to higher margin handovers from retail units at San Ya Wan Phase 2A. This is in contrast with 1Q15's handovers which were mostly comprised of office units from Ying Li International Plaza. Ying Li's quarterly SG&A expenses also went down by RMB 17.1mn as the firm decreased promotional activities, reduced salary bonuses, and incurred less upfront fees to financial institutions. Final net income for quarter, excluding one-time FX losses, came in at RMB 18.9mn.

1Q16 Gross Profit 14.7% Higher YoY with Gross Profit Margin Reaching 69.3%

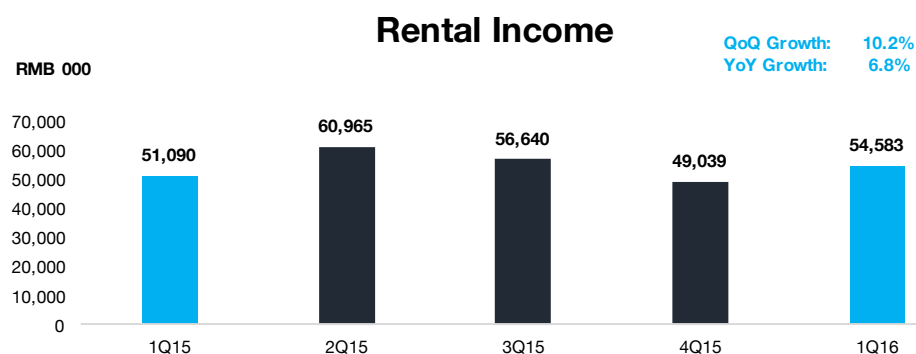


Source: Company Filings, Insyte

1Q16 Rental Income posted both QoQ and YoY growth as IMIX Daping and IMIX Jiefangbei continued asset enhancement initiatives with help from Everbright China. Ying Li's 1Q16 rental income was RMB 54.6mn – a 10.2% increase from 4Q15's RMB 49.0mn and a 6.8% increase from 1Q15's RMB 51.1mn. As of March 2016, Ying Li's blended office occupancy stood at 69.8% with their retail occupancy standing at 86.1%.

According to management, the shift towards a more family-centric mall will allow them to capitalize on Chongqing's rapidly growing middle class, and will also aid the mall in becoming more resilient during the current economic slowdown. In line with this, the firm has started replacing some of their old tenants as they build up more entertainment zones such as their new "Snow World" indoor theme park. We expect rental incomes and occupancy levels to stabilize and then rise once this transitory period completes.

1Q16 Rental Income 6.8% Higher YoY; 10.2% Higher QoQ



Source: Company Filings, Insyte

1Q16 not representative of business trajectory due to lumpy revenue recognition method; expect rising revenue recognition in coming years.

Importantly, the company's revenue recognition is expected to rise substantially going forward as project handovers commence in 2016, and then continue in 2017 as shown by our estimated handover timeline below.

Revenue Recognition Should Rise in 2016 & 2017 As Handovers Commence

	1Q16	2Q16	3Q16	4Q16	2017
Future Beijing Phase 1 (SOHO Block)	Presale	Presale	Presale	Presale	Handover
San Ya Wan Phase 2A	Handover	Handover	Handover	Handover	-
San Ya Wan Phase 2B	Presale	Handover	Handover	Handover	-
San Ya Wan Phase 2C	Presale	Presale	Presale	Handover	Handover
San Ya Wan Phase 2D	-	-	-	Presale	Handover
IEC Phase 1A	Presale	Presale	Presale	Handover	Handover
IEC Phase 1B*	-	-	-	-	Presale
IEC Phase 2	-	-	-	Presale	Handover
IEC Phase 3*	-	-	-	-	Presale
ICC Phase 1	-	Presale	Presale	Presale	Handover
ICC Phase 2*	-	-	-	-	Presale

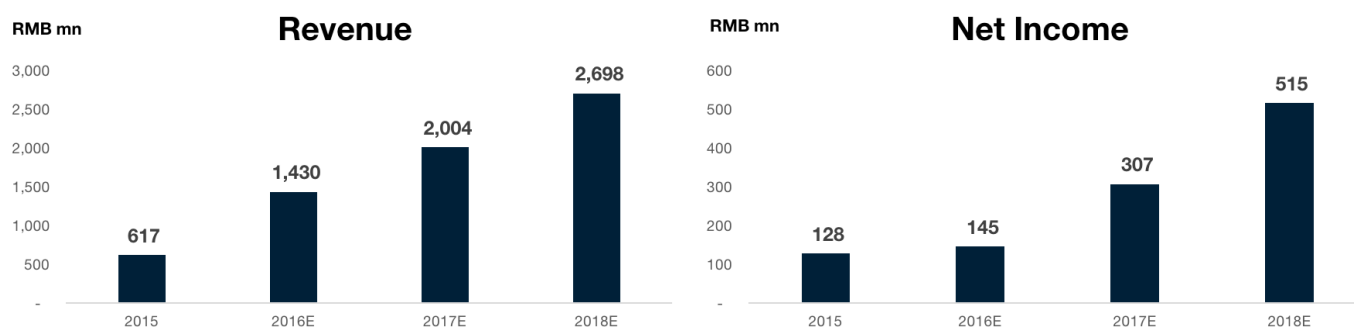
*Tentative presale targets

Source: Insyte Estimates

Should handovers progress as per the timetable above then both revenue and net income will rise substantially through 2017. Assuming the above timetable for handovers, as well as a 30% blended gross margin for the company, then revenue has the potential to rise by more than 324% from 2015 to 2017. Net income has the potential to rise by more than 240% from 2015 to 2017. This scenario is shown in the charts below.

Hence Ying Li's recently reported numbers are not fully reflective of the project portfolio underway given the required accounting treatment Ying Li must use for booking income from these projects.

Revenue & NPAT Should Rise Substantially as Projects Handover



Source: Insyte Estimates

Ying Li International Financials 1Q16

RESULTS SUMMARY (RMB mn)	1Q15	2Q15	3Q15	4Q15	1Q16	YoY	2015	1Q16 as % of 2015
Total Revenue	100.2	97.8	111.9	306.9	91.3	-9%	616.8	15%
COGS	(45.1)	(32.9)	(50.2)	(227.8)	(28.0)	-38%	(355.9)	8%
Gross Profit (overall)	55.2	64.9	61.7	79.1	63.3	15%	260.9	24%
SG&A	(47.4)	(30.8)	(45.0)	(69.1)	(30.4)	-36%	(192.3)	16%
Other Operating Income (Expense)	14.9	6.3	16.2	175.7	13.9	-7%	213.0	7%
EBIT	22.7	40.3	32.9	185.7	46.8	107%	281.6	17%
Depreciation & Amortization (Add back)	1.2	0.8	1.8	4.4	1.9	60%	8.2	23%
EBITDA	23.7	41.3	33.9	190.2	48.69	106%	289.1	17%
Interest Expense	(22.0)	(27.8)	(29.6)	(22.9)	(21.5)	-2%	(102.3)	
Interest Income	0.0	0.0	0.0	0.0	0.0	NA	0.0	
Net Financial Income (Expense)	(22.0)	(27.8)	(29.6)	(22.9)	(21.5)	-2%	(102.3)	21%
Foreign Exchange Gains (Loss)	0.0	0.0	0.0	0.0	0.0	NA	0.0	NA
Other Non-Operating Income (Expense)	0.0	0.0	0.0	0.0	0.0	NA	0.0	NA
Earnings From Associates	0.0	0.0	0.0	0.0	0.0	NA	0.0	NA
Profit Before Income Tax & Extraordinary Items	0.6	12.5	3.3	162.9	25.3	3889%	179.3	14%
Income Tax	(1.6)	(4.0)	(0.9)	(42.8)	(6.3)	287%	(49.2)	13%
Post-Tax Extraordinary Items & One Offs	2.0	2.5	7.4	(5.4)	(20.1)	-1126%	6.5	-309%
Net Profit	0.9	11.0	9.8	114.8	(1.1)	-220%	136.6	-1%
Minority Interest	0.6	0.3	0.5	(3.8)	(2.1)	NA	(2.4)	NA
Net Profit Available to Shareholders	1.5	11.4	10.3	111.0	(3.3)	-318%	134.2	-2%
Net Income Ex-Extraordinary Available to Shareholders	(0.5)	8.9	2.9	116.3	16.8	-3791%	127.7	13%
Average Shares Outstanding	2,557	2,557	2,557	2,557	2,557	0%	2,557	
Average Shares Outstanding, Fully Diluted	2,620	3,201	3,201	3,151	2,557	-2%	3,151	
EPS - Weighted Average (Adjusted for Splits)	(0.0020)	0.0033	0.0009	0.0434	(0.0013)	NA	0.0457	-3%
EPS - Fully Diluted & Weighted Average (Adjusted for Splits)	(0.0020)	0.0027	(0.0000)	0.0352	(0.0013)	NA	0.0359	-4%
MARGINS SUMMARY	1Q15	2Q15	3Q15	4Q15	1Q16			
Gross Margin	55%	66%	55%	26%	69%			
EBIT Margin	23%	41%	29%	61%	51%			
EBITDA Margin	24%	42%	30%	62%	53%			
Net Profit Margin	1%	12%	9%	36%	-4%			
BALANCE SHEET HIGHLIGHTS				4Q15	1Q16			
Cash & Marketable Securities				1,322.7	1,062.4			
Short Term Debt				2,822.4	2,458.2			
Long Term Debt				2,263.2	2,277.8			
Net Cash (Debt) Position				(3,763.0)	(3,673.6)			

Source: Company Filings, Insyte

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