

Overweight

Current Price	S\$0.138
Fair Value	S\$0.415
Up / (downside)	201.8%

Stock Statistics

Market cap	S\$352.9m
52-low	S\$0.138
52-high	S\$0.260
Avg daily vol	5,738,091
No of share	2557.0m
Free float	40.26%

Key Indicators

ROE 16F	9.3%
ROA 16F	4.4%
P/BK	0.33
Net gearing	0.73x

Major Shareholders

Fang Ming	32.3%
China Everbright	14.9%
Zana Capital	8.8%

Historical Chart



Source: Bloomberg

Liu Jinshu

(+65) 6236-6887
jinshu.liu@nrcapital.com
www.nrcapital.com

Customer Advances Indicate Higher Growth in 2016

- **High-average return/low-average risk.** Ying Li International Real Estate Ltd's customer advances from pre-sale activities (hidden in the balance sheet) rose by 227% during 1Q16 to RMB446.3m as of 31 March, suggesting that 1Q16 revenue of RMB91.3m is not reflective of full year performance. Our revised model values Ying Li at S\$0.415 per share. However, we classify Ying Li as "high-average" return, as opposed to "high" return. A near term upside catalyst is the handover of a large project in 2016 – we forecast 2016 revenue of RMB1.4 billion and PATMI of RMB164.5m. However, full value discovery in its share price will likely depend on other catalysts that will take time to achieve, such as higher yield over its investment properties and the recovery of capital from the sale of properties.
- **However, low downside makes for worthwhile investment.** The impending catalyst arising from the handover of units at the Ying Li International Hardware and Electrical Centre, coupled with strong demand at 15.1% owned Beijing Tongzhou, will likely limit share price downside in the near term. Moreover, Ying Li has turned cash flow positive, with net operating cash flow of RMB109.8m, following the buyer advances in 1Q16. On balance, the worst would appear to be almost over for Ying Li whose PATMI fell by 48.6% in 2015 after the completion of a large project in 2014.
- **Improved market conditions to help sales process.** Residential property prices in Chongqing have risen by 2.2% over January-April 2016, implying steady demand for existing project San Ya Wan Phase 2. Sub-Phase A has been substantially handed over, while Sub-Phase B has been 73.8% pre-sold, leaving sub-phases C and D to be sold over the next one year, thus progressively freeing up Ying Li's capital.
- **Risks mainly from external factors.** We are mindful of weakness in Chongqing's office and retail property sectors. However, we can expect rental rates to approach that of other top cities in the PRC in the long run, with sustained investments into Chongqing. Currently, Chongqing's Grade A office rental rates are about 39% of Shenzhen's and 26% of Beijing's. In the near term, Ying Li is repositioning its retail malls to improve their appeal to target consumers, to raise rental income.
- **Near term visibility justifies low-average risk classification.** Lately, concerns have risen over excessive debt in China. If China's economy were to slow down sharply, Ying Li being in the real estate sector will likely be affected; albeit mitigated by its quality projects and low share price. Fortunately, funding risk is low, as Ying Li has just issued US\$50m (RMB328m) of bonds. We considered an average risk classification due to the low share price. However, the forward visibility provided by existing pre-sales is comforting, leading us to decide on a low-average risk classification.

Key Financial Data (RMB m, FYE Dec)	2014	2015	2016F	2017F	2018F
Sales	1,030.5	616.8	1,396.2	2,048.5	2,968.3
Gross Profit	478.0	260.9	449.6	672.7	933.0
Net Profit	254.9	131.0	164.5	505.6	649.4
EPS (RMB, cents)	11.2	5.1	6.4	19.8	22.7
EPS growth (%)	17.6	(54.1)	25.5	207.4	14.9
PER (x)	5.9	12.8	10.2	3.3	2.9
NTA/share (RMB, cents)	195.6	196.5	202.6	222.1	199.9
DPS (RMB, cents)	0.0	0.0	0.0	0.0	0.0
Div Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, NRA Capital forecasts

Ying Li International Real Estate Ltd

Results Comparison

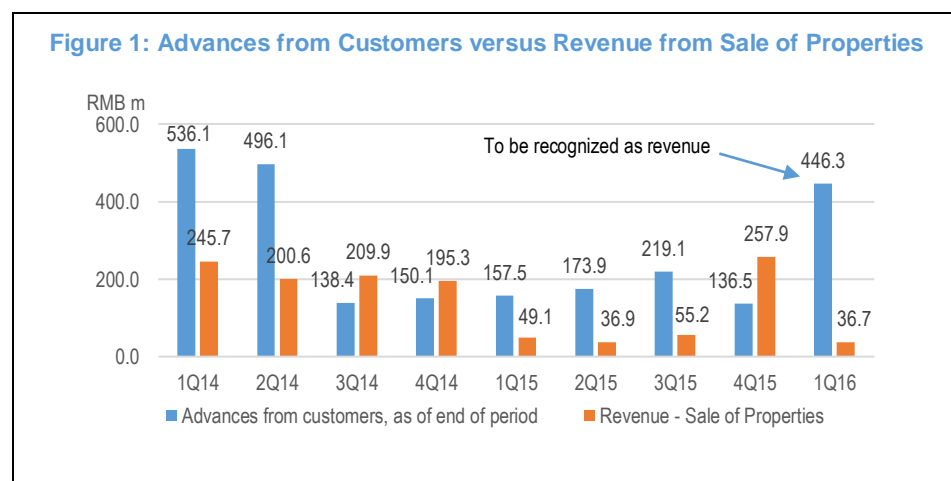
FYE Dec (RMB m)	1Q16	1Q15	yoy %	4Q15	qoq %	
			Chg		chg	Comments
Revenue	91.32	100.23	-8.9	306.93	-70.2	Pending handover of pre-sold units at SYWP2 ("Lion City Garden")
Operating costs	-55.48	-90.91	-39.0	-292.76	-81.1	
EBITDA	35.84	9.32	284.5	14.17	152.9	Due to handover of higher margin retail units at SYWP2
EBITDA margin (%)	39.2	9.3		4.6		
Deprn & amort.	-1.96	-1.29	51.9	-4.578	-57.1	
EBIT	33.88	8.03	322.0	9.59	253.1	
Interest expense	-21.54	-22.02	-2.2	-22.86	-5.8	
Interest & invt inc	12.92	14.63	-11.7	176.15	-92.7	4Q15 investment income included fair value gains
Pretax profit	25.25	0.63	NM	162.88	-84.5	
Tax	-6.34	-1.64	286.8	-42.75	-85.2	
Tax rate (%)	-25.1	-258.8		-26.2		
Minority interests	-2.12	0.55	-486.2	-3.82	-44.3	
Net profit	16.79	-0.46	NM	116.32	-85.6	

Source: NRA Capital, Company

1Q16 results distorted by timing difference. Ying Li's revenue fell by 8.9% year-on-year in 1Q16. However, the company still reported a net profit of RMB18.9m for the quarter due to higher gross margin. Revenue was recorded on the handover of first floor retail units at San Ya Wan Phase 2 (SYWP2, also known as Lion City Garden). Retail units typically have higher gross margin. The lower revenue between 4Q15 and 1Q16 was due to timing difference in the handover units between SYWP2A and SYWP2B.

More importantly, strong pre-sales were not reflected in revenue! Revenue from the sale of properties amounted to only RMB36.7m in 1Q16. However, advances from customers (classified as trades and other payables and disclosed on page 3 of the financial statement announcement) ballooned by 227% or RMB309.9m from RMB136.5m as of 31 December 2015 to RMB446.3m as of 31 March 2016.

The advances of RMB446.3m are actually payments received from buyers prior to handover/revenue recognition. The last time Ying Li had such high advances was during the handover of units at the Ying Li International Plaza. Back then, Ying Li had RMB673.6m of advances as of 31 December 2013 and went on to recognize RMB851.5m of revenue from the sale of properties during 2014.

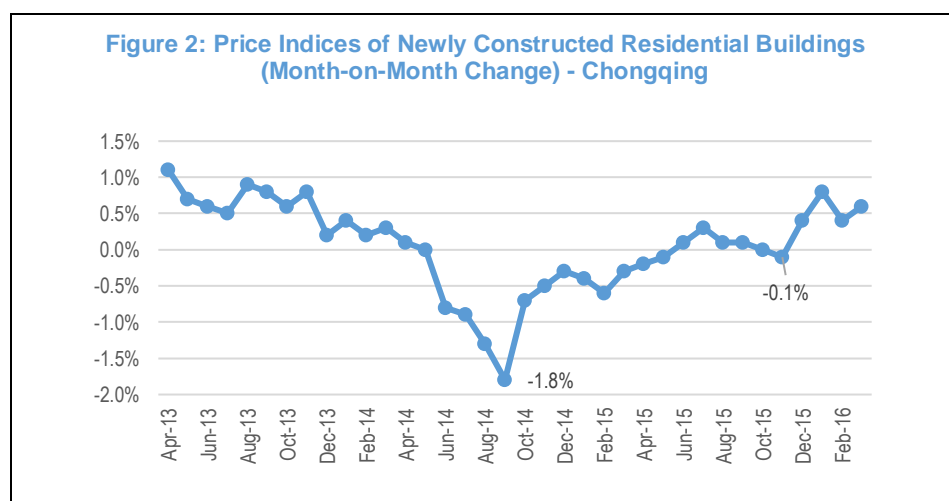


Source: Company, NRA Capital

Ying Li International Real Estate Ltd

Advances from customers imply RMB676m of pre-sales. As of 31 December 2015, Ying Li has already handed over most units at SYWP2A. Hence, the then advances of RMB136.5m were mainly from the reported pre-sales of RMB206m for SYWP2B as of 31 December 2015, implying that about 66% of pre-sales value was collected in advance. Going by the same proportion, the RMB446.3m of advances as of 31 March 2016 implies pre-sales value of about RMB676m to be recognized going forward, of which RMB224.8m is derived from the pre-sale of SYWP2B units as of 31 March 2016.

SYWP2A and SYWP2B to also add about RMB120m of sales. The entire SYWP2 project has been split into four sub-phases. As of 31 March 2016, 89.8% or RMB299.3m of Sub-Phase A has been sold. Sub-Phase 2B (or SYWP2B) is about 73.8% sold. Comparing between 31 December 2015 and 31 March 2016, total pre-sales from both phases grew by 7.6% or RMB37.1m. In RMB terms, the sales pace in 4Q15 was similar, at RMB44m. Assuming about RMB40m of pre-sales per quarter, both phases should be fully sold by the end of the year and provide Ying Li with new sales of about RMB120m.



Source: Company, NRA Capital

Recovering market supports outlook. Likely, sales at SYWP2 will be higher as conditions in the Chongqing residential property sector improve. Prices of newly constructed residential properties in Chongqing have risen consecutively for five months (December 2015 to April 2016), cumulating in growth of 2.2% from the end of 2015. According to Ying Li's results commentary, favourable economic policies have spurred demand, leading to 2,500 units sold across Chongqing, versus just 600 new units launched during 1Q16.

Hence, we can expect SYWP2C and SYWP2D to be progressively sold over the next one year, leading to revenue recognition and handover over 2017 and 2018. For the entire SYWP2 project, we are projecting a GDV of RMB1.1 billion, of which about RMB290m has been recognized as revenue in 2015. Of the remaining RMB835m, we assume a split of 40%/40%/30% over 2016/2017/2018, implying revenue contribution of about RMB334m from SYWP2 in 2016.

Advances from customers also suggest that the Ying Li Hardware and Electrical Centre is on track for handover in 2H 2016. Given that pre-sales at SYWP2A and SYWP2B increased by only RMB37.1m during 1Q16, we can deduce that the jump in advances from customers by RMB309.9m was also due to the commencement of pre-sales for Phase 1 of the Ying Li Hardware and Electrical Centre (IEC) in 1Q16.

Ying Li International Real Estate Ltd

Currently under construction, Phase 1 of the IEC has a gross floor area of 481,560 sq. m., translating to a GDV of RMB1.69 billion. The entire project is anticipated to have a gross floor area of 1.32m sqm, with a total GDV of RMB4.48 billion, split into 18%/22%/30%/30% revenue recognition over 2016/2017/2018/2019 in our forecasts. Target completion by Ying Li is actually 2018. However, the land for subsequent phases has yet to be acquired. Hence, we spaced out revenue recognition to factor in potential delays.

Assuming that 80% to 90% of the RMB309.9m increase in advances from customers was from the IEC, pre-sales works out to about RMB400m in just 1Q16 based on 66% advance collection. Assuming a similar sales rate in 2Q16, total IEC revenue contribution in 2016 will likely be around our projection of RMB807m. We had actually wanted to assume 20% recognition in 2016, which would have otherwise resulted in a higher forecast contribution of close to RMB900m.

While the IEC project may seem large, it is actually part of the municipal government's plan to develop a second "ring" around the core city area and to alleviate congestion in the city centre. According to a 2011 article in the Chongqing Daily (重庆日报), the second ring shall have a population of 9m people by 2020, adding up to a total population of 12m to 13m residents in the core city area. In contrast, the core city area only has a population of 8.3m as of 2015.



Source: www.cqdpcc.gov.cn/userfiles/file/2011042801.doc, NRA Capital

Ying Li International Commercial Centre. Construction of the Ying Li International Commercial Centre (ICC) has reached structural completion for the 47-storey SOHO tower, which will be pre-sold from 2Q16 onwards, for handover starting from 2017. Pre-sales for Phase 2 will commence in 2017 for handover in 2019, as targeted by the company.

As a differentiating factor, the SOHO units at the ICC will feature smart home innovations. Across the different districts in the city area, homes in the Yuzhong district are the priciest, averaging about RMB 8,274 per sq. m. (psm). Within Yuzhong, prices can range from RMB 6,000psm to more than 20,000psm.

In our model, we anticipate that the high end SOHO units at the ICC will be better received by the market and command a top-end pricing of closer to RMB20,000psm. The entire project comprises of office, SOHO and retail components. We assume that the office and SOHO components will fetch an average price of about RMB 20,000psm on gross floor area of around 230,000 sq. m., translating to a GDV of RMB 4.6 billion.

Ying Li International Real Estate Ltd

The whole project has a gross floor area of 297,000 sq. m. The mall, which will be held as investment properties is assumed to be about 67,000 sq. m. in area.



Source: <http://esf.cq.fang.com/map/> (extracted on 24 May 2016), NRA Capital

The last project is Ying Li's 15.1% owned Beijing Tongzhou or Future Beijing project, whose first phase of SOHO units has been 100% sold at an average price of about RMB34,200psm. In general, we assume ASP of RMB35,000psm for this project and an attributable GDV of RMB3.96 billion.

Figure 5: Project Development Value Estimates

	GFA (sqm)	Adj. GFA (sqm)	ASP (RMB /sqm)	GDV (RMB m)	Adj. GDV (RMB m)	Net Margin ^{^^}	NDV (RMB m)
Ying Li International Plaza - Office	78,695	39,348*	12,000	472.17	472.17	18.8%	88.53
San Ya Wan Phase 2 ("Lion City Garden")	290,000	225,040**	5,000	1,125	835^	11.3%	93.96
Ying Li International Hardware and Electrical Centre	1,320,000	1,280,400***	3,500	4,481	4,481	7.5%	336.11
Ying Li International Commercial Centre	297,000	230,000****	20,000	4,600	4,600	15.0%	690.00
Beijing Tongzhou ("Future Beijing")	750,000	113,250*****	35,000	3,964	3,964	18.8%	743.20
Total				14,353	14,353	13.6%	1,951.80

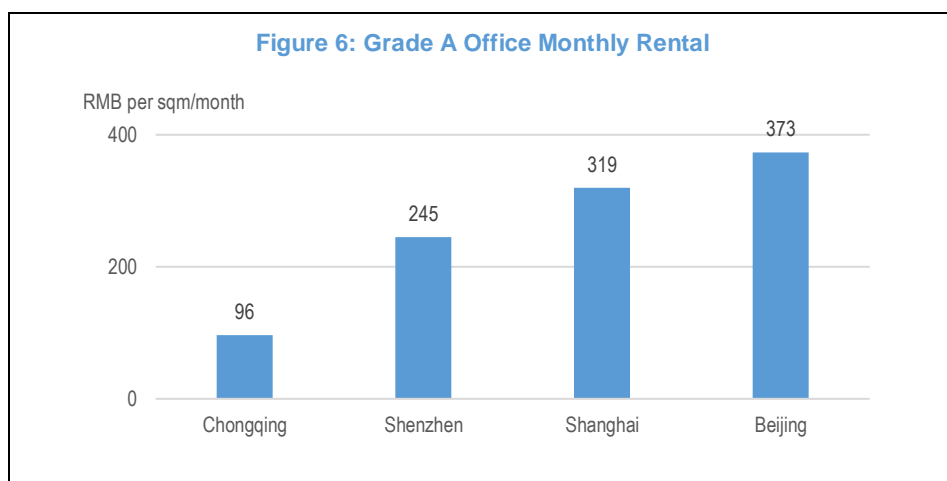
*Assume that about 50% of the Ying Li International Plaza has already been sold and recognized as revenue. **Based on 77.6% stake. ***Based on 97% stake. ****Exclude 67,000 sq. m. assumed mall component. *****Based on 15.1% stake in Tongzhou. ^Exclude RMB 290m of revenue recognized in 2015. ^^Based on gross margin of 20% to 35% less 10% of revenue as operating expenses and 25% tax rate

Source: NRA Capital

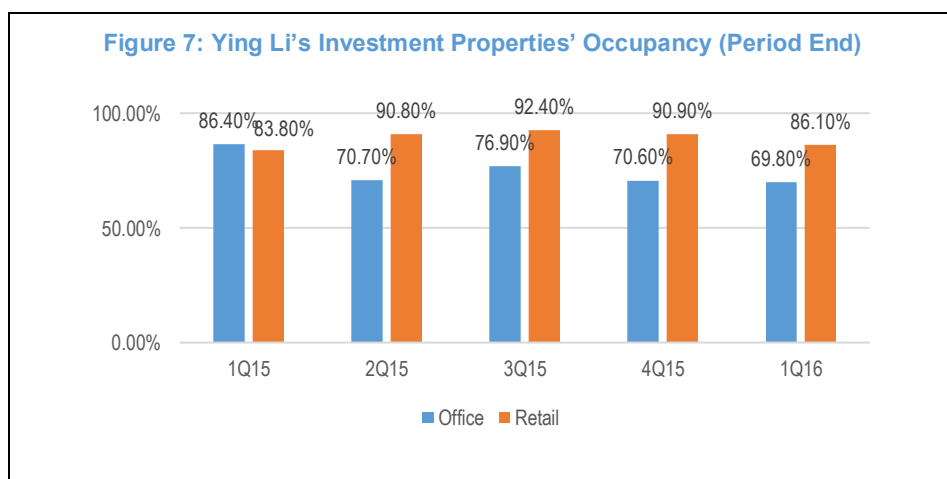
Rental income remains steady. In 1Q16, rental income grew by 6.8% year-on-year and 11.3% quarter-on-quarter. The company is in the midst of repositioning its Ying Li International Plaza and Ying Li International Financial Centre malls to improve their appeal to their respective target consumers. As of end 2015, Ying Li reported an investment portfolio of size 343,340 sq. m., compared to 289,916 sq. m. previously. The difference was partially due to the reclassification of car park lots attributable to the retail mall from completed properties for sale to investment properties.

Ying Li International Real Estate Ltd

Lower occupancy, but long term outlook remains intact. We updated our model to account for the change in investment properties and to factor in a higher cost of capital of 8.34%. Ying Li's office occupancy fell from 70.6% as of 31 Dec 2015 to 69.8% as of 31 March 2016, while that of retail space fell from 90.9% to 86.1%. We continue to project 10% rental growth per annum in average rental rate per sq. m. to reflect Ying Li's repositioning efforts and may be considered reasonable given growth achieved in 1Q16. Moreover, there remains a significant gap between Grade A office rental rates in Chongqing and major PRC cities like Beijing, Shanghai and Shenzhen.



Source: Company – Slide 31 of results presentation, NRA Capital



Source: Company, NRA Capital

Figure 8: List of Investment Properties

	End 2015	End 2014	Change	%
Future International	82,227	82,227	0	0.0%
Ying Li International Plaza	133,246	98,565	34,680	35.2%
Ying Li International Financial Centre	91,345	72,552	18,792	25.9%
Others	36,526	36,570	-44	-0.1%
Total	343,345	289,916	53,429	18.4%
Total investment properties (RMB m)	4,391.52	4263.786	127.73	3.0%

Source: Company, NRA Capital

Figure 9: Valuation of Investment Properties

Investment property	2015	2016F	2017F	2018F	2019F	2020F
Portfolio GFA ('000 sqm)	343.34	343.34	410.34	410.34	410.34	410.34
Average rental (RMB/sqm/month)	51.16	56.27	61.90	68.09	74.90	82.39
Rate of rental increase		10.0%	10.0%	10.0%	10.0%	10.0%
Total revenue	210.8	231.8	304.8	335.3	368.8	405.7
Gross margin	84.8%	84.8%	84.8%	84.8%	84.8%	84.8%
Net rental income	178.64	196.51	258.34	284.17	312.59	343.85
Tax rate	25%	25%	25%	25%	25%	25%
After tax rental income	133.98	147.38	193.75	213.13	234.44	257.89
Perpetual component						4,149.75
Discount [(1+r) ⁿ years]		1.08	1.17	1.27	1.38	1.49
PV of after tax net rental income		136.04	165.08	167.61	170.18	172.79
PV of perpetual component						2,780.37
PV of investment properties	3,592.05					
Implied Yield	3.73%	4.10%	5.39%	5.93%	6.53%	7.18%

Based on 2% terminal growth rate and cost of capital of 8.34%

Source: NRA Capital

Investment properties' valuation based on >6% yield by 2018. Based on the updated model, we value Ying Li's investment properties at RMB3,592.05m, translating to a yield of about 5.9% based on the projected after tax net rental income of RMB213.1m in 2018. Our model assumes the addition of 67,000 sq. m. of space from the ICC mall in 2017, but excludes the Beijing Tongzhou mall. In a departure from our previous practice, we see little difference in valuing Beijing Tongzhou as separate development and investment properties at this juncture.

Ying Li's investment properties have a carrying value of RMB4.39 billion on the balance sheet. Our valuation is lower, but implies a reasonable 2018 yield that is comparable to that of a REIT yielding 6% to 7%. Hence, no further discount will be necessary for the investment properties portfolio in our sum-of-parts valuation.

Forecasts – Positive outlook for 2016 remains unchanged. Based on development revenue of RMB334m from SYWP2, RMB807m from IEC and RMB24m from existing office stock at the Ying Li International Plaza, we expect Ying Li to make RMB1,164m of revenue from the sale of properties in 2016 – a jump of 192% from 2015. Including RMB232m of rental income, we project revenue of RMB1.4 billion and PATMI of RMB155.6m in 2016 (2015: RMB128.6m). No fair value gain on investment properties has been factored in, but we did include RMB148.6m of gain from Ying Li's 15.1% stake in Beijing Tongzhou from 2017 to 2018.

We also stretched projected revenue recognition to 2021, assuming that revenue from properties such as the ICC and Beijing Tongzhou will stretch over five years. Beijing Tongzhou has been relatively well received, but Phase 3 of the project comprising of office and retail space will only be completed in 2021.

The target completion date for ICC is 2017 for Phase 1 and 2019 for Phase 2. However, we factor in modest expectations regarding the pace of sale for the office component, taking into account the sales rate at the Ying Li International Plaza office block and existing office occupancy.

Ying Li International Real Estate Ltd

Figure 10: Revenue, Net Profit Assumptions, Property Development

Percentage of GDV recognized	2016	2017	2018	2019	2020	2021	Total
Ying Li International Plaza - Office	5%	10%	25%	30%	30%		100%
San Ya Wan Phase 2 ("Lion City Garden")	40%	30%	30%				100%
Ying Li Int. Hardware and Electrical	18%	22%	30%	30%			100%
Ying Li International Commercial Centre		10%	20%	30%	30%	10%	100%
Beijing Tongzhou		20%	20%	20%	20%	20%	100%

Revenue	2016	2017	2018	2019	2020	2021	GDV
Ying Li International Plaza - Office	23.6	47.2	118.0	141.7	141.7	0.0	472.2
San Ya Wan Phase 2 ("Lion City Garden")	334.1	250.6	250.6	0.0	0.0	0.0	835.2
Ying Li Int. Hardware and Electrical	806.7	985.9	1,344	1,344	0.0	0.0	4,481
Ying Li International Commercial Centre	0.0	460.0	920.0	1,380	1,380	460.0	4,600
Total Development Revenue	1,164	1,744	2,633	2,866	1,522	460.0	10,389
Beijing Tongzhou	0.0	792.8	792.8	792.8	792.8	792.8	3,964

Ying Li's stake in Beijing Tongzhou is held as an investment at fair value. Revenue from Beijing Tongzhou is not consolidated in group financial statements.

Net profit	2016	2017	2018	2019	2020	2021	NDV
Ying Li International Plaza - Office	4.43	8.85	22.13	26.56	26.56	0.00	88.53
San Ya Wan Phase 2 ("Lion City Garden")	37.58	28.19	28.19	0.00	0.00	0.00	93.96
Ying Li Int. Hardware and Electrical	60.50	73.94	100.8	100.8	0.00	0.00	336.1
Ying Li International Commercial Centre	0.00	69.00	138.0	207.0	207.0	69.00	690.0
Beijing Tongzhou	0.00	148.6	148.6	148.6	148.6	148.6	743.2
Total net profit	4.43	8.85	22.13	26.56	26.56	0.00	1,952

Summary Forecasts	2016	2017	2018	2019	2020
Property + rental revenue	1396	2048	2968	3235	1927
Gross profit	450	673	933	1045	807
Gain from Beijing Tongzhou	0	148.6	148.6	148.6	148.6
FV gain from investment properties	0	131.25	131.25	0	0
Profit before tax	219.3	686.7	884.5	869.3	785.7
PBT, less FV gains and Beijing	219.3	406.8	604.6	720.7	637.1
Growth	1026%	85.5%	48.6%	19.2%	-11.6%

Source: NRA Capital

Figure 10 will show that our projected revenue recognition will differ from the target completion dates as indicated by the company. We generally factor in one to several years for completed commercial properties to be sold.

Figure 11: Valuation

Development property		
Net Development Value (RMB m)	1,952	From figure 10
Discount	-25.2%	8.34% cost of capital
A) Discounted NDV (RMB m)	1,460.2	
B) Investment properties (RMB m)	3,592.05	From figure 9
C) Less book value of inv. prop. (RMB m)	-4,392.71	
D) Less book value of Beijing (RMB m)	-602	
E) Add book value of com. equity (RMB)	5,000.41	
Valuation (RMB m / SGD m – 4.75 FX rate)	5,057.93	
No of shares (m)	2557.04	
Valuation per share (RMB / SGD)	1.978	
		SGD m
		1,064.83
		2557.04
		0.416
Reconciliation to RNAV		
GDV of development properties (RMB m)	14,352.5	From figure 10
Investment properties (RMB m)	3,592.1	From figure 9
Non-property assets	2,042.6	As of 31 Mar 2016
Total liabilities	-6,924.7	
Perpetual securities	-879.0	
RNAV	12,183.4	Sum of above
Valuation	5,057.93	As per above
Implied discount from RNAV	58.5%	

Source: NRA Capital

Ying Li International Real Estate Ltd

Figure 12: Cost of Capital Estimates

	2013	2014	2015	1Q16
Borrowings (RMB m)	2,802.83	3,144.49	5,085.65	4,735.99
Total equity (RMB m)	3,451.63	5,056.72	5,082.79	5,059.52
Debt / Total Capital	44.8%	38.3%	50.0%	48.3%
Weighted average interest rate	6.42%	6.88%	7.65%	NA
Average Debt / Capital	45.38%			
Current cost of debt	7.65%			
Risk Free rate	1.50%			
Beta	1.2			
Expected market risk premium	7.50%			
Cost of equity	10.50%			
Tax rate	25%			
Cost of capital - WACC	8.34%			

Source: NRA Capital

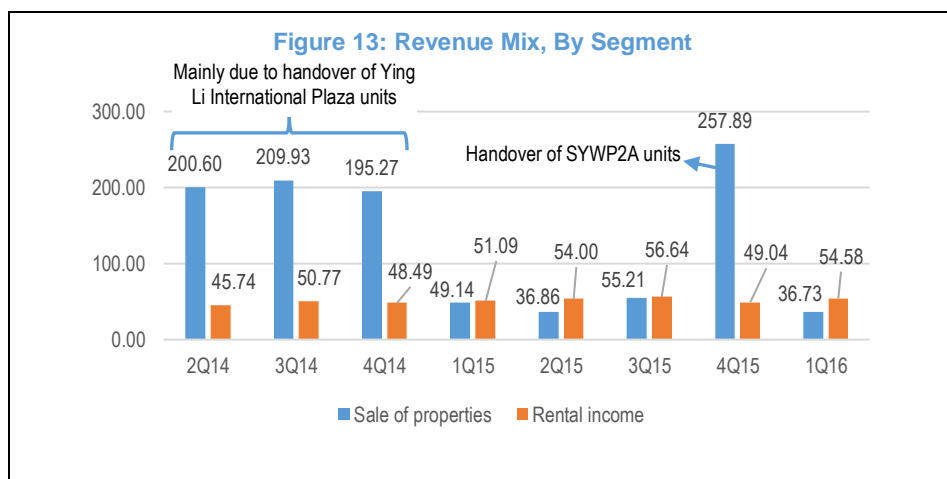
Valuation. As shown in Figure 11, we value Ying Li at a discount of 58.5% from RNAV or S\$0.416 (round to S\$0.415). We have lowered our valuation on Ying Li following higher cost of capital and longer project sales periods. Nonetheless, the valuation still presents substantial upside from Ying Li's current share price.

Our valuation is conditional upon several factors – the acquisition of land for the remaining phases of IEC and the ability of Ying Li to fetch the assumed selling prices for the office block of Ying Li International Plaza and ICC.

To stress test our valuation, we input the following to our model.

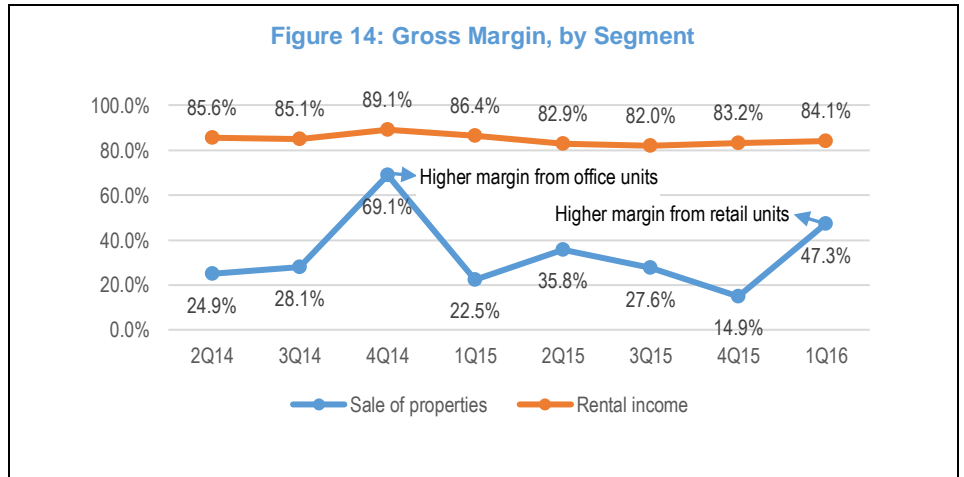
- 1) Revision of GFA for IEC from 1.32m sq. m. to only 481,560 sq. m.
- 2) ASP of RMB10,000 sq. m. for Ying Li International Plaza and ICC
- 3) Unit rental rate growth of 5% per year (from 10%) from 2016 to 2020
- 4) Cost of capital of 10%

Under the above-depressed assumptions, we still derived a valuation of S\$0.269 per share.



Source: Company, NRA Capital

Ying Li International Real Estate Ltd



Source: Company, NRA Capital

Ying Li International Real Estate Ltd

Profit & Loss (RMB m, FYE Dec)	2014	2015	2016F	2017F	2018F	2019F	2020F
Revenue	1,030.5	616.8	1,396.2	2,048.5	2,968.3	3,234.9	1,927.3
Operating expenses	(692.4)	(540.4)	(1,054.7)	(1,541.6)	(2,289.9)	(2,467.5)	(1,263.0)
EBITDA	338.1	76.5	341.5	506.9	678.4	767.4	664.3
Depreciation & amortisation	(4.9)	(9.8)	(8.3)	(8.5)	(8.7)	(8.9)	(9.1)
EBIT	333.2	66.7	333.2	498.3	669.7	758.4	655.3
Net interest & invt income	25.2	110.7	(113.9)	188.2	214.8	110.8	130.5
Associates' contribution	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pretax profit	358.3	177.4	219.3	686.5	884.5	869.3	785.8
Tax	(103.0)	(48.8)	(59.2)	(185.4)	(238.8)	(234.7)	(212.2)
Minority interests	(0.4)	2.4	4.4	4.4	3.7	1.3	1.1
Net profit	254.9	131.0	164.5	505.6	649.4	635.9	574.8
Shares at year-end (m)	2,557.0	2,557.0	2,557.0	2,557.0	3,161.9	3,161.9	3,161.9
Balance Sheet (RMB m, as at Dec)	2014	2015	2016F	2017F	2018F	2019F	2020F
Fixed assets	60.1	60.6	62.3	63.8	65.0	66.1	67.1
Investments	4,763.8	4,993.5	4,993.5	6,174.8	6,306.0	6,306.0	6,306.0
Other long-term assets	26.9	22.8	22.8	22.8	22.8	22.8	22.8
Total non-current assets	4,850.7	5,077.0	5,078.7	6,261.4	6,393.9	6,395.0	6,395.9
Cash and equivalents	965.1	1,322.7	1,298.0	644.8	993.4	1,688.4	1,592.0
Development properties	3,408.6	4,651.3	4,214.9	3,083.6	2,649.6	2,136.0	2,321.0
Trade debtors	319.1	872.5	459.2	673.7	976.1	1,063.7	633.9
Other current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current assets	4,692.9	6,846.6	5,972.1	4,402.0	4,619.1	4,888.0	4,546.8
Trade creditors	541.4	1,033.2	907.7	1,319.3	1,951.7	2,099.8	1,073.9
Short-term borrowings	1,715.8	2,822.4	1,674.9	1,145.3	763.7	559.7	605.4
Other current liabilities	160.8	172.8	172.8	172.8	172.8	172.8	172.8
Total current liabilities	2,418.0	4,028.5	2,755.4	2,637.4	2,888.2	2,832.4	1,852.1
Long-term borrowings	1,428.7	2,263.2	2,512.3	1,717.9	1,145.6	839.6	908.1
Other long-term liabilities	640.2	549.0	549.0	581.8	614.6	614.6	614.6
Total long-term liabilities	2,068.9	2,812.2	3,061.3	2,299.7	1,760.3	1,454.2	1,522.8
Shareholders' funds	5,002.2	5,025.8	5,181.4	5,678.2	6,320.1	6,953.3	7,525.8
Minority interests	54.6	57.0	52.6	48.1	44.4	43.1	41.9
NTA/share (RMB)	1.96	1.97	2.03	2.22	2.00	2.20	2.38
Total Assets	9,543.6	11,923.5	11,050.7	10,663.4	11,013.0	11,283.0	10,942.7
Total Liabilities + S'holders' funds	9,543.6	11,923.5	11,050.7	10,663.4	11,013.0	11,283.0	10,942.7
Cash Flow (RMB m, FYE Dec)	2014	2015	2016F	2017F	2018F	2019F	2020F
Pretax profit	358.3	177.4	219.3	686.5	884.5	869.3	785.8
Depreciation & non-cash adjustments	(41.2)	(93.0)	8.3	(122.7)	(122.5)	8.9	9.1
Working capital changes	(1,172.4)	(1,540.0)	724.2	278.5	764.0	574.2	(781.1)
Cash tax paid	(73.4)	(11.1)	(59.2)	(152.5)	(206.0)	(234.7)	(212.2)
Cash flow from operations	(928.6)	(1,466.7)	892.5	689.7	1,319.9	1,217.6	(198.4)
Capex	(13.7)	(8.8)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Net investments & sale of FA	(500.0)	(59.0)	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing	(513.7)	(67.8)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Debt raised/(repaid)	341.7	1,941.2	(898.4)	(1,324.1)	(953.8)	(510.1)	114.3
Equity raised/(repaid)	1,360.6	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	1,114.0	(424.9)	(8.8)	(8.8)	(7.5)	(2.7)	(2.3)
Cash flow from financing	1,455.7	1,516.2	(907.3)	(1,332.9)	(961.3)	(512.7)	112.0
Change in cash	13.4	(18.2)	(24.7)	(653.2)	348.7	694.9	(96.4)
Change in net cash/(debt)	(328.3)	(1,959.4)	873.7	670.9	1,302.5	1,205.0	(210.7)
Ending net cash/(debt)	(2,795.1)	(4,754.5)	(3,880.8)	(3,209.9)	(1,907.4)	(702.4)	(913.1)
KEY RATIOS (FYE Dec)	2014	2015	2016F	2017F	2018F	2019F	2020F
Revenue growth (%)	61.3	(40.1)	126.3	46.7	44.9	9.0	(40.4)
EBITDA growth (%)	109.7	(77.4)	346.5	48.4	33.9	13.1	(13.4)
Pretax margins (%)	34.8	28.8	15.7	33.5	29.8	26.9	40.8
Net profit margins (%)	24.7	21.2	11.8	24.7	21.9	19.7	29.8
Effective tax rates (%)	28.7	27.5	27.0	27.0	27.0	27.0	27.0
Net dividend payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROE (%)	6.1	2.6	3.2	9.3	10.8	9.6	7.9
Free cash flow yield (%)	(86.0)	(91.5)	52.7	40.6	78.2	72.0	(12.4)

Source: Company, NRA Capital forecasts

Ying Li International Real Estate Ltd

NRA Capital Pte. Ltd ("NRA Capital") has received compensation for this valuation report. This publication is confidential and general in nature. It was prepared from data which NRA Capital believes to be reliable, and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. No representation, express or implied, is made with respect to the accuracy, completeness or reliability of the information or opinions in this publication. Accordingly, neither we nor any of our affiliates nor persons related to us accept any liability whatsoever for any direct, indirect, special or consequential damages or economic loss that may arise from the use of information or opinions in this publication. Opinions expressed are subject to change without notice.

NRA Capital and its related companies, their associates, directors, connected parties and/or employees may own or have positions in any securities mentioned herein or any securities related thereto and may from time to time add or dispose of or may be materially interested in any such securities. NRA Capital and its related companies may from time to time perform advisory, investment or other services for, or solicit such advisory, investment or other services from any entity mentioned in this report. The research professionals who were involved in the preparing of this material may participate in the solicitation of such business. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. You acknowledge that the price of securities traded on the Singapore Exchange Securities Trading Limited ("SGX-ST") are subject to investment risks, can and does fluctuate, and any individual security may experience upwards or downwards movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities traded on the SGX-ST. You are aware of the risk of exchange rate fluctuations which can cause a loss of the principal invested. You also acknowledge that these are risks that you are prepared to accept.

You understand that you should make the decision to invest only after due and careful consideration. You agree that you will not make any orders in reliance on any representation/advice, view, opinion or other statement made by NRA Capital, and you will not hold NRA Capital either directly or indirectly liable for any loss suffered by you in the event you do so rely on them.

You understand that you should seek independent professional advice if you are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of securities on the SGX-ST.