

Ying Li International Real Estate Limited



30 June 2014



英利国际置业
YING LI INTERNATIONAL
REAL ESTATE

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Executive Summary

Transaction Overview	<ul style="list-style-type: none">▪ The Company is seeking shareholders' approval to raise S\$284 million through issuing the following securities (the "Proposed Transactions") to Everbright Hero Holdings Limited (the "Subscriber"): <ul style="list-style-type: none">▪ 381 million new shares in the Company at S\$0.260 per share (the "Share Subscription")▪ S\$185 million perpetual subordinated convertible callable securities convertible into new ordinary shares in the capital of the Company (the "Convertible Securities Subscription")
Information on the Subscriber	<ul style="list-style-type: none">▪ The Subscriber is an indirect wholly-owned subsidiary of China Everbright Limited ("CEL"), a subsidiary of China Everbright Group ("CEG"), one of the largest state-owned enterprises in China▪ As at end-Dec 2013, CEG had total assets of over RMB 2.6 Trillion (equivalent to ~US\$420 Billion). CEL real estate portfolio consisted of 18 projects including residential and commercial properties situated primarily in first- and second-tier cities in China
Framework Agreement	<ol style="list-style-type: none">1. Holistic financial support from CEL2. Cooperate on the existing and new projects, as well as strategic acquisitions3. Develop retail property management business4. Internationalization strategy in Hong Kong and Singapore
Transaction Rationale	<ol style="list-style-type: none">1. Establish a strong and long term partnership with a leading financial institution in China for co-investment in new projects2. Leverage on CEL's extensive network and strong connections to secure prime location projects in the first-tier and the leading second-tier cities in China, as well as seek expansion into Hong Kong and Singapore3. Post the Completion of the Proposed Transactions, the Company's balance sheet will be strengthened, providing flexibility and competitive edge to pursue strategic initiatives4. Accelerate the development of existing projects and the funding of new projects5. Capitalise on CEL's expertise in retail property management to help the Company extract greater value from its commercial properties

The Company is proposing to seek shareholders' approval to issue new Shares and Convertible Securities to the Subscriber

All terms not otherwise defined herein shall bear the meanings ascribed to them in Share Subscription Agreement, Convertible Securities Subscription Agreement and Summary of The Terms and Conditions of The Convertible Securities

Transaction 1

Share Subscription

381,000,000 new shares in the Company at S\$0.260 per share, raising gross proceeds of S\$99,060,000

Transaction 2

Convertible Securities Subscription

S\$185,000,000 perpetual subordinated convertible callable securities convertible into new ordinary shares in the capital of the Company

The proposed Share Subscription and Convertible Securities Subscription are **inter-conditional**

Mr Fang Ming, who has a deemed interest representing in aggregate 42.05% equity stake, has undertaken to vote, and to procure that the registered holders of such shares will vote, in favour of the Proposed Transactions

Key terms of the Share Subscription

Subscriber	<ul style="list-style-type: none"> ▪ Everbright Hero Holdings Limited
Subscription	<ul style="list-style-type: none"> ▪ Issue and allotment of 381,000,000 Subscription Shares to the Subscriber, representing approximately 14.9% of the enlarged share capital of the Company upon the Completion of Share Subscription
Issue Price	<ul style="list-style-type: none"> ▪ S\$0.260 per share <ul style="list-style-type: none"> ➢ Approximately 10% discount over VWAP of S\$0.2888 on 24 June 2014 (being the full market day on which Shares were traded prior to the date of signing of the Share Subscription Agreement)
Gross Funds Raised	<ul style="list-style-type: none"> ▪ S\$99,060,000, the proposed utilisation of which is set out in slide 15
Key Company Undertakings	<ul style="list-style-type: none"> ▪ Appointment of 2 directors (one of whom shall be appointed the Deputy Chairman of the Company) nominated by the Subscriber to the Board of Directors, as long as the Subscriber holds 10% or more stake in the Company (excluding treasury shares) ▪ Formation of a Financial and Investment Committee (the “Committee”) comprising i) Fang Ming (Chairman of the Committee), ii) the Chief Financial Officer (or its equivalent) and iii) a nominee of the Subscriber (as the Deputy Chairman of the Committee) to direct and oversee the financial and investment aspects of the Company

Key terms of the Convertible Securities Subscription

Subscriber	<ul style="list-style-type: none"> ▪ Everbright Hero Holdings Limited 									
Principal Size	<ul style="list-style-type: none"> ▪ S\$185,000,000 in aggregate principal amount of Convertible Securities to be issued in 2 tranches: <ul style="list-style-type: none"> ➢ Tranche 1: S\$165,000,000 ➢ Tranche 2: S\$20,000,000 									
Issue Price	<ul style="list-style-type: none"> ▪ 100% of the aggregate principal amount of the Convertible Securities 									
Maturity Date	<ul style="list-style-type: none"> ▪ There is no maturity date 									
Rate of Distribution⁽¹⁾	<ul style="list-style-type: none"> ▪ 1st year to 3rd year: 8.75% ▪ 4th year to 5th year: 9.5% ▪ After 5th year⁽²⁾: 9.5% + 5.0% + 5-year US Treasury Rate 									
Conversion Period	<ul style="list-style-type: none"> ▪ Anytime between the expiry of 3 years and 6 years from the Issue Date⁽³⁾ 									
Status	<ul style="list-style-type: none"> ▪ Direct, unsecured and subordinated obligations of the Company and rank <i>pari passu</i> without any preference among themselves 									
Initial Conversion Price	<ul style="list-style-type: none"> ▪ S\$0.318 per share <ul style="list-style-type: none"> ➢ Approximately 10.1% premium over VWAP of S\$0.2888 on 24 June 2014 ➢ Approximately 11.1% premium over 10-days VWAP of S\$0.2862 up to and including 24 June 2014 									
Company's Call	<ul style="list-style-type: none"> ▪ Tranche 1: After 5th year; Amount Outstanding x [1.0 + 0.035 x (number of days elapsed since the Issue Date/365)] ▪ Tranche 2: <table border="1"> <thead> <tr> <th></th> <th>Period</th> <th>Redemption Price</th> </tr> </thead> <tbody> <tr> <td>First Redemption</td> <td>Between 2nd year and 3rd year</td> <td>Amount Outstanding x [1.0 + 0.055 x (number of days elapsed since the Issue Date/365)]</td> </tr> <tr> <td>Second Redemption</td> <td>After 5th year</td> <td>Amount Outstanding x [1.0 + 0.035 x (number of days elapsed since the Issue Date/365)]</td> </tr> </tbody> </table>		Period	Redemption Price	First Redemption	Between 2 nd year and 3 rd year	Amount Outstanding x [1.0 + 0.055 x (number of days elapsed since the Issue Date/365)]	Second Redemption	After 5 th year	Amount Outstanding x [1.0 + 0.035 x (number of days elapsed since the Issue Date/365)]
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Second Redemption	After 5 th year	Amount Outstanding x [1.0 + 0.035 x (number of days elapsed since the Issue Date/365)]								

Note 1: No dividend and capital distribution by the Company unless and until all outstanding Arrears of Distribution, any Additional Distribution Amount and Additional Interest Amount are settled in full. The Company has the right to deter distribution under the Convertible Securities

Note 2: The rate of distribution will be reset every 5 years

Note 3: Early conversion if certain trigger events occur

The Subscriber is an indirect wholly-owned subsidiary of China Everbright Limited, a subsidiary of China Everbright Group, which is a leading financial institution in China



China Everbright Limited (165.HK)

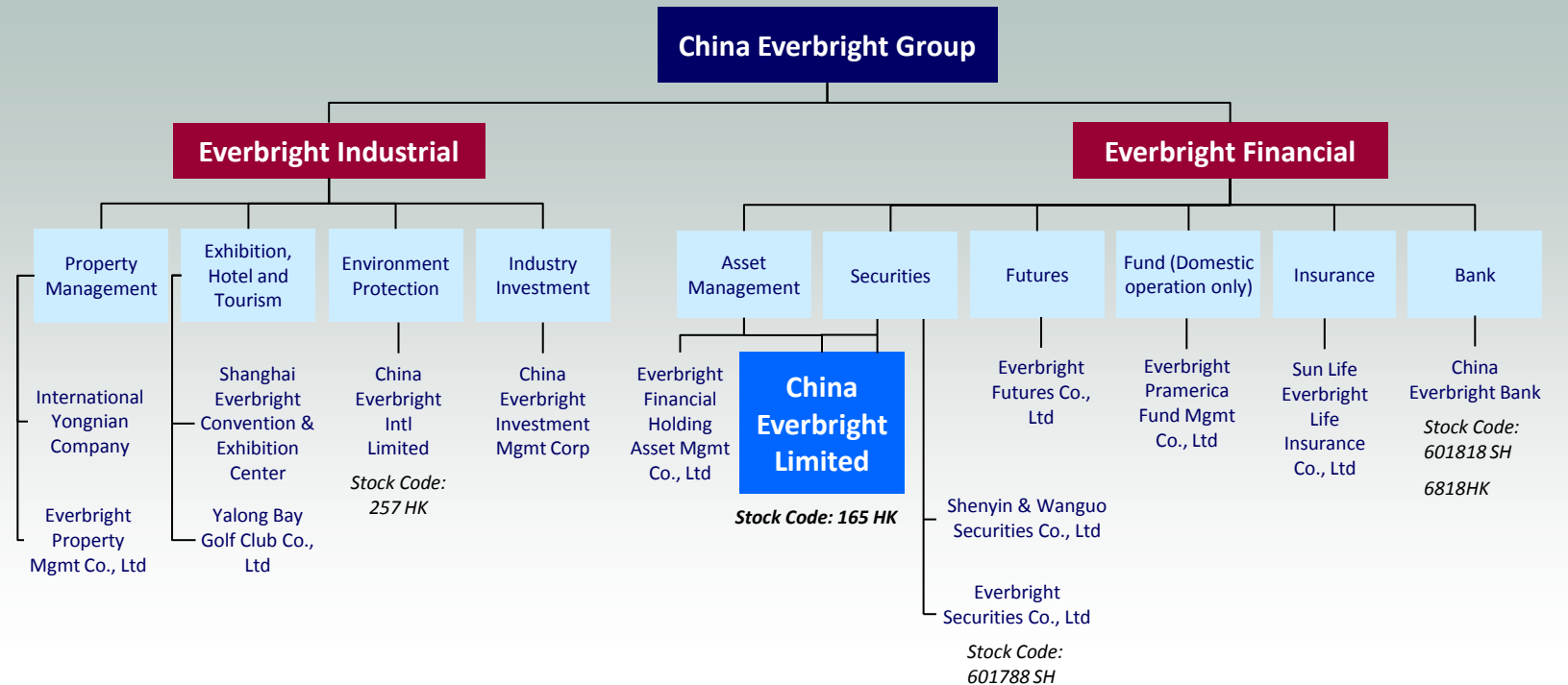
Total funds	Fundraising scale	Total Projects under the Funds	Shareholders' equity
16	HKD 33.3 bln	71	HKD 28.7 bln HKD 16.7 /per share



Source: China Everbright Limited 2013 annual report

China Everbright Group – the first licensed financial holding company in China

- Established since 1983, China Everbright Group is a **state-owned enterprise of the PRC**
- China Everbright Group is **the first licensed financial holding company** in China. The group is a conglomerate whose business mainly covers banking, securities, insurance and investment management etc
- At the end of 2013, China Everbright Group has total assets of over **RMB 2.6 Trillion** (equivalent to **~USD420 Billion**)
- At the end of 2013, CEL owned a portfolio of 18 real estate projects including residential and commercial properties mostly in 1st and 2nd tier cities in China



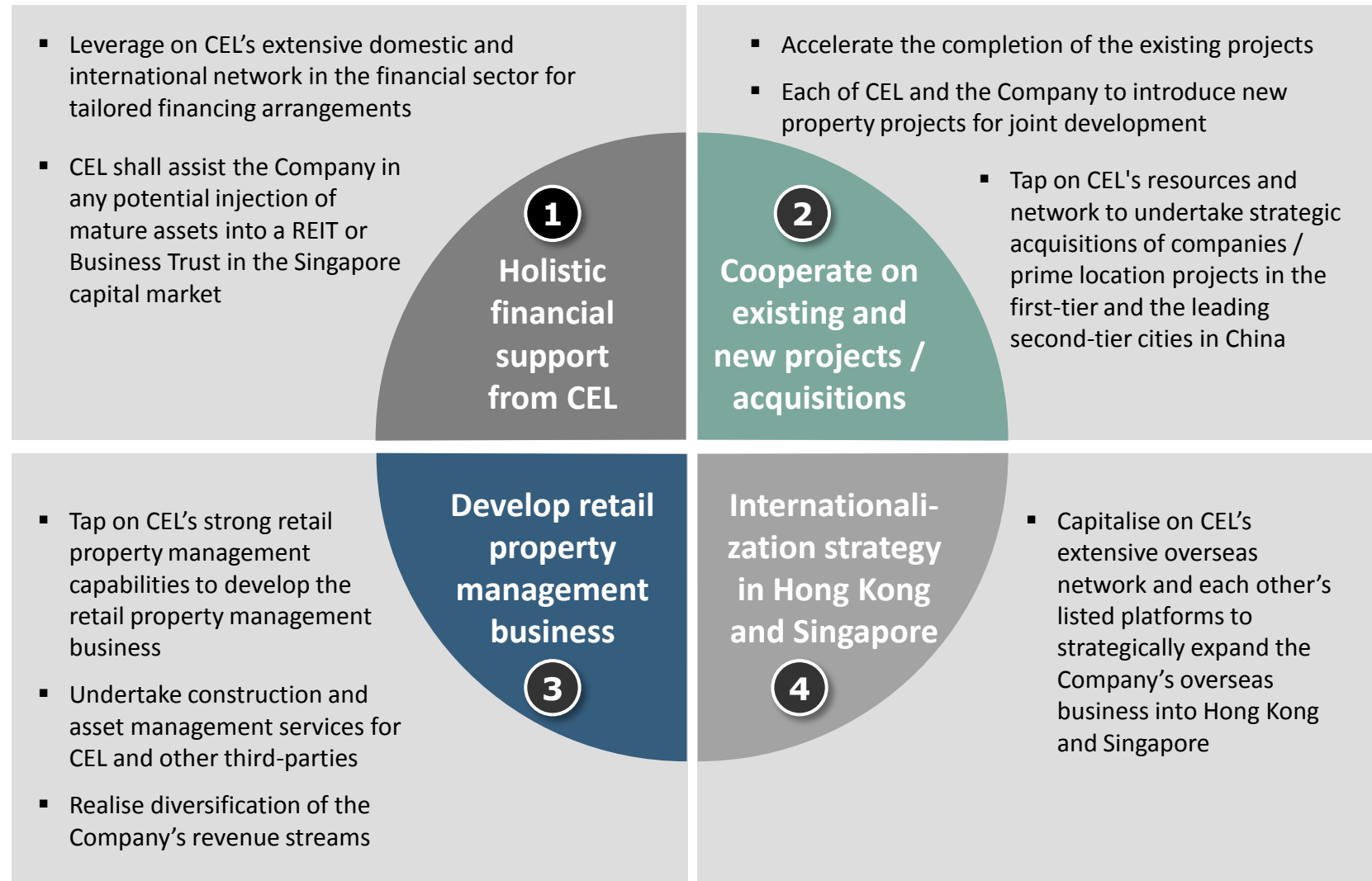
Source: China Everbright Group

Post completion of the Proposed Transactions, Fang Ming will remain as the single largest shareholder while the Subscriber will emerge as a substantial shareholder

Shareholder	BEFORE the Proposed Share Subscription and Convertible Securities Subscription	AFTER the Proposed Share Subscription but before the Convertible Securities Subscription	AFTER the Proposed Share Subscription and Conversion of Tranche 1 Convertible Securities	AFTER the Proposed Share Subscription and Conversion of Tranche 1 and 2 Convertible Securities
	%	%	%	%
Fang Ming	42.05	35.79	29.75	29.15
Existing Shareholders	57.95	49.31	40.99	40.17
Subscriber	-	14.90	29.26	30.68
Total	100.00	100.00	100.00	100.00

If the Company does not redeem Tranche 2 of the Convertible Securities, CEL will become the single largest shareholder

CEL and the Company have entered into a Framework Agreement to strengthen strategic partnership



Transaction Rationale (1/4)

1 Establish a strong and long term partnership with a leading financial institution in China for co-investment in new projects

2 Leverage on CEL's extensive network and strong connections to secure prime location projects in the first-tier and the leading second-tier cities in China, as well as seek expansion into Hong Kong and Singapore

3 Post Completion, the Company's balance sheet will be strengthened, providing flexibility and competitive edge to pursue strategic initiatives

4 Accelerate the development of existing projects and the funding of new projects

5 Capitalise on CEL's expertise in retail property management to help the Company extract greater value from its commercial properties

Transaction Rationale (2/4)

1

Strategic partnership with CEL

Extensive Business Network

CEL's extensive domestic and international network will offer the Company unparalleled access to strong pipeline of opportunities in property projects and acquisitions

Holistic support from CEL

Strong Acquisition Execution and Management Capabilities

Tailored Financing Arrangement

- CEL real estate portfolio consisted of 18 projects including residential and commercial properties situated primarily in first- and second-tier cities in China at the 31 December 2013
- CEL's established track record in acquisitions and project management will value-add to the strategic partnership with the Company
- CEL's real estate funds consist of USD-dominated fund and RMB-dominated fund, allowing flexible investment structure and diversified investment opportunities
- CEL's large network in the financial sector will provide further flexibility in financing solutions for the Company

2

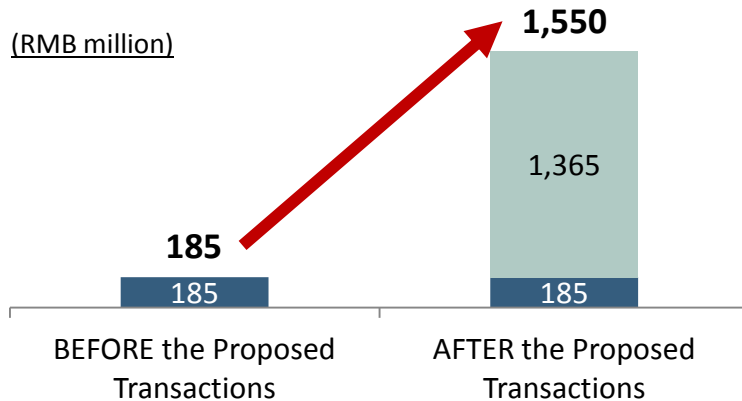
Expansion into 1st- and leading 2nd-tier cities in China, as well as Hong Kong and Singapore



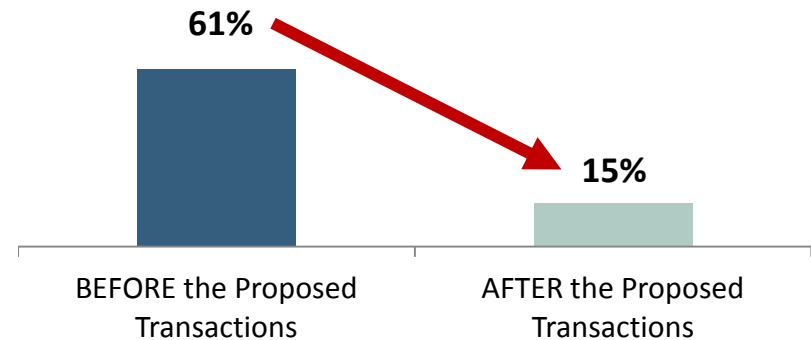
By leveraging on CEL's extensive network and strong connections, the Company aims to secure prime location projects in the first- and leading second-tier cities in China, as well as seek future expansion into the Hong Kong and Singapore

3 Transaction Rationale (3/4) – Strengthened balance sheet provides the Company with the flexibility to pursue strategic initiatives

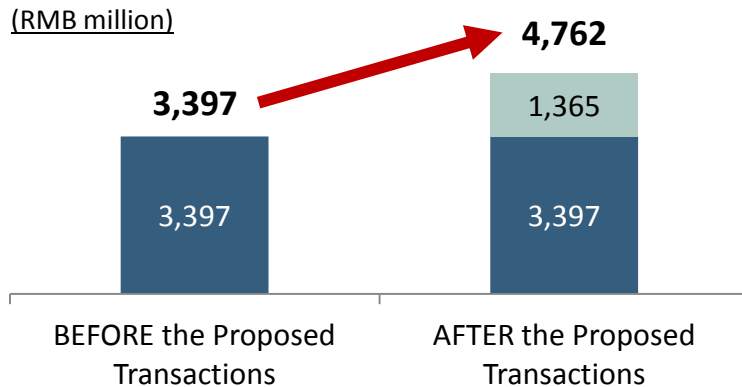
Improve Cash Position⁽¹⁾



Optimize Gearing⁽¹⁾⁽²⁾



Strengthen Equity Base⁽¹⁾



- The Company's balance sheet will be strengthened through the Proposed Transactions
- The improved financial position will provide the Company with greater flexibility to pursue strategic initiatives, including:
 - Tendering for new projects
 - Undertaking acquisitions when opportunities arise
 - Participating in market consolidation opportunities within the real estate industry within China

Well-positioned for the next phase of growth

Note 1: For purposes of illustration, the financial figures are set out based on the audited consolidated financial information of the Group as at 31 December 2013. S\$ 1 = RMB 4.8056

Note 2: Gearing = (Long term secured and unsecured debt + Short term secured and unsecured debt - Cash and cash equivalents (which include restricted cash at bank)) / Net Asset Value

Transaction Rationale (4/4)

4

Accelerate developments of existing projects and funding new projects

Yingli Financial Street Project



- Office and retail properties located at Wu Yi Road in Yuzhong District
- Land area: 17,000 sqm

San Ya Wan Phase 2



- Residential and retail properties located at National Agricultural and Technology Zone in Yubei District
- Phase 1 & 2 total land area: 134,700 sqm

Realising stronger revenue streams and improved profitability

5

Extract greater value from the existing commercial properties

Retail property management capabilities

CEL's real estate fund takes a hands-on approach in managing retail property projects. The fund's in-house retail property management team is committed and has demonstrated track record in delivering value-add to the investments

Potential spin-off for a REIT/Business Trust

CEL's retail properties may also be packaged with the Company's mature retail projects for a potential REIT or Business Trust, enhancing the attractiveness of any spin-off IPO to unlock shareholders' value

The retail property management and asset management businesses will lead to more diversified revenue streams for the Company

Use of Proceeds

Share Subscription

Gross proceeds	S\$99,060,000
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Intended use of proceeds:

Fund the acquisition of development sites, possible strategic investments, joint ventures, other acquisitions and strategic alliances when suitable opportunities arise, as well as funding the development of existing property projects	60 – 90%
Repayment of existing loans	10 – 30%
General working capital requirements	0 – 10%
Total	100%

Convertible Securities Subscription

Gross proceeds	S\$185,000,000
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Intended use of proceeds:

Fund the acquisition of development sites, possible strategic investments, joint ventures, other acquisitions and strategic alliances when suitable opportunities arise, as well as funding the development of existing property projects	60 – 90%
Repayment of existing loans	10 – 30%
General working capital requirements	0 – 10%
Total	100%

Total gross proceeds of S\$284,060,000 will be raised from the proposed Transactions

Pro-forma financial effects⁽¹⁾ of the Company post Proposed Transactions

The financial effects of the Share Subscription and the Convertible Securities Subscription set out below are strictly for illustrative purposes and do not necessarily reflect the actual future financial position and results of the Company following the completion of the Share Subscription and the Convertible Securities Subscription

	BEFORE the Proposed Share Subscription and Convertible Securities Subscription		AFTER the Proposed Share Subscription but BEFORE conversion of Convertible Securities Subscription		AFTER the Proposed Share Subscription and conversion of Convertible Securities Subscription		
	As at 31 December 2013	As at 31 March 2014	As at 31 December 2013	As at 31 March 2014	As at 31 December 2013	As at 31 March 2014	
Net Tangible Assets	NTA (RMB million)	3,397	3,401	4,762	4,807	4,762	4,807
	NTA per share (RMB)	1.57	1.57	1.87	1.88	1.52	1.53
Gearing	Net borrowings (RMB million)	2,618	2,790	1,253	1,384	1,253	1,384
	Shareholders' Funds (RMB million)	3,397	3,401	4,762	4,807	4,762	4,807
	Net gearing ratio ⁽²⁾ (%)	61%	65%	15%	17%	15%	17%
Earning Per Share	Profit attributable to shareholders (RMB million)	206	34	206	34	206	34
	Earnings per share (RMB)	0.095	0.016	0.081	0.013	0.066	0.011

Note 1: For purposes of illustration, the financial figures are set out based on exchange rates of SGD1 : RMB4.8056 and SGD 1 : RMB4.9511 as at 31 December 2013 and 31 March 2014 respectively

Note 2: Gearing = (Long term secured and unsecured debt + Short term secured and unsecured debt - Cash and cash equivalents (which include restricted cash at bank)) / Net Asset Value