

YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

FIRST QUARTER ENDED 31 MARCH 2007 FINANCIAL STATEMENT ANNOUNCEMENT

TABLE OF CONTENT

<u>Item No.</u>	<u>Description</u>	<u>Page No.</u>
1(a)	Unaudited Group Income Statements	2-6
1(b)(i)	Balance Sheets	7-8
1(b)(ii)	Aggregate Amount of Group's Borrowings and Debt Securities	9
1(c)	Unaudited Consolidated Cash Flow Statements	10-11
1(d)(i)	Unaudited Group and Company Statements of Changes in Equity	12-14
1(d)(ii)	Details of Any Changes in Company's Issued Share Capital	14
2&3	Audit Statement	15
4&5	Changes in Accounting Policies	15
6	Earnings per Share	16
7	Net Asset Value per Share	16
8	Review of Performance	17-18
9	Variance from Previous Forecast or Prospect Statement	18
10	Outlook and Prospects	19-20
11&12	Dividend	20-21
13	Confirmation of the Board of Directors ("Board")	21



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

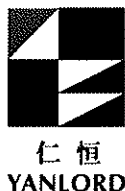
UNAUDITED FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2007

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 and Q3), HALF YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Group Income Statements for the Period Ended 31 March 2007

	1Q 2007	1Q 2006	% Change
	S\$'000	S\$'000	+ / (-)
Revenue	89,467	53,193	68
Cost of sales	(55,856)	(27,283)	105
Gross profit	33,611	25,910	30
Other operating income	7,852	1,648	376
Selling expenses	(3,994)	(2,328)	72
Administrative expenses	(15,741)	(9,915)	59
Other operating expenses	(422)	(591)	(29)
Finance cost	(4,546)	(231)	1,868
Profit before tax	16,760	14,493	16
Income tax	(7,875)	(1,510)	422
Profit for the period	8,885	12,983	(32)
Attributable to:			
Equity holders of the Company	2,906	8,085	(64)
Minority interests	5,979	4,898	22
	8,885	12,983	(32)



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

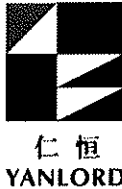
Profit before taxation was arrived at after charging/(crediting) the following:

	1Q 2007	1Q 2006
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Impairment of goodwill	37	-
Depreciation	687	594
Loss on disposal of property, plant and equipment	-	40
Loss on disposal of investment properties	60	-
Dividend received from investment held-for-trading	-	(23)
Realised (gain) loss on investment held-for-trading	(242)	135
Fair value gain on investment held-for-trading	(139)	-
Share-based payment expense	565	-
Finance cost	4,546	231
Interest income	(4,953)	(465)
Foreign exchange gain	(977)	(105)

Revenue

Group revenue was derived net of business tax. The land appreciation tax ("LAT") which was deducted from the Group's revenue in previous quarters has been included as cost of sales as described below. The revenue derived substantially from the sale of residential properties with a small portion attributable to the provision of property management service and other services.

Revenue of the Group increased considerably by 68.2% to S\$89.5 million in 1Q 2007 from S\$53.2 million in 1Q 2006 principally due to a higher number of properties delivered and a higher average selling price achieved as compared with the corresponding period last year. Group revenue in 1Q 2007 was mainly generated from four projects in three cities, which were Yanlord Riverside Gardens (Phase 2) (仁恒河滨花园二期), Yunjie Riverside Garden (Phase 1) (运杰河滨花园一期) in Shanghai, Yanlord Villas (仁恒别墅) in Guiyang and Bamboo Gardens (Phase 2) (翠竹园二期) in Nanjing. While in 1Q 2006, revenue was derived significantly from Yanlord Riverside City (Phase 1) (仁恒河滨城一期) in Shanghai. The average selling price achieved by the Group's projects is dependent on the location mix of properties sold and delivered during each reporting period. The improved average selling price in 1Q 2007 was mainly due to the increase in average selling price of Yanlord Riverside Gardens (Phase 2) (仁恒河滨花园二期) in Shanghai over the average selling price of Yanlord Riverside City (Phase 1) (仁恒河滨城一期) in 1Q 2006.



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

The Group recognizes revenue in accordance with the Financial Reporting Standard 18 - Revenue⁽¹⁾.

Cost of sales

Cost of sales consisted mainly of land costs, construction costs, capitalized borrowing costs and LAT, which rose generally in tandem with the movement in revenue by S\$28.6 million to S\$55.9 million in 1Q 2007 from S\$27.3 million in 1Q 2006. In 1Q 2007, the Group incurred LAT expenses of approximately S\$11.0 million, which partly accounted for the increase in cost of sales.

Other operating income

Other operating income were primarily composed of interest income, tax subsidies, net foreign exchange gain and other miscellaneous income, increased by S\$6.2 million in 1Q 2007 compared with the same period last year. This increase was mainly accounted to a higher interest income earned as a result of the increase in cash and bank balances after the Group's fund raising activities concluded in June 2006 (initial public offering "IPO" of the Company) and February 2007 (concurrent offerings of new shares and convertible bonds). Other contributions to other operating income included an increase in tax subsidies from the tax authorities in PRC and a net foreign exchange gain resulted from our translation of certain transactions from Singapore dollars into Hong Kong dollars and U.S. dollars at the respective exchange rates when the transactions occurred.

Selling expenses

Selling expenses principally included staff expenses, advertising and promotion expenses, and other expenses. In line with the increase in Group revenue, these expenses grew by S\$1.7 million in 1Q 2007 over the corresponding period in 2006, primarily attributable to an increase in advertising and promotion expenses and staff expenses. During 1Q 2007, the Group carried out a series of sales and marketing initiatives to promote both the existing pre-sale projects, particularly in Hengye International Plaza (Phase 2) / Hengye Gardens (恒业国际, 二期) / (恒业星园) in Chengdu, Yanlord Town (仁恒家园) and Yanlord Riverside City (Phase 2) (仁恒河滨城, 二期) in Shanghai, and the other new projects to be launched in the markets in coming year, including Yanlord Peninsula (星岛仁恒) in Suzhou and Yanlord New City Gardens (仁恒星园) in

¹ Revenue from properties developed for sale is recognized when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon release of the handover notice of the property to the buyer, whichever is earlier.



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

Zuhai. In addition, the Group has strategically invested resources into various marketing activities and the recruitment of sales and marketing staff to enhance its brand equity and recognition. As a result, the overall selling expenses rose, partially offset by a decrease of selling expenses incurred in Nanjing.

Administrative expenses

Administrative expenses consisted of staff costs, depreciation, rental, utilities, travel, entertainment expenses, property management fee and share-based payment expense. The increase of S\$5.8 million in 1Q 2007 over 1Q 2006 was principally due to the increase in recruitment of staff and year-end bonus payments. Compared to the respective period last year, the Group incurred additional expense on share-based payment associated with the share options granted in relation to the IPO in June 2006. This expense was charged to income statement over the option granted period, which led to a higher administrative expense partially offset by a reduction in property management fee.

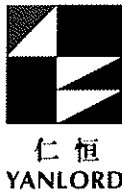
Other operating expenses

Other operating expenses included primarily donations, impairment of goodwill on acquisition of additional interest in a subsidiary and realized loss from disposal of investment properties. In 1Q 2007, the expense declined marginally by S\$0.2 million over the corresponding period in 2006, represented mainly by a decrease in donation, partially offset by an increase in realized loss from disposal of investment properties.

Finance cost

Finance cost comprised mainly of interest on borrowings, net of any capitalized interest, grew by S\$4.3 million in 1Q 2007 compared with the corresponding periods in 2006. The increase was primarily attributable to the accrued interests for liability component of the convertible bonds and a long term loan from a minority shareholder of a subsidiary.

The Group capitalizes the borrowing cost until the completion of construction as part of the property development costs when there is evidence to show that the borrowings are being used to finance the development of the properties. Finance cost incurred after completion of development (or finance cost not related to property development) is charged to the income statement in the period in which it is incurred. As such, the finance cost for a given period on its own may not reflect the Group's level of borrowings and tend to fluctuate as a percentage of revenue, depending on the timing of capitalization.



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

Income tax

Income tax was derived by applying statutory tax rates, ranging from 15% to 33% for the different regions in PRC in which the Group's companies are operating in, and taking into account non-deductible expenses and temporary timing differences.

Income tax in 1Q 2007 was higher than 1Q 2006 by S\$6.4 million, and effective tax rate rose to 47.0% in 1Q 2007 from 10.4% in 1Q 2006. The increases were mainly a result of increased profit before income tax and a higher proportion of the Group's profit generated from projects located in the Puxi district of Shanghai, in Guiyang and in Nanjing, where the profits from these developments are subjected to a corporate tax rate at 33% compared to the Pudong district of Shanghai of 15%. The Group's effective tax rate of 47.0% in 1Q 2007 exceeded the highest statutory tax rate of 33% by 14.0% principally attributable to subsidiary companies within the Group operating as investment holding companies incurring non-deductible administrative expenses and finance cost on convertible bonds. Consequently, net profit attributable to equity holders of the Company declined by 64.1% to S\$2.9 million in 1Q 2007 from S\$8.1 million in 1Q 2006.



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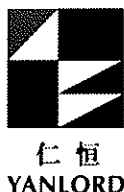
YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

1(b)(i) A balance sheet (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheets as at 31 March 2007

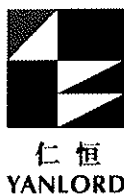
	Group		Company	
	31.03.2007	31.12.2006	31.03.2007	31.12.2006
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS				
Non-current assets:				
Property, plant and equipment	26,532	26,608	-	-
Investment properties	106,237	105,702	-	-
Properties for development	439,600	238,382	-	-
Investments in subsidiaries	-	-	515,319	515,319
Other investments	9,850	9,686	-	-
Deferred tax assets	7,551	6,158	-	-
Long-term receivables	499	491	-	-
Amount due from minority interest	39,922	-	-	-
Total non-current assets	630,191	387,027	515,319	515,319
Current assets:				
Inventories	464	505	-	-
Completed properties for sale	105,586	146,692	-	-
Properties under development for sale	1,096,054	923,615	-	-
Trade receivables	855	558	-	-
Other receivables	20,200	20,365	97	-
Non-trade amounts due from:				
A subsidiary	-	-	371,453	200,836
A shareholder	1,330	-	-	-
Minority shareholders of subsidiaries	21,387	40,805	-	-
Other related parties	95	85	-	-
Held-for-trading investments	4,313	5,868	-	-
Pledged bank deposits	1,046	2,602	-	-
Cash and bank balances	1,155,778	622,237	656,280	62,903
Total current assets	2,407,108	1,763,332	1,027,830	263,739
Total assets	3,037,299	2,150,359	1,543,149	779,058



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

	Group		Company	
	31.03.2007	31.12.2006	31.03.2007	31.12.2006
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<u>EQUITY AND LIABILITIES</u>				
Capital and reserves:				
Share capital	1,079,388	780,175	1,076,871	780,175
Reserves	164,216	129,667	68,158	(1,542)
Equity attributable to equity holders of the Company	1,243,604	909,842	1,145,029	778,633
Minority interests	160,368	153,178	-	-
Total capital and reserves	1,403,972	1,063,020	1,145,029	778,633
Non-current liabilities:				
Bank loans – due after one year	352,310	349,396	-	-
Convertible bonds	396,653	-	396,653	-
Deferred tax liabilities	17,516	17,412	-	-
Non-trade amounts due to minority shareholders of subsidiaries	161,738	91,846	-	-
Total non-current liabilities	928,217	458,654	396,653	-
Current liabilities:				
Trade payables	161,244	162,685	1,463	-
Other payables	460,643	333,916	-	425
Non-trade amounts due to:				
Subsidiaries	-	-	4	-
A shareholder	-	16,677	-	-
Minority shareholders of subsidiaries	16,789	17,366	-	-
Other related parties	998	1,068	-	-
A director	1,172	9,148	-	-
Income tax payable	389	9,701	-	-
Bank loans – due within one year	63,875	78,124	-	-
Total current liabilities	705,110	628,685	1,467	425
Total equity and liabilities	3,037,299	2,150,359	1,543,149	779,058



YANLORD LAND GROUP LIMITED

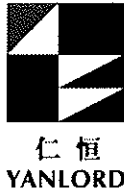
(Company Reg. No. 200601911K)

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

	Group	
	As at 31.03.2007	As at 31.12.2006
	S\$'000 (Unaudited)	S\$'000 (Audited)
Amount repayable in one year or less, or on demand:-		
Secured	37,926	52,606
Unsecured	25,949	25,518
Sub-total 1	63,875	78,124
Amount repayable after one year:-		
Secured	322,368	319,953
Unsecured	588,333	29,443
Sub-total 2	910,701	349,396
Total debt	974,576	427,520

Details of any collateral

Secured borrowings are generally secured by the borrowing companies' investment properties or properties under development for sale.



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Consolidated Cash Flow Statements for the Period Ended 31 March 2007

	1Q 2007	1Q 2006
	S\$'000	S\$'000
OPERATING ACTIVITIES		
Profit before income tax	16,760	14,493
Adjustments for:		
Impairment of goodwill	37	-
Depreciation expenses	687	594
Loss on disposal of property, plant and equipment	-	40
Loss on disposal of investment property	60	-
Dividend received from investments held-for-trading	-	(23)
Realised (gain) loss on investments held-for-trading	(242)	135
Fair value gain on investment held-for-trading	(139)	-
Share-based payment expense	565	-
Finance cost	4,546	231
Interest income	(4,953)	(465)
Operating cash flows before movements in working capital	17,321	15,005
Properties for development	(200,481)	(20,613)
Inventories	43	(1)
Completed properties for sale	41,106	30,472
Properties under development for sale	(168,082)	(93,077)
Trade and other receivables	(255)	(9,868)
Trade and other payables	125,286	127,991
Cash (used in) generated from operations	(185,062)	49,909
Interest paid	(4,889)	(5,633)
Income tax paid	(18,883)	(19,639)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(208,834)	24,637



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

	1Q 2007	1Q 2006
	S\$'000	S\$'000
INVESTING ACTIVITIES		
Interest received	4,953	465
Dividend received from investments held-for-trading	-	23
Purchase of property, plant and equipment	(366)	(1,120)
Proceeds on disposal of property, plant and equipment	-	53
Purchase of investments held-for-trading	(1,818)	-
Proceeds on disposal of investments held-for-trading	3,777	1,677
Proceeds on disposal of investments properties	1,184	-
Decrease in pledged bank deposits	1,556	64
Acquisition of additional interest in a subsidiary	(48,629)	-
Advance to a shareholder	(1,330)	-
Advance to related companies	(10)	(6)
Advance to minority shareholders of subsidiaries	(20,503)	(6,009)
NET CASH USED IN INVESTING ACTIVITIES	(61,186)	(4,853)
FINANCING ACTIVITIES		
(Repayment to) advance from related companies	(69)	2,550
(Repayment to) advance from a shareholder	(16,677)	3,944
Advance from minority shareholders of subsidiaries	68,139	652
Repayment to a director	(7,976)	-
Proceeds from bank loans	9,980	180,634
Repayment of bank loans	(28,544)	(76,728)
Net proceeds on issue of new shares	299,213	-
Net proceeds on issue of convertible bonds	459,855	-
NET CASH FROM FINANCING ACTIVITIES	783,921	111,052
INCREASE IN CASH AND CASH EQUIVALENTS	513,901	130,836
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	622,237	115,142
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	19,640	(21,984)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,155,778	223,994



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

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1(d)(j) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Group Statements of Changes in Equity for the Three Months Ended 31 March 2007

	Share capital	Currency translation reserve	Equity reserves	Statutory reserves	Merger reserve (deficit)	Other reserve	Accumulated profit	Attributable to equity holders of the Company	Minority interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 01.01.2007	780,175	(55,884)	1,265	39,571	(386,571)	-	531,286	909,842	153,178	1,063,020
Issuance of shares, net of expenses	299,213	-	-	-	-	-	-	299,213	-	299,213
Exchange diff. arising on translation of overseas operations	-	13,160	-	-	-	-	-	13,160	1,175	14,335
Net profit for the period	-	-	-	-	-	-	2,906	2,906	5,979	8,885
Recognition of equity component of convertible bonds due in 2012, net of expenses	-	-	66,546	-	-	-	-	66,546	-	66,546
Recognition of share-based payments	-	-	565	-	-	-	-	565	-	565
Fair value adjustment in acquiring additional interest in a subsidiary	-	-	-	-	-	(48,628)	-	(48,628)	-	(48,628)
Change of interest in an subsidiary	-	-	-	-	-	-	-	-	36	36
Balance as at 31.03.2007	1,079,388	(42,724)	68,376	39,571	(386,571)	(48,628)	534,192	1,243,604	160,368	1,403,972



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YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

Unaudited Group Statements of Changes in Equity for the Three Months Ended 31 March 2006

	Share capital	Currency translation reserve	Statutory reserves	Merger reserve (deficit)	Accumulated profit	Attributable to equity holders of the Company	Minority interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 01.01.2006	144,328	(13,605)	39,208	2,420	360,968	533,319	108,302	641,621
Exchange diff. arising on translation of overseas operations	-	(15,312)	-	-	-	(15,312)	(849)	(16,161)
Net profit for the period	-	-	-	-	8,085	8,085	4,898	12,983
Balance as at 31.03.2006	144,328	(28,917)	39,208	2,420	369,053	526,092	112,351	638,443



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

Unaudited Company Statements of Changes in Equity for the Three Months Ended 31 March 2007

	Share capital	Equity reserves	Accumulated loss	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 01.01.2007	780,175	1,265	(2,807)	778,633
Recognition of share-based payments	-	565	-	565
Issuance of shares, net of expenses	299,213	-	-	299,213
Recognition of equity component of convertible bonds due in 2012, net of expenses	-	66,546	-	66,546
Profit for the period	-	-	72	72
Balance as at 31.03.2007	1,079,388	68,376	(2,735)	1,145,029

1(d)(ii) Details of any changes in the Company's share capital arising from right issue, bonus issue, share-buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital

During the first quarter ended 31 March 2007, the Company issued 150,000,000 new ordinary shares at S\$2.07 per share, as part of the concurrent offerings of new shares and convertible bonds concluded in February 2007.

Share Options

As at 31 March 2007, the options to take up the unissued ordinary shares in the capital of the Company under the Scheme are as follows:-

Date of grant of options	Exercise price per share (S\$)	No. of option shares outstanding as at 01.01.2007	No. of option shares lapsed	No. of option shares outstanding as at 31.03.2007
21.06.2006	0.92	13,912,000	500,000	13,412,000



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter)

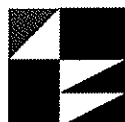
Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared to those for the audited financial statements for the year ended 31 December 2006.

5. If there are any changes in the accounting policies and methods of computations, including any required by an accounting standard, what has changed, as well as the reasons for, the effect of, the change

There are no changes in accounting policies and methods of computations.



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YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

6. Earnings per ordinary share (EPS) of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, based on profit after tax and minority interests attributable to the equity holders of the Company after deducting any provision for preference dividends.

	Group	
	1Q 2007 (Unaudited)	1Q 2006 * (Unaudited)
EPS based on Group net profit attributable to shareholders:		
(i) On the weighted average number of shares (S\$)	0.17 cents	0.59 cents
- Weighted average number of shares ('000)	1,712,856	1,368,000
(ii) On a fully diluted basis (S\$)	0.17 cents	0.59 cents
- Adjusted weighted average number of shares ('000)	1,720,669	1,368,000

* EPS for 1Q 2006 have been calculated based on the profit attributable to the equity holders of the Company for the corresponding periods ended and on the 1,368,000,000 ordinary shares in issue during the period on the assumption that the Group's Restructuring Exercise has been effective on 1 January 2005.

7. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (i) current period reported on; and
- (ii) immediately preceding financial year

	Group		Company	
	31.03.2007 (Unaudited)	31.12.2006 (Audited)	31.03.2007 (Unaudited)	31.12.2006 (Audited)
Net assets value per share based on issued share capital at the end of the period (S\$)	0.70	0.56	0.65	0.48



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YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

1Q 2007 vs 1Q 2006

Underpinned by the increase in apartment units delivered and in a higher average selling price achieved, the revenue of the Group improved significantly in 1Q 2007, which increased by S\$36.3 million or 68.2% to S\$89.5 million over the corresponding period in last year. The major contributor to this robust improvement was the revenue derived from the project in Shanghai, Yanlord Riverside Gardens (Phase 2) (仁恒河滨花园二期) - which accounted for 77.2% of the Group's revenue from sales of properties in 1Q 2007. In addition, the subsequent delivery of apartment units from other projects in last year – including Bamboo Gardens (Phase 2) (翠竹园二期) in Nanjing, Yanlord Villas (仁恒别墅) in Guiyang and Yunjie Riverside Garden (Phase 1) (运杰河滨花园一期) in Shanghai - which contributed 6.4%, 5.8% and 5.5% respectively to the Group's revenue from sales of properties in 1Q 2007, accounted for the balance.

In line with the improved revenue, gross profit of the Group grew moderately by S\$7.7 million or 29.7%, to S\$33.6 million in 1Q 2007 from S\$25.9 million in 1Q 2006. While the gross profit margin for 1Q 2007 remained high, it dropped by 11.1% to 37.6% in 1Q 2007 from 48.7% in 1Q 2006. The decrease was mainly due to the increased LAT expenses in cost of sales as mentioned above.

Profit before tax in 1Q 2007 was higher at S\$16.7 million, rose by S\$2.2 million or 15.2%, compared to S\$14.5 million in 1Q 2006 principally attributable to the stronger revenue stream generated from the sales of residential properties and income from other operating activities partially offset by the general increase in administrative expenses and finance cost. Profit before tax margin declined in tandem with the decline in gross profit margin of 8.5%, to 18.7% in 1Q 2007 from 27.2% in 1Q 2006.

Profit after tax reduced by S\$4.1 million to S\$8.9 million in 1Q 2007 from S\$13.0 million in 1Q 2006 mainly due to higher income tax incurred as compared with the corresponding period in



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YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

last year. As such, the Group's profit after tax margin dropped to 9.9% in 1Q 2007 from 24.4% in 1Q 2006.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Group cash and bank balances remained high at S\$1,155.8 million as at 31 March 2007 (after netting off the effects of appreciation of relevant exchange rates amounting to S\$19,640), which grew by about five-fold compared with the corresponding period ended 31 March 2006. This increase was in large part the result of an increase in net cash from financing activities, up from S\$111.1 million as at 31 March 2006 to S\$783.9 million as at 31 March 2007, partially offset by a higher net cash used in operating activities, up from a net cash in of S\$24.6 million as at 31 March 2006 to a net cash used of S\$208.8 million as at 31 March 2007. Following the IPO concluded in June 2006, the Group made a concurrent offering of new ordinary shares and convertible bonds in February 2007. These offerings generated net proceeds of S\$299.2 million and S\$459.9 million for issuance of shares and convertible bonds respectively, and thus accounted for a significant part of the increase in net cash from financing activities. As the Group continuously invested resources in existing and new developed projects, the working capital expenditures in properties under development for sale and properties for development rose sharply and as a result led to a substantial increase in net cash spent on operating activities compared to the respective period as at 31 March 2006.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement for the current financial period has been previously disclosed to shareholders.



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(Company Reg. No. 200601911K)

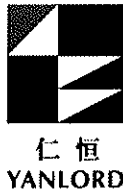
10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

According to latest figures released by the PRC's National Bureau of Statistics for the period of January to March 2007 ("1Q 2007"), the PRC economy grew in excess of 11% over the corresponding period last year. Consistent with the overall economic growth of the PRC, total investments in the property sector in 1Q 2007 increased by 26.9% to RMB354.4 billion from the corresponding period last year.

Based on latest statistics from the PRC's National Development and Reform Commission on property prices, property prices of new developments in 70 large and medium-sized cities in the PRC rose 6.0% in March 2007 compared to the corresponding period last year, with cities such as Shenzhen, Beijing and Chengdu registering increases of 10.7%, 9.9% and 8.4% respectively. Apart from Chengdu where the Group has development projects in, other cities such as Tianjin, Nanjing and Shanghai also experienced price increases of 7.4%, 6.8% and 0.2% respectively in March 2007 compared to the corresponding period last year.

The increase in property prices in the large and medium-sized cities occurred despite various measures introduced since May 2006 by the authorities to curb over-investment into the sector. The Group believes that the measures introduced will benefit the sector over the long-run through better regulation. In addition, the recent measures may lead to healthy consolidation of the property sector as smaller developers with cash-flow problems may not be able to meet the requirements of the measures promulgated. This development will benefit established developers with strong financials such as Yanlord, as it presents the opportunity to acquire prime land banks at reasonable prices from smaller developers. With increasing affluence and urbanization of the PRC population, there exists significant potential for further growth for high-end quality developments at prime locations in major cities.

The Group is actively pursuing opportunities to enlarge its land bank. In February 2007, Yanlord concluded the concurrent offerings of 150,000,000 new ordinary shares at S\$2.07 per share and S\$477.25 million in convertible notes which raised an aggregate net proceeds of approximately S\$759.1 million which will be used mainly to acquire new development sites for residential and commercial property development and to finance possible strategic



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

investments, acquisitions or strategic alliances.

Outlook

The Group continues to receive encouraging response, both in terms of take-up rates and higher average selling prices for its recent project launches such as Yanlord Riverside City Phase 2 in Shanghai and Bamboo Gardens Phase 3 in Nanjing.

As at 31 March 2007, the other payables in balance sheet of approximately S\$460.6 million included advances received from buyers of Yanlord's apartment units of approximately S\$380.5 million which represented pre-sales of Yanlord's properties. Based on sales contracts, the pre-sales of Yanlord's apartment units stood at approximately S\$455.1 million. The bulk of the pre-sales of these Yanlord's properties are expected to be recognized in the later part of FY 2007.

Moving forward, the Group is expecting to launch two new projects, namely Yanlord New City Gardens (Phase 1) (仁恒星園一期) in Zhuhai and Yanlord Peninsula (星島仁恒) in Suzhou in 2Q 2007. The pre-sales revenue from these developments is also expected to be recognized progressively in the later part of FY 2007.

Barring any unforeseen circumstances, the Directors remain confident of the Group's performance for the next reporting period and the next 12 months based on the number of units pre-sold to-date, expected delivery schedules and construction works in progress.

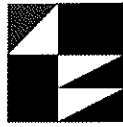
11. Dividend

(a) Any dividend declared for the current financial period reported on? Nil.

(b) Any dividend declared for the corresponding period of the immediately preceding financial year? Nil.

(c) Date payable: Not applicable.

(d) Books closure date: Not applicable.



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YANLORD

YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for the period under review.

13. Confirmation of the Board of Directors (“Board”)

We refer to the requirement under Rule 705(4) of the SGX-ST Listing Manual.

We, Zhong Sheng Jian and Zhong Siliang, directors of the Company, hereby confirm on behalf of the Board that, to the best of our knowledge, nothing has come to the attention of the Board, which may render the first quarter financial results of the Group for the period ended 31 March 2007 to be false or misleading in any material aspects.

ON BEHALF OF THE BOARD

Zhong Sheng Jian
Chairman and Chief Executive Officer

Zhong Siliang
Director

ON BEHALF OF THE BOARD

Zhong Sheng Jian
Chairman and Chief Executive Officer
14 May 2007