



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

UNAUDITED SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2007 FINANCIAL STATEMENT ANNOUNCEMENT

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UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 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 30 June 2007

	2Q 2007	2Q 2006	%	1H 2007	1H 2006	%
			Change			Change
	S\$'000	S\$'000	+/(–)	S\$'000	S\$'000	+/(–)
Revenue	21,451	328,873	(93)	110,918	382,066	(71)
Cost of sales	(14,226)	(188,505)	(92)	(70,082)	(215,788)	(68)
Gross profit	7,225	140,368	(95)	40,836	166,278	(75)
Other operating income	9,184	1,367	572	17,036	3,015	465
Selling expenses	(4,945)	(2,961)	67	(8,939)	(5,289)	69
Administrative expenses	(16,535)	(7,766)	113	(32,276)	(17,681)	83
Other operating expenses	(25)	(492)	(95)	(447)	(1,083)	(59)
Finance cost	(7,269)	(10)	72,590	(11,815)	(241)	4,802
(Loss) Profit before tax	(12,365)	130,506	(109)	4,395	144,999	(97)
Income tax	684	(23,831)	(103)	(7,191)	(25,341)	(72)
(Loss) Profit for the period	(11,681)	106,675	(111)	(2,796)	119,658	(102)
Attributable to:						
Equity holders of the Company	(22,452)	76,126	(129)	(19,546)	84,211	(123)
Minority interests	10,771	30,549	(65)	16,750	35,447	(53)
	(11,681)	106,675	(111)	(2,796)	119,658	(102)



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

	2Q 2007	2Q 2006	1H 2007	1H 2006
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Impairment of goodwill	-	440	37	440
Depreciation expense	658	591	1,345	1,185
Loss on disposal of property, plant and equipment	1	4	1	44
Gain on disposal of investment properties	(144)	-	(84)	-
Dividend income from investments held-for-trading	(44)	(54)	(44)	(77)
Realised loss (gain) on investments held-for-trading	-	-	(242)	135
Fair value gain on investments held-for-trading	(1,392)	-	(1,531)	-
Share-based payment expense	595	-	1,160	-
Finance cost	7,269	10	11,815	241
Interest income	(7,938)	(2,200)	(12,891)	(1,735)
Foreign exchange loss (gain)	1,672	47	695	(58)

Revenue

The Group achieved a contracted amount of approximately S\$860.0 million from its pre-sold properties of which, approximately S\$722.7 million has been received as advances which are being recorded as "Other Payables" in the balance sheet of the Group as at 30 June 2007 instead of being recognised as "Revenue" of the Group for 1H 2007 in accordance with the Financial Reporting Standard ("FRS") 18 - Revenue⁽¹⁾, adopted by the Group. It is estimated that most of the proceeds of the pre-sold properties will be progressively recognised as revenue in 2H 2007.

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.



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Group revenue was derived net of business tax excluding the land appreciation tax ("LAT"). The LAT, which was deducted from the Group's revenue in the announcement of 2Q 2006, has been reclassified as a cost of sales item, such that the revenue figures in 2Q 2006 and 1H 2006 are comparable to that of corresponding periods in 2007.

The revenue was derived primarily from the sale of residential properties with a small portion being generated from the provision of property management service and other services. Compared with the corresponding periods in 2006, revenues of the Group decreased by S\$307.4 million in 2Q 2007 and S\$271.1 million in 1H 2007, which were mainly caused by pre-sale proceeds not being recognised as revenue based on the FRS 18 - Revenue (which will progressively be recognised as revenue in 2H 2007). The revenues in 2Q 2007 and 1H 2007 were mainly derived from Yanlord Riverside Gardens (仁恒河滨花园) and Yunjie Riverside Garden (Phase 1) (运杰河滨花园, 一期) in Shanghai, Xintian Centre (新天商业中心) and Yanlord Villas (仁恒别墅) in Guiyang and Bamboo Gardens (Phase 2) (翠竹园, 二期) in Nanjing.

During 2Q 2007, the Group had, in fact, generated higher proceeds from the pre-sales of properties than that in 2Q 2006. However, as most units pre-sold during 1H 2007 were yet to be completed after the reporting period ended 30 June 2007, the Group's revenues in both 2Q 2007 and 1H 2007 were comparatively lower than those of the corresponding periods in last year.

Cost of sales

Cost of sales comprised primarily land costs, construction costs, capitalized borrowing costs and LAT. As recognised revenue of the Group declined, recognised cost of sales decreased accordingly, by S\$174.3 million in 2Q 2007 and S\$145.7 million in 1H 2007 over the corresponding periods in 2006. During 1H 2007, the Group incurred LAT expenses of approximately S\$11.6 million.

Other operating income

Other operating income, which principally included interest income, tax subsidies, change in fair value of investments held-for-trading and other miscellaneous income, grew by S\$7.8 million in 2Q 2007 and S\$14.0 million in 1H 2007 over the corresponding periods in 2006. The substantial increase of this income was mainly derived from higher interest income being generated from increased cash and bank balances.



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Selling expenses

Selling expenses mainly consisted of staff expenses, advertising and promotion expenses, and other expenses. These expenses increased by S\$2.0 million in 2Q 2007 and S\$3.7 million in 1H 2007 over the comparable periods in 2006, which were mainly due to higher advertising and promotion expenses incurred in relation to pre-sale activities in various cities of the PRC. Two new projects, Yanlord Peninsula (星岛仁恒) and Yanlord New City Gardens (Phase 1) (仁恒星园, 一期), were launched in Suzhou and Zhuhai respectively during 2Q 2007. The pre-sale activities on existing projects, including Hengye International Plaza (Phase 2) / Hengye Star 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, continued in the same period. In order to increase market awareness of and continuously promote our quality properties as well as the premium brand name of "Yanlord", the Group had pooled more resources into various marketing campaigns and promotion activities during the first half year. Together with an increase in the employment of sales and marketing staff, the selling expenses increased accordingly.

Administrative expenses

Administrative expenses comprised of staff costs, depreciation, rental, utilities, travel, entertainment expenses, legal and professional fees and share-based payment expense. The expenses in 2Q 2007 and 1H 2007 increased by S\$8.8 million and S\$14.6 million respectively compared to the same periods in 2006. The increases were due to an increase in number of staff being employed and payment of year-end bonus to the management to support the business growth of the Group and the grant of annual performance incentive for the financial year 2006 to the CEO as provided in the CEO's service agreement.

Other operating expenses

Other operating expenses, which comprised primarily donations and impairment of goodwill on acquisition of additional interest in a subsidiary, decreased by S\$0.5 million in 2Q 2007 and S\$0.6 million in 1H 2007 over the corresponding periods in 2006.



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Finance cost

Interest on borrowings, which excluded capitalized interest, increased by S\$7.3 million in 2Q 2007 and S\$11.6 million in 1H 2007 compared to the corresponding periods in 2006. As the aggregate amount of the Group's borrowings and debt securities increased, in particular relating to the convertible notes and a long term loan from a minority shareholder of a subsidiary, the overall finance cost increased accordingly.

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

Income tax

Income tax was derived by applying statutory tax rates, ranging from 15% to 33% for the different regions in the PRC in which the Group has businesses and development operations, and taking into account of non-deductible expenses and temporary timing differences.

Income tax in 2Q 2007 and 1H 2007 declined by S\$24.5 million and S\$18.2 million respectively over the corresponding periods last year, which were primarily due to considerable decreases in profit before tax as a result of lower revenues and higher administrative expenses and finance costs.



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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 30 June 2007

	Group		Company	
	30.06.2007	31.12.2006	30.06.2007	31.12.2006
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<u>ASSETS</u>				
Non-current assets:				
Property, plant and equipment	26,699	26,608	-	-
Investment properties	106,512	105,702	-	-
Properties for development	683,643	238,382	-	-
Investment in a subsidiary	-	-	515,319	515,319
Other investments	9,924	9,686	-	-
Deferred tax assets	9,480	6,158	-	-
Long-term receivables	-	491	-	-
Total non-current assets	836,258	387,027	515,319	515,319
Current assets:				
Inventories	1,327	505	-	-
Completed properties for sale	96,688	146,692	-	-
Properties under development for sale	1,208,525	923,615	-	-
Trade receivables	969	558	-	-
Other receivables	57,507	20,365	1,420	-
Prepaid income tax	33,977	-	-	-
Non-trade amounts due from:				
A subsidiary	-	-	661,335	200,836
Minority shareholders of subsidiaries	41,508	40,805	-	-
Other related parties	487	85	-	-
Held-for-trading investments	13,556	5,868	-	-
Pledged bank deposits	12,209	2,602	-	-
Cash and bank balances	991,497	622,237	370,313	62,903
Total current assets	2,458,250	1,763,332	1,033,068	263,739
Total assets	3,294,508	2,150,359	1,548,387	779,058



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	Group		Company	
	30.06.2007	31.12.2006	30.06.2007	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	1,079,388	780,175
Reserves	97,336	129,667	66,807	(1,542)
Equity attributable to equity holders of the Company	1,176,724	909,842	1,146,195	778,633
Minority interests	113,726	153,178	-	-
Total capital and reserves	1,290,450	1,063,020	1,146,195	778,633
Non-current liabilities:				
Bank loans – due after one year	300,636	349,396	-	-
Convertible notes	401,916	-	401,916	-
Deferred tax liabilities	17,594	17,412	-	-
Non-trade amounts due to minority shareholders of subsidiaries	206,101	91,846	-	-
Total non-current liabilities	926,247	458,654	401,916	-
Current liabilities:				
Trade payables	109,248	162,685	-	-
Other payables	801,304	333,916	72	425
Non-trade amounts due to:				
Subsidiaries	-	-	4	-
A director	6,118	9,148	200	-
A shareholder	10	16,677	-	-
Minority shareholders of subsidiaries	44,496	17,366	-	-
Other related parties	-	1,068	-	-
Income tax payable	-	9,701	-	-
Bank loans – due within one year	116,635	78,124	-	-
Total current liabilities	1,077,811	628,685	276	425
Total equity and liabilities	3,294,508	2,150,359	1,548,387	779,058



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

	Group	
	As at 30.06.2007	As at 31.12.2006
	S\$'000	S\$'000
	(Unaudited)	(Audited)
Amount repayable in one year or less, or on demand:-		
Secured	98,536	52,606
Unsecured	18,099	25,518
Sub-total 1	116,635	78,124
Amount repayable after one year:-		
Secured	262,428	319,953
Unsecured	646,225	29,443
Sub-total 2	908,653	349,396
Total debt	1,025,288	427,520

Details of any collateral

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



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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 30 June 2007

	2Q 2007	2Q 2006	1H 2007	1H 2006
	S\$'000	S\$'000	S\$'000	S\$'000
OPERATING ACTIVITIES				
(Loss) Profit before income tax	(12,365)	130,506	4,395	144,999
Adjustments for:				
Impairment of goodwill	-	440	37	440
Depreciation expense	658	591	1,345	1,185
Loss on disposal of property, plant and equipment	1	4	1	44
Gain on disposal of investment properties	(144)	-	(84)	-
Dividend income from investments held-for-trading	(44)	(54)	(44)	(77)
Realised loss (gain) on investments held-for-trading	-	-	(242)	135
Fair value gain on investments held-for-trading	(1,392)	-	(1,531)	-
Share-based payment expense	595	-	1,160	-
Finance cost	7,269	10	11,815	241
Interest income	(7,938)	(2,200)	(12,891)	(1,735)
Operating cash flows before movement in working capital	(13,360)	129,297	3,961	145,232
Properties for development	(237,394)	(11,634)	(437,875)	(32,247)
Inventories	(850)	(35)	(807)	(36)
Completed properties for sale	12,488	25,619	53,594	56,091
Properties under development for sale	(80,169)	85,445	(248,251)	(7,632)
Trade and other receivables	(35,533)	593	(35,788)	(9,276)
Trade and other payables	276,523	8,448	401,809	136,439
Cash (used in) generated from operations	(78,295)	237,733	(263,357)	288,571
Interest paid	(10,373)	(6,794)	(15,262)	(12,427)
Income taxes paid	(36,381)	(20,374)	(55,264)	(40,012)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(125,049)	210,565	(333,883)	236,132



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	2Q 2007	2Q 2006	1H 2007	1H 2006
	S\$'000	S\$'000	S\$'000	S\$'000
INVESTING ACTIVITIES				
Interest received	6,519	2,202	11,472	1,737
Dividend received from investments held-for-trading	44	54	44	77
Purchase of property, plant and equipment	(744)	(334)	(1,110)	(1,453)
Purchase of investments held-for-trading	(7,862)	-	(9,680)	-
Proceeds on disposal of property, plant and equipment	-	-	-	53
Proceeds on disposal of investments held-for-trading	-	-	3,777	1,677
Proceeds on disposal of investments properties	656	-	1,840	-
(Increase) Decrease in pledged bank deposits	(11,138)	6,617	(9,582)	6,681
Acquisition of additional interests in a subsidiary	-	-	(48,629)	-
Repayment from a third party	503	-	503	-
Repayment from a shareholder	1,330	-	-	-
(Advance to) Repayment from related companies	(392)	6	(402)	-
Repayment from (Advance to) minority shareholders of subsidiaries	20,503	5,661	-	(348)
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	9,419	14,206	(51,767)	8,424
FINANCING ACTIVITIES				
Dividend paid	(51,284)	-	(51,284)	-
Repayment to related companies	(1,023)	(2,747)	(1,092)	(197)
Advance from (Repayment to) a shareholder	11	(3,945)	(16,666)	(1)
Advance from (Repayment to) minority shareholders of subsidiaries	69,203	(12,777)	137,342	(12,125)
Advance from (Repayment to) a director	4,951	(40,921)	(3,025)	(40,921)
Proceeds from bank loans	34,261	93,463	44,241	274,097



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	2Q 2007	2Q 2006	1H 2007	1H 2006
	S\$'000	S\$'000	S\$'000	S\$'000
Repayment of bank loans	(36,409)	(87,790)	(64,953)	(164,519)
Net proceeds on issue of new shares	-	252,922	299,213	252,922
Net proceeds on issue of convertible notes	-	-	459,855	-
Dividends paid to minority shareholders of subsidiaries	(60,459)	(44,440)	(60,459)	(44,440)
Cash injection from a minority shareholder of a subsidiary	1,521	-	1,521	-
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(39,228)	153,765	744,693	264,816
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(154,858)	378,536	359,043	509,372
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,155,778	223,994	622,237	115,142
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(9,423)	(21,212)	10,217	(43,196)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	991,497	581,318	991,497	581,318



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1(d)(i) 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 Half Year Ended 30 June 2007

	Share capital	Currency translation reserve	Equity reserves	Statutory reserves	Merger reserve	Other reserve	Accumulated profits	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 at 1 January 2007	780,175	(55,884)	1,265	39,571	(386,571)	-	531,286	909,842	153,178	1,063,020
Fair value adjustment in acquiring additional interest in a subsidiary	-	-	-	-	-	(48,628)	-	(48,628)	-	(48,628)
Currency translation difference	-	13,160	-	-	-	-	-	13,160	1,175	14,335
Net income (expense) recognised directly in equity	-	13,160	-	-	-	(48,628)	-	(35,468)	1,175	(34,293)
Net profit for the period	-	-	-	-	-	-	2,906	2,906	5,979	8,885
Total recognised income (expense) for the period	-	13,160	-	-	-	(48,628)	2,906	(32,562)	7,154	(25,408)
Issuance of shares, net of expenses	299,213	-	-	-	-	-	-	299,213	-	299,213



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	Share capital	Currency translation reserve	Equity reserves	Statutory reserves	Merger reserve	Other reserve	Accumulated profits	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
Recognition of equity component of convertible notes due in 2012, net of expenses	-	-	66,546	-	-	-	-	66,546	-	66,546
Recognition of share-based payments	-	-	565	-	-	-	-	565	-	565
Change of interest in a subsidiary	-	-	-	-	-	-	-	-	36	36
Balance at 31 March 2007	1,079,388	(42,724)	68,376	39,571	(386,571)	(48,628)	534,192	1,243,604	160,368	1,403,972
Currency translation difference	-	6,261	-	-	-	-	-	6,261	1,525	7,786
Net income recognised directly in equity	-	6,261	-	-	-	-	-	6,261	1,525	7,786
Net (loss) profit for the period	-	-	-	-	-	-	(22,452)	(22,452)	10,771	(11,681)
Total recognised income (expense) for the period	-	6,261	-	-	-	-	(22,452)	(16,191)	12,296	(3,895)
Recognition of share-based payments	-	-	595	-	-	-	-	595	-	595
Cash injection by a minority shareholder	-	-	-	-	-	-	-	-	1,521	1,521
Dividends	-	-	-	-	-	-	(51,284)	(51,284)	-	(51,284)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(60,459)	(60,459)
Appropriations	-	-	-	(4)	-	-	4	-	-	-
Balance at 30 June 2007	1,079,388	(36,463)	68,971	39,567	(386,571)	(48,628)	460,460	1,176,724	113,726	1,290,450



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Unaudited Group Statements of Changes in Equity for the Half Year Ended 30 June 2006

	Share capital	Currency translation reserve	Statutory reserves	Merger reserve	Accumulated profits	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 at 1 January 2006	144,328	(13,605)	39,208	2,420	360,968	533,319	108,302	641,621
Currency translation difference	-	(15,312)	-	-	-	(15,312)	(849)	(16,161)
Net expense recognised directly in equity	-	(15,312)	-	-	-	(15,312)	(849)	(16,161)
Net profit for the period	-	-	-	-	8,085	8,085	4,898	12,983
Total recognised (expense) income for the period	-	(15,312)	-	-	8,085	(7,227)	4,049	(3,178)
Balance at 31 March 2006	144,328	(28,917)	39,208	2,420	369,053	526,092	112,351	638,443
Currency translation difference	-	(14,677)	-	-	-	(14,677)	(573)	(15,250)
Net expense recognised directly in equity	-	(14,677)	-	-	-	(14,677)	(573)	(15,250)
Net profit for the period	-	-	-	-	76,126	76,126	30,549	106,675
Total recognised (expense) income for the period	-	(14,677)	-	-	76,126	61,449	29,976	91,425
Arising from Group Restructuring	(144,328)	-	-	(388,991)	-	(533,319)	-	(533,319)
Issuance of shares pursuant to the Restructuring Exercise	515,319	-	-	-	-	515,319	-	515,319
Issuance of shares pursuant to IPO, net of expenses	252,922	-	-	-	-	252,922	-	252,922
Change of interest in subsidiary	-	-	-	-	-	-	274	274
Dividends paid to minority shareholders	-	-	-	-	-	-	(44,440)	(44,440)
Balance at 30 June 2006	768,241	(43,594)	39,208	(386,571)	445,179	822,463	98,161	920,624



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Unaudited Company Statements of Changes in Equity for the Half Year Ended 30 June 2007

	Share capital S\$'000	Equity reserves S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance at 1 January 2007	780,175	1,265	(2,807)	778,633
Net profit for the period	-	-	72	72
Total recognised income for the period	-	-	72	72
Issuance of shares, net of expenses	299,213	-	-	299,213
Recognition of equity component of convertible notes due in 2012, net of expenses	-	66,546	-	66,546
Recognition of share-based payments	-	565	-	565
Balance at 31 March 2007	1,079,388	68,376	(2,735)	1,145,029
Net profit for the period	-	-	51,855	51,855
Total recognised income for the period	-	-	51,855	51,855
Recognition of share-based payments	-	595	-	595
Dividends	-	-	(51,284)	(51,284)
Balance at 30 June 2007	1,079,388	68,971	(2,164)	1,146,195

Unaudited Company Statements of Changes in Equity for the Half Year Ended 30 June 2006

	Share capital S\$'000	Accumulated loss S\$'000	Total S\$'000
Balance at 31 March 2006	(1)	-	(1)
Loss for the period	-	(1)	(1)
Total recognised expense for the period	-	(1)	(1)
Issue of 1,367,999,999 ordinary shares pursuant to the Restructuring Exercise	515,319	-	515,319
Issue of 242,000,000 ordinary shares pursuant to the initial public offering of the Company in June 2006, net of IPO expenses	252,922	-	252,922
Balance at 30 June 2006	768,241	(1)	768,240



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Note:

1. The share capital as at 31 March 2006 was less than S\$1,000. The Company was incorporated in the Republic of Singapore on 13 February 2006 as a private limited company with an issued and paid up capital of S\$1.00 comprising one ordinary share. The Company's principal activity is acting as an investment holding company.

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 notes concluded in February 2007. The issuance of 150,000,000 new shares after net of expenses amounted to S\$299,213,000.

Share Options

The options to take up the unissued ordinary shares in the capital of the Company under the Company's Pre-IPO Share Option Scheme as at 30 June 2007 are as follows:-

Date of grant of options	Exercise price per share (S\$)	No. of option shares outstanding as at 01.04.2007	No. of option shares lapsed	No. of option shares outstanding as at 30.06.2007
21.06.2006	0.92	13,412,000	80,000	13,332,000



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Convertible Notes Due 2012

As previously announced, the Company had in February 2007 issued S\$477.25 million convertible notes due in 2012 ("Notes") at a conversion price of S\$2.7531 per share. With effect from 1 June 2007 and as previously announced, the conversion price has been adjusted from S\$2.7531 per share to S\$2.71 per share.

Based on the conversion price of S\$2.71 per share and assuming the Notes are fully converted, the number of new ordinary shares to be issued would be approximately 176,107,011 shares as at 30 June 2007.

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

The figures for the second quarter and half year ended 30 June 2007 have neither been audited nor reviewed by the auditors.

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 periods compared to those in 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 is no change in the accounting policies and methods of computations.



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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		Group	
	2Q 2007	2Q 2006	1H 2007	1H 2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
EPS based on Group net (loss) profit attributable to shareholders:				
(i) On the weighted average number of shares (S\$)	(1.27 cents)	5.47 cents	(1.12 cents)	6.10 cents
- Weighted average number of shares ('000)	1,774,523	1,391,934	1,743,860	1,380,033
(ii) On a fully diluted basis (S\$)	(1.27 cents)	5.46 cents	(1.12 cents)	6.09 cents
- Adjusted weighted average number of shares ('000)	1,774,523	1,394,096	1,743,860	1,382,195

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	
	30.06.2007	31.12.2006	30.06.2007	31.12.2006
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net assets value per share based on issued share capital at the end of the period (S\$)	0.66	0.56	0.65	0.48



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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**

The Group achieved a contracted amount of approximately S\$860.0 million from its pre-sold properties of which, approximately S\$722.7 million has been received as advances which are being recorded as "Other Payables" in the balance sheet of the Group as at 30 June 2007 instead of being recognised as "Revenue" of the Group for 1H 2007 in accordance with the FRS 18 - Revenue, adopted by the Group. It is estimated that most of the proceeds of the pre-sold properties will be progressively recognised as revenue in 2H 2007.

2Q 2007 vs 2Q 2006

As the number of apartment units delivered in 2Q 2007 decreased over the corresponding period in 2006, the revenue of the Group declined by S\$307.4 million to S\$21.5 million in 2Q 2007 from S\$328.9 million in 2Q 2006. The revenue in 2Q 2007 was mainly derived from the sale of completed units held for sale, principally from Yunjie Riverside Garden (Phase 1) (运杰河滨花园，一期) and Yanlord Riverside Gardens (Phase 1) (仁恒河滨花园，一期) in Shanghai, Xintian Centre (新天商业中心) in Guiyang and Bamboo Gardens (Phase 2) (翠竹园，二期) in Nanjing – which accounted for 48.5%, 18.2%, 8.1% and 7.4% respectively of the Group's sales revenue in 2Q 2007. Contrary to lower revenue generated in 2Q 2007 compared to 2Q 2006, the Group achieved higher pre-sale proceeds, which amounted to S\$722.7 million as at 30 June 2007 compared to S\$524.7 million as at 30 June 2006.

Gross profit of the Group decreased by S\$133.2 million to S\$7.2 million in 2Q 2007 from S\$140.4 million in 2Q 2006, which was in line with the decreasing revenue. Gross profit margin in 2Q 2007 was lower at 33.7% compared to that of 42.7% in 2Q 2006, which was primarily due to a higher percentage of high-margin apartment units of Yanlord Riverside City (Phase 1) (仁恒河滨城，一期) being sold in 2Q 2006.



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As a result of decreased revenue compounded by increases in administrative expenses and finance cost, the Group arrived at a loss before tax of S\$12.4 million in 2Q 2007 compared to a profit before tax of S\$130.5 million in 2Q 2006.

Corresponding to the loss before tax, the Group resulted in a net loss after tax at S\$11.7 million compared to a net profit after tax of S\$106.7 million in 2Q 2006.

1H 2007 vs 1H 2006

As a result of the decrease in recognised sales in 2Q 2007, the total revenue in 1H 2007 decreased by S\$271.2 million to S\$110.9 million from S\$382.1 million in 1H 2006. The revenue was mainly derived from the sales of apartment units in Yanlord Riverside Gardens (Phase 2) (仁恒河滨花园, 二期) and Yunjie Riverside Garden (Phase 1) (运杰河滨花园, 一期) in Shanghai, Bamboo Gardens (Phase 2) (翠竹园, 二期) in Nanjing, and Yanlord Villas (仁恒别墅) in Guiyang – which contributed 65.2%, 12.7% 6.5% and 5.9% respectively to the Group's sales revenue in 1H 2007.

The Group's gross profit in 1H 2007 was lower than the corresponding period of last year, representing a decrease of S\$125.4 million to S\$40.8 million, which was mainly due to the decrease in recognised revenue and an increased LAT. Gross profit margin decreased to 36.8% in 1H 2007 compared to 43.5% in 1H 2006 primarily attributable to change of composition of product mix and increased LAT.

Profit before tax declined to S\$4.4 million in 1H 2007 compared to S\$145.0 million achieved in 1H 2006. In addition to the decline in recognised revenue, increased LAT and finance cost in the period, increased selling and administrative expenses incurred for enhanced marketing and promotional efforts and future business growth also contributed to the lower profit before tax result in 1H 2007 than that of 1H 2006. Accordingly, profit before tax margin decreased to 4.0% in 1H 2007 compared to that of 38.0% in 1H 2006.

The Group resulted in a loss after tax of S\$2.8 million, which was S\$122.5 million lower than the profit after tax in 1H 2006.



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

As at 30 June 2007, the Group had cash and bank balances of S\$991.5 million, which represented an increase of S\$410.2 million from the balance of S\$581.3 million as at 30 June 2006. The major contributor to the improved cash flow mainly came from the increase in net cash from financing activities, which was partly offset by increased net cash used in operating activities.

Net cash from financing activities amounted to S\$744.7 million for the half year ended 30 June 2007, which was S\$479.9 million more than S\$264.8 million of the same period last year. The increase was mainly contributed by the successful concurrent offerings of new ordinary shares and convertible notes concluded in February 2007, which generated total net proceeds of S\$759.1 million. In line with the business growth strategy in increasing the land bank and property development activities, net cash used in operating activities rose to S\$333.9 million for 1H 2007 compared to generated net cash of S\$236.1 million recorded in 1H 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.

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

Industry Outlook

Driven by a robust domestic economy which grew 11.5% in the first half of 2007 – statistics from the PRC National Bureau of Statistics (“NBS”) – the PRC real estate sector continues to exhibit strong growth potential. According to further figures released by the NBS, the total real estate investment in the PRC, rose 28.5% over the corresponding period last year to RMB988.7 billion in 1H 2007.



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According to statistics from the PRC National Development and Reform Commission, high-end residential property prices in 70 large and medium-sized cities rose 8.5% in 1H 2007 compared to 1H 2006. This exceeds the 7.1% average increase in housing prices, which reflects the buoyant demand situation for high-end residential properties in the PRC.

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. With rising 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 rise in property prices was driven by increased confidence in the future of the PRC real estate sector and follows the passing of the much awaited Property Law in March 2007. The landmark bill – which will come into effect on 1 October 2007 – seeks to grant equal protection of state and private properties marking a significant step in the country's efforts to further economic reforms and boost social harmony.

In 1H 2007, the initial batches of pre-sales of Yanlord's apartment units in Yanlord New City Gardens (Phase 1) (仁恒星园, 一期) in Zhuhai and Yanlord Peninsula (星岛仁恒) in Suzhou recorded average selling prices ("ASPs") per square metre ("sqm") of approximately RMB8,000 and RMB13,000 respectively. These new developments also experienced strong take-up rates, with 77.0% sold on the day of launch for Yanlord New City Gardens (Phase 1) (仁恒星园, 一期) and 90.6% for Yanlord Peninsula (星岛仁恒) within two months, reaffirming the Group's successful expansion outside the Yangtze River Delta.

Company Outlook

Benefiting from the strong responses on pre-sales, the Group's advances received from buyers on properties pre-sold, which is included as "Other Payables" in the balance sheet, amounted to approximately S\$722.7 million. Based on existing sales contracts of these pre-sold units, the pre-contracted sales amounted to approximately S\$860.0 million as at 30 June 2007, the bulk of which is expected to be recognised as revenue of the Group progressively in 2H 2007.



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Moving forward, Yanlord will progressively launch new tranches of existing development for sale in 2H 2007 – Yanlord Riverside City (Phase 2) (仁恒河滨城，二期), Yanlord Town (仁恒家园) and Yunjie Riverside Garden (Phase 1) (运杰河滨花园，一期) in Shanghai, Bamboo Gardens (Phase 3) (翠竹园，三期) in Nanjing, Hengye Star Gardens (恒业星园) in Chengdu, Yanlord New City Gardens (Phase 1) (仁恒星园，一期) in Zhuhai and Yanlord Peninsula (星岛仁恒) in Suzhou. Situated in prime locations, these projects, as with other Yanlord developments, are expected to continue to command premium pricing and increasing ASPs due to the high development and product quality, and are expected contribute significantly to the Group's future financial performance in FY 2007 and beyond.

The Group continues to actively pursue opportunities to enlarge its land bank. In February, Yanlord has increased its shareholding from 60% to 95% in Yanlord Marina Centre (仁恒滨海中心) in Zhuhai at a cost of RMB330 million. In June 2007, Yanlord announced the acquisition of a 336,788 sqm prime residential site in Suzhou for RMB2.16 billion. This acquisition boosts Yanlord's total landbank holdings to 3.54 million sqm and places the Group in a healthy position to capitalise on the rapidly expanding PRC property sector.

The Group is also looking to expand its geographical footprint into other key cities within the PRC through a combination approach of acquiring landbank through public tender/auction and/or existing projects from the secondary market. The Group may also explore potential joint ventures with existing land owners.

Barring any unforeseen circumstances, the Directors remain confident of the Group's performance for the next 12 months and in particular, it is expected that the Group's performance in 3Q 2007 will be significantly better than that of 2Q 2007 based on the number of units pre-sold to-date, expected delivery schedules and on-schedule 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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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 second quarter and half year financial results of the Group for the period ended 30 June 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 August 2007

The initial public offering for the shares of the Company was joint lead managed by HL Bank and CLSA Merchant Bankers Limited (the "Managers"). The Managers assume no responsibility for the contents of this announcement.