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# YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

## UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2006

**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 2006**

| | **2Q 2006** | **2Q 2005** | **% Change** | **1H 2006** | **1H 2005** | **% Change** |
|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | | S$'000 | S$'000 | |
| Revenue | 327,886 | 27,953 | 1,073 | 381,015 | 61,571 | 519 |
| Cost of sales | (187,518) | (18,075) | 937 | (214,737) | (37,028) | 480 |
| Gross profit | 140,368 | 9,878 | 1,321 | 166,278 | 24,543 | 577 |
| Other operating income | 1,367 | 2,225 | (39) | 3,015 | 5,132 | (41) |
| Selling expenses | (2,961) | (1,100) | 169 | (5,289) | (3,138) | 69 |
| Administrative expenses | (7,766) | (5,997) | 29 | (17,681) | (13,653) | 30 |
| Other operating expenses | (492) | (87) | 466 | (1,083) | (1,492) | (27) |
| Finance cost | (10) | (169) | (94) | (241) | (320) | (25) |
| Profit before tax | 130,506 | 4,750 | 2,647 | 144,999 | 11,072 | 1,210 |
| Income tax | (23,831) | (1,649) | 1,345 | (25,341) | (2,610) | 871 |
| Profit for the period | 106,675 | 3,101 | 3,340 | 119,658 | 8,462 | 1,314 |
| Attributable to: | | | | | | |
| Equity holders of the parent | 76,126 | 2,566 | 2,867 | 84,211 | 6,285 | 1,240 |
| Minority interests | 30,549 | 535 | 5,610 | 35,447 | 2,177 | 1,528 |
| | 106,675 | 3,101 | 3,340 | 119,658 | 8,462 | 1,314 |

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

| | 2Q 2006 | 2Q 2005 | 1H 2006 | 1H 2005 |
|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Investment income | (54) | (11) | (77) | (2,224) |
| Interest on borrowings | 10 | 169 | 241 | 320 |
| Depreciation and amortization | 591 | 556 | 1,185 | 1,086 |
| Foreign exchange loss/ (gain) | 35 | (75) | (58) | 61 |
| Adjustments for under provision of tax in respect of prior years | - | 738 | - | 738 |
| Loss (profit) on sale of investments, properties, and/ or plant and equipment | 4 | (1,468) | 179 | (1,359) |
| Impairment of goodwill | 440 | - | 440 | - |

**Revenue**

Revenue was derived mainly from sale of residential properties, in particular from projects in Shanghai and Nanjing. A small part of the revenue was contributed by the property management fee income, rental income and other service income. Both 2Q 2006's and 1H 2006's revenue increased substantially by S$299.9 million and S$319.4 million respectively over the corresponding period of 2005. The increase in revenue was primarily attributable to the delivery of Yanlord Riverside City (Phase 1) (仁恒河滨城一期) in Shanghai and Bamboo Gardens (Phase 2) (翠竹园二期) in Nanjing.

The Group's revenue is recognised in accordance with the Financial Reporting Standard 18 - Revenue [1].

**Cost of sales**

Cost of sales comprised principally land costs, construction costs and capitalized borrowing costs. In line with the increase in revenue, the cost of sales increased by S$169.4 million in 2Q 2006 and S$177.7 million in 1H 2006 over the corresponding period last year.

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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.

**Other operating income**

Other operating income consisted mainly of dividend income, interest income, realized gains from other investments, tax subsidies and other miscellaneous income. The decrease in other operating income in 2Q 2006 by S$0.9 million and in 1H 2006 by S$2.1 million over the corresponding period last year were due to the net impact of a decrease in dividend income and realized gains from other investments and an increase in interest income and tax subsidies received from the tax authorities in the PRC in 1Q 2006.

**Selling expenses**

Selling expenses included mainly staff expenses, advertising and promotion expenses, traveling expenses, agency fees and other sundry expenses. The S$1.9 million increase in 2Q 2006 and S$2.2 million increase in 1H 2006 over the corresponding period last year were mainly attributable to the increase in staff costs, advertising expenses for promotion of existing and new projects in Chengdu and Suzhou, and agency fees incurred during the period.

**Administrative expenses**

Administrative expenses comprised primarily staff costs, depreciation, rental, utilities, travel and entertainment expenses. These expenses in 2Q 2006 and 1H 2006 were S$1.8 million and S$4.0 million respectively higher than those of the corresponding period in 2005, in line with the increase in revenue. The increases were mainly due to hiring of more staff for new projects in a number of cities, increase in rental payment and property management fund of Yanlord Riverside City (Phase 1) (仁恒河滨城一期). These increases in administrative expenses were however partially off-set by a decrease in bad debt provisions and impairment of goodwill.

**Other operating expenses**

Other operating expenses included impairment of goodwill on acquisition of additional interest in a subsidiary, loss on disposal of fixed assets, donation and realized loss from investment in marketable securities. These expenses of 1H 2005 and 1H 2006 were S$1.5 million and S$1.1 million respectively.

**Finance cost**

Finance cost consisted of interest on borrowings, net of any capitalized interest, decreased by S$0.2 million in 2Q 2006 and S$0.1 million 1H 2006 over the corresponding period last year. The decrease in finance cost was largely due to higher interest capitalization and less interest charged to the income statement.

**Income tax**

Income tax was derived by applying statutory tax rates, ranging from 15% to 33%, of different regions in PRC in which the Group's companies are operating in, and taking into account non-deductible expenses and temporary timing differences. No Singapore income tax was included as there was no assessable income derived from or arising in Singapore.

Income tax increased by S$22.2 million in 2Q 2006 and S$22.7 million in 1H 2006 over the corresponding period last year primarily attributable to higher profit before income tax as a result of increased revenue. The effective tax rates for the Group in 2Q 2006 and 1H 2006 were 18.3% and 17.5% respectively.

**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.**

**Unaudited Balance Sheets as at 30 June 2006**

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **30.06.2006** | **31.12.2005** | **30.06.2006** | **31.12.2005** |
| | **S$'000** | **S$'000** | **S$'000** | **S$'000** |
| **ASSETS** | | | | |
| **Non-current assets:** | | | | |
| Property, plant and equipment | 23,574 | 24,537 | - | - |
| Investment properties | 23,120 | - | - | - |
| Properties for development | 207,138 | 350,005 | - | - |
| Investments in subsidiaries | - | - | 515,319 | - |
| Other investments | 9,801 | 10,264 | - | - |
| Deferred tax assets | 34,044 | 44,378 | - | - |
| Total non-current assets | 297,677 | 429,184 | 515,319 | - |
| **Current assets:** | | | | |
| Inventories | 497 | 461 | - | - |
| Completed properties for sale | 97,673 | 153,764 | - | - |
| Properties under development for sale | 1,061,387 | 889,575 | - | - |
| Trade receivables | 492 | 565 | - | - |
| Other receivables | 37,993 | 28,644 | 1,300 | - |
| Non-trade amounts due from: | | | | |
| Subsidiaries | - | - | 9,840 | - |
| Minority shareholders of subsidiaries | 15,416 | 15,067 | - | - |
| Held-for-trading investments | 4,227 | 6,323 | - | - |
| Pledged bank deposits | 1,525 | 8,206 | - | - |
| Cash and bank balances | 581,318 | 115,142 | 241,781 | - |
| Total current assets | 1,800,528 | 1,217,747 | 252,921 | - |
| Total assets | 2,098,205 | 1,646,931 | 768,240 | - |

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| | Group | | Company | |
|---|---|---|---|---|
| | 30.06.2006 | 31.12.2005 | 30.06.2006 | 31.12.2005 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| **EQUITY AND LIABILITIES** | | | | |
| **Capital and reserves:** | | | | |
| Share capital | 768,241 | 144,328 | 768,241 | - |
| Reserves | 54,222 | 388,991 | (1) | - |
| Equity attributable to equity holders of the parent | 822,463 | 533,319 | 768,240 | - |
| Minority interests | 98,161 | 108,302 | - | - |
| Total capital and reserves | 920,624 | 641,621 | 768,240 | - |
| **Non-current liabilities:** | | | | |
| Bank loans – due after one year | 312,658 | 136,597 | - | - |
| Non-trade amounts due to: | | | | |
| Minority shareholders of subsidiaries | 27,449 | - | - | - |
| Total non-current liabilities | 340,107 | 136,597 | - | - |
| **Current liabilities:** | | | | |
| Trade payables | 154,422 | 143,683 | - | - |
| Other payables | 541,050 | 415,350 | - | - |
| Non-trade amounts due to: | | | | |
| A shareholder | 17,962 | 49,969 | - | - |
| Minority shareholders of subsidiaries | 3,077 | 42,492 | - | - |
| Other related parties | 8,078 | 8,275 | - | - |
| A director | 9,048 | - | - | - |
| Income tax payable | 2,725 | 26,991 | - | - |
| Bank loans – due within one year | 101,112 | 181,953 | - | - |
| | 837,474 | 868,713 | - | - |
| Total equity and liabilities | 2,098,205 | 1,646,931 | 768,240 | - |

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

| | Group | |
|---|---|---|
| | **As at 30.06.2006** | **As at 31.12.2005** |
| | **S$'000** | **S$'000** |
| Amount repayable in one year or less, or on demand:- | | |
| Secured | 81,250 | 127,086 |
| Unsecured | 19,862 | 54,867 |
| Sub-total 1 | 101,112 | 181,953 |
| | | |
| Amount repayable after one year:- | | |
| Secured | 312,658 | 128,278 |
| Unsecured | - | 8,319 |
| Sub-total 2 | 312,658 | 136,597 |
| | | |
| Total debt | 413,770 | 318,550 |

**Details of any collateral**

Secured borrowings are generally secured by the borrowing companies' land and building, 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 2006**

| | 2Q 2006 | 2Q 2005 | 1H 2006 | 1H 2005 |
|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 |
| **OPERATING ACTIVITIES** | | | | |
| Profit before income tax | 130,506 | 4,750 | 144,999 | 11,072 |
| Adjustments for: | | | | |
| Impairment of goodwill | - | - | - | 482 |
| Depreciation of property, plant and equipment | 591 | 556 | 1,185 | 1,086 |
| Loss on disposal of property, plant and equipment | 4 | 1 | 44 | 110 |
| Impairment of goodwill | 440 | - | 440 | - |
| Dividend income from available-for-sale investments | - | (9) | - | (1,662) |
| Realised (gain) loss on investments held-for-trading | - | (1,469) | 135 | (1,469) |
| Dividend received from investments held-for-trading | (54) | (2) | (77) | (562) |
| Interest expenses | 10 | 169 | 241 | 320 |
| Interest income | (2,200) | (492) | (1,735) | (1,017) |
| **Operating cash flows before movements in working capital** | 129,297 | 3,504 | 145,232 | 8,360 |
| Increase in properties for development | (11,634) | (28,784) | (32,247) | (73,662) |
| (Increase) decrease in inventories | (35) | 1 | (36) | 44 |
| Decrease in completed properties for sale | 25,619 | 15,733 | 56,091 | 22,237 |
| Decrease (increase) in properties under development for sales | 85,445 | (108,512) | (7,632) | (166,251) |
| Decrease (increase) in trade and other receivables | 593 | 6,524 | (9,276) | (10,848) |
| Increase in trade and other payables | 8,448 | 95,979 | 136,439 | 223,236 |
| **Cash generated from (used in) operations** | 237,733 | (15,555) | 288,571 | 3,116 |

| | 2Q 2006 | 2Q 2005 | 1H 2006 | 1H 2005 |
|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Interest paid | (6,794) | (6,711) | (12,427) | (11,610) |
| Income taxes paid | (20,374) | (19,078) | (40,012) | (38,562) |
| **NET CASH FROM (USED IN) OPERATING ACTIVITIES** | 210,565 | (41,344) | 236,132 | (47,056) |
| **INVESTING ACTIVITIES** | | | | |
| Interest received | 2,202 | 492 | 1,737 | 1,017 |
| Dividend received from available-for-sale investments | - | - | - | 1,653 |
| Dividend received from investments held-for-trading | 54 | 2 | 77 | 562 |
| Purchase of property, plant and equipment | (334) | (522) | (1,453) | (3,756) |
| Proceeds on disposal of property, plant and equipment | - | 14 | 53 | 887 |
| Purchase of investments held-for-trading | - | (18,797) | - | (28,877) |
| Proceeds on disposal of investments held-for-trading | - | 26,466 | 1,677 | 29,743 |
| Decrease in pledged bank deposits | 6,617 | 2,705 | 6,681 | 2,461 |
| Acquisition of additional interests in associates | - | (40,769) | - | (40,769) |
| Repayment from (advance to) a shareholder | - | 12,580 | - | (19,969) |
| Repayment from related companies | 6 | 56,836 | - | 16,538 |
| (Advance to) repayment from associates | - | (4,437) | - | 672 |
| Repayment from (advance to) minority shareholders of subsidiaries | 5,661 | (41,902) | (348) | (42,911) |
| **NET CASH FROM (USED IN) INVESTING ACTIVITIES** | 14,206 | (7,332) | 8,424 | (82,749) |

| | 2Q 2006 S$'000 | 2Q 2005 S$'000 | 1H 2006 S$'000 | 1H 2005 S$'000 |
|---|---|---|---|---|
| **FINANCING ACTIVITIES** | | | | |
| Repayment to associates | - | (10,442) | - | (10,482) |
| (Repayment to) advance from related companies | (2,747) | 20,839 | (197) | 75,295 |
| Repayment to a shareholder | (3,945) | - | (1) | - |
| Repayment to minority shareholders of subsidiaries | (12,777) | (50,274) | (12,125) | (52,345) |
| Repayment to a director | (40,921) | - | (40,921) | - |
| Proceeds from bank loans | 93,463 | 28,073 | 274,097 | 56,767 |
| Repayment of bank loans | (87,790) | (42,089) | (164,519) | (67,868) |
| Proceeds on issue of new shares | 252,922 | - | 252,922 | - |
| Dividend paid to a minority shareholder of a subsidiary | (44,440) | - | (44,440) | - |
| Cash injection from minority interests | - | 19,811 | - | 19,901 |
| **NET CASH FROM (USED IN) FINANCING ACTIVITIES** | 153,765 | (34,082) | 264,816 | 21,268 |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | 378,536 | (82,758) | 509,372 | (108,537) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | 223,994 | 167,814 | 115,142 | 197,221 |
| **EFFECT OF FOREIGN EXCHANGE RATE CHANGES** | (21,212) | 18,325 | (43,196) | 14,697 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | 581,318 | 103,381 | 581,318 | 103,381 |

**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.**

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

| | Share capital | Currency translation reserve | Statutory reserves | Merger reserve | Retained earnings | Attributable to equity holders of the parent | 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** |
| Transfer of equity in RE defined below[(2)] | (144,328) | - | - | (388,991) | - | (533,319) | - | (533,319) |
| Issue of 1,367,999,999 shares (RE defined below[(2)]) | 515,319 | - | - | - | - | 515,319 | - | 515,319 |
| Issue of 242,000,000 shares, net of IPO expenses | 252,922 | - | - | - | - | 252,922 | - | 252,922 |
| Exchange diff. arising on translation of overseas operations | - | (14,677) | - | - | - | (14,677) | (573) | (15,250) |
| Change of interests in subsidiaries | - | - | - | - | - | - | 274 | 274 |
| Net profit for the period | - | - | - | - | 76,126 | 76,126 | 30,549 | 106,675 |
| Dividend | - | - | - | - | - | - | (44,440) | (44,440) |
| **Balance as at 30.06.2006** | **768,241** | **(43,594)** | **39,208** | **(386,571)** | **445,179** | **822,463** | **98,161** | **920,624** |

## Group Statements of Changes in Equity for the Half Year Ended 30 June 2005

| | Share capital | Currency translation reserve | Statutory reserves | Merger reserve | Retained earnings | Attributable to equity holders of the parent | Minority interests | Total |
|---|---|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **Balance as at 01.01.2005** | **144,328** | **(33,896)** | **37,104** | **2,420** | **310,745** | **460,701** | **72,127** | **532,828** |
| Exchange differences arising on translation of overseas operations | - | (3,029) | - | - | - | (3,029) | (109) | (3,138) |
| Net profit for the period | - | - | - | - | 3,718 | 3,718 | 1,643 | 5,361 |
| Cash injection | | | | | | | 89 | 89 |
| **Balance as at 31.03.2005** | **144,328** | **(36,925)** | **37,104** | **2,420** | **314,463** | **461,390** | **73,750** | **535,140** |
| Exchange differences arising on translation of overseas operations | - | 11,691 | - | - | - | 11,691 | 440 | 12,131 |
| Net profit for the period | - | - | - | - | 2,566 | 2,566 | 535 | 3,101 |
| Cash injection | - | - | - | - | - | - | 19,811 | 19,811 |
| Appropriation | - | - | 1,224 | - | (1,224) | - | - | - |
| **Balance as at 30.06.2005** | **144,328** | **(25,234)** | **38,328** | **2,420** | **315,805** | **475,647** | **94,536** | **570,183** |

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

| | Share capital | Accumulated loss | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **Balance as at 31.03.2006** | (1) | - | (1) |
| Issue of 1,367,999,999 ordinary shares pursuant to the RE defined below (2) | 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 |
| Loss for the period | - | (1) | (1) |
| **Balance as at 30.06.2006** | **768,241** | **(1)** | **768,240** |

Notes:

1. 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 principal activities of the Company are that of an investment holding company.
2. On 9 May 2006, the Company completed its restructuring exercise as set out in the Company's prospectus dated 15 June 2006 (the "RE") to rationalize the Group's structure in preparation for the public listing of the Company's shares on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Company was listed on the SGX-ST on 22 June 2006.
3. For the purpose of this announcement, the consolidated financial information had been prepared by adopting the uniting of interests method of accounting as a result of the Restructuring Exercise completed on 9 May 2006 involving the entities under common control. Under this method, the Company had been treated as the holding company of its subsidiaries for the financial periods presented rather than from the date of acquisition of the subsidiaries.

**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 half year ended 30 June 2006, the Company issued 239,000,000 ordinary shares by way of international placement (including 10,000,000 shares reserved for sale to its directors, employees and business associates). The Company also offered 3,000,000 ordinary shares in Singapore by way of a public offer. The Company has an issued and paid up capital of S$768,240,781, comprising 1,610,000,000 ordinary shares as at 30 June 2006.

**Share Options**

On 21 June 2006, the options to subscribe for an aggregate of 14,592,000 ordinary shares in the capital of the Company pursuant to the Pre-IPO Share Option Scheme (the "Scheme") as set out in the Company's prospectus dated 15 June 2006, have been duly granted. The Scheme is one-off and there will be no further issue of any options under the Scheme. The options granted under the Scheme will be exercisable after the second anniversary of the date of grant of the options and all options must be exercised before the fifth anniversary from the date of grant of the options.

As at 30 June 2006, 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 granted | No. of option shares cancelled | No. of option shares outstanding as at 30.06.2006 |
|---|---|---|---|---|
| 21.06.2006 | 0.92 | 14,592,000 | - | 14,592,000 |

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

The figures have been reviewed by the Company's auditors in accordance with the Singapore Statement of Auditing Practice 11, Review of Interim Financial Information.

The comparative interim financial information for the six months ended 30 June 2005 has not be audited or reviewed.

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

Please refer to Appendix A for review report.

**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 2005.

**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.

**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 2006** | **2Q 2005 *** | **1H 2006** | **1H 2005 *** |
| **EPS based on Group net profit attributable to shareholders:** | | | | |
| **(i) On the weighted average number of shares (S$)** | 5.47 cents | 0.19 cents | 6.10 cents | 0.46 cents |
| **- Weighted average number of shares ('000)** | 1,391,934 | 1,368,000 | 1,380,033 | 1,368,000 |
| **(ii) On a fully diluted basis (S$)** | 5.46 cents | 0.19 cents | 6.09 cents | 0.46 cents |
| **- Adjusted weighted average number of shares ('000)** | 1,394,096 | 1,368,000 | 1,382,195 | 1,368,000 |

* EPS for 2Q 2005 and 1H 2005 have been calculated based on the profit attributable to the equity holders of the parent for the corresponding period 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 | |
|---|---|---|---|---|
| | **30.06.2006** | **31.12.2005 *** | **30.06.2006** | **31.12.2005** |
| **Net assets value per share based on issued share capital at the end of the period (S$)** | 0.51 | 0.39 | 0.48 | - |

* Net asset value of the Group for the financial year ended 31 December 2005 has been calculated based 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.

**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**

__2Q 2006 vs 2Q 2005__

The Group delivered a strong performance during the period. In 2Q 2006, the Group achieved a significant increase in revenue to S$327.9 million, which is S$299.9 million or 1,073% higher than that recorded in 2Q 2005. The Group's revenue is recognized in accordance with the Financial Reporting Standard 18 - Revenue[2]. The major contributing factor was the increase in number of properties sold and delivered in Yanlord Riverside City (Phase 1) (仁恒河滨城一期) in Shanghai and Bamboo Gardens (Phase 2) (翠竹园二期) in Nanjing.

Gross profit for 2Q 2006, at S$140.4 million, was S$130.5 million higher than the S$9.9 million

[2] 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

reported in 2Q 2005. The main contribution to the 2Q 2006 gross profit came from the Yanlord Riverside City (Phase1) (仁恒河滨城一期).

Gross profit margin for 2Q 2006 was higher at 42.8% compared to 35.3% recorded in 2Q 2005, mainly due to a higher percentage of high-margin properties sold in Yanlord Riverside City (Phase 1) (仁恒河滨城一期).

In line with the gross profit, profit before tax was also substantially higher at S$130.5 million in 2Q 2006, compared to S$4.8 million for the corresponding quarter last year. Profit before tax margin was 39.8% which was much higher than the 17.0% recorded in 2Q 2005.

The Group's profit after tax in 2Q 2006 increased significantly by S$103.6 million from S$3.1 million in 2Q 2005 to S$106.7 million in 2Q 2006. As a result, net profit margin improved from 11.1% in 2Q 2005 to 32.5% in 2Q 2006.

**1H 2006 vs 1H 2005**

Revenue increased significantly by S$319.4 million in 1H 2006 from S$61.6 million in 1H 2005 to S$381 million over the same period in 2006. The Group completed and delivered part of Yanlord Riverside City (Phase 1) (仁恒河滨城一期) in August 2005 followed by Bamboo Gardens (Phase 2) (翠竹园二期) late last year and further units of both projects thereafter. Response to these projects was overwhelming, generating strong revenue stream into the current period.

Other than the factors mentioned above, the substantial revenue increase in 1H 2006 was also attributable to the uneven distribution of our operating results during the different reporting years. The Group recorded S$778.4 million revenue in year 2005. However, only S$61.6 million was reported in 1H 2005, and the remaining S$716.8 million was booked during 2H 2005. For 2006, more evenly distributed results are expected. Revenue of S$381.0 million was recorded in 1H 2006.

Gross profit in 1H 2006 rose significantly by S$141.8 million, to S$166.3 million from S$24.5 million in the corresponding period last year. The increase was primarily derived from the higher revenue generated in 2Q as mentioned above. Gross profit margin recorded 3.7% improvement from 39.9% in 1H 2005 to 43.6% in 1H 2006.

Profit before tax continued to improve by an increase of S$133.9 million to S$145.0 million in 1H 2006 as compared to the S$11.1 million recorded in the corresponding period last year. As a result, profit before tax margin in 1H 2006 was high at 38.1% compared to 18.0% in 1H 2005.

In line with the improvements in profit before tax, profit after tax was higher at S$119.7 million, an increase of S$111.2 million over the S$8.5 million in 1H 2005. This robust growth in profit also saw net profit margin improved from 13.7% in 1H 2005 to 31.4% in 1H 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.**

The Group's cash and bank balances (after netting off the effects of depreciation of exchange rate of RMB vs S$, S$43.2 million) as at 30 June 2006 increased by S$466.2 million, or 404.9%, to S$581.3 million as compared to the cash and bank balance position of S$115.1 million as at 31 December 2005. This huge improvement in the Group's financial strength was mainly due to higher net cash from operating profit, which increased by S$236.1 million, attributable to the increase in number of properties sold during the period. Another major factor contributing to the overall increase in cash and bank balances was the Group's financing activities. Despite difficult market conditions, the holding company successfully launched an international share placement and an initial public offer ("IPO") in Singapore on 22 June 2006. This capital-raising exercise generated S$252.9 million in net proceeds for the Group. Funds also came from the net loan drawdown of S$109.6 million principally for the development our new property projects in different cities.

Reserves of the Group reduced by S$334.8 million, or 86.1%, to S$54.2 million as compared to the position at 31 December 2005, S$389.0 million. The decrease was principally due to restructuring of the Group for the purpose of the IPO.

**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 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**

Measures introduced by the PRC government since May 2006 to curb speculation in the Chinese property sector are not expected to have any material impact on the Group's revenue and earnings in the next reporting period and the next 12 months. Based on the number of property units pre-sold to-date, the Group's revenue and earnings for the next reporting period and the next 12 months are expected to remain robust. There remain growth opportunities for financially strong property developers with choice land banks and a reputation for quality and reliability. The Group has received encouraging response to projects released in recent months. As such, the Directors are confident of the future performance of the Group.

To ensure future growth and development of the Group, it is imperative to continually acquire development sites in prime locations at commercially viable prices, either through direct land acquisitions or through the acquisition of, or joint-ventures with, other companies that own development sites. Yanlord targets to maintain a land bank of development sites sufficient to support a development pipeline of three to five years on a rolling basis. As at 30 June 2006, Yanlord owned development sites in prime locations with a total expected GFA of 2,875,143 sq.m, of which approximately 983,671 sq.m is currently under development.

Following its IPO, the Group hopes to utilise up to S$180 million of the proceeds to enhance its land bank holdings. With acquisitions of development sites undertaken only after thorough and exhaustive analysis and continuing careful assessment of the economic prospects in the property market, the Group strives to maximise shareholder returns on every project it undertakes.

<u>Outlook</u>

Barring unforeseen circumstances, the Group is confident that its revenue and net profit will continue to improve in 2H 2006 and that its overall performance in full year 2006 will be better than 2005.

**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

**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.

BY ORDER OF THE BOARD

Zhong Sheng Jian
Chairman and Chief Executive Officer
14 August 2006

Appendix A

**Deloitte.**

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August 14, 2006

The Board of Directors
Yanlord Land Group Limited
9 Temasek Boulevard
#36-02 Suntec Tower Two
Singapore 038989

Dear Sirs

**YANLORD LAND GROUP LIMITED AND SUBSIDIARIES**

**REVIEW OF THE INTERIM FINANCIAL INFORMATION AS OF AND THE HALF YEAR ENDED JUNE 30, 2006**

We have performed a review on certain interim financial information of Yanlord Land Group Limited ("the Company") and its subsidiaries (collectively known as "the Group") as of June 30, 2006 and for the six months ended June 30, 2006. Such interim financial information has been prepared by Yanlord Land Group Limited for announcement on the Singapore Exchange.

The accompanying interim financial information comprises of the following:

- Balance sheets of the Group and Company as at June 30, 2006;
- Consolidated profit and loss, Statements of Changes in Equity for the Group and the Company and Consolidated Cash Flow Statement for the six months ended June 30, 2006;
- Additional information on the Group's Borrowings and Debt Securities as at June 30, 2006;
- Earnings Per Share of the Group (basic and diluted) for the six months ended June 30, 2006; and
- Net Asset Value per ordinary share of the Group and Company as at June 30, 2006.

The comparative interim financial information for the six months ended June 30, 2005 has not be audited or reviewed.

Appendix 7.2 of the Singapore Exchange Securities Trading Limited Listing Manual ("Listing Manual") requires the preparation of interim financial information to be in compliance with the relevant provisions thereof.

The interim financial information is the responsibility of, and has been approved by, the directors. Our responsibility is to issue a report solely for the use of the directors on the interim financial information based on our review.

We conducted our review in accordance with the Singapore Statement of Auditing Practice 11, Review of Interim Financial Information. A review of interim financial information consists principally of applying analytical review procedures to financial data and making inquiries of, and having discussions with, persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with Singapore Standards on Auditing and does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

**Deloitte.**

Based on our review, nothing has come to our attention that causes us to believe that there is any material modification that needs to be made to the accompanying interim financial information for it to be in accordance with Appendix 7.2 of the Listing Manual.

Yours faithfully

Deloitte & Touche

Deloitte & Touche
Certified Public Accountants
Singapore