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YANLORD

Yanlord Land Group Limited

Press Release – 1H2006 Results

NEWLY LISTED YANLORD'S 1H2006 NET PROFIT SOARS 12-FOLD TO S\$84.2 MILLION ON STRONG DEMAND FOR ITS PROPERTIES IN CHINA

- 1H2006 net profit attributable to shareholders grew 1,239.9% year-on-year on strong demand for its developments in Shanghai and Nanjing
- Management expects performance of 2H2006 to be better than that of 1H2006 despite the control measures of the PRC Government to curb speculation in the PRC property sector
- Up to S\$180 million from the net proceeds of S\$252.9 million from its recent IPO will fund purchase of land bank in major cities of the PRC

S\$ (million)	1H2006	1H2005	Change
Revenue	381.0	61.6	519.0%
Net Profit Attributable to Shareholders	84.2	6.3	1,239.9%
EPS (cts)*	6.10	0.46	1,226.1%
NAV (S\$)	0.51	0.39**	30.8%
ROE (%)***	20.5	4.7**	-
ROA (%)***	8.0	1.5**	-
GPM (%)	43.6	39.9	3.7pct

*on a weighted average basis **as of 31 December 2005 *** annualised basis

Singapore – 14 Aug 2006 – Yanlord Land Group Limited (“Yanlord” or the “Group” or 仁恒置地), a real estate developer based in the People's Republic of China (“PRC”) which was recently listed on the Main Board of the Singapore Exchange, announced today that net profit attributable to shareholders for the first half of the financial year ending 31 December 2006 (“1H2006”) soared 12-fold to S\$84.2 million on strong demand for its residential property developments.

Yanlord, the developer of high-end residential property projects in strategically selected key and high-growth cities in the PRC, said the net profit was achieved on the back of revenue of S\$381.0 million in 1H2006, which rose 519.0% from S\$61.6 million in 1H2005.

Underlying the revenue and profit growth was the successful delivery of Yanlord Riverside City Phase 1 (仁恒河滨城一期) in Shanghai and Bamboo Garden Phase 2 (翠竹园二期) in Nanjing. The two premium projects – with a combined gross floor area (“GFA”) of over 390,000 square meters (“sqm”) – have been well-received since they were launched in 2005 and 2004, respectively. The significant increases were also due to our revenue recognition method based on Financial Reporting Standard 18 - Revenue. Revenue and profits are recognised when the properties are completed and delivered. For the year 2005, the bulk of our properties were delivered during 2H2005.

Reflecting the brand recognition and premium it commands, Yanlord’s gross profit margin rose to 43.6% for 1H2006 from 39.9% in 1H2005 as the Group recorded progressively higher prices for units sold. For 2Q2006, gross profit margin grew to 42.8% from 35.3% in 2Q2005.

Yanlord has been able to command premium prices and increase its selling prices despite recent measures announced by the PRC government to curb the real estate sector in the country which has witnessed strong price appreciation in major coastal cities in the last few years. The measures include control on foreign ownership, taxation on resale transactions and credit tightening to curb speculation in the property sector.

Earnings per share for 1H2006 increased by 1,226.1% to 6.10 cents from 0.46 cent in 1H2005 based on weighted average number of shares. Net asset value per share rose 30.8% to S\$0.51 as at 30 June 2006 from S\$0.39 as at 31 December 2005, bolstered by the significant increase

in the Group's cash and bank balances, following its successful Initial Public Offering ("IPO") on 22 June 2006.

Following Yanlord's recent IPO, the Group hopes to utilise up to S\$180 million of the proceeds to enhance its land bank holdings. These proceeds, together with the retained earnings from previous years of S\$259.3 million, helped increase Yanlord's cash and bank balances more than five-fold to S\$581.3 million as at 30 June 2006 from S\$115.1 million as at 31 December 2005.

Reflecting the increase in net profit, Yanlord's Return on Equity ("ROE") improved, on an annualised basis, to 20.5% as at the end of 1H2006 from 4.7% as at the end of FY2005. The ROE figure underscores the success of Yanlord's business strategies and commitment to generating and unlocking value for its shareholders. Return on Assets ("ROA") for the Group also rose sharply, on an annualised basis, to 8.0% as at the end of 1H2006 from 1.5% as at the end of FY2005.

Commenting on the performance, Mr Zhong Sheng Jian, Chairman and Chief Executive Officer of Yanlord, said: "This is a very encouraging performance for the first set of financial results we are releasing since our successful IPO. The healthy growth in revenue and net profit and the higher profit margin underscore the success of our growth strategies despite challenges now confronting the property sector in the PRC."

"While recent regulatory measures introduced by the PRC have raised concerns, our performance underscores our belief that there remains steady demand for quality residential projects built by developers with a strong track record and an established reputation. We have not only seen sustained demand for our projects, but have been able to increase selling prices progressively in recent months despite the introduction of the property control measures," he added.

"We expect the growth momentum for our projects to continue; barring unforeseen circumstances, we expect our second half performance to exceed that of the first half," he added.

Forward Strategies

"Having crossed a major corporate milestone with our recent IPO, we are embarking on the next phase of Yanlord's growth. We will leverage on our strengths in premium residential development to roll out a strategy which combines growing our land bank in major high-growth cities beyond our current bases in Shanghai and Nanjing and expanding into commercial and integrated property development," Mr Zhong said.

Leveraging on its established brand equity in Shanghai and Nanjing, the Group has outlined the following key growth strategies to chart its future developments:

Continued focus and expansion into high growth cities

While Yanlord has an established brand premium in Shanghai and Nanjing, there remain significant untapped potentials in other key high-growth cities within the PRC. To this end, Yanlord targets to deepen its penetration into the four major economic regions which collectively accounts for a substantial portion of the PRC urban growth. With existing presence within seven high-growth cities namely Shanghai, Nanjing, Tianjin, Guiyang, Suzhou, Chengdu and Zhuhai, the Group seeks to penetrate other high-growth cities and capitalise on the property sector growth potential in these cities to drive its future expansion.

Continued focus on high-end residential property development

The cornerstone to the Group's continued success lies in its competitive strength and established reputation in the development of high-end residential property. A winner of numerous accolades for innovative concepts and creative designs, Yanlord will leverage on its established brand equity, industrial experience and market knowledge to further enhance its market share within the property sector.

Expansion into the commercial and integrated property market

While demand for residential property remains strong within the PRC, the Group is taking measures to address and mitigate risks that can be associated with the seasonality of earnings and market exposure from a business portfolio over-reliant on the residential property

market. To this end, Yanlord has targeted to penetrate the high-end commercial and integrated property market by leveraging on its expertise and experience in residential property development. The Group seeks to develop high-end office buildings, serviced apartments, and shopping malls for sale and lease. This new business segment will over the longer term help to diversify and generate additional and recurrent revenue stream of the Group. As this is a new business area, the Group intends to team up with established and reputable partners with relevant expertise in developing and managing commercial properties, such as serviced apartments. Over the longer term the Group will continue to develop and accumulate in-house expertise in these areas. As of 30 June 2006, the Group has developed a total GFA of 59,019 sqm of commercial properties for lease, and further development sites amounting to an estimated GFA of approximately 450,000 sqm."

As of 30 June 2006, the Group had a land bank of 2.88 million sqm of which 983,671 sqm is currently under development. Independent property valuer CB Richard Ellis had placed the value of Yanlord's property portfolio at over S\$2.1 billion as at 31 December 2005.

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*Issued on behalf of **Yanlord Land Group Limited** by WeR1 Consultants Pte Ltd*

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About Yanlord Land Group Limited

Yanlord Land Group Limited is a real estate developer based in the PRC that focuses on developing high-end residential property projects in strategically selected key and high-growth cities in the PRC. Building on its established track record for developing high-quality residential property developments in prime locations within affluent Shanghai and Nanjing, the “Yanlord” name has been developed into a premium brand - synonymous with quality - within the property development industry. Leveraging on its reputation and expertise, Yanlord has extended the geographical reach of its residential property development business into Suzhou, Zhuhai, Chengdu, Guiyang and Tianjin. Its typical residential property developments projects are large-scale, multi-phased projects designed and built by leading architects, designers and contractors.

From its simple roots as a start-up property developer in 1993 with a 53,049 sqm Gross Floor Area (GFA) development project, Yanlord has grown to become one of the major players in the high-end property development market in seven cities in the PRC. It has a portfolio of completed property developments with a total GFA of **1,516,146 sqm**, **983,671 sqm** GFA of properties currently under development, and a further **1,891,472 sqm** GFA of properties held for future development.

Yanlord recently expanded its business portfolio to include the development of high-grade commercial properties, such as office buildings, retail space and serviced apartments, for sale and lease. Yanlord also provides property management services primarily for their developed projects. For FY2005, Yanlord posted a net profit attributable to share holders of S\$122.2 million generated mainly through the sale of residential properties. Following the completion of its commercial property development projects, Yanlord expects contribution from this segment to grow substantially and contribute to the future performance of the Group.