



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

UNAUDITED FIRST QUARTER ENDED 31 MARCH 2008 FINANCIAL STATEMENT ANNOUNCEMENT

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YANLORD LAND GROUP LIMITED

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UNAUDITED FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2008

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 AND Q4), 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 2008

	1Q 2008	1Q 2007	% Change
	S\$'000	S\$'000	+/(–)
Revenue	116,204	89,467	30
Cost of sales	(72,581)	(44,863)	62
Gross profit	43,623	44,604	(2)
Other operating income	9,912	7,852	26
Selling expenses	(4,843)	(3,994)	21
Administrative expenses	(15,895)	(15,741)	1
Other operating expenses	(1,246)	(422)	195
Finance cost	(591)	(4,546)	(87)
Profit before income tax	30,960	27,753	12
Income tax	(20,880)	(18,868)	11
Profit for the period	10,080	8,885	13
Attributable to:			
Equity holders of the Company	9,311	2,906	220
Minority interests	769	5,979	(87)
	10,080	8,885	13



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

	1Q 2008	1Q 2007
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
(Gain) loss on acquisition of additional interest from a minority shareholder	(20)	37
Equity-settled share-based payment expense	557	565
Depreciation expense	846	687
Net gain on disposal of property, plant and equipment	(9)	-
Fair value loss (gain) on held-for-trading investments	983	(139)
Gain on disposal of held-for-trading investments	-	(242)
(Gain) loss on disposal of investment properties	(50)	60
Finance cost	591	4,546
Interest income	(2,135)	(4,953)
Net foreign exchange gain	(1,977)	(977)

Revenue

Group revenue, net of business tax, grew substantially by 29.8% or S\$26.7 million to S\$116.2 million in 1Q 2008 from S\$89.5 million in 1Q 2007 mainly due to an increase in number of properties being delivered particularly in two new cities, Zhuhai and Suzhou, as compared with the corresponding period of last year. The Group's revenue derived from sale of properties in 1Q 2008 was primarily generated from sales at Yanlord Peninsula (星島仁恒) in Suzhou, Yanlord Riverside City (Phase 2) (仁恒河滨城二期) in Shanghai, Bamboo Gardens (Phase 3) (翠竹园三期) in Nanjing and Yanlord New City Gardens (Phase 1) (仁恒星园一期) in Zhuhai, which accounted for approximately 79.5%, 8.1%, 4.5% and 2.5% respectively.

Despite the increase in revenue, the gross profit in 1Q 2008 reduced by 2.2% as compared to that of the previous corresponding period. This is mainly due to the relatively lower average selling prices ("ASP") from units delivered under the first batch of Yanlord Peninsula (星島仁恒) in Suzhou. In line with the Group's marketing strategy to promote new launches of projects, the ASP for units launched in phase I is generally relatively lower as compared to that launched in later phases.

The Group's accounting policy on revenue recognition is in line with the Financial Reporting Standard 18 - Revenue⁽¹⁾. The Group derived substantially all its revenue from the sale of

¹ Revenue from properties developed for sale is recognised when the legal title passes to the buyer or when the equitable interest



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residential properties with a small portion from the provision of property management service and other services.

Cost of sales

Cost of sales principally included land costs, construction and capitalised borrowing costs, but excluded land appreciation tax ("LAT") which was recognised as an income tax item. To conform to the current period's presentation, the LAT in 1Q 2007 announcement, which was included in cost of sales, had been reclassified as an income tax item.

Cost of sales in 1Q 2008 rose S\$27.7 million over the corresponding period in 2007. This was due to the higher gross floor area ("GFA") delivered in 1Q 2008.

The initial delivery of Yanlord Peninsula (星島仁恒), which accounted for 79.5% of the Group's revenue derived from sale of properties in 1Q 2008, was at a relatively lower ASP as compared to the final phase delivery of Yanlord Riverside Garden (Phase 2) (仁恒河滨花园二期) in 1Q 2007 which accounted for 77.2% of the Group's revenue derived from sale of properties in that period. Therefore, the gross profit margin in 1Q 2008 declined over the corresponding period in 2007.

Other operating income

Other operating income, which mainly consisted of interest income, tax subsidy and net foreign exchange gain, increased by S\$2.1 million in 1Q 2008 as compared with the corresponding period of last year. This increase was mainly due to a tax refund on profit re-investment from the tax authorities in the People's Republic of China (the "PRC"), partially offset by a decrease in interest income.

Selling expenses

Selling expenses, which primarily comprised staff costs, advertising and promotion expenses and other miscellaneous expenses, increased by S\$0.8 million in 1Q 2008 as compared to 1Q 2007. Higher staff costs, as a result of increased number of sales and marketing workforce and sales locations, drove this overall increase in selling expenses.

Administrative expenses

Administrative expenses consisted of staff costs, depreciation, rental, utilities, travel, entertainment and equity-settled share-based payment expense. Compared with

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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corresponding period in 2007, the expenses in 1Q 2008 had no material movement.

Other operating expenses

Other operating expenses mainly included donations and change in fair value of held-for-trading investments. The expenses increased by S\$0.8 million over the respective period in 2007, mainly caused by a fair value loss on the held-for-trading investments.

Finance cost

Interest on borrowings, net of any capitalised interest, reduced by S\$4.0 million in 1Q 2008 as compared to 1Q 2007. This cost declined considerably primarily attributable to smaller amount of borrowing interest charged to income statement as a result of the capitalisation of the interest expense of the convertible notes in 1Q 2008; while in 1Q 2007 interest for the convertible notes was charged as finance cost and was subsequently capitalised as part of project development costs in 12M 2007 in accordance with Group's accounting policy. 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 the capitalisation.

Income tax

For the financial period ended 31 March 2007, income tax was charged by applying statutory enterprise income tax rates, ranging from 15% to 33% for the different regions in the PRC in which the Group has businesses and development operations. Due to the new law, the PRC subsidiaries have to be subject to a tax rate of 25% on enterprise income tax, commencing from 1 January 2008, except for certain subsidiaries that originally enjoy the preferential policies of low tax rate shall gradually transit to legal tax rate within 5 years after the enforcement of the new tax law.

Income tax included LAT as set out above, under the heading of "Cost of sales", as it is of the view that it would be more appropriate to reflect the LAT as income tax expense after a reassessment of the nature of the LAT and a study of the market practices.

Income tax moved in tandem with the Group's profit before income tax, increasing to S\$20.9 million in 1Q 2008 from S\$18.9 million in 1Q 2007. The effective tax rates in 1Q 2008 and 1Q 2007 were around 67.4% and 68.0% respectively. The effective tax rates were higher than the enterprise income tax rates mentioned above during the reporting periods, mainly attributable to the inclusion of LAT amounting to approximately S\$14.1 million in 1Q 2008 and S\$11.0 million in 1Q 2007.



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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 31 March 2008

	GROUP		COMPANY	
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS				
Non-current assets:				
Property, plant and equipment	30,201	28,669	-	-
Investment properties	217,435	219,901	-	-
Properties for development	1,379,037	1,443,124	-	-
Investments in subsidiaries	-	-	515,319	515,319
Available-for-sale investments	51,872	52,384	-	-
Deferred tax assets	7,539	6,849	-	-
Total non-current assets	1,686,084	1,750,927	515,319	515,319
Current assets:				
Inventories	689	3,261	-	-
Completed properties for sale	113,639	117,484	-	-
Properties under development for sale	1,239,785	1,067,147	-	-
Trade receivables	904	449	-	-
Other receivables	156,275	51,496	588	588
Non trade amounts due from:				
Subsidiaries	-	-	1,286,795	1,195,969
Minority shareholders of subsidiaries	95,604	83,718	-	-
Other related parties	79	80	-	-
Held-for-trading investments	2,230	3,323	-	-
Pledged bank deposits	3,160	3,155	-	-
Cash and bank balances	720,106	702,857	2,149	93,459
Total current assets	2,332,471	2,032,970	1,289,532	1,290,016
Total assets	4,018,555	3,783,897	1,804,851	1,805,335



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	GROUP		COMPANY	
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<u>EQUITY AND LIABILITIES</u>				
Capital and reserves:				
Share capital	1,219,081	1,219,081	1,219,081	1,219,081
Reserves	301,651	316,111	(11,937)	(4,149)
Equity attributable to equity holders of the Company	1,520,732	1,535,192	1,207,144	1,214,932
Minority interests	448,928	454,607	-	-
Total capital and reserves	1,969,660	1,989,799	1,207,144	1,214,932
Non-current liabilities:				
Bank loans – due after one year	756,594	525,940	-	-
Convertible notes	305,096	299,195	305,096	299,195
Deferred tax liabilities	23,650	23,926	-	-
Total non-current liabilities	1,085,340	849,061	305,096	299,195
Current liabilities:				
Trade payables	270,307	311,565	-	-
Other payables	334,237	275,395	523	794
Non trade amounts due to:				
A subsidiary	-	-	287,434	287,434
Directors	4,665	8,611	4,654	2,980
A shareholder	10	10	-	-
Minority shareholders of subsidiaries	38,699	36,962	-	-
Other related parties	151	18	-	-
Income tax payable	137,162	165,408	-	-
Bank loans – due within one year	178,324	147,068	-	-
Total current liabilities	963,555	945,037	292,611	291,208
Total equity and liabilities	4,018,555	3,783,897	1,804,851	1,805,335



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

	GROUP	
	As at 31.03.2008	As at 31.12.2007
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Amount repayable in one year or less, or on demand:-		
Secured	136,715	114,052
Unsecured	67,951	59,618
Sub-total 1	204,666	173,670
Amount repayable after one year:-		
Secured	392,312	164,075
Unsecured	669,378	661,060
Sub-total 2	1,061,690	825,135
Total debt	1,266,356	998,805

Details of any collateral

Secured borrowings are generally secured by the borrowing companies' investment properties, properties for development, properties under development for sale and completed properties 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 31 March 2008

	1Q 2008	1Q 2007
	S\$'000	S\$'000
OPERATING ACTIVITIES		
Profit before income tax	30,960	27,753
Adjustments for:		
(Gain) loss on acquisition of additional interest from a minority shareholder	(20)	37
Equity-settled share-based payment expense	557	565
Depreciation expense	846	687
Net gain on disposal of property, plant and equipment	(9)	-
Fair value loss (gain) on held-for-trading investments	983	(139)
Gain on disposal of held-for-trading investments	-	(242)
(Gain) loss on disposal of investment properties	(50)	60
Finance cost	591	4,546
Interest income	(2,135)	(4,953)
Operating cash flows before movement in working capital	31,723	28,314
Properties for development	(11,854)	(200,481)
Inventories	2,571	43
Completed properties for sale	3,844	41,106
Properties under development for sale	(67,768)	(168,082)
Trade and other receivables	(6,209)	(255)
Trade and other payables	13,447	114,923
Cash used in operations	(34,246)	(184,432)
Interest paid	(18,885)	(4,889)
Income tax paid	(47,317)	(20,594)
NET CASH USED IN OPERATING ACTIVITIES	(100,448)	(209,915)



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	1Q 2008	1Q 2007
	S\$'000	S\$'000
INVESTING ACTIVITIES		
Interest received	2,180	4,953
Purchase of property, plant and equipment	(2,974)	(366)
Proceeds on disposal of property, plant and equipment	49	-
Proceeds on disposal of held-for-trading investments	-	3,777
Proceeds on disposal of investments properties	370	1,184
Purchase of held-for-trading investments	-	(1,818)
Deposit for acquisition of an additional shareholding interest in an available-for-sale investment	(99,069)	-
Acquisition of additional interest in a subsidiary	-	(48,629)
(Increase) decrease in pledged bank deposits	(5)	1,556
Advance to a shareholder	-	(1,330)
Advance to a related party	(2)	(10)
Advance to minority shareholders of subsidiaries	(11,886)	(20,503)
NET CASH USED IN INVESTING ACTIVITIES	(111,337)	(61,186)
FINANCING ACTIVITIES		
Repayment to a shareholder	-	(16,677)
Repayment to a director	(3,945)	(7,976)
Advance from (repayment to) related parties	133	(69)
Advance from minority shareholders of subsidiaries	1,737	68,139
Net proceeds on issue of convertible notes	-	459,855
Net proceeds on issue of new shares	-	299,213
Proceeds from bank loans	322,964	9,980
Repayment of bank loans	(46,562)	(28,544)
Capital withdrawal by minority shareholders of subsidiaries	(11,508)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	262,819	783,921
INCREASE IN CASH AND CASH EQUIVALENTS	51,034	512,820
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	702,857	622,237
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(33,785)	20,721
CASH AND CASH EQUIVALENTS AT END OF PERIOD	720,106	1,155,778



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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 Three Months Ended 31 March 2008

	Share capital	Currency translation reserve	Equity reserves	Statutory reserves	Merger deficit	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 2008	1,219,081	(40,483)	50,720	43,142	(386,571)	(48,628)	697,931	1,535,192	454,607	1,989,799
Currency translation difference	-	(24,328)	-	-	-	-	-	(24,328)	5,080	(19,248)
Net (expense) income recognised directly in equity	-	(24,328)	-	-	-	-	-	(24,328)	5,080	(19,248)
Net profit for the period	-	-	-	-	-	-	9,311	9,311	769	10,080
Total recognised income and expenses for the period	-	(24,328)	-	-	-	-	9,311	(15,017)	5,849	(9,168)
Recognition of equity-settled share-based payment expense	-	-	557	-	-	-	-	557	-	557
Change of interest in a subsidiary	-	-	-	-	-	-	-	-	(20)	(20)
Capital withdrawal by minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	(11,508)	(11,508)
Appropriations	-	-	-	6	-	-	(6)	-	-	-
Balance at 31 March 2008	1,219,081	(64,811)	51,277	43,148	(386,571)	(48,628)	707,236	1,520,732	448,928	1,969,660



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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 deficit	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
Acquisition of additional interest in a subsidiary	-	-	-	-	-	(48,628)	-	(48,628)	-	(48,628)
Currency translation difference	-	13,160	-	-	-	-	-	13,160	1,174	14,334
Net income (expense) recognised directly in equity	-	13,160	-	-	-	(48,628)	-	(35,468)	1,174	(34,294)
Net profit for the period	-	-	-	-	-	-	2,906	2,906	5,979	8,885
Total recognised income and expenses for the period	-	13,160	-	-	-	(48,628)	2,906	(32,562)	7,153	(25,409)
Issuance of shares pursuant to international offering exercise, net of expenses	299,213	-	-	-	-	-	-	299,213	-	299,213
Recognition of equity component of convertible notes, net of expenses	-	-	66,546	-	-	-	-	66,546	-	66,546
Recognition of equity-settled share-based payment expense	-	-	565	-	-	-	-	565	-	565
Change of interest in a subsidiary	-	-	-	-	-	-	-	-	37	37
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



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Unaudited Company Statements of Changes in Equity for the Three Months Ended 31 March 2008

	Share capital S\$'000	Equity reserves S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance at 1 January 2008	1,219,081	50,720	(54,869)	1,214,932
Net loss for the period	-	-	(8,345)	(8,345)
Total recognised expenses for the period	-	-	(8,345)	(8,345)
Recognition of equity-settled share-based payment expense	-	557	-	557
Balance at 31 March 2008	1,219,081	51,277	(63,214)	1,207,144

Unaudited Company Statements of Changes in Equity for the Three Months Ended 31 March 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 pursuant to international offering exercise, net of expenses	299,213	-	-	299,213
Recognition of equity component of convertible notes, net of expenses	-	66,546	-	66,546
Recognition of equity-settled share-based payment expense	-	565	-	565
Balance at 31 March 2007	1,079,388	68,376	(2,735)	1,145,029



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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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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

There was no change in the Company's issued and paid-up share capital since the end of the previous period reported on. As at 31 March 2008, the issued and paid-up share capital of the Company was S\$1,219.1 million dividend into 1,825,814,476 ordinary shares.

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 31 March 2008 were as follows:

Date of grant of options	Exercise price per share (S\$)	No. of option shares outstanding as at 01.01.2008	No. of option shares lapsed	No. of option shares outstanding as at 31.03.2008
21.06.2006	0.92	13,032,000	110,000	12,922,000

Convertible Notes Due 2012

As previously announced, the Company had in February 2007 issued S\$477.3 million convertible notes due in 2012 ("Notes" and each, a "Note") 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.

As of 31 March 2008, S\$338.3 million Notes remained outstanding for conversion into ordinary shares. No Note has been converted into ordinary shares during the current financial period.

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 124,815,535 shares as at 31 March 2008 (31 December 2007: 124,815,535 shares).



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1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Please refer to Note 1(d)(ii).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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

The figures for the first quarter ended 31 March 2008 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 period compared to those in the audited financial statements for the year ended 31 December 2007.

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	
	1Q 2008 (Unaudited)	1Q 2007 (Unaudited)
EPS based on Group net profit attributable to shareholders:		
(i) On the weighted average number of shares (S\$)	0.51 cents	0.17 cents
- Weighted average number of shares ('000)	1,825,814	1,712,856
(ii) On a fully diluted basis (S\$)	0.51 cents	0.17 cents
- Adjusted weighted average number of shares ('000)	1,958,762	1,720,669

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

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

	GROUP		COMPANY	
	31.03.2008 (Unaudited)	31.12.2007 (Unaudited)	31.03.2008 (Unaudited)	31.12.2007 (Unaudited)
Net assets value per share based on issued share capital at the end of the period/year (S\$)	0.83	0.84	0.66	0.67

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 2008 vs. 1Q 2007

Benefiting from the greater volume of properties being delivered to the customers in 1Q 2008, the Group recorded a significant revenue level of S\$116.2 million, an increase of S\$26.7 million or 29.8%



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over the corresponding period of last year. Following the initial delivery of Yanlord New City Gardens (Phase 1) (仁恒星园一期) in Zhuhai in 4Q 2007, the Group in 1Q 2008 delivered new project in Suzhou - Yanlord Peninsula (星島仁恒) - which contributed significantly to the total number of properties being delivered in 1Q 2008, representing 79.5% of the Group's revenue derived from sale of properties.

Both the gross profit and gross profit margin reduced from S\$44.6 million to S\$43.6 million and 49.9% to 37.5% respectively in 1Q 2008 as compared to the same period in 2007. The change in composition of project being delivered – from a high-profit-margin project of the final phase of Yanlord Riverside Garden (Phase 2) (仁恒河滨花园二期) in Shanghai in 1Q 2007 to a first delivery of Yanlord Peninsula (星島仁恒) in a new city of Suzhou in 1Q 2008 – mainly accounted for these decreases.

As the Group capitalised majority of the finance cost on convertible notes and had received tax refund on profit re-investment from the PRC tax authority, both profit before income tax and profit for the period improved moderately by S\$3.2 million to S\$31.0 million and S\$1.2 million to S\$10.1 million respectively in 1Q 2008 from 1Q 2007. However, owing to the lower gross profit margin, corresponding profit before and after income tax margin declined to 26.6% and 8.7% in 1Q 2008 from 31.0% and 9.9% respectively in 1Q 2007.

(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 decreased to S\$720.1 million as at 31 March 2008 from S\$1,155.8 million as at 31 March 2007. In February 2007, the Group concluded the concurrent offering of new ordinary shares and convertible notes which generated significant cash flows into the Group for the period ended 31 March 2007. These proceeds have been used to finance the purchase of land parcels and various projects currently under development. As a result, the cash and bank balances as at 31 March 2008 declined as compared to that as at the period ended 31 March 2007.

Other receivables increased significantly by S\$104.8 million to S\$156.3 million as at 31 March 2008 from S\$51.5 million as at 31 December 2007 as a result of deposit payment for acquiring an additional shareholding interest in Tianjin Yanlord Haihe Development Co. Ltd. ("TYHD") for approximately S\$99.1 million. After the completion of the acquisition, the Group's shareholding interest in TYHD will increase from 9.4% to 80.0%.



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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

Despite various measures introduced since May 2006 by the authorities to curb over-investment into the property sector, government statistics have shown that property prices in large- and medium-sized cities continue to be on the rise. The Group believes that the measures introduced will benefit the property sector as a whole in 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.

Consistent with the overall economic growth of the PRC, the domestic real estate sector continues to exhibit growth potential. Based on latest statistics from the PRC National Development and Reform Commission, prices for new apartment units in 70 large and medium-sized cities rose 11.8% in 1Q 2008.

COMPANY OUTLOOK

New Project Launches

As of 31 March 2008, the Group has received advances for pre-sold properties – recorded as “Other payables” in the balance sheet – amounting to approximately S\$303.6 million. Based on existing sales contracts of these pre-sold units, the total pre-contracted sales amounting to S\$405.0 million as at 31 March 2008 will be progressively recognised as revenue in FY 2008.

In January 2008, the Group released another batch of its apartments in Yanlord Riverside City (Phase 2) (仁恒河滨城二期). Reflecting the strong demand for the Group’s developments, over 100 apartments were sold on the first two days of launch at an average selling price of RMB34,500 per square metres (“sqm”), or a 42.0% increase from RM24,300 per sqm for a similar unit in July 2007.



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Moving forward, Yanlord will launch new tranches of existing development for sale in 2Q 2008 – Yanlord Riverside City (Phase 2 and 3) (仁恒河滨城二及三期) and Yunjie Riverside Garden (Phase 1) (运杰河滨花园一期) in Shanghai, Yanlord International Apartments (Tower B) (仁恒国际公寓 B 栋) in Nanjing, 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 2) (仁恒星园二期) in Zhuhai and Yanlord Peninsula (星島仁恒) in Suzhou. Situated in prime locations, these projects are expected to command pricing premiums and will contribute significantly to the Group's financial performance in FY 2008 and beyond.

Commencement of Construction Work

In 1Q 2008, the Group began construction of its developments – Yanlord Yangtze Riverside City (Phase 1) (仁恒江湾城一期) in Nanjing. To be progressively completed from the year of 2010, this project will add to the Group's portfolio of developments and is expected to contribute significantly to Yanlord's future performance.

To date, the Group has retained approximately 500,000 sqm of GFA for further development into serviced residences, retail malls, Grade A office towers and five-star hotels which will be developed progressively from 2009 to 2012.

Land Acquisition Strategy

Acquiring strategic land banks remains one of the Group's key growth initiatives. In 1Q 2007, the Group announced two successful acquisitions in Shanghai. Currently, the Group maintains a total land bank of GFA of approximately 4.2 million sqm.

The Group has established a strong presence in China's eight key cities and will continue to maintain a prudent expansion approach. The Group will continue to focus on the quality and potential of each land parcel acquired to ensure the continuation of Yanlord's track record for quality developments. The Group targets to maintain a land bank that will cater to its developmental needs over the next five to eight years.

Outlook

Barring any unforeseen circumstances, the Board of Directors is 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 on-schedule construction works in progress.



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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.

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 2008 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
9 May 2008

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.