



# YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

## UNAUDITED THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2011 FINANCIAL STATEMENTS ANNOUNCEMENT

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## UNAUDITED THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2011

### 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 30 September 2011

	3Q 2011	3Q 2010	% Change	9M 2011	9M 2010	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
<b>Revenue</b>	709,332	2,578,139	(72)	4,306,747	6,427,108	(33)
<b>Cost of sales</b>	(360,582)	(1,541,520)	(77)	(2,600,277)	(3,003,863)	(13)
<b>Gross profit</b>	348,750	1,036,619	(66)	1,706,470	3,423,245	(50)
Other operating income	42,903	102,942	(58)	175,136	145,028	21
Selling expenses	(37,974)	(39,097)	(3)	(107,285)	(89,735)	20
Administrative expenses	(170,095)	(81,995)	107	(368,546)	(243,677)	51
Other operating expenses	(3,172)	(2,685)	18	(5,471)	(39,984)	(86)
Finance cost	(47,460)	(40,424)	17	(192,919)	(95,917)	101
Share of loss of an associate	-	(2,441)	NM	-	(2,441)	NM
Share of loss of jointly controlled entities	(40)	(162)	(75)	(560)	(558)	0
<b>Profit before income tax</b>	132,912	972,757	(86)	1,206,825	3,095,961	(61)
Income tax	(104,302)	(392,235)	(73)	(649,415)	(1,643,889)	(60)
<b>Profit for the period</b>	28,610	580,522	(95)	557,410	1,452,072	(62)
<b>Profit attributable to:</b>						
Equity holders of the						
Company	6,548	535,060	(99)	315,234	1,122,565	(72)
Non-controlling interests	22,062	45,462	(51)	242,176	329,507	(27)
	28,610	580,522	(95)	557,410	1,452,072	(62)

NM: Not meaningful



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

	3Q 2011	3Q 2010	9M 2011	9M 2010
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Allowance for doubtful debts and bad debts written off	-	-	-	8
Depreciation expense	8,008	5,448	22,424	15,907
Dividend income from available-for-sale investment	(1,015)	(5,483)	(1,015)	(5,483)
Dividend income from held-for-trading investment	-	-	(94)	-
Fair value (gain) loss on investment properties	(127,321)	(1)	(127,321)	16,257
Fair value loss (gain) on held-for-trading investment	2,703	(1,415)	3,078	230
Finance cost	47,460	40,424	192,919	95,917
Interest income	(8,679)	(17,608)	(33,607)	(35,807)
Net loss (gain) on disposal of property, plant and equipment	61	14	(2,002)	(88)
Net (gain) loss on disposal of investment properties	(25)	3,328	532	3,130
Net foreign exchange loss (gain)	177,073	(79,355)	78,157	(82,204)

## **Revenue and cost of sales**

Total pre-contracted sales grew by 85.1% or RMB4.079 billion to RMB8.875 billion as at 30 September 2011 as compared with RMB4.796 billion as at 30 September 2010. These pre-contracted sales are expected to be progressively recognised as revenue in the subsequent quarters.

Revenue of the Group, net of business tax, declined by RMB1.869 billion in 3Q 2011 and RMB2.120 billion in 9M 2011 as compared with the corresponding periods in 2010.

As compared to 2010, the Group continued to achieve higher average selling price ("ASP") per square metre ("sqm") on new phases and batches of its existing projects delivered in 2011, namely Yanlord New City Gardens (仁恒星园) in Zhuhai, Yunjie Riverside Gardens (运杰河滨花园) in



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Shanghai and Yanlord Peninsula (Apartment) (星屿仁恒) in Suzhou. However, due to the change in composition of product mix, from relatively higher-priced projects in Shanghai and Tianjin in 2010 to these three projects and Yanlord Yangtze Riverbay Town (仁恒江湾城) in Nanjing in current periods (details of which are shown in Note 8(a) below), overall ASP per sqm decreased in 3Q 2011 and 9M 2011 as compared to respective periods in 2010. Together with decreases in gross floor area ("GFA") delivered to customers in 3Q 2011 and 9M 2011, revenue of the Group declined in current reporting periods.

Cost of sales, which mainly included land, construction and capitalised borrowing costs, declined by RMB1.181 billion in 3Q 2011 and RMB404 million in 9M 2011 as compared to the respective periods in 2010 primarily attributable to lower GFA delivered to customers. Another contributor to the substantial decrease in cost of sales in 3Q 2011 was the change in the composition of product mix, whereby majority of the GFA delivered in 3Q 2011 was from a relatively lower development cost project in Yanlord New City Gardens (Phase 2 – Section 2) (仁恒星园二期二段) in Zhuhai as compared to Yanlord Riverside Plaza (Phase 1) (海河广场一期) in Tianjin in 3Q 2010.

The Group derived substantially all its revenue from the sale of residential properties while a fraction came from the rental of investment properties, provision of property management services and other ancillary services.

## **Other operating income**

Other operating income, which mainly included fair value gain on investment properties, net foreign exchange gain and interest income, increased by RMB30 million in 9M 2011 as compared to 9M 2010 mainly due to the fair value gain on investment properties amounting to RMB127 million ("Fair Value Gain"), namely the retail shops of Yanlord Riverside Plaza (海河广场) in Tianjin, Yanlord G53 Apartments (仁恒 G53 公寓) and Yanlord Yangtze Riverbay Town (仁恒江湾城) in Nanjing. Certain retail shops have been leased out for rental income and the management had decided in 3Q 2011 to withhold all retail shops of these three projects as investment properties. As such, the gain arising from fair value measurement was recorded as income in 9M 2011.

The effect of the Fair Value Gain on the other operating income in 9M 2011 was partly off-set by a RMB82 million decrease in net foreign exchange gain over the same period in 2010. Instead of a net foreign exchange gain reported in 9M 2010 which was credited as income, the Group recorded a net foreign exchange loss amounting to RMB78 million in 9M 2011 primarily arising from an appreciation of the Company's US\$ denominated senior notes against its S\$ functional currency



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and a depreciation of foreign currency denominated cash and bank balances, and such loss was charged to administrative expenses as below. As such decrease in net foreign exchange gain was in excess of the fair value gain on investment properties in 3Q 2011, other operating income in 3Q 2011 declined by RMB60 million over the same period in 2010.

## **Selling expenses**

Selling expenses, which mainly included staff cost, advertising and promotion expenses, decreased slightly by RMB1 million in 3Q 2011 over the corresponding period in 2010. In 9M 2011, such expenses grew by RMB18 million as compared with 9M 2010 owing to an increase in marketing expenses and a larger marketing workforce as well as the setting up of additional sales locations.

## **Administrative expenses**

Administrative expenses mainly included staff cost, utilities, entertainment, professional fees, other tax, rental, depreciation and net foreign exchange loss. Excluding the net foreign exchange loss of RMB78 million as mentioned above in other operating income, administrative expenses increased by RMB10 million in 3Q 2011 and RMB47 million in 9M 2011 over the same periods in 2010 primarily due to the higher staffing expenditure as the Group expanded its businesses. Other contributors to the increases included higher professional fees, utilities, depreciation and consumable goods, in particular following the grand opening of the integrated commercial properties of Yanlord Landmark (仁恒置地广场) in Chengdu in late 2010.

## **Other operating expenses**

Other operating expenses remained constant at RMB3 million in 3Q 2011 and 3Q 2010, while the expenses decreased by RMB35 million in 9M 2011 as compared to the same period in 2010. The fair value loss on an investment property, namely Yanlord Plaza (仁恒广场) in Shanghai and the loss incurred on the early redemption of convertible notes due 2012 were the main contributors to the higher other operating expenses in 9M 2010.

## **Finance cost**

Finance cost, net of capitalised interest, increased by RMB7 million in 3Q 2011 and RMB97 million in 9M 2011 over the corresponding periods in 2010. The higher finance cost in 9M 2011 was mainly a result of interest expense incurred on completed projects as well as an increase in the interest expense on senior notes charged to the finance cost in the income statement for the period when the funds were not yet to be utilised to finance property development projects; in particular, a result of the issuance of US\$400 million 10.625% notes due 2018 in March 2011. In accordance



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with the Group's accounting policy, the finance cost used to finance the development of the Group's properties was capitalised. Hence, the finance cost recorded in the income statements for a given period may not be reflective of the Group's actual level of borrowings.

## **Income tax**

In tandem with the lower revenue stream and profit before income tax, the Group's income tax, which included statutory enterprise income tax, land appreciation tax and dividend withholding tax, decreased by RMB288 million in 3Q 2011 and RMB994 million in 9M 2011 as compared with the same periods in 2010.



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

## Statements of Financial Position as at 30 September 2011

	GROUP		COMPANY	
	30.09.2011 RMB'000 (Unaudited)	31.12.2010 RMB'000 (Audited)	30.09.2011 RMB'000 (Unaudited)	31.12.2010 RMB'000 (Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	288,909	273,828	-	-
Investment properties	6,093,632	5,698,645	-	-
Properties for development	20,142,045	15,973,484	-	-
Investments in subsidiaries	-	-	2,537,688	2,618,181
Investment in an associate	-	-	-	-
Investments in jointly controlled entities	194,087	194,647	-	-
Available-for-sale investment	49,348	49,348	-	-
Intangible asset	613	613	-	-
Deferred tax assets	156,724	137,652	-	-
Total non-current assets	26,925,358	22,328,217	2,537,688	2,618,181
<b>Current assets</b>				
Inventories	12,753	2,892	-	-
Completed properties for sale	968,228	875,702	-	-
Properties under development for sale	15,876,141	14,163,933	-	-
Trade receivables	30,912	15,857	-	-
Other receivables and deposits	925,984	688,910	255	2,235
Non-trade amounts due from:				
Subsidiaries	-	-	12,223,594	10,833,322
Associate	132	86	-	-
Jointly controlled entities	150,000	-	-	-
Non-controlling shareholders of subsidiaries	804,027	908,192	-	-
Other related party	489	510	-	-
Held-for-trading investment	6,208	9,286	-	-
Pledged bank deposits	4,857	5,257	-	-
Cash and bank balances	4,749,311	5,814,453	10,138	11,002
Total current assets	23,529,042	22,485,078	12,233,987	10,846,559
<b>Total assets</b>	<b>50,454,400</b>	<b>44,813,295</b>	<b>14,771,675</b>	<b>13,464,740</b>



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	GROUP		COMPANY	
	30.09.2011 RMB'000 (Unaudited)	31.12.2010 RMB'000 (Audited)	30.09.2011 RMB'000 (Unaudited)	31.12.2010 RMB'000 (Audited)
<b><u>EQUITY AND LIABILITIES</u></b>				
<b>Capital and reserves</b>				
Share capital	7,261,726	7,231,236	7,261,726	7,231,236
Reserves	6,312,472	5,856,059	83,987	(56,694)
Equity attributable to equity holders of the Company	13,574,198	13,087,295	7,345,713	7,174,542
Non-controlling interests	7,434,612	6,743,089	-	-
<b>Total capital and reserves</b>	<b>21,008,810</b>	<b>19,830,384</b>	<b>7,345,713</b>	<b>7,174,542</b>
<b>Non-current liabilities</b>				
Bank loans – due after one year	7,492,680	6,617,160	353,314	-
Convertible notes	1,636,682	1,772,433	1,636,682	1,772,433
Senior notes	4,361,710	1,939,500	4,361,710	1,939,500
Deferred tax liabilities	818,945	797,490	-	-
Non-trade amount due to:				
Non-controlling shareholder of a subsidiary	145,000	-	-	-
<b>Total non-current liabilities</b>	<b>14,455,017</b>	<b>11,126,583</b>	<b>6,351,706</b>	<b>3,711,933</b>
<b>Current liabilities</b>				
Bank loans – due within one year	2,215,217	1,942,853	44,717	-
Convertible notes	138,762	-	138,762	-
Trade payables	3,123,503	3,092,504	-	-
Other payables	6,846,959	5,910,526	107,014	87,750
Non-trade amounts due to:				
Subsidiary	-	-	730,727	2,458,226
Directors	53,078	32,470	53,036	32,289
Non-controlling shareholders of subsidiaries	61,436	274,458	-	-
Income tax payable	2,551,618	2,603,517	-	-
<b>Total current liabilities</b>	<b>14,990,573</b>	<b>13,856,328</b>	<b>1,074,256</b>	<b>2,578,265</b>
<b>Total equity and liabilities</b>	<b>50,454,400</b>	<b>44,813,295</b>	<b>14,771,675</b>	<b>13,464,740</b>





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

	<b>GROUP</b>	
	<b>As at 30.09.2011</b>	<b>As at 31.12.2010</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	(Unaudited)	(Unaudited)
Amount repayable in one year or less, or on demand:-		
Secured	1,870,500	1,305,500
Unsecured	534,479	886,021
Sub-total 1	2,404,979	2,191,521
Amount repayable after one year:-		
Secured	5,677,897	3,756,097
Unsecured	7,946,588	6,561,041
Sub-total 2	13,624,485	10,317,138
Total debt	16,029,464	12,508,659

### Details of any collateral

Secured borrowings are generally secured by the borrowing companies' construction-in-progress, investment properties, properties for development, properties under development for sale and completed properties for sale.



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

### Unaudited Consolidated Statements of Cash Flows for the Period Ended 30 September 2011

	3Q 2011	3Q 2010	9M 2011	9M 2010
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Operating activities</b>				
Profit before income tax	132,912	972,757	1,206,825	3,095,961
Adjustments for:				
Allowance for doubtful debts and bad debts written off	-	-	-	8
Depreciation expense	8,008	5,448	22,424	15,907
Dividend income from available-for-sale investment	(1,015)	(5,483)	(1,015)	(5,483)
Dividend income from held-for-trading investment	-	-	(94)	-
Fair value (gain) loss on investment properties	(127,321)	(1)	(127,321)	16,257
Fair value loss (gain) on held-for-trading investment	2,703	(1,415)	3,078	230
Finance cost	47,460	40,424	192,919	95,917
Interest income	(8,679)	(17,608)	(33,607)	(35,807)
Loss on redemption of convertible notes	-	-	-	17,949
Net loss (gain) on disposal of property, plant and equipment	61	14	(2,002)	(88)
Net (gain) loss on disposal of investment properties	(25)	3,328	532	3,130
Share of loss of an associate	-	2,441	-	2,441
Share of loss of jointly controlled entities	40	162	560	558
Operating cash flows before movements in working capital	54,144	1,000,067	1,262,299	3,206,980
Properties for development	(3,253,964)	(3,006,010)	(5,027,256)	(8,518,187)
Inventories	(3,952)	(576)	(9,861)	(357)
Completed properties for sale	(65,840)	119,899	(98,679)	24,737
Properties under development for sale	(317,510)	540,182	(533,397)	27,746



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	3Q 2011	3Q 2010	9M 2011	9M 2010
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other receivables and deposits	(518,829)	(367,488)	(240,506)	(419,180)
Trade and other payables	1,622,858	(1,134,601)	931,410	(238,490)
Cash used in operations	(2,483,093)	(2,848,527)	(3,715,990)	(5,916,751)
Interest paid	(318,474)	(150,623)	(687,005)	(530,828)
Income tax paid	(31,570)	(401,331)	(656,223)	(708,477)
Net cash used in operating activities	(2,833,137)	(3,400,481)	(5,059,218)	(7,156,056)
<b>Investing activities</b>				
Investment in an associate	-	(2,441)	-	(2,441)
Investment in jointly controlled entities	-	(58,487)	-	(58,487)
Dividend received from available-for-sale investment	1,015	5,483	1,015	5,483
Dividend received from held-for-trading investment	-	-	94	-
Interest received	7,121	17,496	29,523	33,292
Decrease in pledged bank deposits	49	5,022	400	19,145
Proceeds on disposal of property, plant and equipment	61	590	8,955	839
Proceeds on disposal of investment properties	3,845	13,749	13,637	19,542
Purchase of property, plant and equipment	(16,806)	(9,971)	(40,764)	(21,306)
Payment for investment properties	(10,170)	(74,038)	(10,170)	(357,638)
Repayment from (advance to) an associate	6	(18)	(47)	(85)
(Advance to) repayment from jointly controlled entities	(150,000)	29	(150,000)	(7)
Repayment from (advance to) non-controlling shareholders of subsidiaries	63,880	2,942	50,026	(359,165)
Advance to other related party	-	(480)	-	(480)
Net cash used in investing activities	(100,999)	(100,124)	(97,331)	(721,308)



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	3Q 2011	3Q 2010	9M 2011	9M 2010
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financing activities</b>				
Dividend paid	-	-	(122,428)	(157,660)
Dividend paid to a non-controlling shareholder of a subsidiary	-	-	(8,470)	-
Net proceeds on issue of new shares under Pre-IPO Share Option Scheme	-	1,324	21,794	1,768
Net proceeds on issue of senior notes	-	-	2,580,481	1,995,556
Proceeds from bank loans	1,991,914	1,545,635	5,032,214	5,121,893
Repayment of bank loans	(176,715)	(481,829)	(3,816,443)	(1,348,047)
Redemption of convertible notes	-	-	-	(1,512,745)
Repayment to jointly controlled entities	(49,858)	-	-	-
Advance from (repayment to) directors	5,495	(16,062)	20,608	(5,509)
Repayment to a shareholder	-	-	-	(243)
Repayment to non-controlling shareholders of subsidiaries	(56,880)	(107,770)	(52,659)	(86,311)
Cash injection from non-controlling shareholders of subsidiaries	450,039	1,526,700	450,039	3,110,597
<b>Net cash from financing activities</b>	<b>2,163,995</b>	<b>2,467,998</b>	<b>4,105,136</b>	<b>7,119,299</b>
Net decrease in cash and cash equivalents	(770,141)	(1,032,607)	(1,051,413)	(758,065)
Cash and cash equivalents at beginning of period	5,364,089	6,849,266	5,814,453	6,552,698
Effect of exchange rate changes on the balance of cash held in foreign currencies	155,363	(72,758)	(13,729)	(50,732)
<b>Cash and cash equivalents at end of period</b>	<b>4,749,311</b>	<b>5,743,901</b>	<b>4,749,311</b>	<b>5,743,901</b>



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1(d) A statement of comprehensive income (for the issuer and Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

## Unaudited Group Statements of Comprehensive Income for the Period Ended 30 September 2011

	3Q 2011	3Q 2010	9M 2011	9M 2010
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Profit for the period</b>	28,610	580,522	557,410	1,452,072
<b>Other comprehensive income</b>				
<b>(expense):</b>				
Currency translation difference	338,869	(200,431)	280,081	(168,044)
<b>Other comprehensive income</b>				
<b>(expense) for the period</b>	338,869	(200,431)	280,081	(168,044)
<b>Total comprehensive income for</b>				
<b>the period</b>	367,479	380,091	837,491	1,284,028
<b>Total comprehensive income</b>				
<b>attributable to:</b>				
Equity holders of the Company	337,912	354,136	587,604	973,723
Non-controlling interests	29,567	25,955	249,887	310,305
	367,479	380,091	837,491	1,284,028



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## Unaudited Company Statements of Comprehensive Income for the Period Ended 30 September 2011

	3Q 2011	3Q 2010	9M 2011	9M 2010
	RMB'000	RMB'000	RMB'000	RMB'000
<b>(Loss) Profit for the period</b>	(327,902)	(535,106)	508,304	(42,814)
<b>Other comprehensive (expense) income:</b>				
Currency translation difference	(423,871)	375,700	(236,499)	306,710
<b>Other comprehensive (expense) income for the period</b>	(423,871)	375,700	(236,499)	306,710
<b>Total comprehensive (expense) income for the period</b>	(751,773)	(159,406)	271,805	263,896
<b>Total comprehensive (expense) income attributable to:</b>				
Equity holders of the Company	(751,773)	(159,406)	271,805	263,896
Non-controlling interests	-	-	-	-
	(751,773)	(159,406)	271,805	263,896



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**1(e)(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 Period Ended 30 September 2011

	Share capital	Currency translation reserve	Equity reserve	Statutory reserve	Merger deficit	Other reserve	Accumulated profits	Attributable to equity holders of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2011</b>	7,231,236	(547,905)	416,737	263,315	(1,834,019)	(336,747)	7,894,678	13,087,295	6,743,089	19,830,384
Total comprehensive income for the period	-	(22,144)	-	-	-	-	267,882	245,738	154,766	400,504
Issuance of shares under Pre-IPO Share										
Option Scheme	5,370	-	(1,523)	-	-	-	-	3,847	-	3,847
Dividend declared to a non-controlling shareholder	-	-	-	-	-	-	-	-	(8,470)	(8,470)
<b>Balance at 31 March 2011</b>	7,236,606	(570,049)	415,214	263,315	(1,834,019)	(336,747)	8,162,560	13,336,880	6,889,385	20,226,265
Total comprehensive income for the period	-	(36,850)	-	-	-	-	40,804	3,954	65,554	69,508
Issuance of shares under Pre-IPO Share										
Option Scheme	25,120	-	(7,173)	-	-	-	-	17,947	-	17,947
Change of interest in a subsidiary	-	-	-	-	-	(67)	-	(67)	67	-
Dividends	-	-	-	-	-	-	(122,428)	(122,428)	-	(122,428)
<b>Balance at 30 June 2011</b>	7,261,726	(606,899)	408,041	263,315	(1,834,019)	(336,814)	8,080,936	13,236,286	6,955,006	20,191,292



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# YANLORD LAND GROUP LIMITED

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	Share capital	Currency translation reserve	Equity reserve	Statutory reserve	Merger deficit	Other reserve	Accumulated profits	Attributable to equity holders of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total comprehensive income for the period	-	331,364	-	-	-	-	6,548	337,912	29,567	367,479
Capital injection by a non-controlling shareholder	-	-	-	-	-	-	-	-	450,039	450,039
Appropriations	-	-	-	278,313	-	-	(278,313)	-	-	-
<b>Balance at 30 September 2011</b>	<b>7,261,726</b>	<b>(275,535)</b>	<b>408,041</b>	<b>541,628</b>	<b>(1,834,019)</b>	<b>(336,814)</b>	<b>7,809,171</b>	<b>13,574,198</b>	<b>7,434,612</b>	<b>21,008,810</b>





# YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

## Unaudited Group Statements of Changes in Equity for the Period Ended 30 September 2010

	Share capital	Currency translation reserve	Equity reserve	Statutory reserve	Merger deficit	Other reserve	Accumulated profits	Attributable to equity holders of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2010</b>	7,226,578	(463,030)	526,958	451,366	(1,834,019)	(336,747)	5,916,310	11,487,416	3,916,719	15,404,135
Total comprehensive income for the period	-	(18,450)	-	-	-	-	90,312	71,862	7,797	79,659
Issuance of shares under Pre-IPO Share										
Option Scheme	620	-	(176)	-	-	-	-	444	-	444
Redemption of convertible notes	-	-	(108,901)	-	-	-	-	(108,901)	-	(108,901)
Recovery of non-controlling shareholder's share of reserves	-	-	-	-	-	-	-	-	50,909	50,909
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	-	819,897	819,897
Appropriations	-	-	-	(221,409)	-	-	221,409	-	-	-
<b>Balance at 31 March 2010</b>	7,227,198	(481,480)	417,881	229,957	(1,834,019)	(336,747)	6,228,031	11,450,821	4,795,322	16,246,143
Total comprehensive income for the period	-	50,532	-	-	-	-	497,193	547,725	276,553	824,278
Capital injection by a non-controlling shareholder	-	-	-	-	-	-	-	-	764,000	764,000
Dividends	-	-	-	-	-	-	(157,660)	(157,660)	-	(157,660)
<b>Balance at 30 June 2010</b>	7,227,198	(430,948)	417,881	229,957	(1,834,019)	(336,747)	6,567,564	11,840,886	5,835,875	17,676,761



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# YANLORD LAND GROUP LIMITED

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	Share capital	Currency translation reserve	Equity reserve	Statutory reserve	Merger deficit	Other reserve	Accumulated profits	Attributable to equity holders of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total comprehensive income for the period	-	(180,924)	-	-	-	-	535,060	354,136	25,955	380,091
Issuance of shares under Pre-IPO Share										
Option Scheme	1,847	-	(523)	-	-	-	-	1,324	-	1,324
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	-	1,526,700	1,526,700
<b>Balance at 30 September 2010</b>	<b>7,229,045</b>	<b>(611,872)</b>	<b>417,358</b>	<b>229,957</b>	<b>(1,834,019)</b>	<b>(336,747)</b>	<b>7,102,624</b>	<b>12,196,346</b>	<b>7,388,530</b>	<b>19,584,876</b>



# YANLORD LAND GROUP LIMITED

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## Unaudited Company Statements of Changes in Equity for the Period Ended 30 September 2011

	Share capital RMB'000	Currency translation reserve RMB'000	Equity reserve RMB'000	Accumulated (losses) profits RMB'000	Total RMB'000
<b>Balance at 1 January 2011</b>	7,231,236	163,457	416,737	(636,888)	7,174,542
Total comprehensive income for the period	-	108,130	-	(9,688)	98,442
Issuance of shares under Pre-IPO Share Option Scheme	5,370	-	(1,523)	-	3,847
<b>Balance at 31 March 2011</b>	7,236,606	271,587	415,214	(646,576)	7,276,831
Total comprehensive income for the period	-	79,242	-	845,894	925,136
Issuance of shares under Pre-IPO Share Option Scheme	25,120	-	(7,173)	-	17,947
Dividends	-	-	-	(122,428)	(122,428)
<b>Balance at 30 June 2011</b>	7,261,726	350,829	408,041	76,890	8,097,486
Total comprehensive expense for the period	-	(423,871)	-	(327,902)	(751,773)
<b>Balance at 30 September 2011</b>	7,261,726	(73,042)	408,041	(251,012)	7,345,713



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## Unaudited Company Statements of Changes in Equity for the Period Ended 30 September 2010

	Share capital RMB'000	Currency translation reserve RMB'000	Equity reserve RMB'000	Accumulated (losses) profits RMB'000	Total RMB'000
<b>Balance at 1 January 2010</b>	7,226,578	(190,451)	526,958	(249,699)	7,313,386
Total comprehensive expense for the period	-	(697)	-	(81,917)	(82,614)
Issuance of shares under Pre-IPO Share					
Option Scheme	620	-	(176)	-	444
Redemption of convertible notes	-	-	(108,901)	-	(108,901)
<b>Balance at 31 March 2010</b>	<b>7,227,198</b>	<b>(191,148)</b>	<b>417,881</b>	<b>(331,616)</b>	<b>7,122,315</b>
Total comprehensive income for the period	-	(68,293)	-	574,209	505,916
Dividends	-	-	-	(157,660)	(157,660)
<b>Balance at 30 June 2010</b>	<b>7,227,198</b>	<b>(259,441)</b>	<b>417,881</b>	<b>84,933</b>	<b>7,470,571</b>
Total comprehensive expense for the period	-	375,700	-	(535,106)	(159,406)
Issuance of shares under Pre-IPO Share					
Option Scheme	1,847	-	(523)	-	1,324
<b>Balance at 30 September 2010</b>	<b>7,229,045</b>	<b>116,259</b>	<b>417,358</b>	<b>(450,173)</b>	<b>7,312,489</b>



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**1(e)(ii) Details of any changes in the Company's share capital arising from rights 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

As at 30 September 2011, the issued and fully paid-up share capital of the Company, net of expenses, was RMB7.262 billion (30 June 2011: RMB7.262 billion). Movements in the Company's issued ordinary shares during the financial period were as follows:

	Number of ordinary shares	
	'000	RMB'000
As at 31 December 2010	1,944,164	7,231,236
As at 1 July 2011 and 30 September 2011	1,948,736	7,261,726

## Share Options

The share options with S\$0.92 exercise price per share granted on 21 June 2006 under the Company's Pre-IPO Share Option Scheme were fully exercised and/or lapsed as at 30 June 2011. There was no outstanding share option since 1 July 2011 to 30 September 2011.

## Convertible Notes Due 2012

The Company had in February 2007 issued S\$477 million convertible notes due 2012 ("Notes 2012" and each, a "Note 2012") at a conversion price of S\$2.7531 per share. With effect from 1 June 2007, the conversion price was adjusted from S\$2.7531 to S\$2.71 per share and with effect from 5 June 2009, from S\$2.71 to S\$2.65 per share. With effect from 1 June 2010, the conversion price was further adjusted from S\$2.65 to S\$2.62 per share and with effect from 6 June 2011, from S\$2.62 to S\$2.59 per share.



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In February 2010, the holders of S\$315 million outstanding Notes 2012 exercised their redemption option. As of 30 September 2011, RMB117 million (equivalent to approximately S\$24 million) Notes 2012 remained outstanding for conversion into ordinary shares. No Note 2012 was converted into ordinary shares during the current financial period.

Based on the conversion price of S\$2.59 per share (30 September 2010: S\$2.62) and assuming the Notes 2012 are fully converted, the number of new ordinary shares to be issued would be approximately 9,169,884 shares as at 30 September 2011 (30 September 2010: 9,064,885 shares).

## Convertible Notes Due 2014

The Company had in July 2009 issued S\$375 million convertible notes due 2014 (“Notes 2014” and each, a “Note 2014”) at a conversion price of S\$2.6208 per share. With effect from 1 June 2010, the conversion price was adjusted from S\$2.6208 to S\$2.59 per share and with effect from 6 June 2011, from S\$2.59 to S\$2.56 per share.

As of 30 September 2011, RMB1.847 billion (equivalent to S\$375 million) Notes 2014 remained outstanding for conversion into ordinary shares. No Note 2014 was converted into ordinary shares during the current financial period.

Based on the conversion price of S\$2.56 per share (30 September 2010: S\$2.59) and assuming the Notes 2014 are fully converted, the number of new ordinary shares to be issued would be approximately 146,484,375 shares as at 30 September 2011 (30 September 2010: 144,787,644 shares).

## Treasury Shares

The Company did not hold any treasury shares as at 30 September 2011 and 30 September 2010.

**1(e)(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(e)(ii).



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**1(e)(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 third quarter and nine months ended 30 September 2011 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 2010, except as disclosed in Note 5 below.

**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**

Since 1 January 2011, the Group has adopted the relevant revised Singapore Financial Reporting Standards ("FRSs") that are effective for the annual financial periods beginning on or after 1 January 2011.



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The following are the revised FRSs that are relevant to the Group and the Company:

## Improvements to FRSs (issued in October 2010)

The adoption of improvements to FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current financial period.

## Revised FRS 24 - Related Party Disclosures

Revised FRS 24 modifies the definition of a related party. Therefore, additional disclosures may be required in the Group's and the Company's financial statements for the year ending 31 December 2011. The Group and the Company do not expect any impact on their financial positions or performances.

**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 non-controlling interests attributable to the equity holders of the Company after deducting any provision for preference dividends.**

	GROUP		GROUP	
	3Q 2011 (Unaudited)	3Q 2010 (Unaudited)	9M 2011 (Unaudited)	9M 2010 (Unaudited)
<b>EPS based on Group's profit attributable to equity holders of the Company:</b>				
<b>(i) On the weighted average</b>				
<b>number of shares (RMB)</b>	0.34 cents	27.53 cents	16.20 cents	57.76 cents
<b>- Weighted average number of shares ('000)</b>	1,948,736	1,943,727	1,946,257	1,943,582
<b>(ii) On a fully diluted basis (RMB)</b>				
<b>- Adjusted weighted average number of shares ('000)</b>	2,095,221	2,100,084	2,101,606	2,114,635





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

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

	GROUP		COMPANY	
	30.09.2011 (Unaudited)	31.12.2010 (Unaudited)	30.09.2011 (Unaudited)	31.12.2010 (Unaudited)
<b>Net asset value per share based on issued share capital at the end of the period/year (RMB)</b>	6.97	6.73	3.77	3.69

**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**

### **3Q 2011 vs. 3Q 2010**

Following the lower GFA delivered to customers and lower ASP per sqm as a result of change in composition of product mix, the revenue of the Group decreased to RMB709 million in 3Q 2011 from RMB2.578 billion in 3Q 2010.

The GFA delivery in 3Q 2011 was in line with the Group's delivery plan. Driven by demand for Yanlord's quality developments from customers, the pre-contracted sales recorded higher at RMB8.875 billion as at 30 September 2011 as compared to RMB4.796 billion as at 30 September 2010. These pre-contracted sales are expected to be progressively recognised as revenue in the subsequent quarters. Hence, quarter to quarter volatility in revenue driven by the time of delivery of pre-sales and/or sold properties to customers would be expected.

Revenue in 3Q 2011 was mainly generated from three existing projects, namely Yanlord New City Gardens (Phase 2 – Section 2) (仁恒星园二期二段) in Zhuhai, Yanlord Peninsula (Apartment) (星屿仁恒) in Suzhou and Yunjie Riverside Gardens (Phase 2) (运杰河滨花园二期) in Shanghai, which accounted for 57.5%, 20.2% and 9.7% respectively of the Group's gross revenue derived from the sales of properties in 3Q 2011. ASP per sqm on delivery of new phases and batches of



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these three projects continued to exhibit an increase in 3Q 2011 as compared to 3Q 2010. However, due to the change in composition of product mix delivered, from relatively higher-priced projects in Yanlord Riverside City (Phase 3) (仁恒河滨城三期) in Shanghai and Yanlord Riverside Plaza (Phase 1) (海河广场一期) in Tianjin in 3Q 2010 to these three projects in the current period, overall ASP per sqm in 3Q 2011 decreased as compared to 3Q 2010.

Gross profit of the Group declined to RMB349 million in 3Q 2011 from RMB1.037 billion in 3Q 2010 in line with the lower revenue stream. Gross profit margin increased by 9.0 percentage points to 49.2% in 3Q 2011 from 40.2% in 3Q 2010, primarily a result of lower cost of sales per sqm driven by the change in composition of product mix mentioned above.

Due to the lower revenue and higher net foreign exchange loss as mentioned in Note 1(a) above, profit before income tax and profit for the period were lower at RMB133 million and RMB29 million in 3Q 2011 respectively as compared to RMB973 million and RMB581 million in 3Q 2010 respectively. As such, profit before income tax margin and profit for the period margin declined by approximately 19 percentage points to 18.7% and 4.0% in 3Q 2011 respectively over the same period in 2010.

## **9M 2011 vs. 9M 2010**

Driven by 3Q 2011 performance, revenue recorded lower at RMB4.307 billion in 9M 2011 as compared to RMB6.427 billion in 9M 2010. In 9M 2011, the Group successfully completed its inaugural delivery of a new project and its existing projects in Yanlord Yangtze Riverbay Town (Phase 1) (仁恒江湾城一期) in Nanjing, Yanlord New City Gardens (Phase 2 – Section 2) (仁恒星园二期二段) in Zhuhai and Yunjie Riverside Gardens (Phase 2) (运杰河滨花园二期) in Shanghai which contributed 48.1%, 25.4% and 10.7% respectively to the Group's gross revenue from sales of properties in 9M 2011.

The Group experienced a decrease in gross profit to RMB1.706 billion in 9M 2011 from RMB3.423 billion in 9M 2010 primarily due to the lower GFA delivered and lower ASP per sqm as mentioned above. The gross profit margin in 9M 2011 was 39.6% as compared to 53.3% in 9M 2010. The change in composition of property delivery – from largely Yanlord Riverside City (Phase 3) (仁恒河滨城三期) in Shanghai in 9M 2010 to mainly the inaugural delivery of Yanlord Yangtze Riverbay Town (Phase 1) (仁恒江湾城一期) in Nanjing in 9M 2011 – principally accounted for the decrease in gross profit margin in 9M 2011. In line with the Group's business strategy to raise the ASP for subsequent phases and batches of its developments, Yanlord Yangtze Riverbay Town (Phase 2) (仁恒江湾城二期), which was launched in February 2011, had achieved an ASP of approximately



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RMB23,000 per sqm – which represented a growth of 43.8% as compared to the ASP of approximately RMB16,000 per sqm for Yanlord Yangtze Riverbay Town (Phase 1) (仁恒江湾城一期) recognised in 9M 2011.

In tandem with the above performance and the incurring of net foreign exchange loss in 9M 2011, the Group's profit before income tax and its margin reported lower at RMB1.207 billion and 28.0% in 9M 2011 respectively over that of RMB3.096 billion and 48.2% in 9M 2010 respectively.

As such, net profit in 9M 2011 declined to RMB557 million from RMB1.452 billion in 9M 2010, while net profit margin decreased to 12.9% in 9M 2011 from 22.6% in 9M 2010.

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

## **STATEMENTS OF FINANCIAL POSITION**

### Convertible notes

As at 30 September 2011, convertible notes reported at RMB1.775 billion as compared with RMB1.772 billion as at 31 December 2010. The difference between the nominal value of convertible notes of RMB1.964 billion (as mentioned in Note 1(e)(ii) of RMB117 million for Notes 2012 and RMB1.847 billion for Notes 2014) and the book value of RMB1.775 billion (as recorded herein) was mainly attributable to the fair value of conversion options (recorded as "Reserves" in the statements of financial position in accordance with the relevant accounting standards) and the cumulative interest charged.

### Senior notes

The Group successfully completed the issuance of US\$400 million 10.625% senior notes due 2018 in March 2011. As such, the carrying amount of the senior notes increased to RMB4.362 billion as at 30 September 2011 from RMB1.940 billion as at 31 December 2010. Transaction costs related to the issuances were included in the carrying amount of the senior notes and amortised over the period of the senior notes using the effective interest method.

### Other payables

Other payables, which mainly included advances received from customers, grew to RMB6.847 billion as at 30 September 2011 from RMB5.911 billion as at 31 December 2010 primarily driven by the increased pre-sales proceeds received from customers.



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## STATEMENTS OF CASH FLOWS

### Net cash used in operating activities

The Group's cash position in operating activities had improved as a decrease of RMB567 million and RMB2.097 billion in net cash used in operating activities were reported in 3Q 2011 and 9M 2011 respectively as compared to the corresponding periods in 2010. The lower net cash outflows were mainly a result of higher proceeds received from pre-contracted sales in current financial periods as compared to the same periods in 2010, partly off-set by higher construction payments and lower operating profits mentioned in Note 8(a) above. The lower payment on land costs in 9M 2011 as compared with 9M 2010 was another contributor that improved the net operating cash position in 9M 2011, while the higher land bank payment in 3Q 2011 as compared to 3Q 2010 had an opposite impact on the operating cash flow in 3Q 2011.

### Net bank loan drawdown

To fund the unpaid land cost and construction payment, the Group's net bank loan drawdown was higher at RMB1.815 billion in 3Q 2011 as compared to RMB1.064 billion in 3Q 2010. The net bank loan drawdown in 9M 2011 was lower at RMB1.216 billion as compared to RMB3.774 billion in 9M 2010 primarily attributable to the repayment of US\$400 million syndicated bank loans in 9M 2011.

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

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



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## **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

In the current continued uncertainty in the global economy arising from the US and European economies, the People's Republic of China ("PRC") economy continued to exhibit growth trends with GDP rising 9.4% year-on-year to RMB32.1 trillion for 9M 2011, based on statistics released by the PRC National Bureau of Statistics. While near-term market sentiments in the PRC property sector continues to be volatile following austerity measures introduced by the PRC central government to curb rising inflation, the Group remains confident about the long term potential of the PRC real estate sector, given the sustained development of the PRC economy. We believe that recent measures introduced will serve as a firm platform that encourages the long term development of the PRC real estate sector.

### COMPANY OUTLOOK

Based on existing sales contracts of the pre-sold units, the total pre-contracted sales amounting to RMB8.875 billion as at 30 September 2011 are expected to be progressively recognised as revenue in the subsequent quarters. The Group has received advances for pre-sold properties (recorded as "Other payables" in the statements of financial position), amounting to RMB6.302 billion.

The Group will continue to launch new batches of its existing projects in 4Q 2011, namely, Yanlord Yangtze Riverbay Town (Phase 2) (仁恒江湾城二期) in Nanjing, Bayside Gardens (御澜湾苑) in Shanghai and Yanlord Riverside Gardens (Phase 1) (仁恒河滨花园一期) in Tianjin.

The Group continues to watch for opportunities to expand its land bank holdings. Subsequent to the end of the period, the Group, together with Ho Bee Investment Ltd and Shanghai Youyou (Group) Co., Ltd. (上海由由(集团)股份有限公司) ("SY"), with an equity ownership of 60%, 20% and 20% respectively, successfully acquired two adjacent land parcels with a combined GFA of 499,329 sqm in Tang Jia Wan district (唐家湾), Zhuhai, for RMB3.0 billion or at an average purchase price of RMB6,000 per sqm through a public land auction in October 2011.



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In November 2011, the Group announced the acquisition of a 50% stake in Shanghai Renpin Property Development Co., Ltd. (上海仁品房地产开发有限公司) (“SRP”) from SY Y for a consideration of RMB1.655 billion. With this latest acquisition, the Group will gain a 50% ownership of SRP’s 148,363 sqm GFA prime residential development site in one of Shanghai’s most prestigious international community district, the Century Park International Community District.

## Outlook

Given the challenges posed by the volatilities in the global economy and the recent credit tightening by the PRC central government, the Group will continue to capitalise on its strong cash position and prudent financial policies to secure opportunities within the current market environment to drive its sustained growth. Led by an experienced and dedicated management team with extensive industry knowledge of the PRC real estate sector, we will continue to focus on our business strategies and comparative advantages in the development of quality residential apartments in prime locations within high growth PRC cities. This will best allow for the sustainable growth of our core business segments and capitalise on the long-term growth prospects of the PRC real estate sector.

Barring any further significant deterioration in the global economy and any other unforeseen circumstances, the Board of Directors is confident of the Group’s performance relative to the industry trend 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.

## **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.



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**13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a shareholders’ general mandate for IPTs.

## **14. Confirmation of the Board of Directors (“Board”)**

We refer to the requirement under Rule 705(5) of the SGX-ST Listing Manual.

We, Zhong Sheng Jian and Chan Yiu Ling, 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 third quarter and nine months financial results of the Group for the period ended 30 September 2011 to be false or misleading in any material aspects.

ON BEHALF OF THE BOARD

Zhong Sheng Jian  
Chairman and Chief Executive Officer

Chan Yiu Ling  
Director

ON BEHALF OF THE BOARD

Zhong Sheng Jian  
Chairman and Chief Executive Officer  
9 November 2011