



# YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

## UNAUDITED FIRST QUARTER ENDED 31 MARCH 2012 FINANCIAL STATEMENTS ANNOUNCEMENT

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# YANLORD LAND GROUP LIMITED

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## UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2012

### 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 2012

	1Q 2012	1Q 2011	% Change + / (-)
	RMB'000	RMB'000	
<b>Revenue</b>	466,053	2,932,974	(84)
<b>Cost of sales</b>	(295,697)	(1,989,374)	(85)
<b>Gross profit</b>	170,356	943,600	(82)
Other operating income	173,340	48,658	256
Selling expenses	(31,926)	(35,916)	(11)
Administrative expenses	(89,348)	(108,269)	(17)
Other operating expenses	(1,014)	(1,268)	(20)
Finance cost	(35,985)	(62,106)	(42)
Share of loss of jointly controlled entities	(819)	(498)	64
<b>Profit before income tax</b>	184,604	784,201	(76)
Income tax	(48,043)	(361,553)	(87)
<b>Profit for the period</b>	136,561	422,648	(68)
<b>Profit attributable to:</b>			
Equity holders of the Company	135,637	267,882	(49)
Non-controlling interests	924	154,766	(99)
	136,561	422,648	(68)



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

	1Q 2012	1Q 2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation expense	8,207	6,899
Fair value gain on held-for-trading investment	(1,065)	(94)
Finance cost	35,985	62,106
Interest income	(8,463)	(11,267)
Net (gain) loss on disposal of property, plant and equipment	(6,435)	35
Net loss on disposal of investment properties	61	223
Net foreign exchange gain	(132,463)	(34,843)

## **Revenue and cost of sales**

Total pre-contracted sales grew by 28.8% or RMB1.549 billion to RMB6.927 billion as at 31 March 2012 as compared with RMB5.378 billion as at 31 December 2011. These pre-contracted sales are expected to be progressively recognised as revenue in the subsequent quarters.

In line with the Group's delivery schedule, a lower gross floor area ("GFA") was delivered in 1Q 2012. As such, revenue of the Group, net of business tax, declined to RMB466 million in 1Q 2012 from RMB2.933 billion in 1Q 2011. Average selling price ("ASP") per square metre ("sqm") was higher in 1Q 2012 over the corresponding period in 2011 mainly attributable to a change in composition of product mix to include higher priced projects such as Yanlord Townhouse (仁恒怡庭) in Shanghai and Yanlord Riverside Plaza (Phase 1) (海河广场一期) in Tianjin as compared to the inaugural delivery of Yanlord Yangtze Riverbay Town (Phase 1) (仁恒江湾城一期) in Nanjing in 1Q 2011.

Cost of sales, which mainly included land, construction and capitalised borrowing costs, decreased to RMB296 million in 1Q 2012 from RMB1.989 billion in 1Q 2011, in tandem with the lower GFA delivered to customers.

Another contributor to the revenue was from the rental of investment properties, provision of property management services and other ancillary services.

## **Other operating income**

Other operating income, which mainly included net foreign exchange gain and government subsidies, grew by RMB125 million to RMB173 million in 1Q 2012 as compared to 1Q 2011. The



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increase was primarily due to a net foreign exchange gain arising from a depreciation of the Company's US\$ denominated senior notes against its S\$ functional currency as well as an increase in subsidies from various PRC government authorities in recognition of Yanlord's outstanding contribution in product developments towards the local economy and efforts towards developing quality residential and commercial real estates, such as projects in Bamboo Gardens (翠竹园) in Nanjing and Yanlord Landmark (仁恒置地广场) in Chengdu.

## **Selling expenses**

Selling expenses, which mainly included staff costs, advertising and promotion expenses, decreased by RMB4 million to RMB32 million in 1Q 2012 as compared to 1Q 2011 mainly attributable to lower marketing expenses.

## **Administrative expenses**

Administrative expenses, which mainly included staff costs, utilities, entertainment, professional fees, other tax, rental and depreciation, decreased by RMB19 million to RMB89 million in 1Q 2012 over the same period in 2011 principally attributable to the decline in staff bonuses.

## **Other operating expenses**

Other operating expenses remained constant at RMB1 million in both 1Q 2012 and 1Q 2011.

## **Finance cost**

Finance cost, net of capitalised interest, declined by RMB26 million to RMB36 million in 1Q 2012 over the corresponding period in 2011. The lower finance cost in 1Q 2012 was mainly a result of a decrease in the interest expense on senior notes due 2017 charged to the finance cost in the income statement as all the funds had been utilised to finance property development projects and thus capitalised in current reporting period. In accordance 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**

The Group's income tax, which included statutory enterprise income tax, land appreciation tax and dividend withholding tax, decreased by RMB314 million to RMB48 million in 1Q 2012 as compared to 1Q 2011, in line with the movement of gross profit and profit before income tax.



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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 31 March 2012

	GROUP		COMPANY	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	763,992	768,468	-	-
Investment properties	7,082,986	7,079,370	-	-
Properties for development	20,267,786	19,728,223	-	-
Investments in subsidiaries	-	-	2,585,201	2,508,521
Investment in an associate	-	-	-	-
Investments in jointly controlled entities	340,894	341,713	-	-
Available-for-sale investment	49,348	49,348	-	-
Intangible asset	613	613	-	-
Deferred tax assets	147,269	138,114	-	-
Total non-current assets	28,652,888	28,105,849	2,585,201	2,508,521
<b>Current assets</b>				
Inventories	17,794	12,827	-	-
Completed properties for sale	1,908,942	2,125,680	-	-
Properties under development for sale	17,837,006	16,674,133	-	-
Trade receivables	31,666	31,571	-	-
Other receivables and deposits	329,112	233,804	4	268
Non-trade amounts due from:				
Subsidiaries	-	-	12,115,569	12,024,249
Associate	135	131	-	-
Jointly controlled entities	22	-	-	-
Non-controlling shareholders of subsidiaries	451,684	451,978	-	-
Other related party	567	486	-	-
Held-for-trading investment	5,777	4,712	-	-
Pledged bank deposits	2,565	5,092	-	-
Cash and cash equivalents	4,404,185	4,273,644	3,355	1,502
Total current assets	24,989,455	23,814,058	12,118,928	12,026,019
<b>Total assets</b>	<b>53,642,343</b>	<b>51,919,907</b>	<b>14,704,129</b>	<b>14,534,540</b>



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	GROUP		COMPANY	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b><u>EQUITY AND LIABILITIES</u></b>				
<b>Capital and reserves</b>				
Share capital	7,261,726	7,261,726	7,261,726	7,261,726
Reserves	7,513,786	7,553,064	13,088	(179,022)
Equity attributable to equity holders of the Company	14,775,512	14,814,790	7,274,814	7,082,704
Non-controlling interests	9,368,018	9,216,095	-	-
Total capital and reserves	24,143,530	24,030,885	7,274,814	7,082,704
<b>Non-current liabilities</b>				
Bank loans – due after one year	7,615,761	7,362,137	-	284,653
Senior notes	4,325,396	4,327,241	4,325,396	4,327,241
Deferred tax liabilities	983,258	968,712	-	-
Non-trade amount due to:				
Non-controlling shareholders of subsidiaries	216,000	216,000	-	-
Total non-current liabilities	13,140,415	12,874,090	4,325,396	4,611,894
<b>Current liabilities</b>				
Bank loans – due within one year	3,217,404	2,947,693	447,169	147,900
Convertible notes	1,719,397	1,790,388	1,719,397	1,790,388
Trade payables	3,281,524	3,301,308	-	-
Other payables	5,231,789	3,868,406	106,143	157,144
Non-trade amounts due to:				
Subsidiary	-	-	721,545	713,330
Directors	32,666	31,222	32,633	31,180
Shareholder	77,032	-	77,032	-
Non-controlling shareholders of subsidiaries	175,698	241,649	-	-
Income tax payable	2,622,888	2,834,266	-	-
Total current liabilities	16,358,398	15,014,932	3,103,919	2,839,942
<b>Total equity and liabilities</b>	<b>53,642,343</b>	<b>51,919,907</b>	<b>14,704,129</b>	<b>14,534,540</b>



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

	GROUP	
	As at 31.03.2012	As at 31.12.2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Amount repayable in one year or less, or on demand:-		
Secured	2,508,560	2,549,793
Unsecured	2,630,148	2,314,181
Sub-total 1	5,138,708	4,863,974
Amount repayable after one year:-		
Secured	5,951,669	5,410,453
Unsecured	6,185,488	6,474,925
Sub-total 2	12,137,157	11,885,378
Total debt	17,275,865	16,749,352

### 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 31 March 2012

	1Q 2012	1Q 2011
	RMB'000	RMB'000
<b>Operating activities</b>		
Profit before income tax	184,604	784,201
Adjustments for:		
Depreciation expense	8,207	6,899
Fair value gain on held-for-trading investment	(1,065)	(94)
Finance cost	35,985	62,106
Interest income	(8,463)	(11,267)
Net (gain) loss on disposal of property, plant and equipment	(6,435)	35
Net loss on disposal of investment properties	61	223
Payable written off	(10,774)	-
Share of loss of jointly controlled entities	819	498
Operating cash flows before movements in working capital	202,939	842,601
Properties for development	(429,099)	(754,233)
Inventories	(4,967)	(2,964)
Completed properties for sale	216,737	34,250
Properties under development for sale	(968,910)	903,568
Trade and other receivables and deposits	(89,261)	45,993
Trade and other payables	1,384,690	(1,180,133)
Cash generated from (used in) operations	312,129	(110,918)
Interest paid	(361,457)	(152,212)
Income tax paid	(254,029)	(285,191)
Net cash used in operating activities	(303,357)	(548,321)





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	1Q 2012	1Q 2011
	RMB'000	RMB'000
<b>Investing activities</b>		
Interest received	5,830	9,977
Decrease in pledged bank deposits	2,527	353
Proceeds on disposal of property, plant and equipment	8,818	5,062
Proceeds on disposal of investment properties	60,385	6,081
Purchase of property, plant and equipment	(5,615)	(7,859)
Payment for investment properties	(4,764)	-
Advance to jointly controlled entities	(22)	(28)
Repayment from (Advance to) non-controlling shareholders of subsidiaries	93,283	(1,380)
Net cash from investing activities	160,442	12,206
<b>Financing activities</b>		
Dividend paid to a non-controlling shareholder of a subsidiary	(150,187)	(8,470)
Net proceeds on issue of new shares under Pre-IPO Share Option Scheme	-	3,847
Net proceeds on issue of senior notes	-	2,580,497
Proceeds from bank loans	1,009,341	1,468,800
Repayment of bank loans	(507,964)	(440,500)
Redemption of convertible notes	(119,489)	-
Advance from directors	1,444	8,191
Advance from a shareholder	77,008	-
(Repayment to) Advance from non-controlling shareholders of subsidiaries	(55,911)	60
Cash injection from non-controlling shareholders of subsidiaries	144,928	-
Net cash from financing activities	399,170	3,612,425
Net increase in cash and cash equivalents	256,255	3,076,310
Cash and cash equivalents at beginning of period	4,273,644	5,814,453
Effect of exchange rate changes on the balance of cash held in foreign currencies	(125,714)	(56,599)
<b>Cash and cash equivalents at end of period</b>	<b>4,404,185</b>	<b>8,834,164</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 Statements of Comprehensive Income for the Period Ended 31 March 2012

	GROUP		COMPANY	
	1Q 2012	1Q 2011	1Q 2012	1Q 2011
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Profit (Loss) for the period</b>	136,561	422,648	(24,219)	(9,688)
<b>Other comprehensive (expense) income:</b>				
Currency translation difference	(167,950)	(22,144)	216,329	108,130
<b>Other comprehensive (expense) income for the period</b>	(167,950)	(22,144)	216,329	108,130
<b>Total comprehensive (expense) income for the period</b>	(31,389)	400,504	192,110	98,442
<b>Total comprehensive (expense) income attributable to:</b>				
Equity holders of the Company	(38,862)	245,738	192,110	98,442
Non-controlling interests	7,473	154,766	-	-
	(31,389)	400,504	192,110	98,442



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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 31 March 2012

	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 2012</b>	7,261,726	(202,149)	408,041	556,575	(1,834,019)	(336,814)	8,961,430	14,814,790	9,216,095	24,030,885
Total comprehensive expense for the period	-	(174,499)	-	-	-	-	135,637	(38,862)	7,473	(31,389)
Change of interest in a subsidiary	-	-	-	-	-	(416)	-	(416)	(478)	(894)
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	-	144,928	144,928
Appropriations	-	-	-	953	-	-	(953)	-	-	-
<b>Balance at 31 March 2012</b>	<b>7,261,726</b>	<b>(376,648)</b>	<b>408,041</b>	<b>557,528</b>	<b>(1,834,019)</b>	<b>(337,230)</b>	<b>9,096,114</b>	<b>14,775,512</b>	<b>9,368,018</b>	<b>24,143,530</b>



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## Unaudited Group Statements of Changes in Equity for the Period Ended 31 March 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>	<b>7,236,606</b>	<b>(570,049)</b>	<b>415,214</b>	<b>263,315</b>	<b>(1,834,019)</b>	<b>(336,747)</b>	<b>8,162,560</b>	<b>13,336,880</b>	<b>6,889,385</b>	<b>20,226,265</b>



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## Unaudited Company Statements of Changes in Equity for the Period Ended 31 March 2012

	Share capital RMB'000	Currency translation reserve RMB'000	Equity reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>Balance at 1 January 2012</b>	7,261,726	(151,630)	408,041	(435,433)	7,082,704
Total comprehensive income for the period	-	216,329	-	(24,219)	192,110
<b>Balance at 31 March 2012</b>	<u>7,261,726</u>	<u>64,699</u>	<u>408,041</u>	<u>(459,652)</u>	<u>7,274,814</u>

## Unaudited Company Statements of Changes in Equity for the Period Ended 31 March 2011

	Share capital RMB'000	Currency translation reserve RMB'000	Equity reserve RMB'000	Accumulated losses 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>	<u>7,236,606</u>	<u>271,587</u>	<u>415,214</u>	<u>(646,576)</u>	<u>7,276,831</u>



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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 31 March 2012, the issued and fully paid-up share capital of the Company, net of expenses, was RMB7.262 billion (31 December 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 2011	1,948,736	7,261,726
As at 1 January 2012 and 31 March 2012	1,948,736	7,261,726

## 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.

As of 31 December 2011, S\$24 million Notes 2012 remained outstanding for conversion into ordinary shares. In February 2012, the Company had fully redeemed the outstanding Notes 2012 in accordance with the terms set out in the Indenture dated 6 February 2007. No Notes 2012 was converted into ordinary shares during the current financial period.



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Based on the conversion price of S\$2.62 per share as at 31 March 2011 and assuming the Notes 2012 are fully converted, the number of new ordinary shares to be issued would be approximately 9,064,885 shares as at 31 March 2011.

## 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 31 March 2012, RMB1.881 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 (31 March 2011: 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 31 March 2012 (31 March 2011: 144,787,644 shares).

## Treasury Shares

The Company did not hold any treasury shares as at 31 March 2012 and 31 March 2011.

**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).

**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 first quarter ended 31 March 2012 have neither been audited nor reviewed by the auditors.



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**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 unaudited financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2011, as well as all the applicable Singapore Financial Reporting Standards ("FRSs") which became effective for the financial year beginning on or after 1 January 2012. The adoption of these new and revised FRSs has no material effect on the unaudited financial statements for the current financial period.

**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, and the effect of, the change**

There have been no changes in accounting policies and methods of computation.

**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	
	1Q 2012 (Unaudited)	1Q 2011 (Unaudited)
<b>EPS based on Group's profit attributable to equity holders of the Company:</b>		
<b>(i) On the weighted average number of shares (RMB)</b>	6.96 cents	13.78 cents
- Weighted average number of shares ('000)	1,948,736	1,944,412
<b>(ii) On a fully diluted basis (RMB)</b>	6.47 cents	12.77 cents
- Adjusted weighted average number of shares ('000)	2,098,848	2,099,988





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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 financial period reported on; and**

**(ii) immediately preceding financial year**

	GROUP		COMPANY	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Net asset value per share based on issued share capital at the end of the period/year (RMB)</b>	7.58	7.60	3.73	3.63

**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 2012 vs. 1Q 2011**

Revenue of the Group recorded at RMB466 million in 1Q 2012 as compared to RMB2.933 billion in 1Q 2011 as a result of the decrease in GFA delivered to customers partly offset by the increased ASP per sqm in 1Q 2012 over the respective period in 2011. The GFA delivered in 1Q 2012 was in line with the Group's planned delivery schedule. Revenue in 1Q 2012 generated mainly from the delivery of Yanlord Townhouse (仁恒怡庭) and Yunjie Riverside Gardens (Phase 2) (运杰河滨花园二期) in Shanghai, as well as Yanlord Riverside Plaza (Phase 1) (海河广场一期) in Tianjin which accounted for 58.6%, 8.6% and 17.7% respectively of the Group's gross revenue from the sales of properties in 1Q 2012.

Gross profit reported at RMB170 million in 1Q 2012 as compared to RMB944 million in 1Q 2011 in tandem with the movement of revenue stream. Driven by the delivery of higher priced projects in Yanlord Townhouse (仁恒怡庭) in Shanghai and Yanlord Riverside Plaza (Phase 1) (海河广场一期) in Tianjin, the Group achieved a higher gross profit margin of 36.6% in 1Q 2012 as compared to 32.2% in 1Q 2011 representing a 4.4 percentage point increase. Attributable to the lower gross profit in 1Q 2012, profit before income tax and profit for the period decreased to RMB185 million and RMB137 million in 1Q 2012 respectively from RMB784 million and RMB423 million in 1Q 2011 respectively.



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Driven by the improved gross profit margin as well as the substantial increase in net foreign exchange gain mentioned in Note 1(a) above, the Group's profit before income tax margin and profit for the period margin grew by 12.9 and 14.9 percentage points respectively to 39.6% and 29.3% in 1Q 2012 respectively over the same period in 2011.

**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 31 March 2012, convertible notes reported at RMB1.719 billion as compared with RMB1.790 billion as at 31 December 2011. The difference between the nominal value of convertible notes of RMB1.881 billion as mentioned in Note 1(e)(ii) for Notes 2014 and the book value of RMB1.719 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).

### Other payables

Other payables, which mainly included advances received from customers, increased by 35.2% or RMB1.363 billion to RMB5.232 billion as at 31 March 2012 from RMB3.868 billion as at 31 December 2011 mainly due to an increase in pre-sales proceeds received from customers.

## **STATEMENTS OF CASH FLOWS**

### Net cash used in operating activities

The Group's net cash used in operating activities decreased by RMB245 million to RMB303 million in 1Q 2012 as compared to 1Q 2011 primarily attributable to the increase in pre-sales proceeds received from customers, partly offset by the lower operating profit as mentioned in Note 8(a) above and a relatively higher construction payment in current reporting period over the same period in 2011.

### Net bank loan drawdown

The net bank loan drawdown decreased by RMB527 million to RMB501 million in 1Q 2012 as compared to 1Q 2011 mainly due to a decrease in drawdown in current reporting period over the respective period in 2011.



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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

Near-term market sentiments in the People's Republic of China ("PRC") property sector continues to be volatile following austerity measures introduced by the PRC central government in 2010. However, the Group remains confident about the long-term potential of PRC real estate sector which continues to be driven by a long-term economic growth. Based on data released by the World Bank in its "Global Economic Prospects 2012" report, the PRC economy is expected to expand 8.4% in 2012 and 8.3% in 2013.

## COMPANY OUTLOOK

Based on existing sales contracts of the pre-sold units, the total pre-contracted sales amounting to RMB6.927 billion as at 31 March 2012 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 RMB4.466 billion.

The Group will continue to launch a new project and new batches of its existing projects in 2Q 2012, namely, Yanlord Yangtze Riverbay Town (Phase 2) (仁恒江湾城二期) in Nanjing, Yanlord Sunland Gardens (Phase 1) (仁恒森兰雅苑一期) in Shanghai, Yanlord Lakeview Bay - Land Parcels A2 and A6 (仁恒双湖湾 – A2及A6地块) in Suzhou, Yanlord Riverside Plaza (Phase 2) (海河广场二期) and Yanlord Riverside Gardens (Phase 1) (仁恒河滨花园一期) in Tianjin.



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## Outlook

Given the challenges posed by the volatilities in the global economy and the austerity measures introduced by the PRC central government, the Group will continue to capitalise on its prudent financial policies and maintain a strong cash position to better drive its sustained development. 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.

## **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.



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## 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 unaudited first quarter financial results of the Group for the period ended 31 March 2012 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  
14 May 2012