



# YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

## UNAUDITED FIRST QUARTER ENDED 31 MARCH 2013 FINANCIAL STATEMENTS ANNOUNCEMENT

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# YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

## UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2013

### 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 2013

	1Q 2013	1Q 2012	% Change
	RMB'000	RMB'000	+ / (-)
<b>Revenue</b>	1,678,993	466,053	260
<b>Cost of sales</b>	(1,018,271)	(295,697)	244
<b>Gross profit</b>	660,722	170,356	288
Other operating income	14,683	173,340	(92)
Selling expenses	(45,103)	(31,926)	41
Administrative expenses	(185,794)	(89,348)	108
Other operating expenses	(1,729)	(1,014)	71
Finance cost	(42,783)	(35,985)	19
Share of loss of jointly controlled entities	(2,379)	(819)	190
<b>Profit before income tax</b>	397,617	184,604	115
Income tax	(231,822)	(48,043)	383
<b>Profit for the period</b>	165,795	136,561	21
<b>Profit attributable to:</b>			
Equity holders of the Company	67,305	135,637	(50)
Non-controlling interests	98,490	924	10559
	165,795	136,561	21



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

	<b>1Q 2013</b>	<b>1Q 2012</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	(Unaudited)	(Unaudited)
Recovery for doubtful debts and bad debts written off	(3)	-
Depreciation expense	10,978	8,207
Fair value loss (gain) on held-for-trading investment	1,214	(1,065)
Finance cost	42,783	35,985
Interest income	(7,853)	(8,463)
Net gain on disposal of property, plant and equipment	(511)	(6,435)
Net (gain) loss on disposal of investment properties	(734)	61
Net foreign exchange loss (gain)	58,899	(132,463)

## **Revenue and cost of sales**

Revenue of the Group, net of business tax, grew significantly by 260.3% or RMB1.213 billion to RMB1.679 billion in 1Q 2013 from RMB466 million in 1Q 2012. The increase was attributable to higher gross floor area ("GFA") delivered in 1Q 2013 as compared to 1Q 2012, partly offset by a lower average selling price per square metre in 1Q 2013 as a result of the change in composition of product mix as compared to 1Q 2012.

In line with the increased GFA delivered to customers, cost of sales in 1Q 2013, which mainly included land, construction and capitalised borrowing costs, increased to RMB1.018 billion from RMB296 million in 1Q 2012.

Other contributors to the Group's revenue included the rental of investment properties as well as provision of property management services and other ancillary services.

## **Other operating income**

Other operating income, mainly included net gain on disposal of property, plant and equipment, government subsidies, interest income, net foreign exchange gain and payable written off, decreased by RMB159 million to RMB15 million in 1Q 2013. Higher other operating income in 1Q 2012 was primarily due to a RMB132 million net foreign exchange gain in 1Q 2012 arising from the depreciation of the Company's US\$ denominated senior notes against its S\$ functional currency. Other factors contributing to the higher other operating income in 1Q 2012 included the relatively higher payable written off, government subsidies and net gain on disposal of property, plant and equipment in 1Q 2012 as compared to current reporting period.



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## **Selling expenses**

Selling expenses, which mainly included staff costs, advertising and promotion expenses, as well as intermediary agency fee, increased to RMB45 million in 1Q 2013 from RMB32 million in 1Q 2012 mainly attributable to the higher staff costs and intermediary agency fee incurred in current reporting period over the corresponding period in 2012, in tandem with the growth of revenue stream.

## **Administrative expenses**

Administrative expenses included mainly staff costs, utilities, entertainment expenses, professional fees, other taxes, rental, depreciation and net foreign exchange loss. Excluding the net foreign exchange loss of RMB59 million in 1Q 2013, administrative expenses increased by RMB38 million to RMB127 million in 1Q 2013 as compared to 1Q 2012 principally due to the relatively higher staff bonuses in 1Q 2013 as compared to 1Q 2012. Higher salary arising from increased number of staff to support the Group's continuing growth and development was another factor contributing to the increased administrative expenses in 1Q 2013 as compared to 1Q 2012. RMB59 million of exchange loss in 1Q 2013 was mainly attributable to an appreciation of the Company's US\$ denominated senior notes against its S\$ functional currency at current period end as compared with the preceding year end.

## **Other operating expenses**

Other operating expenses recorded at RMB2 million in 1Q 2013 as compared to RMB1 million in 1Q 2012.

## **Finance cost**

Finance cost, net of capitalised interest, increased by RMB7 million to RMB43 million in 1Q 2013 as compared with 1Q 2012 mainly due to an increase in interest expense incurred on the Group's completed projects. 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**

In tandem with the improved revenue stream and profit before income tax, the Group's income tax, which included statutory enterprise income tax, land appreciation tax ("LAT") and dividend withholding tax, was higher at RMB232 million in 1Q 2013 as compared to RMB48 million in 1Q 2012, partially attributable to more higher-profit margin properties handed over in 1Q 2013 which attracted a higher rate of LAT.



# YANLORD LAND GROUP LIMITED

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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 2013

	GROUP		COMPANY	
	31.03.2013 RMB'000 (Unaudited)	31.12.2012 RMB'000 (Audited)	31.03.2013 RMB'000 (Unaudited)	31.12.2012 RMB'000 (Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	600,339	594,202	-	-
Investment properties	7,989,610	7,975,200	-	-
Properties for development	16,371,322	16,079,251	-	-
Investments in subsidiaries	-	-	2,578,450	2,624,468
Investment in an associate	-	-	-	-
Investments in jointly controlled entities	510,475	335,723	-	-
Available-for-sale investment	-	-	-	-
Intangible asset	613	613	-	-
Deferred tax assets	137,611	128,967	-	-
Total non-current assets	25,609,970	25,113,956	2,578,450	2,624,468
<b>Current assets</b>				
Inventories	38,139	39,527	-	-
Completed properties for sale	4,059,216	4,608,540	-	-
Properties under development for sale	21,324,769	20,284,446	-	-
Trade receivables	40,116	50,964	-	-
Other receivables and deposits	424,213	302,519	273	274
Non-trade amounts due from:				
Subsidiaries	-	-	10,692,361	11,037,800
Associate	234	213	-	-
Jointly controlled entities	13	-	-	-
Non-controlling shareholders of subsidiaries	353,628	331,424	-	-
Other related party	565	567	-	-
Held-for-trading investment	10,055	11,311	-	-
Pledged bank deposits	17,556	15,072	-	-
Cash and cash equivalents	3,225,891	3,540,577	2,544	2,601
Total current assets	29,494,395	29,185,160	10,695,178	11,040,675
<b>Total assets</b>	<b>55,104,365</b>	<b>54,299,116</b>	<b>13,273,628</b>	<b>13,665,143</b>



# YANLORD LAND GROUP LIMITED

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	GROUP		COMPANY	
	31.03.2013 RMB'000 (Unaudited)	31.12.2012 RMB'000 (Audited)	31.03.2013 RMB'000 (Unaudited)	31.12.2012 RMB'000 (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	9,211,246	9,068,027	(708,865)	(379,663)
Equity attributable to equity holders of the Company	16,472,972	16,329,753	6,552,861	6,882,063
Non-controlling interests	10,149,585	10,353,503	-	-
<b>Total capital and reserves</b>	<b>26,622,557</b>	<b>26,683,256</b>	<b>6,552,861</b>	<b>6,882,063</b>
<b>Non-current liabilities</b>				
Bank loans – due after one year	7,141,936	5,869,463	262,581	319,509
Convertible notes	329,355	331,346	329,355	331,346
Senior notes	4,319,211	4,327,818	4,319,211	4,327,818
Deferred tax liabilities	1,138,319	1,160,248	-	-
Non-trade amount due to:				
Non-controlling shareholders of subsidiaries	216,000	216,000	-	-
<b>Total non-current liabilities</b>	<b>13,144,821</b>	<b>11,904,875</b>	<b>4,911,147</b>	<b>4,978,673</b>
<b>Current liabilities</b>				
Bank loans – due within one year	2,402,972	2,549,816	82,646	10,260
Trade payables	3,529,726	3,694,139	-	-
Other payables	5,717,656	5,219,929	82,066	111,180
Non-trade amounts due to:				
Subsidiary	-	-	1,393,808	1,430,704
Directors	32,091	32,154	32,090	32,154
Ultimate holding company	219,010	220,109	219,010	220,109
Non-controlling shareholders of subsidiaries	692,868	1,081,114	-	-
Income tax payable	2,742,664	2,913,724	-	-
<b>Total current liabilities</b>	<b>15,336,987</b>	<b>15,710,985</b>	<b>1,809,620</b>	<b>1,804,407</b>
<b>Total equity and liabilities</b>	<b>55,104,365</b>	<b>54,299,116</b>	<b>13,273,628</b>	<b>13,665,143</b>



# YANLORD LAND GROUP LIMITED

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

	<b>GROUP</b>	
	<b>As at 31.03.2013</b>	<b>As at 31.12.2012</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	(Unaudited)	(Unaudited)
Amount repayable in one year or less, or on demand:-		
Secured	2,001,539	1,991,060
Unsecured	710,650	870,354
Sub-total 1	2,712,189	2,861,414
Amount repayable after one year:-		
Secured	4,694,773	3,274,800
Unsecured	7,291,729	7,449,827
Sub-total 2	11,986,502	10,724,627
Total debt	14,698,691	13,586,041

### 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, completed properties for sale and bank deposits.



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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 2013

	1Q 2013	1Q 2012
	RMB'000	RMB'000
<b>Operating activities</b>		
Profit before income tax	397,617	184,604
Adjustments for:		
Recovery for doubtful debts and bad debts written off	(3)	-
Depreciation expense	10,978	8,207
Fair value loss (gain) on held-for-trading investment	1,214	(1,065)
Finance cost	42,783	35,985
Interest income	(7,853)	(8,463)
Net gain on disposal of property, plant and equipment	(511)	(6,435)
Net (gain) loss on disposal of investment properties	(734)	61
Payable written off	-	(10,774)
Share of loss of jointly controlled entities	2,379	819
Operating cash flows before movements in working capital	445,870	202,939
Properties for development	(602,730)	(429,099)
Inventories	1,388	(4,967)
Completed properties for sale	933,351	216,737
Properties under development for sale	(1,284,285)	(968,910)
Trade and other receivables and deposits	(106,304)	(89,261)
Trade and other payables	357,737	1,384,690
Cash (used in) generated from operations	(254,973)	312,129
Interest paid	(278,408)	(361,457)
Income tax paid	(433,456)	(254,029)
Net cash used in operating activities	(966,837)	(303,357)





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	<b>1Q 2013</b>	<b>1Q 2012</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Investing activities</b>		
Investments in jointly controlled entities	(177,131)	-
Interest received	5,810	5,830
(Increase) Decrease in pledged bank deposits	(2,484)	2,527
Proceeds on disposal of property, plant and equipment	978	8,818
Proceeds on disposal of investment properties	5,881	60,385
Purchase of property, plant and equipment	(18,071)	(5,615)
Payment for investment properties	(19,557)	(4,764)
Advance to an associate	(17)	-
Advance to jointly controlled entities	(13)	(22)
(Advance to) Repayment from non-controlling shareholders of subsidiaries	(20,047)	93,283
Net cash (used in) from investing activities	<u>(224,651)</u>	<u>160,442</u>
<b>Financing activities</b>		
Dividend paid to a non-controlling shareholder of a subsidiary	(356,000)	(150,187)
Proceeds from bank loans	1,682,459	1,009,341
Repayment of bank loans	(543,499)	(507,964)
Redemption of convertible notes	-	(119,489)
Advance from directors	504	1,444
Advance from ultimate holding company	-	77,008
Repayment to non-controlling shareholders of subsidiaries	-	(55,911)
Cash injection from non-controlling shareholders of subsidiaries	53,631	144,928
Net cash from financing activities	<u>837,095</u>	<u>399,170</u>
Net (decrease) increase in cash and cash equivalents	(354,393)	256,255
Cash and cash equivalents at beginning of period	3,540,577	4,273,644
Effect of exchange rate changes on the balance of cash held in foreign currencies	39,707	(125,714)
<b>Cash and cash equivalents at end of period</b>	<u><u>3,225,891</u></u>	<u><u>4,404,185</u></u>



# YANLORD LAND GROUP LIMITED

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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 2013

	GROUP		COMPANY	
	1Q 2013	1Q 2012	1Q 2013	1Q 2012
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Profit (Loss) for the period</b>	165,795	136,561	(210,015)	(24,219)
<b>Other comprehensive income (expense):</b>				
Currency translation difference	75,875	(167,950)	(119,187)	216,329
<b>Other comprehensive income (expense) for the period</b>	75,875	(167,950)	(119,187)	216,329
<b>Total comprehensive income (expense) for the period</b>	241,670	(31,389)	(329,202)	192,110
<b>Total comprehensive income (expense) attributable to:</b>				
Equity holders of the Company	143,219	(38,862)	(329,202)	192,110
Non-controlling interests	98,451	7,473	-	-
	241,670	(31,389)	(329,202)	192,110



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# YANLORD LAND GROUP LIMITED

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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 2013

	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 2013</b>	7,261,726	(412,772)	181,505	781,973	(1,834,019)	(337,230)	10,688,570	16,329,753	10,353,503	26,683,256
Total comprehensive income for the period	-	75,914	-	-	-	-	67,305	143,219	98,451	241,670
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	-	53,631	53,631
Dividend declared to a non-controlling shareholder	-	-	-	-	-	-	-	-	(356,000)	(356,000)
Appropriations	-	-	-	65,312	-	-	(65,312)	-	-	-
<b>Balance at 31 March 2013</b>	<b>7,261,726</b>	<b>(336,858)</b>	<b>181,505</b>	<b>847,285</b>	<b>(1,834,019)</b>	<b>(337,230)</b>	<b>10,690,563</b>	<b>16,472,972</b>	<b>10,149,585</b>	<b>26,622,557</b>



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## 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>



# YANLORD LAND GROUP LIMITED

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## Unaudited Company Statements of Changes in Equity for the Period Ended 31 March 2013

	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 2013</b>	7,261,726	162,137	181,505	(723,305)	6,882,063
Total comprehensive expense for the period	-	(119,187)	-	(210,015)	(329,202)
<b>Balance at 31 March 2013</b>	<u>7,261,726</u>	<u>42,950</u>	<u>181,505</u>	<u>(933,320)</u>	<u>6,552,861</u>

## 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>



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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 2013, the issued and fully paid-up share capital of the Company, net of expenses, was RMB7.262 billion (31 December 2012: RMB7.262 billion). Details of the Company's issued ordinary shares at the end of the relevant financial periods were as follows:

	Number of ordinary shares	
	'000	RMB'000
As at 31 December 2012	1,948,736	7,261,726
As at 1 January 2013 and 31 March 2013	1,948,736	7,261,726

## 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.

In July 2012, the holders of S\$305 million outstanding Notes 2014 exercised their put options. As of 31 March 2013, RMB350 million (equivalent to S\$70 million) Notes 2014 remained outstanding for conversion into ordinary shares. No Note 2014 was converted into ordinary shares during the current financial period.



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Based on the conversion price of S\$2.56 per share (31 March 2012: S\$2.56) and assuming the Notes 2014 are fully converted, the number of new ordinary shares to be issued would be approximately 27,343,750 shares as at 31 March 2013 (31 March 2012: 146,484,375 shares).

## Treasury Shares

The Company did not hold any treasury shares as at 31 March 2013 and 31 March 2012.

**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 2013 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.



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#### 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 2012, as well as all the applicable Singapore Financial Reporting Standards ("FRSs") which became effective for the financial year beginning on or after 1 January 2013. 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.

	<b>GROUP</b>	
	<b>1Q 2013</b>	<b>1Q 2012</b>
	(Unaudited)	(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>	3.45 cents	6.96 cents
- Weighted average number of shares ('000)	1,948,736	1,948,736
<b>(ii) On a fully diluted basis (RMB)</b>	3.45 cents	6.47 cents
- Adjusted weighted average number of shares ('000)	1,948,736	2,098,848





# YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

**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	
	31.03.2013 (Unaudited)	31.12.2012 (Unaudited)	31.03.2013 (Unaudited)	31.12.2012 (Unaudited)
<b>Net asset value per share based on issued share capital at the end of the period / year (RMB)</b>	8.45	8.38	3.36	3.53

**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 2013 vs. 1Q 2012**

In tandem with the significant increase in GFA delivered to customers, the Group achieved 260.3% or RMB1.213 billion growth in revenue to RMB1.679 billion in 1Q 2013 as compared to RMB466 million in 1Q 2012. Revenue in 1Q 2013 was mainly derived from the delivery of existing projects, 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 Riverside Gardens (Phase 1) (仁恒河滨花园一期) in Tianjin and Yanlord New City Gardens (Phase 2 – Section 2) (仁恒星园二期二段) in Zhuhai, which represented 32.0%, 12.4%, 12.3% and 10.3% respectively of the Group's gross revenue from the sales of properties in 1Q 2013. The inaugural delivery of Yanlord Lakeview Bay – Land Parcel A6 (仁恒双湖湾 – A6 地块) in Suzhou also contributed 18.1% to the Group's gross revenue from the sales of properties in 1Q 2013.

In line with the increase in revenue, gross profit grew considerably by 287.8% or RMB490 million to RMB661 million in 1Q 2013 as compared to RMB170 million in 1Q 2012. Gross profit margin increased by 2.8 percentage points to 39.4% in 1Q 2013 from 36.6% in 1Q 2012.



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Excluding net foreign exchange loss of RMB59 million in 1Q 2013 and gain of RMB132 million in 1Q 2012, profit before income tax recorded a significant growth of RMB404 million to RMB457 million in 1Q 2013 over the corresponding period in 2012, in line with the increase in gross profit. Profit before income tax margin (after excluding net foreign exchange effect) also grew considerably by 16.0 percentage points to 27.2% in 1Q 2013 from 11.2% in 1Q 2012.

Profit for the period and the margin (after excluding net foreign exchange effect) increased by RMB221 million and 12.5 percentage points respectively to RMB225 million and 13.4% in 1Q 2013 respectively from RMB4 million and 0.9% in 1Q 2012 respectively.

**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

Convertible notes were RMB329 million as at 31 March 2013 as compared to RMB331 million as at 31 December 2012. The difference between the nominal value of convertible notes of RMB350 million as mentioned in Note 1(e)(ii) for Notes 2014 and the book value of RMB329 million (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 9.5% or RMB498 million to RMB5.718 billion as at 31 March 2013 from RMB5.220 billion as at 31 December 2012 mainly due to an increase in pre-sales proceeds received from customers.

## **STATEMENTS OF CASH FLOWS**

### Net cash used in operating activities

Net cash used in operating activities increased by RMB663 million to RMB967 million in 1Q 2013 from RMB303 million in 1Q 2012 primarily attributable to lower pre-sales proceeds received from customers, partly offset by the increase in operating profit as mentioned in Note 8(a) above in current reporting period over the same period in 2012.



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## Net bank loan drawdown

Net bank loan drawdown increased by RMB638 million to RMB1.139 billion in 1Q 2013 as compared to RMB501 million in 1Q 2012 mainly due to an increase in drawdown in current reporting period over the same period in 2012.

## **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

Market sentiments in the People's Republic of China ("PRC") property sector over the near term may continue to be volatile following the latest reiteration of austerity measures in the "New National Five Rules" promulgated by the PRC central government in February 2013. However, the Group remains confident about the long term potential of the PRC real estate sector driven by the sustained development of the PRC economy and believes that the measures introduced will serve as a firm platform that encourages the long term development of the PRC real estate sector.

### COMPANY OUTLOOK

Based on the existing sales contracts of the pre-sold units, the total pre-contracted sales amounting to RMB6.908 billion as at 31 March 2013 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 RMB5.164 billion.



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The Group will continue to launch new batches of its existing projects in 2Q 2013, namely, Yanlord Riverbay (Phase 1) (仁恒滨河湾一期) in Chengdu, Bayside Gardens (御澜湾苑) in Shanghai, Yanlord Lakeview Bay – Land Parcels A2 and A6 (仁恒双湖湾 – A2及A6地块) in Suzhou and Yanlord Riverside Gardens (Phase 2) (仁恒河滨花园二期) in Tianjin.

## Outlook

Given the continued challenges posed by volatilities in the global economy and pressures arising from austerity measures introduced by the PRC central government, the Group believes that its prudent financial policies coupled with a strong cash position will serve to better drive its sustained development. Led by an experienced and dedicated management team with extensive industry knowledge of the PRC real estate sector, the Group will continue to focus on its 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 the Group's core business segments and to 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 unaudited first quarter financial results of the Group for the period ended 31 March 2013 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  
13 May 2013