



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

UNAUDITED FIRST QUARTER ENDED 31 MARCH 2019 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 2019

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 Consolidated Statements of Profit or Loss for the Period Ended 31 March 2019

	1Q 2019	1Q 2018	% Change + / (-)
	RMB'000	RMB'000	
Revenue	3,622,946	7,187,956	(50)
Cost of sales	(2,076,989)	(3,183,516)	(35)
Gross profit	1,545,957	4,004,440	(61)
Other operating income and other gains	224,453	121,351	85
Selling expenses	(81,809)	(83,734)	(2)
Administrative expenses	(280,077)	(324,236)	(14)
Other operating expenses	(1,971)	(1,669)	18
Finance cost	(216,050)	(132,955)	62
Share of loss of associates	(2,158)	(1,693)	27
Share of (loss) profit of joint ventures	(36,763)	111,974	NM
Profit before income tax	1,151,582	3,693,478	(69)
Income tax	(538,167)	(1,897,331)	(72)
Profit for the period	613,415	1,796,147	(66)
Profit attributable to:			
Owners of the Company	323,057	797,106	(59)
Non-controlling interests	290,358	999,041	(71)
	613,415	1,796,147	(66)

NM: Not meaningful



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

	1Q 2019	1Q 2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Allowance for doubtful debts and bad debts written off	10	-
Depreciation expense	36,203	8,391
Fair value gain on financial asset at fair value through profit or loss	(72)	-
Finance cost	216,050	132,955
Interest income	(202,749)	(114,781)
Net loss (gain) on disposal of property, plant and equipment	74	(94)
Net gain on disposal of investment properties	(990)	(251)
Net foreign exchange (gain) loss	(6,537)	99,425
Adjustments for under (over) provision of tax in respect of prior years	513	(5,935)

Revenue and cost of sales

Revenue of the Group was lower at RMB3.623 billion in 1Q 2019 compared to RMB7.188 billion in 1Q 2018 due to the decrease in gross floor area ("GFA") delivered in-line with the Group's delivery schedule for the quarter under review, which was also partly attributable to the lower average selling price ("ASP") per square metre ("sqm") achieved in 1Q 2019 compared to 1Q 2018 as a result of the change in composition of product-mix. Larger portion of higher-priced projects namely, Yanlord on the Park (仁恒世纪公寓) and Yanlord Western Gardens (仁恒西郊雅苑) in Shanghai, were delivered in 1Q 2018.

Cost of sales in 1Q 2019, which mainly comprised of land, construction and capitalised borrowing costs, declined to RMB2.077 billion compared to RMB3.184 billion in 1Q 2018, mainly attributable to the decrease in GFA delivered to customers in 1Q 2019 compared to the corresponding period in 2018.

Other contributors to the Group's revenue mainly included rental of investment properties, income from hotel operations as well as provision of property management services and other ancillary services.



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Other operating income and other gains

Other operating income and other gains included mainly interest income and net foreign exchange effect. Excluding the net foreign exchange effects in 1Q 2019, other operating income and other gains increased by 79.6% or RMB97 million to RMB218 million in 1Q 2019 from RMB121 million in 1Q 2018. This is mainly due to the increase in interest income generated from non-trade amounts due from associates and joint ventures. The net foreign exchange effect in 1Q 2019 arose mainly from quarter end conversion of foreign currency denominated monetary items against functional currency in certain entities of the Group and realised exchange difference arising from conversion of different monetary currencies in ordinary course of business.

Selling expenses

Selling expenses, which mainly comprised of staff costs, advertising and promotion expenses, as well as intermediary agency fee, decreased by 2.3% or RMB2 million to RMB82 million in 1Q 2019 compared to RMB84 million in 1Q 2018 primarily due to decrease in intermediary agency fee, utilities and repair and maintenance; and partly offset by the increase in staff cost and advertising and promotion expenses in current period compared to the corresponding period in 2018.

Administrative expenses

Administrative expenses mainly comprised of staff costs, entertainment expenses, legal and professional fees, depreciation, bank charges and net foreign exchange loss. Excluding the net foreign exchange loss of RMB99 million in 1Q 2018, administrative expenses grew by 24.6% or RMB55 million to RMB280 million in 1Q 2019 over the same period in 2018 mainly due to the increase in general staff costs to support the continuing growth of the Group's business and the increase in depreciation for the right-of-use assets.

Finance cost

Finance cost, net of capitalised interest, grew by RMB83 million to RMB216 million in 1Q 2019 from RMB133 million in 1Q 2018 mainly due to an increase in interest expenses incurred on the Group's completed properties for sale and for financing of investments in joint ventures. In accordance with the Group's accounting policy, the finance cost used to finance the development of the Group's properties would be capitalised. Hence, the finance cost recorded in the statements of profit or loss for a given period may not be reflective of the Group's actual level of borrowings.



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Share of (loss) profit of joint ventures

Share of loss of joint ventures of RMB37 million recorded in 1Q 2019 compared to share of profit of joint ventures of RMB112 million in 1Q 2018. Share of profit of joint ventures in 1Q 2018 mainly resulted from the share of profit of Yanlord Perennial Investment (Singapore) Pte. Ltd. and Tangshan Nanhu Eco-City (唐山南湖生态城) project.

Income tax

Income tax, which included statutory enterprise income tax, land appreciation tax and dividend withholding tax, decreased by RMB1.359 billion to RMB538 million in 1Q 2019 from RMB1.897 billion in 1Q 2018, in-line with the decreases in revenue and profit before income tax in the current reporting period over the same period in 2018.



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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 2019

	GROUP		COMPANY	
	31.03.2019 RMB'000 (Unaudited)	31.12.2018 RMB'000 (Audited)	31.03.2019 RMB'000 (Unaudited)	31.12.2018 RMB'000 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	3,185,242	3,177,663	-	-
Investment properties	14,570,404	14,567,640	-	-
Right-of-use assets	84,232	-	-	-
Properties for development	16,546,630	16,940,162	-	-
Investments in subsidiaries	-	-	13,438,094	13,523,060
Investments in associates	1,543,664	1,418,593	-	-
Investments in joint ventures	6,255,235	5,897,162	-	-
Other receivables and deposits	2,848,384	3,114,118	-	-
Non-trade amounts due from:				
Joint ventures	5,233,226	5,914,815	-	-
Non-controlling shareholders of subsidiaries	421,253	400,000	-	-
Other financial assets	175,923	175,923	-	-
Intangible assets	2,092	2,092	-	-
Deferred tax assets	486,715	472,281	-	-
Total non-current assets	51,353,000	52,080,449	13,438,094	13,523,060
Current assets				
Inventories	107,380	117,027	-	-
Completed properties for sale	5,339,307	5,957,456	-	-
Properties under development for sale	22,813,901	21,124,992	-	-
Trade receivables	44,169	48,183	-	-
Other receivables and deposits	2,186,991	1,853,358	5	1
Non-trade amounts due from:				
Subsidiaries	-	-	853,344	1,794,247
Associates	1,496,186	1,201,290	-	-
Joint ventures	10,795,973	9,833,539	-	-
Non-controlling shareholders of subsidiaries	3,927,913	3,247,508	-	-
Other related parties	771	788	-	-



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	GROUP		COMPANY	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Income tax prepayment	452,064	567,767	-	-
Financial asset at fair value through profit or loss	11,122	-	-	-
Pledged bank deposits	761,051	331,048	-	-
Cash and cash equivalents	8,198,027	10,317,374	37,066	9,404
Total current assets	56,134,855	54,600,330	890,415	1,803,652
Total assets	107,487,855	106,680,779	14,328,509	15,326,712

EQUITY AND LIABILITIES

Capital, reserves and non-controlling interests

Share capital	7,261,726	7,261,726	7,261,726	7,261,726
Reserves	18,309,430	17,768,378	178,791	264,747
Equity attributable to owners of the Company	25,571,156	25,030,104	7,440,517	7,526,473
Non-controlling interests	8,104,396	7,848,514	-	-
Total equity	33,675,552	32,878,618	7,440,517	7,526,473

Non-current liabilities

Bank and other borrowings				
– due after one year	24,549,089	27,998,178	-	-
Senior notes	5,340,468	5,440,228	-	-
Lease liabilities	62,382	-	-	-
Deferred tax liabilities	2,872,162	2,831,594	-	-
Non-trade amount due to:				
Joint ventures	812,787	805,377	-	-
Deferred income	382,175	335,702	-	-
Total non-current liabilities	34,019,063	37,411,079	-	-

Current liabilities

Bank and other borrowings				
– due within one year	13,022,475	8,293,294	639,706	639,509
Lease liabilities	25,669	-	-	-
Trade payables	7,965,118	8,246,981	-	-



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	GROUP		COMPANY	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Other payables	1,570,760	1,453,353	1,962	3,837
Contract liabilities	9,075,879	9,857,831	-	-
Non-trade amounts due to:				
Subsidiary	-	-	6,189,984	7,100,578
Associates	283,903	257,596	-	-
Joint ventures	340,203	674,391	-	-
Directors	56,340	56,315	56,340	56,315
Non-controlling shareholders of subsidiaries	824,709	705,139	-	-
Other related parties	44,808	44,808	-	-
Income tax payable	5,262,643	5,480,641	-	-
Put liability to acquire non-controlling interests	1,320,733	1,320,733	-	-
Total current liabilities	39,793,240	36,391,082	6,887,992	7,800,239
Total equity and liabilities	107,487,855	106,680,779	14,328,509	15,326,712



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

	GROUP	
	As at 31.03.2019	As at 31.12.2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Amount repayable in one year or less, or on demand:-		
Secured	8,705,051	4,144,658
Unsecured	4,595,922	4,552,134
Sub-total 1	13,300,973	8,696,792
Amount repayable after one year:-		
Secured	9,780,178	12,148,502
Unsecured	20,109,379	21,289,904
Sub-total 2	29,889,557	33,438,406
Total debt	43,190,530	42,135,198

Details of any collateral

Secured borrowings are generally secured by the property, plant and equipment, investment properties, properties for development, properties under development for sale, completed properties for sale and pledged 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 2019

	1Q 2019	1Q 2018
	RMB'000	RMB'000
Operating activities		
Profit before income tax	1,151,582	3,693,478
Adjustments for:		
Allowance for doubtful debts and bad debts written off	10	-
Depreciation expense	36,203	8,391
Fair value gain on financial asset at fair value through profit or loss	(72)	-
Finance cost	216,050	132,955
Interest income	(202,749)	(114,781)
Net loss (gain) on disposal of property, plant and equipment	74	(94)
Net gain on disposal of investment properties	(990)	(251)
Payable written off	(6,523)	-
Share of loss of associates	2,158	1,693
Share of loss (profit) of joint ventures	36,763	(111,974)
Operating cash flows before movements in working capital	1,232,506	3,609,417
Properties for development	(426,400)	(150,462)
Inventories	9,691	(15,944)
Completed properties for sale	688,152	2,821,142
Properties under development for sale	(24,296)	(507,814)
Trade and other receivables and deposits	(274,853)	830,339
Trade and other payables	(154,234)	(1,411,038)
Contract liabilities	(781,952)	(4,087,228)
Cash generated from operations	268,614	1,088,412
Interest paid	(668,899)	(485,734)
Income tax paid	(614,327)	(1,257,453)
Net cash used in operating activities	(1,014,612)	(654,775)



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	1Q 2019	1Q 2018
	RMB'000	RMB'000
Investing activities		
Acquisition of subsidiaries	(15,000)	(303,000)
Investment in an associate	(150,000)	-
Capital withdrawal by an associate	-	(25,281)
Investments in joint ventures	(424,411)	-
Interest received	124,644	47,795
(Increase) Decrease in pledged bank deposits	(430,003)	9,213
Proceeds on disposal of property, plant and equipment	64	738
Proceeds on disposal of investment properties	1,904	476
Proceeds on disposal of financial asset at fair value through profit or loss	950	-
Payment for property, plant and equipment	(38,214)	(79,991)
Payment for investment properties	(3,678)	(13,559)
Payment for intangible asset	-	(1,280)
Purchase of financial asset at fair value through profit or loss	(12,000)	-
Advance to associates	(393,501)	(23,197)
Repayment from an associate	188,354	-
Advance to joint ventures	(1,211,428)	(444,460)
Repayment from joint ventures	849,039	4,315
Advance to non-controlling shareholders of subsidiaries	(721,152)	(20,368)
Advance to a related company	-	(167)
Net cash used in investing activities	<u>(2,234,432)</u>	<u>(848,766)</u>
Financing activities		
Dividends paid to non-controlling shareholders of subsidiaries	-	(180,692)
Proceeds from bank and other borrowings	3,365,174	1,200,000
Repayment of bank and other borrowings	(1,952,595)	(393,500)
Repayment of lease liabilities	(6,255)	-
Advance from associates	24,685	-
(Repayment to) Advance from joint ventures	(334,188)	101,131
Repayment to directors	(446)	(48,735)
Advance from non-controlling shareholders of subsidiaries	295,029	8,939
Repayment to non-controlling shareholders of subsidiaries	(200,250)	(525,000)



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	1Q 2019	1Q 2018
	RMB'000	RMB'000
Repayment to other related parties	-	(10,668)
Capital injection from a non-controlling shareholder of a subsidiary	-	4,900
Capital withdrawal by non-controlling shareholders of subsidiaries	(34,000)	(272,186)
Disposal of a subsidiary	(50)	-
Net cash from (used in) financing activities	<u>1,157,104</u>	<u>(115,811)</u>
Net decrease in cash and cash equivalents	(2,091,940)	(1,619,352)
Cash and cash equivalents at beginning of period	10,317,374	17,798,313
Effect of exchange rate changes on the balances of cash held in foreign currencies	(27,407)	56,499
Cash and cash equivalents at end of period	<u><u>8,198,027</u></u>	<u><u>16,235,460</u></u>



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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 2019

	GROUP		COMPANY	
	1Q 2019 RMB'000	1Q 2018 RMB'000	1Q 2019 RMB'000	1Q 2018 RMB'000
Profit (Loss) for the period	613,415	1,796,147	(22,341)	(23,078)
Other comprehensive income (expense):				
<u>Items that will not be reclassified subsequently to profit or loss:</u>				
Currency translation difference	(110,084)	(104,421)	-	-
Share of other comprehensive income of a joint venture	(78)	5,568	-	-
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Currency translation difference	329,806	454,485	(63,615)	(125,397)
Share of other comprehensive income (expense) of a joint venture	1,727	(2,558)	-	-
Other comprehensive income (expense) for the period, net of tax	221,371	353,074	(63,615)	(125,397)
Total comprehensive income (expense) for the period	834,786	2,149,221	(85,956)	(148,475)
Total comprehensive income (expense) attributable to:				
Owners of the Company	544,428	1,150,180	(85,956)	(148,475)
Non-controlling interests	290,358	999,041	-	-
	834,786	2,149,221	(85,956)	(148,475)



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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 2019

	Share capital	Treasury shares	Currency translation reserve	Statutory reserve	Merger deficit	Other reserve	Accumulated profits	Equity attributable to owners 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
Balance at 1 January 2019 as previously reported	7,261,726	(132,309)	(945,687)	2,011,120	(1,834,019)	(3,428,371)	22,097,644	25,030,104	7,848,514	32,878,618
Effect of adoption of SFRS(I) 16 [#]	-	-	-	-	-	-	(3,376)	(3,376)	(426)	(3,802)
Balance at 1 January 2019 as restated	7,261,726	(132,309)	(945,687)	2,011,120	(1,834,019)	(3,428,371)	22,094,268	25,026,728	7,848,088	32,874,816
Total comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	323,057	323,057	290,358	613,415
Other comprehensive income for the period	-	-	219,722	-	-	1,727	(78)	221,371	-	221,371
Total	-	-	219,722	-	-	1,727	322,979	544,428	290,358	834,786
Transactions with owners, recognised directly in equity:										
Capital withdrawal by a non-controlling shareholder	-	-	-	-	-	-	-	-	(34,000)	(34,000)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(50)	(50)
Total	-	-	-	-	-	-	-	-	(34,050)	(34,050)
Balance at 31 March 2019	7,261,726	(132,309)	(725,965)	2,011,120	(1,834,019)	(3,426,644)	22,417,247	25,571,156	8,104,396	33,675,552

[#] Please refer to Note 4 and 5.



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Unaudited Group Statements of Changes in Equity for the Period Ended 31 March 2018

	Share capital	Treasury shares	Currency translation reserve	Statutory reserve	Merger deficit	Other reserve	Accumulated profits	Equity attributable to owners 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
Balance at 1 January 2018	7,261,726	(132,309)	(194,903)	1,503,873	(1,834,019)	(3,285,564)	19,411,720	22,730,524	9,972,287	32,702,811
Total comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	797,106	797,106	999,041	1,796,147
Other comprehensive income for the period	-	-	350,064	-	-	(2,558)	5,568	353,074	-	353,074
Total	-	-	350,064	-	-	(2,558)	802,674	1,150,180	999,041	2,149,221
Transactions with owners, recognised directly in equity:										
Capital injection from a non-controlling shareholder	-	-	-	-	-	-	-	-	4,900	4,900
Capital withdrawal by a non-controlling shareholder	-	-	-	-	-	-	-	-	(272,186)	(272,186)
Dividends declared to a non-controlling shareholder	-	-	-	-	-	-	-	-	(265,847)	(265,847)
Appropriations	-	-	-	31,237	-	-	(31,237)	-	-	-
Total	-	-	-	31,237	-	-	(31,237)	-	(533,133)	(533,133)
Balance at 31 March 2018	7,261,726	(132,309)	155,161	1,535,110	(1,834,019)	(3,288,122)	20,183,157	23,880,704	10,438,195	34,318,899



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Unaudited Company Statements of Changes in Equity for the Period Ended 31 March 2019

	Share capital	Treasury shares	Currency translation reserve	Accumulated profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019	7,261,726	(132,309)	60,987	336,069	7,526,473
Total comprehensive expense for the period:					
Loss for the period	-	-	-	(22,341)	(22,341)
Other comprehensive expense for the period	-	-	(63,615)	-	(63,615)
Total	-	-	(63,615)	(22,341)	(85,956)
Balance at 31 March 2019	7,261,726	(132,309)	(2,628)	313,728	7,440,517

Unaudited Company Statements of Changes in Equity for the Period Ended 31 March 2018

	Share capital	Treasury shares	Currency translation reserve	Accumulated profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2018	7,261,726	(132,309)	(123,755)	356,571	7,362,233
Total comprehensive expense for the period:					
Loss for the period	-	-	-	(23,078)	(23,078)
Other comprehensive expense for the period	-	-	(125,397)	-	(125,397)
Total	-	-	(125,397)	(23,078)	(148,475)
Balance at 31 March 2018	7,261,726	(132,309)	(249,152)	333,493	7,213,758



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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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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

	Number of ordinary shares (including treasury shares)	Share capital (net of expenses) RMB'000
As at 1 January 2019 and 31 March 2019	1,948,736,476	7,261,726

Treasury Shares

During the period from 1 January 2019 to 31 March 2019, the Company did not repurchase any of its ordinary shares (1 January 2018 to 31 March 2018: Nil). Treasury shares are presented as a component within equity attributable to owners of the Company.

The number of shares held as treasury shares against the total number of issued shares excluding treasury shares of the Company, as at the end of 31 March 2019 and as at the end of 31 March 2018 were as follows:

	Number of treasury shares	RMB'000
As at 31 March 2018	17,201,100	132,309



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	Number of treasury shares	RMB'000
As at 1 January 2019 and 31 March 2019	17,201,100	132,309
		Percentage of aggregate number of treasury shares held against the total number of ordinary shares (excluding treasury shares)
	Number of ordinary shares (excluding treasury shares)	
As at 31 March 2018	1,931,535,376	0.9%
As at 31 March 2019	1,931,535,376	0.9%

Subsidiary Holdings

There was no subsidiary holdings as at 31 March 2019 and 31 March 2018.

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.

	31.03.2019	31.12.2018
Total number of issued shares	1,948,736,476	1,948,736,476
Total number of treasury shares	(17,201,100)	(17,201,100)
Total number of issued shares (excluding treasury shares)	1,931,535,376	1,931,535,376

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

Not applicable.

1(e)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.



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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 2019 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 unaudited financial statements for the current reporting period as those of the audited financial statements for the year ended 31 December 2018, except for the adoption of new / revised SFRS(I) applicable for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16 *Leases*

Amendments to SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The financial effects of the adoption of the new SFRS(I) are summarised in Note 5 below.



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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

The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of accumulated profits as at 1 January 2019, with no restatement of comparative information.

The adoption of SFRS(I) 16 resulted in adjustments to the consolidated statement of financial position of the Group as at 1 January 2019. The differences from the consolidated statement of financial position as previously reported as at 31 December 2018 are as follows:

	GROUP RMB'000
<u>Consolidated Statement of Financial Position as at 1 January 2019</u>	
Increase in right-of-use assets	87,564
Increase in lease liabilities	(91,366)
Decrease in net assets	<u>(3,802)</u>
Decrease in equity attributable to owners of the Company	(3,376)
Decrease in non-controlling interests	(426)
Decrease in equity	<u>(3,802)</u>



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6. Earnings per ordinary share (EPS) of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, based on profit after tax and non-controlling interests attributable to the owners of the Company after deducting any provision for preference dividends.

	GROUP	
	1Q 2019 (Unaudited)	1Q 2018 (Unaudited)
EPS based on Group's profit attributable to owners of the Company:		
(i) On the weighted average number of shares (RMB)	16.73 cents	41.27 cents
- Weighted average number of shares	1,931,535,376	1,931,535,376
(ii) On a fully diluted basis (RMB)	16.73 cents	41.27 cents
- Adjusted weighted average number of shares	1,931,535,376	1,931,535,376

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	
	31.03.2019 (Unaudited)	31.12.2018 (Unaudited)	31.03.2019 (Unaudited)	31.12.2018 (Unaudited)
Net asset value per share based on issued share capital at the end of the period / year (RMB)	13.24	12.96	3.85	3.90



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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 2019 vs. 1Q 2018

Revenue of the Group decreased by RMB3.565 billion to RMB3.623 billion in 1Q 2019 compared to RMB7.188 billion in 1Q 2018 due to the decrease in ASP and GFA delivered to customers over the same period in 2018. Revenue generated from new project namely, Riverbay Gardens (Phase 1) (江湾雅园一期) in Suzhou and existing projects namely, Yanlord on the Park (仁恒世纪公寓) in Shanghai and Sanya Hai Tang Bay - Land Parcel 9 (三亚海棠湾9号地块) which represented 52.3%, 16.1% and 15.6% respectively of the Group's gross revenue from sales of properties in 1Q 2019.

The Group's gross profit decreased by 61.4% or RMB2.458 billion to RMB1.546 billion in 1Q 2019 from RMB4.004 billion in 1Q 2018 as a result of the decrease in GFA delivered and lower ASP per sqm achieved in 1Q 2019 over the same period in 2018 as mentioned above in Note 1(a). Gross profit margin decreased by 13.0 percentage points to 42.7% in 1Q 2019 from 55.7% in 1Q 2018 primarily due to the change in the composition of product-mix.

Due to the decrease in gross profit and gross profit margin reported in 1Q 2019, profit before income tax decreased by 68.8% or RMB2.542 billion to RMB1.152 billion in 1Q 2019 from RMB3.693 billion in 1Q 2018. Profit before income tax margin decreased by 19.6 percentage points to 31.8% in 1Q 2019 compared to 51.4% in 1Q 2018, in-line with the decrease in gross profit margin in 1Q 2019.

Profit for the period decreased by 65.8% or RMB1.183 billion to RMB613 million in 1Q 2019 from RMB1.796 billion in 1Q 2018, while profit for the period margin decreased by 8.1 percentage points to 16.9% in 1Q 2019 from 25.0% in 1Q 2018.



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- 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

Non-current assets

Right-of-use assets

Right-of-use assets of RMB84 million as at 31 March 2019 represent the right to use the underlying leased assets for the lease terms.

Current assets

Non-trade amount due from associates

Non-trade amount due from associates increased to RMB1.496 billion as at 31 March 2019 from RMB1.201 billion as at 31 December 2018 mainly due to a shareholder's loan to a new associate in Suzhou.

Non-trade amount due from non-controlling shareholders of subsidiaries

Non-trade amount due from non-controlling shareholders of subsidiaries increased to RMB3.928 billion as at 31 March 2019 from RMB3.248 billion as at 31 December 2018 mainly due to distribution of surplus fund of a subsidiary to its shareholders.

Financial asset at fair value through profit or loss

Financial asset at fair value through profit or loss of approximately RMB11 million as at 31 March 2019 pertain to investment in fund.

Non-current liabilities

Lease liabilities

Lease liabilities of RMB62 million as at 31 March 2019 represent the lease payments which is repayable after one year.



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Current liabilities

Lease liabilities

Lease liabilities of RMB26 million as at 31 March 2019 represent the lease payments which is repayable within one year.

Non-trade amount due to joint ventures

Non-trade amount due to joint ventures decreased by RMB334 million to RMB340 million as at 31 March 2019 from RMB674 million as at 31 December 2018 was mainly due to the repayment to joint ventures.

STATEMENTS OF CASH FLOWS

Net cash used in operating activities

Net cash used in operating activities increased by RMB360 million to RMB1.015 billion in 1Q 2019 from RMB655 million in 1Q 2018 primarily attributable to decrease in cash received from customers in current reporting period over the same period in 2018.

Net drawdown from bank and other borrowings

Net drawdown from bank and other borrowings increased by RMB606 million to RMB1.413 billion in 1Q 2019 from RMB807 million in 1Q 2018 mainly due to increase in investment in joint ventures.

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

The People's Republic of China ("PRC") real estate sector grew steadily in 1Q 2019 with total investment in residential development rising 17.3% to RMB1.726 trillion based on data compiled by the National Bureau of Statistics ("NBS") on 17 April 2019. Buoyed by healthy demand for residential properties, prices for primary commodity housing within the top 70 cities rose approximately 11.3% year on year in March 2019 based on data of NBS dated 16 April 2019.

The Group continues to witness steadfast buyer demand for its high-quality residential developments. As at 31 March 2019, the Group has received advances for pre-sale properties (recorded as "Other payables" and "Contract liabilities" in the statements of financial position), amounting to RMB9.076 billion, with an accumulated pre-sale amount of RMB11.846 billion.

The Group will continue to deliver projects in accordance with its delivery schedule. This would include launching new projects and new batches of existing projects in 2Q 2019 namely, Yanlord Begonia Park (Phase 1) (仁恒海棠公园一期) in Haikou; Yanlord Century Gardens (仁恒世纪花园) in Jinan; Yanlord Gardens (Phase 1) (仁恒花园一期) in Nantong; Yanlord Four Seasons Gardens (仁恒四季园) in Shenzhen; Four Seasons Heming Gardens (四季和鸣雅园) in Suzhou; Yilu Gardens (依潞花园), Yanlord Majestic Mansion (仁恒海和院), Yiwan Gardens (依湾花园) and The Mansion In Park (Phase 1) (仁恒公园世纪一期) in Tianjin; Yanlord on the Park (仁恒·公园世纪) in Wuhan and Yanlord Marina Centre - Section B (仁恒滨海中心 B 标段) in Zhuhai.

Volatilities in the global financial markets coupled with policy headwinds arising from austerity measures introduced by the PRC central government may serve to slow the rapid growth of new land tender prices and help to maintain a stable and sustainable development of the property sector over the longer term. The PRC economy grew steadily in 1Q 2019 rising 6.4% based on data released by the NBS on 18 April 2019. In view of the healthy economic development and the rising aspirations of home upgraders, the Group, with its high quality landbank and strong brand recognition, is well poised to tap the continued demand growth for quality residential developments in the PRC. To better mitigate against volatilities in the global economy and the continual tightness in administrative policy measures in the PRC, the Group will continue to maintain its strong cash position and prudent financial policies to ensure the sustainable growth and development of the Group.



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Barring any significant deterioration in the global economy and any other unforeseen circumstances such as price cuts in major cities, 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 pre-sale units to-date, 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 and the reason(s) for the decision

No dividend has been declared or recommended for the period under review as the Group generally declares or recommends dividend on an annual basis.

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 2019 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

Zhong Sheng Jian
Chairman and Chief Executive Officer

Chan Yiu Ling
Director

15. Undertakings under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the SGX-ST Listing Manual.

ON BEHALF OF THE BOARD

Zhong Sheng Jian
Chairman and Chief Executive Officer
14 May 2019