



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

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YANLORD LAND GROUP LIMITED

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UNAUDITED FULL YEAR ("FY 2008") FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 AND Q4), HALF YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group Income Statements for the Year Ended 31 December 2008

| | 4Q 2008 | 4Q 2007 | % Change | FY 2008 | FY 2007 | % Change |
|----------------------------|-------------|-------------|-------------|-------------|-----------|-------------|
| | S\$'000 | S\$'000 | + / (-) | S\$'000 | S\$'000 | + / (-) |
| | (Unaudited) | (Unaudited) | | (Unaudited) | (Audited) | |
| Revenue | 411,829 | 932,368 | (56) | 1,007,217 | 1,227,932 | (18) |
| Cost of sales | (155,083) | (514,271) | (70) | (447,749) | (674,636) | (34) |
| Gross profit | 256,746 | 418,097 | (39) | 559,468 | 553,296 | 1 |
| Other operating income | 92,852 | 51,467 | 80 | 112,414 | 83,869 | 34 |
| Selling expenses | (5,582) | (4,124) | 35 | (20,469) | (17,595) | 16 |
| Administrative expenses | (19,890) | (18,872) | 5 | (61,131) | (65,352) | (6) |
| Other operating expenses | 74 | (657) | NM | (4,660) | (1,276) | 265 |
| Finance cost | (2,928) | 11,221 | NM | (4,739) | (15,351) | (69) |
| Profit before income tax | 321,272 | 457,132 | (30) | 580,883 | 537,591 | 8 |
| Income tax | (137,147) | (156,478) | (12) | (266,927) | (200,887) | 33 |
| Profit for the period/year | 184,125 | 300,654 | (39) | 313,956 | 336,704 | (7) |
| Attributable to: | | | | | | |
| Equity holders of the | | | | | | |
| Company | 140,486 | 206,468 | (32) | 225,841 | 221,500 | 2 |
| Minority interests | 43,639 | 94,186 | (54) | 88,115 | 115,204 | (24) |
| | 184,125 | 300,654 | (39) | 313,956 | 336,704 | (7) |

NM: Not meaningful



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

| | 4Q 2008 | 4Q 2007 | FY 2008 | FY 2007 |
|---|----------------|----------------|----------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| (Gain) loss on acquisition of additional interest from a minority shareholder | - | - | (15) | 37 |
| Equity-settled share-based payment expense | - | 547 | 1,148 | 2,290 |
| Depreciation expense | 1,049 | 749 | 3,900 | 2,786 |
| Net (gain) loss on disposal of property, plant and equipment | (6) | 6 | (11) | 28 |
| Fair value gain on investment properties | (81,220) | (39,634) | (81,220) | (39,634) |
| Fair value (gain) loss on held-for-trading investments | (226) | 210 | 2,155 | (1,721) |
| Gain on disposal of held-for-trading investments | - | - | - | (4,123) |
| Loss (gain) on disposal of investment properties | 4 | (155) | 109 | (361) |
| Dividend income from held-for-trading investments | (9) | (29) | (27) | (73) |
| Dividend income from an available-for-sale investment | (63) | (2,257) | (3,115) | (2,257) |
| Finance cost | 2,928 | (11,221) | 4,739 | 15,351 |
| Interest income | (2,493) | (3,440) | (7,957) | (21,236) |
| (Reversal) provision for decrease in value of completed properties for sale | - | (169) | - | 482 |
| Allowance (recovery) for doubtful debts and bad debts written off | 1 | (299) | 1 | (299) |
| Net foreign exchange loss (gain) | 2,132 | (1,363) | (1,498) | (3,445) |



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Revenue and cost of sales

Despite volatile market conditions, the Group achieved a growth in profit attributable to equity holders of the Company at S\$225.8 million in FY 2008 representing an increase of 2.0% or S\$4.3 million over the last financial year mainly due to improved gross profit and increased fair value gain on investment properties. The increase in gross profit was a result of a higher average selling price ("ASP") achieved per square metre ("sqm") at S\$3,536 in FY 2008 as compared to S\$2,603 in FY 2007, representing an increase of S\$933 despite a reduction in the gross floor area ("GFA") delivered at 40.6% or 195,102 sqm; 481,028 sqm in FY 2007 to 285,926 sqm in FY 2008. The higher valuation gain on investment properties was based on the valuation conducted as at 31 December 2008 by CB Richard Ellis Limited, an independent professional valuer. The improved performance in FY 2008 evidenced the value-add of Yanlord properties vis-a-vis Yanlord's strong brand name in the premium property market in China.

Group revenue, net of business tax, decreased to S\$411.8 million in 4Q 2008 and S\$1,007.2 million in FY 2008 from S\$932.4 million in 4Q 2007 and S\$1,227.9 million in FY 2007 respectively, mainly due to less GFA delivered. Cost of sales, included primarily land, construction and capitalised borrowing costs, declined in tandem with the revenue to S\$155.1 million in 4Q 2008 from S\$514.3 million in 4Q 2007 and to S\$447.7 million in FY 2008 from S\$674.6 million in FY 2007. Gross profit of the Group in 4Q 2008 decreased to S\$256.7 million from S\$418.1 million in 4Q 2007 due to more evenly delivery of apartment units in FY 2008. However, the gross profit for FY 2008 increased to S\$559.5 million from S\$553.3 million in FY 2007, representing an increase of 1.1% or S\$6.2 million. Compared with last year's corresponding periods, the gross profit margin in both 4Q 2008 and FY 2008 grew by 17.5% to 62.3% and by 10.4% to 55.5% respectively, primarily attributable to the higher ASP achieved.

The Group derived substantially all its revenue from the sale of residential properties, the provision of property management service, rental and other ancillary services. The Group's accounting policy on revenue recognition is in line with the Financial Reporting Standard 18 - Revenue⁽¹⁾.

¹ Revenue from properties developed for sale is recognised when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon release of the handover notice of the property to the buyer, whichever is earlier.



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Other operating income

Other operating income mainly included fair value gain on investment properties, tax subsidy and interest income. Due to the revaluation gain on investment properties, these incomes grew by S\$41.4 million in 4Q 2008 and S\$28.5 million in FY 2008 over the respective periods in 2007. Other than a further marked-to-market gain from an existing investment property in Nanjing, the increase in valuation of two newly developed properties in Shanghai and Zhuhai also contributed increases in other operating income which offset the fair value loss in Hengye International Plaza (恒业国际广场), a household goods exchange market in the trading zone of Chengdu.

Selling expenses

Selling expenses, which principally comprised staff costs, advertising, promotion and exhibition expenses, increased by S\$1.5 million and S\$2.9 million in 4Q 2008 and FY 2008 respectively over the corresponding periods in 2007. Consequent to market changes in the People's Republic of China ("PRC") and the increasing number of projects completed and delivered in 2008, the Group's expenditures in various sales and marketing campaigns grew, which led to an overall increase in selling expenses in 2008 over the comparative periods of last year.

Administrative expenses

Administrative expenses, which mainly comprised staff costs, utilities, travel, entertainment, legal and professional fee, other tax, rental, depreciation and equity-settled share-based payment expense, were S\$1.0 million higher in 4Q 2008 and S\$4.2 million lower in FY 2008 as compared to the corresponding periods in 2007.

Other operating expenses

Other operating expenses, which mainly comprised donations and changes in fair value of held-for-trading investments, were S\$0.7 million lower in 4Q 2008 and S\$3.4 million higher in FY 2008 than that of the same periods in 2007. The increase in fair value loss on the held-for-trading investments and donations in response to the Sichuan earthquake relief efforts contributed to the higher other operating expenses in FY 2008.



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Finance cost

Finance cost, net of capitalised interest, grew by S\$14.1 million in 4Q 2008 but declined by S\$10.6 million in FY 2008 over the corresponding periods in 2007. The positive credit figure of S\$11.2 million finance cost as shown in 4Q 2007 was largely attributable to a substantial reversal of the capitalisation of interest expenses of the convertible notes previously charged as finance cost in the first 9 months of 2007. On the other hand, the decrease in FY 2008 over FY 2007 was primarily due to the interest expenses accrued for the convertible notes that could be capitalised as project development costs in FY 2008. As such, 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

For the financial year ended 31 December 2007, income tax was charged by the application of various statutory enterprise income tax rates, ranging from 15% to 33% for the different regions in the PRC which the Group has businesses and development operations. Due to a new tax law, the PRC subsidiaries are subject to statutory enterprise income tax rate of 25% from 1 January 2008, except for certain subsidiaries which had originally benefited from the preferential tax policies of lower tax rate, and shall gradually transit to the new legal tax rate within 5 years from the enforcement of the new tax law.

Income tax, which included statutory enterprise income tax and land appreciation tax ("LAT"), decreased by S\$19.3 million in 4Q 2008 and increased by S\$66.0 million in FY 2008 as compared to respective periods in 2007. The decrease in 4Q 2008 was in line with the lower revenue and profit before income tax. The higher income tax in FY 2008 was largely due to higher statutory enterprise income tax as a result of improved profit before income tax and higher LAT incurred as a result of higher-profit-margin properties delivered in the year. The LAT incurred for 4Q 2008 and FY 2008 were S\$83.3 million and S\$174.7 million respectively.



YANLORD LAND GROUP LIMITED

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

Balance Sheets as at 31 December 2008

| | GROUP | | COMPANY | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 31.12.2008 | 31.12.2007 | 31.12.2008 | 31.12.2007 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| ASSETS | | | | |
| Non-current assets: | | | | |
| Property, plant and equipment | 39,078 | 28,669 | - | - |
| Investment properties | 347,324 | 219,901 | - | - |
| Properties for development | 2,150,667 | 1,443,124 | - | - |
| Investments in subsidiaries | - | - | 515,319 | 515,319 |
| Available-for-sale investments | 10,445 | 52,384 | - | - |
| Intangible asset | 128 | - | - | - |
| Deferred tax assets | 5,637 | 6,849 | - | - |
| Total non-current assets | 2,553,279 | 1,750,927 | 515,319 | 515,319 |
| Current assets: | | | | |
| Inventories | 477 | 3,261 | - | - |
| Completed properties for sale | 506,244 | 117,484 | - | - |
| Properties under development for sale | 1,246,708 | 1,067,147 | - | - |
| Trade receivables | 1,547 | 449 | - | - |
| Other receivables | 41,923 | 51,496 | - | 588 |
| Non trade amounts due from: | | | | |
| Subsidiaries | - | - | 1,352,640 | 1,195,969 |
| Minority shareholders of subsidiaries | 83,808 | 83,718 | - | - |
| Other related party | 80 | 80 | - | - |
| Held-for-trading investments | 1,101 | 3,323 | - | - |
| Pledged bank deposits | 8,272 | 3,155 | - | - |
| Cash and bank balances | 375,741 | 702,857 | 380 | 93,459 |
| Total current assets | 2,265,901 | 2,032,970 | 1,353,020 | 1,290,016 |
| Total assets | 4,819,180 | 3,783,897 | 1,868,339 | 1,805,335 |



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| | GROUP | | COMPANY | |
|--|------------------|------------------|------------------|------------------|
| | 31.12.2008 | 31.12.2007 | 31.12.2008 | 31.12.2007 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | (Unaudited) | (Audited) | (Unaudited) | (Audited) |
| <u>EQUITY AND LIABILITIES</u> | | | | |
| Capital and reserves: | | | | |
| Share capital | 1,226,168 | 1,219,081 | 1,226,168 | 1,219,081 |
| Reserves | 643,157 | 316,111 | 35,093 | (4,149) |
| Equity attributable to equity holders of the Company | 1,869,325 | 1,535,192 | 1,261,261 | 1,214,932 |
| Minority interests | 461,051 | 454,607 | - | - |
| Total capital and reserves | 2,330,376 | 1,989,799 | 1,261,261 | 1,214,932 |
| Non-current liabilities: | | | | |
| Bank loans – due after one year | 829,366 | 525,940 | - | - |
| Convertible notes | 323,562 | 299,195 | 323,562 | 299,195 |
| Deferred tax liabilities | 46,640 | 23,926 | - | - |
| Non trade amount due to a minority shareholder of a subsidiary | 69,564 | - | - | - |
| Total non-current liabilities | 1,269,132 | 849,061 | 323,562 | 299,195 |
| Current liabilities: | | | | |
| Trade payables | 335,511 | 311,565 | - | - |
| Other payables | 223,790 | 275,395 | 463 | 794 |
| Non trade amounts due to: | | | | |
| A subsidiary | - | - | 271,538 | 287,434 |
| Directors | 7,186 | 8,611 | 7,045 | 2,980 |
| A shareholder | 4,470 | 10 | 4,470 | - |
| Minority shareholders of subsidiaries | 3,984 | 36,962 | - | - |
| Other related party | 1 | 18 | - | - |
| Income tax payable | 297,391 | 165,408 | - | - |
| Bank loans – due within one year | 347,339 | 147,068 | - | - |
| Total current liabilities | 1,219,672 | 945,037 | 283,516 | 291,208 |
| Total equity and liabilities | 4,819,180 | 3,783,897 | 1,868,339 | 1,805,335 |



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

| | GROUP | |
|--|-------------------------|-------------------------|
| | As at 31.12.2008 | As at 31.12.2007 |
| | S\$'000 | S\$'000 |
| | (Unaudited) | (Unaudited) |
| Amount repayable in one year or less, or on demand:- | | |
| Secured | 254,979 | 114,052 |
| Unsecured | 95,048 | 59,618 |
| Sub-total 1 | 350,027 | 173,670 |
| Amount repayable after one year:- | | |
| Secured | 461,537 | 164,075 |
| Unsecured | 760,955 | 661,060 |
| Sub-total 2 | 1,222,492 | 825,135 |
| Total debt | 1,572,519 | 998,805 |

Details of any collateral

Secured borrowings are generally secured by the borrowing companies' leasehold land and buildings, investment properties, properties for development, properties under development for sale and completed properties for sale.



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

Consolidated Cash Flow Statements for the Year Ended 31 December 2008

| | 4Q 2008 | 4Q 2007 | FY 2008 | FY 2007 |
|---|-------------|-------------|-------------|-----------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| OPERATING ACTIVITIES | | | | |
| Profit before income tax | 321,272 | 457,132 | 580,883 | 537,591 |
| Adjustments for: | | | | |
| (Gain) loss on acquisition of additional interest from a minority shareholder | - | - | (15) | 37 |
| Equity-settled share-based payment expense | - | 547 | 1,148 | 2,290 |
| Write-off of goodwill | - | - | 632 | - |
| Depreciation expense | 1,049 | 749 | 3,900 | 2,786 |
| Net (gain) loss on disposal of property, plant and equipment | (6) | 6 | (11) | 28 |
| Fair value gain on investment properties | (81,220) | (39,634) | (81,220) | (39,634) |
| Fair value (gain) loss on held-for-trading investments | (226) | 210 | 2,155 | (1,721) |
| Gain on disposal of held-for-trading investments | - | - | - | (4,123) |
| Loss (gain) on disposal of investment properties | 4 | (155) | 109 | (361) |
| Dividend income from held-for-trading investments | (9) | (29) | (27) | (73) |



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| | 4Q 2008 | 4Q 2007 | FY 2008 | FY 2007 |
|---|------------------|------------------|------------------|------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| Dividend income from an available-for-sale investment | (63) | (2,257) | (3,115) | (2,257) |
| Finance cost | 2,928 | (11,221) | 4,739 | 15,351 |
| Interest income | (2,493) | (3,440) | (7,957) | (21,236) |
| (Reversal) provision for decrease in value of completed properties for sale | - | (169) | - | 482 |
| Allowance (recovery) for doubtful debts and bad debts written off | 1 | (299) | 1 | (299) |
| Operating cash flows before movement in working capital | 241,237 | 401,440 | 501,222 | 488,861 |
| Properties for development | 76,351 | (549,537) | (527,134) | (1,217,554) |
| Inventories | 47 | 60 | 2,783 | (2,743) |
| Completed properties for sale | (207,908) | (40,970) | (405,903) | (44,796) |
| Properties under development for sale | 264,819 | 346,168 | 48,878 | (693) |
| Trade and other receivables | 19,627 | 120,203 | 8,437 | (30,408) |
| Trade and other payables | (450,978) | (602,150) | (166,142) | 87,181 |
| Cash used in operations | (56,805) | (324,786) | (537,859) | (720,152) |
| Interest paid | (23,807) | (6,076) | (90,307) | (29,129) |
| Income tax paid | (30,262) | (17,721) | (130,912) | (92,748) |
| NET CASH USED IN OPERATING ACTIVITIES | (110,874) | (348,583) | (759,078) | (842,029) |



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| | 4Q 2008 | 4Q 2007 | FY 2008 | FY 2007 |
|--|----------------|----------------|------------------|------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| INVESTING ACTIVITIES | | | | |
| Interest received | 1,787 | 6,278 | 7,247 | 21,192 |
| Dividends received from held-for-trading investments | 9 | 29 | 27 | 73 |
| Dividends received from an available-for-sale investment | 63 | 2,257 | 3,115 | 2,257 |
| Purchase of property, plant and equipment | (353) | (2,344) | (8,930) | (5,149) |
| Purchase of an intangible asset | (128) | - | (128) | - |
| Purchase of held-for-trading investments | - | - | - | (13,817) |
| Purchase of an available-for-sale investment | - | (42,510) | - | (42,510) |
| Proceeds on disposal of property, plant and equipment | 32 | - | 90 | 43 |
| Proceeds on disposal of investments properties | 265 | 767 | 1,094 | 3,320 |
| Proceeds on disposal of held-for-trading investments | - | - | - | 22,027 |
| Acquisition of subsidiaries | - | - | (134,742) | (9,708) |
| Acquisition of additional interest in a subsidiary | - | - | - | (48,628) |
| Repayment from other related party | - | 5 | - | - |
| Advance to minority shareholders of subsidiaries | (3,489) | (43,523) | (67,313) | (42,959) |
| Repayment from a third party | - | - | - | 503 |
| (Increase) decrease in pledged bank deposits | (2,276) | 158,479 | (5,117) | (612) |
| NET CASH (USED IN) FROM INVESTING ACTIVITIES | (4,090) | 79,438 | (204,657) | (113,968) |



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| | 4Q 2008 | 4Q 2007 | FY 2008 | FY 2007 |
|---|----------------|----------------|----------------|------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| FINANCING ACTIVITIES | | | | |
| Dividends paid | - | - | (22,092) | (51,284) |
| (Repayment to) advance from a shareholder | (45,530) | (14,668) | 3,565 | (15,767) |
| Advance from (repayment to) directors | 867 | (323) | (1,425) | (81) |
| Advance from (repayment to) minority shareholders of subsidiaries | 3,839 | (221,308) | 36,302 | (80,466) |
| Advance from (repayment to) related parties | - | 18 | (17) | (1,074) |
| Net proceeds on issue of new shares under Pre-IPO Share Option Scheme | - | - | 5,078 | - |
| Net proceeds on issue of new shares | - | - | - | 299,213 |
| Net proceeds on issue of convertible notes | - | - | - | 459,855 |
| Proceeds from bank loans | 143,715 | 297,008 | 696,725 | 535,976 |
| Repayment of bank loans | (95,729) | (103,105) | (213,457) | (300,555) |
| Dividends paid to minority shareholders of subsidiaries | (13,758) | (8,337) | (41,719) | (71,666) |
| Cash paid to a minority shareholder on acquisition of additional interest in a subsidiary | - | - | (14,298) | - |
| Capital injection from minority shareholders of subsidiaries | 691 | 246,433 | 14,691 | 247,954 |
| NET CASH (USED IN) FROM FINANCING ACTIVITIES | (5,905) | 195,718 | 463,353 | 1,022,105 |



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| | 4Q 2008 | 4Q 2007 | FY 2008 | FY 2007 |
|--|----------------|----------------|----------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | | | |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/ YEAR | 489,600 | 788,786 | 702,857 | 622,237 |
| EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | 7,010 | (12,502) | 173,266 | 14,512 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD/ YEAR | 375,741 | 702,857 | 375,741 | 702,857 |



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1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Group Statements of Changes in Equity for the Year Ended 31 December 2008

| | Share capital | Currency translation reserve | Equity reserves | Statutory reserves | Merger deficit | Other reserve | Accumulated profits | Attributable to equity holders of the Company | Minority interests | Total |
|---|------------------|------------------------------|-----------------|--------------------|------------------|-----------------|---------------------|---|--------------------|------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at 1 January 2008 | 1,219,081 | (40,483) | 50,720 | 43,142 | (386,571) | (48,628) | 697,931 | 1,535,192 | 454,607 | 1,989,799 |
| Currency translation difference | - | (24,328) | - | - | - | - | - | (24,328) | 5,080 | (19,248) |
| Net (expense) income recognised directly in equity | - | (24,328) | - | - | - | - | - | (24,328) | 5,080 | (19,248) |
| Net profit for the period | - | - | - | - | - | - | 9,311 | 9,311 | 769 | 10,080 |
| Total recognised income and expenses for the period | - | (24,328) | - | - | - | - | 9,311 | (15,017) | 5,849 | (9,168) |
| Recognition of equity-settled share-based payment expense | - | - | 557 | - | - | - | - | 557 | - | 557 |
| Change of interest in a subsidiary | - | - | - | - | - | - | - | - | (20) | (20) |
| Cash paid to a minority shareholder on acquisition of additional interest in a subsidiary | - | - | - | - | - | - | - | - | (14,298) | (14,298) |
| Capital injection by minority shareholders | - | - | - | - | - | - | - | - | 2,790 | 2,790 |
| Appropriations | - | - | - | 6 | - | - | (6) | - | - | - |
| Balance at 31 March 2008 | 1,219,081 | (64,811) | 51,277 | 43,148 | (386,571) | (48,628) | 707,236 | 1,520,732 | 448,928 | 1,969,660 |



YANLORD LAND GROUP LIMITED

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| | Share capital | Currency translation reserve | Equity reserves | Statutory reserves | Merger deficit | Other reserve | Accumulated profits | Attributable to equity holders of the Company | Minority interests | Total |
|---|------------------|------------------------------|-----------------|--------------------|------------------|-----------------|---------------------|---|--------------------|------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Currency translation difference | - | 19,357 | - | - | - | - | - | 19,357 | (6,691) | 12,666 |
| Net income (expense) recognised directly in equity | - | 19,357 | - | - | - | - | - | 19,357 | (6,691) | 12,666 |
| Net profit for the period | - | - | - | - | - | - | 67,240 | 67,240 | 34,298 | 101,538 |
| Total recognised income for the period | - | 19,357 | - | - | - | - | 67,240 | 86,597 | 27,607 | 114,204 |
| Recognition of equity-settled share-based payment expense | - | - | 591 | - | - | - | - | 591 | - | 591 |
| Change of interest in a subsidiary | - | - | - | - | - | - | - | - | 5 | 5 |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | - | 637 | 637 |
| Dividends | - | - | - | - | - | - | (22,092) | (22,092) | - | (22,092) |
| Balance at 30 June 2008 | 1,219,081 | (45,454) | 51,868 | 43,148 | (386,571) | (48,628) | 752,384 | 1,585,828 | 477,177 | 2,063,005 |



YANLORD LAND GROUP LIMITED

(Company Reg. No. 200601911K)

| | Share capital | Currency translation reserve | Equity reserves | Statutory reserves | Merger deficit | Other reserve | Accumulated profits | Attributable to equity holders of the Company | Minority interests | Total |
|---|------------------|------------------------------|-----------------|--------------------|------------------|-----------------|---------------------|---|--------------------|------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Currency translation difference | - | 121,401 | - | - | - | - | - | 121,401 | 27,097 | 148,498 |
| Net income recognised directly in equity | - | 121,401 | - | - | - | - | - | 121,401 | 27,097 | 148,498 |
| Net profit for the period | - | - | - | - | - | - | 8,804 | 8,804 | 9,409 | 18,213 |
| Total recognised income for the period | - | 121,401 | - | - | - | - | 8,804 | 130,205 | 36,506 | 166,711 |
| Issue of shares under Pre-IPO Share Option Scheme | 7,087 | - | (2,009) | - | - | - | - | 5,078 | - | 5,078 |
| Capital injection by minority shareholders | - | - | - | - | - | - | - | - | 11,210 | 11,210 |
| Dividends declared to minority shareholders | - | - | - | - | - | - | - | - | (95,939) | (95,939) |
| Appropriations | - | - | - | 23,225 | - | - | (23,225) | - | - | - |
| Balance at 30 September 2008 | 1,226,168 | 75,947 | 49,859 | 66,373 | (386,571) | (48,628) | 737,963 | 1,721,111 | 428,954 | 2,150,065 |
| Currency translation difference | - | 7,728 | - | - | - | - | - | 7,728 | 1,525 | 9,253 |
| Net income recognised directly in equity | - | 7,728 | - | - | - | - | - | 7,728 | 1,525 | 9,253 |
| Net profit for the period | - | - | - | - | - | - | 140,486 | 140,486 | 43,639 | 184,125 |
| Total recognised income for the period | - | 7,728 | - | - | - | - | 140,486 | 148,214 | 45,164 | 193,378 |
| Capital injection by minority shareholders | - | - | - | - | - | - | - | - | 691 | 691 |
| Dividends declared to minority shareholders | - | - | - | - | - | - | - | - | (13,758) | (13,758) |
| Appropriations | - | - | - | 2,805 | - | - | (2,805) | - | - | - |
| Balance at 31 December 2008 | 1,226,168 | 83,675 | 49,859 | 69,178 | (386,571) | (48,628) | 875,644 | 1,869,325 | 461,051 | 2,330,376 |



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| | Share capital | Currency translation reserve | Equity reserves | Statutory reserves | Merger deficit | Other reserve | Accumulated profits | Attributable to equity holders of the Company | Minority interests | Total |
|---|------------------|------------------------------|-----------------|--------------------|------------------|-----------------|---------------------|---|--------------------|------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at 1 January 2007 | 780,175 | (55,884) | 1,265 | 39,571 | (386,571) | - | 531,286 | 909,842 | 153,178 | 1,063,020 |
| Acquisition of additional interest in a subsidiary | - | - | - | - | - | (48,628) | - | (48,628) | - | (48,628) |
| Currency translation difference | - | 13,160 | - | - | - | - | - | 13,160 | 1,174 | 14,334 |
| Net income (expense) recognised directly in equity | - | 13,160 | - | - | - | (48,628) | - | (35,468) | 1,174 | (34,294) |
| Net profit for the period | - | - | - | - | - | - | 2,906 | 2,906 | 5,979 | 8,885 |
| Total recognised income and expenses for the period | - | 13,160 | - | - | - | (48,628) | 2,906 | (32,562) | 7,153 | (25,409) |
| Issuance of shares pursuant to international offering exercise, net of expenses | 299,213 | - | - | - | - | - | - | 299,213 | - | 299,213 |
| Recognition of equity component of convertible notes, net of expenses | - | - | 66,546 | - | - | - | - | 66,546 | - | 66,546 |
| Recognition of equity-settled share-based payment expense | - | - | 565 | - | - | - | - | 565 | - | 565 |
| Change of interest in a subsidiary | - | - | - | - | - | - | - | - | 37 | 37 |
| Balance at 31 March 2007 | 1,079,388 | (42,724) | 68,376 | 39,571 | (386,571) | (48,628) | 534,192 | 1,243,604 | 160,368 | 1,403,972 |



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| | Share capital | Currency translation reserve | Equity reserves | Statutory reserves | Merger deficit | Other reserve | Accumulated profits | Attributable to equity holders of the Company | Minority interests | Total |
|---|------------------|------------------------------|-----------------|--------------------|------------------|-----------------|---------------------|---|--------------------|------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Currency translation difference | - | 6,261 | - | - | - | - | - | 6,261 | 1,525 | 7,786 |
| Net income recognised directly in equity | - | 6,261 | - | - | - | - | - | 6,261 | 1,525 | 7,786 |
| Net (loss) profit for the period | - | - | - | - | - | - | (22,452) | (22,452) | 10,771 | (11,681) |
| Total recognised income and expenses for the period | - | 6,261 | - | - | - | - | (22,452) | (16,191) | 12,296 | (3,895) |
| Recognition of equity-settled share-based payment expense | - | - | 595 | - | - | - | - | 595 | - | 595 |
| Capital injection by a minority shareholder | - | - | - | - | - | - | - | - | 1,521 | 1,521 |
| Dividends | - | - | - | - | - | - | (51,284) | (51,284) | - | (51,284) |
| Dividends paid to minority shareholders | - | - | - | - | - | - | - | - | (60,459) | (60,459) |
| Appropriations | - | - | - | (4) | - | - | 4 | - | - | - |
| Balance at 30 June 2007 | 1,079,388 | (36,463) | 68,971 | 39,567 | (386,571) | (48,628) | 460,460 | 1,176,724 | 113,726 | 1,290,450 |



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| | Share capital | Currency translation reserve | Equity reserves | Statutory reserves | Merger deficit | Other reserve | Accumulated profits | Attributable to equity holders of the Company | Minority interests | Total |
|---|------------------|------------------------------|-----------------|--------------------|------------------|-----------------|---------------------|---|--------------------|------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Currency translation difference | - | 22,485 | - | - | - | - | - | 22,485 | 841 | 23,326 |
| Net income recognised directly in equity | - | 22,485 | - | - | - | - | - | 22,485 | 841 | 23,326 |
| Net profit for the period | - | - | - | - | - | - | 34,578 | 34,578 | 4,268 | 38,846 |
| Total recognised income for the period | - | 22,485 | - | - | - | - | 34,578 | 57,063 | 5,109 | 62,172 |
| Conversion of convertible notes | 21,604 | - | (3,032) | - | - | - | - | 18,572 | - | 18,572 |
| Recognition of equity-settled share-based payment expense | - | - | 583 | - | - | - | - | 583 | - | 583 |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | - | 401 | 401 |
| Dividends paid to a minority shareholder | - | - | - | - | - | - | - | - | (2,870) | (2,870) |
| Balance at 30 September 2007 | 1,100,992 | (13,978) | 66,522 | 39,567 | (386,571) | (48,628) | 495,038 | 1,252,942 | 116,366 | 1,369,308 |



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| | Share capital | Currency translation reserve | Equity reserves | Statutory reserves | Merger deficit | Other reserve | Accumulated profits | Attributable to equity holders of the Company | Minority interests | Total |
|---|------------------|------------------------------|-----------------|--------------------|------------------|-----------------|---------------------|---|--------------------|------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Currency translation difference | - | (26,505) | - | - | - | - | - | (26,505) | 5,959 | (20,546) |
| Net (expense) income recognised directly in equity | - | (26,505) | - | - | - | - | - | (26,505) | 5,959 | (20,546) |
| Net profit for the period | - | - | - | - | - | - | 206,468 | 206,468 | 94,186 | 300,654 |
| Total recognised income and expenses for the period | - | (26,505) | - | - | - | - | 206,468 | 179,963 | 100,145 | 280,108 |
| Conversion of convertible notes | 118,089 | - | (16,349) | - | - | - | - | 101,740 | - | 101,740 |
| Recognition of equity-settled share-based payment expense | - | - | 547 | - | - | - | - | 547 | - | 547 |
| Cash injection by a minority shareholder | - | - | - | - | - | - | - | - | 246,433 | 246,433 |
| Dividends paid to a minority shareholder | - | - | - | - | - | - | - | - | (8,337) | (8,337) |
| Appropriations | - | - | - | 3,575 | - | - | (3,575) | - | - | - |
| Balance at 31 December 2007 | 1,219,081 | (40,483) | 50,720 | 43,142 | (386,571) | (48,628) | 697,931 | 1,535,192 | 454,607 | 1,989,799 |



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Unaudited Company Statements of Changes in Equity for the Year Ended 31 December 2008

| | Share capital S\$'000 | Equity reserves S\$'000 | Accumulated (losses) profits S\$'000 | Total S\$'000 |
|--|-----------------------------|-------------------------------|---|------------------|
| Balance at 1 January 2008 | 1,219,081 | 50,720 | (54,869) | 1,214,932 |
| Net loss for the period | - | - | (8,345) | (8,345) |
| Total recognised expenses for the period | - | - | (8,345) | (8,345) |
| Recognition of equity-settled share-based payment expense | - | 557 | - | 557 |
| Balance at 31 March 2008 | 1,219,081 | 51,277 | (63,214) | 1,207,144 |
| Net profit for the period | - | - | 108,685 | 108,685 |
| Total recognised income for the period | - | - | 108,685 | 108,685 |
| Recognition of equity-settled share-based payment expense | - | 591 | - | 591 |
| Dividends | - | - | (22,092) | (22,092) |
| Balance at 30 June 2008 | 1,219,081 | 51,868 | 23,379 | 1,294,328 |
| Net loss for the period | - | - | (27,444) | (27,444) |
| Total recognised expense for the period | - | - | (27,444) | (27,444) |
| Issue of shares under Pre-IPO Share Option Scheme | 7,087 | (2,009) | - | 5,078 |
| Balance at 30 September 2008 | 1,226,168 | 49,859 | (4,065) | 1,271,962 |
| Net loss for the period | - | - | (10,701) | (10,701) |
| Total recognised expense for the period | - | - | (10,701) | (10,701) |
| Balance at 31 December 2008 | 1,226,168 | 49,859 | (14,766) | 1,261,261 |



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Unaudited Company Statements of Changes in Equity for the Year Ended 31 December 2007

| | Share capital S\$'000 | Equity reserves S\$'000 | Accumulated losses S\$'000 | Total S\$'000 |
|---|-----------------------------|-------------------------------|----------------------------------|------------------|
| Balance at 1 January 2007 | 780,175 | 1,265 | (2,807) | 778,633 |
| Net profit for the period | - | - | 72 | 72 |
| Total recognised income for the period | - | - | 72 | 72 |
| Issuance of shares pursuant to international offering exercise, net of expenses | 299,213 | - | - | 299,213 |
| Recognition of equity component of convertible notes, net of expenses | - | 66,546 | - | 66,546 |
| Recognition of equity-settled share-based payment expense | - | 565 | - | 565 |
| Balance at 31 March 2007 | 1,079,388 | 68,376 | (2,735) | 1,145,029 |
| Net profit for the period | - | - | 51,855 | 51,855 |
| Total recognised income for the period | - | - | 51,855 | 51,855 |
| Recognition of equity-settled share-based payment expense | - | 595 | - | 595 |
| Dividends | - | - | (51,284) | (51,284) |
| Balance at 30 June 2007 | 1,079,388 | 68,971 | (2,164) | 1,146,195 |
| Net loss for the period | - | - | (8,735) | (8,735) |
| Total recognised expense for the period | - | - | (8,735) | (8,735) |
| Conversion of convertible notes | 21,604 | (3,032) | - | 18,572 |
| Recognition of equity-settled share-based payment expense | - | 583 | - | 583 |
| Balance at 30 September 2007 | 1,100,992 | 66,522 | (10,899) | 1,156,615 |
| Net loss for the period | - | - | (43,970) | (43,970) |
| Total recognised expense for the period | - | - | (43,970) | (43,970) |
| Conversion of convertible notes | 118,089 | (16,349) | - | 101,740 |
| Recognition of equity-settled share-based payment expense | - | 547 | - | 547 |
| Balance at 31 December 2007 | 1,219,081 | 50,720 | (54,869) | 1,214,932 |



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1(d)(ii) Details of any changes in the Company's share capital arising from right issue, bonus issue, share-buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital

As at 31 December 2008, the issued and fully paid-up share capital of the Company was S\$1,226.2 million (30 September 2008: S\$1,226.2 million). Movements in the Company's issued ordinary shares during the financial year were as follows:

| | Number of ordinary shares | |
|---|------------------------------|------------------|
| | '000 | S\$'000 |
| As at 1 January 2008 | 1,825,814 | 1,219,081 |
| Issue of shares under Pre-IPO Share Option Scheme | 5,520 | 7,087 |
| As at 31 December 2008 | <u>1,831,334</u> | <u>1,226,168</u> |

The Company did not hold any treasury shares as at 31 December 2008 and 31 December 2007.

Share Options

The details of options to take up unissued ordinary shares in the capital of the Company under the Company's Pre-IPO Share Option Scheme as at 31 December 2008 were as follows:

| Date of grant of options | Exercise price per share (S\$) | No. of option shares outstanding as at 01.10.2008 | No. of option shares lapsed | No. of option shares exercised | No. of option shares outstanding as at 31.12.2008 |
|--------------------------|--------------------------------|---|-----------------------------|--------------------------------|---|
| 21.06.2006 | 0.92 | 7,402,000 | Nil | Nil | 7,402,000 |



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Convertible Notes Due 2012

As previously announced, the Company had in February 2007 issued S\$477.3 million convertible notes due in 2012 ("Notes" and each, a "Note") at a conversion price of S\$2.7531 per share. With effect from 1 June 2007 and as previously announced, the conversion price has been adjusted from S\$2.7531 per share to S\$2.71 per share.

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

Based on the conversion price of S\$2.71 per share and assuming the Notes are fully converted, the number of new ordinary shares to be issued would be approximately 124,815,535 shares as at 31 December 2008 (31 December 2007: 124,815,535 shares).

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

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

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

Not applicable.

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

The figures for the fourth quarter and full year ended 31 December 2008 have neither been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter)

Not applicable.



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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 financial statements for the current financial periods compared to those in the audited financial statements for the year ended 31 December 2007.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, the effect of, the change

There is no change in the accounting policies and methods of 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 minority interests attributable to the equity holders of the Company after deducting any provision for preference dividends.

| | GROUP | | GROUP | |
|--|------------------------|------------------------|------------------------|----------------------|
| | 4Q 2008 (Unaudited) | 4Q 2007 (Unaudited) | FY 2008 (Unaudited) | FY 2007 (Audited) |
| EPS based on Group net profit attributable to shareholders: | | | | |
| (i) On the weighted average | | | | |
| number of shares (S\$) | 7.67 cents | 11.40 cents | 12.35 cents | 12.52 cents |
| - Weighted average number of shares ('000) | | | | |
| | 1,831,334 | 1,811,014 | 1,828,002 | 1,769,478 |
| (ii) On a fully diluted basis (S\$) | | | | |
| - Adjusted weighted average number of shares ('000) | 1,956,150 | 1,960,361 | 1,958,100 | 1,944,584 |



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

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

| | GROUP | | COMPANY | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 31.12.2008 (Unaudited) | 31.12.2007 (Unaudited) | 31.12.2008 (Unaudited) | 31.12.2007 (Unaudited) |
| Net asset value per share based on issued share capital at the end of the year (S\$) | 1.02 | 0.84 | 0.69 | 0.67 |

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

4Q 2008 vs. 4Q 2007

Compared with 4Q 2007, revenue of the Group decreased by 55.8% or S\$520.5 million to S\$411.8 million in 4Q 2008 mainly attributable to the more evenly delivery of apartment units in FY 2008. In FY 2007, the majority of the properties were delivered to customers in 4Q 2007, as such the performance of the Group in 4Q 2007 was significantly better than that in 4Q 2008 amidst a higher ASP in 4Q 2008 attained from the delivery of higher-profit-margin project at Yanlord Riverside City (仁恒河滨城) in Shanghai over the corresponding period in 2007. The main contributors to the revenue stream were Yanlord Riverside City (Phase 2 and 3) (仁恒河滨城二及三期) in Shanghai, Bamboo Gardens (Phase 3) (翠竹园三期) in Nanjing and Yunjie Riverside Garden (Phase 1) (运杰河滨花园一期) in Shanghai – representing 56.5%, 24.4% and 10.3% respectively of the Group's revenue derived from sales of properties in 4Q 2008.



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Consequent to the decline in the Group's revenue, gross profit was S\$256.7 million in 4Q 2008 representing a 38.6% or S\$161.4 million decrease over the previous respective period. However, due to the high composition of revenue derived from the delivery of Yanlord Riverside City (仁恒河滨城) in Shanghai – which provided a higher profit margin compared to other development projects – overall gross profit margin improved by 17.5% to 62.3% in 4Q 2008.

Profit before income tax decreased by S\$135.9 million to S\$321.3 million in 4Q 2008 moving in tandem with gross profit. However, due to a higher gross profit margin and gain on revaluation of investment properties as mentioned in Note 1(a) above, profit before income tax margin increased by 29.0% to 78.0%.

As a result, profit for the period declined by S\$116.5 million to S\$184.1 million in 4Q 2008 from S\$300.7 million in 4Q 2007. The margin on profit for the period grew by 12.5% to 44.7% in 4Q 2008 from 32.2% in 4Q 2007.

FY 2008 vs. FY 2007

Benefiting from the premium brand name of Yanlord, ASP increased by S\$933 per sqm to S\$3,536 per sqm in FY 2008 as compared to S\$2,603 per sqm in FY 2007. Revenue declined by 18.0% or S\$220.7 million to S\$1,007.2 million in FY 2008 in line with the reduced GFA delivered in FY 2008 compared to that of FY 2007. Revenue in FY 2008 was mainly derived from the delivery of existing projects in Yanlord Riverside City (Phase 2 and 3) (仁恒河滨城二及三期) in Shanghai and Bamboo Gardens (Phase 3) (翠竹园三期) in Nanjing – which contributed 55.0% and 11.9% respectively to the Group's revenue derived from the sales of apartment units in FY 2008. Delivery of three newly developed projects, namely, Yanlord Peninsula (星岛仁恒) in Suzhou, Yanlord International Apartments (Tower B) (仁恒国际公寓 B 栋) in Nanjing and Hengye Star Gardens (恒业星园) in Chengdu contributed 10.0%, 8.2% and 5.6% respectively accounted for the balance.

Due to a higher profit margin from the sale of Yanlord Riverside City (仁恒河滨城) achieved in FY 2008 over the comparative year in 2007, the gross profit and gross profit margin of the Group improved to S\$559.5 million and 55.5% in FY 2008 from S\$553.3 million and 45.1% in FY 2007 respectively. The improved profit margin from Yanlord Riverside City (仁恒河滨城) was a result of a higher ASP as compared to the last preceding year.



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Profit before income tax amounted to S\$580.9 million, representing an increase of 8.1% or S\$43.3 million over the last corresponding year. Other than benefiting from the stronger gross profit in FY 2008, the increase was attributable to the higher revaluation gain on investment properties and the lower finance cost as mentioned in Note 1(a) above.

Profit for the year declined to S\$314.0 million in FY 2008 from S\$336.7 million in FY 2007 due to higher income tax as a result of higher statutory enterprise income tax and LAT incurred over the last corresponding year. In line with profit before income tax margin, the Group's profit margin for the year was higher at 31.2% in FY 2008 compared to 27.4% in FY 2007. Also, profit attributable to equity holders of the Company was S\$225.8 million in FY 2008 representing an increase of 2.0% or S\$4.3 million as compared with FY 2007.

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

BALANCE SHEETS

Investment properties

Investment properties increased by 57.9% or S\$127.4 million to S\$347.3 million as at 31 December 2008 from S\$219.9 million as at 31 December 2007, which was mainly attributable to the higher revaluation gain from investment properties as mentioned in Note 1(b) above.

Properties for development

Properties for development grew by 49.0% or S\$707.5 million to S\$2,150.7 million as at 31 December 2008 from S\$1,443.1 million as at 31 December 2007 primarily due to the increase in the acquisition of land parcels in the PRC.

Available-for-sale investments

As at 31 December 2007, the Group acquired a shareholding interest of 9.4% in Tianjin Yanlord Haihe Development Co., Ltd. ("TYHD"), which was recorded as an "Available-for-sale investments" item in the balance sheet. During 1H 2008, the Group increased its shareholding interest in TYHD from 9.4% to 80.0%. As such, the investment amount under the "Available-for-sale investments" was transferred to "Investments in subsidiaries" in the balance sheet, which led to a reduction in available-for-sale investments by 80.1% or S\$41.9 million to S\$10.4 million as at 31 December 2008 from S\$52.4 million as at 31 December 2007.



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CASH FLOW STATEMENTS

Net cash used in operating activities

The Group recorded lower net cash used in operating activities of S\$110.9 million in 4Q 2008 and S\$759.1 million in FY 2008 as compared to S\$348.6 million in 4Q 2007 and S\$842.0 million in FY 2007, representing a decrease of 68.2% or S\$237.7 million and 9.9% or S\$83.0 million respectively. The deficits in net cash from operations in 4Q 2008 and FY 2008 were mainly attributable to the payment for the acquisition of land parcels in the PRC, payment of construction cost for the completed properties and decrease in advances received from pre-sold properties – which included in “Trade and other payables” in the cash flow statements.

Net bank loan drawdown

Net bank loan drawdown, which represented proceeds from bank loans net of repayment of bank loans, were lower at S\$48.0 million in 4Q 2008 as compared to S\$193.9 million in 4Q 2007, but higher at S\$483.3 million in FY 2008 as compared to S\$235.4 million in FY 2007. The S\$247.9 million increase in loan in FY 2008 over FY 2007 was largely a result of increasing PRC loans to finance the construction cost for the various projects under development.

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 periods have 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

In view of the global financial crisis and the prospects of slower economic growth in the PRC, the Central government promulgated a broad array of economic stimulus plans such as the fiscal spending of over RMB4.0 trillion to ensure the sustainable development of the domestic economy as well as plans to boost disposable income and spur domestic consumption among the population such as the easing of rules and regulations governing home ownership. Moreover, the PRC authorities have recently instituted a reduction of the bank reserve requirement ratio so as to



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increase liquidity in the credit market and interest rate cuts targeted at reducing borrowing cost to both corporate and individual clients.

Based on the available news releases, the Group noted that the Central government has also reduced the downpayment requirements for first-time home buyers from 30% to 20% to further support the housing industry in China,. The Government has also delegated some policy making decisions to the respective city levels so as to allow customisation of key policies that will benefit the sustainable development of their property sectors. In addition, individual commercial banks can now re-evaluate their lending policies to suit the home ownership needs of their various clients.

COMPANY OUTLOOK

Project Pre-sales

As at 31 December 2008, the Group has received advances for pre-sold properties – recorded as “Other payables” in the balance sheet – amounting to approximately S\$128.3 million. Based on existing sales contracts of these pre-sold units, the total pre-sale contracts amounting to S\$238.1 million as at 31 December 2008 will be progressively recognised as revenue in FY 2009.

Outlook

Despite operating in a challenging market environment, the Group will continue to maintain its strong cash position and prudent financial policy to ensure the sustainable development of the Group. 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 to ensure the sustainable growth of our core business segments.

Capitalising on the strong potential of the PRC real estate industry, the Group will continue to launch new batches of its exiting projects namely Yanlord Riverside City (Phase 2 and 3) (仁恒河滨城二及三期) and Yunjie Riverside Garden (运杰河滨花园) in Shanghai, Bamboo Garden (Phase 3) (翠竹园三期) and Yanlord International Apartments (Tower B) (仁恒国际公寓 B 栋) in Nanjing, Yanlord Peninsula (星岛仁恒) in Suzhou, Yanlord New City Garden (Phase 2) (仁恒星园二期) in Zhuhai and Hengye Star Garden (恒业星园) in Chengdu. In addition, the Group has also targeted the launch of its latest development in Tianjin – Tianjin Riverside Plaza (Phase 1) (仁恒海河广场一期) – in the first half of 2009 and the first phase of its latest development in Nanjing – Yanlord Yangtze Riverside City (Phase 1) (仁恒江湾城一期) – in the second half of 2009. Sited in prime locations, these new projects, as with other developments of the Group, are expected to command a premium in pricing



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due to the Group's established reputation for building quality real estate developments and will contribute significantly to the future performance of the Group.

Barring any unforeseen circumstances, the Board of Directors is confident of the Group's performance in relation 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? Yes. Please refer to Note 16.
- (b) Any dividend declared for the corresponding period of the immediately preceding financial year? Yes. Please refer to Note 16.
- (c) Date payable: To be announced at a later date.
- (d) Books closure date: To be announced at a later date.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmental revenue & results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group's operations are located in the PRC and its revenue and contribution to profit from operations are substantially derived from development and sales of residential properties. Accordingly, no analysis by business segment and geographical area of operations are provided.

14. In the review of performance, the factors leading to any material changes in contributions to revenue and earnings by the business or geographical segments

None



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15. Breakdown of Group's revenue and profit after tax for first half year and second half year

| | 2008 | 2007 | % Change |
|---|------------------|------------------|-----------------|
| | S\$'000 | S\$'000 | + / (-) |
| | (Unaudited) | (Unaudited) | |
| Revenue | | | |
| - first half | 511,884 | 110,918 | 361 |
| - second half | 495,333 | 1,117,014 | (56) |
| Full year revenue | 1,007,217 | 1,227,932 | (18) |
| Profit (loss) after tax before deducting minority interests ("PAT") | | | |
| - first half | 111,618 | (2,796) | NM |
| - second half | 202,338 | 339,500 | (40) |
| Full year PAT | 313,956 | 336,704 | (7) |

NM: Not meaningful

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

| | FY 2008* | FY 2007 |
|---------------------------|-------------------------------------|-------------------------------------|
| Name of Dividend | First & Final (One-tier) tax exempt | First & Final (One-tier) tax exempt |
| Type of Dividend | Cash | Cash |
| Dividend per Share (S\$) | 1.23 cents | 1.21 cents |
| Annual Dividend (S\$'000) | 22,525 | 22,092 |

Note:* The Board of Directors has recommended the payment of a dividend for FY 2008. Payment of the said dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting. The above annual dividend for FY 2008 is estimated based on the number of issued shares as at 31 December 2008.



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17. Interested Person Transactions

| Name of Interested Person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) FY 2008 | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000) FY 2008 |
|-------------------------------------|---|--|
| Yanlord Holdings Pte. Ltd.* | S\$4,636,359 | Nil |
| Pretty Honour Investment Limited* | S\$5,206,400 | Nil |
| Mrs Zhong Lin Miao Jun* | S\$4,448,449 | Nil |
| Mr Zheng Xi* | S\$82,051 | Nil |
| Mr Hong Zhi Hua and Ms Hong Lu Qi** | S\$461,396 | Nil |
| Total: | S\$14,834,655 | Nil |

Notes:

* Associates (as defined in the SGX Listing Manual) of Mr Zhong Sheng Jian, director and controlling shareholder of the Company.

** Ms Hong Lu Qi is an associate (as defined in the SGX Listing Manual) of Mr Hong Zhi Hua, director of the Company.

ON BEHALF OF THE BOARD

Zhong Sheng Jian
Chairman and Chief Executive Officer
26 February 2009