Future Land Development Holdings Limited

新城發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1030)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

– Revenue increased by 34.1% from the corresponding period in 2012 to RMB5,025.7 million;

– Gross profit decreased by 2.4% from the corresponding period in 2012 to RMB1,130.9 million;

– Net profit for the six months ended 30 June 2013 was RMB272.2 million, of which RMB85.5 million was attributable to the equity holders of the Company, representing a period-on-period decrease of 43.8%;

– Core earnings* was RMB271.8 million, of which RMB85.1 million was attributable to the equity holders of the Company, representing a period-on-period decrease of 43.8%;

– Achieved contracted sales of RMB7,608.6 million with corresponding GFA of 864,000 sq.m., representing a period-on-period increase of 7.7% and 11.7%, respectively;

– Cash and cash equivalents increased by 15.1% as compared to the end of last year to RMB5,587.0 million;

– Earnings per share was RMB0.02. The Board has considered and resolved not to pay any interim dividend.

The board (the "**Board**") of directors (the "**Directors**") of Future Land Development Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2013 (or the "**reporting period**"), together with comparative figures for the corresponding period in 2012, as follows:

* *Core earnings equal to net profit less after-tax fair value gains on investment properties.*

CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the six months ended 30 June 2013

	Note	**Six months ended 30 June**	
		2013	2012
		RMB'000	*RMB'000*
		Unaudited	Audited
Revenue		**5,025,657**	3,747,072
Cost of sales	*9*	**(3,894,723)**	(2,588,556)
Gross profit		**1,130,934**	1,158,516
Fair value gains on investment properties		**600**	1,084
Selling and marketing costs	*9*	**(130,309)**	(187,710)
Administrative expenses	*9*	**(302,153)**	(272,408)
Other income		**10,167**	7,998
Other expenses		**(2,939)**	(1,641)
Other gains-net		**4,490**	6,690
Operating profit		**710,790**	712,529
Finance costs-net	*10*	**(186,438)**	(38,568)
Share of results of an associated company		**(2,390)**	(1,896)
Profit before income tax		**521,962**	672,065
Income tax expense	*11*	**(249,761)**	(319,434)
Profit for the period		**272,201**	352,631
Attributable to:			
Equity holders of the Company		**85,519**	152,237
Non-controlling interests		**186,682**	200,394
		272,201	352,631
Earnings per share for profit attributable to equity holders of the Company			
– Basic and diluted	*13*	**RMB0.02**	RMB0.04
Dividends	*12*	**–**	–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	Unaudited	Audited
Profit for the period	**272,201**	352,631
Other comprehensive income		
Items that will not be reclassified to profit or loss	**–**	–
Items that may be reclassified subsequently to profit or loss	**–**	–
Other comprehensive income for the period, net of tax	**–**	–
Total comprehensive income for the period	**272,201**	352,631
Attributable to:		
Equity holders of the Company	**85,519**	152,237
Non-controlling interests	**186,682**	200,394
	272,201	352,631

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	Note	As at 30 June 2013 RMB'000 Unaudited	As at 31 December 2012 RMB'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment		**116,081**	117,074
Investment properties		**3,106,200**	3,105,600
Intangible assets		**7,022**	7,267
Investments in associates		**227,500**	229,890
Deferred income tax assets		**407,148**	361,193
Available-for-sale financial assets		**196,187**	181,187
Land use rights		**367,248**	367,248
		4,427,386	4,369,459
Current assets			
Prepayments for leasehold land		**4,894,860**	4,313,847
Properties held or under development for sale		**27,473,863**	24,493,752
Trade and other receivables and prepayments	5	**2,376,087**	1,666,266
Restricted cash		**2,380,707**	1,148,089
Cash and cash equivalents		**5,586,964**	4,852,130
		42,712,481	36,474,084
Total assets		**47,139,867**	40,843,543

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 30 June 2013

	Note	**As at 30 June 2013** ***RMB'000*** **Unaudited**	As at 31 December 2012 *RMB'000* Audited
OWNERS' EQUITY			
Capital and reserves attributable to equity holders of the Company			
Issued and fully paid capital	*6*	**4,617**	4,617
Reserves		**5,562,218**	5,746,486
		5,566,835	5,751,103
Non-controlling interests		**2,764,935**	2,643,924
Total equity		**8,331,770**	8,395,027
LIABILITIES			
Non-current liabilities			
Borrowings	*7*	**10,569,903**	4,509,670
Deferred income tax liabilities		**426,381**	402,872
		10,996,284	4,912,542
Current liabilities			
Trade and other payables	*8*	**7,223,388**	9,597,029
Advances from pre-sale of properties		**14,119,634**	11,663,869
Current income tax liabilities		**759,506**	1,143,835
Borrowings	*7*	**5,699,318**	5,130,436
Dividends payable		**9,967**	805
		27,811,813	27,535,974
Total liabilities		**38,808,097**	32,448,516
Total equity and liabilities		**47,139,867**	40,843,543
Net current assets		**14,900,668**	8,938,110
Total assets less current liabilities		**19,328,054**	13,307,569

NOTES:

1 GENERAL INFORMATION

Future Land Development Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 23 April 2010 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands.

The principal activities of the Company and its subsidiaries (together, the "**Group**") are property development and property investment in the People's Republic of China (the "**PRC**"). The Company's parent company is Wealth Zone Hong Kong Investments Limited ("**Wealth Zone Hong Kong**") and the Company's ultimate holding company is First Priority Group Limited, both of which are incorporated in the British Virgin Islands. The ultimate controlling party of the Group is Mr. Wang Zhenhua ("**Mr. Wang**" or the "**Controlling Shareholder**").

The Company's shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 29 November 2012.

The unaudited condensed consolidated interim financial statements are presented in thousands of Renminbi ("**RMB**"), unless otherwise stated and were approved and authorised for issue by the board of directors of the Company on 15 August 2013.

These condensed consolidated interim financial statements have not been audited.

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2013 have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties that are carried at fair value, and in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accounts ("**HKICPA**").

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those used for and described in the annual consolidated financial statements of the Company for the year ended 31 December 2012.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

New standard and amendment adopted by the Group in 2013

- HKAS 1 (Amendment) 'Presentation of Financial Statements'. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

- HKFRS 13 'Fair Value Measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. HKFRS 13 is effective for annual periods beginning on or after 1 January 2013.

The adoption of the above new standard and amendment starting from 1 January 2013 did not give rise to any significant impact on the Group's results of operations and financial position for the six months ended 30 June 2013.

The Group has not early adopted any new accounting and financial reporting standards, amendments and interpretations to existing standards which have been issued but are not yet effective for the financial year ending on 31 December 2013.

4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (the "**CODM**") that are used to make strategic decisions. The chairman, Mr. Wang has been identified as the CODM.

The Group manages its business by two operating segments, which is consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment. No operating segments have been aggregated to form the following reportable segments.

- Jiangsu Future Land Co., Ltd., a company listed on the Shanghai Stock Exchange with domestically listed foreign investment shares (the "**B share company**").

- Property projects not within the B share company (the "**Non-B share companies**").

The B share company is mainly engaged in development of residential properties, while the Non-B share companies are mainly engaged in development of mixed-use complexes. All the property development projects are in the PRC, and accordingly the majority of the revenue of the Group is derived from the PRC and most of the assets are located in the PRC.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit before income tax and fair value gains on investment properties. The measurement basis excludes the effects of income tax expense and fair value gains on investment properties.

	Six months ended 30 June 2013 (unaudited)				
	B share company *RMB'000*	**Non-B share companies** *RMB'000*	**Total segment** *RMB'000*	**Elimination** *RMB'000*	**Total Group** *RMB'000*
Segment revenue	**3,503,886**	**1,522,814**	**5,026,700**	**(1,043)**	**5,025,657**
Segment profit/(loss) before fair value gains on investment properties and income tax expense	**680,912**	**(65,777)**	**615,135**	**(93,773)**	**521,362**
Finance income	**18,678**	**41,426**	**60,104**	**–**	**60,104**
Finance costs	**(20,537)**	**(226,005)**	**(246,542)**	**–**	**(246,542)**
Depreciation and amortisation	**(9,036)**	**(4,824)**	**(13,860)**	**–**	**(13,860)**
Share of results of an associated company	**(2,390)**	**-**	**(2,390)**	**–**	**(2,390)**
A reconciliation to profit for the period is as follows:					
Total segment profits before fair value gains on investment properties and income tax expense after elimination					**521,362**
Fair value gains on investment properties					**600**
Income tax expense					**(249,761)**
Profit for the period					**272,201**
	As at 30 June 2013 (unaudited)				
Segment assets	**32,833,583**	**14,326,479**	**47,160,062**	**(20,195)**	**47,139,867**
Segment assets include:					
Investments in associates	**227,500**	**–**	**227,500**	**–**	**227,500**
Additions to non-current assets (other than financial instruments and deferred tax assets)	**6,716**	**6,796**	**13,512**	**–**	**13,512**
Segment liabilities	**27,199,980**	**11,628,312**	**38,828,292**	**(20,195)**	**38,808,097**

	Six months ended 30 June 2012 (audited)				
	B share company *RMB'000*	Non-B share companies *RMB'000*	Total segment *RMB'000*	Elimination *RMB'000*	Total Group *RMB'000*
Segment revenue	3,619,127	130,066	3,749,193	(2,121)	3,747,072
Segment profit/(loss) before fair value gains on investment properties and income tax expense	769,025	(51,158)	717,867	(46,886)	670,981
Finance income	16,236	2,710	18,946	–	18,946
Finance costs	(25,646)	(31,868)	(57,514)	–	(57,514)
Depreciation and amortisation	(8,053)	(2,997)	(11,050)	–	(11,050)
Share of results of an associated company	(1,896)	-	(1,896)	–	(1,896)
A reconciliation to profit for the period is as follows:					
Total segment profits before fair value gains on investment properties and income tax expense after elimination					670,981
Fair value gains on investment properties					1,084
Income tax expense					(319,434)
Profit for the period					352,631

	As at 31 December 2012 (audited)				
Segment assets	29,280,647	11,581,191	40,861,838	(18,295)	40,843,543
Segment assets include:					
Investments in associates	229,890	–	229,890	–	229,890
Additions to non-current assets (other than financial instruments and deferred tax assets)	15,590	640,106	655,696	–	655,696
Segment liabilities	23,904,212	8,562,599	32,466,811	(18,295)	32,448,516

5 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2013 *RMB'000* **(Unaudited)**	As at 31 December 2012 *RMB'000* (Audited)
Trade receivables	**2,293**	3,265
Notes receivable	**5,000**	300
Total trade receivables	**7,293**	3,565
Less: Provision for impairment of receivables	**–**	–
Trade receivables – net	**7,293**	3,565
Receivable from a related party	**–**	180,000
Prepaid business tax and surcharges (i)	**785,180**	645,416
Prepaid income tax and land appreciation tax (i)	**454,544**	377,514
Tender deposits (ii)	**706,187**	196,190
Deposits with public housing fund centres (iii)	**125,763**	116,989
Deposits for timely commencement of project construction	**40,000**	–
Deposits for residential property warranty	**46,882**	–
Interest receivable	**16,919**	–
Prepayments for construction costs	**98,373**	89,491
Others	**94,946**	57,101
	2,376,087	1,666,266

(i) Business tax, surcharges and land appreciation tax are provisionally levied when the Group receives advances from customers and the prepaid taxes are recorded as prepayments before the relevant revenue is recognised. In addition, a deemed profit at 5% to 15% of advances received by the Group is added to the accounting income when calculating taxable income and the prepaid income tax is similarly recorded as prepayments.

(ii) This balance represents the tender deposits for bidding of land use rights, which was subsequently received or transferred to prepayments for leasehold land.

(iii) This balance represents the deposits paid to public housing fund centres to secure the housing fund loans taken by certain property purchasers of the Group. Such deposits will be released upon the issue of the properties' ownership certificate by government authorities to these purchasers and submitted to the public housing fund centres.

The aging analysis of trade receivables as at 30 June 2013 and 31 December 2012 are as follows:

	As at 30 June 2013 *RMB'000* **(Unaudited)**	As at 31 December 2012 *RMB'000* (Audited)
Less than 1 year	**7,293**	2,555
Between 1 and 2 years	**–**	–
Between 2 and 3 years	**–**	–
Over 3 years	**–**	1,010
	7,293	3,565

6 SHARE CAPITAL

(a) Authorised shares

	Number of authorised shares
	share
As at 30 June 2012 and 2013	10,000,000,000

(b) Issued shares

	Number of issued shares	Ordinary shares
	HKD0.001 each	*RMB*
As at 1 January 2012 and 30 June 2012	4,250,000,000	3,466,077
As at 1 January 2013 and 30 June 2013 (i)	5,668,000,000	4,617,069

(i) On 29 November 2012, the Company issued 1,418,000,000 HKD ordinary shares of HKD0.001 each at HKD1.45 per share in connection with the listing on Stock Exchange, and raised gross proceeds of approximately HKD2,056,100,000 (equivalent to RMB1,668,936,000). The excess of RMB1,667,785,008 over the par value of RMB1,150,992 for the 1,418,000,000 HKD ordinary shares issued, net of the relevant incremental costs of RMB65,165,000 directly contributable to the new shares issued, was credited to "share premium" with amount of RMB1,602,620,008.

7 BORROWINGS

	As at 30 June 2013 *RMB'000* **(Unaudited)**	As at 31 December 2012 *RMB'000* (Audited)
Non-current, secured and borrowed from:		
– Banks (a)	**9,642,262**	6,242,070
– Trust financing arrangements – conventional loan (b)	**45,260**	1,875,460
– Senior notes due January 2018 ("**2018 Notes**") (c(i))	**1,202,189**	–
– Senior notes due April 2016 ("**2016 Notes**") (c(ii))	**1,473,800**	–
	12,363,511	8,117,530
Less: Current portion of long-term borrowings	**(1,793,608)**	(3,607,860)
	10,569,903	4,509,670
Current, secured and borrowed from:		
– Banks (a)	**3,562,850**	1,210,716
– Trust financing arrangements – conventional loan (b)	**311,860**	311,860
– Other financial institution	**31,000**	–
Current portion of long-term borrowings	**1,793,608**	3,607,860
	5,699,318	5,130,436

(a) The Group's bank borrowings are secured by leasehold land to be developed, properties under development, properties held for sale, investment properties, shares of subsidiaries and bank deposits of the Group or guaranteed by subsidiaries of the Company for each other.

(b) These borrowings are mainly in the form of trust financing arrangements with trust financing companies. The conventional loan trust financing arrangements are loan agreements entered into by the Group and trust financing companies. The equity with repurchase obligation trust financing arrangements involves either capital increase in, or transfer of equity interest in project companies with repurchase obligation. The substance of the type of trust financing arrangement is borrowing, with the equity interest in the project companies legally transferred as collateral. The borrowings under trust financing arrangements are secured by certain properties held or under development for sale and shares of subsidiaries of the Group.

(c) Senior notes

(i) 2018 Notes

In January 2013, the Company issued five-year senior notes with principal amount of USD200,000,000 ("**2018 Notes**"), which were listed on the Singapore Exchange Securities Trading Limited. The 2018 Notes are denominated in USD and bear interest at 10.25% per annum, payable semi-annually in arrears on or on the business day nearest to 31 January and 31 July of each year, beginning 31 July 2013.

(ii) 2016 Notes

In April 2013, the Company issued three-year senior notes with principal amount of RMB1,500,000,000 ("**2016 Notes**"), which were listed on the Singapore Exchange Securities Trading Limited. The 2016 Notes are denominated in RMB and bear interest at 9.75% per annum, payable semi-annually in arrears on or on the business day nearest to 23 April and 23 October of each year, beginning 23 October 2013.

The above senior notes are general obligations guaranteed by certain subsidiaries other than those established under the law of the PRC ("**Subsidiary Guarantors**"), and secured by a pledge on the shares of certain initial Subsidiary Guarantors.

The Company has options to redeem the above senior notes in whole or in part prior to their maturity at the redemption price as defined in the indenture agreements of these senior notes.

The early redemption options are regarded as an embedded derivative not closely related to the host contract. The board of directors is of the view that the Company has no plan of any early redemption and the fair values of the above early redemption options were insignificant on initial recognition and as at 30 June 2013.

8 TRADE AND OTHER PAYABLES

	As at 30 June 2013 *RMB'000* **(Unaudited)**	As at 31 December 2012 *RMB'000* (Audited)
Trade payables	**6,064,486**	8,223,769
Notes payable	**602,472**	637,748
Payables to related parties	**15,073**	–
Business and other taxes payables	**102,802**	208,460
Maintenance & decoration fees collected on behalf	**108,719**	122,198
Deed tax collected on behalf	**80,508**	127,673
Accrued payroll	**22,814**	71,912
Interest payable	**152,779**	125,396
Temporary funding payables (a)	**18,000**	18,000
Others	**55,735**	61,873
	7,223,388	9,597,029

(a) Temporary funding payables are payables to non-related parties which are non-interest bearing and unsecured.

As at 30 June 2013 and 31 December 2012, the aging of the majority of trade payables are less than one year.

9 EXPENSE BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Land use rights costs	**1,145,520**	504,304
Construction costs	**2,176,840**	1,665,394
Capitalised interest	**192,223**	160,463
Business tax and surcharges (a)	**276,659**	211,516
Reversal of provision for properties held for sale	**(5,299)**	–
Depreciation of property, plant and equipment	**12,808**	10,051
Amortisation of intangible assets	**1,052**	999
Bank charges	**9,160**	5,778
Staff costs	**236,992**	215,787
Entertainment expenses	**34,276**	31,027
Stamp duty and other taxes	**23,792**	10,995
Professional fees	**69**	11,071
Auditors' remuneration	**2,400**	2,235
Sales commission	**38,541**	70,980
Advertising and publicity costs	**77,447**	92,655
Rental expenses	**18,405**	11,891
Travelling expenses	**10,798**	3,221
Other expenses	**75,502**	40,307
Total cost of sales, selling and marketing costs and administrative expenses	**4,327,185**	3,048,674

(a) The PRC subsidiaries of the Group are subject to business tax and surcharges. Business tax is levied at 5% of revenue from sale of properties and rental income, while surcharges are 10% to 12% of business tax payable.

10 FINANCE COSTS – NET

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Finance costs		
– Interest on bank loans, senior notes, trust financing arrangements and borrowings from other financial institution	**(571,237)**	(544,362)
– Less: interest capitalised	**324,695**	486,848
Total finance costs	**(246,542)**	(57,514)
Finance income		
– Interest income on bank deposits	**60,104**	18,946
Net finance costs	**(186,438)**	(38,568)

11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current income tax		
PRC land appreciation tax	**130,769**	181,715
PRC corporate income tax	**141,438**	116,953
	272,207	298,668
Deferred income tax	**(22,446)**	20,766
Total income tax charged for the period	**249,761**	319,434

Hong Kong profits tax

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profits in Hong Kong during the six months ended 30 June 2013 (2012: Nil).

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC ("**CIT Law**"), the CIT rate applicable to the Group's subsidiaries located in mainland China is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. For the six months ended 30 June 2013, the Group accrued for PRC withholding tax with amount of RMB952,000 (for the six months ended 30 June 2012: Nil) based on the tax rate of 5% on a portion of the earnings generated by its PRC entities. The Group controls the dividend policies of these subsidiaries and it has been determined that it is probable that a majority of these earnings will not be distributed in the foreseeable future.

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated statement of income as income tax expense.

12 DIVIDENDS

The board of directors does not recommend any payment of interim dividend for the six months ended 30 June 2013 (2012: Nil).

A final dividend in respect of 2012 of RMB0.05 per ordinary share, amounting to RMB283,400,000, has been approved at the annual general meeting of the Company held on 22 May 2013. The dividend not yet paid out by the Company as at 30 June 2013 was approximately RMB9,037,000.

13 EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2013 and 2012 is calculated by dividing the profit of the Group attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Audited)
Consolidated profit attributable to equity holders of the Company *(RMB'000)*	**85,519**	152,237
Weighted average number of ordinary shares in issue *('000)*	**5,668,000**	4,250,000
Basic earnings per share *(RMB)*	**0.02**	0.04

As there were no dilutive options and other dilutive potential shares in issue during the six months ended 30 June 2013 and 2012, diluted earnings per share is the same as basic earnings per share.

CHAIRMAN'S STATEMENT

On behalf of the Company, I am pleased to present to our shareholders the unaudited results of the Group for the six months ended 30 June 2013.

Steady growth in operations

As a leading property developer based in the affluent Yangtze River Delta region, the Group focuses on the middle-class segment and seeks to acquire quality land reserves at competitive costs. For the first half of 2013, the Group achieved total contracted sales of RMB7,608.6 million, representing an increase of 7.7% as compared with the corresponding period in 2012. Contracted gross floor area ("**GFA**") totaled 864,000 square metres ("**sq.m.**"), representing an increase of 11.7% over the corresponding period in 2012. During the reporting period, our revenue totaled RMB5,025.7 million, of which RMB4,826.4 million was attributable to sales of properties representing a period-on-period increase of 32.1%. As at 30 June 2013, our total cash (including cash and cash equivalents and restricted cash) was RMB7,967.7 million, our land bank comprised a total GFA of approximately 13,723,341 sq.m., with an average acquisition cost of RMB1,821/sq.m., and the total GFA of our projects under construction was approximately 4,760,000 sq.m.

Review of the first half of 2013

The real estate market in China picked up in the second half of 2012, and continued to grow steadily in the first half of 2013. Benefiting from various credit liberalization measures and the strong demand driven by the continuing urbanization process, property prices in major cities rebounded, and property sales improved significantly. Against the backdrop of a reactivated real estate market, the Chinese central government issued the "Five Control Policies and Measures to Strengthen the Regulation on the Real Estate Market as Enacted by the State Council Executive Meeting" (the "**New Five Regulations**") at the end of February 2013, which stabilized property prices and facilitated the healthy development of the market to a certain extent.

During the reporting period, the Group implemented prudent strategies in response to market changes, further streamlined its management structure and continued to excel in innovative design and marketing approaches in its projects, and was widely recognized by the market. Meanwhile, we conducted in-depth studies and analyses on the macro-economy to identify investment opportunities and to enhance our ability to acquire quality land reserves at reasonable prices. In respect of our management, in addition to strengthening cost control and studying key areas of customer value, we enhanced and reformed the project management structure to tie remuneration and appraisal of each project management team more closely with the profitability of their responsible projects.

With respect to land bank, we added four new projects in Nanjing, Zhenjiang and Suzhou during the first half of 2013, which increased the GFA (excluding underground floor area) of our land bank by approximately 1,351,387 sq.m. In line with its strategy to strengthen its leading position in the Yangtze River Delta market, the Group successfully penetrated Zhenjiang market in the first half of 2013, with which we accomplished a complete coverage of the cities along the Shanghai-Nanjing line. Meanwhile, we successfully penetrated Hangzhou market subsequent to the reporting period. As at 30 June 2013, we had 82 real estate projects in 10 major cities, among which 47 were under construction and/or held for future development. The Group has a land bank of GFA of approximately 13,723,341 sq.m., of which approximately 9,213,179 sq.m. is attributable to the Group. The land bank is sufficient to support the Group's plans for large-scale property development over the next four to five years.

With respect to commercial complex project development, the Group continued to enhance its "Injoy (吾悅)" brand. Changzhou Injoy Plaza (常州吾悅廣場) and Changzhou Injoy International Plaza (常州吾悅國際廣場), which were opened successively in 2012, brought us stable rental income in the reporting period. With our abundance of experience in construction and operation of commercial complexes, the Group planned to convert the newly-acquired land parcel in Wujiang New District, Suzhou City, into an "Injoy Plaza" urban complex.

Given the current macro-environment, the Group remained prudent in financial management and placed emphasis on maintaining steady cash flow and securing sufficient funding resources. In addition to its initial public offering launched in November 2012, which raised HKD2,056.1 million, the Group successfully issued a tranche of five-year USD200 million 10.25% senior notes and a tranche of three-year RMB1.5 billion 9.75% senior notes in January and April 2013, respectively. The successful issuance of these senior notes has improved our debt structure and enhanced our liquidity. As at 30 June 2013, the Group had cash at bank and on hand (including restricted cash) of RMB7,967.7 million and unutilized bank facilities of approximately RMB5,613.0 million. Reliable financial condition is an important cornerstone of our business growth.

The Group was successfully listed on the Main Board of the Stock Exchange at the end of 2012. In addition, the Group was named a constituent stock of MSCI China Small Cap Index Series (MSCI 明晟中國小型企業指數) on 31 May 2013, within just six months following the listing, symbolizing strong market recognition of our brand name and growth potential. We believed that our admission as a constituent stock of the MSCI Index will further enhance our reputation and position in the international capital market.

Outlook

Although China's gross domestic product growth slowed down in the first half of 2013, its economy remained in a phase of rapid development as compared with other countries. The Central Political Bureau of the Communist Party of China held a meeting on 30 July 2013 and issued a set of guidelines titled "Maintaining Growth, Optimizing Economic Structure and Accelerating Reform" in relation to the government's economic work in the second half of the year. The financing environment for domestically listed real estate companies has been somewhat eased off thereafter. We are of the view that the macro-control on the real estate sector will be loosened gradually. In addition, with the support of the growing disposable income of residents and the long-term urbanization policies in China, we expect the real estate market in China, especially in those "Economic Locomotive Areas", such as Yangtze River Delta, to maintain steady growth.

We will continue to pursue our strategic priority of "Deployment across the Pan-Yangtze River Delta Region". While securing our leading position in the Yangtze River Delta Region, we will select other regions with development potential to penetrate to further expand our business. We will focus on second-tier cities, appropriately expand investment in first-tier cities and select to penetrate certain third- and lower-tier cities. We will give due regards to our financial resources and remain prudent in expanding our land bank in the meantime.

After years of studies and practice, we achieved remarkable results in fully furnished units and product standardization. Going forward, we will continue to strengthen our product research, optimise our design and further reduce costs through standardized design while concentrating on satisfying customers' specific needs. According to our current plans, the Group is to launch 11 new projects in the second half of 2013, targeting customers with inelastic demand as well as those who were trading up to better living environment. Our annual contracted sales target is RMB20 billion. We will continue to expedite return of funds through our "Rapid Asset Turnover" strategy, while increasing our efforts to keep our financial costs under control and proactively exploring new financing channels, so as to remain profitable in a harsh business environment of challenges and opportunities.

Although the macro-economic slow-down and tightening credit environment will pose challenges to our operations, we believe that, through our efforts in cautious planning, improving product standardization and implementing strict cost control measures, we will be able to maintain steady growth in an unpredictable market environment, and create greater value for our shareholders.

Appreciation

The steady growth of the Group is attributable to the enormous support from the relevant parties and invaluable contributions of our staff. Therefore, on behalf of the Board, I would like to take this opportunity to express my wholehearted gratitude to our staff, shareholders, investors, business partners and customers for their constant trust and support.

MANAGEMENT DISCUSSION AND ANALYSIS

Total contracted sales of our Group for the first half of 2013 were RMB7,608.6 million, representing an increase of 7.7% as compared to the corresponding period of 2012. Revenue increased by 34.1% to RMB5,025.7 million from the corresponding period in 2012. The core earnings attributable to the equity holders of the Company was RMB85.1 million, representing a decrease of 43.8% as compared to the same period of last year.

Property Development

The contracted sales of the Group for the first half of 2013 amounted to RMB7,608.6 million. Total GFA sold (including areas of car parks sold) was 864,000 sq.m., representing an increase of 11.7% as compared to the corresponding period of last year. Contracted sales was evenly distributed geographically, as contracted sales in Changzhou, Shanghai, Suzhou and Nanjing amounted to RMB2,559.6 million, RMB1,983.2 million, RMB973.3 million and RMB738.9 million respectively, representing 34.6%, 26.8%, 13.1% and 10.0% of the Group's total contracted sales respectively.

Table 1: The breakdown of the Group's contracted sales in the first half of 2013

Project/Properties	GFA Sold *(sq.m.)*	Contracted Sales *(RMB million)*
Changzhou		
Changzhou Fragrant Legend(常州香溢瀾橋)	68,028.8	483.5
Changzhou Future France(常州香溢紫郡)	50,749.4	313.4
Future Consequence(香悦半島)	47,850.0	413.1
Injoy Plaza(吾悦廣場)	35,817.9	276.4
Park No.1(公園壹號)	23,013.0	131.8
Future Royal Bay(御景灣)	20,492.6	192.3
Changzhou Xincheng Future Town(常州新城域)	17,584.5	101.5
Changzhou Future Land Golden County(常州新城金郡)	15,844.6	205.0
Future Capital(新城首府)	10,057.7	136.1
Injoy International Plaza(吾悦國際廣場)	6,576.7	71.8
Future Land Emporium(新城帝景)	6,475.0	196.3
Changzhou New City Residence(常州新城公館)	2,145.8	15.8
Others	2,585.2	22.5
Changzhou Sub-Total	307,221.1	2,559.6

Project/Properties	GFA Sold *(sq.m.)*	Contracted Sales *(RMB million)*
Shanghai		
Park View International Community(上海新城金郡)*	33,634.2	563.3
Petrus Hacienda(新城碧翠)	32,104.4	1,089.1
Shanghai Legend Mansion(上海新城公館)	9,051.4	197.8
YOHO City(悠活城)	6,144.5	87.4
Exalted Uptown(尚上城)	2,695.2	34.1
Gorgeous Mansion(憶華里)	562.3	11.5
Shanghai Sub-Total	84,192.1	1,983.2
Nanjing		
Nanjing Future France(南京香溢紫郡)	82,834.0	706.5
Nanjing Future Land Golden County(南京新城金郡)	2,157.3	32.3
Nanjing Sub-Total	84,991.2	738.9
Suzhou		
Suzhou Fragrant Legend(蘇州香溢瀾橋)	53,293.0	529.5
Suzhou Future France(蘇州香溢紫郡)	35,979.3	277.0
Suzhou Future Land Golden County(蘇州新城金郡)	15,385.1	144.4
Suzhou Future Land Territory(蘇州新城域)	2,675.6	22.3
Suzhou Sub-Total	107,333.0	973.3
Wuxi		
Up Town(尚東雅園)	54,221.3	429.5
East China Home Decor Centre(華東家藝中心)	7,783.2	66.9
Glorious Century Future Land(盛世新城)	557.8	3.3
Wuxi Sub-Total	62,562.3	499.7
Wuhan		
In Spring Live(春天里)	42,912.2	343.2
Wuhan Sub-Total	42,912.2	343.2

Project/Properties	GFA Sold *(sq.m.)*	Contracted Sales *(RMB million)*
Changsha		
Future Land International Metropolis(新城國際花都)	74,959.8	311.3
Changsha Sub-Total	74,959.8	311.3
Car parks	99,835.7	199.5
Total	**864,007.6**	**7,608.6**

Note: * Included contracted sales from Park View International Community A (上海新城金郡A), Park View International Community B (上海新城金郡B) and Park View Ivy (上海金郡常春滕) (formerly known as A11-4 Land Parcel Project (A11-4地塊項目))

In the first half of 2013, the Group's unrecognized contracted sales was RMB14,879 million with a total GFA of 1,850,945 sq.m., laying a solid foundation for the continuous and steady growth in the Group's future revenue.

Land Bank

In the first six months of 2013, the total land bank of the Group was 13,723,341 sq.m., of which 9,213,179 sq.m. was attributable to the Group's interests. The average acquisition cost of our land bank was RMB1,821/sq.m.. The geographic spread of the land bank of the Group was as follows:

Table 2: Breakdown of Land Bank of the Group

City	Total GFA *(sq.m.)*	Percentage of the Group's Total GFA	GFA Attributable to the Group's interests *(sq.m.)*	Percentage of GFA Attributable to the Group's interests
Changzhou	6,210,021	45.3%	4,204,908	45.6%
Shanghai	1,511,166	11.0%	741,313	8.0%
Nanjing	1,133,190	8.3%	588,012	6.4%
Wuxi	646,698	4.7%	370,142	4.0%
Suzhou	1,824,769	13.3%	1,311,724	14.2%
Kunshan	663,766	4.8%	395,759	4.3%
Changsha	1,248,664	9.1%	1,144,026	12.4%
Jintan	43,463	0.3%	31,137	0.3%
Wuhan	184,303	1.3%	168,859	1.8%
Zhenjiang	257,300	1.9%	257,300	2.8%
Total	**13,723,341**	**100.0%**	**9,213,179**	**100.0%**

In the first half of 2013, the Group acquired a total of four new projects to replenish our land bank, all of which were acquired through government public tender, auction or listing-for-sale acquisition. The Group acquired 1,351,387 sq.m. (excluding underground floor area) of land to replenish our land bank.

Table 3: Land acquisition in the first half of 2013

Project/Land Parcel	**Land Use**	**Attributable Interest**	**Site Area** *(sq.m.)*	**Total GFA** *(excluding underground floor area) (sq.m.)*	**Land Premium** *(RMB million)*
Nanjing					
Future Dragon Lake (玖瓏湖)	Residential	51.89%	95,819	287,457	1,980.00
Suzhou					
Wujiang Injoy Plaza (吳江吾悅廣場)	Mixed-use	100.00%	154,313	527,183	527.90
Qingshu Bay Project (清樹灣項目)	Residential	53.93%	122,464	325,946	1,003.00
Zhenjiang					
Dantu Project (丹徒項目)	Mixed-use	100.00%	90,143	210,800	270.00
Total			**462,739**	**1,351,387**	

Subsequent to the reporting period, the Group successfully penetrated the Hangzhou market by acquiring Shunda Road Project in Yuhang District, Hangzhou, with current planned GFA of approximately 124,276 sq.m..

Property Delivery

The revenue of our property development business for the first half of 2013 was RMB4,826.4 million, representing an increase of 32.1% as compared to the same period of last year. Properties with total GFA of approximately 543,023 sq.m. were delivered during the first six months of 2013, representing an increase of 8.1% as compared to the same period of last year. The unit price of the revenue for the first half of 2013 increased by 22.1% from RMB7,277/sq.m. to RMB8,888/sq.m..

Table 4: Breakdown of property development revenue by projects in the first half of 2013

Project/Properties	**City**	**Revenue** *(RMB million)*	**GFA** *(sq.m.)*	**Average Selling Price** *(RMB/sq.m.)*
Park View International Community (上海新城金郡)	Shanghai	939.3	71,497	13,138
Future Land Hacienda (新城碧翠)	Shanghai	663.4	29,006	22,871
Future Land International Metropolis (新城國際花都)	Changsha	620.6	166,313	3,731
Exalted Uptown (尚上城)	Shanghai	562.0	51,692	10,872

Project/Properties	City	Revenue *(RMB million)*	GFA *(sq.m.)*	Average Selling Price *(RMB/sq.m.)*
Injoy International Plaza (吾悦國際廣場)	Changzhou	329.1	24,842	13,248
Suzhou Future Land Golden County (蘇州新城金郡)	Suzhou	285.4	35,492	8,040
Injoy Plaza (吾悦廣場)	Changzhou	268.2	37,542	7,144
Future Consequence (香悦半島)	Changzhou	237.2	17,977	13,192
East China Home Decor Centre (華東家藝中心)	Wuxi	186.7	23,328	8,004
Up Town (尚東雅園)	Wuxi	149.4	18,966	7,877
Gorgeous Mansion (憶華里)	Shanghai	132.9	18,724	7,100
Shanghai Legend Mansion (上海新城公館)	Shanghai	92.7	4,485	20,657
Nanjing Future Land Golden County (南京新城金郡)	Nanjing	70.0	5,765	12,143
Other projects		289.7	37,394	7,746
Total		**4,826.4**	**543,023**	**8,888**

Property Investment

With the completion of various investment properties, rental income from investment properties of the Group increased significantly to RMB39.2 million in the first half of 2013.

Table 5: Breakdown of rental income from investment properties of the Group in the first half of 2013

Project/Properties	Rental *(RMB '000)* First half of 2013	First half of 2012	Increase
Injoy Plaza(吾悦廣場)	**21,380.2**	N/A	N/A
Injoy International Plaza (吾悦國際廣場)	**17,656.0**	N/A	N/A
Four Seasons Future Land Commercial Complexes (四季新城商鋪)	**185.0**	185.0	–
Total	**39,221.2**	185.0	**N/A**

FINANCIAL REVIEW

Revenue

For the first half of 2013, the Group's revenue amounted to RMB5,025.7 million, representing an increase of 34.1% as compared to the corresponding period of last year. As a breakdown, income from sales of properties during the reporting period was RMB4,826.4 million, representing a period-on-period increase of 32.1%; income from property management and other income was RMB150.8 million, representing an increase of 86.6% as compared to the same period last year; and rental income was RMB48.5 million, representing an increase of 290.1% as compared to the corresponding period of last year.

Gross Profit

For the first half of 2013, as compared to the corresponding period of last year, the gross profit of the Group was RMB1,130.9 million, representing a decrease of 2.4%. The gross profit margin was 22.5%, representing a decrease of 8.4% as compared to the corresponding period of last year. The decrease in gross profit and gross profit margin was mainly due to the changes in product mix and geographic breakdown of properties we delivered in the six months ended 30 June 2013 as compared to those properties we delivered in the corresponding period of last year.

Selling and Marketing Costs

In the first half of 2013, selling and marketing costs of the Group decreased to RMB130.3 million from RMB187.7 million for the same period of 2012, which was primarily attributable to the decrease in national marketing activities and brand publicity events during the reporting period.

Administrative Expenses

For the first half of 2013, administrative expenses of the Group increased to RMB302.2 million from RMB272.4 million for the same period of 2012, which was mainly due to the increase in our staff headcount during the reporting period.

Finance Costs

For the first half of 2013, finance costs increased by approximately 3.8 times to RMB186.4 million from RMB38.6 million for the same period of last year. The increase in finance costs was mainly due to the uncapitalized finance costs of senior notes and working capital loans incurred during the reporting period.

Income Tax Expense

Income tax expense comprises the PRC corporate income tax and land appreciation tax. The PRC corporate income tax and land appreciation tax of the Group in the first half of 2013 were RMB119.0 million and RMB130.8 million respectively.

Financial Resources and Liquidity Ratios

As at 30 June 2013, the Group had cash and cash equivalents of RMB5,587.0 million (as at 31 December 2012: RMB4,852.1 million), and net current and non-current borrowing of RMB16,269.2 million (as at 31 December 2012: RMB9,640.1 million). Approximately RMB5,699.3 million of current and non-current borrowings is repayable within 1 year, approximately RMB9,737.9 of current and non-current borrowings is repayable after 1 year but within 5 years and approximately RMB832.0 million of current and non-current borrowings is repayable after 5 years. For the first half of 2013, our net debt-to-equity ratio increased from 57.1% as at the end of 2012 to 128.2%. Net debt-to-equity ratio equals net debt divided by total equity as at the end of the period and multiplying by 100%. Net debt is calculated as total borrowings less cash and cash equivalents. If net debt is calculated as total borrowing less cash and cash equivalents and restricted cash, net debt-to-equity ratio would be 99.6%. Our net debt-to-equity ratio increased primarily due to the increase in net debt resulted from the increase in financing and the increase in operating cash outflow.

The Group successfully issued a tranche of five-year USD200 million senior notes at a reasonable interest rate (10.25%) in January 2013, and a tranche of three-year RMB1.5 billion senior notes at a reasonable interest rate (9.75%) in April 2013. The issuance of the above-mentioned notes has not only ensured the healthy and stable cash flow of the Company in the future, but also increased the proportion of our long-term borrowings in the total borrowings from 47% as at the end of 2012 to 65%, which further optimized the borrowing structure. The Directors believed that the constant optimisation of our debt level and financial structure had laid a solid foundation for the Group to weather market volatility and diminish financial risks.

Contingent Liabilities

Pursuant to the mortgage contracts, banks require us to guarantee our purchasers' mortgage loans. Guarantees for mortgages on pre-sold residential properties are generally discharged at the earlier of: (i) the issue of the real estate ownership certificate by government authorities to the purchaser; or (ii) the satisfaction of mortgage loans by the purchasers of the properties. If a purchaser defaults on a mortgage loan, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the mortgage.

As at 30 June 2013, our material contingent liabilities in respect of the guarantees given to financial institutions for mortgage loan facilities granted to purchasers of our properties amounted to approximately RMB5,152.1 million (as at 31 December 2012: approximately RMB3,993.7 million). In light of the minimal historical default rates of such mortgage loans facilities, the Directors considered that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

There are certain corporate guarantees provided by our subsidiaries for each other in respect of borrowings as at 30 June 2013. Our Directors consider that the subsidiaries are sufficiently financially resourced to settle their obligations.

Save as disclosed in this interim results announcement, we had no other material contingent liabilities as at 30 June 2013.

Available-For-Sale Financial Assets

For the first half of 2013, the fair value of our available-for-sale financial assets increased by 8.3% to RMB196.2 million from RMB181.2 million as at 31 December 2012.

The increase is mainly attributable to the acquisition of available-for-sale financial assets of RMB15 million. There had been no significant change in the fair value of the Group's available-for-sale financial assets as at 30 June 2013 from the acquisition cost.

Foreign Exchange Risk

As at 30 June 2013, the Group had cash balances denominated in RMB of RMB7,374.3 million, in Hong Kong dollars of RMB578.5 million and in U.S. dollars of RMB14.8 million. Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of U.S. dollar and Hong Kong dollar against RMB as a result of certain cash and the settlement of certain of the general and administrative expenses and other loans in Hong Kong dollars or U.S. dollars.

In January 2013, we issued the five-year USD200 million senior notes at an interest rate of 10.25%, to secure healthy and sound cash flow for the Group in the future. Therefore, we became exposed to foreign currency risk arising from the exposure of RMB against U.S. Dollars.

In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. We do not have a foreign currency hedging policy. However, the Directors monitor our foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

Material Acquisition and Disposal

For the first half of 2013, we did not have any material acquisitions or disposals of subsidiaries, associates or assets save as disclosed in this results announcement.

Future Plans for Material Investment or Capital Assets

The Directors confirmed that as at the date of this results announcement, there are no current plans to acquire any material investment or capital assets other than in the Group's ordinary business of property development.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2013 to the shareholders.

EMPLOYEES AND COMPENSATION POLICY

For the first half of 2013, we had 4,214 full-time employees in the PRC and Hong Kong, of which 1,272 worked in the property development operations and 2,942 were engaged in property investment, branded customer service, property management and other operations. We determine the remuneration package of all the employees (including the Directors) based on their performance, work experience and prevailing market wage level, and provide promotional opportunities for them with reference to their individual strengths and potentials. The remuneration package of the employees consists of basic salary, cash bonus and share-based payments. The Group recognised an expense in relation to share-based payments of RMB13.6 million for the six months ended 30 June 2013 (for the six months ended 30 June 2012: RMB23.1 million).

PURCHASE, SALE OR REDEMPTION OF ANY OF THE COMPANY'S LISTED SECURITIES

For the six months ended 30 June 2013, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Company's shares that were listed on the Stock Exchange on 29 November 2012 (after deducting underwriting fees and related expenses) amounted to approximately RMB1,603.8 million. During the six months ended 30 June 2013, such net proceeds were applied in the manner consistent with that in the Company's prospectus dated 19 November 2012.

CORPORATE GOVERNANCE PRACTICES

For the six months ended 30 June 2013, the Company has adopted, applied and complied with the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**"). Under the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and performed by different individuals. Under the current organization structure of the Company, Mr. Wang is the chairman of the Board and the chief executive officer. With extensive experience in the property industry, the Board considered that vesting the roles of chairman and chief executive officer in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals. The Board currently comprises five executive Directors, one non-executive Director and three independent non-executive Directors and therefore has a fairly strong independence element in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the Code for the six months ended 30 June 2013. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions.

Having made specific enquiries with all Directors, each of the Directors has confirmed that he/she has complied with the Model Code throughout the six months ended 30 June 2013.

AUDIT COMMITTEE

The audit committee of the Company, comprised of all the independent non-executive Directors, has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited interim results for the six months ended 30 June 2013 of the Group.

By order of the Board
Future Land Development Holdings Limited
WANG Zhenhua
Chairman

PRC, 15 August 2013

As at the date of this announcement, our Directors are Mr. Wang Zhenhua, Mr. Min Yuansong, Mr. Liu Yuanman, Mr. Tan Weimin and Madam Huang Maoli as executive Directors, Mr. Lv Xiaoping as non-executive Director and Mr. Chen Huakang, Madam Nie Meisheng and Mr. Zhu Zengjin as independent non-executive Directors.