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 2014

INTERIM RESULTS HIGHLIGHTS

– Achieved contracted sales of RMB9,711.4 million with corresponding GFA of approximately 1,029,369.0 sq.m., representing a period-on-period increase of 27.6% and 19.1%, respectively;

– Revenue was RMB4,053.9 million;

– Gross profit was RMB939.5 million;

– Net profit for the six months ended 30 June 2014 was RMB250.7 million, of which RMB116.0 million was attributable to the equity holders of the Company, representing a period-on-period increase of 35.6%;

– Core earnings* were RMB223.1 million, of which RMB95.2 million was attributable to the equity holders of the Company, representing a period-on-period increase of 11.9%;

– Cash at bank and on hand (cash and cash equivalents, restricted cash) was RMB5,648.8 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 2014 (or the "**Reporting Period**"), together with comparative figures for the corresponding period in 2013, 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 2014

	Note	Six months ended 30 June 2014 RMB'000 Unaudited	2013 RMB'000 Unaudited
Revenue		**4,053,880**	5,025,657
Cost of sales	9	**(3,114,362)**	(3,894,723)
Gross profit		**939,518**	1,130,934
Fair value gains on investment properties		**36,892**	600
Selling and marketing costs	9	**(186,686)**	(130,309)
Administrative expenses	9	**(341,717)**	(302,153)
Other income		**32,570**	10,167
Other expenses		**(2,135)**	(2,939)
Other gains – net		**3,361**	4,490
Operating profit		**481,803**	710,790
Finance costs – net	10	**(73,798)**	(186,438)
Share of results of an associated company		**(7,081)**	(2,390)
Share of results of a joint venture		**(684)**	–
Profit before income tax		**400,240**	521,962
Income tax expense	11	**(149,509)**	(249,761)
Profit for the period		**250,731**	272,201
Attributable to:			
Equity holders of the Company		**115,975**	85,519
Non-controlling interests		**134,756**	186,682
		250,731	272,201
Earnings per Share for profit attributable to equity holders of the Company			
– Basic and diluted	13	**RMB0.02**	RMB0.02
Dividends	12	**–**	–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Profit for the period	**250,731**	272,201
Other comprehensive income	**–**	–
Total comprehensive income for the period	**250,731**	272,201
Attributable to:		
Equity holders of the Company	**115,975**	85,519
Non-controlling interests	**134,756**	186,682
	250,731	272,201

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	**As at 30 June 2014** *RMB'000* **Unaudited**	As at 31 December 2013 *RMB'000* Audited
ASSETS			
Non-current assets			
Property, plant and equipment		**121,415**	116,009
Investment properties		**3,602,200**	3,307,000
Intangible assets		**9,583**	9,836
Investments in associates		**36,387**	43,468
Investment in a joint venture		**59,316**	10,000
Deferred income tax assets		**422,489**	499,738
Available-for-sale financial assets		**236,187**	221,187
Land use rights		**367,248**	367,248
Other receivables	*5*	**87,294**	198,538
		4,942,119	4,773,024
Current assets			
Prepayments for leasehold land		**4,573,778**	3,285,498
Properties held or under development for sale		**34,015,940**	28,728,964
Trade and other receivables and prepayments	*5*	**2,289,963**	2,112,831
Restricted cash		**1,573,587**	886,180
Cash and cash equivalents		**4,075,197**	7,411,713
		46,528,465	42,425,186
Total assets		**51,470,584**	47,198,210
OWNERS' EQUITY			
Capital and reserves attributable to equity holders of the Company			
Issued and fully paid capital	*6*	**4,617**	4,617
Reserves		**6,558,720**	6,717,031
		6,563,337	6,721,648
Non-controlling interests		**4,023,554**	3,876,311
Total equity		**10,586,891**	10,597,959

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 30 June 2014

	Note	**As at 30 June 2014** *RMB'000* **Unaudited**	As at 31 December 2013 *RMB'000* Audited
LIABILITIES			
Non-current liabilities			
Borrowings	*7*	**9,960,162**	11,715,075
Deferred income tax liabilities		**485,487**	432,922
		10,445,649	12,147,997
Current liabilities			
Trade and other payables	*8*	**9,477,401**	10,368,476
Advances from pre-sale of properties		**15,539,751**	10,235,042
Current income tax liabilities		**857,965**	1,673,306
Borrowings	*7*	**4,381,741**	2,174,501
Dividends payable		**181,186**	929
		30,438,044	24,452,254
Total liabilities		**40,883,693**	36,600,251
Total equity and liabilities		**51,470,584**	47,198,210
Net current assets		**16,090,421**	17,972,932
Total assets less current liabilities		**21,032,540**	22,745,956

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**") on 29 November 2012 (the "**Listing**").

The 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 18 August 2014.

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 2014 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 Accountants ("**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 2013, 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 2013.

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

New amendments and interpretation adopted by the Group in 2014

- HKAS 36 (Amendment) "Impairment of Assets" on recoverable amount disclosures
- HK(IFRIC) 21 "Levies"
- Amendment to HKAS 32 "Financial Instruments: Presentation" on financial asset and liability offsetting
- Amendments to HKFRS 10, 12 and HKAS 27 "Consolidation for Investment Entities"
- Amendment to HKAS 39 "Financial Instruments: Recognition and Measurement" on novation of derivatives

The adoption of the above new amendments and interpretation starting from 1 January 2014 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 2014.

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 2014.

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 are 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 2014 (Unaudited)		
	B share company	Non-B share companies	Total segment	Elimination	Total Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	**3,335,804**	**722,304**	**4,058,108**	**(4,228)**	**4,053,880**
Segment profit/(loss) before fair value gains on investment properties and income tax expense	**468,217**	**(8,283)**	**459,934**	**(96,586)**	**363,348**
Finance income	**28,406**	**26,246**	**54,652**	**–**	**54,652**
Finance costs	**(13,117)**	**(115,333)**	**(128,450)**	**–**	**(128,450)**
Depreciation and amortisation	**(6,823)**	**(6,379)**	**(13,202)**	**–**	**(13,202)**
Share of results of an associated company	**(7,081)**	**–**	**(7,081)**	**–**	**(7,081)**
Share of results of a joint venture	**(684)**	**–**	**(684)**	**–**	**(684)**

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	**363,348**
Fair value gains on investment properties	**36,892**
Income tax expense	**(149,509)**
Profit for the period	**250,731**

			As at 30 June 2014 (Unaudited)		
Segment assets	**36,746,890**	**14,843,389**	**51,590,279**	**(119,695)**	**51,470,584**
Segment assets include:					
Investments in associates	**36,387**	**–**	**36,387**	**–**	**36,387**
Investment in a joint venture	**59,316**	**–**	**59,316**	**–**	**59,316**
Additions to non-current assets (other than financial instruments and deferred tax assets)	**5,606**	**271,573**	**277,179**	**–**	**277,179**
Segment liabilities	**29,654,825**	**11,348,563**	**41,003,388**	**(119,695)**	**40,883,693**

			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 31 December 2013 (Audited)		
Segment assets	33,886,077	13,334,828	47,220,905	(22,695)	47,198,210
Segment assets include:					
Investments in associates	43,468	–	43,468	–	43,468
Investment in a joint venture	10,000	–	10,000	–	10,000
Additions to non-current assets (other than financial instruments and deferred tax assets)	29,933	173,046	202,979	–	202,979
Segment liabilities	27,005,135	9,617,811	36,622,946	(22,695)	36,600,251

5 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2014 *RMB'000* **(Unaudited)**	As at 31 December 2013 *RMB'000* (Audited)
Trade receivables	**7,624**	2,250
Notes receivable	**4,280**	4,400
Total trade receivables	**11,904**	6,650
Less: Provision for impairment of receivables	**–**	–
Trade receivables – net	**11,904**	6,650
Prepaid business tax and surcharges (a)	**862,793**	567,828
Prepaid income tax and land appreciation tax (a)	**551,977**	382,333
Receivable from a related party	**342,565**	362,565
Tender deposits (b)	**–**	276,420
Prepayments for construction costs	**137,261**	157,406
Deposit for trust financing arrangements (c)	**–**	125,000
Deposits with public housing fund centres (d)	**148,870**	122,920
Deposits for timely project construction (e)	**103,350**	101,125
Deposits for property maintenance (f)	**87,294**	73,538
Receivable in connection with the disposal of a subsidiary	**–**	35,156
Interest receivable	**8,320**	2,206
Others	**122,923**	98,222
	2,377,257	2,311,369
Less: Non-current portion of other receivables (c, f)	**(87,294)**	(198,538)
Current portion	**2,289,963**	2,112,831

Trade receivables are mainly arisen from sales of properties and leases of investment properties. Proceeds in respect of properties sold are normally received within three months after signing of related sales and purchase agreements, and rentals in respect of leased properties are generally received in advance.

(a) 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.

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

(c) The Group deposited RMB125,000,000 with Jiangsu International Trust Co., Ltd. for revolving trust financing to its subsidiaries. As at 31 December 2013, the subsidiaries had repaid all the trust financing to Jiangsu International Trust Co., Ltd. and the deposit was recorded as other receivable. As at 30 June 2014, the deposit was eliminated with new trust financing to subsidiaries of the Group. Such deposit will be refunded in 2015.

(d) 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.

(e) This balance represents the deposits for timely project construction, which will be subsequently received in the course of construction and are expected to be recovered in the next 12 months.

(f) This balance represents the deposits for property maintenance after first delivery of the relevant properties, which will be subsequently recovered in ten years thereafter.

The aging of trade receivables and notes receivable as at 30 June 2014 and 31 December 2013 are all less than 1 year.

6 SHARE CAPITAL

(a) Authorised shares

	Number of authorised shares *Hong Kong Dollars ("HKD") share*
As at 1 January 2013, 30 June 2013, 1 January 2014 and 30 June 2014 (Unaudited)	10,000,000,000

(b) Issued shares

	Number of issued shares *HKD0.001 each*	Ordinary shares *RMB*
As at 1 January 2013, 30 June 2013, 1 January 2014 and 30 June 2014 (Unaudited)	5,668,000,000	4,617,069

7 BORROWINGS

	As at 30 June 2014 ***RMB'000*** **(Unaudited)**	As at 31 December 2013 *RMB'000* (Audited)
Non-current, secured and borrowed from:		
– Banks (a)	**9,471,920**	10,179,459
– Senior notes due January 2018 ("**2018 Notes**") (c (i))	**1,203,093**	1,189,147
– Senior notes due April 2016 ("**2016 Notes**") (c (ii))	**1,482,289**	1,477,928
Non-current, unsecured and borrowed from a bank	**400,000**	400,000
	12,557,302	13,246,534
Less: Current portion of long-term borrowings	**(2,597,140)**	(1,531,459)
	9,960,162	11,715,075
Current, secured and borrowed from:		
– Banks (a)	**909,601**	643,042
– Trust financing arrangements		
– conventional loans (b)	**375,000**	–
Current, unsecured and borrowed from a bank	**500,000**	–
Current portion of long-term borrowings	**2,597,140**	1,531,459
	4,381,741	2,174,501

(a) These bank borrowings of the Group are secured by leasehold land to be developed, properties under development, properties held for sale, investment properties, land use rights, property, plant and equipment, 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 a trust financing company. As at 30 June 2014, such borrowings under trust financing arrangements are guaranteed by the B share company, while as at 31 December 2013, such borrowings 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 United States Dollars ("**USD**") 200,000,000 ("**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 31 December 2013 and 30 June 2014.

8 TRADE AND OTHER PAYABLES

	As at 30 June 2014 *RMB'000* **(Unaudited)**	As at 31 December 2013 *RMB'000* (Audited)
Trade payables	**7,632,764**	8,276,829
Notes payable	**498,736**	659,238
Payables to related parties	**100,000**	50,000
Advance from a non-controlling shareholder of a subsidiary (a)	**555,580**	555,580
Business and other taxes payables	**147,463**	233,539
Maintenance & decoration fees collected on behalf	**122,180**	152,591
Deed tax collected on behalf	**123,248**	105,364
Accrued payroll	**32,742**	127,136
Interest payable	**138,190**	118,392
Temporary funding payables (b)	**18,000**	18,000
Others	**108,498**	71,807
	9,477,401	10,368,476

(a) The advance is non-interest bearing, unsecured and has no fixed repayment terms. However the advance has repayment priority over any advances from other shareholders of the subsidiary, including those from the Group, and other borrowings (except for bank borrowings) to the subsidiary.

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

As at 30 June 2014 and 31 December 2013, the aging of the majority of trade payables and notes payable are less than one year.

9 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Land use rights costs	**978,196**	1,145,520
Construction costs	**1,624,433**	2,176,840
Capitalised interest	**138,615**	192,223
Business tax and surcharges (a)	**229,670**	276,659
Accrual/(reversal) of provision for properties held for sale	**49,037**	(5,299)
Depreciation of property, plant and equipment	**11,465**	12,808
Amortisation of intangible assets	**1,737**	1,052
Bank charges	**15,024**	9,160
Staff costs	**302,545**	236,992
Entertainment expenses	**31,314**	34,276
Stamp duty and other taxes	**16,862**	23,792
Professional fees	**3,970**	69
Auditors' remuneration	**1,200**	2,400
Sales commission	**31,261**	38,541
Advertising and publicity costs	**75,464**	77,447
Rental expenses	**20,197**	18,405
Travelling expenses	**17,533**	10,798
Other expenses	**94,242**	75,502
Total cost of sales, selling and marketing costs and administrative expenses	**3,642,765**	4,327,185

(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	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance costs		
– Interest on bank loans, senior notes, trust financing arrangements and borrowings from other financial institutions	**(595,104)**	(571,237)
– Less: Interest capitalised	**489,346**	324,695
	(105,758)	(246,542)
– Net foreign exchange losses relating to borrowings	**(21,359)**	–
– Net foreign exchange losses on cash and cash equivalents	**(1,333)**	–
Total finance costs	**(128,450)**	(246,542)
Finance income		
– Interest income on bank deposits	**54,652**	60,104
Net finance costs	**(73,798)**	(186,438)

11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
– PRC land appreciation tax	**46,751**	130,769
– PRC corporate income tax	**(27,056)**	141,438
	19,695	272,207
Deferred income tax	**129,814**	(22,446)
Total income tax charged for the period	**149,509**	249,761

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 2014 (Six months ended 30 June 2013: 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 2014, the Group accrued for PRC withholding tax with amount of RMB1,569,000 (Six months ended 30 June 2013: RMB952,000) 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 2014 (Six months ended 30 June 2013: Nil).

A final dividend in respect of 2013 of RMB0.05 per ordinary share, amounting to RMB283,400,000, has been approved at the annual general meeting of the Company held on 21 May 2014. The dividend not yet paid out by the Company as at 30 June 2014 was approximately RMB180,257,000, which was paid out subsequently.

13 EARNINGS PER SHARE

Basic earnings per Share for the six months ended 30 June 2014 and 2013 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	
	2014	2013
	(Unaudited)	(Unaudited)
Consolidated profit attributable to equity holders of the Company *(RMB'000)*	**115,975**	85,519
Weighted average number of ordinary shares in issue *('000)*	**5,668,000**	5,668,000
Basic earnings per Share *(RMB)*	**0.02**	0.02

As there were no dilutive options and other dilutive potential shares in issue during the six months ended 30 June 2014 and 2013, diluted earnings per Share is the same as basic earnings per Share.

CHAIRMAN & CHIEF EXECUTIVE OFFICER'S STATEMENT

On behalf of the Group, I am pleased to present to our shareholders the unaudited interim results of the Group for the six months ended 30 June 2014.

Review of the First Half of 2014

For the first half of 2014, the Group achieved contracted sales of approximately RMB9,711.4 million, representing a period-on-period increase of 27.6%. Contracted sales area amounted to approximately 1,029,369.0 square metres ("sq.m."), representing a period-on-period increase of 19.1%. The Group achieved a revenue of approximately RMB4,053.9 million, representing a decrease of approximately 19.3% compared to the same period in 2013. The core earnings (excluding after-tax fair value gains on investment properties) attributable to shareholders amounted to approximately RMB95.2 million, representing an increase of approximately 11.9% compared to the same period in 2013.

During the first half of 2014, wide-spread pessimism permeated China's domestic real estate market, while bank credit tightened, trading volume stayed stagnant longer than expected and liquidity risk further increased. Faced with such challenges, the Group formulated the operation strategies of "Active trimming of inventories, prudent external investments and maintenance of healthy cashflow". As a result, the Group achieved an encouraging result of 40% of the annual contracted sales target of RMB24.0 billion against industry headwinds.

With respect to land bank, the Group, notwithstanding its efforts in ensuring healthy cashflow, seized the opportunities to acquire three quality sites in Nanjing, Shanghai and Hangzhou, which boosted our land bank by an additional gross floor area (the "**GFA**") of approximately 0.4822 million sq.m., further consolidated our leading position in the Yangtze River Delta. As at 30 June 2014, we had 93 real estate projects in 10 major cities in the PRC, of which 49 were under construction and/or held for future development. The Group has a land bank of a total GFA of approximately 13,935,032 sq.m., of which approximately 9,717,894 sq.m. is attributable to the Group's interests, which provides strong support for the Group's continuous development in the next four to five years.

With respect to the operation of mixed-use projects, the Group's marketing, operation and professional management teams have become more seasoned, well-established, and experienced. During the Reporting Period, Changzhou Injoy Plaza and Changzhou Injoy International Plaza continued to generate stable rental returns for the Group, and the Group has also achieved its goal to develop eight mixed-use projects across the five major cities nationwide.

In respect to financial management, the Group adheres to a prudent and stable financial policy, whereby the Group strictly controls financial costs, giving rise to a strong risk resistance capability. As at the end of June 2014, while maintaining a bb-rating from credit-rating institution Standard & Poor's, the Group also garnered a Ba3 rating from Moody, which is a strong testimonial of our operation capabilities, financial conditions and competitive advantages. In addition, the Group also put great emphasis on fully utilizing Hong Kong's international capital platform to explore diversified financing channels, improve liquidity and optimize funding structure. Subsequent to the successive issuance of USD and RMB senior notes in 2013, in July 2014, we further issued a tranche of USD350 million 10.25% senior notes due 2019. Jiangsu Future Land Co., Ltd. (江蘇新城地產股份有限公司)* ("**Jiangsu Future Land**"), a majority-owned subsidiary of the Company whose B-shares are listed on the Shanghai Stock Exchange (Stock Code: 900950), issued corporate bonds in a principal amount of RMB2,000 million. As at 30 June 2014, the Group had cash at bank and on hand (including restricted cash) of RMB5,648.8 million and unutilized bank facilities of RMB7,678.4 million.

In respect of social responsibility, the Group remained devoted to public welfare services and fulfilling our corporate social responsibility. During the Reporting Period, "Seven Color Program (七色光計劃)", the Group's public welfare brand, organized book donation. Its first education support program – "Seven Color Program – Mobile Libraries", donated over ten thousand books to underprivileged schools in provinces including Hunan, Jiangsu and Jiangxi, to help address the lack of reading-materials among children in poor rural and mountainous areas. Meanwhile, the Group has also established reading rooms for the schools covered by the support program so as to meet the reading needs of the targeted children.

Prospects and Outlook

Looking ahead to the second half of the year, it is expected that the market will enter into a period of adjustment with possible loosening of industry-related policies and the gradual thawing of the domestic real estate market. We are of the opinion that performance of real estate developers will further diverge where small and feeble ones will diminish while established developers are likely to record solid growth and capture more market shares.

As a leading real estate developer in the Yangtze River Delta region, the Group will uphold the development strategy of "high regional concentration, high turnover and product diversification". Accordingly, we will strengthen our operation and executive capabilities, and enhance product-development efficiency. We will continue to take note of any changes in customer needs and provide high value-add products so as to gain market share. Meanwhile, we will also maintain a stringent financial policy and a prudent cashflow management, to ensure reasonable cash collection. We believe that, in a volatile market environment, these operation strategies will enable the Group to maintain its competitiveness and mitigate risks, thereby ensuring the Group's sustainable growth.

Appreciation

From the Group's establishment till now, our persistently steady growth is attributable to the enormous support from the relevant parties and invaluable contributions of our staff. On behalf of the Board, I would like to take this opportunity to express our wholehearted gratitude to our staff, shareholders, investors, business partners and suppliers for their steadfast support. Bearing in mind the motto of "Hearty Dedication Just For You (以心致誠，因你而真)", we are going to create higher values and returns for investors and shareholders.

* *Denotes English translation of the name of a Chinese company or entity or vice versa and is provided for identification purpose only.*

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Overview

Total contracted sales of the Group for the first half of 2014 were approximately RMB9,711.4 million, representing an increase of 27.6% as compared to the corresponding period of 2013. Revenue decreased by 19.3% to approximately RMB4,053.9 million from the corresponding period in 2013. The core earnings attributable to the equity holders of the Company were approximately RMB95.2 million, representing an increase of 11.9% as compared to the same period of last year.

Business Review

Property Development

The contracted sales of the Group for the first half of 2014 amounted to approximately RMB9,711.4 million. Total GFA sold (including areas of car parks sold) was approximately 1,029,369.0 sq.m., representing an increase of 19.1% as compared to the corresponding period of last year. Contracted sales (excluding carparks) were evenly distributed geographically, with contracted sales in Shanghai, Changzhou, Suzhou and Nanjing amounting to approximately, RMB2,508.69 million, RMB2,176.86 million, RMB1,991.05 million and RMB1,682.53 million, respectively, representing 26.24%, 22.77%, 20.83% and 17.60% of the Group's total contracted sales, respectively.

Table 1: Details of the Group's contracted sales in the first half of 2014

The following table sets out the geographic breakdown of the Group's contracted sales in the first half of 2014:

Project/Properties	**Contracted GFA sold in the first half of 2014** *(sq.m.)*	**Contracted sales in the first half of 2014** *(RMB million)*	**Average price** *(RMB/sq.m.)*
Changzhou			
Fragrant Legend	65,162.75	423.20	6,494.48
Future France	52,135.12	284.16	5,450.40
Future Success	38,728.67	284.45	7,344.59
In Spring Live	33,084.84	216.71	6,550.01
Future Land Emporium	24,581.02	244.71	9,955.13
Future Consequence	18,871.25	160.69	8,515.05
YOHO City	12,312.64	62.19	5,050.77
Future Capital	11,136.91	118.96	10,681.30
Injoy Plaza	10,845.87	87.30	8,049.18
Future Royal Bay	9,855.17	81.93	8,312.92
Future Land Southern Metropolis	7,423.23	114.49	15,423.60
Injoy International Plaza	5,607.25	77.16	13,761.34
New City Residence	2,356.15	13.45	5,708.47
Other Projects	1,126.17	7.48	6,644.85
Changzhou sub-total	**293,227.04**	**2,176.86**	**7,423.82**
Shanghai			
Fragrant Legend	47,821.67	836.59	17,494.00
Bright Green Land	35,711.84	555.79	15,563.15
Garden House	22,142.02	394.68	17,825.00
Gorgeous Mansion	9,679.30	337.93	34,912.23
Petrus Hacienda	4,786.07	188.87	39,463.18
YOHO City	3,110.34	48.17	15,487.21
Park View Ivy	2,990.24	46.14	15,429.27
Exalted Uptown	2,663.87	55.09	20,681.77
Legend Mansion	2,037.93	36.83	18,072.07
Park View International Community*	227.56	8.60	37,800.00
Shanghai sub-total	**131,170.84**	**2,508.69**	**19,125.40**
Nanjing			
Future France	89,182.33	850.54	9,537.05
Longwan Garden	49,954.94	832.00	16,654.98
Nanjing sub-total	**139,137.27**	**1,682.53**	**12,092.62**

Project/Properties	Contracted GFA sold in the first half of 2014 *(sq.m.)*	Contracted sales in the first half of 2014 *(RMB million)*	Average price *(RMB/sq.m.)*
Suzhou			
Future Mangrove Bay	57,443.99	488.35	8,501.26
Future France	42,136.89	302.62	7,181.92
Legend Mansion	41,374.26	440.08	10,636.48
Wujiang Injoy Plaza	39,046.63	341.87	8,755.53
Fragrant Legend	25,850.27	257.01	9,942.30
Zhangjiagang Injoy Plaza	16,505.83	149.04	9,029.79
Future Land Golden County	1,189.25	12.07	10,149.73
Suzhou sub-total	**223,547.12**	**1,991.05**	**8,906.61**
Wuxi			
Future France	41,965.54	323.43	7,707.06
Up Town	18,912.50	123.38	6,523.81
Other Projects	1,087.46	7.86	7,228.12
Wuxi sub-total	**61,965.50**	**454.67**	**7,337.51**
Wuhan			
In Spring Live	47,012.26	368.02	7,828.17
Wuhan sub-total	**47,012.26**	**368.02**	**7,828.17**
Changsha			
Future Land International Metropolis	35,400.40	180.96	5,111.90
Changsha sub-total	**35,400.40**	**180.96**	**5,111.90**
Zhenjiang			
Zhenjiang Future Land Exalted Uptown	19,799.25	118.22	5,970.86
Zhenjiang sub-total	**19,799.25**	**118.22**	**5,970.86**
Hangzhou			
Wispering Hills	12,497.99	77.88	6,231.40
Hangzhou sub-total	**12,497.99**	**77.88**	**6,231.40**
Car parks	**65,611.28**	**152.48**	
Total	**1,029,368.95**	**9,711.37**	

* Park View International Community Includes Park View International Community A and Park View International Community B.

As at 30 June 2014, the Group had contracted sales of RMB 18,918 million with a total GFA of 1,956,812 sq.m. for properties which had not been delivered to purchasers. This lays a solid foundation for the continuous and steady growth in the Group's future revenue.

Land Bank

In the first six months of 2014, the total land bank of the Group was approximately 13,935,032 sq.m., of which approximately 9,717,894 sq.m. was attributable to the Group's interests. The average acquisition cost of our land bank was approximately RMB1,972 per 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**	**Percentage of the Group's total GFA**	**GFA attributable to the Group's interests**	**Percentage of GFA attributable to the Group's interests**
	(sq.m.)	*(%)*	*(sq.m.)*	*(%)*
Changzhou	5,057,505	36.29%	3,735,252	38.44%
Shanghai	1,415,584	10.16%	697,761	7.18%
Nanjing	1,398,908	10.04%	769,679	7.92%
Wuxi	473,793	3.40%	293,777	3.02%
Suzhou	2,830,039	20.31%	1,939,013	19.95%
Changsha	1,085,695	7.79%	1,054,753	10.85%
Wuhan	33,038	0.24%	32,096	0.33%
Hangzhou	310,931	2.23%	177,790	1.83%
Zhenjiang	772,812	5.55%	772,812	7.95%
Nantong	556,728	4.00%	244,960	2.52%
Total	**13,935,032**	**100.00%**	**9,717,894**	**100.00%**

In the first half of 2014, the Group acquired a total of three new projects to replenish its land bank, all of which were acquired through government public tender, auction, listing-for-sale acquisition or equity acquisition. The Group acquired approximately 482,222 sq.m. (excluding underground floor area) of land to replenish its land bank whilst the average acquisition cost was approximately RMB8,022.18 per sq.m.

Table 3: Land acquisition in the first half of 2014

Project/Land parcel	Land use	Attributable interest	Site area *(sq.m.)*	Total GFA *(excluding underground floor area) (sq.m.)*	Land premium *(RMB million)*
Nanjing					
Xianlin Lake 2014G07 Land Parcel	Residential	55.02%	147,521	368,802	3,000
Shanghai					
Jiading C2-6 Land Parcel	Residential	55.02%	25,209	63,023	466
Hangzhou					
Yuhang Yuzheng Chuchu (2014) 5 Land Parcel	Residential	57.18%	33,598	50,397	403.2
Total				**482,222**	**3,869**

Property Delivery and Revenue from Sale of Properties

The revenue of the Group's property development business for the first half of 2014 was approximately RMB3,795.7 million, representing a decrease of 21.4% as compared to the same period of last year. Properties with total GFA of approximately 454,989.9 sq.m. were delivered during the first six months of 2014, representing a decrease of 16.21% as compared to the same period of last year. Average selling price of properties delivered and recognized as sales for the first half of 2014 was approximately RMB8,342.3 per sq.m.

Table 4: Breakdown of property development revenue by projects in the first half of 2014

The following table sets forth the revenue information relating to the properties the Group delivered for sale during the first half of 2014:

Project/Properties	**City**	**Revenue** *(RMB million)*	**GFA** *(sq.m.)*	**Average selling price** *(RMB/sq.m.)*
Changzhou Future Consequence	Changzhou	693.5	92,423	7,504
Shanghai Petrus Hacienda	Shanghai	491.8	23,371	21,043
Nanjing Future France	Nanjing	289.4	32,009	9,040
Wuhan In Spring Live	Wuhan	260.8	32,424	8,043
Changzhou Future France	Changzhou	258.6	39,526	6,543
Wuxi Up Town	Wuxi	212.0	30,512	6,948
Changzhou Fragrant Legend	Changzhou	189.5	25,668	7,384
Changsha International Metropolis	Changsha	169.8	41,181	4,124
Shanghai YOHO City	Shanghai	144.8	10,762	13,456
Shanghai Legend Mansion	Shanghai	137.1	7,526	18,222
Changzhou Future Capital	Changzhou	135.2	12,707	10,638
Park View International Community	Shanghai	110.3	18,307	6,024
Suzhou Fragrant Legend	Suzhou	102.0	9,960	10,236
Future Land Southern Metropolis	Changzhou	72.7	13,839	5,251
Injoy International Plaza	Changzhou	66.3	4,781	13,860
Other Projects		461.9	59,994	7,700
Total		**3,795.7**	**454,990**	**8,342**

Property Investment

With the completion of various investment properties, rental income from investment properties of the Group increased to approximately RMB41.45 million in the first half of 2014.

Table 5: Breakdown of rental income from investment properties of the Group in the first half of 2014

Project/Properties	**Rental income** **First half of 2014** *(RMB'000)*	First half of 2013 *(RMB'000)*
Injoy Plaza (吾悦廣場)	**23,581.0**	21,380.2
Injoy International Plaza (吾悦國際廣場)	**17,688.2**	17,656.0
Four Seasons Future Land Commercial Complexes (四季新城商鋪)	**185.0**	185.0
Total	**41,454.2**	39,221.2

Financial Review

Revenue

For the first half of 2014, the Group's revenue amounted to approximately RMB4,053.9 million, representing a decrease of 19.3% as compared to the corresponding period of last year. As a breakdown, income from sales of properties during the Reporting Period was approximately RMB3,795.7 million, representing a period-on-period decrease of 21.4%; income from property management and other income was approximately RMB202.5 million, representing an increase of 34.3% as compared to the same period last year; and rental income was approximately RMB55.7 million, representing an increase of 14.9% as compared to the corresponding period of last year.

Gross Profit

For the first half of 2014, as compared to the corresponding period of last year, the gross profit of the Group was approximately RMB939.5 million, representing a decrease of 16.9%. The gross profit margin was 23.2%, representing an increase of 0.7% as compared to the corresponding period of last year. The decrease in gross profit was mainly due to the decrease in revenue as the properties we delivered for the six months ended 30 June 2014 were less than those for the same period last year.

Selling and Marketing Costs

In the first half of 2014, selling and marketing costs of the Group increased to approximately RMB186.7 million from approximately RMB130.3 million for the same period in 2013, which was primarily attributable to the increase in the Company's marketing team building during the Reporting Period.

Administrative Expenses

For the first half of 2014, administrative expenses of the Group increased to approximately RMB341.7 million from approximately RMB302.2 million for the same period in 2013, which was mainly due to the increase in the Group's staff headcount and remuneration during the Reporting Period.

Finance Costs – Net

For the first half of 2014, finance costs decreased by approximately 60.4% to approximately RMB73.8 million from approximately RMB186.4 million for the same period of last year. The decrease in finance costs was mainly due to an increase in capitalized 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 2014 were approximately RMB102.8 million and approximately RMB46.8 million, respectively.

Financial Resources and Liquidity Ratios

As at 30 June 2014, the Group had cash and cash equivalents of approximately RMB4,075.2 million (As at 31 December 2013: approximately RMB7,411.7 million), and current and non-current borrowing of approximately RMB14,341.9 million (As at 31 December 2013: approximately RMB13,889.6 million). Approximately RMB4,381.7 million of current and non-current borrowings is repayable within one year, approximately RMB9,665.2 million of current and non-current borrowings is repayable after one year but within five years, and approximately RMB295.0 million of current and non-current borrowings is repayable after five years. As at 30 June 2014, our net debt-to-equity ratio increased from 52.8% as at the end of 2013 to 82.1%. Net debt-to-equity ratio equals net debt divided by total equity as at the end of the period and multiplied by 100%. Net debt was calculated as total borrowing less cash and cash equivalents and restricted cash. 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 US$200 million senior notes at a fixed interest rate (10.25%) in January 2013, a tranche of three-year RMB1.5 billion senior notes at a fixed interest rate (9.75%) in April 2013, and a tranche of five-year US$350 million senior notes at a fixed interest rate 10.25% in July 2014. In July 2014, Jiangsu Future Land also issued corporate bonds in a principal amount of RMB2.0 billion. The issuance of the above-mentioned notes has not only ensured the healthy and stable cash flow of the Group in the future, but also further optimized the borrowing structure of the Group. 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 the Group to guarantee its 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 for repaying 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 typically starts from the date of grant of the mortgage.

As at 30 June 2014, the Group's contingent liabilities in respect of the guarantees given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties amounted to approximately RMB5,330.0 million (As at 31 December 2013: approximately RMB2,980.7 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 the Company's subsidiaries for each other in respect of borrowings as at 30 June 2014. The Directors consider that the subsidiaries are sufficiently financially resourced to settle their obligations.

Save as disclosed in this interim results announcement, the Group had no other material contingent liabilities as at 30 June 2014.

Available-For-Sale Financial Assets

As at 30 June 2014, the fair value of the Group's available-for-sale financial assets increased by 6.8% to approximately RMB236.2 million from approximately RMB221.2 million as at 31 December 2013. The increase is mainly attributable to the addition of cost of available-for-sale financial assets of approximately 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 2014 from the acquisition cost.

Foreign Exchange Risk

As at 30 June 2014, the Group had cash at bank and on hand denominated in Renminbi of approximately RMB5,554.5 million, in Hong Kong dollars of RMB38.5 million and in U.S. dollars of approximately RMB55.8 million.

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. The Group is exposed to foreign currency risk arising from the exposure of U.S. dollars and Hong Kong dollars against Renminbi as a result of certain cash and the settlement of certain general and administrative expenses and other loans in U.S. dollars or Hong Kong dollars .

In January 2013 and July 2014, the Company issued US$200 million and US$350 million senior notes respectively through the international capital market both at a fixed interest rate of 10.25% with a tenor of five years to secure healthy and sound cash flow for the Group in the future. As a result of the issuance of these senior notes, the Group became exposed to foreign currency risk arising from the exposure of Renminbi against U.S. dollars.

In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government.

The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's 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

On 10 April 2014, the Company's subsidiary, Shanghai Future Land Chuangyu Real Estate Co., Ltd., acquired the land use right of a land parcel (C2-6) located on the west side of Huyi Highway and north side of Huicheng South Road, Jiading Industrial District, Jiading District, Shanghai, the PRC, through equity acquisition. The land parcel, with a planned plot ratio not more than 2.5, has a transferred land area of 25,209.2 sq.m., for which the total consideration amounted to RMB466 million. The nature of the land is for residential and commercial use. For further details, please refer to the announcement published by the Company on 5 May 2014.

During the six months ended 30 June 2014, the Group did not have any material acquisitions or disposals of subsidiaries, associates or assets save as disclosed in this interim results announcement.

Future Plans for Material Investment or Capital Assets

The Directors confirmed that as at the date of this interim 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.

EMPLOYEES AND COMPENSATION POLICY

As at 30 June 2014, the Group had 5,320 full-time employees in the PRC and Hong Kong. 1,971 of these employees worked in the property development operations, 363 are engaged in management of commercial complexes and 2,986 are engaged in property management, branded customer services and other related operations.

The Group determines the remuneration packages of all the employees (including the Directors) based on their performance, work experience and the 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 has established performance appraisal system so as to evaluate the performance of its employees on an annual basis and use the evaluation results to determine their salary increment or promotion accordingly. The Group recognized an expense in relation to share-based payments of approximately RMB9.1 million for the six months ended 30 June 2014 (Six months ended 30 June 2013: approximately RMB13.6 million).

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2014 to the shareholders of the Company (the "**Shareholders**").

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the initial public offering of the Company's shares on the Stock Exchange on 29 November 2012 (after deducting underwriting fees and related expenses) amounted to approximately HK$1,975.8 million. During the six months ended 30 June 2014, such net proceeds were applied in the manner consistent with that set out in the Company's prospectus dated 19 November 2012.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the current organization structure of the Company, Mr. WANG Zhenhua is the Chairman of the Board and the Chief Executive Officer. With extensive experience in the property industry, the Board considers 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 comprise experienced and high caliber individuals. The Board currently comprises four executive Directors, two non-executive Directors 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 CG Code for the six months ended 30 June 2014. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the six months ended 30 June 2014.

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

For the six months ended 30 June 2014, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company, comprising all the independent non-executive Directors, has reviewed with the management the accounting principles and policies adopted by the Group and the unaudited interim results of the Group for the six months ended 30 June 2014.

PUBLICATION OF THE INTERIM RESULTS AND 2014 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.futureholdings.com.cn), and the 2014 interim report containing all the information required under the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

PRC, 18 August 2014

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