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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)

PROPOSED ISSUANCE OF SENIOR NOTES

The Company proposes to issue U.S. dollar denominated senior notes. The Notes will be guaranteed by the Subsidiary Guarantors. Merrill Lynch International will be the sole global coordinator, Merrill Lynch International, Deutsche Bank, UBS and Haitong International will be the joint bookrunners and joint lead managers for the Proposed Notes Issue. As at the date hereof, the amount, terms and conditions of the Proposed Notes Issue have yet to be determined. The Company currently intends to use the proceeds of the Notes to repay certain existing loans, fund the acquisition of land for residential and commercial property development and for general corporate purposes. The Company may adjust its acquisition and development plans in response to changing market conditions and circumstances and, thus, may reallocate the use of proceeds from the Proposed Notes Issue.

In connection with the Proposed Notes Issue, the Company will provide certain qualified institutional investors with recent corporate and financial information regarding the Company, including the financial results of the Company for the nine months ended 30 September 2012 which have not previously been made public.

An extract of such recent information is attached to this announcement, and can be viewed at the Company's website www.futureholdings.com.cn at approximately the same time when such information is released to the institutional investors.

Completion of the Proposed Notes Issue is subject to market conditions and investors' interests.

The Notes will only be offered (i) to qualified institutional buyers in reliance on Rule 144A of the Securities Act or in transaction not subject to registration requirements of the Securities Act, and (ii) outside the United States to non-U.S. Persons (as defined in Regulation S under the Securities Act) in compliance with Regulation S under the Securities Act.

Approval-in-principle has been received for the listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes. No listing of the Notes has been sought in Hong Kong or any other securities exchange.

As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not materialize. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcements in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement be signed.

THE PROPOSED NOTES ISSUE

Introduction

The Company proposes to issue U.S. dollar denominated senior notes. Merrill Lynch International will be the sole global coordinator. Merrill Lynch International, Deutsche Bank, UBS and Haitong International will be the joint bookrunners and joint lead managers for the Proposed Notes Issue. The Notes, if issued, will have to be repayable at maturity, unless earlier redeemed or repurchased pursuant to their terms. As at the date hereof, the amount, terms and conditions of the Proposed Notes Issue have yet to be determined. Upon finalization of the terms of the Notes, Merrill Lynch International, Deutsche Bank, UBS, Haitong International and the Company, among others, will enter into the Purchase Agreement, pursuant to which Merrill Lynch International, Deutsche Bank, UBS and Haitong International will be the initial purchasers of the Notes. Further announcement(s) in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement be signed.

In connection with the Proposed Notes Issue, the Company will provide certain institutional investors with recent corporate and financial information regarding the Company, including the financial results of the Company for the nine months ended 30 September 2012 which have not previously been made public.

An extract of such recent information is attached to this announcement, and can be viewed at the Company's website www.futureholdings.com.cn at approximately the same time when such information is released to the institutional investors.

Completion of the Proposed Notes Issue is subject to market conditions and investors' interests.

The Notes will only be offered (i) to qualified institutional buyers in reliance on Rule 144A of the Securities Act or in transaction not subject to registration requirements of the Securities Act, and (ii) outside the United States to non-U.S. Persons (as defined in Regulation S under the Securities Act) in compliance with Regulation S under the Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed to any connected persons of the Company.

The Company currently intends to use the proceeds of the Notes to repay certain existing loans, fund the acquisition of land for residential and commercial property development and for general corporate purposes. The Company may adjust its acquisition and development plans in response to changing market conditions and circumstances and, thus, may reallocate the use of proceeds from the Proposed Notes Issue.

Listing

Approval-in-principle has been received for the listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes. No listing of the Notes has been sought in Hong Kong or any other securities exchange.

GENERAL

As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not materialize. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcement(s) in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement be signed.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Future Land Development Holdings Limited (新城發展控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange, and its subsidiaries
“connected person”	has the meaning ascribed to it under the Listing Rules
“Deutsche Bank”	Deutsche Bank AG, Singapore Branch, one of the joint lead managers and joint bookrunners in respect of the Proposed Notes Issue
“Directors”	the directors of the Company
“Haitong International”	Haitong International Securities Company Limited, one of the joint lead managers and joint bookrunners in respect of the Proposed Notes Issue
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Merrill Lynch International”	Merrill Lynch International, the sole global coordinator, one of the joint lead managers and joint bookrunners in respect of the Proposed Notes Issue

“Notes”	the senior notes to be issued by the Company
“Proposed Notes Issue”	the proposed issue of the Notes by the Company
“Purchase Agreement”	the agreement proposed to be entered into between, among others, the Company, Merrill Lynch International, Deutsche Bank, UBS and Haitong International in relation to the Proposed Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	Certain of the Company’s existing subsidiaries guaranteeing the Notes
“U.S.” or “United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“UBS”	UBS AG, Hong Kong Branch, one of the joint lead managers and joint bookrunners in respect of the Proposed Notes Issue

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

Hong Kong, 21 January 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.

FUTURE LAND DEVELOPMENT HOLDINGS LIMITED

**UNAUDITED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012**

Future Land Development Holdings Limited (the “Company”) is pleased to release its following unaudited condensed consolidated interim financial information as of and for the nine months ended 30 September 2012, which has been reviewed by our external auditor, PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, and by the Audit Committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2012

	<i>Note</i>	As at 30 September 2012 RMB’000 (unaudited)	As at 31 December 2011 RMB’000
ASSETS			
Non-current assets			
Property, plant and equipment	4	114,751	117,016
Investment properties	5	2,741,200	2,443,200
Intangible assets		7,259	5,341
Investments in associates	6	231,607	235,000
Deferred income tax assets	16	386,518	362,640
Available-for-sale financial assets	7	161,187	156,000
Land use rights	8	367,248	367,248
		4,009,770	3,686,445
Current assets			
Prepayments for leasehold land	9	3,536,778	2,689,155
Properties held or under development for sale	10	28,705,797	24,227,066
Trade and other receivables and prepayments	11	2,294,540	1,761,606
Restricted cash		839,570	314,536
Cash and cash equivalents		3,427,740	4,221,558
		38,804,425	33,213,921
Total assets		42,814,195	36,900,366
OWNERS’ EQUITY			
Capital and reserves attributable to equity holders of the Company			
Issued and fully paid capital	12	3,466	3,466
Reserves		3,372,886	3,176,350
		3,376,352	3,179,816
Non-controlling interests		2,257,351	2,022,133
Total equity		5,633,703	5,201,949

The accompanying notes are an integral part of these condensed consolidated financial statements.

	<i>Note</i>	As at 30 September 2012 <i>RMB'000</i> (unaudited)	As at 31 December 2011 <i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings	14	5,320,000	6,649,200
Deferred income tax liabilities	16	381,825	343,237
		<u>5,701,825</u>	<u>6,992,437</u>
Current liabilities			
Trade and other payables	15	8,271,480	6,627,089
Advances from pre-sale of properties		18,079,312	12,775,020
Current income tax liabilities		673,575	1,085,703
Borrowings	14	4,453,495	4,217,363
Dividends payable	20	805	805
		<u>31,478,667</u>	<u>24,705,980</u>
Total liabilities		<u>37,180,492</u>	<u>31,698,417</u>
Total equity and liabilities		<u><u>42,814,195</u></u>	<u><u>36,900,366</u></u>
Net current assets		<u><u>7,325,758</u></u>	<u><u>8,507,941</u></u>
Total assets less current liabilities		<u><u>11,335,528</u></u>	<u><u>12,194,386</u></u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the nine months ended 30 September 2012

		Nine months ended	
		30 September	
	<i>Note</i>	2012	2011
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue		6,297,396	3,515,274
Cost of sales	17	<u>(4,760,924)</u>	<u>(2,519,567)</u>
Gross profit		1,536,472	995,707
Fair value gains on investment properties		8,305	275,953
Selling and marketing costs	17	(275,632)	(240,699)
Administrative expenses	17	(415,146)	(331,639)
Other income		8,898	6,568
Other expenses		(3,455)	(4,853)
Other gains – net		<u>8,915</u>	<u>40,628</u>
Operating profit		<u>868,357</u>	<u>741,665</u>
Finance income	18	31,859	16,500
Finance costs	18	<u>(100,620)</u>	<u>(128,884)</u>
Finance costs – net		<u>(68,761)</u>	<u>(112,384)</u>
Share of results of an associated company		<u>(3,393)</u>	<u>–</u>
Profit before income tax		796,203	629,281
Income tax expense	19	<u>(359,199)</u>	<u>(292,025)</u>
Profit for the period		<u>437,004</u>	<u>337,256</u>
Attributable to:			
Equity holders of the Company		169,012	214,179
Non-controlling interests		<u>267,992</u>	<u>123,077</u>
		<u>437,004</u>	<u>337,256</u>
Earnings per share for profit attributable to equity holders of the Company			
– Basic and diluted		<u>RMB0.04</u>	<u>RMB0.05</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine months ended 30 September 2012

	Nine months ended	
	30 September	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit for the period	437,004	337,256
Other comprehensive income	—	—
Total comprehensive income for the period	437,004	337,256
Attributable to:		
Equity holders of the Company	169,012	214,179
Non-controlling interests	267,992	123,077
	437,004	337,256

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine months ended 30 September 2012

	Attributable to equity holders of the Company					Non-controlling	
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Sub-total <i>RMB'000</i>	interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
(Unaudited)							
Balance at 1 January 2012	3,466	360,020	(214,198)	3,030,528	3,179,816	2,022,133	5,201,949
Total profit and comprehensive income for the period	-	-	-	169,012	169,012	267,992	437,004
Transactions with owners							
Pre-IPO share award scheme							
– value of employee services (<i>Note 13</i>)	-	-	27,524	-	27,524	-	27,524
Dividends of subsidiaries	-	-	-	-	-	(32,774)	(32,774)
Total transactions with owners	-	-	27,524	-	27,524	(32,774)	(5,250)
Balance at 30 September 2012	3,466	360,020	(186,674)	3,199,540	3,376,352	2,257,351	5,633,703
(Unaudited)							
Balance at 1 January 2011	-	-	118,326	2,143,642	2,261,968	1,491,306	3,753,274
Total profit and comprehensive income for the period	-	-	-	214,179	214,179	123,077	337,256
Transactions with owners							
Issuance of ordinary shares	3,466	360,020	(360,049)	-	3,437	-	3,437
Pre-IPO share award scheme							
– value of employee services (<i>Note 13</i>)	-	-	1,924	-	1,924	-	1,924
Pre-IPO share award scheme							
– value of former employees, officers and business partners services (<i>Note 13</i>)	-	-	14,057	-	14,057	-	14,057
Dividends of subsidiaries	-	-	-	-	-	(26,218)	(26,218)
Total transactions with owners	3,466	360,020	(344,068)	-	19,418	(26,218)	(6,800)
Balance at 30 September 2011	3,466	360,020	(225,742)	2,357,821	2,495,565	1,588,165	4,083,730

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine months ended 30 September 2012

	Nine months ended	
	30 September	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net cash generated from/(used in) operating activities	519,915	(3,536,195)
Net cash used in investing activities	(218,891)	(317,429)
Net cash (used in)/generated from financing activities	(1,094,842)	1,719,175
Net decrease in cash and cash equivalents	(793,818)	(2,134,449)
Cash and cash equivalents at beginning of the period	4,221,558	3,951,249
Cash and cash equivalents at end of the period	3,427,740	1,816,800

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2012

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 was Scotia Centre, 4th Floor, George Town, Grand Cayman KY1-1112, Cayman Islands and has been changed to Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands since 3 December 2012.

The Company was formed as part of the reorganisation undertaken in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Reorganisation”). Details of the Reorganisation are described in the prospectus of the Company dated 19 November 2012 (the “Prospectus”).

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as “the Group”) are principally engaged in property development business (the “Listing Business”) in the People’s Republic of China (the “PRC”). The ultimate holding company of the Company is First Priority Group Limited. The ultimate controlling party of the Group is Mr. Wang Zhenhua (“Mr. Wang” or the “Controlling Shareholder”).

The Company’s shares were listed on the Stock Exchange of Hong Kong Limited after the end of the reporting period on 29 November 2012. The Company issued 1,418,000,000 ordinary shares of HK\$0.001 each at HK\$1.45 per share and raised gross proceeds of approximately HK\$2,056,100,000.

Pursuant to a board resolution on 20 January 2013, the Company proposes to issue United States dollar denominated senior notes to be listed on the Singapore Exchange Securities Trading Limited. The amount, terms and conditions of the proposed notes issue have yet to be determined and the proposed notes issue may or may not materialise.

This condensed consolidated interim financial information is presented in thousands of Renminbi (“RMB”), unless otherwise stated and was approved and authorised for issue by the board of directors of the Company on 20 January 2013.

This condensed consolidated interim financial information has not been audited.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This condensed consolidated interim financial information for the nine months ended 30 September 2012 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” and should be read in conjunction with the consolidated financial information of the Company for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012 set out in the accountant’s report attached as Appendix I to the Prospectus (the “Accountant’s Report”).

2.2 Accounting policies

The accounting policies applied are consistent with those used by the Company in preparing its consolidated financial information set out in the Accountant’s Report.

New standards, amendments and interpretations to existing standards that are effective during this interim period have been adopted consistently throughout the interim period unless prohibited by the standards to apply retrospectively. There are no new or amended standards or interpretations that are effective for the first time for this interim period which have a material impact on the financial statements of the Group.

2.3 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Accountant's Report.

2.4 Financial risk management

2.4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk.

This condensed consolidated interim financial information does not include all financial risk management information and disclosures required in annual financial statements, and should be read in conjunction with the Accountant's Report.

2.4.2 Liquidity risk

Compared to 31 December 2011, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

2.4.3 Fair value estimation

Compared to that of 31 December 2011, there was no material change in fair value estimate.

2.4.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity, as shown in the consolidated statements of financial position, plus net debt.

The gearing ratios at 31 December 2011 and 30 September 2012 were as follows:

	As at 30 September 2012 RMB'000 (unaudited)	As at 31 December 2011 RMB'000
Borrowings	9,773,495	10,866,563
Less: Cash and cash equivalents	<u>(3,427,740)</u>	<u>(4,221,558)</u>
Net debt	6,345,755	6,645,005
Total equity	<u>5,633,703</u>	<u>5,201,949</u>
Total capital	<u><u>11,979,458</u></u>	<u><u>11,846,954</u></u>
Gearing ratio	<u><u>53%</u></u>	<u><u>56%</u></u>

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by 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 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.

	Nine months ended 30 September 2012 (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	<u>6,147,268</u>	<u>153,309</u>	<u>6,300,577</u>	<u>(3,181)</u>	<u>6,297,396</u>
Segment profit/(loss) before fair value gains on investment properties and income tax expense	977,340	(115,033)	862,307	(74,409)	787,898
Finance income	26,751	5,108	31,859	–	31,859
Finance costs	(39,431)	(61,189)	(100,620)	–	(100,620)
Depreciation and amortisation	(10,967)	(4,281)	(15,248)	–	(15,248)
Share of results of an associated company	(3,393)	–	(3,393)	–	(3,393)

A reconciliation to profit for the period is as follows:

Segment profit before fair value gains on investment properties and income tax expense	787,898
Fair value gains on investment properties	8,305
Income tax expense	<u>(359,199)</u>
Profit for the period	<u>437,004</u>

	As at 30 September 2012 (unaudited)				
	B share company RMB'000	Non-B share companies RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment assets	<u>32,298,630</u>	<u>10,531,540</u>	<u>42,830,170</u>	<u>(15,975)</u>	<u>42,814,195</u>
Segment assets includes:					
Investments in associates	231,607	–	231,607	–	231,607
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>9,938</u>	<u>294,534</u>	<u>304,472</u>	<u>–</u>	<u>304,472</u>
Segment liabilities	<u>27,678,823</u>	<u>9,517,644</u>	<u>37,196,467</u>	<u>(15,975)</u>	<u>37,180,492</u>

	Nine months ended 30 September 2011 (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	<u>3,148,737</u>	<u>370,600</u>	<u>3,519,337</u>	<u>(4,063)</u>	<u>3,515,274</u>
Segment profit/(loss) before fair value gains on investment properties and income tax expense	457,939	(51,121)	406,818	(53,490)	353,328
Finance income	8,493	8,007	16,500	–	16,500
Finance costs	(55,994)	(72,890)	(128,884)	–	(128,884)
Depreciation and amortisation	<u>(9,670)</u>	<u>(1,953)</u>	<u>(11,623)</u>	<u>–</u>	<u>(11,623)</u>

A reconciliation to profit for the period is
as follows:

Segment profit before fair value gains on investment properties and income tax expense	353,328
Fair value gains on investment properties	275,953
Income tax expense	<u>(292,025)</u>
Profit for the period	<u>337,256</u>

	As at 31 December 2011				
	B share company RMB'000	Non-B share companies RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment assets	<u>28,974,355</u>	<u>7,929,836</u>	<u>36,904,191</u>	<u>(3,825)</u>	<u>36,900,366</u>
Segment assets includes:					
Investments in associates	235,000	–	235,000	–	235,000
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>80,641</u>	<u>848,749</u>	<u>929,390</u>	<u>–</u>	<u>929,390</u>
Segment liabilities	<u>24,946,726</u>	<u>6,755,516</u>	<u>31,702,242</u>	<u>(3,825)</u>	<u>31,698,417</u>

4 PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Furniture, fittings and equipment <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
(Unaudited)					
Nine months ended 30 September 2012					
Opening net book amount	55,250	18,107	17,321	26,338	117,016
Additions	–	846	7,829	3,058	11,733
Disposals	(156)	(2)	(141)	–	(299)
Depreciation charge	(1,434)	(2,069)	(3,770)	(6,426)	(13,699)
Closing net book amount	<u>53,660</u>	<u>16,882</u>	<u>21,239</u>	<u>22,970</u>	<u>114,751</u>
At 30 September 2012					
Cost	59,562	29,790	34,658	42,679	166,689
Accumulated depreciation	<u>(5,902)</u>	<u>(12,908)</u>	<u>(13,419)</u>	<u>(19,709)</u>	<u>(51,938)</u>
Net book value	<u>53,660</u>	<u>16,882</u>	<u>21,239</u>	<u>22,970</u>	<u>114,751</u>
(Unaudited)					
Nine months ended 30 September 2011					
Opening net book amount	11,545	20,097	8,641	4,111	44,394
Transferred from properties held or under development for sale	46,013	–	–	25,512	71,525
Other additions	–	2,789	11,605	117	14,511
Disposals	(1,032)	(456)	(665)	–	(2,153)
Depreciation charge	(726)	(2,764)	(3,238)	(3,926)	(10,654)
Closing net book amount	<u>55,800</u>	<u>19,666</u>	<u>16,343</u>	<u>25,814</u>	<u>117,623</u>
At 30 September 2011					
Cost	59,926	32,478	25,774	34,613	152,791
Accumulated depreciation	<u>(4,126)</u>	<u>(12,812)</u>	<u>(9,431)</u>	<u>(8,799)</u>	<u>(35,168)</u>
Net book value	<u>55,800</u>	<u>19,666</u>	<u>16,343</u>	<u>25,814</u>	<u>117,623</u>

Depreciation charges of the Group have all been included in administrative expenses or selling and marketing costs for nine months ended 30 September 2011 and 2012.

5 INVESTMENT PROPERTIES

	Completed <i>RMB'000</i>	Under development <i>RMB'000</i>	Total <i>RMB'000</i>
(Unaudited)			
At 1 January 2012	4,200	2,439,000	2,443,200
Additions	–	289,695	289,695
Completion of a project (a)	1,415,390	(1,415,390)	–
Fair value gains	610	7,695	8,305
At 30 September 2012	1,420,200	1,321,000	2,741,200
(Unaudited)			
At 1 January 2011	8,900	1,334,000	1,342,900
Additions	–	706,047	706,047
Disposals	(4,700)	–	(4,700)
Fair value gains	–	275,953	275,953
At 30 September 2011	4,200	2,316,000	2,320,200

(a) The portion of Phase I of Injoy Plaza was completed in March 2012.

The investment properties were revalued at the end of the reporting period by DTZ Debenham Tie Leung Limited, an independent professional qualified valuer.

For completed properties, valuations were based on either capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary income potential of the properties or on direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market. The following rental income from completed investment properties has been recognised in the statements of income:

	Nine months ended 30 September	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Rental income	15,202	226

For investment properties under construction, valuations were based on investment approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

The Group's interests in investment properties at their net book values are analysed as follows:

	As at 30 September 2012 <i>RMB'000</i> (unaudited)	As at 31 December 2011 <i>RMB'000</i>
In the PRC, held on:		
Leases of 40 years	2,737,000	2,439,000
Leases of 70 years	4,200	4,200
	2,741,200	2,443,200

Investment properties with a total carrying amount of RMB852,070,000 and RMB1,924,264,000 as at 31 December 2011 and 30 September 2012 respectively were pledged as collateral for the Group's borrowings (Note 14).

6 INVESTMENTS IN ASSOCIATES

	Nine months ended 30 September	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Opening balance	235,000	10,000
Investment in Shanghai Wan Zhi Cheng Real Estate Development Co., Ltd. ("Shanghai Wan Zhi Cheng")	–	5,000
Share of results	(3,393)	–
Ending balance	<u>231,607</u>	<u>15,000</u>

The Group accounts for its investment in Shanghai Wan Zhi Cheng as an associate although the Group holds 50% of equity interests. According to the contract with the other 50% equity interest holder of Shanghai Wan Zhi Cheng, the other investor controls Shanghai Wan Zhi Cheng with majority seats on the board of directors and other contractual rights. The Group, however, has significant influence over Shanghai Wan Zhi Cheng.

7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Nine months ended 30 September	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Opening balance (a)	156,000	156,000
– Acquisitions (b, c, d)	5,187	53,066
– Disposal (b)	–	(38,066)
Ending balance	<u>161,187</u>	<u>171,000</u>

- (a) On 2 September 2010, the Group acquired 1% equity interest in Bank of Suzhou at a consideration of RMB156,000,000. There is no significant change in fair value of the financial asset as at 30 September 2011 or 30 September 2012 from the acquisition cost.
- (b) On 29 March 2011, the Group acquired 5% equity interest in Suzhou Fei Cui International Community Property Co., Ltd. ("Suzhou Fei Cui") at a consideration of RMB38,065,500. This equity interest was disposed at a proceed of RMB88,065,500 on 9 September 2011.
- (c) On 20 September 2011, the Group subscribed public investment fund of RMB15,000,000 in domestic fund market. This investment fund was disposed at a proceed of RMB15,266,000 on 11 November 2011.
- (d) On 10 April 2012, the Group acquired 6.19% equity interest in Shanghai Jingying Investment Management Limited Partnership at a consideration of RMB5,187,000. There is no significant change in fair value of the financial asset as at 30 September 2012 from the acquisition cost.

8 LAND USE RIGHTS

The balance represents land use rights to be used for development of properties for sale in the future.

9 PREPAYMENTS FOR LEASEHOLD LAND

The balance represents prepayments made by the Group for the acquisition of leasehold land.

10 PROPERTIES HELD OR UNDER DEVELOPMENT FOR SALE

	As at 30 September 2012 <i>RMB'000</i> (unaudited)	As at 31 December 2011 <i>RMB'000</i>
Leasehold land to be developed	1,772,391	2,376,518
Properties under development for sale	25,100,351	20,225,414
Properties held for sale	<u>2,302,455</u>	<u>2,107,534</u>
	29,175,197	24,709,466
Less: Provision for impairment loss	<u>(469,400)</u>	<u>(482,400)</u>
	<u>28,705,797</u>	<u>24,227,066</u>

The properties held or under development for sale are all located in the PRC.

Borrowing costs capitalised in properties under development for sale and held for sale for the nine months ended 30 September 2012 and 2011 are approximately RMB621,046,000 and RMB555,460,000 respectively.

The capitalisation rates of borrowings were 10.09% and 9.30% for the nine months ended 30 September 2012 and 2011 respectively.

As at 30 September 2012 and 31 December 2011, the Group's following leasehold land to be developed, properties under development for sale and properties held for sale were pledged as collateral for the Group's borrowings (Note 14).

	As at 30 September 2012 <i>RMB'000</i> (unaudited)	As at 31 December 2011 <i>RMB'000</i>
Carrying value pledged:		
Leasehold land to be developed	642,204	1,069,912
Properties under development for sale	8,084,656	6,900,317
Properties held for sale	<u>34,158</u>	<u>34,158</u>

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 September 2012 RMB'000 (unaudited)	As at 31 December 2011 RMB'000
Trade receivables	5,027	7,085
Notes receivable	720	25,227
Trade receivables – subtotal	5,747	32,312
Less: Provision for impairment of receivables	–	–
Trade receivables – net	5,747	32,312
Receivable from a related party (<i>Note 23</i>)	230,367	390,367
Prepaid business tax and surcharges (i)	997,523	704,862
Prepaid income tax and land appreciation tax (i)	557,216	414,993
Tender deposits (ii)	281,030	–
Deposits with public housing fund centres (iii)	98,254	93,815
Prepayments for construction costs	48,226	87,428
Others	76,177	37,829
	2,294,540	1,761,606

- (i) Business tax, surcharges and land appreciation tax are 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) The 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 transfer of the properties' ownership certificate to these purchasers.

12 SHARE CAPITAL

(a) Authorised shares

	Number of authorised shares	
	US\$ share	HK\$ share
As at 1 January 2011	50,000	–
Re-denomination and cancellation on 12 September 2011	(50,000)	390,000,000
Increase on 12 September 2011	–	9,610,000,000
As at 31 December 2011 and 30 September 2012	–	10,000,000,000

(b) Issued shares

There has been no change in issued capital during the nine months ended 30 September 2012.

13 SHARE-BASED PAYMENTS

The Group recognised an expense of RMB27,524,000 and RMB15,981,000 for the nine months ended 30 September 2012 and 30 September 2011 respectively.

14 BORROWINGS

	As at 30 September 2012 RMB'000 (unaudited)	As at 31 December 2011 RMB'000
Non-current, secured and borrowed from:		
– Banks (a)	6,527,360	6,128,900
– Trust financing arrangements		
– conventional loan (b)	1,912,200	2,137,200
– equity with repurchase obligation (b)	300,000	1,467,163
	<u>8,739,560</u>	<u>9,733,263</u>
Less: Current portion of long-term borrowings	<u>(3,419,560)</u>	<u>(3,084,063)</u>
	<u>5,320,000</u>	<u>6,649,200</u>
Current, secured and borrowed from:		
– Banks (a)	384,060	384,000
– Trust financing arrangements		
– conventional loan (b)	219,875	319,300
– equity with repurchase obligation (b)	430,000	430,000
– Current portion of long-term borrowings	3,419,560	3,084,063
	<u>4,453,495</u>	<u>4,217,363</u>

- (a) The Group's bank borrowings are secured by leasehold land to be developed, properties under development, properties held for sale (Note 10), investment properties (Note 5), shares of subsidiaries and bank deposits of the Group or guaranteed by subsidiaries of the Company for each other or by Mr. Wang.
- (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 obligations. 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 (Note 10) and shares of subsidiaries of the Group or guaranteed by Mr. Wang (Note 23).

Movements in borrowings are analysed as follows:

	<i>RMB'000</i>
(Unaudited)	
Nine months ended 30 September 2012	
Opening amount as at 1 January 2012	10,866,563
Proceeds from borrowings	
– Banks	3,067,560
– Trust financing arrangements – conventional loan	219,875
Repayments of borrowings	
– Banks	(2,669,040)
– Trust financing arrangements – conventional loan	(544,300)
– Trust financing arrangements – equity with repurchase obligation	(1,167,163)
	<hr/>
Closing amount as at 30 September 2012	9,773,495 <hr/>
(Unaudited)	
Nine months ended 30 September 2011	
Opening amount as at 1 January 2011	8,459,135
Proceeds from borrowings	
– Banks	2,599,029
– Trust financing arrangements – conventional loan	2,231,500
Repayments of borrowings	
– Banks	(1,692,461)
– Trust financing arrangements – conventional loan	(600,000)
– Trust financing arrangements – equity with repurchase obligation	(754,875)
	<hr/>
Closing amount as at 30 September 2011	10,242,328 <hr/>

15 TRADE AND OTHER PAYABLES

	As at 30 September 2012 <i>RMB'000</i> (unaudited)	As at 31 December 2011 <i>RMB'000</i>
Trade payables	7,140,780	5,950,825
Notes payable	601,987	39,121
Payable to a related party (<i>Note 23</i>)	4,474	4,404
Business and other taxes payable	112,068	200,458
Maintenance & decoration fees collected on behalf	85,830	78,958
Deed tax collected on behalf	54,692	78,311
Accrued payroll	18,549	62,816
Interest payable	103,859	132,941
Temporary funding payables (i)	18,000	18,000
Construction deposits received from suppliers	66,100	–
Others	65,141	61,255
	<hr/>	<hr/>
	8,271,480 <hr/>	6,627,089 <hr/>

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

As at 30 September 2012 and 31 December 2011, the aging of the majority of trade payables are less than one year.

16 DEFERRED INCOME TAX

The gross movement on the deferred income tax account is as follows:

	Nine months ended 30 September	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Opening balance	19,403	(52,236)
Charged to the statement of income (<i>Note 19</i>)	(14,710)	(47,931)
Ending balance	4,693	(100,167)

17 EXPENSE BY NATURE

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

	Nine months ended 30 September	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Land use rights costs	1,343,248	513,738
Construction costs	2,697,347	1,633,244
Capitalised interest	280,475	97,667
Business tax and surcharges (i)	354,957	191,965
Accrual of provision for properties held for sale	–	10,344
Depreciation of property, plant and equipment (<i>Note 4</i>)	13,699	10,654
Amortisation of intangible assets	1,549	969
Bank charges	8,408	14,678
Staff costs	320,355	242,392
Entertainment expenses	50,813	49,663
Stamp duty and other taxes	16,604	15,759
Professional fees	31,946	15,097
Auditors' remuneration	3,500	3,950
Non-audit service fees to auditors	235	636
Sales commission	89,151	62,259
Advertising and publicity costs	147,870	150,600
Rental expenses	13,673	15,290
Travelling expenses	5,424	6,429
Other expenses	72,448	56,571
Total cost of sales, selling and marketing costs and administrative expenses	5,451,702	3,091,905

- (i) The PRC companies now comprising 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.

18 FINANCE COSTS – NET

	Nine months ended 30 September	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Finance costs		
– Interest on bank loans and trust financing arrangements	(773,031)	(749,875)
– Less: Interest capitalised	672,411	620,991
Total finance costs	(100,620)	(128,884)
Finance income		
– Interest income on bank deposits	31,859	16,500
Net finance costs	(68,761)	(112,384)

19 INCOME TAX EXPENSE

	Nine months ended 30 September	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current income tax		
– PRC land appreciation tax	179,436	130,861
– PRC corporate income tax	165,053	113,233
	344,489	244,094
Deferred income tax	14,710	47,931
Total income tax charged for the period	359,199	292,025

PRC corporate income tax

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") which became effective on 1 January 2008. Under the CIT Law, the CIT rate applicable to the Group's subsidiaries located in mainland China from 1 January 2008 is 25%.

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, which is included in the consolidated statement of income as income tax expense.

20 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

Dividends during the nine months ended 30 September 2012 and 2011 represented dividends declared by the companies now comprising the Group to the then equity holders of the companies for the nine months ended 30 September 2012 and 2011, after elimination of intra-group dividends. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this condensed consolidated interim financial information.

21 COMMITMENTS

(a) Property development expenditure commitments

Property development expenditure committed at the end of the reporting period but not yet incurred is as follows:

	As at 30 September 2012 RMB'000 (unaudited)	As at 31 December 2011 RMB'000
Contracted but not provided for	11,714,484	6,962,029

(b) Operating lease commitments

The future aggregated minimum rental expenses at the end of the reporting period in respect of certain office buildings held under non-cancellable operating leases are payable in the following periods:

	As at 30 September 2012 RMB'000 (unaudited)	As at 31 December 2011 RMB'000
Within 1 year	13,409	9,889
1 to 5 years	12,420	13,663
	25,829	23,552

22 FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

(a) Guarantees on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at the end of the reporting period:

	As at 30 September 2012 RMB'000 (unaudited)	As at 31 December 2011 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	6,738,971	3,970,751

(b) There are certain corporate guarantees provided by the Group's subsidiaries for each other in respect of borrowings (Note 14) as at 31 December 2011 and 30 September 2012. The directors consider that the subsidiaries are able to sufficiently financially resourced to settle their obligations.

(c) In November 2011, the Group pre-sold 100 apartments of Project Legend Mansion at total amount of RMB330 million with price adjustment features. Selling price of these apartments is subject to adjustments upon delivery based on the average selling price of Project Legend Mansion three months preceding the delivery date. As at 31 December 2011 and 30 September 2012, no such adjustment is expected, after considering the market condition and the current actual sales price of the project.

23 RELATED-PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship with the Group
Mr. Wang	The controlling shareholder and a director of the Company
Mr. Wang Xiaosong	Family member of Mr. Wang
Wealthzone Hong Kong Investments Limited 富域香港投資有限公司	A company controlled by Mr. Wang
Jiangsu Future Land Shiye Group. Ltd. (formerly named as “Jiangsu Future Land Ke Chuang Real Estate Co., Ltd”) 江蘇新城實業集團有限公司 (原:江蘇新城科創房地產有限公司)	A company controlled by Mr. Wang
Shanghai Wan Zhi Cheng Real Estate Development Co., Ltd. 上海萬之城房地產開發有限公司	An associated company of the Group

(b) Transactions with related parties

Besides the guarantees as disclosed in Note 14, the Group has the following related party transactions:

	Nine months ended 30 September	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(i) Fundings to a related party – Shanghai Wan Zhi Cheng	–	599,367
(ii) Disposal of equity interest to a related party – Jiangsu Future Land Shiye Group. Ltd.	–	500
(iii) Transfer of liabilities – Jiangsu Future Land Shiye Group. Ltd.	44,000	–
(iv) Borrowings guaranteed by a related party (Note 14)		
	As at 30 September 2012	As at 31 December 2011
	RMB'000	RMB'000
	(unaudited)	
Mr. Wang	401,500	901,500

The above guarantee had been fully released as of 19 November 2012.

- (v) Occupation of properties owned by a related party

Some subsidiaries of the Group occupied certain properties with total gross floor areas of 720 square meters owned by Mr. Wang Xiaosong for operational use, which is free of charge. This arrangement will continue after the Listing of the Company pursuant to tenancy agreements.

(c) Related-party balances

	As at 30 September 2012 <i>RMB'000</i> (unaudited)	As at 31 December 2011 <i>RMB'000</i>
(i) Amount due from a related party (<i>Note 11</i>)		
– Shanghai Wan Zhi Cheng Real Estate Development Co., Ltd.	<u><u>230,367</u></u>	<u><u>390,367</u></u>
(ii) Amount due to a related party (<i>Note 15</i>)		
– Wealthzone Hong Kong Investments Limited	<u><u>4,474</u></u>	<u><u>4,404</u></u>