

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2017**

CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 June 2017

	Note	Six months ended 30 June	
		2017	2016
		RMB'000	RMB'000
		Unaudited	Unaudited
Revenue		11,427,689	9,302,948
Cost of sales	9	<u>(7,682,260)</u>	<u>(7,367,700)</u>
Gross profit		3,745,429	1,935,248
Fair value gains on investment properties		178,779	193,162
Selling and marketing costs	9	(507,542)	(384,205)
Administrative expenses	9	(1,108,200)	(508,776)
Other income		20,786	18,389
Other expenses		(340)	(1,030)
Other (losses)/gains – net		<u>(2,545)</u>	<u>175,944</u>
Operating profit		2,326,367	1,428,732
Finance costs – net	10	(508,764)	(242,413)
Share of results of associates		3,976	(3,179)
Share of results of joint ventures		<u>40,822</u>	<u>(41,631)</u>
Profit before income tax		1,862,401	1,141,509
Income tax expense	11	<u>(1,126,873)</u>	<u>(390,637)</u>
Profit for the period		<u>735,528</u>	<u>750,872</u>
Attributable to:			
Equity holders of the Company		357,624	490,756
Non-controlling interests		<u>377,904</u>	<u>260,116</u>
		<u>735,528</u>	<u>750,872</u>
Earnings per share for profit attributable to equity holders of the Company			
– Basic and diluted	12	<u>RMB0.06</u>	<u>RMB0.09</u>
Dividends	13	<u>–</u>	<u>–</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	Unaudited	Unaudited
Profit for the period	735,528	750,872
Other comprehensive income, which may be reclassified subsequently to profit or loss		
– Currency translation differences	<u>(1,021)</u>	<u>–</u>
Total comprehensive income for the period	<u>734,507</u>	<u>750,872</u>
Attributable to:		
Equity holders of the Company	356,603	490,756
Non-controlling interests	<u>377,904</u>	<u>260,116</u>
	<u>734,507</u>	<u>750,872</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	<i>Note</i>	As at 30 June 2017 <i>RMB'000</i> Unaudited	As at 31 December 2016 <i>RMB'000</i> Audited
ASSETS			
Non-current assets			
Property, plant and equipment		2,599,667	2,443,001
Investment properties		17,053,383	13,506,826
Intangible assets		59,268	37,224
Investments in associates		912,299	521,623
Investments in joint ventures		8,744,129	4,348,312
Deferred income tax assets		1,103,144	808,660
Available-for-sale financial assets		452,558	434,891
Derivative financial instruments		161,182	154,615
Goodwill		777	–
Land use rights		429,259	430,035
Other receivables and prepayments	5	1,930,974	1,347,031
		<u>33,446,640</u>	<u>24,032,218</u>
Current assets			
Prepayments for leasehold land		7,109,332	7,350,293
Properties held or under development for sale		60,649,861	39,505,462
Trade and other receivables and prepayments	5	20,361,418	20,235,059
Restricted cash		5,733,533	1,851,085
Cash and cash equivalents		17,787,484	11,905,339
		<u>111,641,628</u>	<u>80,847,238</u>
Total assets		<u><u>145,088,268</u></u>	<u><u>104,879,456</u></u>
OWNERS' EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital: nominal value	6	4,609	4,609
Reserves		9,309,183	9,230,441
		<u>9,313,792</u>	<u>9,235,050</u>
Non-controlling interests		<u>6,247,134</u>	<u>5,940,355</u>
Total equity		<u><u>15,560,926</u></u>	<u><u>15,175,405</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 30 June 2017*

	<i>Note</i>	As at 30 June 2017 RMB'000 Unaudited	As at 31 December 2016 RMB'000 Audited
LIABILITIES			
Non-current liabilities			
Borrowings	7	29,962,641	17,036,153
Long-term payables		–	36,670
Deferred income tax liabilities		1,178,343	1,115,016
		31,140,984	18,187,839
Current liabilities			
Trade and other payables	8	35,621,958	28,975,896
Advances from pre-sale of properties		42,333,229	29,846,151
Current income tax liabilities		2,379,596	2,518,327
Borrowings	7	18,051,451	10,175,714
Dividends payable		124	124
		98,386,358	71,516,212
Total liabilities		129,527,342	89,704,051
Total equity and liabilities		145,088,268	104,879,456

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 Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, Grand Cayman, KY1-1205, 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 2017.

The 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 2017 have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss 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 2016, 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 2016.

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 the first half of 2017

- Amendments to HKAS 12 “Income Taxes”
- Amendments to HKAS 7 “Statement of Cash Flows”
- Amendments to HKFRS 12 “Disclosure of Interest in Other Entities”
- Interpretation of HK(IFRIC) 23 “Uncertainty over Income Tax Treatments”

The adoption of the above new amendments and interpretation starting from 1 January 2017 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 2017.

The Group has not early adopted any new accounting and financial reporting standards, amendments and improvements to existing standards which have been issued but are not yet effective and is in the process of making assessments on the impacts of these new standards, amendments and improvements, and has not yet in a position to conclude the assessments.

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.

- Future Land Holdings Co., Ltd., a company listed on the Shanghai Stock Exchange (the “A share company” or “Future Land Holdings”).
- Property management and other service companies not within the A share company (the “Non-A share companies”).

The A share company is mainly engaged in development of residential properties and mixed-use complexes for sale and investment, while the Non-A share companies are mainly engaged in services including certain newly established businesses which are at state-up stage. Corporate expenses are also primarily included in the Non-A share companies segment. 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. The measurement basis excludes the effects of income tax expense.

	Six months ended 30 June 2017 (Unaudited)				
	A share company RMB'000	Non-A share companies RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	<u>11,327,937</u>	<u>111,530</u>	<u>11,439,467</u>	<u>(11,778)</u>	<u>11,427,689</u>
Segment profit before income tax expense	2,260,001	102,974	2,362,975	(500,574)*	1,862,401
Fair value gains on investment properties	178,779	-	178,779	-	178,779
Finance income	74,420	56,139	130,559	(47,503)	83,056
Finance costs	(304,954)	(334,369)	(639,323)	47,503	(591,820)
Depreciation and amortisation	(86,734)	(50,062)	(136,796)	-	(136,796)
Share of results of associates	(4,888)	8,864	3,976	-	3,976
Share of results of joint ventures	<u>40,822</u>	<u>-</u>	<u>40,822</u>	<u>-</u>	<u>40,822</u>

* The elimination represents mainly the dividend declared by the A share company.

A reconciliation to profit for the period is as follows:

Total segment profits before income tax expense after elimination	<u>1,862,401</u>
Income tax expense	<u>(1,126,873)</u>
Profit for the period	<u><u>735,528</u></u>

	As at 30 June 2017 (Unaudited)				
Segment assets	<u>139,841,651</u>	<u>9,080,080</u>	<u>148,921,731</u>	<u>(3,833,463)</u>	<u>145,088,268</u>
Segment assets include:					
Investments in associates	712,659	200,000	912,659	(360)	912,299
Investments in joint ventures	8,744,129	-	8,744,129	-	8,744,129
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>3,597,256</u>	<u>92,852</u>	<u>3,690,108</u>	<u>-</u>	<u>3,690,108</u>
Segment liabilities	<u>122,945,044</u>	<u>9,056,222</u>	<u>132,001,266</u>	<u>(2,473,924)</u>	<u>129,527,342</u>

	Six months ended 30 June 2016 (Unaudited)				
	A share company RMB'000	Non-A share companies RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	<u>9,071,574</u>	<u>260,678</u>	<u>9,332,252</u>	<u>(29,304)</u>	<u>9,302,948</u>
Segment profit before income tax expense	1,172,319	95,117	1,267,436	(125,927)	1,141,509
Fair value gains on investment properties	193,162	-	193,162	-	193,162
Finance income	80,032	141,602	221,634	(133,127)	88,507
Finance costs	(102,903)	(361,144)	(464,047)	133,127	(330,920)
Depreciation and amortisation	(68,426)	(39,066)	(107,492)	-	(107,492)
Share of results of associates	5,732	(8,911)	(3,179)	-	(3,179)
Share of results of joint ventures	(41,631)	-	(41,631)	-	(41,631)

A reconciliation to profit for the period is as follows:

Total segment profits before income tax expense after elimination					1,141,509
Income tax expense					<u>(390,637)</u>
Profit for the period					<u>750,872</u>

	As at 31 December 2016 (Audited)				
Segment assets	<u>103,170,607</u>	<u>4,722,231</u>	<u>107,892,838</u>	<u>(3,013,382)</u>	<u>104,879,456</u>
Segment assets include:					
Investments in associates	201,568	320,055	521,623	-	521,623
Investments in joint ventures	4,348,312	-	4,348,312	-	4,348,312
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>3,366,769</u>	<u>332,397</u>	<u>3,699,166</u>	<u>-</u>	<u>3,699,166</u>
Segment liabilities	<u>86,802,653</u>	<u>4,555,602</u>	<u>91,358,255</u>	<u>(1,654,204)</u>	<u>89,704,051</u>

5 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2017 <i>RMB'000</i> (Unaudited)	As at 31 December 2016 <i>RMB'000</i> (Audited)
Trade receivables	53,737	36,665
Notes receivable	2,000	5,000
	<hr/>	<hr/>
Total trade receivables	55,737	41,665
Less: Provision for impairment of receivables	–	–
	<hr/>	<hr/>
Trade receivables – net	55,737	41,665
Receivables from related parties	10,666,884	11,012,401
Prepaid income tax and land appreciation tax (a)	1,942,288	1,377,042
Tender deposits (b)	1,581,329	1,147,138
Prepaid value-added tax (c)	1,458,210	741,124
Receivables from other investors of joint ventures (d)	1,417,224	1,184,156
Advances from pre-sale of properties deposited with a government designated entity(e)	1,075,068	–
Prepayments for investments in joint ventures (f)	838,455	1,010,235
Lending to an investee company	551,504	51,908
Receivable from non-controlling shareholders of subsidiaries	418,000	63,388
Other deposits	391,634	335,197
Prepayments for construction costs	363,110	192,428
Prepayments for equipment	367,708	173,100
Prepaid business tax and surcharges (g)	361,185	539,534
Deposits with public housing fund centres (h)	206,475	228,546
Amounts paid on behalf of third parties	172,489	149,119
Deposits for property maintenance (i)	171,607	163,696
Prepaid property management fees	19,015	23,423
Deposits for acquisition of subsidiaries	–	2,999,027
Others	234,470	148,963
	<hr/>	<hr/>
	22,292,392	21,582,090
Less: Non-current portion of other receivables and prepayments	(1,930,974)	(1,347,031)
	<hr/>	<hr/>
Current portion	<u>20,361,418</u>	<u>20,235,059</u>

Trade receivables are mainly arisen from sales of properties, leases of investment properties and various services. 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. Customers receiving the Group's services are generally granted a credit term of 30 days to 90 days.

- (a) Land appreciation tax is provisionally levied based on rates required by the local tax bureaus when the Group receives advances from customers, which are recorded as prepayments before the relevant revenue is recognised. In addition, a deemed profit of 5% to 15% of advances received from the customers 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 will be subsequently received or transferred to prepayments for leasehold land.
- (c) Effective from 1 May 2016, the Group's sale of properties are subject to value-added tax ("VAT"). Under general VAT method, the Group is subject to 11% VAT on value-added amount. Qualified old construction projects, which are those with construction commenced on or before 30 April 2016, however, has an alternative to elect a simplified VAT method, which is 5% on sales with no deduction of input VAT. The Group prepays VAT at 3% or 5% when receiving advances from customers and such payment is recorded as prepaid VAT before the relevant revenue is recognised.
- (d) The receivables from other investors of joint ventures are unsecured, non-interest bearing and have no fixed repayment terms.
- (e) According to a regulation released by Changzhou government in December 2016, property development companies are required to deposit the advance from pre-sale of properties with a government designated entity. Such deposit is released to the property development companies by installments based on the development stages of the properties. As at 30 June 2017, the Group had a balance of RMB1,075,068,000 deposited with the designated entity.
- (f) This balance represents amounts, mainly for acquisition of land use rights, paid on behalf of the joint ventures to be established.
- (g) Prior to 1 May 2016, the Group's sale of properties are subject to business tax, which is levied at 5% when the Group receives advances from customers. Such payment of taxes, together with the relevant surcharges are recorded as prepaid business tax and surcharges before the relevant revenue is recognised.
- (h) 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.
- (i) This balance represents the deposits paid for property maintenance after first delivery of the relevant properties, which will be subsequently recovered in ten years thereafter.

As at 30 June 2017 and 31 December 2016, the aging of the majority of trade receivables and notes receivable are less than one year.

The maximum exposure to credit risk at 30 June 2017 and 31 December 2016 is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security.

As at 30 June 2017 and 31 December 2016, the fair value of trade and other receivables approximate their carrying amounts.

As at 30 June 2017 and 31 December 2016, the carrying amounts of trade and other receivables and prepayments are primarily denominated in RMB.

6 SHARE CAPITAL

(a) Authorised shares

	Number of authorised shares <i>HKD share</i>
As at 1 January 2016, 30 June 2016, 1 January 2017 and 30 June 2017 (Unaudited)	<u>10,000,000,000</u>

(b) Issued shares

	Number of issued shares <i>HKD0.001 each</i>	Ordinary shares <i>RMB</i>
As at 1 January 2016, 30 June 2016, 1 January 2017 and 30 June 2017 (Unaudited)	<u>5,658,000,000</u>	<u>4,608,923</u>

7 BORROWINGS

	As at 30 June 2017 <i>RMB'000</i> (Unaudited)	As at 31 December 2016 <i>RMB'000</i> (Audited)
Non-current, secured:		
– Bank loans (a)	15,790,438	7,402,275
– Loans from non-bank financial institutions (g)	3,100,000	–
– Senior notes due July 2019 (“ 2019 Notes ”) (b(i))	–	2,393,051
– Senior notes due November 2017 (“ 2017 Notes ”) (b(ii))	1,686,300	1,716,560
– Senior notes due February 2020 (“ 2020 Notes ”) (b(iii))	2,338,361	–
Non-current, unsecured:		
– Middle term notes due March 2022 (“ 2022 Middle Term Notes ”) (c(i))	1,500,000	–
– Middle term notes due Apr 2022 (“ 2022 Middle Term Notes I ”) (c(ii))	1,500,000	–
– Private placement notes due May 2022 (“ 2022 PPN ”) (d)	2,000,000	–
– Corporate bonds due July 2019 (“ 2019 Bonds ”) (e(i))	1,999,635	1,995,873
– Corporate bonds due November 2020 (“ 2020 Bonds ”) (e(ii))	2,989,543	2,985,827
– Corporate bonds due November 2018 (“ 2018 Bonds ”) (e(iii))	1,996,431	1,991,704
– Corporate bonds due March 2019 (“ 2019 Bonds I ”) (e(iv))	1,842,604	1,837,435
– Corporate bonds due August 2021 (“ 2021 Bonds ”) (e(vi))	1,981,236	1,977,117
– Corporate bonds due September 2023 (“ 2023 Bonds ”) (e(vii))	498,467	498,449
– Corporate bonds due October 2021 (“ 2021 Bonds I ”) (e(viii))	2,489,700	2,487,571
	41,712,715	25,285,862
Less: Current portion of long-term borrowings	(11,750,074)	(8,249,709)
	29,962,641	17,036,153
Current, secured:		
– Bank loans (a)	2,666,377	778,615
– Trust arrangement (f(i))	1,300,000	–
Current, unsecured:		
– Corporate bonds due March 2019 (“ 2019 Bonds II ”) (e(v))	1,085,000	1,147,390
– Trust arrangement (f(ii))	1,250,000	–
Current portion of long-term borrowings	11,750,074	8,249,709
	18,051,451	10,175,714

- (a) These bank loans 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 and/or guaranteed by subsidiaries of the Company for each other.

(b) Senior notes

(i) 2019 Notes

In July 2014, the Company issued five-year senior notes with principal amount of USD350,000,000 (“**2019 Notes**”), which were listed on the Singapore Exchange Securities Trading Limited. The 2019 Notes are denominated in USD, and bear interest rate at 10.25% per annum, payable semi-annually in arrears on or on the business day nearest to 21 January and 21 July of each year, beginning 21 January 2015.

According to the terms of 2019 Notes, the Notes may be redeemed in the following circumstances:

- At any time and from time to time on or after 21 July 2017, the Company may redeem the 2019 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to (but excluding) the redemption date, if redeemed during the 12-month period commencing on 21 July of any year set forth below:

Year	Redemption Price
21 July 2017 to 20 July 2018	105.1250%
21 July 2018 and thereafter	102.5625%

- At any time prior to 21 July 2017, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2019 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- At any time and from time to time prior to 21 July 2017, the Company may redeem up to 35% of the aggregate principal amount of the 2019 Notes with proceeds from sales of certain kinds of its capital stock, subject to certain conditions, at a redemption price of 110.25% of the principal amount of the 2019 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2019 Notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

On 20 March 2017, the Group redeemed the 2019 Notes at a redemption price of USD378 million, incurring a loss of RMB191,810,000.

(ii) 2017 Notes

In November 2015, the Company issued two-year senior notes with principal amount of USD250,000,000 (“**2017 Notes**”), which were listed on the Singapore Exchange Securities Trading Limited. The 2017 Notes are denominated in USD, and bear interest rate at 6.25% per annum, payable semi-annually in arrears on or on the business day nearest to 12 May and 12 November of each year, beginning 12 November 2015.

According to the terms of 2017 Notes, the Company may at its option redeem the 2017 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2017 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

(iii) 2020 Notes

In February 2017, the Company issued three-year senior notes with principal amount of USD350,000,000 (“**2020 Notes**”), which were listed on the Singapore Exchange Securities Trading Limited. The 2020 Notes are denominated in USD, and bear interest rate at 5.00% per annum, payable semi-annually in arrears on or on the business day nearest to 16 February and 16 August of each year, beginning 16 February 2017.

According to the terms of 2020 Notes, the 2020 Notes may be redeemed in the following circumstances:

- At any time prior to 16 February 2020, the Company may at its option redeem the 2020 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2020 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- At any time and from time to time prior to 16 February 2020, the Company may redeem up to 35% of the aggregate principal amount of the 2020 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 105.0% the principal amount of the 2020 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2020 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The early redemption options are regarded as embedded derivatives 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 2016 and 30 June 2017.

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.

(c) Middle term notes

(i) 2022 Middle Term Notes

In March 2017, the A share company issued five-year medium-term notes with principal amount of RMB1,500,000,000 (“**2022 Middle Term Notes**”), which were listed on the Shanghai Stock Exchange. The 2022 Middle Term Notes are denominated in RMB, and bear interest rate at 5.4% per annum for the first three years, payable annually in arrears on or on the business day nearest to 16 March of each year, beginning 16 March 2017.

According to the terms of 2022 Middle Term Notes, A share company may at its option adjust the interest rate at the end of the third year which will be fixed in the remaining period, and the noteholders may at their option sell the middle term notes back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2022 Middle Term Notes plus accrued and unpaid interest to the sold-back date.

(ii) 2022 Middle Term Notes I

In April 2017, the A share company issued five-year medium-term notes with principal amount of RMB1,500,000,000 (“**2022 Middle term notes I**”), which were listed on the Shanghai Stock Exchange. The 2022 Middle term notes I are denominated in RMB, and bear interest rate at 5.25% per annum for the first three years, payable annually in arrears on or on the business day nearest to 14 April of each year, beginning 14 April 2017.

According to the terms of 2022 Middle Term Notes I, the A share company may at its option adjust the interest rate at the end of the third year which will be fixed in the remaining period, and the noteholders may at their option sell the middle term notes back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2022 Middle Term Notes I plus accrued and unpaid interest to the sold-back date.

(d) 2022 Private Placement Notes

In May 2017, the A share company issued five-year private placement notes with principal amount of RMB2,000,000,000 (“**2022 PPN**”). The 2022 PPN are denominated in RMB, and bear interest rate at 6.3% per annum for the first three years, payable annually in arrears on or on the business day nearest to 17 May of each year, beginning 17 May 2017.

According to the terms of 2022 PPN, the A share company may at its option adjust the interest rate at the end of the third year which will be fixed in the remaining period, and the noteholders may at their option sell the notes back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2022 PPN plus accrued and unpaid interest to the sold-back date.

(e) Corporate bonds

(i) 2019 Bonds

In July 2014, the former B share company issued five-year corporate bonds with principal amount of RMB2,000,000,000 (“**2019 Bonds**”), which were listed on the Shanghai Stock Exchange. The 2019 Bonds are denominated in RMB, and bear interest rate at 8.9% per annum for the first three years, payable annually in arrears on or on the business day nearest to 23 July of each year, beginning 23 July 2015.

According to the terms of 2019 Bonds, the former B share company may at its option redeem the 2019 Bonds in whole at end of the third year, at a redemption price equal to 100% of the principal amount of the 2019 Bonds plus accrued and unpaid interest to the redemption date. If the former B share company waives the optional redemption at end of the third year, the former B share company may at its option raise the interest rate by 0 to 100 basis points which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the former B share company, in whole or in part, at a price equal to 100% of the principal amount of the Bonds plus accrued and unpaid interest to the sold-back date.

The obligations relating to the 2019 Bonds had been transferred from the former B share company to the A share company.

On 10 June 2017, the A share company announced that all the outstanding 2019 Bonds will be redeemed in full on 24 July 2017 (the “**Redemption Date**”) at a redemption price equal to 108.9% of the principal amount thereof, plus accrued and unpaid interest, if any, to the Redemption Date. The A share company subsequently completed the redemption on 24 July 2017.

(ii) 2020 Bonds

In November 2015, the A share company issued five-year corporate bonds with principal amount of RMB3,000,000,000 (“**2020 Bonds**”), which were listed on the Shanghai Stock Exchange. The 2020 Bonds are denominated in RMB and bear interest rate at 4.5% per annum for the first three year, payable annually in arrears on or on the business day nearest to 3 November of each year, beginning 3 November 2016.

According to the terms of 2020 Bonds, the A share company may at its option adjust the interest rate at end of the third year which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2020 Bonds plus accrued and unpaid interest to the sold-back date.

(iii) 2018 Bonds

In November 2015, the A share company issued three-year corporate bonds with principal amount of RMB2,000,000,000 (“**2018 Bonds**”), which were listed on the Shanghai Stock Exchange. The 2018 Bonds are denominated in RMB, and bear interest rate at 6.0% per annum for the first two years, payable annually in arrears on or on the business day nearest to 10 November of each year, beginning 10 November 2016.

According to the terms of 2018 Bonds, the A share company may at its option adjust the interest rate at the end of the second year which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2018 Bonds plus accrued and unpaid interest to the sold-back date.

(iv) 2019 Bonds I

In March 2016, the A share company issued three-year corporate bonds with principal amount of RMB1,850,000,000 (“**2019 Bonds I**”), which were listed on the Shanghai Stock Exchange. The 2019 Bonds I are denominated in RMB, and bear interest rate at 5.44% per annum for the first two years, payable annually in arrears on or on the business day nearest to 31 March of each year, beginning 31 March 2016.

According to the terms of 2019 Bonds I, the A share company may at its option adjust the interest rate at the end of the second year which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2019 Bonds I plus accrued and unpaid interest to the sold-back date.

(v) 2019 Bonds II

In March 2016, the A share company issued three-year corporate bonds with principal amount of RMB1,150,000,000 (“**2019 Bonds II**”), which were listed on the Shanghai Stock Exchange. The 2019 Bonds II are denominated in RMB, and bear interest rate at 4.76% per annum for the first year, payable annually in arrears on or on the business day nearest to 31 March of each year, beginning 31 March 2016.

According to the terms of 2019 Bonds II, the A share company may at its option adjust the interest rate at the end of the first and second year which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2019 Bonds II plus accrued and unpaid interest to the sold-back date.

On 29 March 2017, the principal amount of RMB65,000,000 have been redeemed.

(vi) 2021 Bonds

In August 2016, the A share company issued five-year corporate bonds with principal amount of RMB2,000,000,000 (“**2021 Bonds**”), which were listed on the Shanghai Stock Exchange. The 2021 Bonds are denominated in RMB, and bear interest rate at 4.48% per annum for the first three years, payable annually in arrears on or on the business day nearest to 15 August of each year, beginning 15 August 2016.

According to the terms of 2021 Bonds, the A share company may at its option adjust the interest rate at the end of the third year which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2021 Bonds plus accrued and unpaid interest to the sold-back date.

(vii) 2023 Bonds

In September 2016, the A share company issued seven-year corporate bonds with principal amount of RMB500,000,000 (“**2023 Bonds**”), which were listed on the Shanghai Stock Exchange. The 2023 Bonds are denominated in RMB, and bear interest rate at 4.80% per annum for the first five years, payable annually in arrears on or on the business day nearest to 12 September of each year, beginning 12 September 2016.

According to the terms of 2023 Bonds, the A share company may at its option adjust the interest rate at the end of the fifth year which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2023 Bonds plus accrued and unpaid interest to the sold-back date.

(viii) 2021 Bonds I

In October 2016, the A share company issued five-year corporate bonds with principal amount of RMB2,500,000,000 (“**2021 Bonds I**”), which were listed on the Shanghai Stock Exchange. The 2021 Bonds I are denominated in RMB, and bear interest rate at 4.41% per annum for the first three years, payable annually in arrears on or on the business day nearest to 17 October of each year, beginning 17 October 2016.

According to the terms of 2021 Bonds I, the A share company may at its option adjust the interest rate at the end of the third year which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to the A share company, in whole or in part, at a price equal to 100% of the principal amount of the 2021 Bonds I plus accrued and unpaid interest to the sold-back date.

(f) Trust arrangement

(i) Secured

The balance represents a loan from a trust company with investment property located in Changzhou and its related rental and management fee receivable as collateral. The loan bears interest rate of 6.7% per annum and falls due in 21 April 2018.

(ii) Unsecured

The balance includes RMB750,000,000, 6%, nine-month loan and RMB500,000,000, 7%, six-month loan. They are bridge loans and RMB750,000,000 was repaid on 1 August 2017.

(g) Loans from non-bank financial institution represent borrowings from a security company with shares of the A share company pledged as collateral.

8 TRADE AND OTHER PAYABLES

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Trade payables	12,943,884	12,479,079
Notes payable	2,477,545	1,660,614
Payables to related parties	16,655,380	10,408,432
Advances from non-controlling shareholders of subsidiaries (a)	176,829	39,300
Business, value-added and other taxes payable	292,963	298,311
Maintenance & decoration fees collected on behalf	56,708	73,840
Accrued payroll	92,214	464,152
Interest payable	730,815	450,583
Deposits for construction biddings and rental deposits	525,775	339,339
Deed tax collected on behalf	68,734	69,686
Temporary funding payables (b)	18,000	18,000
Call option payable	40,000	85,256
Intention deposits from potential property purchasers	177,871	130,113
Amounts received for potential joint investments in property projects (c)	422,917	2,023,305
Payables for acquisition of subsidiaries, joint ventures and associations	443,761	–
Amounts received from participants of the A share company's restricted share incentive scheme	249,660	265,650
Others	248,902	206,906
	35,621,958	29,012,566
Less: Non-current portion of call option payable	–	(36,670)
Current portion	35,621,958	28,975,896

(a) As at 30 June 2017, included in the balance was advances of RMB164,829,000 from an entity established by certain employees including key management of the Group. The advances are non-interest bearing, unsecured and have no fixed repayment terms.

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

(c) These amounts will either be returned upon unsuccessful land biddings or be treated as the other parties' contribution to a new subsidiary or joint venture of the Group for successful land biddings. They are unsecured, non-interest bearing and have no fixed repayment terms.

As at 30 June 2017 and 31 December 2016, the aging of the majority of trade payables and notes payable are less than one year.

As at 30 June 2017 and 31 December 2016, the fair value of trade and other payables approximate their carrying amounts.

As at 30 June 2017 and 31 December 2016, the carrying amounts of trade and other payables are primarily denominated in RMB.

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	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Land use rights costs	2,662,454	3,000,132
Construction costs	4,005,094	3,260,224
Direct operating costs incurred for service income	135,758	53,004
Capitalised interest	392,463	253,886
Business tax and surcharges (a)	265,316	475,545
Depreciation of property, plant and equipment	129,680	91,907
Amortisation of intangible assets	7,116	15,585
Bank charges	39,563	25,585
Staff costs	833,416	667,183
Entertainment expenses	47,990	34,138
Stamp duty and other taxes	75,390	50,331
Professional and consulting fees	122,769	48,907
Auditors' remuneration – interim review	1,200	1,200
Sales commission	84,626	27,576
Advertising and publicity costs	205,257	130,979
Rental expenses	53,116	49,669
Travelling expenses	48,280	41,067
Other expenses	188,514	33,763
	<hr/>	<hr/>
Total cost of sales, selling and marketing costs and administrative expenses	9,298,002	8,260,681
	<hr/> <hr/>	<hr/> <hr/>

- (a) Before 1 May 2016, 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	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Finance costs		
– Interest on borrowings	(1,102,061)	(769,979)
– Less: Interest capitalised	639,532	537,524
	<u>(462,529)</u>	<u>(232,455)</u>
– Loss from early redemption of Senior Notes	(191,810)	–
– Net foreign exchange gains/(losses) relating to borrowings	131,142	(99,414)
– Net foreign exchange (losses)/gains on cash and cash equivalents	(68,623)	949
	<u>(591,820)</u>	<u>(330,920)</u>
Total finance costs		
	<u>(591,820)</u>	<u>(330,920)</u>
Finance income		
– Interest income on bank deposits	83,056	88,507
	<u>83,056</u>	<u>88,507</u>
Net finance costs	<u>(508,764)</u>	<u>(242,413)</u>

11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Current income tax		
– PRC land appreciation tax	615,057	7,448
– PRC corporate income tax	684,016	270,417
	<u>1,299,073</u>	<u>277,865</u>
Deferred income tax	(172,200)	112,772
	<u>(172,200)</u>	<u>112,772</u>
Total income tax charged for the period	<u>1,126,873</u>	<u>390,637</u>

Hong Kong profit 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 2017 (Six months ended 30 June 2016: 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 2017, the Group accrued for PRC withholding tax with amount of RMB6,178,000 (Six months ended 30 June 2016: RMB4,775,000) 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 EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2017 and 2016 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	
	2017	2016
	(Unaudited)	(Unaudited)
Consolidated profit attributable to equity holders of the Company (<i>RMB'000</i>)	357,624	490,756
Weighted average number of ordinary shares in issue (<i>'000</i>)	5,658,000	5,658,000
Basic earnings per share (<i>RMB</i>)	0.06	0.09

As there were no dilutive options and other dilutive potential shares in issue during the six months ended 30 June 2017 and 2016, diluted earnings per share is the same as basic earnings per share.

13 DIVIDENDS

The board of directors has resolved not to declare interim dividend for the six months ended 30 June 2017 (Six months ended 30 June 2016: Nil).

A final dividend in respect of 2016 of RMB0.05 per ordinary share using the share premium account, amounting to RMB282,900,000, has been approved at the annual general meeting of the Company held on 18 May 2017. The dividend is reflected as an appropriation of share premium for the six months ended 30 June 2017. The amount had been fully paid as at 30 June 2017.

Management Discussion and Analysis

Overall Overview

Total contracted sales* of the Group for the first half of 2017 were approximately RMB49,087 million, representing a period-on-period increase of 75.01%. Recognized revenue increased by 22.8% to approximately RMB11,427.69 million from the same period in 2016. The core earnings** attributable to the equity holders of the Company were approximately RMB351.54 million, representing a period-on-period increase of 14.77%.

Business Review

Property Development

The contracted sales of the Group for the first half of 2017 amounted to approximately RMB49,087 million, representing a period-on-period increase of 75.01%. Total GFA sold (including areas of car parks sold) was approximately 3,548,929.83 sq.m., representing a period-on-period increase of 31.73%. Contracted sales (excluding sales of carparks) were evenly distributed geographically, with contracted sales in Suzhou, Hangzhou, Shanghai, Changzhou and Nanjing amounting to approximately RMB9,618.06 million, RMB7,251.68 million, RMB4,986.49 million, RMB3,808.49 million and RMB3,049.58 million, respectively, representing 20.16%, 15.20%, 10.45%, 7.98% and 6.39% of the Group's total contracted sales (excluding sales of carparks) respectively.

Table 1: Details of the Group's contracted sales in the first half of 2017

The following table sets out the geographic breakdown of the Group's contracted sales in the first half of 2017:

Name of project/property	Contracted GFA sold in the first half of 2017 (sq.m.)	Contracted sales amount in the first half of 2017 (RMB million)
Nanjing		
Nanjing Puyue Zhongshan	33,809	1,331.10
Nanjing Future Land Poly Tiandi	78,361	1,338.64
Nanjing Longwan Garden	1,673	53.82
Nanjing Flourish France	18,311	326.02
Nanjing Xianlin Lake Land Parcel	53,229	1,454.73
Nanjing sub-total	185,383	4,504.31

* Contracted sales included contracted sales of RMB5.29 billion and contracted sales area of 699,100 square metre ("sq.m.") of the Group's joint ventures and associates' projects on a 100% basis.

** Core earnings equal to net profit less after-tax fair value gains or losses and disposal (including direct sale and transfer of assets and equity interest) gains or losses (whether directly or through equity transfer) on investment properties including those recorded in other gains, and exclude unrealized foreign exchange gains or losses relating to borrowings, loss from early redemption of senior notes, and after-tax gain on disposal of certain subsidiaries engaging in residential property management business.

Name of project/property	Contracted GFA sold in the first half of 2017 (sq.m.)	Contracted sales amount in the first half of 2017 (RMB million)
Hefei		
The Young Garden	47,571	538.87
Hefei sub-total	<u>47,571</u>	<u>538.87</u>
Changzhou		
Phase IV of Changzhou Legend Mansion	69,188	988.03
Changzhou Metro Yue Palace	74,460	1,262.41
Changzhou Park View International Community	3,257	47.95
Changzhou Future Land Success	962	6.43
Changzhou Future Land Future France	4,046	26.68
Changzhou Future Land Future Consequence	3,228	41.34
Changzhou Future County	114,802	1,239.14
Changzhou Future Land Emporium	11,398	186.54
Changzhou Future Land In Spring Live	659	5.70
Changzhou Injoy International Plaza	251	4.27
Wujin Injoy Plaza	1,804	8.68
Changzhou sub-total	<u>284,055</u>	<u>3,817.17</u>
Wuxi		
Wuxi Future Land Jinjun Yuan	285	3.62
Wuxi Future Land Up Town	5,233	58.40
Wuxi sub-total	<u>5,518</u>	<u>62.02</u>

Name of project/property	Contracted GFA sold in the first half of 2017 (sq.m.)	Contracted sales amount in the first half of 2017 (RMB million)
Suzhou		
Suzhou Future Land Fragrant Legend	275	4.46
Suzhou Future Mangrove Bay	85	1.18
Suzhou Future County	36,219	662.00
Kunshan Future County	42,346	939.67
Changshu Yuyue Garden	72,301	1,244.52
Suzhou Wanshangfenghua	91,247	1,461.61
Suzhou Xiangxiyuan	88,079	1,290.19
Suzhou Sanqianyi	27,688	449.74
Suzhou Lakeview Yueshan	120,825	1,539.18
Wujiang Injoy Plaza	1,842	11.06
Wujiang Injoy Garden	23,623	289.16
Zhangjiagang Injoy Plaza	1,694	14.87
Changshu Vanke Gongwang Garden	90,018	1,710.41
Suzhou sub-total	596,242	9,618.05
Shanghai		
Shanghai Future Land Shangkun Yueshan	86,796	4,266.23
Shanghai Park View International Community A	818	16.51
Shanghai Future Fragrant Legend	413	6.19
Shanghai Future Fragrant View	101	3.90
Shanghai Future Royal Fame	100	3.03
Shanghai Future Land Fragrant Metropolitan	2,005	31.10
Shanghai Future Land Glorious Century	14,413	604.38
Shanghai Elite Mansion	2,924	55.15
Shanghai sub-total	107,570	4,986.49
Nantong		
Nantong Future France	170,456	1,383.02
Nantong sub-total	170,456	1,383.02

Name of project/property	Contracted GFA sold in the first half of 2017 (sq.m.)	Contracted sales amount in the first half of 2017 (RMB million)
Hangzhou		
Hangzhou Whispering Hills	22	0.27
Hangzhou Scarce Mansion	4,377	132.70
Xiaoshan Future Consequence	69,940	1,162.82
Hangzhou Xiaoshan Aofu	68,739	1,748.83
Hangzhou Hongjun	21,996	383.40
Xiaoshan Future Legend Mansion	60,019	1,488.63
Hangzhou Wanshangfenghua	29,899	506.97
Jiaying Haishangfenghua	36,261	627.85
Binjiang No. 8 in Xiaoshan District	16,152	430.89
Hangzhou Xiwangshangting	25,374	769.32
Hangzhou sub-total	332,779	7,251.68
Qingdao		
Qingdao Future France	39,860	657.66
Qingdao Excellent Queen's Road	69,929	1,240.73
Qingdao sub-total	109,789	1,898.39
Jinan		
Jinan Future Land Future France	31,939	372.29
Jinan Future Land Fragrant Legend	15,189	148.92
Jinan sub-total	47,128	521.21
Wuhan		
Future Land Delight City	62,870	801.97
Phase II of Future Land Jinghui	47,255	436.37
Wuhan sub-total	110,125	1,238.34
Changsha		
Future Land International Metropolis	90,244	525.48
Changsha sub-total	90,244	525.48

Name of project/property	Contracted GFA sold in the first half of 2017 (sq.m.)	Contracted sales amount in the first half of 2017 (RMB million)
Langfang		
V City	1,768	21.90
Langfang sub-total	<u>1,768</u>	<u>21.90</u>
Jintan		
Jintan Injoy Plaza	1,758	18.01
Jintan sub-total	<u>1,758</u>	<u>18.01</u>
Zhenjiang		
Zhenjiang Dantu Future Land Exalted Uptown	14,853	70.93
Danyang Injoy Plaza	86,251	583.70
Dingmao Injoy Plaza	95,365	764.36
Zhenjiang sub-total	<u>196,469</u>	<u>1,418.99</u>
Changchun		
Changchun Injoy Plaza	52,026	428.30
Changchun sub-total	<u>52,026</u>	<u>428.30</u>
Anqing		
Anqing Injoy Plaza	109,423	829.05
Anqing sub-total	<u>109,423</u>	<u>829.05</u>
Chengdu		
Chengdu Injoy Plaza	97,521	789.46
Chengdu sub-total	<u>97,521</u>	<u>789.46</u>
Rugao		
Rugao Injoy Plaza	11,379	225.91
Rugao sub-total	<u>11,379</u>	<u>225.91</u>

Name of project/property	Contracted GFA sold in the first half of 2017 (sq.m.)	Contracted sales amount in the first half of 2017 (RMB million)
Tianjin		
Tianjin Injoy Plaza	15,454	223.98
Tianjin sub-total	<u>15,454</u>	<u>223.98</u>
Yangzhou		
Yangzhou Injoy Plaza	102,640	1,057.24
Yangzhou sub-total	<u>102,640</u>	<u>1,057.24</u>
Nanchang		
Nanchang Injoy Plaza	55,116	475.20
Nanchang sub-total	<u>55,116</u>	<u>475.20</u>
Quzhou		
Quzhou Injoy Plaza	37,378	490.64
Quzhou sub-total	<u>37,378</u>	<u>490.64</u>
Tongxiang		
Tongxiang Injoy Plaza	18,564	344.66
Tongxiang sub-total	<u>18,564</u>	<u>344.66</u>
Haikou		
Haikou Injoy Plaza	44,449	541.62
Haikou sub-total	<u>44,449</u>	<u>541.62</u>
Taizhou		
Taizhou Injoy Plaza	11,527	208.45
Taizhou sub-total	<u>11,527</u>	<u>208.45</u>

Name of project/property	Contracted GFA sold in the first half of 2017 (sq.m.)	Contracted sales amount in the first half of 2017 (RMB million)
Shengzhou		
Shengzhou Injoy Plaza	63,697	624.08
Shengzhou sub-total	<u>63,697</u>	<u>624.08</u>
Ningbo		
Land Parcel Phase I-C, Ningbo Future Injoy Plaza Project	1,369	24.11
Land Parcel Phase II-B, Ningbo Future Injoy Plaza Project	11,312	219.31
Land Parcel Phase III-A, Ningbo Future Injoy Plaza Project	51,903	626.38
Ningbo sub-total	<u>64,584</u>	<u>869.80</u>
Yiwu		
Yiwu Injoy Plaza	67,472	1,236.10
Yiwu sub-total	<u>67,472</u>	<u>1,236.10</u>
Jinjiang		
Jinjiang Injoy Plaza	62,603	544.48
Jinjiang sub-total	<u>62,603</u>	<u>544.48</u>
Rui'an		
Rui'an Injoy Plaza	34,134	628.33
Rui'an sub-total	<u>34,134</u>	<u>628.33</u>

Name of project/property	Contracted GFA sold in the first half of 2017 (sq.m.)	Contracted sales amount in the first half of 2017 (RMB million)
Kunming Injoy Plaza		
Kunming Injoy Plaza	27,512	222.70
Kunming sub-total	<u>27,512</u>	<u>222.70</u>
Other projects completed	16,357	160.96
Carparks	<u>370,239</u>	<u>1,381.69</u>
Total	<u>3,548,930</u>	<u>49,086.58</u>

Car parks are not included in various project contracted sales information.

Joint ventures and associates' projects are included in the above contracted sales information on an 100% basis.

As at 30 June 2017, the Group had pre-sold properties which had not been delivered with a total contracted sales amounts of approximately RMB72,758 million and a total GFA of approximately 6,362,858 sq.m. (including those of joint ventures and associates). This lays a solid foundation for the continuous and steady growth in the Group's future recognized revenue.

Land Bank

As at 30 June 2017, the total land bank of the Group was approximately 49,596,957 sq.m., of which approximately 25,644,544 sq.m. was attributable to the Group's interests. The average acquisition cost of our land bank was approximately RMB2,784 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 (sq.m.)	Percentage of the Group's total GFA (%)	GFA attributable to the Group's interests (sq.m.)	Percentage of GFA attributable to the Group's interests (%)
Suzhou	7,509,874	15.14%	3,052,361	11.90%
Qingdao	4,403,111	8.88%	1,708,888	6.66%
Changzhou	3,492,322	7.04%	2,287,080	8.92%
Nanjing	2,400,871	4.84%	1,160,844	4.53%
Shanghai	2,212,801	4.46%	843,936	3.29%
Tianjin	2,027,217	4.09%	934,077	3.64%
Taizhou	1,914,693	3.86%	891,420	3.48%
Zhenjiang	1,829,060	3.69%	1,225,067	4.78%
Changsha	1,662,540	3.35%	882,474	3.44%
Jinan	1,602,147	3.23%	899,450	3.51%
Hangzhou	1,493,491	3.01%	650,695	2.54%
Wuhan	1,264,461	2.55%	816,637	3.18%
Hefei	1,012,737	2.04%	366,389	1.43%
Nantong	922,470	1.86%	530,195	2.07%
Chengdu	883,917	1.78%	150,268	0.59%
Foshan	831,953	1.68%	558,240	2.18%
Jintan	829,533	1.67%	538,721	2.10%
Suqian	817,982	1.65%	528,119	2.06%
Shengzhou	731,942	1.48%	491,133	1.92%
Anqing	720,531	1.45%	483,476	1.89%
Xiaogan	715,579	1.44%	341,159	1.33%
Wuxi	708,459	1.43%	295,070	1.15%
Ningbo	659,101	1.33%	443,180	1.73%
Shangrao	606,580	1.22%	407,015	1.59%
Jiaxing	589,891	1.19%	395,817	1.54%
Cixi	555,700	1.12%	372,875	1.45%
Nanchang	522,344	1.05%	244,377	0.95%
Taixing	521,470	1.05%	349,906	1.36%
Kunming	486,056	0.98%	326,144	1.27%
Huainan	472,510	0.95%	317,054	1.24%
Yangzhou	444,976	0.90%	238,863	0.93%
Yiwu	432,117	0.87%	147,875	0.58%
Taiyuan	410,483	0.83%	275,434	1.07%
Changchun	402,738	0.81%	271,562	1.06%
Langfang	378,286	0.76%	253,830	0.99%
Linyi	377,747	0.76%	253,468	0.99%
Quzhou	349,123	0.70%	234,262	0.91%
Tongxiang	346,293	0.70%	233,502	0.91%
Jinjiang	319,152	0.64%	214,151	0.84%
Haikou	298,740	0.60%	200,454	0.78%
Xi'an	252,294	0.51%	169,289	0.66%
Huzhou	235,776	0.48%	158,206	0.62%
Chongqing	215,020	0.43%	69,412	0.27%
Nanning	203,999	0.41%	136,883	0.53%
Rui'an	201,464	0.41%	135,182	0.53%
Xingyang	181,236	0.37%	62,021	0.24%
Rugao	146,172	0.31%	98,081	0.37%
	49,596,959	100.00%	25,644,542	100.00%

In the first half of 2017, the Group acquired a total of 51 new projects to replenish its land bank, all of which were acquired through government public tender, auction, listing-for-sale acquisition or equity acquisition. These new acquisition of land have a total GFA of approximately 15,713,680 sq.m. and the average acquisition cost was approximately RMB3,051.66 per sq.m.

Table 3: Land acquisition in the first half of 2017

Project/Land Parcel	Location	Land use	Attributable interest	Site area (sq.m.)	Total GFA (sq.m.)	Total land premium (RMB million)
Land parcel located to the North of Hebin South Road in Huayang Town, Jurong City	Huayang Town	Residential	67.10%	69,889	221,088	964
Land parcel-2016G42 located to the South of Overseas Chinese High-tech Venture Park in Pukou High-tech Industrial Development Zone, Nanjing	Pukou District	Residential	19.37%	27,428	126,015	550
Suqian Lakeview Park	Economic Development Zone	Residential	67.10%	218,880	503,054	230
Suqian Shuimuqinghua	Sucheng District	Residential	67.10%	109,177	314,928	442
Land parcel located to the North of Jintan Boulevard and to the East of Juxian Road in Jintan District	Jintan District	Residential	64.28%	48,592	177,134	602
Land parcel located to the West of Qunxian Road and to the South of Jingui Road in Jintan District	Jintan District	Residential	64.28%	134,344	457,857	1,677
The continuing construction project “Tai He Zhi Chun Yuan”* (泰和之春苑) in Changzhou City	Tianning District	Residential	67.10%	106,906	461,139	797
Land parcel located to the North of Laodong East Road and to the West of Qingyang Road, Changzhou	Tianning District	Residential	64.28%	83,179	247,880	1,360
Land parcel No. (Jing), 2016-28, Huishan District, Wuxi Land and Resources Bureau	Huishan District	Residential	16.44%	103,846	355,910	1,485
Land parcel No. 2016A-014 in Culture Area of Changshu	Culture Area of Changshu	Residential	22.14%	53,753	163,288	560
Land parcel in Jiulihu, Wujiang	Tongli Ancient Town, Wujiang	Residential	67.10%	26,800	36,213	336
Land parcel in Nanma, Wujiang	Nama Community, Zhenze Town, Wujiang	Residential	67.10%	303,143	811,963	1,591
Land parcel in Waiguoyu, Wujiang	Tongli Ancient Town, Wujiang	Residential	67.10%	113,772	128,729	631
Land parcel No. 2016-WG-70 in Fenghu Road East, Beiqiao Street, Xiangcheng District, Suzhou	Fenghu Road East, Beiqiao Street, Xiangcheng District, Suzhou	Residential	13.42%	128,313	334,847	1,521
Land parcels Nos. C1-2 and C5-5 in Ancient Town, Luodian Town, Baoshan, Shanghai	Luodian Town, Baoshan	Residential	14.85%	89,155	229,778	2,245

Project/Land Parcel	Location	Land use	Attributable interest	Site area (sq.m.)	Total GFA (sq.m.)	Total land premium (RMB million)
Land parcel 18-02, BSPO-1701, Luoqing Town, Baoshan, Shanghai	Luoqing Town, Baoshan	Residential	15.82%	62,848	169,191	2,360
Xiaozheng Chuchu No. (2016) 23 Land parcel, Xiaoshan District, Hangzhou	Xiaoshan District, Hangzhou	Residential	16.78%	46,761	185,546	2,525
Land parcel No. CX-06-03-02A-2 in Jiangjiangyangcun, Nanxun Economic Development Zone, Huzhou	Nanxun District, Huzhou	Residential	67.10%	83,130	235,776	590
Land parcels Puxi No.1 and No.2 located at Beicheng Street, Huangyan District, Taizhou City	Huangyan District, Taizhou City	Residential	18.12%	73,581	390,770	484
Land parcels No. 2016-G117, No. G118 and No. G119 in No. 75 Industrial North Road, Licheng District, Jinan	Licheng District	Residential	16.78%	70,657	264,732	1,821
Land parcel located to South of Jingshi Road in Huaiyin District, Jinan City	Huaiyin District	Residential	67.10%	18,932	118,132	240
Land parcel No. 2017-7 in Zhangqiu District, Jinan	Licheng District	Residential	33.55%	62,592	126,272	394
Haida Weiye land parcel in Economic Development Zone, Jiaozhou, Qingdao	Jiaozhou City	Residential	33.55%	209,519	559,052	1,510
Land parcel located to the South of East Changjiang Road, Huangdao District, Qingdao	Huangdao District	Residential	26.84%	6,583	26,512	79
Jinmaowan Project in Yuelu District, Changsha	Yuelu District	Residential	33.55%	119,862	660,790	1,105
Land parcel (BH2016-15) located to the South of Guiyang Road, Binhu District, Hefei	Binhu District	Residential	21.21%	115,493	338,352	1,780
Land parcel (BH2016-17) located to the South of Nanjing Road, Binhu District, Hefei	Binhu District	Residential	67.10%	50,753	126,989	1,458
Land parcels No. TF4-1 and No. TF4-2-1 in Hefei High-tech Zone	High-tech Zone	Residential	13.42%	104,760	302,240	1,380
Land parcel No. 54b in Sino-Singapore Tianjin Eco-City, Binhai New Area, Tianjin	Binhai New Area	Residential	67.10%	87,339	141,647	1,317
Land parcel Jin chen dian plot No. 2006-032	Beichen District	Residential	53.68%	237,504	542,882	1,635
Land parcel Jinwu plot No. 2011-348	Wuqing District	Residential	60.39%	57,560	147,307	453
Land parcel No. TD2017(SS)WG0006 located to the east of Jiansheyi Road, South-West Street, Sanshui District, Foshan	Foshan	Residential	67.10%	47,253	236,341	1,038
No. 1, Guangyang Road, Guangyang District, Langfang, Hebei	Guangyang District, Langfang	Residential	67.10%	71,464	222,997	1,132
Land parcels located in Units 4 and 10 and the community center of Changzhen Community, Longqiao Town, Xindu District, Chengdu City	Xindu District	Residential	33.55%	110,510	273,975	837
Land parcel No. A062-1/03 in Sub-zone A of Lianglu Zone in Yubei District, Chongqing	Yubei District	Residential	32.28%	45,575	215,020	844
Wangmu Lake Project in Xiaogan High-tech Zone Project	Xiaogan High-tech Zone	Residential	34.22%	122,909	422,744	277

Project/Land Parcel	Location	Land use	Attributable interest	Site area (sq.m.)	Total GFA (sq.m.)	Total land premium (RMB million)
Xiao Guo Tu Kai No. P(2017)01	Xiaogan High-tech Zone	Residential	67.10%	76,041	292,835	627
Xingzheng Chu No. (2016) 124-3/098-2	Xingzheng	Mixed	34.22%	56,302	181,236	144
Land parcel No. 2016G92	Jianye District	Mixed	67.10%	61,544	366,507	2,330
Huainan commercial land parcel and residential land parcels D02, D03 and D27	Tianjiaan District, Huainan	Mixed	67.10%	148,507	488,059	271
Land parcel No. 1656 in Qidong	Qidong, Nantong	Mixed	67.10%	110,986	354,782	476
Intersection of Ninghang South Road and Ersheng Road	Huayang Town, Jurong	Mixed	67.10%	88,983	341,241	149
Land parcel in Houbeitun, Taiyuan	Houbeitun, Wanbailin District, Taiyuan	Mixed	67.10%	82,023	410,483	1,515
Yuhuan Future Land Injoy Plaza	Yuhuan, Taizhou, Zhejiang	Mixed	67.10%	153,234	504,711	853
Changleng Avenue Project in New District, Nanchang	New District, Nanchang	Mixed	67.10%	66,395	180,700	329
Land parcel located to the South of Jinqiao Road in Xingning District	south of Jinqiao Road in Xingning District, Nanning City	Mixed	67.10%	58,170	203,999	215
Land parcel located to the West of Xingsha Street East four line, to the North of Wangxian Road and to the South of Teli Road in Changsha County	West of the Xingsha Street East four line and north to the Wangxian Road in Changsha County	Mixed	67.10%	73,855	179,810	259
Land parcel in Fengdong New Town	Fengdong New Town, Xixian New District	Mixed	67.10%	54,606	252,294	254
Land parcel in south of Cixi	Cixi, Ningbo	Mixed	67.10%	152,092	555,700	627
Phoenix Avenue Complex (land parcels A and B)	Shangrao County	Mixed	67.10%	137,377	606,580	831
Land parcel located to the North of South Huancheng Road and to the West of Taihe Road in Xianju County, Taizhou	Xianju, Taizhou, Zhejiang	Mixed	67.10%	140,761	517,653	824
Total				4,883,638	15,713,680	47,953

Property Delivery and Revenue from Sale of Properties

The revenue of the Group's property development business for the first half of 2017 was approximately RMB10,833.9 million, representing a period-on-period increase of 24.5%. Properties with total GFA of approximately 1,074,194 sq.m. were delivered during the first six months of 2017, representing a period-on-period increase of 28.0%. Average selling price of properties delivered and recognized as sales for the first half of 2017 was approximately RMB10,085.6 per sq.m.

Table 4: Breakdown of property development revenue by projects in the first half of 2017

The following table sets forth the revenue information relating to the properties the Group delivered for sale during the first half of 2017:

Name of project/property	City	Revenue <i>(RMB million)</i>	GFA <i>(sq.m.)</i>	Average selling price <i>(RMB/sq.m.)</i>
Flourish France	Nanjing	1,767.5	142,321	12,419.0
Fragrant View	Suzhou	1,098.5	94,181	11,663.8
Scarce Mansion	Hangzhou	997.2	47,499	20,993.6
Injoy Plaza	Tongxiang	927.8	112,513	8,245.8
Future Flower Bay	Shanghai	888.3	61,422	14,462.2
Injoy Plaza	Shengzhou	840.8	94,936	8,857.0
Injoy Plaza	Haikou	741.8	73,222	10,130.3
Future Land Jinjun Yuan	Wuxi	539.3	61,312	8,795.4
Injoy Plaza	Nanchang	450.5	45,546	9,892.0
Delight City	Wuhan	440.1	58,505	7,522.9
Phase IV of Legend Mansion	Changzhou	411.0	32,527	12,634.8
Injoy Plaza	Jintan	247.4	11,541	21,431.6
Injoy Plaza	Changchun	147.7	17,563	8,411.7
Injoy Plaza	Anqing	135.3	11,213	12,062.7
Other projects		1,200.7	209,893	5,720.5
Total		10,833.9	1,074,194	10,085.6

Property Investment

With the completion of various investment properties, rental income from investment properties of the Group increased to approximately RMB198.6 million in the first half of 2017.

Table 5: Breakdown of rental income from investment properties of the Group in the first half of 2017

Name of project/property	Rental income	
	First half of 2017 (RMB'000)	First half of 2016 (RMB'000)
Changzhou Injoy Plaza	43,102.38	33,521.64
Changzhou Injoy International Plaza	33,101.28	28,831.80
Shanghai Qingpu Injoy Plaza	–	24,235.78
Suzhou Wujiang Injoy Plaza	8,777.20	3,041.10
Danyang Injoy Plaza	12,434.71	10,118.67
Zhangjiagang Injoy Plaza	14,297.02	10,105.73
Haikou Injoy Plaza	16,241.24	–
Nanchang Injoy Plaza	12,350.83	–
Jintan Injoy Plaza	15,096.89	–
Anqing Injoy Plaza	13,342.45	–
Tongxiang Injoy Plaza	4,854.02	–
Quzhou Injoy Plaza	1,767.40	–
Future Land Holdings Tower B	23,250.49	–
Total	198,615.90	109,854.72

Financial Review

Revenue

For the first half of 2017, the Group's revenue amounted to approximately RMB11,427.7 million, representing an increase of 22.8% as compared to the same period of last year. As a breakdown, income from sales of properties during the Reporting Period was approximately RMB10,833.9 million, representing a period-on-period increase of 24.5%; income from property management and other income was approximately RMB386.0 million, representing a decrease of 18.2% as compared to the same period of last year; and rental income was approximately RMB207.8 million, representing a period-on-period increase of 58.2%.

Fair Value Gains on Investment Properties

The Group develops and holds certain of its commercial properties such as retail shops, shopping malls and car parks for rental income or capital appreciation. The Group's investment properties are appraised semi-annually by an independent property valuer. Any appreciation or depreciation in the Group's investment property value is recognized as fair value gains or losses in the Group's consolidated statements of income. Valuation gains on investment properties for the first half of 2017 decreased to approximately RMB178.8 million from approximately RMB193.2 million for the same period in 2016.

Gross Profit

For the first half of 2017, the gross profit of the Group was approximately RMB3,745.4 million, representing a period-on-period increase of 93.5%. The increase in gross profit was mainly due to the difference in the composition of recognised projects and an increase in the GFA of properties delivered and recognised as sales.

Selling and Marketing Costs

For the first half of 2017, selling and marketing costs of the Group increased to approximately RMB507.5 million from approximately RMB384.2 million for the same period in 2016, which was primarily attributable to higher commission expense on expanded sales and more advertising and publishing costs associated more projects.

Administrative Expenses

For the first half of 2017, administrative expenses of the Group increased to approximately RMB1,108.2 million from approximately RMB508.8 million for the same period in 2016, which was mainly due to the increase in the Group's staff headcount and remuneration during the Reporting Period, as well as higher professional and consulting fee.

Other Losses/Gains – Net

For the first of 2017, the net other losses of the Group was approximately RMB2.5 million, representing a period-on-period decrease of 101.4%.

Finance Costs – Net

For the first half of 2017, net finance costs of the Group increased by approximately 109.9% to approximately RMB508.8 million from approximately RMB242.4 million for the same period in 2016. The increase in net finance costs was mainly due to higher borrowing balance and early redemption of senior notes.

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 for the first half of 2017 were approximately RMB511.8 million and approximately RMB615.1 million, respectively.

Financial Resources and Liquidity Ratios

As at 30 June 2017, the Group had cash at bank and on hand (including restricted cash) of approximately RMB23,521.0 million (As at 31 December 2016: approximately RMB13,756.4 million), and current and non-current borrowings of approximately RMB48,014.1 million (As at 31 December 2016: approximately RMB27,211.9 million). Approximately RMB18,051.5 million of current and non-current borrowings is repayable within one year, approximately RMB29,962.6 million of non-current borrowings is repayable after one year but within five years, and approximately RMB253.2 million of non-current borrowings is repayable after five years. As at 30 June 2017, our net debt-to-equity ratio increased from 88.7% as at the end of 2016 to 157.4%. Net debt-to-equity ratio is calculated by dividing net debt at the end of the period by total equity and multiplied by 100%. Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash. Net debt-to-equity ratio of the Group increased primarily due to the increase in net debt resulted from the increase in financing.

The Directors believed that the risks associated with our debt level are under control and the Group is able to cope with and withstand any market volatility.

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 2017, 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 RMB16,254.9 million (As at 31 December 2016: approximately RMB12,130.30 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 2017. The Directors consider that the subsidiaries are sufficiently financially resourced to settle their obligations.

As at 30 June 2017, the Group provided guarantee with the amount of RMB15,526 million (as at 31 December 2016: RMB13,937 million) to its joint ventures and associates.

Save as disclosed in this interim results announcement, the Group had no other material contingent liabilities as at 30 June 2017.

Available-For-Sale Financial Assets

As at 30 June 2017, the fair value of the Group's available-for-sale financial assets increased by 4.1% to approximately RMB452.6 million from approximately RMB434.9 million as at 31 December 2016.

Foreign Exchange Risk

As at 30 June 2017, the Group had cash at bank and on hand denominated in Renminbi of approximately RMB19,662.2 million, in Hong Kong dollars of RMB682.5 million and in U.S. dollars of approximately RMB3,176.3 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 balances and the settlement of certain general and administrative expenses and other loans in U.S. dollars or Hong Kong dollars.

In November 2015, the Company successfully issued a tranche of two-year USD250 million senior notes at a fixed interest rate of 6.25% on the international capital market. In February 2017, the Company successfully issued a tranche of three-year USD350 million senior notes at a fixed interest rate of 5.00%. 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

During the Reporting Period, 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.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

Employees and Compensation Policy

As at 30 June 2017, the Group had 9,662 full-time employees in the PRC and Hong Kong. Of which, 8,368 of these employees worked in the property development operations and commercial management business and 1,294 are engaged in 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 RMB41.4 million for the Reporting Period (six months ended 30 June 2016: approximately RMB1.7 million).

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

During the Reporting Period, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the initial public offering of the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 29 November 2012 (after deducting underwriting fees and related expenses) amounted to approximately HK\$1,975.8 million. During the Reporting Period, such net proceeds were applied in the manner consistent with that set out in the Company's prospectus dated 19 November 2012.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Reference is made to the joint announcement (the "**Joint Announcement**") of the Company and Wealth Zone Hong Kong Investments Limited (the "**Offeror**") dated 18 July 2017. Capitalized terms used in this paragraph shall have the same meanings as defined in the Joint Announcement, unless the context requires otherwise. Pursuant to the Joint Announcement, on 9 July 2017, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law. The Scheme will provide that the Scheme Shares will be cancelled and, in consideration thereof, each Scheme Shareholder will be entitled to receive the Cancellation Price of HK\$3.30 in cash for each Scheme Share payable by the Offeror. Upon the Scheme becoming effective, it is anticipated that listing of the Shares on the Stock Exchange will be withdrawn and terminated. Please refer to the Joint Announcement for further details.

MATERIAL CHANGE

Save as disclosed herein, there has been no material change in respect of the future developments in the business of the Group (including the Company's prospects for the current financial year) since the publication of the Company's 2016 Annual Report.

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 (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange as its own code of corporate governance. The Company has complied with code provision as set out in the CG Code for the six months ended 30 June 2017. 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 has complied with the Model Code during the Reporting Period.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company, comprising all the independent non-executive Directors, namely Mr. Chen Huakang (Chairman), Mr. Zhu Zengjin and Mr. Zhong Wei, 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 2017.

PUBLICATION OF THE INTERIM RESULTS AND 2017 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 2017 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

18 August 2017

As at the date of this announcement, the Directors are Mr. Wang Zhenhua, Mr. Lv Xiaoping, Mr. Lu Zhongming, Mr. Liu Yuanman and Mr. Chan Wai Kin as executive Directors, Mr. Wang Xiaosong as non-executive Director, and Mr. Chen Huakang, Mr. Zhong Wei and Mr. Zhu Zengjin as independent non-executive Directors.

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