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CIFI GROUP
旭輝集團

CIFI Holdings (Group) Co. Ltd.

旭輝控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00884)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

2014 INTERIM RESULTS HIGHLIGHTS

For the six months ended 30 June 2014,

- Contracted sales increased to RMB10,200 million, representing a year-on-year growth of 42.5%;
- Recognised revenue was RMB5,021 million, representing a year-on-year increase of 4.0%;
- Profit for the year attributable to equity owners of the Company was RMB749 million;
- Core net profit was RMB646 million, representing a year-on-year increase of 12.0%;
- Gross profit margin and core net profit margin improved to 26.4% and 12.9% respectively; and
- Earnings per share were RMB12.4 cents, while core earnings per share were RMB10.7 cents. The Board does not declare any interim dividend.

As at 30 June 2014,

- Cash on hand of RMB6.4 billion;
- Net debt-to-equity ratio was 71.1%;
- Weighted average cost of indebtedness decreased to 8.7%; and
- Weighted average duration of debts increased to 3.7 years.

INTERIM RESULTS

The Board of Directors (the “Board”) of CIFI Holdings (Group) Co., Ltd. (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2014 (the “Relevant Period”) with comparative figures for the preceding financial year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
	<i>NOTES</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	5,021,460	4,829,235
Cost of sales and services		(3,698,290)	(3,609,200)
Gross profit		1,323,170	1,220,035
Other income, gains and losses	4	168,795	42,675
Change in fair value of investment properties		210,884	526,203
Change in fair value of trust and other loans related derivatives		(4,000)	2,000
Selling and marketing expenses		(132,406)	(113,390)
Administrative expenses		(228,009)	(177,045)
Share of results of joint ventures		(19,136)	(653)
Finance costs	5	(110,756)	(102,540)
Profit before taxation		1,208,542	1,397,285
Income tax expense	6	(444,152)	(440,416)
Profit and total comprehensive income for the period	7	<u>764,390</u>	<u>956,869</u>
Attributable to:			
Equity owners of the Company		748,641	854,213
Non-controlling interests		15,749	102,656
Profit and total comprehensive income for the period		<u>764,390</u>	<u>956,869</u>
Earnings per share, in RMB cents:			
Basic	9	<u>12.4</u>	<u>14.8</u>
Diluted	9	<u>12.4</u>	<u>14.8</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

		At 30 June 2014	At 31 December 2013
<i>NOTES</i>		<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
NON-CURRENT ASSETS			
Investment properties		5,115,000	4,650,400
Property, plant and equipment		48,253	47,161
Prepaid lease payments		57,645	57,645
Interests in joint ventures		6,879,979	4,298,994
Available-for-sale investment		57,023	54,023
Restricted cash deposit		21,768	21,768
Deferred taxation assets		177,939	147,186
		12,357,607	9,277,177
CURRENT ASSETS			
Properties held for sale		3,625,967	3,951,144
Properties under development for sale		15,225,020	13,044,558
Accounts and other receivables, deposits and prepayments	10	4,140,681	3,370,007
Amounts due from non-controlling interests		79,704	64,704
Deposits for land use rights for properties held for sale		843,039	1,972,562
Taxation recoverable		355,166	265,197
Pledged bank deposits		35,000	100,000
Bank balances and cash		6,352,578	7,060,748
		30,657,155	29,828,920
CURRENT LIABILITIES			
Accounts payables and accrued charges	11	6,576,163	6,330,270
Deposits received for property sales		9,877,164	8,067,878
Amounts due to non-controlling interests		656,006	433,202
Taxation payable		808,030	784,341
Bank and other borrowings – due within one year		2,172,322	2,934,643
Trust and other loans related derivatives		86,000	82,000
		20,175,685	18,632,334
NET CURRENT ASSETS		10,481,470	11,196,586
TOTAL ASSETS LESS CURRENT LIABILITIES		22,839,077	20,473,763

	At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000 (audited)
CAPITAL AND RESERVES		
Share capital	487,896	487,896
Reserves	8,551,964	8,123,057
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Equity attributable to equity owners of the Company	9,039,860	8,610,953
Perpetual capital instruments	578,710	–
Non-controlling interests	713,585	544,442
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TOTAL EQUITY	10,332,155	9,155,395
	<hr/>	<hr/>
NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	7,175,585	7,219,455
Senior notes	4,322,610	3,137,901
Deferred taxation liabilities	1,008,727	961,012
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	12,506,922	11,318,368
	<hr/>	<hr/>
	22,839,077	20,473,763
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. BASIS OF PRESENTATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) Interim Financial Reporting issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2013.

Application of new or revised amendments to International Financial Reporting Standards

In the current interim period, the Group has applied, for the first time, the following new or revised International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

The application of the above new interpretations and amendments to IFRSs in current period has had no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (being the board of directors of the Company) in order to allocate resources to the segment and to assess its performance.

Information reported to the Group’s chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on three main operations:

- Property development: this segment represents the development and sales of office premises and residential properties. All the Group’s activities in this regard are carried out in the People’s Republic of China (“PRC”).
- Property investment: this segment represents the lease of investment properties, which are developed by the Group to generate rental income and to gain from the appreciation in the properties’ values in the long term. Currently the Group’s investment property portfolio is located entirely in the PRC.
- Property management and property related services: this segment mainly represents the income generated from property management. Currently the Group’s activities in this regard are carried out in the PRC.

The chief operating decision maker regularly reviews the operating results by property development projects. As property development projects are all located in the PRC, their revenue is primarily derived from the sales of properties, and is related and subject to common risk and returns. All property development projects are aggregated into a single reportable segment, property development, in accordance with IFRS 8 “Operating Segments”.

(a) Segment revenue and profit

Information regarding the Group’s reportable segments as provided to the Group’s chief operating decision maker for the purposes of resources allocation and assessment of segment performance for the period is set out below.

	Property development RMB’000	Property investment RMB’000	Property management and property related services RMB’000	Total RMB’000
Six months ended 30 June 2014 (unaudited)				
Reportable segment revenue from external customers	<u>4,788,728</u>	<u>18,544</u>	<u>214,188</u>	<u>5,021,460</u>
Reportable segment profit	<u>1,084,236</u>	<u>16,177</u>	<u>90,351</u>	<u>1,190,764</u>
Six months ended 30 June 2013 (unaudited)				
Reportable segment revenue from external customers	<u>4,723,370</u>	<u>20,333</u>	<u>85,532</u>	<u>4,829,235</u>
Reportable segment profit	<u>1,056,445</u>	<u>19,617</u>	<u>30,583</u>	<u>1,106,645</u>

(b) Segment assets and liabilities

No assets and liabilities are included in the measures of the Group’s segment reporting that are used by the chief operating decision maker. Accordingly, no segment assets and liabilities are presented.

(c) Reconciliations of reportable segment revenue and profit

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue		
Reportable segment and consolidated revenue	5,021,460	4,829,235
	<hr/>	<hr/>
Profit		
Reportable segment profit	1,190,764	1,106,645
Other income, gains and losses	168,795	42,675
Change in fair value of investment properties	210,884	526,203
Change in fair value of trust loans related derivatives	(4,000)	2,000
Finance costs	(110,756)	(102,540)
Share of results of joint ventures	(19,136)	(653)
Depreciation of property, plant and equipment	(6,948)	(4,079)
Write-back of (allowance for) doubtful debts	1,793	(1,108)
Unallocated head office and corporate expenses	(222,854)	(171,858)
	<hr/>	<hr/>
Consolidated profit before taxation	1,208,542	1,397,285
	<hr/>	<hr/>

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividend income from available-for-sale investment	1,958	1,405
Interest income	57,616	13,607
Gain on disposal of property, plant and equipment	43	111
Government grants	34,161	14,797
Forfeited deposits paid by purchasers	595	1,089
Gain on disposal of a joint venture	80,243	–
Exchange (loss) gain	(18,013)	5,248
Sundry income	12,192	6,418
	<hr/>	<hr/>
	168,795	42,675
	<hr/>	<hr/>

5. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank and other borrowings and amounts due to non-controlling interests wholly repayable within five years	(401,529)	(377,548)
Interest on bank and other borrowings not wholly repayable within five years	(24,488)	(26,529)
Interest expense on senior notes	(246,484)	(47,998)
Less: Amount capitalised to properties under development and investment properties under construction	561,745	349,535
	(110,756)	(102,540)

Borrowing costs capitalised to properties under development and investment properties under construction arose from specific borrowings and were determined by the contracted interest rates of respective bank and other borrowings.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PRC enterprise income tax:		
Current income tax	(189,055)	(193,537)
Over provision in respect of prior periods	211	5,183
	(188,844)	(188,354)
Land appreciation tax ("LAT")	(238,397)	(120,654)
	(427,241)	(309,008)
Deferred taxation		
Current period	(16,911)	(131,408)
	(444,152)	(440,416)

No provision for Hong Kong Profits Tax has been made as the Group does not have income which arises in, or is derived from, Hong Kong.

Under the Law of Enterprise Income Tax and Implementation Rules of the PRC, the statutory tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

As approved by various competent tax bureaux, certain PRC subsidiaries are subject to statutory tax rate of 25% on their respective deemed taxable income, ranging from 8% to 10% of revenue in accordance with the prescribed tax calculation method pursuant to the applicable PRC tax regulations.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

7. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit and total comprehensive income for the period has been arrived at after charging (crediting):		
Cost of properties sold included in cost of sales and services	3,573,999	3,522,923
Depreciation of property, plant and equipment	6,948	4,079
(Write-back of) allowance for doubtful debts	(1,793)	1,108
Operating lease rentals in respect of land and buildings	10,416	14,680
	<u>3,588,560</u>	<u>3,542,790</u>

8. DIVIDEND

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividend recognised as distribution during the period: Final dividend paid in respect of financial year ended 31 December 2013 of Hong Kong Dollars (“HKD”) 0.07 per share (2013: in respect of financial year ended 31 December 2012 of HKD0.04 per share)	421,861	230,800

No dividends were declared or proposed by the Company for the six months ended 30 June 2014 and 2013 respectively.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	748,641	854,213

	Six months ended 30 June	
	2014	2013
	'000	'000
	(unaudited)	(unaudited)
Number of shares	6,026,579	5,770,000

Number of shares

Number of ordinary shares for the purpose of basic
and diluted earnings per share

The diluted earnings per share is same as basic earnings per share for the six months ended 30 June 2014 and 2013 as the Group had no dilutive potentially ordinary shares in issue during both periods.

10. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly arise from sales of properties and rental income. Considerations in respect of properties sold are paid in accordance with the terms of the related sales and purchase agreements, normally within 60 days from the date of agreement. Rental income is paid by tenants within two months in accordance to tenancy agreement.

	At 30 June 2014 <i>RMB'000</i> (unaudited)	At 31 December 2013 <i>RMB'000</i> (audited)
Trade receivables, net of allowance	1,738,894	1,607,235
Other receivables, net of allowance	2,039,600	1,262,355
Prepaid tax	311,357	239,300
Deposits and prepayments	50,830	261,117
	<u>4,140,681</u>	<u>3,370,007</u>

As at 30 June 2014, included in the other receivables are amounts of RMB327,232,000 (31 December 2013: RMB282,916,000) due from certain joint ventures. The amounts are unsecured, interest-free and repayable on demand.

The following is an aging analysis of trade receivables, based on the date of agreement and net of allowance, at the end of the reporting period:

	At 30 June 2014 <i>RMB'000</i> (unaudited)	At 31 December 2013 <i>RMB'000</i> (audited)
Within 60 days	828,557	1,309,368
61–180 days	352,070	106,136
181–365 days	493,563	177,242
Over 365 days	64,704	14,489
	<u>1,738,894</u>	<u>1,607,235</u>

11. ACCOUNTS PAYABLES AND ACCRUED CHARGES

	At 30 June 2014 <i>RMB'000</i> (unaudited)	At 31 December 2013 <i>RMB'000</i> (audited)
Trade payables	1,672,089	2,005,975
Other payables and accrued charges	4,904,074	4,324,295
	<u>6,576,163</u>	<u>6,330,270</u>

Trade payables and accrued expenditure on construction comprise of construction costs and other project-related expenses which are payable based on project progress measured by the Group. The average credit period of trade payables is 60 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

The following is an aging analysis of trade payables, based on the invoice date, at the end of the reporting period:

	At 30 June 2014 <i>RMB'000</i> (unaudited)	At 31 December 2013 <i>RMB'000</i> (audited)
Within 60 days	634,810	1,086,287
61–180 days	151,077	66,811
181–365 days	538,835	740,890
1–2 years	270,824	41,495
2–3 years	23,299	58,166
Over 3 years	53,244	12,326
	<u>1,672,089</u>	<u>2,005,975</u>

As at 30 June 2014, included in other payables are amounts of RMB3,131,591,000 (31 December 2013: RMB1,189,758,000) and RMB198,450,000 (31 December 2013: RMB1,735,074,000) due to certain joint ventures and joint ventures' partners respectively, which are unsecured, interest-free and repayable on demand.

CHAIRMAN'S STATEMENT

Dear shareholders:

I am pleased to present to you the business review of the Group for the six months ended 30 June 2014, and outlook for the second half of 2014.

Results

For the six months ended 30 June 2014, the Group achieved contracted sales of RMB10,200 million, representing a significant year-on-year increase of 42.5% over RMB7,156 million in the corresponding period in 2013.

Recognised revenue was RMB5,021 million, representing a year-on-year increase of 4% over RMB4,829 million in the corresponding period in 2013. The decrease in fair value gain of investment properties resulted in the Group's net profit attributable to equity owners decreased by 12% to RMB749 million for the six months ended 30 June 2014 from RMB854 million in the corresponding period in 2013. The Group's core net profit attributable to equity owners continued to grow on year-on-year basis by 12% to RMB646 million for the six months ended 30 June 2014 from RMB577 million in the corresponding period in 2013. The Group's gross profit margin and core net profit margin improved to 26.4% and 12.9% respectively for the six months ended 30 June 2014.

Review of the first half of 2014

Market review

The real estate market in China entered into a phase of correction this year. According to China National Bureau of Statistics, sales of commodity properties in China in the first half of 2014 were RMB3.1 trillion, decreased by 6.7% on a year-on-year basis. Structural imbalance of demand and supply in certain cities in China became apparent. Tighter bank liquidity and wait-and-see attitude of potential buyers further exacerbated the real estate market correction. Transaction volume and prices for different cities and different developers have become divergent. Different cities have experienced different level of correction in both volume and prices. Markets in certain cities have declined remarkably compared to the same period last year. Indeed, it has been a challenging period for the industry.

Sales performance

Despite a tighter and more challenging market environment since the first quarter of 2014, the Group outperformed the market by achieving growth both in terms of contracted sales and average selling price. During the first half of 2014, the Group's contracted sales and contracted GFA reached RMB10,200 million and 816,000 sq.m. respectively, representing year-on-year growth of 42.5% and 14.2% respectively. Over 95% of the Group's contracted sales in the first half of 2014 were derived from first – and second-tier cities. The Group achieved a cash collection ratio of 80% from contracted sales during the first half of 2014.

The Group's contracted sales in the first half of 2014 were dispersed among 43 projects in 11 cities. During the period, the Group launched pre-sale of nine new projects, including: Shanghai CIFI U Block, Shanghai CIFI Arthur Shire, Shanghai Elite Mansion, Shanghai Greenland CIFI E World Center, Chongqing CIFI City, Changsha CIFI Dream Mansion, Jiaxing CIFI Private Mansion as well as Hangzhou Greenland CIFI Glorious City and Hangzhou Henderson CIFI Palace (which were launched in the year-end of 2013). The Group also continued to record contracted sales in other 34 projects the pre-sale of which started in previous year(s). The Group expects to launch pre-sales of at least 10 more new projects in the second half of 2014 contributing additional saleable resources.

CIFI ranked 21st nationally in terms of contracted sales amount in the first half of 2014 according to the "Top 50 Real Estate Developers by Sales in the First Half of 2014" jointly published by China Real Estate Information Corporation, China Real Estate Appraisal Center and CRIC Research Center.

Profit margins

During the first half of 2014, the Group's profit margins continued to improve. Effects of correction in selling prices in the physical markets on profit margins will be alleviated by (1) the Group's lower finance costs through its liability management exercise, (2) the Group's defensive land prices transacted mostly between the second half of 2012 and the first half of 2013, (3) product premium through the Group's improving quality and brand; and (4) more efficient selling and general administrative expenses.

Land acquisitions

In the first half of 2014, the Group believed that land prices in first- and second-tier cities in China had yet to reflect the correction in the physical real estate market, and thus has refrained from purchasing land with overly aggressive land costs. From January to July 2014, the Group only acquired interests in 5 land sites with one each in Beijing, Hefei and Zhenjiang and two in Suzhou with a total contracted attributable consideration of RMB1.95 billion. The Group continued utilising joint venture strategies in land acquisitions with a key objective of diversifying its financial exposure.

The Group anticipates land prices to further correct to a reasonable level and will remain cautious in land acquisitions in the second half of 2014.

Liability management and financial positions

Despite tighter liquidity in China in the first half of 2014, the Group maintained good cash collection from its sales of properties. The Group's emphasis on first- and second-tier cities and its end-user driven product structure facilitated better disbursement for both onshore development loans and for mortgage loans to end-users.

Entering into 2014, the Group made further breakthroughs in its liability management exercise. In January 2014, the Company issued a new 5-year US dollar senior notes with a principal amount of US\$200 million at a coupon rate of 8.875%. Within less than a year, the Company successfully lowered its 5-year US dollar bonds issue cost from its inaugural issue coupon of 12.25% last year to less than 9%. In January 2014, the Group's 50%:50% joint venture companies with Greenland Hong Kong Holdings Limited in respect of Hangzhou Greenland CIFI Glorious City project signed onshore and offshore syndicated loan facilities with a consortium of offshore and onshore banks. Such loans comprise (i) an offshore term loan facility with an aggregate amount of approximately US\$320 million, with a final maturity of 3 years and interest of LIBOR or HIBOR plus 4% per annum; (ii) an onshore term RMB project development loan facility with a facility amount of RMB1 billion, with final maturity of three years and interest rate of 106% times PBOC Base Rate per annum.

As a result of better cash collection rate within the industry, cautious land acquisition spending and continued progress in liability management, the Group sustained a healthy financial position with its debt structure continued to improve due to lower interest costs, longer duration, higher proportion of unsecured offshore debts and lower proportion of onshore non-bank borrowings.

As at 30 June 2014, the Group's:

- net debt-to-equity ratio was 71.1% (31 December 2013: 67.6%);
- total indebtedness remained stable at RMB13,757 million (31 December 2013: RMB13,374 million);
- weighted average cost of indebtedness decreased to 8.7% (31 December 2013: 9.2%);
- weighted average duration of indebtedness increased to 3.7 years (31 December 2013: 3.5 years);
- proportion of short-term borrowings out of overall indebtedness reduced to 16% (31 December 2013: 22%);
- proportion of offshore indebtedness (unsecured) out of overall indebtedness increased to 38% (31 December 2013: 30%);
- proportion of onshore non-bank borrowings out of overall indebtedness reduced to 9% (31 December 2013: 19%).

The slight increase in net debt-to-equity ratio was attributable to the payment of land premium contracted last year during the first half of 2014. However, as the Group remained cautious in land acquisition, unpaid attributable land considerations were reduced to RMB1,942 million (versus cash-on-hand of approximately RMB6,409 million). The Group maintained a conservative and comfortable debt positions and off-balance sheet commitments.

Outlook for the second half of 2014

Since the end of 2013, the Group had well anticipated the current phase of correction in the physical real estate market in China. In the first half of 2014, the Group implemented its “balanced development and sustainable growth” strategy. The Group has adopted proactive measures to outperform in a more challenging operating environment. The Group’s yearly contracted sales target were conservatively set based on our abundant saleable resources comprising mostly small-to-mid sized, end-user driven products which are generally more resilient and easier to achieve sell-through in a less favourable market environment. Since the beginning of 2014, in certain outperforming cities in China where the property sales volume and prices have been more resilient, the Group has been aggressive in offloading its saleable resources in these cities. On the other hand, in certain slow and bottoming cities in China where property sales volume and prices have been weak, the Group has been adopting a more patient strategy by holding back its sell-through and defer such saleable resources to next year. Overall, the Group strives to strike an optimal balance amongst volume, price and profit margin by adopting flexible and accurate sales strategies. The Group remained cautious in land acquisition and has fine-tuned the Group’s pace of construction in order to control its capital expenditure and to preserve cash.

For the seven months ended 31 July 2014, the Group completed approximately 53% of its full year 2014 contracted sales target of RMB22 billion, one of the highest completion rate of yearly target amongst industry peers. Barring any unforeseen circumstances, the Group is fully confident that it will achieve its full-year contracted sales target this year.

Under the current government policy in China, administrative intervention has been reduced and it is more likely to adopt a market-oriented policy approach to resolve the current demand and supply imbalance of the real estate market. Thus, the current phase of market correction may not be completed within a short period of time. However, given the sustained urbanization and population inflow into large cities in China, the Group believes that it is unlikely to experience a crash in property prices and volume. Industry divergence and market consolidation will continue and may be regarded as opportunities rather than risks for the Group. The Group is confident that will be able to navigate through challenging times, adapt to the market cyclical changes and ultimately emerge as an industry winner.

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE HIGHLIGHTS

	<i>Notes</i>	Six months ended 30 June 2014	2013	Year-on-year Growth
Contracted sales				
Contracted sales (<i>RMB'million</i>)	<i>1</i>	10,200	7,156	42.5%
Contracted GFA (<i>sq.m.</i>)		815,700	714,600	14.2%
Contracted ASP (<i>RMB/sq.m.</i>)		12,500	10,014	24.8%
Selected financial information				
Recognised revenue (<i>RMB'million</i>)		5,021	4,829	4.0%
Gross profit (<i>RMB'million</i>)		1,323	1,220	8.4%
Profit for the period (including fair value gains) (<i>RMB'million</i>)				
– Including non-controlling interests		764	957	-20.2%
– Attributable to equity owners		749	854	-12.3%
Core net profit (<i>RMB'million</i>)	<i>2</i>			
– Including non-controlling interests		641	574	11.7%
– Attributable to equity owners		646	577	12.0%
Selected financial ratios				
Gross profit margin		26.4%	25.3%	
Core net profit margin	<i>3</i>	12.9%	12.0%	
Earnings per share (basic), RMB cents		12.4	14.8	
Core earnings per share (basic), RMB cents		10.7	10.0	

	<i>Notes</i>	As at 30 June 2014	As at 31 December 2013
Selected balance sheet data			
Total assets (<i>RMB'million</i>)		43,015	39,106
Bank balances and cash (<i>RMB'million</i>)	4	6,409	7,183
Total indebtedness (<i>RMB'million</i>)	5	13,757	13,374
Total equity (<i>RMB'million</i>)		10,332	9,155
Equity attributable to equity owners (<i>RMB'million</i>)		9,080	8,611
Net debt-to-equity ratio	6	71.1%	67.6%
Weighted average cost of indebtedness	7	8.7%	9.2%
Weighted average duration of indebtedness (year)	7	3.7	3.5
Land bank (GFA, million sq.m.)			
– Total		9.5	9.2
– Attributable		7.5	7.6

Notes:

- Contracted sales includes joint venture sales, but excludes subscribed contract values.
- Core net profit excludes fair value changes, non-cash expenses relating to share option grants, net of deferred taxes.
- Core net profit margin is calculated based on core net profit attributable to equity owners over total recognised revenue.
- Bank balances and cash include restricted cash and pledged bank deposits.
- Total indebtedness includes bank and other borrowings, senior notes and trust and other loans related derivatives.
- Net debt-to-equity ratio is calculated by the Group's total indebtedness (including bank and other borrowings, senior notes, and trust and other loans related derivatives) under IFRS less bank balances and cash (including restricted cash and pledged bank deposit) as a percentage of total equity at the end of each period.
- Weighted average cost and average duration of indebtedness are the weighted average of interest costs and duration of all bank and other borrowings and senior notes outstanding as at the end of each period.

PROPERTY DEVELOPMENT

Contracted sales

For the six months ended 30 June 2014, the Group achieved contracted sales of approximately RMB10,200 million representing a significant growth of 42.5% as compared to the corresponding period of last year. The significant growth in the Group's contracted sales was mainly attributable to the corresponding increase in the Group's saleable resources. For the six months ended 30 June 2014, the Group contracted sales of approximately 816,000 sq.m. in GFA, representing an increase of 14.2% over the corresponding period of last year. The contracted sales in Yangtze River Delta, Pan Bohai Rim and Central Western Region were approximately RMB6,230 million, RMB3,010 million and RMB960 million, contributing to 61.0%, 29.5% and 9.5% of the Group's total contracted sales respectively.

Table 1: Details of contracted sales for the six months ended 30 June 2014

By project

Project	Primary intended use of the project	Contracted sales (RMB'000)	% of total contracted sales (%)	Contracted GFA (sq.m.)	Contracted ASP (RMB/sq.m.)
Shanghai CIFI Pujiang International	Office-for-sale	355,300	3.5	19,200	18,505
Shanghai CIFI Luxury Courtyard	Residential	77,070	0.8	2,600	29,642
Shanghai CIFI Comfortable Joyous Bay	Residential	12,550	0.1	1,000	12,550
Shanghai CIFI Private Mansion	Residential	62,470	0.6	2,600	24,027
Shanghai CIFI Pebble Beach	Residential	57,780	0.6	3,900	14,815
Shanghai CIFI City	Residential	592,460	5.8	45,700	12,964
Shanghai CIFI Jiangwan Mansion	Residential	139,920	1.4	3,900	35,877
Shanghai CIFI Arthur Shire	Residential	396,780	3.9	12,800	30,998
Shanghai CIFI U Block	Office-for-sale	497,780	4.9	32,900	15,130
Shanghai Elite Mansion (Shanghai Jinshan New Town Project)	Residential	231,470	2.3	23,200	9,977
Shanghai Greenland CIFI E World Center (Shanghai Huacao Project)	Office-for-sale	95,250	0.9	4,000	23,813
Shanghai CIFI Private Mansion (Shanghai CIFI Samite Life)	Residential	520,610	5.1	34,000	15,312
Shanghai CIFI Pleasant Garden	Residential	136,990	1.3	14,000	9,785
Suzhou CIFI Canal County	Residential	64,940	0.6	4,500	14,431
Suzhou CIFI Ronchamp Town	Residential	6,670	0.1	600	11,117
Suzhou CIFI Luxury Courtyard	Residential	278,760	2.7	31,600	8,822
Suzhou CIFI Private Mansion Usonian City Villa	Residential	251,960	2.5	20,300	12,412
Suzhou CIFI Private Mansion	Residential	215,220	2.1	23,100	9,317
Suzhou CIFI Elegant City	Residential	362,460	3.6	40,100	9,039
Suzhou CIFI Sunny Life	Residential	86,310	0.8	9,900	8,718
Suzhou CIFI Apple Paradise	Residential	15,270	0.1	1,900	8,037
Hefei CIFI Central Park	Residential	21,520	0.2	2,500	8,608
Hefei CIFI Private Mansion	Residential	622,190	6.1	66,700	9,328
Zhenjiang CIFI Times	Residential	66,670	0.7	8,800	7,576
Jiaxing CIFI Square	Residential	5,900	0.1	400	14,750

Project	Primary intended use of the project	Contracted sales	% of total contracted sales	Contracted GFA	Contracted ASP
		(RMB'000)	(%)	(sq.m.)	(RMB/sq.m.)
Jiaxing CIFI Private Mansion	Residential	46,060	0.5	5,700	8,081
Jiaxing CIFI Ronchamp Town (Jiaxing CIFI Canal County)	Residential	99,500	1.0	15,000	6,633
Beijing CIFI The Upper House (Beijing CIFI Private Villa Riverside Garden)	Residential	736,320	7.2	31,300	23,525
Beijing CIFI International Negotiate Garden	Office-for-sale	44,890	0.4	1,700	26,406
Beijing CIFI The Education Park	Office-for-sale	788,070	7.7	31,900	24,704
Tianjin CIFI Rosedale	Residential	188,000	1.8	24,200	7,769
Tianjin CIFI Paradise Bay	Residential	25,180	0.2	5,300	4,751
Tianjin CIFI Private Mansion	Residential	942,130	9.2	78,500	12,002
Langfang CIFI Path Walf	Residential	285,570	2.8	36,600	7,802
Chongqing CIFI Ronchamp Town	Residential	68,740	0.7	8,800	7,811
Chongqing CIFI Langyuejun	Residential	84,550	0.8	14,000	6,039
Chongqing CIFI Fashion Tribe (Chongqing CIFI Purple City)	Office-for-sale	108,060	1.1	8,900	12,142
Chongqing CIFI City	Residential	268,230	2.6	31,100	8,625
Changsha CIFI Luxury Courtyard	Residential	2,080	0.0	500	4,160
Changsha CIFI Private Mansion	Residential	309,320	3.0	36,000	8,592
Changsha CIFI Dream Mansion (Changsha CIFI Comfortable Joyous Bay)	Residential	102,130	1.0	11,900	8,582
Hangzhou Henderson CIFI Palace	Residential	132,010	1.3	13,800	9,566
Hangzhou Greenland CIFI Glorious City	Residential	762,770	7.5	34,100	22,369
		10,167,910	99.7	799,500	12,718
Carpark and Others		31,970	0.3	16,200	1,973
Total		10,199,880	100.0	815,700	12,504

By type of project

	Contracted sales	% of total contracted sales	Contracted GFA	Contracted ASP
	(RMB'000)	(%)	(sq.m.)	(RMB/sq.m.)
Residential projects	8,310,530	81.5	717,100	11,589
Office-for-sale projects	1,889,350	18.5	98,600	19,162
Total	10,199,880	100.0	815,700	12,504

By city

	Contracted sales	% of total contracted sales	Contracted GFA	Contracted ASP
	<i>(RMB'000)</i>	<i>(%)</i>	<i>(sq.m.)</i>	<i>(RMB/sq.m.)</i>
Shanghai	3,177,400	31.1	200,100	15,879
Beijing	1,569,280	15.4	64,900	24,180
Suzhou	1,290,100	12.6	138,100	9,342
Hangzhou	894,780	8.8	47,900	18,680
Hefei	643,820	6.3	70,900	9,081
Chongqing	545,740	5.4	68,700	7,944
Changsha	417,950	4.1	50,000	8,359
Tianjin	1,155,310	11.3	108,000	10,697
Zhenjiang	68,220	0.7	8,800	7,752
Jiaxing	151,460	1.5	21,100	7,178
Langfang	285,820	2.8	37,200	7,683
Total	10,199,880	100.0	815,700	12,504

By region

	Contracted sales	% of total contracted sales	Contracted GFA	Contracted ASP
	<i>(RMB'000)</i>	<i>(%)</i>	<i>(sq.m.)</i>	<i>(RMB/sq.m.)</i>
Yangtze River Delta	6,225,780	61.0	486,900	12,787
Pan Bohai Rim	3,010,410	29.5	210,100	14,328
Central Western Region	963,690	9.5	118,700	8,119
Total	10,199,880	100.0	815,700	12,504

By first-, second- and third-tier cities

	Contracted sales	% of total contracted sales	Contracted GFA	Contracted ASP
	<i>(RMB'000)</i>	<i>(%)</i>	<i>(sq.m.)</i>	<i>(RMB/sq.m.)</i>
First-tier city	4,746,680	46.5	265,000	17,912
Second-tier city	4,947,700	48.5	483,600	10,231
Third-tier city	505,500	5.0	67,100	7,534
Total	10,199,880	100.0	815,700	12,504

Notes:

1. The above contracted sales data includes sales of car parks.
2. First-tier cities refer to Shanghai and Beijing.
3. Second-tier cities refer to Suzhou, Hangzhou, Hefei, Chongqing, Changsha and Tianjin.
4. Third-tier cities refer to Zhenjiang, Jiaxing and Langfang.

As at 30 June 2014, the Group had approximately RMB16 billion contracted but unrecognised sales which formed a solid basis for Group's future growth in recognised revenue.

Revenue recognised from sales of properties

Revenue recognised from sales of properties for the six months ended 30 June 2014 was approximately RMB4,788.0 million up by 1.4% year-on-year, accounted for 95.4% of total recognised revenue. For the six months ended 30 June 2014, the Group delivered approximately 500,080 sq.m. of properties in GFA, up by 11.5% year-on-year. The increase in Group's revenue recognised from sales of properties was in line with the increase in GFA delivered.

Table 2: Breakdown of recognised revenue from property sales for the six months ended 30 June 2014

By project

Project	Primary intended use of the project	Recognised revenue from sales of properties (RMB'000)		% of recognised revenue from sales of properties (%)		Total GFA delivered (sq.m.)		Recognised ASP (RMB/sq.m.)	
		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
		2014	2013	2014	2013	2014	2013	2014	2013
Shanghai CIFI Rose Bay	Residential	-	360,804	-	7.7	-	22,900	-	15,756
Shanghai CIFI Comfortable Joyous Bay	Residential	12,610	1,120,946	0.3	23.7	990	111,500	12,737	10,053
Shanghai CIFI Hongqiao International	Office-for-sale	-	198,628	-	4.2	-	6,800	-	29,210
Shanghai CIFI Century Square	Office-for-sale	-	198,300	-	4.2	-	6,983	-	28,398
Shanghai CIFI Pebble Beach	Residential	53,137	85,737	1.1	1.8	3,780	3,600	14,057	23,816
Shanghai CIFI Ronchamp Town	Residential	-	4,676	-	0.1	-	144	-	32,472
Shanghai CIFI Pujiang International	Office-for-sale	153,690	-	3.2	-	8,460	-	18,167	-
Shanghai CIFI Luxury Courtyard	Residential	77,075	-	1.5	-	2,640	-	29,195	-
Shanghai CIFI Pleasant Garden	Residential	268,750	-	5.6	-	28,190	-	9,534	-
Shanghai CIFI Private Mansion	Residential	385,850	-	8.1	-	25,490	-	15,137	-
Suzhou CIFI Canal County	Residential	65,199	1,285,251	1.4	27.2	4,542	147,148	14,355	8,734
Suzhou CIFI Ronchamp Town	Residential	6,670	367,295	0.1	7.8	583	46,738	11,441	7,859
Hefei CIFI Central Park	Residential	19,746	26,497	0.4	0.6	2,467	3,289	8,004	8,056
Hefei CIFI Private Mansion	Residential	121,233	-	2.5	-	7,269	-	16,678	-
Zhejiang CIFI Times	Residential	66,053	327,798	1.4	7.0	8,856	28,600	7,459	11,461
Jiaxing CIFI Square	Residential	9,655	67,338	0.2	1.4	740	6,600	13,047	10,203
Beijing CIFI Private Mansion	Residential	-	432,689	-	9.2	-	20,319	-	21,295
Beijing CIFI Purple County	Residential	-	17,606	-	0.4	-	811	-	21,709
Beijing CIFI International Negotiate Garden	Office-for-sale	1,506,720	-	31.5	-	105,870	-	14,232	-
Langfang CIFI Path Walf	Residential	597,397	48,810	12.5	1.0	86,120	4,600	6,937	10,611
Tianjin CIFI Rosedale	Residential	735,577	-	15.4	-	96,870	-	7,593	-
Chongqing CIFI Ronchamp Town	Residential	69,002	47,304	1.4	1.0	8,842	6,598	7,804	7,169
Chongqing CIFI Langyuejun	Residential	79,254	-	1.7	-	13,591	-	5,831	-
Changsha CIFI Upward Community	Residential	-	426	-	*	-	33	-	12,909
Changsha CIFI Luxury Courtyard	Residential	2,079	41,096	0.1	0.9	508	9,080	4,093	4,526
Changsha CIFI Private Mansion	Residential	515,499	-	10.8	-	75,258	-	6,850	-
Carpark and others		43,532	92,169	0.8	1.8	19,379	22,857	2,246	4,032
Total		4,788,728	4,723,370	100.0	100.0	500,445	448,600	9,569	10,529

* less than 0.1%

By type of project

	Recognised revenue from sales of properties (RMB'000)		% of recognised revenue from sales of properties (%)		Total GFA delivered (sq.m.)		Recognised ASP (RMB/sq.m.)	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013	2014	2013	2014	2013
Residential projects	3,128,128	4,324,162	65.3	91.6	386,020	434,200	8,104	9,959
Office-for-sale projects	1,660,600	399,208	34.7	8.4	114,425	14,400	14,513	27,723
Total	4,788,728	4,723,370	100.0	100.0	500,445	448,600	9,569	10,529

By city

	Recognised revenue from sales of properties (RMB'000)		% of recognised revenue from sales of properties (%)		Total GFA delivered (sq.m.)		Recognised ASP (RMB/sq.m.)	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013	2014	2013	2014	2013
Shanghai	952,448	1,973,904	19.9	41.8	70,215	153,400	13,565	12,868
Beijing	1,506,720	508,993	31.5	10.8	105,870	35,200	14,232	14,460
Suzhou	72,259	1,665,479	1.5	35.3	5,360	196,100	13,481	8,493
Hefei	143,216	28,680	3.0	0.6	11,510	4,100	12,443	6,995
Chongqing	165,097	52,955	3.4	1.1	28,560	7,400	5,781	7,156
Changsha	538,669	49,413	11.2	1.0	85,420	12,600	6,306	3,922
Tianjin	735,577	–	15.4	–	96,870	–	7,593	–
Zhenjiang	67,690	327,798	1.4	7.0	9,780	28,600	6,921	11,461
Jiaxing	9,655	67,338	0.2	1.4	740	6,600	13,047	10,203
Langfang	597,397	48,810	12.5	1.0	86,120	4,600	6,937	10,611
Total	4,788,728	4,723,370	100.0	100.0	500,445	448,600	9,569	10,529

By region

	Recognised revenue from sales of properties (RMB'000)		% of recognised revenue from sales of properties (%)		Total GFA delivered (sq.m.)		Recognised ASP (RMB/sq.m.)	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013	2014	2013	2014	2013
Yangtze River Delta	1,245,268	4,063,199	26.0	86.1	97,605	388,800	12,758	10,451
Pan Bohai Rim	2,839,694	557,803	59.3	11.8	288,860	39,800	9,831	14,015
Central Western Region	703,766	102,368	14.7	2.1	113,980	20,000	6,175	5,118
Total	4,788,728	4,723,370	100.0	100.0	500,445	448,600	9,569	10,529

By first-, second- and third-tier cities

	Recognised revenue from sales of properties (RMB'000)		% of recognised revenue from sales of properties (%)		Total GFA delivered (sq.m.)		Recognised ASP (RMB/sq.m.)	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013	2014	2013	2014	2013
First-tier cities	2,459,168	2,482,897	51.4	52.6	176,085	188,600	13,966	13,165
Second-tier cities	1,654,818	1,796,527	34.6	38.0	227,720	220,200	7,267	8,159
Third-tier cities	674,742	443,946	14.0	9.4	96,640	39,800	6,982	11,154
Total	<u>4,788,728</u>	<u>4,723,370</u>	<u>100.0</u>	<u>100.0</u>	<u>500,445</u>	<u>448,600</u>	<u>9,569</u>	<u>10,529</u>

Notes:

1. The above sales data includes sales of carparks.
2. First-tier cities refer to Shanghai and Beijing.
3. Second-tier cities refer to Suzhou, Hefei, Chongqing, Changsha and Tianjin.
4. Third-tier cities refer to Zhenjiang, Jiaxing and Langfang.

Completed properties held for sale

During the six months ended 30 June 2014, the GFA of newly completed projects of the Group amounted to approximately 0.3 million sq.m.. As at 30 June 2014, the Group had 21 completed properties projects with a total unsold or undelivered GFA of approximately 0.7 million sq.m..

Properties under development/held for future development

During the six months ended 30 June 2014, the total GFA of properties newly commenced construction by the Group was approximately 1.5 million sq.m.. As at 30 June 2014, the Group had 46 property projects under development or held for future development with a total and attributable GFA of approximately 8.8 million sq.m. and 6.8 million sq.m. respectively.

PROPERTY INVESTMENT

Rental income

The Group's rental income during the six months ended 30 June 2014 was approximately RMB18.5 million, down by 8.8% year-on-year. The decrease was primarily due to a temporary decrease in rental income from Jiaxing CIFI Square as a result of move-out of department store tenant and re-leasing of such areas as retail spaces.

Table 3: Breakdown of rental income for the six months ended 30 June 2014

	Six months ended 30 June 2014		Six months ended 30 June 2013		Rental income growth rate
	Rental income	% of rental income	Rental income	% of rental income	
	(RMB'000)	(%)	(RMB'000)	(%)	(%)
Investment properties					
Jiaxing CIFI Square	17,564	94.7	19,274	94.8	-8.9
Other investment properties	805	4.3	564	2.8	42.7
Other non-investment properties	175	1.0	495	2.4	-64.6
Total	<u>18,544</u>	<u>100.0</u>	<u>20,333</u>	<u>100.0</u>	-8.8

Investment properties

As at 30 June 2014, the Group had 7 investment properties with a total GFA of approximately 173,400 sq.m. Out of such investment properties portfolio of the Group, 5 investment properties with a total GFA of approximately 91,100 sq.m. were completed for rental, while the remaining were under development.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2014, the Group's recognised revenue was approximately RMB5,021.5 million, up 4.0% year-on-year. Out of the Group's total recognised revenue during the six months ended 30 June 2014, (i) sales of property increased by 1.4% from the corresponding period of last year to approximately RMB4,788.7 million, which was in line with the increase in delivered GFA; (ii) rental income decreased by 8.8% from the corresponding period of last year; and (iii) property management income increased by 16.8% from the corresponding period of last year, as additional new property projects were completed by us and included in our property management portfolio during the period.

Table 4: Breakdown of recognised revenue for the six months ended 30 June 2014

	Six months ended 30 June 2014		Six months ended 30 June 2013		Year-on- year change
	Recognised revenue	% of total recognised revenue	Recognised revenue	% of total recognised revenue	
	(RMB'000)	(%)	(RMB'000)	(%)	(%)
Sales of properties	4,788,728	95.4	4,723,370	97.8	1.4
Rental income	18,544	0.4	20,333	0.4	-8.8
Property management income	64,732	1.3	55,427	1.2	16.8
Other property related service income	149,456	2.9	30,105	0.6	396.4
Total	5,021,460	100.0	4,829,235	100.0	4.0

* Less than 0.1%

Cost of sales

The Group's cost of sales during the six months ended 30 June 2014 was approximately RMB3,698.3 million, up 2.5% from the corresponding period of last year. This increase was primarily due to an increase in cost of property sales as a result of an increase in total GFA delivered compared to the corresponding period of last year.

Gross profit and gross profit margin

The Group's gross profit during the six months ended 30 June 2014 was approximately RMB1,323.2 million, up 8.4% year-on-year. Our gross profit margin increased to 26.4% during the six months ended 30 June 2014, compared to 25.8% in the full year of 2013. The increase of the Group's gross profit margin compared to 2013 was primarily due to (i) high proportion of recognised revenue from sales of office projects, which generally have higher gross profit margin compared to mass market residential projects; and (ii) increased selling prices of individual residential projects.

Change in fair value of investment properties

During the six months ended 30 June 2014, the Group recognised a fair value gain on investment properties of approximately RMB210.9 million as compared to a fair value gain on investment properties in the corresponding period of last year of approximately RMB526.2 million.

The fair value gain on investment properties was mainly due to the appreciation of the overall capital value and/or rental values, as well as 3 new investment properties added to the Group's investment properties portfolio including completed and under development projects.

Change in fair value of trust loans related derivatives

During the six months ended 30 June 2014, the Group recognised a fair value loss on trust loans related derivatives of approximately RMB4.0 million as compared to a fair value gain on trust loans related derivatives in the corresponding period of last year of approximately RMB2.0 million. Such fair value gain reflected the change in fair value of the embedded financial derivatives relating to certain trust financing arrangements of the Group during the period.

Selling and marketing expenses

The Group's selling and marketing expenses increased by 16.8% to approximately RMB132.4 million during the six months ended 30 June 2014 from approximately RMB113.4 million in the corresponding period of last year. This increase was primarily due to the Group's new launches of more property projects for pre-sale in 2014. The Group placed great emphasis on the effectiveness and appropriateness of sales strategies and successfully controlled its selling expenses at 1.3% of total contracted sales in the six months ended 30 June 2014, comparing to 1.6% in the corresponding period of last year.

Administrative and other expenses

The Group's administrative expenses increased by 28.8% to approximately RMB228.0 million during the six months ended 30 June 2014 from approximately RMB177.0 million in the corresponding period of last year. This increase was primarily attributable to increase in staff costs and other administrative expenses resulting from the Group's business expansion. Due to implementation of stringent cost control, the Group successfully kept its administrative expenses at 2.2% of total contracted sales in 2014, comparing to 2.5% in the corresponding period of last year.

Finance costs

The Group's finance costs expensed increased by 8.1% to approximately RMB110.8 million during the six months ended 30 June 2014 from approximately RMB102.5 million in the corresponding period of last year. This increase in finance costs expensed was primarily attributable to an increase in the total finance costs incurred, net of the portion being capitalised in properties under development during the period. Total finance costs expensed and capitalised increased by 48.8% to approximately RMB672.5 million during the six months ended 30 June 2014 from approximately RMB452.1 million in the corresponding period of last year. The Group's weighted average cost of all indebtedness (including bank loans, trust and other loans and senior notes) as at 30 June 2014 was 8.7%, compared to 9.2% as at 31 December 2013. The decrease in total finance costs expensed and capitalised in 2014 was primarily attributable to decrease in the average proportion of non-bank borrowings (mainly trust financings) to total borrowings during the period. Those non-bank borrowings generally had higher interest costs during the period.

Income tax expenses

The Group's income tax expenses increased by 0.9% to approximately RMB444.2 million during the six months ended 30 June 2014 from approximately RMB440.4 million in the corresponding period of last year. The Group's income tax expense included payments and provisions made for enterprise income tax ("EIT") and land appreciation tax ("LAT") during the year. The Group's effective income tax rate increased to 36.8% during the six months ended 30 June 2014 from 31.5% in the corresponding period of last year, as a lower proportion of the Group's profit before taxation was derived from the increase in fair value gains relating to investment properties during the six months ended 30 June 2014, for which no provision for LAT was required.

The Group made LAT provisions of approximately RMB238.4 million during the six months ended 30 June 2014 versus approximately RMB120.7 million in the corresponding period of last year. The Group made actual LAT payments of approximately RMB183.6 million during the six months ended 30 June 2014 versus approximately RMB170.3 million in the corresponding period of last year. As at 30 June 2014, the Group had accumulated unpaid LAT provisions of approximately RMB329.6 million.

Profit for the period

As a result of the factors described above, the Group's profit before taxation decreased by 13.5% to approximately RMB1,208.5 million during the six months ended 30 June 2014 from approximately RMB1,397.3 million in the corresponding period of last year. The Group's profit and total comprehensive income for the period decreased by 20.1% to approximately RMB764.4 million during the six months ended 30 June 2014 from approximately RMB956.9 million in the corresponding period of last year. The Group's net profit attributable to equity owners decreased by 12.4% to approximately RMB748.6 million during the six months ended 30 June 2014 from approximately RMB854.2 million in the corresponding period of last year.

The Group's core net profit attributable to equity owners increased by 12.0% to approximately RMB646.3 million during the six months ended 30 June 2014 from approximately RMB577.0 million in the corresponding period of last year. The corresponding core net profit margin was 12.9% during the six months ended 30 June 2014, compared to 12.0% in the corresponding period in 2013 and 12.8% in the full year of 2013.

LAND BANK

As at 30 June 2014, the total GFA of the Group's land bank was approximately 9.5 million sq.m., and the attributable GFA of the Group's land bank was approximately 7.5 million sq.m. As at 30 June 2014, average acquisition cost of the Group's overall land bank was approximately RMB3,500 per sq.m.

Table 5: Breakdown of the Group's land bank as at 30 June 2014

By project

Project	Primary intended use of the project	Saleable/ Rentable GFA remaining unsold (carpark excluded) <i>(sq.m.)</i>	Interest attributable to the Group <i>(%)</i>
Completed properties			
<i>Yangtze River Delta</i>			
Shanghai CIFI Pujiang International	Office-for-sale	46,900	100.0
Shanghai CIFI Luxury Courtyard	Residential	8,800	100.0
Shanghai CIFI Comfortable Joyous Bay	Residential	600	100.0
Shanghai CIFI Private Mansion	Residential	9,900	100.0
Shanghai CIFI Pebble Beach	Residential	74,600	100.0
Shanghai CIFI Pleasant Garden	Residential	40,800	100.0
Suzhou CIFI Canal County	Residential	12,200	100.0
Hefei CIFI Central Park	Residential	1,900	100.0
Hefei CIFI Private Mansion	Residential	2,800	100.0
Zhenjiang CIFI Times	Residential	47,400	100.0
Jiaxing CIFI Square (Residential)	Residential	60	100.0
Jiaxing CIFI Square (Commercial)	Investment properties	82,600	100.0
<i>Pan Bohai Rim</i>			
Beijing CIFI Wangxin Commercial Centre	Investment properties	4,900	100.0
Beijing CIFI Olympic City	Office-for-sale	5,800	100.0
Beijing CIFI International Negotiate Garden	Office-for-sale	300	100.0
Langfang CIFI Path Walf	Residential	41,200	100.0
Tianjin CIFI Rosedale Phase I	Residential	8,400	100.0
<i>Central Western Region</i>			
Chongqing CIFI Ronchamp Town	Residential	8,000	100.0
Chongqing CIFI Langyuejun	Residential	8,800	100.0
Changsha CIFI Luxury Courtyard	Residential	390	100.0
Changsha CIFI Private Mansion	Residential	10,500	100.0
<i>Other</i>			
Fuzhou CIFI Riverside	Residential	3,700	100.0
		420,550	
<i>Other</i> Carpark		267,100	100.0
		<u>687,650</u>	

Project	Primary intended use of the project	Estimated Completion date	Site Area (sq.m.)	Total GFA under development and held for future development	Pre-sold (sq.m.)	Interest attributable to the Group (%)
				(sq.m.)		
Properties under development and held for future development						
<i>Yangtze River Delta</i>						
Shanghai CIFI Arthur Shire	Residential	2Q 2015	30,200	40,400	12,800	50.0
Shanghai CIFI City	Residential	4Q 2014	99,100	182,700	154,500	100.0
Shanghai CIFI La Baie D'Evian	Residential	4Q 2015	189,800	24,500	–	100.0
Shanghai CIFI Jiangwan Mansion	Residential	4Q 2014	26,000	26,800	8,000	75.5
Shanghai CIFI Haishang International	Office-for-sale	3Q 2015	18,300	19,600	–	53.0
Shanghai CIFI Haishang International	Investment properties	3Q 2015		–	53.0	
Shanghai CIFI Private Mansion (Shanghai CIFI Samite Life)	Residential	4Q 2014	37,600	88,100	69,100	100.0
Shanghai CIFI U Block	Office-for-sale	2Q 2015	21,400	54,800	33,700	100.0
Shanghai Hongqiao Xianfeng Village Project	Residential	4Q 2015	3,200	5,200	–	100.0
Shanghai Henderson CIFI Centre (Shanghai Hongqiao Central Business District Project)	Office-for-sale	2Q 2016	84,800	185,200	–	50.0
Shanghai Greenland CIFI E World Center (Shanghai Huacao Project)	Office-for-sale	2Q 2015	14,800	29,000	3,900	50.0
Shanghai Jiuting Town Project	Office-for-sale	4Q 2016	41,500	104,700	–	45.0
Shanghai Elite Mansion (Shanghai Jinshan New Town Project)	Residential	2Q 2016	108,400	193,400	23,400	50.0
Suzhou CIFI Luxury Courtyard	Residential	4Q 2014	110,200	236,400	217,600	100.0
Suzhou CIFI Private Mansion Usonian City Villa	Residential	3Q 2015	42,900	100,800	42,600	49.0
Suzhou CIFI Private Mansion	Residential	4Q 2014	55,600	95,800	80,400	100.0
Suzhou CIFI Elegant City	Residential	2015/2016	93,900	244,900	54,800	100.0
Suzhou CIFI Sunny Life	Residential	4Q 2015	32,700	74,900	20,000	100.0
Suzhou CIFI Apple Paradise	Residential	4Q 2015	42,400	91,400	1,900	51.0
Suzhou Gaoxin District Hushuguan New Project	Residential	1Q 2017	21,600	47,600	–	100.0
Hangzhou Greenland CIFI Glorious City	Residential	2Q 2016	58,800	215,800	24,600	50.0
Hangzhou Greenland CIFI Glorious City	Office-for-sale	4Q 2016		50,400	–	50.0
Hangzhou Henderson CIFI Palace	Residential	4Q 2015	86,700	218,700	13,100	49.0
Hangzhou Yuhang Chongxian New Town No.18 Project	Residential	2Q 2017	35,300	88,300	–	50.0
Hefei CIFI Private Mansion	Residential	4Q 2014	107,200	283,500	208,000	100.0
Hefei Gaoxin District New Project	Residential	4Q 2016/4Q 2017	199,200	219,100	–	50.0

Project	Primary intended use of the project	Estimated Completion date	Site Area (sq.m.)	Total GFA under development and held for future development	Pre-sold (sq.m.)	Interest attributable to the Group (%)
				(sq.m.)		
Jiaxing CIFI Private Mansion	Residential	4Q 2015	24,400	70,600	5,800	100.0
Jiaxing CIFI Ronchamp Town (Jiaxing CIFI Canal County)	Residential	4Q 2016	92,400	175,300	15,000	100.0
Zhenjiang CIFI East One Place (Zhenjiang Dingmao New District Project)	Residential	2Q 2016	49,400	148,300	–	100.0
<i>Pan Bohai Rim</i>						
Beijing CIFI The Upper House (Beijing CIFI Private Villa Riverside Garden)	Residential	4Q 2014	76,400	140,000	42,700	80.0
Beijing CIFI The Education Park	Office-for-sale	4Q 2015	30,800	88,500	67,200	100.0
Beijing MOMA CIFI Residence (Beijing Pinggu District Daxingzhuang Town Project)	Residential	4Q 2016/2Q 2017	75,400	132,200	–	50.0
Tianjin CIFI Rosedale Phase II	Residential	4Q 2015	74,000	166,700	18,700	100.0
Tianjin CIFI Paradise Bay	Residential	4Q 2015/4Q 2016	65,500	180,900	13,200	51.0
Tianjin CIFI Private Mansion	Residential	By phases from 2015 to 2017	165,200	331,300	115,300	47.6
Tianjin Binhai Industrial Office Project Phase I	Industrial office park	2015	262,300	307,700	–	100.0
Tianjin Binhai Industrial Office Project Phase II	Industrial office park	2016	168,500	168,500	–	100.0
Shenyang CIFI Private Mansion (Shenyang Dongling District Project)	Residential	By phases from 2015 to 2017	81,500	176,800	–	100.0
Langfang CIFI Path Walf	Residential	4Q 2014	88,300	180,000	14,300	100.0
<i>Central Western Region</i>						
Chongqing CIFI Ronchamp Town	Residential	2Q 2017	18,700	21,600	–	100.0
Chongqing CIFI Ronchamp Town	Hotel	2Q 2017		36,400	–	100.0
Chongqing CIFI Fashion Tribe (Chongqing CIFI Purple City)	Office-for-sale	4Q 2014	44,400	116,300	49,100	100.0
Chongqing CIFI Fashion Tribe (Chongqing CIFI Purple City)	Hotel	4Q 2014		35,600	–	100.0
Chongqing CIFI Jade Mansion	Office-for-sale	1Q 2016	24,200	58,500	–	100.0

Project	Primary intended use of the project	Estimated Completion date	Site Area (sq.m.)	Total GFA under development and held for future development	Pre-sold (sq.m.)	Interest attributable to the Group (%)
				(sq.m.)		
Chongqing CIFI City	Residential	By phases from 2015 to 2017	192,400	539,100	33,800	100.0
Chongqing CIFI City	Office-for-sale	By phases from 2015 to 2017		67,400	–	100.0
Chongqing CIFI City	Investment properties	By phases from 2015 to 2017		36,900	–	100.0
Changsha CIFI Private Mansion	Residential	4Q 2014	97,500	87,700	11,900	100.0
Changsha CIFI Dream Mansion (Changsha CIFI Comfortable Joyous Bay)	Residential	2Q 2016	41,500	148,800	11,800	80.0
Changsha CIFI International Plaza (Changsha Hualing Project)	Residential	3Q 2016	95,400	103,900	–	50.0
Changsha CIFI International Plaza (Changsha Hualing Project)	Office-for-sale	4Q 2016		161,500	–	50.0
Wuhan CIFI Private Mansion	Residential	By phases from 2015 to 2016	139,500	348,700	–	50.0
			3,469,300	6,996,600	1,367,200	
<i>Other</i>						
Carpark				1,841,199	900	
				<u>8,837,799</u>	<u>1,368,100</u>	

By region

	% of total land bank
	(%)
Yangtze River Delta	50
Pan Bohai Rim	22
Central Western Region	28
	<u>100</u>

By type of project

	% of total land bank
	(%)
Residential projects	80
Office-for-sale projects	19
Investment properties and others	1
	100

During the six months ended 30 June 2014, the Group purchased a total of 4 new projects.

Total planned GFA of the Group's newly acquired land projects amounted to approximately 547,200 sq.m. and total consideration payable by the Group amounted to approximately RMB1,319.7 million. Based on the Group's attributable GFA acquired and the attributable acquisition considerations, the Group's average land acquisition cost in the first half of 2014 was approximately RMB4,200 per sq.m..

Table 6: The Group's land acquisition in the first half of 2014

City	Project	Primary intended use of the project	Group's equity interest (%)	Site area (sq.m.)	Attributable Planned GFA		Consideration (RMB)	Attributable consideration (RMB)	Average land cost (RMB/sq.m.)
					excluding carpark (sq.m.)	excluding carpark (sq.m.)			
Land acquisition from January to June 2014									
Hefei	Gaoxin District New Project	Residential	50*	199,200	219,100	109,600	1,165,360,000	582,680,000	5,319
Suzhou	Gaoxin District Hushuguan New Project	Residential	100	21,600	47,600	47,600	138,000,000	138,000,000	2,899
Beijing	MOMA CIFI Residence (Pinggu District Daxingzhuang Town Project)	Residential	50	75,400	132,200	66,100	778,000,000	389,000,000	5,885
Zhenjiang	CIFI East One Place (Dingmao New District Project)	Residential	100	49,400	148,300	148,300	210,000,000	210,000,000	1,416
Land acquisition subsequent to 30 June 2014 (and up to the date of the interim results announcement)									
Suzhou	Wuzhong District Tayuan Road New Project	Residential	100	68,000	149,500	149,500	630,000,000	630,000,000	4,214

* *Joint Venture in process*

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

The Group had cash and bank balances (including pledged bank deposits) of approximately RMB6,352.6 million (31 December 2013: approximately RMB7,060.7 million) pledged bank deposits of approximately RMB35.0 million (2013: RMB100.0 million) and restricted cash of approximately RMB21.8 million (31 December 2013: RMB21.8 million) as at 30 June 2014.

Indebtedness

The Group had outstanding total borrowings amounting to approximately RMB13,756.5 million as at 30 June 2014 (31 December 2013: approximately RMB13,374.0 million) comprising bank loans, trust and other loans of approximately RMB9,347.9 million (31 December 2013: approximately RMB10,154.1 million). The Group also had trust loans related derivatives of approximately RMB86.0 million as at 30 June 2014 (31 December 2013: approximately RMB82.0 million). The Group's outstanding senior notes had an carrying amount of RMB4,322.6 million as at 30 June 2014 (31 December 2013: RMB3,137.9 million).

Table 7: Breakdown of indebtedness

By type of borrowings and maturity

	At 30 June 2014 <i>RMB'000</i>	At 31 December 2013 <i>RMB'000</i>
Onshore bank loans		
Within one year	1,224,915	1,119,355
Over one years and within two years	2,681,282	1,311,022
Over two years and within three years	2,558,453	3,684,353
Over three years and within four years	–	–
Over four years and within five years	–	–
Over five years	595,847	619,032
Subtotal	7,060,497	6,733,762
Onshore trust and other loans		
Within one year	947,407	1,815,288
Over one years and within two years	20,000	339,885
Over two years and within three years	382,200	334,330
Subtotal	1,349,607	2,489,503
Offshore bank loans		
Within one year	–	–
Over one year and within two years	468,901	232,708
Over two years and within three years	468,902	698,125
Subtotal	937,803	930,833
Offshore senior notes		
Over three years and within five years	4,322,610	3,137,901
Subtotal	4,322,610	3,137,901
TOTAL	13,670,517	13,291,999

By currency denomination

	At 30 June 2014 <i>RMB'000</i>	At 31 December 2013 <i>RMB'000</i>
Analysis of borrowings by currency		
– Denominated in RMB	8,410,104	9,223,265
– Denominated in USD	4,786,983	3,598,823
– Denominated in HKD	473,430	469,911
	<u>13,670,517</u>	<u>13,291,999</u>

By fixed or variable interest rates

	At 30 June 2014 <i>RMB'000</i>	At 31 December 2013 <i>RMB'000</i>
Fixed interest rates	6,507,160	5,617,036
Variable interest rates	7,163,357	7,674,963
	<u>13,670,517</u>	<u>13,291,999</u>

Cost of borrowings

The Group's total finance costs expensed and capitalized in first half of 2014 was approximately RMB672.5 million, representing an increase of 48.8% from RMB452.1 million in first half of 2013. The increase was mainly attributable to higher average balance of indebtedness in 2014.

The Group's weighted average cost of all indebtedness (including bank loans, trust and other loans and senior notes) as at 30 June 2014 was 8.7%, compared to 9.2% as at 31 December 2013. The decrease in weighted average cost of indebtedness during the year was primarily attributable to the decrease in the average proportion of non-bank borrowings (trust and other loans) to total indebtedness during the year. These non-bank borrowings generally had higher interest costs.

Foreign currency risk

The Group conducts its business primarily in Renminbi. The Group's certain bank deposits are denominated in Hong Kong dollars and United States dollars, and the Group's offshore bank loans and senior notes are denominated in United States dollars and Hong Kong dollars.

Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations. The Group does not have a foreign currency hedging policy. However, the Group monitors its foreign currency exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adopting a significant foreign currency hedging policy in the future.

Financial guarantees

The Group has provided mortgage guarantees to PRC banks in respect of the mortgage loans provided by the PRC banks to the Group's customers. The Group's mortgage guarantees are issued from the dates of grant of the relevant mortgage loans and released upon the earlier of (i) the relevant property ownership certificates being obtained and the certificates of other interests with respect to the relevant properties being delivered to the mortgagee banks, or (ii) the settlement of mortgage loans between the mortgagee banks and the Group's customers. As at 30 June 2014, the Group provided mortgage guarantees in respect of mortgage loans provided by the PRC banks to the Group's customers amounting to approximately RMB2,538.7 million (versus 31 December 2013: approximately RMB977.7 million).

During the period, the Group joint ventures with Greenland Hong Kong Holdings Limited, which in respect of Hangzhou Greenland CIFI Glorious City Project, has signed onshore and offshore syndicated loan facilities ("Hangzhou Glorious City Syndicated Loans") with a consortium of offshore and onshore banks. The Hangzhou Glorious City Syndicated Loans comprise (i) an offshore US dollar/Hong Kong dollar dual currency term loan facility with an aggregate amount of approximately US\$320,000,000, with a final maturity of three years and interest of LIBOR or HIBOR plus 4% per annum offshore term loan; and (ii) an onshore RMB construction loan facility with a facility amount of RMB1,000,000,000, with final maturity of three years from the date of first utilization and interest rate of 106% times of the People's Bank of China Base Rate per annum.

The Company provided a guarantee on a several basis covering 50% of any and all obligations under the Hangzhou Glorious City Syndicated Loans. As at 30 June 2014, the Group's share of the guarantee amounted to approximately RMB1,027,000,000.

Gearing ratio

The Group's net debt-to-equity ratio (total indebtedness net of bank balances and cash including pledged bank deposits and restricted cash divided by total equity) was approximately 71.1% as at 30 June 2014 versus approximately 67.6% as at 31 December 2013. The Group's debt-to-asset ratio (total indebtedness divided by total assets) was approximately 32.0% as at 30 June 2014 versus approximately 34.2% as at 31 December 2013. The Group's current ratio (current assets divided by current liabilities) was approximately 1.5 times as at 30 June 2014 versus approximately 1.6 times as at 31 December 2013.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2014, the Group had approximately 4,000 full-time employees in the PRC and Hong Kong, out of them 1,600 employees worked for the property development business while 2,400 for the property investment, property management and other businesses.

The Group remunerates its employees based on their performance, working experience and the prevailing market wage level. The total remuneration of the employees consisted of basic salary, cash bonus and share-based incentives.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Relevant Period.

CORPORATE GOVERNANCE PRACTICES

The Board is of opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Relevant Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 of dealings in securities of the Company by the Directors. Upon specific enquiries of all the Directors, each of them have confirmed that they complied with the required standards set out in the Model Code during the Relevant Period.

REVIEW OF INTERIM RESULTS

The audit committee of the Company (the "Audit Committee") consists of three independent non-executive Directors, Mr. TAN Wee Seng (being the chairman of the Audit Committee), Mr. GU Yunchang and Mr. ZHANG Yongyue. The Company's unaudited condensed consolidated interim results and financial report for the six months ended 30 June 2014 have been reviewed by the Audit Committee, which opines that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made.

THE BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as executive Directors and Mr. GU Yunchang, Mr. ZHANG Yongyue and Mr. TAN Wee Seng as independent non-executive Directors.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.cifi.com.cn. The 2014 interim report will be dispatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
CIFI Holdings (Group) Co. Ltd.
LIN Zhong
Chairman

Hong Kong, 13 August 2014

Notes:

The expression “we”, “us” and “our Company” may be used to refer to our Company or our Group as the context may require.

References to our “land bank”, “development projects”, “property projects” or “projects” refer to our property projects with land for which we have obtained land-use rights and property projects for which we have not obtained land-use rights but have entered into the land grant contracts or received successful tender auction confirmations as at the relevant dates.

The site area information for an entire project is based on the relevant land use rights certificates, land grant contracts or tender documents, depending on which documents are available. If more than one document is available, such information is based on the most recent document available.

The figures for GFA are based on figures provided in or estimates based on the relevant governmental documents, such as the property ownership certificate, the construction work planning permit, the pre-sale permit, the construction land planning permit or the land use rights certificate.