招商局置地有限公司
CHINA MERCHANTS LAND LIMITED

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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 978)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board (the "Board") of directors (the "Directors") of China Merchants Land Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the period from 1 January 2014 to 30 June 2014 together with the comparative figures for the period from 1 January 2013 to 30 June 2013 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
			(restated
		(unaudited)	and unaudited)
	Notes	**RMB'000**	RMB'000
			(Note 2)
Revenue		**3,496,954**	4,461,054
Cost of sales		**(2,609,486)**	(2,500,877)
Gross profit		**887,468**	1,960,177
Other income		**26,141**	82,200
Net foreign exchange gains		**16,937**	74,970
Selling and marketing expenses		**(35,676)**	(40,176)
Administrative expenses		**(38,763)**	(41,587)
Finance costs	*5*	**(127,409)**	(38)
Profit before tax	*7*	**728,698**	2,035,546
Income tax expense	*6*	**(395,362)**	(1,006,427)
Profit for the period		**333,336**	1,029,119

	Note	Six months ended 30 June **2014** **(unaudited)** **RMB'000**	2013 (restated and unaudited) RMB'000 *(Note 2)*
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**–**	258
Profit and total comprehensive income for the period		**333,336**	1,029,377
Profit for the period attributable to:			
Owners of the Company		**61,021**	300,469
Non-controlling interests		**272,315**	728,650
		333,336	1,029,119
Profit and other comprehensive income for the period attributable to:			
Owners of the Company		**61,021**	300,699
Non-controlling interests		**272,315**	728,678
		333,336	1,029,377
Earnings per share			
Basic (RMB cents)	*9*	**1.24**	7.58

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Notes	**At 30 June 2014 (unaudited) RMB'000**	At 31 December 2013 (audited) RMB'000	At 1 January 2013 (unaudited) RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment		**30,383**	31,242	12,392
Investment properties		**22,113**	22,281	34,359
Goodwill		**160,210**	160,210	160,210
Deferred tax assets		**325,907**	362,020	298,240
Other receivables		**831,619**	888,950	1,328,584
		1,370,232	1,464,703	1,833,785
CURRENT ASSETS				
Properties for sale		**18,965,187**	15,188,406	15,212,165
Deposit paid for acquisitions of land use rights		**2,965,606**	3,019,783	–
Trade and other receivables	*10*	**1,269,398**	1,704,386	3,789,730
Tax recoverable		**68,451**	165,587	312,410
Restricted bank deposits		**–**	–	14,704
Bank balances and cash		**4,459,590**	6,618,086	2,134,944
		27,728,232	26,696,248	21,463,953
CURRENT LIABILITIES				
Deposits received in respect of pre-sale of properties		**5,153,918**	5,886,447	5,996,707
Trade and other payables	*11*	**3,359,742**	3,252,384	7,059,694
Deposit received for partial disposal of a subsidiary		**–**	160,830	–
Dividend payable to a non-controlling equity holder		**962,031**	–	113,167
Tax payable		**96,072**	258,849	543,707
Amount due to an intermediate holding company		**994,427**	–	–
Loans from equity holders – due within one year		**–**	–	4,794,164
Bank and other borrowings – due within one year		**1,100,000**	2,000,000	101,000
		11,666,190	11,558,510	18,608,439
NET CURRENT ASSETS		**16,062,042**	15,137,738	2,855,514
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,432,274**	16,602,441	4,689,299

	Note	At 30 June 2014 (unaudited) RMB'000	At 31 December 2013 (audited) RMB'000	At 1 January 2013 (unaudited) RMB'000
NON-CURRENT LIABILITIES				
Loans from equity holders – due after one year		**339,358**	339,358	1,169,960
Bank and other borrowings – due after one year		**3,644,000**	1,700,000	109,351
Bonds payable – due after one year		**3,032,838**	3,003,383	–
Deferred tax liabilities		**100,399**	103,389	34,136
		7,116,595	5,146,130	1,313,447
NET ASSETS		**10,315,679**	11,456,311	3,375,852
CAPITAL AND RESERVES				
Issued equity	*12*	**39,132**	39,132	8,710
Reserves		**5,192,495**	5,178,158	1,414,740
Equity attributable to owners of the Company		**5,231,627**	5,217,290	1,423,450
Non-controlling interests		**5,084,052**	6,239,021	1,952,402
TOTAL EQUITY		**10,315,679**	11,456,311	3,375,852

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") 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. Merger accounting and restatements

The Group accounts for all its business combinations involving entities under common control using the principles of merger accounting. On 24 April 2013, the Company (as the purchaser), Eureka Investment Company Limited ("Eureka"), intermediate holding company of the Company (as the seller) and China Merchants Property Development Co., Ltd. ("CMPD"), a holding company of Eureka entered into an agreement, which was amended and supplemented on 22 September 2013, pursuant to which the Company has conditionally agreed to acquire, and Eureka has conditionally agreed to sell: (i) 50% of the issued share capital of Harpen Company Limited ("Harpen") and all the issued share capital of Converge Holdings Limited ("Converge"), Sino Action Investments Limited ("Sino Action") and Happy City Investments Limited ("Happy City") (hereinafter, collectively referred to as the "Sales Shares") from Eureka, and (ii) the shareholder's loans outstanding and owing by each of Harpen, Converge, Sino action and Happy City ("Shareholder's Loans") (hereinafter, Harpen, Converge, Sino Actions and Happy City and their subsidiaries are collectively referred to as the "Target Group"). The consideration is approximately RMB5,302,945,000, including approximately RMB2,182,956,000 for the Sales Shares and approximately RMB3,119,989,000 Shareholder's Loans. To satisfy the consideration, the Company issued new shares at issue price of HK$2.05 per share of which 2,897,028,703 consideration new shares were issued to the seller for aggregate consideration of HK$5,938,909,000 (equivalent to RMB4,708,962,000) and 939,760,297 placing shares were issued to new investors for aggregate consideration of HK$1,926,509,000 (equivalent to RMB1,527,529,000) of which 365,428,529 placing shares amounting to RMB593,983,000 was utilised to settle the consideration. The details of the transaction was set out in the Company's circular dated 10 October 2013 (the "Transaction"). The Transaction was completed on 1 November 2013 (the "date of Completion").

As the Company and its subsidiaries (before the completion of the Transaction, hereinafter collectively referred to as the "Existing Group") and the Target Group are under the common control of Eureka both before and after the Transaction and Eureka's control of the Company and the Target Group is not transitory, the transaction is considered as combination of business under common control and accounted for under merger basis. In applying merger accounting, the Existing Group is deemed to have been acquired at the date of completion and the consolidated financial statements have been prepared on the following bases:

(i) The assets and liabilities of the Target Group are recognised and measured at their carrying amounts;

(ii) The identified assets and liabilities of the Existing Group are recognised and measured initially at their fair values on the date of Completion; and

(iii) The comparative figures presented in these condensed consolidated financial statements are restated to include the Target Group for the six months ended 30 June 2013.

The details of the Group's restructuring was set out in the Company's annual report dated 7 March 2014.

Upon the completion of the Transaction, the functional currency of the Company has changed from Hong Kong Dollars ("HK$") to Renminbi ("RMB") as the primary economic environment of the Company changed to a PRC business environment. Following the change of functional currency of the Company, the Company changed the presentation currency of its condensed consolidated financial statements from HK$ to RMB. The directors of the Company are in the opinion that this could simplify the financial reporting process and it could provide users with more comparable information with other companies in similar industries. Comparative figures have been restated in RMB.

3. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

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 financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The adoption of the above amendments and interpretation has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

4. Segment information

The Group has adopted HKFRS 8 Operating Segments, which requires operating segments to be identified on the basis of internal report about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The chief operating decision maker is the Company's directors and prior to the completion of the Transaction, the Chief operating decision maker is the directors of Eureka.

For the management purpose, the Group is currently organised into the following two operating and reportable segments: (i) Development and sales of properties and property leasing ("Properties Segment"); and (ii) sales of electronic and electrical related products and building related materials and equipment ("Trading Segment").

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

	Trading Segment RMB'000	**Properties segment RMB'000**	**Consolidated RMB'000**
For the six months ended 30 June 2014 (unaudited)			
Segment revenue – external	**–**	**3,496,954**	**3,496,954**
Segment results	**(730)**	**780,411**	**779,681**
Net foreign exchange gains			**1,894**
Unallocated finance costs			**(61,772)**
Interest income			**12,369**
Unallocated corporate expenses			**(3,474)**
Profit before tax			**728,698**

	Trading Segment RMB'000	Properties segment RMB'000	Consolidated RMB'000
For the six months ended 30 June 2013 (restated and unaudited)			
Segment revenue – external	72,721	4,388,333	4,461,054
Segment results	1,463	1,980,205	1,981,668
Net foreign exchange gains			80,719
Unallocated finance costs			(38)
Unallocated corporate expenses			(26,803)
Profit before tax			2,035,546

Segment revenue represents revenue generated from external customers. There were no inter-segment sales for both periods.

Segment result represents the profit earned/loss incurred by each segment without allocation of unallocated corporate expenses, unallocated finance costs, interest income and certain net foreign exchange gains. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. Finance costs

	Six months ended 30 June	
	2014	2013
		(restated and
	(unaudited)	unaudited)
	RMB'000	RMB'000
Interest on bank and other borrowings wholly repayable within five years:		
– bank and other borrowings	**167,247**	27,932
– amount due to an intermediate holding company	**–**	28,411
– amounts due to non-controlling equity holders of subsidiaries of the Group	**15,110**	9,875
– bonds	**61,772**	–
Total borrowing costs	**244,129**	66,218
Less: Amount capitalised	**(116,720)**	(66,180)
	127,409	38

6. Income tax

	Six months ended 30 June	
	2014	2013
		(restated and
	(unaudited)	unaudited)
	RMB'000	RMB'000
The charge comprises:		
PRC Enterprise Income Tax		
– current period	**159,307**	391,249
– overprovision in prior years	**–**	(1,210)
Land appreciation tax ("LAT")	**202,932**	573,673
	362,239	963,712
Deferred tax	**33,123**	42,715
	395,362	1,006,427

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory EIT rate of the subsidiaries incorporated in the PRC is 25%. Further, 5% or 10% withholding income tax is generally imposed on dividends relating to profits earned by PRC entities that are owned by non-PRC entities within the Group.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use right and all property development expenditures.

7. Profit before tax

The Group's profit before tax has been arrived at after charging (crediting):

	Six months ended 30 June	
	2014	2013
	(unaudited)	(restated and unaudited)
	RMB'000	RMB'000
Employee benefits expense (including directors' remuneration):		
Salaries and allowances	**32,924**	38,883
Pension scheme contributions	**5,439**	4,797
Total staff costs	**38,363**	43,680
Less: Amount capitalised to properties under development for sale	**(17,031)**	(26,062)
	21,332	17,618
Cost of properties for sale recognised as expense	**2,609,486**	2,429,994
Gain on disposal of investment properties	**–**	43,213
Depreciation on property, plant and equipment	**1,469**	1,155
Depreciation of investment properties	**168**	343
Gross rental income from investment properties	**(1,706)**	(467)
Less: Direct operating expenses incurred	**250**	343
	(1,456)	(124)

8. Dividend

During the current period, a final dividend of HK$0.012 per ordinary share in respect of the year ended 31 December 2013 was declared and paid to the shareholders of the Company. The aggregate amount of final dividend declared from the share premium of the Company and paid during the current period amounted to RMB46,684,000.

9. Basic earnings per share

The weighted average number of shares used for the purpose of calculating basic earnings per share for both periods has been adjusted as if the issue of the Consideration Shares (as defined in Note 12) was at 1 January 2012, on the basis that the condensed consolidated financial statements are prepared as if the combined entity represented by the Existing Group and the Target Group had existed from the dates when these groups came under the control of the common controlling party.

The calculation of the basic earnings per share for the six months ended 30 June 2014 is based on the profit attributable to owners of the Company of approximately RMB61,021,000 (six months ended 30 June 2013: RMB300,469,000) and the weighted average number of 4,905,257,860 (2013: 3,965,497,563) ordinary shares in issue during the period.

Diluted earnings per share is not presented for both periods as there is no potential ordinary shares outstanding during the period or at the end of the reporting period.

10. Trade and other receivables

Trade receivables mainly arise from Trading Segment and Properties Segment.

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. The Group's credit terms with its trade customers is generally 0 to 30 days. The Group seeks to maintain strict control over its outstanding receivables in order to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The aging analysis are as follows:

	As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
30 days or less	**–**	2,926
31 to 60 days	**–**	19
Over 90 days	**8,172**	17,061
	8,172	20,006

11. Trade and other payables

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

	As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
0 to 60 days	**586,250**	181,137
61 to 180 days	**603,390**	498,505
181 to 365 days	**201,007**	799,708
Over 365 days	**209,572**	194,509
	1,600,219	1,673,859

12. Issued equity

Paid up capital of the Target Group

As at 1 January 2013, the issued equity of the Group reflects the paid up capital of the Target Group of RMB366,783,000. The share capital of the Company at 1 January 2013 is RMB8,710,000 (equivalent to HK$10,685,000).

For the purpose of the presentation in the condensed consolidated financial statements, the issued equity of the Group as at 1 January 2013 under merger accounting comprise of:

	RMB'000
Share capital of the Company (HK$10,685,000)	8,710
Other capital	358,073
Issued equity of the Target Group	366,783

Ordinary share capital of the Company

	Number of shares	**Amounts** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2013, 31 December 2013 and 30 June 2014	30,000,000,000	300,000

	Number of shares	Equivalent to	
		HK$'000	RMB'000
Issued and fully paid:			
At 1 January 2013 and 30 June 2013	1,068,468,860	10,685	8,710
Issue of consideration shares *(note)*	2,897,028,703	28,970	22,971
Placing of shares *(note)*	939,760,297	9,398	7,451
At 31 December 2013 and 30 June 2014	4,905,257,860	49,053	39,132

Note: As disclosed in note 2, the consideration of Transaction was partly satisfied by issue of 2,897,028,703 ordinary shares of the Company at HK$2.05 per share ("Consideration Shares"). The remaining consideration was satisfied by funds raised through placing of 939,760,297 ordinary shares at HK$2.05 each ("Placing Shares"). The net proceeds of Placing Shares is RMB1,487,812,000 of which RMB593,983,000 was utilised to settle the remaining consideration.

The issuance of Consideration Shares and Placing Shares resulting an increase in ordinary share capital of the Company of RMB30,422,000 and share premium of the Company of RMB6,166,352,000 (approximately HK$7,776,960,000).

13. Related party transactions and balances

(a) Related party transactions

Other than as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with related parties:

		Six months ended 30 June	
		2014	2013
			(restated and
		(unaudited)	unaudited)
Related party	**Nature of transaction**	**RMB'000**	RMB'000
Fellow subsidiaries	Property management fee paid *(note)*	**19,320**	32,952
	Sales of goods *(note)*	**–**	72,721
	Service income *(note)*	**4,703**	–
An intermediate holding company	Interest income *(note)*	**–**	2,341

Note: These transactions constitute continuing connected transactions under Chapter 14A of the Listing Rules.

(b) **Related party balances**

As at 30 June 2014, approximately RMB2,763,611,000 (31 December 2013: RMB2,828,050,000) was deposited at China Merchants Bank which is an associate of China Merchants Group Limited, the ultimate holding company of the Company. For the six months ended 30 June 2014, the interest income recognised by the Group amounted to approximately RMB11,443,000 (six months ended 30 June 2013: RMB9,122,000).

As at 30 June 2014, the advance from intermediate holding company amounted to RMB994,427,000 was unsecured, interest-free and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group has completed the acquisition of 11 projects in November 2013. Therefore, the financial figures for the first half of 2013 needed to be restated. For the first half of 2014, profit amounted to RMB333,336,000 (the corresponding period of 2013: RMB1,029,119,000), representing a decrease of approximately 68% as compared with the same period last year. The profit attributable to the owners was RMB61,021,000 (the corresponding period of 2013: RMB300,469,000), representing a decrease of approximately 80% as compared with the same period last year. Basic earnings per share was RMB1.24 cents (the corresponding period of 2013: RMB7.58 cents), representing a decrease of 84% as compared with the corresponding period. The Group's aggregate contracted sales amounted to RMB2,678,222,000, representing a decrease of 18% over that of the same period last year. Aggregate contracted sales area was 144,427 sq.m., declined by 42% over the same period last year. The average selling price was approximately RMB18,544 per sq.m., representing an increase of 42% over that of the same period last year (it is mainly due to the contracted sales amounts of the higher unit price sold in Nanjing Yonghuafu in the first half of 2014 accounting for 49% of the total revenue).

Equity attributable to owners of the Company was RMB5,231,627,000 as at 30 June 2014 (31 December 2013: RMB5,217,290,000), increase 0.3% as compared with that as at the end of last year.

Turnover

For the first half of 2014, the Group recorded turnover of RMB3,496,954,000 (the corresponding period of 2013: RMB4,461,054,000), representing a decrease of approximately 22% as compared with the same period last year. The decrease is mainly attributable to the reduction in the number of completed and delivered properties in the first half of 2014. More properties are expected to be delivered in the second half of the year. For the first half of 2014, projects in Foshan, Guangzhou, Chongqing and Nanjing accounted for 76%, 9%, 10% and 5%, respectively, of the total revenue of the Group.

Gross Profit

Gross profit amounted to RMB887,468,000 (the corresponding period of 2013: RMB1,960,177,000), representing a decrease of approximately 55% as compared with the same period last year. The gross profit margin was 25% (the corresponding period of 2013: 44%), representing a decrease of approximately 43% over the same period last year. The decrease was primarily due to the structure of recognised items in the period had changed. For the first half of 2013, Guangzhou Jinshan Valley and Foshan Evian Water Bank, which were relatively high profit-margin projects due to low land cost, recognised revenue accounted for 69% of the total recognised revenue in that period and such percentage was only 21% in the first half of 2014.

Net foreign exchange gains

A decrease in net foreign exchange gains compared with the corresponding period of 2013 was due to the combined effect of the decrease in the balance of loan from equity holders which were denominated in United States Dollars ("USD") and the general depreciation of Renminbi against USD in the six months ended 30 June 2014 as compared to the general appreciation of Renminbi against USD in the six months ended 30 June 2013.

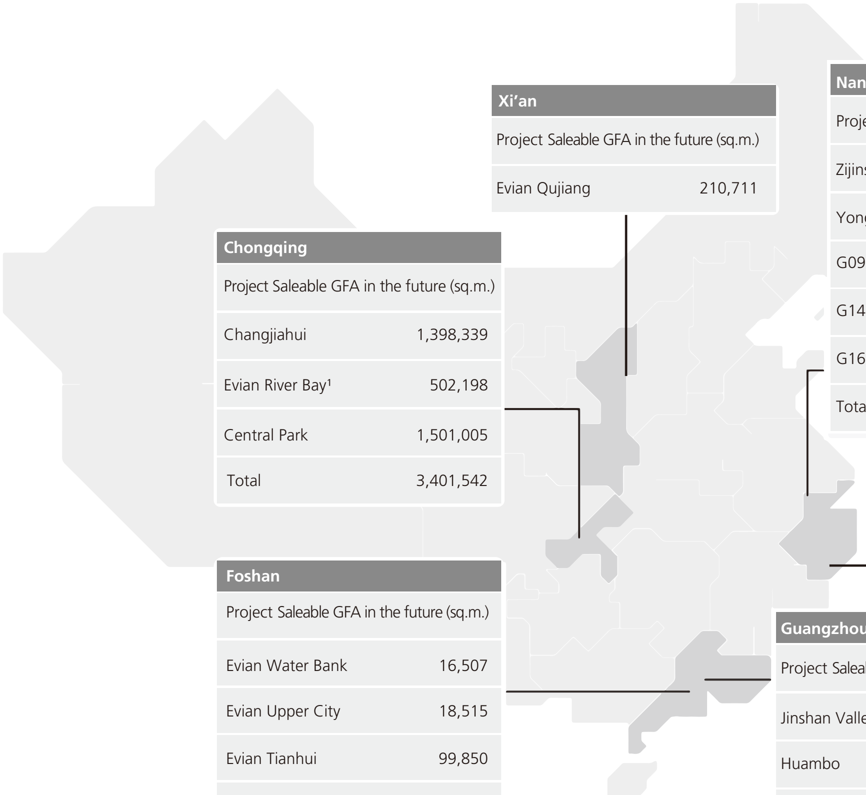
Finance costs

In December 2013, the Company issued a five-year term credit enhanced bonds in an aggregate principal amount of USD500,000,000 bearing coupon rate of 4.021% per annum which has accounted for approximately RMB61,772,000 in the finance costs for the six months ended 30 June 2014 and lead to a significant increase in the finance costs compared with the corresponding period of 2013.

BUSINESS REVIEW

Property Development Business

Below is a map showing the geographic locations and the land bank of the projects of the Group in the PRC. The total land bank of the Group as at 30 June 2014 is 6,922,964 sq.m..



Xi'an

Project	Saleable GFA in the future (sq.m.)
Evian Qujiang	210,711

Nanjing

Project	Saleable GFA in the future (sq.m.)
Zijinshan No.1	61,225
Yonghuafu	49,690
G09	64,498
G14	184,318
G16	270,551
Total	630,282

Chongqing

Project	Saleable GFA in the future (sq.m.)
Changjiahui	1,398,339
Evian River Bay[1]	502,198
Central Park	1,501,005
Total	3,401,542

Jurong

Project	Saleable GFA in the future (sq.m.)
China Merchants International E City	121,398

Foshan

Project	Saleable GFA in the future (sq.m.)
Evian Water Bank	16,507
Evian Upper City	18,515
Evian Tianhui	99,850
Evian Xicheng	275,634
Park 1872	267,320
China Merchants Land Centre[2]	217,480
Evian Yongjingwan[3]	217,786
Evian Huafu[4]	350,449
Evian Gongguan[5]	306,379
Total	1,769,920

Guangzhou

Project	Saleable GFA in the future (sq.m.)
Jinshan Valley	676,252
Huambo	112,859
Total	789,111

[1] formerly known as Evian River Bank
[2] formerly known as Jin Da Square
[3] formerly known as Evian Shangyuan
[4] formerly known as Luocun
[5] formerly known as Jiujiang

The table below details the Group's property development projects as at 30 June 2014 which (i) had been completed, (ii) were under development, or (iii) were held for future development. All figures in relation to area are rounded up to the nearest whole number:

				Completed					Under development			Future development		1 January 2014 to 30 June 2014
Project	The Company's attributable interest in the projects	Total GFA (sq.m.)	Land bank (sq.m.)	GFA completed (sq.m.)	Total GFA saleable/ rentable (sq.m.)	Of which sold and delivered (sq.m.)	Of which pre-sold but not yet delivered (sq.m.)	Of which not pre-sold/ held for investment (sq.m.)	GFA under development (sq.m.)	Total GFA saleable/ rentable (sq.m.)	Of which pre-sold (sq.m.)	Total GFA (sq.m.)	Total GFA saleable (sq.m.)	Contracted GFA (sq.m.)
Foshan														
Evian Water Bank	25.50%	655,716	16,507	655,716	599,477	574,684	8,286	16,507	–	–	–	–	–	2,777
Evian Upper City	50.00%	361,064	18,515	361,064	318,574	286,634	13,425	18,515	–	–	–	–	–	16,435
Evian Tianhui	25.50%	301,818	99,850	110,471	106,749	82,697	4,626	19,426	191,347	184,927	104,503	–	–	29,421
Evian Xicheng	50.00%	425,234	275,634	150,742	145,032	89,761	3,199	52,072	225,993	219,232	44,169	48,499	48,499	7,442
Park 1872	51.00%	303,132	267,320	–	–	–	–	–	145,472	126,646	–	157,660	140,674	–
China Merchants Land Centre	26.01%	223,556	217,480	–	–	–	–	–	223,556	217,480	–	–	–	–
Evian Yongjingwan	25.50%	233,852	217,786	–	–	–	–	–	120,500	106,855	–	113,352	110,931	–
Evian Huafu	50.00%	382,207	350,449	–	–	–	–	–	159,544	143,794	–	222,663	206,655	–
Evian Gongguan	28.05%	313,589	306,379	–	–	–	–	–	123,938	120,011	–	189,651	186,368	–
Foshan subtotal		**3,200,168**	**1,769,920**	**1,277,993**	**1,169,832**	**1,033,776**	**29,536**	**106,520**	**1,190,350**	**1,118,945**	**148,672**	**731,825**	**693,127**	**56,075**
Guangzhou														
Jinshan Valley	51.00%	1,341,801	676,252	508,736	420,639	366,725	12,973	40,941	205,697	156,924	17,960	627,368	496,347	10,215
Huambo	51.00%	124,906	112,859	–	–	–	–	–	–	–	–	124,906	112,859	–
Guangzhou subtotal		**1,466,707**	**789,111**	**508,736**	**420,639**	**366,725**	**12,973**	**40,941**	**205,697**	**156,924**	**17,960**	**752,274**	**609,206**	**10,215**
Chongqing														
Changjiahui	50.00%	1,895,748	1,398,339	104,002	99,114	92,804	6,310	–	218,968	210,917	75,104	1,572,778	1,262,526	24,027
Evian River Bay	51.00%	532,246	502,198	–	–	–	–	–	167,006	141,720	–	365,240	360,478	–
Central Park	50.00%	1,511,140	1,501,005	–	–	–	–	–	–	–	–	1,511,140	1,501,005	–
Chongqing subtotal		**3,939,134**	**3,401,542**	**104,002**	**99,114**	**92,804**	**6,310**	**–**	**385,974**	**352,637**	**75,104**	**3,449,158**	**3,124,009**	**24,027**

Project	The Company's attributable interest in the projects	Total GFA *(sq.m.)*	Land bank *(sq.m.)*	Completed: GFA completed *(sq.m.)*	Completed: Total GFA saleable/ rentable *(sq.m.)*	Completed: Of which sold and delivered *(sq.m.)*	Completed: Of which pre-sold but not yet delivered *(sq.m.)*	Completed: Of which not pre-sold/ held for investment *(sq.m.)*	Under development: GFA under development *(sq.m.)*	Under development: Total GFA saleable/ rentable *(sq.m.)*	Under development: Of which pre-sold *(sq.m.)*	Future development: Total GFA *(sq.m.)*	Future development: Total GFA saleable *(sq.m.)*	1 January 2014 to 30 June 2014: Contracted GFA *(sq.m.)*
Nanjing														
Zijinshan No.1	51.00%	213,870	61,225	213,870	151,324	84,688	5,411	61,225	–	–	–	–	–	4,009
Yonghuafu	51.00%	179,854	49,690	–	–	–	–	–	179,854	158,398	108,708	–	–	50,101
G09	51.00%	70,468	64,498	–	–	–	–	–	–	–	–	70,468	64,498	–
G14	35.70%	202,288	184,318	–	–	–	–	–	–	–	–	202,288	184,318	–
G16	100.00%	361,324	270,551	–	–	–	–	–	–	–	–	361,324	270,551	–
Nanjing subtotal		**1,027,804**	**630,282**	**213,870**	**151,324**	**84,688**	**5,411**	**61,225**	**179,854**	**158,398**	**108,708**	**634,080**	**519,367**	**54,110**
Jurong														
China Merchants International E City	70.00%	121,398	121,398	–	–	–	–	–	–	–	–	121,398	121,398	–
Jurong subtotal		**121,398**	**121,398**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**121,398**	**121,398**	**–**
Xi'an														
Evian Qujiang	100.00%	299,980	210,711	–	–	–	–	–	–	–	–	299,980	210,711	–
Xi'an subtotal		**299,980**	**210,711**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**299,980**	**210,711**	**–**
Total		**10,055,191**	**6,922,964**	**2,104,601**	**1,840,909**	**1,577,993**	**54,230**	**208,686**	**1,961,875**	**1,786,904**	**350,444**	**5,988,715**	**5,277,818**	**144,427**

Contracted sales

For the first half of 2014, the Group recorded contracted sales of approximately RMB2,678,222,000 from four cities and the saleable area sold was approximately 144,427 sq.m..

Location	**Contracted sales area** *(sq.m.)*	**Aggregate contracted sales** *(RMB million)*
Foshan	56,075	711
Guangzhou	10,215	331
Chongqing	24,027	228
Nanjing	54,110	1,408
Total	144,427	2,678

Land Bank

6 parcels of land are acquired during the period as follows:

Projects	**Total consideration** *(RMB million)*	**Total site area** *(sq.m.)*	**Total permissible area** *(sq.m.)*	**Average land premium** *(RMB/sq.m.)*
Huambo	1,460	17,779	100,495	14,528
G09	305	37,538	56,307	5,417
G14	578	110,872	159,656	3,620
Evian Qujiang	440	70,327	210,981	2,085
G16	1,189	57,945	244,528	4,862
China Merchants International E city	104	55,181	121,398	857
Total	4,076	349,642	893,365	4,563

Electronic Trading Business and Property Related Procurement Business

The Group will balance the synergies in property related procurement business and the main business in property development business to determine the resources to be allocated to the trading procurement business.

FINANCIAL AND TREASURY MANAGEMENT PRINCIPLES

As at 30 June 2014, the net assets attributable to shareholders of the Group were approximately RMB5,231,627,000 (31 December 2013: RMB5,217,290,000).

In December 2013, the Group completed the issuance of five-year term credit enhanced bonds in the aggregate principal amount of USD500,000,000 bearing coupon rate of 4.021% per annum ("Bond"). The rate of the Bond, which is fixed and unchanged during its subsisting period, bears single interest rather than compound interest and the interest is payable half-yearly. The Bond was listed on the Hong Kong Stock Exchange with effect from 12 December 2013. The fund raised from the issuance of the Bond is for the purpose of general corporate use. On 30 June 2014, total interest-bearing debt of the Group was RMB8,116,196,000 (31 December 2013: RMB7,042,741,000). Bank balances and cash was RMB4,459,590,000 (31 December 2013: RMB6,618,086,000). In terms of currency denomination, bank balances and cash can be divided into RMB2,422,735,000 in Renminbi, RMB2,032,279,000 in USD and RMB4,576,000 in Hong Kong dollars. In terms of maturity, the outstanding total interest-bearing debt (excluding the Bond) can be divided into RMB1,100,000,000 to be repaid within one year, RMB3,587,358,000 to be repaid after one year but within two years and RMB396,000,000 to be repaid after two years but within five years. In terms of currency denomination, the outstanding total interest-bearing debt can be divided into RMB5,083,358,000 in Renminbi and RMB3,032,838,000 in USD.

At 30 June 2014, the Group's net interest-bearing debt (total interest-bearing debt minus bank balances and cash) to equity ratio (including non-controlling interests) (the "net gearing ratio") was 35% (31 December 2013: 4%). Although the financial position of the Group is stable and the potential financing capacity is strong, the Group will continue to take the relatively stable financial policies and to control the net gearing ratio at the industry average level. The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in RMB, USD and HKD. The Group maintains a prudent strategy in its foreign exchange risk management, where foreign exchange risks are minimized via balancing the monetary assets versus monetary liabilities. As the Bond was denominated in USD, while the Group conducts its sales, receivables, payables and expenditures in RMB for its PRC property development business, the management will closely monitor the volatility between RMB and USD exchange rates and might consider hedging should the need arises.

NON-COMPETITION DEED

On 1 November 2013, the Company completed the acquisition of the equity interests in 11 property projects in the PRC from Eureka Investment Company Limited, a wholly-owned subsidiary of China Merchants Property Development Co., Ltd. ("CMPD"), the controlling shareholder of the Company, and the corresponding placing of shares.

To minimize actual and potential competition, the Group and CMPD entered into a deed of non-competition dated 19 June 2013 as amended and supplemented on 4 October 2013 (the "Non-Competition Deed"), pursuant to which (i) CMPD and its subsidiaries (excluding the Group) ("CMPD Group") will not compete with the Group in the cities of Foshan, Guangzhou, Chongqing and Nanjing ("Target Cities") except for certain operation transitional assets ("Operation Transitional Assets") located in three out of the four Target Cities ("Overlapping Target Cities") which would be retained by CMPD Group but managed by the Group under certain operation agreement entered into between the Group and CMPD; (ii) the Group will not compete with CMPD in 21 other cities in the PRC ("CMPD Cities"); and (iii) the Group will have a right of first refusal to conduct property business in any city in which neither CMPD nor the Group has any property business as at the date of the Non-Competition Deed. For details of the Non-Competition Deed, the Overlapping Target Cities, Operation Transitional Assets and the CMPD Cities, please refer to the section headed "Relationship with the Controlling Shareholders" in the circular of the Company dated 10 October 2013.

The independent board committee comprising all the independent non-executive Directors of the Company, had (i) reviewed the quarterly reports prepared by the Company's management containing latest information on the respective property projects portfolios of CMPD Group and the Group; (ii) carried out a review on the implementation of and compliance with the Non-Competition Deed by CMPD Group and the Group during the period ended 30 June 2014; and (iii) confirmed that the terms of the Non-Competition Deed had been complied with by CMPD Group and the Group during the six months period ended 30 June 2014.

During the six months period ended 30 June 2014, the Group seized the business opportunities in Xi'an and Jurong which are new cities to the Group pursuant to the right of first refusal mentioned above. The Group will continue focusing on developing its property business in the 4 Target Cities and these 2 new cities and will also select other cities carefully for investment and development should appropriate opportunities arise.

OUTLOOK AND PROSPECTS

In the second half of 2014, the Company is expected the additional GFA of the projects which can meet the pre-sales conditions amounted to approximately 1,250,000 sq.m.. The Company will be able to tackle the challenges ahead by grabbing the market opportunities arising from the favourable policies and strengthening the operation and management control and accelerating the sales and return.

Meanwhile, the Company will continuously pay attention to the change of customers' needs, to optimize the project portfolios and types of product, to develop a model which can create synergy of our operation and financing strategy and to explore opportunities for overseas developments. We endeavor for increasing the capital utilization efficiency to create value for shareholders.

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the period from 1 January 2014 to 30 June 2014 (1 January 2013 to 30 June 2013: Nil).

PLEDGE OF ASSETS

As at 30 June 2014 and 31 December 2013, the Group did not have any charges on its property, plant and equipment or properties under development for sales.

CONTINGENT LIABILITIES

The Group has contingent liabilities relating to guarantee given to banks in connection with facilities granted to their customers amounted to RMB680,491,000 as at 30 June 2014 (31 December 2013: RMB464,153,000).

EVENTS AFTER THE REPORTING PERIOD

On 20 June 2014, Merchants Nanjing Real Estate Co., Ltd ("Merchants Nanjing"), a non-wholly owned subsidiary of the Company, entered into an agreement ("Nanjing Agreement") with Nanjing Qianjia Investment Company Limited ("Nanjing Qianjia") and Shenzhen City Luhong Investment and Management Company Limited ("Shenzhen Luhong"). Nanjing Qianjia is a non controlling equity holder of Nanjing Merchants Xingsheng Property Development Limited ("Nanjing Xingsheng"), a non wholly-owned subsidiary of the Company engaging in a property development project in Nanjing, the PRC, in which Merchants Nanjing is the majority equity holder. Shenzhen Luhong is an independent third party. Pursuant to the Nanjing Agreement, each of Merchants Nanjing, Nanjing Qianjia and Shenzhen Luhong will subscribe for a portion of the capital increase in the registered capital of Nanjing Xingsheng and Shenzhen Luhong will provide a shareholder loan to Nanjing Xingsheng to repay part of the shareholder's loan from Merchants Nanjing.

Subsequent to 30 June 2014, on 31 July 2014. Merchants Property Development (Guangzhou) Ltd. ("Merchants Guangzhou"), a non wholly-owned subsidiary of the Company, and Guangzhou Yi Yun Property Development Limited ("Guangzhou Yi Yun"), a subsidiary wholly-owned by Merchants Guangzhou and engaging in a property development project in Guangzhou, the PRC, entered into an agreement ("Guangzhou Agreement") with Shenzhen Lianxin Investment and Management Company Limited ("Shenzhen Lianxin"), an independent third party and a wholly owned subsidiary of Shenzhen Luhong. Pursuant to the Guangzhou Agreement, Merchants Guangzhou and Shenzhen Lianxin will subscribe for a portion of the capital increase in the registered capital of Guangzhou Yi Yun and Shenzhen Lianxin will provide a shareholder loan to the Guangzhou Yi Yun to repay part of the shareholder's loan from Merchants Guangzhou.

The above transactions have not yet been completed at the date of this announcement. Upon completion of the above transactions, the equity interests of Merchants Nanjing and Merchants Guangzhou in Nanjing Xingsheng and Guangzhou Yi Yun respectively will both be diluted from 100% to 51%. Details of the above transactions were set out in the Company's announcement date 31 July 2014.

EMPLOYEE REMUNERATION AND RELATIONS

The Group remunerates the employees by reference to their qualifications, experience, responsibilities, profitability of the Group and current market conditions.

As at 30 June 2014, the Group had 339 (31 December 2013: 343 employees in the PRC and Hong Kong) employees in the PRC and Hong Kong.

The Group's total expenses on salaries and allowances (including directors' remuneration) for the period ended 30 June 2014 was approximately RMB38,363,000 (for the period ended 30 June 2013: RMB43,680,000). Apart from basic salaries, fringe benefits such as contributions to the state-managed retirement benefit schemes and MPF scheme and group medical insurance are also offered to the employees. Different trainings are also provided to employees according to their levels and job duties throughout the period. A share option scheme was adopted at the annual general meeting of the Company held on 27 September 2011 (the "2011 Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations. No options had been granted under the 2011 Share Option Scheme during the period ended 30 June 2014.

SHARE OPTION SCHEME

The 2011 Share Option Scheme was adopted at the annual general meeting held on 27 September 2011 for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations. No options had been granted under the 2011 Share Option Scheme during the period under review and no options are outstanding as at 30 June 2014.

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

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

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors and one non-executive Director. Dr. Wong Wing Kuen, Albert, chairman of the Audit Committee, has the appropriate professional qualification and experience in financial matters as required by the Listing Rules. This committee is authorized by the Board and is responsible for reviewing the financial reports, internal control principles and for maintaining an appropriate relationship with the Company's auditors. The Audit Committee and the external auditor have reviewed the Group's unaudited consolidated financial statements for the period, including the accounting principles and practices adopted by the Group.

SPECIFIC PERFORMANCE OBLIGATIONS RELATING TO CONTROLLING SHAREHOLDERS

On 30 July 2014, the Company as borrower entered into a loan agreement ("Loan Agreement") relating to a US$100,000,000 term loan facility ("Loan Facility") with a bank. The Loan Facility has a term of 36 months commencing from the date of the Loan Agreement.

Requirements relating to controlling shareholders

Pursuant to the Loan Agreement, it shall be an event of default if (i) CMPD ceases to beneficially own (directly or indirectly) at least 50% of the issued share capital of the Company, (ii) the shares of CMPD ceases for any reason to be listed on the Shenzhen Stock Exchange (or its successor) or such listing is suspended for more than 15 consecutive trading days due to non-compliance with the rules of the Shenzhen Stock Exchange (or its successor) or breach of any undertaking given to the Shenzhen Stock Exchange (or its successor), (iii) China Merchants Group Ltd. ("CMG"), a company established in the PRC, ceases to be the single largest shareholder of and beneficially own (directly or indirectly) at least 40% of the issued share capital of CMPD, or (iv) CMG ceases to be controlled (directly or indirectly) by the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") of the PRC or other similarly empowered authority.

The Loan Agreement also contains a cross default provision so that if the Company or any of its subsidiaries commits a default under any other loan agreement(s) to which it is a borrower that entitles any creditor to declare any borrowed monies under such loan agreement(s) due and payable and the amount in aggregate exceeds US$15,000,000, it will also constitute an event of default under the Loan Agreement.

If an event of default under the Loan Agreement occurs, the bank may declare that its obligations to make the Loan Facility available to the Company be terminated and the advances under Loan Facility and all interest accrued and all other sums payable under Loan Agreement become immediately due and payable.

As at the date of this announcement, CMPD indirectly owns 74.35% of the issued share capital of the Company, CMG indirectly owns 51.89% of the issued share capital of CMPD and CMG is owned and controlled by the SASAC.

Other than as disclosed above, there are no other events which are required to be disclosed by the Company under Rule 13.18 of the Listing Rules.

CORPORATE GOVERNANCE CODE

In the opinion of the Board, save as mentioned below, the Company had complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2014.

During the six months ended 30 June 2014, the Company had the following deviations from the CG Code:

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. The non-executive Directors and all the independent non-executive Directors do not have specific terms of appointment. However, all of them are subject to the requirement to retire by rotation at least once every 3 years at annual general meetings under the Company's articles of association. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

Code Provision A.6.7 stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings, and develop a balanced understanding of the views of shareholders. Mr. He Jianya, a non-executive Director, and Mr. He Qi, an independent non-executive Director, did not attend the annual general meeting of the Company held on 12 May 2014 due to other business engagement. However, there were sufficient executive Directors, independent non-executive Directors and non-executive Directors present to enable the Board to develop a balanced understanding of the views of the Company's shareholders.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted its code of conduct for securities transactions by Directors of the Company on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry to all Directors, the Company confirms that all Directors have complied with the required standard set out in the Model Code throughout the period.

SECURITIES TRANSACTIONS BY RELEVANT EMPLOYEES

Under Code Provision A.6.4, the Board has established written guidelines on no less exacting terms than the Model Code for relevant employees in respect of their dealings in the Company's securities. "Relevant employee" includes any employee or a director of a subsidiary or holding company, because of such office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Group or its securities. Having made specific enquiry to all relevant employees, the directors are satisfied that the required standard set out in the said written guidelines and its code of conduct regarding securities transaction have been complied with during the period covered by this interim report.

On behalf of the Board
Mr. He Jianya
Chairman

Hong Kong, 1 August 2014

As at the date of this announcement, the Board comprises , Dr. So Shu Fai, Mr. Xian Yaoqiang, Mr. Liu Zhuogen and Mr. Yu Zhiliang as executive Directors; Mr. He Jianya, Ms. Wu Zhenqin and Ms. Liu Ning as non-executive Directors; and Dr. Wong Wing Kuen, Albert, Ms. Chen Yanping, Dr. Shi Xinping and Mr. He Qi and as independent non-executive Directors.