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C C Land Holdings Limited

中渝置地控股有限公司

(Incorporated in Bermuda with limited liability)

Website: www.ccland.com.hk

(Stock Code: 1224)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the “Board”) of C C Land Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2014 together with comparative figures for the corresponding period in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2014	2013
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000 (Restated)
REVENUE	3, 4	4,787,032	1,324,721
Cost of sales		<u>(3,221,661)</u>	<u>(750,837)</u>
Gross Profit		1,565,371	573,884
Other income and gains	4	581,971	270,808
Selling and distribution expenses		(176,160)	(190,973)
Administrative expenses		(174,406)	(177,518)
Other expenses		(38,192)	(26,242)
Finance costs		(83,189)	(25,644)
Share of profits and losses of joint ventures		(5,573)	(7,866)
Share of profits and losses of associates		<u>(4,745)</u>	<u>(5,993)</u>
PROFIT BEFORE TAX	5	1,665,077	410,456
Income tax expense	6	<u>(748,849)</u>	<u>(324,912)</u>
PROFIT FOR THE PERIOD		<u>916,228</u>	<u>85,544</u>

		Six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Note	HK\$'000	HK\$'000
Attributable to:			
Owners of the parent		812,070	115,506
Non-controlling interests		104,158	(29,962)
		<u>916,228</u>	<u>85,544</u>
EARNINGS PER SHARE ATTRIBUTABLE TO			
ORDINARY EQUITY HOLDERS OF THE			
PARENT			
	9		
Basic and diluted		<u>HK31.38 cents</u>	<u>HK4.46 cents</u>

Details of dividends are disclosed in note 8 to this results announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		(Restated)
PROFIT FOR THE PERIOD	916,228	85,544
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Available-for-sale investments:		
Changes in fair value	27,729	(37,618)
Deferred tax	497	8,467
	<u>28,226</u>	<u>(29,151)</u>
Share of other comprehensive income of joint ventures	166	626
Share of other comprehensive income of associates	(16,546)	27,390
Exchange fluctuation reserve:		
Release upon disposal of subsidiaries	(81,132)	(12,562)
Exchange differences on translation of foreign operations	(145,671)	275,427
	<u>(226,803)</u>	<u>262,865</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(214,957)</u>	261,730
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(214,957)	261,730
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	701,271	347,274
Attributable to:		
Owners of the parent	616,490	342,075
Non-controlling interests	84,781	5,199
	<u>701,271</u>	<u>347,274</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	10	183,914	169,884
Investment properties		427,074	411,330
Prepaid land lease payments		121,598	124,048
Golf club membership		10,540	10,540
Investments in joint ventures		142,007	30,576
Investments in associates		1,236,700	1,280,688
Available-for-sale investments		735,724	593,865
Properties under development	10	8,661,748	8,817,886
Interests in land use rights for property development	10	2,235,513	2,169,803
Deferred tax assets		77,865	63,724
Total non-current assets		13,832,683	13,672,344
CURRENT ASSETS			
Properties under development	10	17,535,368	17,008,302
Completed properties held for sale		5,690,006	5,450,528
Prepaid land lease payments		2,549	2,574
Prepayments, deposits and other receivables		2,484,395	1,949,268
Equity investments at fair value through profit or loss		436,668	312,864
Prepaid income tax and land appreciation tax		259,897	170,534
Deposits with brokerage companies		247,264	1,652
Pledged deposits		1,639,188	781,247
Restricted bank balances		1,715,713	3,079,115
Time deposits with original maturity over three months		106,692	69,074
Cash and cash equivalents		5,090,550	5,706,852
		35,208,290	34,532,010
Non-current assets classified as held for sale	7	-	1,491,434
Total current assets		35,208,290	36,023,444
CURRENT LIABILITIES			
Trade and bills payables	11	4,025,507	3,597,205
Other payables and accruals		13,129,728	14,220,545
Loans from non-controlling shareholders of subsidiaries		553,908	1,088,971
Interest-bearing bank borrowings		4,466,252	3,563,358
Tax payable		2,607,886	2,244,193
Consideration payable on acquisition of subsidiaries		204,223	202,125
Total current liabilities		24,987,504	24,916,397

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
NET CURRENT ASSETS	<u>10,220,786</u>	<u>11,107,047</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>24,053,469</u>	<u>24,779,391</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	6,448,007	7,530,630
Deferred tax liabilities	1,170,251	1,297,838
Consideration payable on acquisition of subsidiaries	-	100,513
Total non-current liabilities	<u>7,618,258</u>	<u>8,928,981</u>
Net assets	<u>16,435,211</u>	<u>15,850,410</u>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	12 258,822	258,822
Reserves	<u>14,426,357</u>	<u>13,926,337</u>
	<u>14,685,179</u>	<u>14,185,159</u>
Non-controlling interests	<u>1,750,032</u>	<u>1,665,251</u>
Total equity	<u>16,435,211</u>	<u>15,850,410</u>

Notes:

1. BASIS OF PREPARATION

The Company is incorporated in Bermuda as an exempted company with limited liability and whose shares are publicly traded on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The principal activities of the Group are described in note 3 below.

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2013.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period’s unaudited interim condensed consolidated financial statements:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of these new and revised HKFRSs has had no significant financial effect on the unaudited interim condensed consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- Property development and investment segment – Development and investment of properties located in Mainland China
- Treasury investment segment – Investments in securities and notes receivables, and provision of financial services

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted results before tax. The adjusted results before tax are measured consistently with the Group's profit before tax except that finance costs and head office and corporate income and expenses are excluded from such measurement.

Information regarding these reportable segments is presented below.

Reportable segment information

For the six months ended 30 June 2014 – unaudited

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	4,791,316	(4,284)	4,787,032
Segment results	1,777,950	(18,329)	1,759,621
Corporate and unallocated income			3,040
Corporate and unallocated expenses			(14,395)
Finance costs			(83,189)
Profit before tax			1,665,077

For the six months ended 30 June 2013 – unaudited

	Property development and investment HK\$'000	Treasury investment HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	1,315,223	9,498	1,324,721
Segment results	465,548	(16,958)	448,590
Corporate and unallocated expenses			(12,490)
Finance costs			(25,644)
Profit before tax			410,456

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<u>Revenue</u>		
Sale of properties	4,780,254	1,304,303
Gross rental income	11,062	9,617
Losses on disposal of equity investments at fair value through profit or loss, net	(8,412)	(2,464)
Dividend income from listed equity investments	1,644	9,465
Dividend income from unlisted equity investments	-	1,303
Interest income from unlisted debt investments	2,484	2,497
	<u>4,787,032</u>	<u>1,324,721</u>
	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<u>Other income and gains</u>		
Bank interest income	42,539	45,552
Other interest income	53,262	23,543
Exchange gains, net	-	11,529
Gain on disposal of subsidiaries	466,952	171,910
Fair value gains on investment properties	13,999	15,522
Others	5,219	2,752
	<u>581,971</u>	<u>270,808</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting) the following:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of properties sold	3,219,692	748,752
Depreciation	12,280	13,692
Less: Amount capitalised	(1,453)	(1,241)
	<u>10,827</u>	<u>12,451</u>
Amortisation of prepaid land lease payments	1,277	11,376
Interest on bank borrowings wholly repayable:		
Within five years	367,546	316,642
Beyond five years	8,744	7,223
	<u>376,290</u>	<u>323,865</u>
Less: Interest capitalised	(293,101)	(298,221)
	<u>83,189</u>	<u>25,644</u>

Employee benefit expense (including directors' remuneration):		
Wages and salaries	153,142	132,451
Pension scheme contributions	5,967	4,881
Less: Amount capitalised	(67,796)	(57,476)
	<u>91,313</u>	<u>79,856</u>
Gain on disposal of subsidiaries	<u>(466,952)</u>	<u>(171,910)</u>

6. INCOME TAX

No Hong Kong profits tax has been provided as the Group does not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2013: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current charge for the period		
Mainland China	421,720	165,973
Underprovision/(overprovision) in prior periods		
Mainland China	1,039	(1,013)
Land appreciation tax charge for the period	455,615	252,210
Deferred tax	<u>(129,525)</u>	<u>(92,258)</u>
Total tax charge for the period	<u>748,849</u>	<u>324,912</u>

7. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

		30 June	31 December
		2014	2013
		(Unaudited)	(Audited)
	Notes	HK\$'000	HK\$'000
Interests in land use rights for property development	(a)	-	1,452,133
Investment in an associate	(b)	<u>-</u>	<u>39,301</u>
Non-current assets classified as held for sale		<u>-</u>	<u>1,491,434</u>

Notes:

- (a) Interests in land use rights for property development classified as held for sale – Ho Yeung Group

On 13 November 2013, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Ho Yeung Group Limited (“Ho Yeung”, and together with its subsidiary, the “Ho Yeung Group”) and a shareholder’s loan owed by Ho Yeung Group to the Group for a total consideration of RMB1,425,480,000 (equivalent to HK\$1,827,747,000).

Ho Yeung Group is principally engaged in property development and investment in Mainland China. The major assets of the Ho Yeung Group comprise interests in land use rights for property development amounting to HK\$1,452,133,000 which were classified as non-current assets held for sale and were presented separately in the consolidated statement of financial position as at 31 December 2013. The disposal of Ho Yeung Group was completed on 15 January 2014 and the Group has recorded a gain on disposal before tax of HK\$457,361,000 in the consolidated statement of profit or loss for the period ended 30 June 2014.

(b) Investment in an associate classified as held for sale – Sichuan Hengchen

On 30 November 2010, the Group entered into a share transfer agreement with a non-controlling shareholder of Sichuan Hengchen Real Estate Development Company Limited (“Sichuan Hengchen”) to dispose of its entire 60% equity interest in Sichuan Hengchen. Sichuan Hengchen is principally engaged in property development and investment in Mainland China. The partial disposal of 30% equity interest in Sichuan Hengchen was completed on 30 March 2011.

Upon completion of the first 30% disposal, the Group ceased to have control over Sichuan Hengchen thereafter. The Group has accounted for the investment retained in Sichuan Hengchen as an associate held for sale which was stated at its fair value at the date the control was lost and was presented as a non-current asset held for sale as at 31 December 2013. The disposal of the remaining 30% equity interest in Sichuan Hengchen was completed on 24 June 2014.

8. DIVIDENDS

During the six months ended 30 June 2014, the Company declared a final dividend of HK\$0.045 per ordinary share amounting to HK\$116,470,000 for the year ended 31 December 2013. The final dividend was paid on 18 June 2014.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2014.

During the six months ended 30 June 2013, the Company declared a final dividend of HK\$0.045 per ordinary share amounting to HK\$116,451,000 for the year ended 31 December 2012 with a scrip alternative offered to shareholders to elect to receive the final dividend by an allotment of new shares in lieu of cash. A scrip dividend of HK\$1,016,000 was paid on 3 July 2013 by issuing 423,217 ordinary shares of HK\$0.10 each in the Company at a market value determined to be HK\$2.4 per share and a cash dividend of HK\$115,435,000 was paid on the same date.

No interim dividend was declared for the six months ended 30 June 2013.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2014 and 2013 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share presented.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	812,070	115,506
	2,588,223,112	2,587,799,895
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	2,588,223,112	2,587,799,895

10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT/ PROPERTIES UNDER DEVELOPMENT/ INTERESTS IN LAND USE RIGHTS FOR PROPERTY DEVELOPMENT

During the six months ended 30 June 2014, the Group incurred HK\$30,379,000 (six months ended 30 June 2013: HK\$8,994,000) on the additions of items of property, plant and equipment.

During the six months ended 30 June 2014, the Group incurred HK\$3,704,222,000 (six months ended 30 June 2013: HK\$2,996,531,000) on the additions of properties under development.

During the six months ended 30 June 2014, the Group incurred HK\$496,968,000 (six months ended 30 June 2013: HK\$2,576,688,000) on the additions of interests in land use rights for property development.

11. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Within 1 year	<u>4,025,507</u>	<u>3,597,205</u>

The trade and bills payables are non-interest-bearing and repayable within the normal operating cycle.

12. SHARE CAPITAL

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Authorised: 5,000,000,000 (31 December 2013: 5,000,000,000) ordinary shares of HK\$0.10 (31 December 2013: HK\$0.10) each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid: 2,588,223,112 (31 December 2013: 2,588,223,112) ordinary shares of HK\$0.10 (31 December 2013: HK\$0.10) each	<u>258,822</u>	<u>258,822</u>

13. COMPARATIVE AMOUNTS

Certain comparative figures of shares of profits and losses and other comprehensive income of associates and joint ventures have been reclassified to conform to the current period's presentation. These reclassifications have no impact on the Group's profits for the periods ended 30 June 2013 and 2014.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The growth of the global economy appears on track for a modest recovery. China's economic growth for the first half year of 2014 was 7.4 %, slightly lower than the target of 7.5% for the whole year. The slow economy growth together with the tightened liquidity resulted in a drop in property price and transaction volume.

For the first half year of 2014, the Group recorded satisfactory results in terms of revenue and profit as compared with the same period of last year. The Group's revenue was HK\$4,787.0 million, representing a substantial increase by approximately 261% from that of the same period last year.

Net profit of HK\$916.2 million was recorded during the period, representing an increase of approximately 972% from that of the same period last year. The increase in net profit was attributable to the non-recurring gain from the disposal of Zhaomu Mountain project, Chongqing, which derived a profit before tax of approximately HK\$457.4 million.

The profit attributable to shareholders for the period reached approximately HK\$812.1 million (six months ended 30 June 2013: HK\$115.5 million) representing an increase of 603% as compared to the same period last year. The basic earnings per share for the period were HK31.38 cents (six months ended 30 June 2013: HK4.46 cents).

Recognized Revenue

The Group remained focused on the development of real estate properties in six cities in Western China, namely Chongqing, Chengdu, Dazhou, Guiyang, Xi'an and, Kunming. During the six months ended 30 June 2014, the property sales revenue was HK\$4,780.3 million (RMB3,786.9 million) (six months ended 30 June 2013: HK\$1,304.3 million (RMB1,042.5 million)) against a total booked gross floor area ("GFA") sales of 531,900 sqm (six months ended 30 June 2013: 113,100 sqm). The revenue from property sales and booked GFA represented an increase of 267% and 370% respectively from those of the corresponding period of 2013. The substantial increase in sales revenue and booked GFA was mainly attributable to the exceptionally low saleable area delivered in the first half of the previous year. The revenue recognized during the period mainly from 7 projects in Chongqing, 3 projects in Chengdu and 1 project in Guiyang. The average selling price ("ASP") of recognized sales decreased by 23% to RMB7,120 per sqm due to different product mix, the projects delivered in the first half of last year being from high-end residential projects which carried higher ASPs. The booked gross margin for the period is 33% which is similar to that for the whole year of 2013 (33.7%) although it decreased by 10 percentage points from 43% in the corresponding period in 2013 which saw more high-end residential projects delivered.

The recognized sales revenue by projects for the six months ended 30 June 2014 is as follows:

Projects	Usage	GFA (sqm)	Sales Revenue Net of Business Tax (RMB'000)	ASP Net of Business Tax (RMB)	The Group's Interest
Chongqing					
L'Ambassadeur Phases I, II, III & IV	Residential	64,700	483,500	7,470/sqm	100%
	Commercial	3,900	55,300	14,070/sqm	
	Car Park	4,900	19,100	148,190/unit	
Riverside One, Wanzhou Phase III	Residential	154,200	775,000	5,030/sqm	100%
	Commercial	2,500	28,900	11,340/sqm	
	Car Park	24,400	62,700	83,310/unit	
i-City Phases I, II & III	Residential	4,800	34,500	7,200/sqm	100%
	Commercial	2,500	50,700	20,650/sqm	
	Car Park	600	2,400	125,000/unit	
Zhongyu Plaza	Office	21,400	314,900	14,690/sqm	80%
Phoenix County Phases I & II	Residential	4,500	49,900	10,970/sqm	100%
	Car Park	300	1,100	132,400/unit	
Academic Heights Phase I	Residential	10,300	47,600	4,640/sqm	100%
Verakin New Park City	Residential	34,600	229,300	6,620/sqm	51%
	Commercial	2,200	32,600	14,940/sqm	
Others	Residential/ Commercial/ Car Park	2,500	41,500		

Chengdu						
Brighton Place & Plaza Phases I & III	Residential	63,000	433,400	6,880/sqm	51%	
Villa Royale Phases I & II	Residential	5,000	74,500	15,000/sqm	51%	
	Car Park	500	2,000	141,570/unit		
Sky Villa Phase II	Residential	14,800	263,500	17,740/sqm	51%	
	Car Park	10,900	37,700	121,710/unit		
Others	Residential	200	1,500	5,800/sqm		
Guiyang						
First City, Guiyang Phase I	Residential	76,200	550,100	7,220/sqm	85%	
	Commercial	6,300	111,300	17,500/sqm		
Other districts						
Radiant Bay Phase I	Residential	14,300	67,800	4,750/sqm	100%	
Silver Lining	Residential	1,500	11,700	7,680/sqm	70%	
	Car Park	900	4,400	145,170/unit		
TOTAL		531,900	3,786,900			

In terms of location, the contributions to recognized revenue and booked area in terms of percentage respectively were as follows:

	Recognized Revenue First Half of		Booked Area First Half of	
	2014	2013	2014	2013
Chongqing	58.9%	64.7%	63.6%	63.4%
Chengdu	21.4%	33.3%	17.8%	33.7%
Guiyang	17.5%	-	15.5%	-
Other districts	2.2%	2.0%	3.1%	2.9%
Total	100.0%	100.0%	100.0%	100.0%

In terms of usage, about 80% (six months ended 30 June 2013: 83%) are for residential and the balance non-residential purposes.

As at 30 June 2014, the unrecognized revenue was approximately RMB12.9 billion, representing area pre-sold of 1.5 million sqm, out of which, about RMB6.5 billion are from projects which are completed or expected to be completed in the second half of 2014. The revenue can be recognized only when the relevant property has been completed, occupation permit issued and the property delivered to the purchaser. This has laid a solid foundation for the second half of 2014.

Five projects were completed on schedule in the first half of 2014. The total GFA completed by the Group in the period under review amounted to approximately 591,200 sqm (first half of 2013: 161,700 sqm). Details are as follows:

Projects	Usage	GFA (sqm)	Percentage of Area Sold as at 30 June 2014	The Group's Interest
Chongqing				
L'Ambassadeur Phase IV	Residential	71,100	100%	100%
	Commercial	17,200		
	Others	13,500		
Zhongyu Plaza	Office	34,100	90%	80%
	Others	34,200		
Riverside One, Wanzhou Phase III	Residential	182,600	90%	100%
	Commercial	22,500		
	Others	34,200		
Verakin New Park City - Zone O	Residential	21,800	99%	51%
	Commercial	800		
	Others	9,800		
Chengdu				
Brighton Place & Plaza Phases I, II, III & IV	Residential	169,900	99%	51%
	Commercial	10,500		
	Others	3,200		
TOTAL		591,200		

Contract Sales

Faced with the challenging economic and market environment, coupled with the relatively high volume recorded in the first half of 2013, the Group recorded decreases both in contract volume and floor area sold compared with that of the same period last year. Home buyers began to adopt a wait-and-see attitude following the prolonged period of restrictive measures imposed by the central government, which has thwarted the demand from first-time home buyers and from upgraders. To cope with the difficult market sentiment, the Group has adopted a flexible pricing strategy to generate sales momentum.

During the first half of 2014, the Group started pre-sale for its first project in Xi'an. The Group achieved a total contract sales of RMB2,927.1 million (six month ended 30 June 2013: RMB4,663.2 million) from 18 projects in 6 cities, with area sold totalling 335,800 sqm (six months ended 30 June 2013: 545,500 sqm), representing a decrease of 37% and 38% respectively when compared with those of the corresponding period in 2013. The contract sales target for 2014 was RMB11 billion. During the period under review, the Group had only accomplished 27% of the annual sales target. The Group continues to closely monitor changes of the market conditions and proactively refine its sales strategies accordingly in order to optimize contract sales. The overall ASP increased by 2% to RMB8,700 per sqm in the first half of 2014 from RMB8,500 per sqm for the same period of 2013. The increase was mainly attributed to the change in product mix as compared with the corresponding period last year, with a higher proportion of contract sales being derived from sales of commercial and office units of which carried higher ASPs.

Eighteen projects were launched during the period, out of which, three were new projects, namely Residence Serene in Chongqing, Residence du Lac in Chengdu and Zhongyu Metropolis in Xi'an.

The breakdown of the contract sales in the first half of 2014 is as follows:

Projects	Usage	Approximate Contract Sales Area (sqm)	Approximate Contract Sales Revenue (RMB'000)	Approximate Contract ASP Before Business Tax (RMB)
Chongqing				
L' Ambassadeur Phases I, II, III & IV	Residential	6,400	62,000	9,700/sqm
	Commercial	300	9,400	32,300/sqm
	Car Park	4,600	18,900	156,100/unit
Verakin New Park City	Residential	23,600	252,900	10,700/sqm
	Commercial	10,300	250,400	24,400/sqm
	Office	44,700	345,000	7,700/sqm
Bishan Verakin New Park City - Zones A, B & C	Residential	26,700	136,100	5,100/sqm
	Commercial	1,700	41,700	25,000/sqm
Riverside One, Wanzhou Phase III	Residential	11,400	59,500	5,200/sqm
	Commercial	1,200	14,800	12,200/sqm
	Car Park	5,200	14,600	89,600/unit
Phoenix County Phases I, II & III	Residential	34,400	292,500	8,500/sqm
	Commercial	500	12,600	24,600/sqm
	Car Park	300	1,100	140,100/unit
Academic Heights Phases I, II & III	Residential	13,700	70,600	5,200/sqm
	Commercial	300	7,500	24,500/sqm
Zhongyu Plaza	Office	2,900	51,200	17,700/sqm
Residence Serene Phase I	Commercial	100	6,400	54,800/sqm
	Office	500	7,200	14,300/sqm
Others	Residential/ Commercial/ Car park	1,700	12,200	
		190,500	1,666,600	
Chengdu				
Sky Villa Phases II & III	Residential	4,500	86,700	19,100/sqm
	Car Park	1,300	5,700	148,900/unit
Sky Villa Condominiums	Residential	5,600	63,000	11,300/sqm
	Commercial	1,100	53,400	47,900/sqm
Brighton Place & Plaza Phases II, IV & V	Residential	300	2,100	8,100/sqm
	Commercial	2,100	83,800	39,600/sqm
	Office	3,900	37,100	9,600/sqm

Villa Royale Phases I, II III & V	Residential	8,100	115,100	14,200/sqm
	Car Park	1,300	5,400	150,000/unit
Residence du Paradis Phases I & II	Residential	23,700	152,500	6,400/sqm
Residence du Lac Phase I	Residential	20,100	132,900	6,600/sqm
Others	Residential	300	1,600	
		<u>72,300</u>	<u>739,300</u>	
Guiyang				
First City, Guiyang Phases I, II, III & IV	Residential	15,900	102,600	6,500/sqm
	Commercial	11,600	178,000	15,300/sqm
	Office	700	6,300	8,900/sqm
	Car Park	200	2,000	120,300/unit
		<u>28,400</u>	<u>288,900</u>	
Xi'an				
Zhongyu Metropol Phase I	Residential	20,000	105,200	5,300/sqm
Other Districts				
Silver Lining	Residential	900	7,800	8,300/sqm
	Car Park	100	500	152,300/unit
Radiant Bay Phases I & II	Residential	23,600	118,800	5,000/sqm
		<u>24,600</u>	<u>127,100</u>	
TOTAL		<u>335,800</u>	<u>2,927,100</u>	

The breakdown of the contract sales for the first half of 2014 from Chongqing, Chengdu, Guiyang, Xi'an and other districts were 57%, 25%, 10%, 4% and 4% respectively. The ASPs breakdown by location is as follows:

ASP (RMB per sqm)	First half of 2014	First half of 2013	Percentage change
Chongqing	8,800	8,500	+4%
Chengdu	10,200	9,800	+4%
Guiyang	10,100	8,300	+22%
Xi'an	5,300	N/A	N/A
Others	5,200	5,100	+2%
Overall for the Group	8,700	8,500	+2%

In terms of usage, about 60% (first half of 2013: 70%) were for residential and 40% (first half of 2013: 30%) for non-residential properties. The ASPs breakdown by usage is as follow:

ASP (RMB)	First half of 2014	First half of 2013	Percentage change
Residential (per sqm)	7,400	7,300	+1%
Commercial (per sqm)	22,200	22,700	-2%
Office (per sqm)	8,500	13,700	-38%
Carparks (per unit)	124,900	121,300	+3%

Land Bank

The Group continued to follow closely the land market movements in order to capture opportunities for acquisition and replenishment of its land reserve. After taking into account of the economic environment, the liquidity in the property market and uncertainties of possible changes in the policy environment, the Group did not make any new acquisition of land in the first half of the year.

To further consolidate its land bank resources, the Group completed the disposal of its project in Zhaomu Mountain, Chongqing, at a consideration of about RMB1,425.5 million. The disposal enabled the Group to pool more resources to step up the development of its investment property portfolio in the Jiazhou Zone in the Yubei District, Chongqing. The disposal resulted in a pre-tax gain of approximately HK\$457.4 million.

As at 30 June 2014, the Group has land lots in five cities, namely Chongqing, Chengdu, Guiyang, Dazhou and Xi'an. The Group's development strategy is to continue to expand into other key cities in Western China, to benefit from the economic growth in the region while diversifying risks.

As at the report date, the Group's land bank stood at 13.5 million sqm GFA (attributable GFA amounting to about 9.7 million sqm). The average GFA land cost is around RMB1,870 per sqm.

As at the report date, the Group's land bank has a well-diversified portfolio. The breakdown by usage is as follows:

Usage	Completed Properties held for Investment GFA (sqm)	Properties held for Own Use GFA (sqm)	Completed Properties held for Sale GFA (sqm)	Land held for Development GFA (sqm)		Total GFA (sqm)	Percentage of Total GFA
				Total	Attributable		
Commercial	28,000	11,000	167,000	1,855,000	1,466,000	2,061,000	14.1
Residential	2,000		289,000	5,852,000	3,765,000	6,143,000	42.0
Office			15,000	1,718,000	1,386,000	1,733,000	11.8
Hotel & serviced apartment			9,000	179,000	117,000	188,000	1.3
Townhouse & villa			105,000	457,000	317,000	562,000	3.8
Others (Car-park spaces and other auxiliary facilities)	53,000	11,000	448,000	3,431,000	2,620,000	3,943,000	27.0
TOTAL	83,000	22,000	1,033,000	13,492,000	9,671,000	14,630,000	100.0

In terms of usage, about 48% of the land held for development is for residential, hotel and serviced apartments as well as town-house and villa use and the remaining 52% for office, commercial and other developments. In respect of the total 394,000 sqm completed residential, townhouse and villa properties held for sale, about 54% have been pre-sold and are pending delivery.

The breakdown of the land bank held for development by location is as follows:

Locations	Total GFA (sqm)	Attributable GFA (sqm)	Percentage of Total GFA
Chongqing	7,519,000	5,142,000	55.8
Sichuan			
- Chengdu	1,998,000	1,019,000	14.8
- Dazhou	246,000	246,000	1.8
Guiyang	3,103,000	2,638,000	23.0
Xi'an	626,000	626,000	4.6
TOTAL	13,492,000	9,671,000	100.0

Around 56% of the land bank held for development is located in Chongqing whilst 44% is in Chengdu, Dazhou, Guiyang and Xi'an.

There were 19 projects in different stages of development during the period. The total area under construction as at 30 June 2014 was about 4.9 million sqm which is about 37% of the Group's total land bank.

As at the report date, details of the Group's land bank held for development are as follows:

Locations/Project Names	Expected Completion Date	GFA (sqm)	The Group's Interest
Chongqing, Yubei District			
-Phoenix County	2014 – 2015	311,000	100%
-Zhongyu Plaza			
- Hotel portion	2015	80,000	80%
- Others	2014 – 2015	307,000	100%
-Residence Serene	2015 – 2016	296,000	100%
-Lot #17-1	2016 or after	211,000	100%
-Lot #9	2016 or after	657,000	100%
-Lot #4	2016 or after	752,000	100%
-Lot #3-1	2016 or after	361,000	100%
-Xinpaifang	2016 or after	26,000	100%
-Others	2016 or after	91,000	100%
Chongqing, Jiangbei District	2015 or after	1,029,000	25%
Chongqing, Nan'an District			
-Verakin New Park City	2014 – 2017	848,000	51%
Chongqing, Wanzhou District			
-Wanzhou Project	2016 or after	412,000	100%
Chongqing, Shapingba District			
-Academic Heights	2014 – 2015	370,000	100%
-Verakin Xiyong Project	2016 or after	675,000	46%
Chongqing, Bishan County, Ludao New District			
-Bishan Verakin New Park City	2014 or after	946,000	26%
Chongqing, Rongchang County			
-Verakin Riviera	2015	146,000	25%
Chengdu, Jinjiang District			
-Sky Villa	2015	215,000	51%
-Sky Villa Condominiums	2015	125,000	51%
Chengdu, Shuangliu County			
-Villa Royale	2015 or after	142,000	51%
Chengdu, Qingyang District			
-Brighton Place & Plaza	2014 – 2015	186,000	51%
Chengdu, Yizhou Avenue			
-Celestial Centre	2016	117,000	51%
Chengdu, Huafu Avenue			
-Residence du Lac	2015 or after	399,000	51%
Chengdu, Longquan Yi District			
-Residence du Paradis	2015 or after	815,000	51%
Sichuan, Dazhou, Tongchuan District			
-Radiant Bay	2015 or after	246,000	100%
Guiyang, Guanshanhu District			
-First City, Guiyang	2015 or after	1,164,000	85%
Guiyang, WuDang District			
-Florentia Town	2016 or after	626,000	85%
Guiyang, Hefei Road	2016 or after	1,313,000	85%
Xi'an, Weiyang District			
-Zhongyu Metropol	2016 or after	626,000	100%
TOTAL		13,492,000	

Investment Property

For the interim period, the Group's rental income increased 16% to HK\$11.1 million (six months ended 30 June 2013: HK\$9.6 million). The increase in rental revenue was mainly due to higher rental rates on renewals or upon rent review. The occupancy rate was at around 74% owing to its portfolio's prime locations. As of 30 June 2014, the Group has approximately 83,107 sqm in GFA of completed investment properties (31 December 2013: 82,923 sqm). Of this portfolio, commercial properties account for 34.3%, residential properties 2.8% and car parks/auxiliary facilities 62.9%.

As of 30 June 2014, the book value of the investment properties of the Group totalled HK\$427.1 million, (31 December 2013: HK\$411.3 million) of which HK\$14 million arose from the increase in fair value. The fair value was assessed by an independent professional valuer based on its current operation mode adopted by the Group in respect of the investment properties and the expected income to be generated. The investment properties accounted for 0.9% of the Group's total assets.

Investment Property Under Development

The Group has adhered to its long term strategy of building an investment property portfolio funded by sales of residential properties and keeping a balance between property sales and building an investment property portfolio.

Chongqing has been Southwest China's economic hub, having established itself as a manufacturing centre for key industries and is now going to become a financial centre for the upper Yantze River region. With these two arms of economic activity, the city's economy in the first half of 2014 was robust with GDP growth at 10.9% which surpassed the national growth of 7.4%. The economic activities in Chongqing will support commercial property developments in the region.

Because of its superior location, maturity, and other qualities, the Group's property investment in the core land bank in the Yubei district of Chongqing is developing into one of the most important centres in Chongqing. Four commercial land lots are situated in the core land bank, namely, Lot Nos. 3, 4, 9 and 10 which have been earmarked for development as separate but interlinked projects, consisting of hotels, commercial and residential complexes.

The shopping mall named "Zhongyu Plaza" in Lot No. 10 is expected to be completed in 2015. The leasable GFA for the shopping mall is about 80,000 sqm. It is expected that the contribution of rental income from the shopping mall will start from the second half of 2015.

Foundation work has started for Lot No. 4. This important land lot will be developed to be one of the largest and the most high-end shopping and entertainment centres in Western China. In April 2013, the Group procured a high-end operator, Taiwan Shin Kong Mitsukoshi, of a chain of department stores in Taiwan and China to enter into a pre-leasing agreement to lease a GFA of approximately 250,000 sqm of commercial space. The mode of co-operation is purely based on lease arrangements consisting of rental fee levied on two factors, namely, area occupied and monthly turnover revenue. The department store is expected to commence operation in 2016.

The Group intends to keep the trophy commercial properties for rental purposes.

Treasury Investment

The treasury investment segment recorded a loss of HK\$18.3 million (six months ended 30 June 2013: HK\$17.0 million). The amount of dividends and interest earned from investments was HK\$4.1 million (six months ended 30 June 2013: HK\$12.0 million). The realized and unrealized loss on listed securities amounted to HK\$8.4 million and HK\$13.9 million respectively (six months ended 30 June 2013: realized and unrealized loss on listed securities of HK\$2.5 million and HK\$26.2 million respectively).

CORPORATE STRATEGY AND OUTLOOK

The economy of both the Euro zone and the US is still in the stage of recovery. In China, it is expected that the tightening measures on the property sector will be relaxed gradually. Demand for housing, especially from first time homebuyers, and upgrading will be boosted in the long run as a consequence of continued economic growth, increase in individual's average income and accelerating urbanization. This will enable the real estate industry to develop further which supports a cautiously optimistic outlook.

In the second half of 2014, the Group will adjust the timing of sales launches in an effort to meet its annual contract sales target. The Group will determine reasonable pricing for its projects based on the market trend, taking into account price cuts by other developers.

Land resources consumed in current development will be replenished to ensure the Group has ample land supply to allow for long term property development of projects and strategic planning. Taking into account the condition of sales and cash inflows and the requirements to maintain a sound financial position, the Group will actively seek development projects in cities where it already has a presence, as well as in other cities with growth potential to strengthen the shareholder's value. The Group believes that the current land bank can satisfy the development need for the coming five to six years.

As at 30 June 2014, the contract sales yet to be delivered amounted to RMB12.9 billion, representing a pre-sold GFA of 1.5 million sqm. Together with the contract sales in July 2014 of RMB347 million, representing 37,200 sqm, the total unrecognized contract sales to be delivered in 2014 and beyond amounted to RMB13.2 billion.

The Group targets to complete 7 projects with a total GFA of 0.9 million sqm in the second half of 2014 in accordance with the completion schedule. Together with the GFA completed in the first half of 2014, the whole year project completion of 2014 will reach 1.5 million sqm, 28% higher than the figure for year 2013.

The target completion areas for the second half of 2014 and year 2015 are 0.9 million sqm and 2.4 million sqm respectively, of which 86% and 46% of the target completion residential areas have been pre-sold as at 31 July 2014.

The completion schedule for the second half of 2014 and 2015 is as follows:

Locations	Projects	Residential Area (sqm)	Commercial/Car park/Other Area (sqm)	Total Area (sqm)	The Group's Interests
Second Half of 2014					
Chongqing	Phoenix County Phase III	101,000	22,000	123,000	100%
	Zhongyu Plaza	-	209,000	209,000	100%
	Academic Heights Phase II	116,000	49,000	165,000	100%
	Verakin New Park City–Zone M	192,000	42,000	234,000	51%
	Bishan Verakin New Park City –Zone B	119,000	36,000	155,000	26%
Chengdu	Brighton Place & Plaza Phase II	-	18,000	18,000	51%
	Villa Royale Phase IV	5,000	-	5,000	51%
TOTAL		533,000	376,000	909,000	
Year 2015					
Chongqing	Phoenix County Phases II & III	140,000	48,000	188,000	100%
	Zhongyu Plaza	-	-	-	-
	–Hotel portion	-	80,000	80,000	80%
	–Others	-	98,000	98,000	100%
	Academic Heights Phase III	124,000	81,000	205,000	100%
	Residence Serene Phase I	-	116,000	116,000	100%
	Bishan Verakin New Park City –Zone A	54,000	38,000	92,000	26%
Chengdu	Sky Villa Phase III	157,000	58,000	215,000	51%
	Sky Villa Condominiums	80,000	45,000	125,000	51%
	Brighton Place & Plaza Phases I, III, IV & V	-	167,000	167,000	51%
	Residence du Paradis Phase I	162,000	58,000	220,000	51%
	Residence du Lac Phase I	142,000	68,000	210,000	51%
	Villa Royale Phases III & V	70,000	10,000	80,000	51%
Dazhou	Radiant Bay Phases I & II	50,000	-	50,000	100%
Guiyang	First City, Guiyang Phases II to IV	214,000	344,000	558,000	85%
TOTAL		1,193,000	1,211,000	2,404,000	

As at 30 June 2014, the Group has a total of 19 projects under development. Based on the existing development schedule, the Group expects the total area for construction start-up in second half 2014 to be around 1.4 million sqm. Together with the area under construction as at 30 June 2014, the total area under development at the end of 2014 is expected to be over 6.3 million sqm, i.e. about 47% of the Group's total land bank.

As at 30 June 2014, the outstanding land premium is about RMB940 million. The expected construction cost for the second half of 2014 is about RMB3.4 billion.

The Group will continue to maintain a strong balance sheet in this ever changing market environment. The Group will emphasize on further improving its debt structure and capital structure to safeguard the healthy development of the Group's business at a reasonable gearing ratio.

The Group will continue to adopt a prudent and cautious investment strategy and will from time to time consider any investment and/or cooperation opportunities that may lower the Group's financial commitments and enhance returns from its projects in order to accelerate further growth of the Group as a whole. Negotiations with potential parties for the disposal of and/or seeking partners to jointly invest and/or develop with respect to the Group's projects are frequently ongoing. As announced by the Company on 7 April 2014, Marvel Leader Investments Limited ("Marvel Leader"), a direct wholly-owned subsidiary of the Company, Starthigh International Limited ("Starthigh"), a direct wholly-owned subsidiary of Marvel Leader, and Mr. Tsang Wai Choi ("Mr. Tsang") (among others, a Director and deputy chairman of the Board) entered into an investment agreement, pursuant to which, among other things, Mr. Tsang would invest in Starthigh by acquiring 240 shares and subscribing 1,600 shares in Starthigh. Completion of the transactions is subject to fulfillment (or waiver) of certain conditions precedents which have not all been fulfilled (or waived) as at the date of this results announcement. Upon and subject to completion, Starthigh will be owned as to 60% by Marvel Leader and 40% directly or indirectly by Mr. Tsang, with Starthigh becoming a non-wholly owned subsidiary of the Company.

FINANCIAL REVIEW

Investments

To aim at strategic investment with growth potential, and in view of the shrinking interest returns on bank deposits, the Group instead identified certain investment opportunities and invested its unused cash in a portfolio of listed and unlisted equity securities and unlisted investment funds. To maintain a prudent investment portfolio, the value of the portfolio is limited to no more than 10% of the total asset of the Group.

At 30 June 2014, the Group held a portfolio of listed and unlisted equity securities and notes receivable (issued by companies listed on the Stock Exchange) with a carrying value of HK\$1,172.4 million (31 December 2013: HK\$906.7 million) which is about 2.4% of the total assets of the Group. Owing to the fluctuations in the Hong Kong stock market for the period under review, the Group recorded an unrealized fair value loss of HK\$13.9 million on listed investments. The amount of dividends and interest and other income from investments for the period was HK\$4.1 million (six months ended 30 June 2013: HK\$13.3 million).

Liquidity and Financial Resources

The Group continues to centralize its funding and financial management to maintain a high cash on hand ratio and a reasonable level of gearing. As of 30 June 2014, fixed deposits and bank balances amounted to HK\$8,552.1 million (31 December 2013: HK\$9,636.3 million) which included HK\$1,639.2 million (31 December 2013: HK\$781.2 million) of deposit pledged to banks. Of the cash and bank balances, the carrying amount of restricted cash was approximately HK\$1,715.7 million (31 December 2013: approximately HK\$3,079.1 million). According to the relevant laws and regulations of the PRC, the Group was required to deposit a portion of proceeds from pre-sales of properties into designated bank accounts as guarantees for the development of the relevant properties.

An analysis by currency denomination of the cash and bank balances is as follows:

	30 June 2014		31 December 2013	
	HK\$'M	Percentage	HK\$'M	Percentage
Renminbi	7,491.7	87.6	8,321.6	86.4
Hong Kong Dollars	1,054.1	12.3	1,302.7	13.5
United States Dollars	6.3	0.1	12.0	0.1
Total	8,552.1	100.0	9,636.3	100.0

As at 30 June 2014, the Group's working capital (current assets less current liabilities) amounted to approximately HK\$10,220.8 million (31 December 2013: HK\$11,107.0 million). The Group's current ratio (current assets over current liabilities) was 1.4 times (31 December 2013: 1.4 times).

The cash collection ratio for the property business was 99% (six months ended 30 June 2013: 77%) during the period under review.

Total borrowings amounted to HK\$10,914.3 million (31 December 2013: HK\$11,094.0 million). The average borrowing interest rate for the period ended 30 June 2014 was 6.45% (six months ended 30 June 2013: 6.48%) per annum. The total finance costs charged to the consolidated statement of profit or loss increased by approximately 225% as compared to the same period last year and amounted to HK\$83.2 million, after capitalization of HK\$293.1 million (six months ended 30 June 2013: HK\$25.6 million) into the cost of properties under development. Secured debts accounted for approximately 69% of total borrowings as at 30 June 2014 (31 December 2013: 66%). As at 30 June 2014, the Group was at a net borrowing position of HK\$2,362.2 million after netting off total bank borrowings against cash and bank balances (31 December 2013: HK\$1,457.7 million). The increase in the net borrowing balance was mainly due to the funding required for the payment of land premium of about RMB400 million and the payment of construction cost of RMB2.7 billion during the period under review.

The net gearing ratio of the Group as at 30 June 2014 was 16.1% (31 December 2013: 10.3%), still at a reasonable and healthy level. The net gearing ratio is calculated by total borrowings less total bank balances and cash divided by owners' equity.

The maturity profile of the bank borrowings, and the cash and bank balances as at 30 June 2014 were as follows:

Currency of Bank Loans	RMB HK\$'M	HK\$ HK\$'M	US\$ HK\$'M	Total HK\$'M	Percentage
Bank borrowings repayable:					
- Within 1 year or on demand	2,363.8	2,102.5	-	4,466.3	40.9
- In the second year	1,950.2	2,458.4	-	4,408.6	40.4
- In the third to fifth years, inclusive	1,610.6	350.0	-	1,960.6	18.0
- Beyond five years	78.8	-	-	78.8	0.7
Total bank borrowings	6,003.4	4,910.9	-	10,914.3	100.0
Less: Cash and bank balances and time deposits	(7,491.7)	(1,054.1)	(6.3)	(8,552.1)	
Net borrowing position	(1,488.3)	3,856.8	(6.3)	2,362.2	

The Group had a total undrawn bank loan facilities of about HK\$1,149 million, most of which are arranged on a medium to long term basis, which helps minimize refinancing risk. With sufficient amount of undrawn facilities in place, continual cash inflow from property sales, the Group has adequate financial resources to safeguard the healthy development of its business.

The Group's owners' equity was HK\$14.7 billion (31 December 2013: HK\$14.2 billion) and the net assets value per share was HK\$5.67 (31 December 2013 HK\$5.48).

Contingent Liabilities/Financial Guarantees

At 30 June 2014, the Group had the following contingent liabilities/financial guarantees:

- a. Guarantees given to banks in connection with facilities granted to an associate in the amount of HK\$526.1 million (31 December 2013: HK\$526.1 million).
- b. Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's property units in the amount of HK\$5,505.2 million (31 December 2013: HK\$7,492.6 million).

Pledge of Assets

At 30 June 2014, the Group has pledged the following assets:

- a. Leasehold properties as security for general banking facilities granted to the Group. HK\$86.1 million
- b. Fixed deposits as security for general banking facilities granted to the Group. HK\$1,639.2 million
- c. Properties under development, completed properties held for sales and investment properties pledged to secure banking facilities granted to the Group. RMB9,456.7million

Exchange Risks

The Group's foreign exchange exposure is considered minimal given sales transactions and all major cost items are denominated in RMB. Therefore, the directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

EMPLOYEES

As at 30 June 2014, the Group employed approximately a total of 2,015 employees in China and Hong Kong and incurred wages and salaries in the amount of approximately HK\$153 million for the period under review. The Group remunerates its staff based on their merit, qualification, competence and the prevailing market wage level. In order to attract, retain and motivate its employees, the Group has also established an incentive bonus scheme to reward employees based on their performance. Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For the six months ended 30 June 2014 and 30 June 2013, no equity-settled share option expense was charged off to the consolidated statement of profit or loss. Other benefits include contributions to a mandatory provident fund and medical insurance.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2014.

DIRECTORS' 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 regarding securities transactions by directors. Specific enquiries have been made of all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2014.

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

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

REVIEW OF INTERIM RESULTS

The Audit Committee has discussed with the management and independent auditors the accounting policies and practices adopted by the Group, and has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2014.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the Company's website at www.ccland.com.hk and the HKExnews website at www.hkexnews.hk. The Company's 2014 Interim Report will also be available on both websites and despatched to the shareholders of the Company in due course.

By order of the Board
Lam How Mun Peter
Deputy Chairman and Managing Director

Hong Kong, 26 August 2014

As at the date of this announcement, the Board comprises Mr. Cheung Chung Kiu, Dr. Lam How Mun Peter, Mr. Tsang Wai Choi, Mr. Leung Chun Cheong and Mr. Leung Wai Fai as Executive Directors; Mr. Wong Yat Fai as Non-executive Director; and Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick as Independent Non-executive Directors.