五礦建設有限公司 *
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 230)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

UNAUDITED INTERIM RESULTS

The board of directors ("Directors") of Minmetals Land Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012 together with the comparative figures of the corresponding period in 2011.

Condensed Consolidated Income Statement
For the six months ended 30 June 2012

		Unaudited	
		Six months ended 30 June	
		2012	2011
	Note	**HK$'000**	HK$'000
Revenue	*3*	**1,595,654**	1,700,221
Cost of sales	*4*	**(1,015,795)**	(1,182,148)
Gross profit		**579,859**	518,073
Other gains	*5*	**10,311**	38,520
Fair value gain on investment properties		**18,763**	50,200
Selling and distribution costs	*4*	**(59,224)**	(56,218)
Administrative expenses	*4*	**(141,111)**	(115,830)
Operating profit		**408,598**	434,745
Finance income		**55,938**	20,169
Finance costs		**(11,315)**	(10,220)
Share of results of associated companies		**(10,291)**	(2,378)
Profit before tax		**442,930**	442,316
Tax charge	*6*	**(208,081)**	(154,818)
Profit for the period		**234,849**	287,498
Attributable to:			
Equity holders of the Company		**137,936**	276,525
Non-controlling interests		**96,913**	10,973
		234,849	287,498
Earnings per share for profit attributable to equity holders of the Company during the period *(expressed in HK cents per share)*			
Basic	*7*	**4.13**	8.29
Diluted	*7*	**4.13**	8.27
Dividends	*8*	**—**	—

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2012

	Unaudited Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Profit for the period	**234,849**	287,498
Other comprehensive income		
Fair value loss of available-for-sale financial assets	**–**	(82,970)
Gain arising on revaluation of financial assets at fair value through other comprehensive income	**191,289**	–
Currency translation differences	**(75,122)**	97,665
	116,167	14,695
Total comprehensive income for the period	**351,016**	302,193
Attributable to:		
Equity holders of the Company	**267,015**	271,145
Non-controlling interests	**84,001**	31,048
	351,016	302,193

Condensed Consolidated Balance Sheet
As at 30 June 2012

	Note	**Unaudited 30 June 2012 HK$'000**	Audited 31 December 2011 HK$'000 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**137,905**	139,949
Investment properties		**1,025,989**	1,007,189
Goodwill		**9,701**	9,801
Interests in associated companies		**222,006**	235,859
Financial assets at fair value through other comprehensive income		**536,994**	345,705
Deferred tax assets		**95,532**	93,342
		2,028,127	1,831,845
Current assets			
Inventories		**7,707,191**	7,492,558
Gross amounts due from customers for contract work		**6,215**	9,144
Trade receivables	*9*	**486,082**	445,021
Prepayments and other receivables		**3,225,773**	3,114,696
Loan to an associated company		**952,668**	962,500
Loan to a non-controlling shareholder of a subsidiary		**155,054**	156,655
Cash and bank deposits, restricted		**107,018**	163,513
Cash and bank deposits, unrestricted		**2,745,454**	2,858,547
		15,385,455	15,202,634
Total assets		**17,413,582**	17,034,479
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**333,785**	333,782
Reserves		**6,405,727**	6,171,869
		6,739,512	6,505,651
Non-controlling interests		**830,401**	746,400
Total equity		**7,569,913**	7,252,051

Condensed Consolidated Balance Sheet (Con't)
As at 30 June 2012

	Note	**Unaudited 30 June 2012 HK$'000**	Audited 31 December 2011 HK$'000 (restated)
LIABILITIES			
Non-current liabilities			
Borrowings		**2,604,173**	2,459,123
Deferred tax liabilities		**142,726**	149,466
Other liabilities		**570**	606
		2,747,469	2,609,195
Current liabilities			
Borrowings		**2,914,423**	2,773,096
Trade payables	*10*	**936,943**	705,331
Accrued liabilities and other payables		**1,884,483**	2,088,892
Deferred revenue		**1,263,706**	1,316,459
Current tax payable		**96,645**	289,455
		7,096,200	7,173,233
Total liabilities		**9,843,669**	9,782,428
Total equity and liabilities		**17,413,582**	17,034,479
Net current assets		**8,289,255**	8,029,401
Total assets less current liabilities		**10,317,382**	9,861,246

Notes :

1. Organisation and operations

The Group is principally engaged in real estate development, specialised construction, property investment and securities investment. Hong Kong and The People's Republic of China (other than Hong Kong and Macau) (the "PRC") are the major markets for the Group's businesses.

The Company is a limited liability company incorporated in Bermuda. The Company is listed on The Stock Exchange of Hong Kong Limited.

This condensed consolidated financial information is presented in thousands of units of Hong Kong dollars ("HK$'000"), unless otherwise stated. This condensed consolidated financial information has been approved for issue by the board of Directors of the Company on 28 August 2012.

2. Basis of preparation and accounting policies

This condensed consolidated financial information for the six months ended 30 June 2012 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2011, except as described below.

In December 2010, the HKICPA amended HKAS 12, 'Income taxes', to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

The Group has adopted this amendment retrospectively for the financial period ended 30 June 2012 and the effects of adoption are disclosed as follows.

The Group has investment properties measured at their fair values totaling HK$1,007,189,000 as of 1 January 2012. As required by the amendment, the Group has re-measured the deferred tax relating to all investment properties according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. The comparative figures for 2011 have been restated to reflect the change in accounting policy, as summarised below.

	30 June 2012 HK$'000	31 December 2011 HK$'000
Effect on consolidated balance sheet		
Decrease in deferred tax liabilities	**1,566**	1,566
Increase in retained earnings	**1,566**	1,566

There was no impact to the consolidated income statement and basic and diluted earnings per share for the period ended 30 June 2012 and 2011.

3. Segment information

The chief operating decision maker has been identified as the executive directors. The executive directors review the Group's internal financial reports in order to assess performance and allocate resources. The executive directors have determined the operating segments based on these reports as follows:

Real estate development:	Development of residential and commercial properties
Specialised construction:	Design, installation and selling of curtain walls and aluminium windows, doors and fire-proof and other materials
Property investment:	Holding of properties to generate rental income and to gain from the appreciation in properties' values in the long-term
Securities investment:	Investment of securities

The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the condensed consolidated income statement.

For the six months ended 30 June (unaudited)	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue										
Total segment revenue	**1,191,951**	1,469,149	**388,258**	252,202	**28,063**	25,380	**–**	**–**	**1,608,272**	1,746,731
Inter-segment revenue	**–**	–	**(11,801)**	(46,510)	**(817)**	–	**–**	**–**	**(12,618)**	(46,510)
Sales to external customers	**1,191,951**	1,469,149	**376,457**	205,692	**27,246**	25,380	**–**	–	**1,595,654**	1,700,221
Results										
Segment results	**424,856**	385,748	**(5,398)**	4,945	**40,207**	71,605	**9,213**	5,756	**468,878**	468,054
Unallocated corporate expenses, net									**(60,280)**	(33,309)
Operating profit									**408,598**	434,745
Finance income									**55,938**	20,169
Finance costs									**(11,315)**	(10,220)
Share of results of associated companies									**(10,291)**	(2,378)
Tax charge									**(208,081)**	(154,818)
Profit for the period									**234,849**	287,498

	30 June 2012 HK$'000	31 December 2011 HK$'000	30 June 2012 HK$'000	31 December 2011 HK$'000	30 June 2012 HK$'000	31 December 2011 HK$'000	30 June 2012 HK$'000	31 December 2011 HK$'000	30 June 2012 HK$'000	31 December 2011 HK$'000
Segment assets	**11,783,165**	11,716,034	**656,620**	628,093	**1,517,523**	1,212,640	**536,994**	345,705	**14,494,302**	13,902,472
Unallocated corporate assets									**2,919,280**	3,132,007
Total assets									**17,413,582**	17,034,479

4. Expenses by nature

	Six months ended 30 June **2012** **HK$'000**	2011 HK$'000
Advertising and other promotional costs	**59,224**	56,218
Cost of specialised construction (note)	**358,540**	184,509
Cost of properties sold	**651,480**	994,078
Depreciation	**5,130**	3,077
Direct out-goings arising from investment properties that generated rental income	**5,775**	3,561
Employee benefit expense (including directors' emoluments)	**50,731**	42,658
Legal and professional fees	**4,509**	5,653
Operating lease charges – minimum lease payment in respect of land and buildings	**5,465**	3,991
Net foreign exchange loss	**5,376**	20,129
Others	**69,900**	40,322
Total of cost of sales, selling and distribution costs and administrative expenses	**1,216,130**	1,354,196

Note: Included in cost of specialised construction and capitalised as properties under development are staff cost of HK$6,244,000 and HK$10,536,000 respectively (30 June 2011: HK$4,109,000 and HK$7,996,000 respectively).

5. Other gains

	Six months ended 30 June **2012** **HK$'000**	2011 HK$'000
Government subsidies	**584**	31,311
Dividend income	**9,219**	5,762
Others	**508**	1,447
	10,311	38,520

6. Tax charge

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit for the period (30 June 2011: nil). PRC enterprise income tax has been calculated on the estimated assessable profit for the period derived in the PRC at the rate of 25% (30 June 2011: rates ranging from 24% to 25%).

Land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land and development and construction expenditures.

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Current tax – PRC		
Enterprise income tax	**96,920**	137,119
Land appreciation tax	**118,647**	114,822
Deferred tax	**(7,486)**	(97,123)
Tax charge	**208,081**	154,818

7. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders divided by the weighted average number of the Company's ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

	Six months ended 30 June	
	2012	2011
Weighted average number of ordinary shares in issue (thousands)	**3,337,840**	3,337,283
Adjustment for share options (thousands)	**5,963**	8,182
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**3,343,803**	3,345,465
Profit attributable to equity holders (HK$'000)	**137,936**	276,525
Basic earnings per share (HK cents)	**4.13**	8.29
Diluted earnings per share (HK cents)	**4.13**	8.27

8. Dividends

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (30 June 2011: nil).

9. Trade receivables

Included in trade receivables are trade and contract receivables of which the aging analysis is as follows:

	30 June 2012 HK$'000	31 December 2011 HK$'000
0 to 90 days	**234,588**	213,111
91 to 180 days	**65,532**	71,927
181 days to 1 year	**59,504**	32,402
1 year to 2 years	**29,179**	67,249
Over 2 years	**102,116**	65,218
	490,919	449,907
Less: provision for impairment of receivables	**(4,837)**	(4,886)
	486,082	445,021

For the period ended 30 June 2012, no credit period is granted by the Group to the customers in respect of trade and contract receivables.

10. Trade payables

Included in trade payables are trade, bills and contract payables of which the aging analysis is as follows:

	30 June 2012 HK$'000	31 December 2011 HK$'000
0 to 90 days	**284,790**	407,430
91 to 180 days	**215,432**	55,907
181 days to 1 year	**243,501**	30,489
1 year to 2 years	**18,543**	50,183
Over 2 years	**174,677**	161,322
	936,943	705,331

11. Capital commitments

	30 June 2012 HK$'000	31 December 2011 HK$'000
Authorised but not contracted for		
Capital contribution into a real estate development company	**104,600**	–
Contracted but not provided for		
Capital contribution into a real estate development company	**–**	173,108

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 June 2012, the Group recorded consolidated revenue of HK$1,595.7 million as compared with HK$1,700.2 million in the corresponding period last year. The marked slowdown in the real estate market in China has adversely affected the Group's pace of sales activities and average unit price achieved, which had offset the increased revenue contribution from both the specialised construction and property investment operating segments. During the period under review, the Group's gross margin narrowed from 41.0% to 37.3% (the gross margin comparison was made excluding the effect of fair value adjustments on acquisition of the Tianjin and Scotland Town projects on cost of sales figure of HK$15.6 million (30 June 2011: HK$179.2 million)) due to different property type mix. On tax charges, there was an approximately HK$97.1 million deferred tax credit in previous period which was HK$7.5 million in the first half of 2012, resulting in the 34.4% increase in tax charge. Overall, profit attributable to equity holders of the Company was HK$137.9 million compared with HK$276.5 million for the corresponding period last year and basic earnings per share was HK4.13 cents (30 June 2011: HK8.29 cents) for the period, reduced by 50.1% and 50.2% respectively. The reduction at the earnings per share level was more substantial because of the fact that a higher proportion of profit contribution was stemmed from joint venture development projects, and hence a larger amount of minority interests had to be accounted for and deducted.

In spite of the challenging operating environment, the financial position of the Group remained stable. As at 30 June 2012, total assets of the Group amounted to HK$17,413.6 million, representing a slight increase from HK$17,034.5 million as of 31 December 2011. Deferred revenue, which is a reflection of the Group's contracted sales activity during the period, decreased slightly from HK$1,316.5 million as of 31 December 2011 to HK$1,263.7 million as of 30 June 2012. Such deferred revenue will be recognised as the Group's income when presold properties are completed and delivered to buyers.

The Board has made full evaluation of the Group's financial position and the funding requirements for the projects currently undertaken and contemplated, as well as the overall macro and operating environment in which the Group is operating, and consider to be in the best interest of the Group and of our shareholders as a whole, not to declare an interim dividend for the six months ended 30 June 2012 (30 June 2011: Nil).

The tables below set out the total revenue and the total results of the Group by operating segments for the six months ended 30 June 2012, together with the comparative figures for the corresponding period last year.

TOTAL REVENUE BY OPERATING SEGMENTS

	Six months ended 30 June				**Year-on-year Change**
	2012		2011		
	HK$ million	**%**	HK$ million	%	**%**
Real estate development	**1,192.0**	**74.7**	1,469.1	86.4	**-18.9**
Specialised construction	**376.5**	**23.6**	205.7	12.1	**+83.0**
Property investment	**27.2**	**1.7**	25.4	1.5	**+7.1**
Total revenue	**1,595.7**	**100.0**	1,700.2	100.0	**-6.1**

TOTAL RESULTS BY OPERATING SEGMENTS

	Six months ended 30 June				**Year-on-year Change**
	2012		2011		
	HK$ million	**%**	HK$ million	%	**%**
Real estate development	**424.9**	**90.6**	385.8	82.4	**+10.1**
Specialised construction	**(5.4)**	**(1.2)**	4.9	1.1	**-210.2**
Property investment	**40.2**	**8.6**	71.6	15.3	**-43.9**
Securities investment	**9.2**	**2.0**	5.8	1.2	**+58.6**
Total segment profit	**468.9**	**100.0**	468.1	100.0	**+0.2**

REAL ESTATE DEVELOPMENT

The real estate sector in China in the first half of 2012 has been characterised by the PRC government's sustained efforts to control the property market with the dual objectives of putting skyrocketed property prices impeded on the one hand, and the striving to provide more affordable housing on the other. The stern stance is in continuance with the array of government policies that have been introduced since the beginning of 2010. During the period under review, the purchase restriction on virtually all buyers aiming at discouraging purchase for investment purpose had been applied in over 40 major cities. Foreign investments and credit policies had also followed the similar tightening policy trend. The availability of mortgage finances continued to be restricted and down payment requirements remained comparatively high excepting those for first time buyers.

Such policy accomplishments, however, have been achieved with the expected repercussions for the whole economy. GDP growth of China fell to a 3-year low of 8.1% year on year in the first quarter of 2012 due in part to the declining demand for Chinese exports in Europe and the US. The fragility on the external markets and the impacts from the protracted downturn in the domestic real estate market has prompted the PRC government to make mild policy adjustments. Monetary policy tightening has shown the first sign of change in May 2012 with the reduction in the reserve requirement by 50 basis points to 20%. Indeed, a number of localities announced measures that were modified on central government policy so as to encourage self-use property purchases. Consumers appeared to have reacted to the first sign of policy relaxation positively, demonstrating the fact that the market is underlined by strong end user demand. Acknowledging the definitive housing needs for a growing proportion of the population, the PRC government faces with the challenge of attempting to fulfil such demand without inducing undesirable price hikes.

A wide spectrum of responses and courses of action had been taken by real estate developers including reducing prices aiming to maintain high liquidity level, awaiting further market developments for actions and taking advantages of the situation and accumulating projects. In some extreme cases, a growing number of real estate developers had chosen to file for bankruptcy - the fortune of individual developer lies mainly on the current and projected financial position and cash flow situation. Whilst the market correction had its impact felt across the board and the Group is no exception. The Group's significant financial resources have of course provided the flexibility in adapting to the market downturn, whilst enabling it to assess market opportunities whenever these arise.

As of 30 June 2012, the Group's real estate development portfolio comprises 10 projects in 7 cities in the PRC. The position of the Group in these real estate development projects as at the date of this announcement is summarised as follows:

Location / Project	**Site area (square metres)**	**Approximate gross floor area (square metres)**	**Attributable interest to the Group**
Nanjing, Jiangsu Province			
Laguna Bay	310,000	316,000	71.00%
Riveria Royale	73,000	219,000	50.89%
Sello Royale (formerly Fongshan Project)	179,000	266,000	100.00%
Changsha, Hunan Province			
LOHAS International Community	624,000	1,060,000	100.00%
Scotland Town	312,000	440,000	100.00%
Tianjin			
Minmetals International	21,000	184,000	100.00%

Langfang, Hebei Province			
Beijing Celebration City	395,000	under planning	50.00%
Yingkou, Liaoning Province			
Platinum Bay	396,000	591,000	100.00%
Huizhou, Guangdong Province			
Hallstatt See	578,000	673,000	65.00%
Haidian District, Beijing			
Fortune Garden	139,000	404,000	51.00%

Revenue from this operating segment for the six months ended 30 June 2012 was HK$1,192.0 million, compared with HK$1,469.1 million in the corresponding period last year. The reduction in revenue was a direct result of a different property mix of properties delivered and therefore recognised for sale during the period, and due also to the fact that a conservative marketing approach in general. Amongst the various real estate development projects, the contribution during the period under review was notably from our projects in Nanjing and Changsha.

Laguna Bay

The Group has a 71% interest in this residential project which is located in Nanjing, Jiangsu Province with planned gross floor area of approximately 316,000 square metres. This project is developed in three phases comprising villas, high-rise and low-rise units. Despite the fact that price competition amongst various projects within the vicinity was severe and also the sales control measures applied by the local authorities were relatively stringent, total contracted sales for this project during the six months ended 30 June 2012 were approximately HK$245.0 million for a total gross saleable floor area of 23,685 square metres. Construction programme for the entire project was almost completed.

		Total gross saleable floor area (square metres)		
	Total	**Contracted sales in the first half of 2012**	**Contracted sales up to 2011**	**Delivered in the first half of 2012**
Phase I	59,000	—	57,783	—
Phase II	44,000	1,627	36,191	881
Phase III	136,000	22,058	101,219	9,244
Total	239,000	23,685	195,193	10,125

Riveria Royale

The Group has a 50.89% interest in this residential project which is located in Nanjing with planned gross floor area of approximately 219,000 square metres for development of condominium units, villas and a portion of commercial space. The overall sales results of this project were satisfactory with most of the villas being sold and delivered, whilst a substantial portion of high-rise units were also contracted for sale. During the period ended 30 June 2012, total contracted sales achieved HK$647.1 million and deliveries of sold properties also commenced in the first half of 2012.

		Total gross saleable floor area (square metres)		
	Total	**Contracted sales in the first half of 2012**	**Contracted sales up to 2011**	**Delivered in the first half of 2012**
Total	189,000	24,032	115,197	27,713

Sello Royale (formerly Fongshan Project)

This is the third project of the Group in Nanjing with a site area of approximately 179,000 square metres and is wholly owned by the Group. It is planned for development into a low-density and high-end residential community which is expected to provide total gross floor area of approximately 266,000 square metres. Presale is scheduled in the fourth quarter of 2012, which will be managed acknowledging the fact that purchase of these high-end residential properties are susceptible to current stringent purchase and mortgage restrictions.

LOHAS International Community

The Group has a 100% interest in this residential project which is located in Changsha, Hunan Province with a site area of approximately 624,000 square metres. It is a large scale residential development spreading in five phases with ancillary facilities of clubhouse, shops, car parking spaces, schools, kindergarten and landscaped garden which is expected to provide total gross floor area of approximately 1,060,000 square metres.

The total contracted sales of this project reached approximately HK$196.5 million for the six months ended 30 June 2012. This project has successfully established considerable market recognition in the Changsha City, but the price premium is expected to narrow in the future as a result of severe price competition from neighbouring projects.

		Total gross saleable floor area (square metres)		
	Total	**Contracted sales in the first half of 2012**	**Contracted sales up to 2011**	**Delivered in the first half of 2012**
Phase I (part I)	65,000	952	62,141	229
Phase I (part II)	55,000	752	51,296	760
Phase II	129,000	5,657	102,342	8,237
Phase III to Phase V	656,000	19,224	2,667	—
Total	905,000	26,585	218,446	9,226

Scotland Town

The Group has a 100% interest in this residential project which is also located in Changsha, Hunan Province with a site area of approximately 312,000 square metres. The first phase development is planned for villas and the second phase for apartments. In the first half of 2012 pre-sale results were better than budgeted. The total contracted sales during the period were approximately HK$87.6 million.

		Total gross saleable floor area (square metres)		
	Total	**Contracted sales in the first half of 2012**	**Contracted sales up to 2011**	**Delivered in the first half of 2012**
Phase I	138,000	680	118,848	2,219
Phase II	302,000	12,391	64,398	32,270
Total	440,000	13,071	183,246	34,489

Minmetals International

The Group has a 100% interest in this mixed commercial and residential project which is located in the Tianjin City with total gross floor area of approximately 184,000 square metres. It provides a twin-tower of commercial, office and residential buildings and a basement for car parks. Office developments are currently not subject to purchase and mortgage restrictions in the PRC and the marketing programme is expected to continue in the second half of 2012 as originally scheduled.

	Total gross saleable floor area (square metres)			
	Total	Contracted sales in the first half of 2012	Contracted sales up to 2011	Delivered in the first half of 2012
Total	142,000	3,500	99,064	1,028

Beijing Celebration City

The Group has a 50% interest in this residential project which is located in Xianghe County, Hebei Province. An addition of 130,000 square metres of land had been acquired in May 2012 for a consideration of approximately RMB156.1 million (approximately HK$190.5 million). Development plan of this project is presently under consideration.

Platinum Bay

The Group has a 100% interest in this residential project which is located in the Yingkou City, Liaoning Province with a site area of approximately 396,000 square metres. This project is planned for development of villas and condominium units which are expected to provide total gross floor area of approximately 591,000 square metres. The development plan has been adjusted with a higher proportion of villas to better position this project in the highly competitive market in Yingkou. Total contracted sales for the six month ended 30 June 2012 were approximately HK$39.2 million for a total gross saleable floor area of 4,089 square metres.

Hallstatt See

Currently, the Group has a 65% interest in this residential project which is located in Huizhou, Guangdong Province with a site area of approximately 578,000 square metres. This project is planned for development of villas and condominium units. The pre-sales programme of this project was launched in April 2012, and total contracted sales up to the end of June 2012 amounted to HK$100.2 million, covering total saleable gross floor area of 8,482 square metres.

Fortune Garden

The Group has a 51% interest in this residential project which is located in Haidian District, Beijing with a site area of approximately 139,000 square metres. It is the first real estate development project of the Group undertaken in the capital city of China and it is planned for high end residential development providing total gross floor area of approximately 404,000 square metres. The recovery of the residential market in Beijing was obvious since May 2012, and total contracted sales for the six months ended 30 June 2012 were approximately HK$381.1 million for a total gross saleable floor area of 8,257 square metres.

SPECIALISED CONSTRUCTION

This operating segment is engaged in the design and installation of curtain walls through two wholly-owned subsidiaries, namely Minmetals Condo (Shanghai) Construction Co., Ltd. ("Condo Shanghai") for the PRC market and Minmetals Condo (Hong Kong) Engineering Company Limited ("Condo HK") for Hong Kong and Macau markets. Total revenue generated from external customers by this operating segment for the period under review grew by 83.0% from HK$205.7 million to HK$376.5 million due to increase in total value of works completed and realised in both the PRC and Hong Kong markets. However, the operating results of this operating segment, net of intra-group transactions, showed an operating loss of HK$5.4 million for the six months ended 30 June 2012, as compared to a profit of HK$4.9 million in the corresponding period in 2011.

Condo Shanghai

For the six months ended 30 June 2012, Condo Shanghai's revenue grew by 48.6% to HK$350.2 million (including HK$11.8 million generated from inter-company transactions (30 June 2011: HK$46.5 million)) as compared to HK$235.7 million in the corresponding period last year. The key focus of Condo Shanghai in the second half of 2012 will be cost controls and further strengthening of internal controls including more stringent selection process for future projects and a focus on major developments from reputable parties.

Condo HK

For the six months ended 30 June 2012, Condo HK's revenue grew by 130.5% to HK$38.0 million as compared to HK$16.5 million in the corresponding period last year. The lower than expected revenue recognition as a result of delay in project progress has led Condo HK to record a loss of HK$0.7 million in the first half of 2012, compared with a loss of HK$3.0 million in the corresponding period last year. Apart from cost controls, the recruitment and retention of professional staff members has become a challenging task for the management. As a result, Condo HK established, during the period, a design workshop in Shenzhen and recruited a team of professional designers. This is a useful step in addressing the issue of shortage of professional staff in Hong Kong, representing a more cost effective solution in providing technical and design support to the Hong Kong operations.

PROPERTY INVESTMENT

In the first half of 2012, the Group's property investment business encompassed primarily the leasing of the office and commercial space of the ONFEM Tower and the China Minmetals Tower. ONFEM Tower is a 25-storey commercial building located in the Central District on the Hong Kong Island, whereas China Minmetals Tower is a 20-storey office and commercial building located in Tsimshatsui in Kowloon.

Total revenue recorded by this operating segment for the period under review rose by 7.1% to HK$27.2 million (30 June 2011: HK$25.4 million) resulting from a higher average rental level achieved and a high occupancy rate of the property portfolio. As at 30 June 2012, the occupancy rates of ONFEM Tower and the China Minmetals Tower were 100.0% and 92.7% respectively (31 December 2011: 100.0% for both ONFEM Tower and China Minmetals Tower).

Demand for quality office premises remains relatively robust during the period under review and upward rentals revision within the portfolio had also led to higher revenue and profits during the first half of the year. Favorable market conditions were evidenced by the fair value gain of HK$18.8 million (30 June 2011: HK$50.2 million) on investment properties recorded by the Group for the period under review. Despite a generally cautiously optimistic outlook for this operating segment remains, the effect of the economic slowdown in China and Hong Kong, and the situation of the Euro Zone had started to emerge, as business operators revisit their budgets for premises and other costs. The introduction of minimum wages in Hong Kong had also added pressure on the cost side.

OUTLOOK

The PRC government's vows and determination to maintain curbs on the real estate market are widely expected to be unaltered in the foreseeable future, despite the emergence since June 2012 preferential policies for first-home buyers and certain differential policy initiatives might be forthcoming. The concerns of a protracted property downturn that may drag on an economy that is already cooling, and saddle banks with more non-performing loans might encourage selective relaxation in some aspects of the property regulations by the authority. In addition, recent signs of inflation coming under control should also allow room for further monetary relaxation.

The trend in falling prices for eight consecutive months up to May 2012 has proven the government endeavors to be effective in spurring the affordability in home purchase. Persistent decline in inflation in recent months should be taken as positive signs of reassurance to authorities and consumers alike. Similarly, the new entry of social housing projects into the supply equation conveys an optimistic outlook for consumers. The rising supply, and more significantly the perception of rising supply from wider choices of supply sources, may affect homebuyers on the timing to enter the market and the ultimate choice of property. Aside from the consumer expectation, some analysts have also indicated that the majority of the current real estate financing is due for renewal and/or repayment requirements in 2015 and 2016, which could present a serious test to property prices. As a result, real estate developers might have to accelerate the sales programme and offer more price incentives in luring home buyers in order to fulfil their liquidity requirements in the run up to such eventuality.

Faced with such gyrated forces and various schools of thoughts, our belief remains firmly rooted on the fundamental strengths of the market that housing demand is likely to be consistently stable and steadily rising in China. In order to reap the benefits of the sustained market demand, the Group will maintain vigilance with regards to government policy adjustments and market conditions in all localities in which it operates. The Group will continue to seek relentlessly further improvements upon its overall management capabilities; cost control and real estate development abilities, to better equipped itself for eventually a slimmer, and fitter, real estate sector in China. The Group has been sufficiently equipped with the financial and management resources, which coupled with the support of the controlling shareholder, in handling price fluctuations and industry cycles. Whilst the 2012 earnings outlook might bear the hallmarks of industry correction, the Group remains cautiously optimistic and confident about the business outlook and performance of the Group as a whole in the long term future.

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group's operations were financed by funds mainly from cash flows generated from business operations and borrowings from banks.

As at 30 June 2012, cash and bank deposits (excluding restricted cash and bank deposits) of the Group amounted to HK$2,745.4 million (31 December 2011: HK$2,858.5 million), of which 64.8%, 27.8% and 7.4% (31 December 2011: which 70.4%, 21.7% and 7.9%) were denominated in Renminbi, Hong Kong dollars and United States dollars respectively.

To supplement finance for acquisition of new real estate development projects and the development of existing projects, the Group had total borrowings of HK$5,518.6 million as at 30 June 2012 (31 December 2011: HK$5,232.2 million). The total borrowings included borrowings from banks and a fellow subsidiary of the Company. The gearing ratio of net debt to total equity of the Group as at 30 June 2012 was 35.2% (31 December 2011: 30.5%).

The maturity profile of the Group's borrowings is as follows:

	30 June 2012 **HK$ million**	31 December 2011 HK$ million
Within one year	**2,914.4**	2,773.1
In the second to fifth years	**2,604.2**	2,459.1
	5,518.6	5,232.2

As at 30 June 2012, borrowings denominated in Renminbi amounted to RMB2,360.0 million (approximately HK$2,881.3 million) (31 December 2011: RMB2,419.5 million (approximately HK$2,984.4 million)), while the remaining balance of HK$2,637.3 million (31 December 2011: HK$2,247.8 million) was borrowings denominated in Hong Kong dollars. The Group's borrowings were on a floating interest rate basis. Finance costs charged to the consolidated income statement for the six months ended 30 June 2012 amounted to HK$11.3 million (30 June 2011: HK$10.2 million) after capitalisation of HK$149.9 million (30 June 2011: HK$88.8 million) into the cost of properties under development. The unutilised banking facilities of the Group amounted to HK$2,831.0 million as at 30 June 2012 (31 December 2011: HK$3,665.2 million).

Capital contribution commitments in a real estate development company as at 30 June 2012 amounted to HK$104.6 million for authorised but not contracted (31 December 2011: HK$173.1 million for contracted but not provided). These commitments are to be financed by internal funds and borrowings.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group is exposed to exchange rate risk on transactions that are denominated in a currency other than Hong Kong dollars, the reporting and functional currency of the Company. During the period under review, most of the transactions of the Group were denominated in Hong Kong dollars and Renminbi. As such, the Group has exposure to exchange rate movements between Hong Kong dollars and Renminbi. In spite of the fact that the expected continuing strength of Renminbi would have a positive impact, in Hong Kong dollar terms, on the Group's assets in and income generated from the PRC, the Group had not implemented any hedging or other alternative measures during the six months ended 30 June 2012 but is closely monitoring the aforesaid exchange rate risks. As at 30 June 2012, the Group did not have any exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

CHARGES ON GROUP ASSETS

As at 30 June 2012, certain assets of the Group were pledged as securities for the Group's banking facilities and these pledged assets of the Group included (i) investment properties with carrying amounts of HK$1,001.4 million (31 December 2011: HK$982.6 million), (ii) properties under development of HK$1,120.7 million (31 December 2011: HK$840.2 million) and (iii) leasehold land and buildings of HK$79.2 million (31 December 2011: HK$79.6 million).

CONTINGENT LIABILITIES

As at 30 June 2012, the Group has provided guarantees to certain banks relating to mortgage facilities arranged for certain purchasers of properties developed by the Group and the outstanding mortgage loans under these guarantees amounted to HK$625.0 million (31 December 2011: HK$1,972.9 million).

EMPLOYEES

Total number of staff of the Group, including the Directors, was 989 as at 30 June 2012 (30 June 2011: 724), and the expansion was in line with the business development of the Group. Total remuneration and benefits of the Directors and staff of the Group during the six months ended 30 June 2012 were approximately HK$76.5 million (30 June 2011: HK$58.2 million). The Group considers the remuneration policy it has adopted is in line with market practice and standards.

CORPORATE GOVERNANCE

Corporate Governance Code

In the opinion of the Directors, throughout the six months ended 30 June 2012, the Company had complied with the the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviation:

Code provision A.4.2 requires that all directors appointed to fill a casual vacancy in listed companies be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Instead of having elected at the first general meeting, Directors appointed by the Company to fill a casual vacancy are subject to election at the first annual general meeting after their appointment. Besides, all Directors are subject to retirement by rotation in the manner as set out in the said code provision save for the Chairman and the Managing Director of the Company where they are not required to do so pursuant to the private company act 1991 by which the Company was incorporated.

Code for Securities Transactions by Directors

The Company has established a set of guidelines as its own “Rules and Procedures for Directors and Relevant Employees of the Company in respect of Dealings in Securities of the Company” (the “Rules for Securities Transactions”) on terms no less exacting than those contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry of all Directors, they have confirmed in writing that they had complied with the Rules for Securities Transactions throughout the six months ended 30 June 2012.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2012, which has also been reviewed by the Company’s independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2012.

BOARD OF DIRECTORS

As at the date of this announcement, the board of Directors comprises twelve Directors namely, Mr. Sun Xiaomin as the Chairman and a Non-executive Director, Mr. Qian Wenchao, Mr. He Jianbo, Mr. Yin Liang, Ms. He Xiaoli and Mr. Yang Lu as Executive Directors, Mr. Pan Zhongyi, Mr. Tian Jingqi and Mr. Liu Zeping as Non-executive Directors, and Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria as Independent Non-executive Directors.

By order of the board
He Jianbo
Managing Director

Hong Kong, 28 August 2012

website: www.minmetalsland.com

* *For identification purpose only*