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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 2014**

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 2014 together with the comparative figures of the corresponding period in 2013.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014

	Note	Six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue	3	1,659,015	2,134,407
Cost of sales		(1,172,510)	(1,475,692)
Gross profit		486,505	658,715
Other gains, net	5	24,903	45,713
Fair value changes on investment properties		51,182	22,000
Selling and distribution costs		(52,092)	(69,904)
Administrative expenses		(164,315)	(149,719)
Finance income		29,401	28,301
Finance costs		(28,760)	(86,534)
Share of results of associated companies		19,449	(5,149)
Profit before tax		366,273	443,423
Income tax expense	6	(198,956)	(207,397)
Profit for the period	4	167,317	236,026
Profit for the period attributable to:			
Equity holders of the Company		173,330	138,304
Non-controlling interests		(6,013)	97,722
		167,317	236,026
Earnings per share for profit attributable to equity holders of the Company, in HK cents			
Basic	7	5.19	4.14
Diluted	7	5.18	4.13

	Note	Six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Dividends	8	—	—

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>167,317</u>	<u>236,026</u>
Other comprehensive income, net of income tax:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	(350,268)	188,030
Share of exchange differences of associated companies	<u>(21,577)</u>	<u>34,615</u>
	(371,845)	222,645
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Loss arising on revaluation of financial assets at fair value through other comprehensive income	<u>(152,110)</u>	<u>(46,094)</u>
Other comprehensive income for the period	<u>(523,955)</u>	<u>176,551</u>
Total comprehensive income for the period, net of income tax	<u>(356,638)</u>	<u>412,577</u>
Total comprehensive income for the period attributable to:		
Equity holders of the Company	(255,631)	280,904
Non-controlling interests	<u>(101,007)</u>	<u>131,673</u>
	<u>(356,638)</u>	<u>412,577</u>

Condensed Consolidated Statement of Financial Position*As at 30 June 2014*

	30 June	31 December
	2014	2013
<i>Note</i>	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	145,477	141,214
Investment properties	1,278,149	1,235,149
Goodwill	9,906	10,107
Interests in associated companies	1,233,641	853,073
Financial assets at fair value through other comprehensive income	470,159	622,269
Deferred tax assets	154,384	189,055
	<u>3,291,716</u>	<u>3,050,867</u>
Current assets		
Inventories	20,062,944	18,025,653
Amounts due from customers for contract work	314,849	200,334
Prepayments, trade and other receivables	1,559,684	1,914,110
Cash and bank deposits, restricted	131,567	115,605
Cash and bank deposits, unrestricted	5,221,769	6,102,303
	<u>27,290,813</u>	<u>26,358,005</u>
Total assets	<u>30,582,529</u>	<u>29,408,872</u>
EQUITY		
Share capital	333,785	333,785
Reserves	7,104,661	7,403,746
Equity attributable to equity holders of the Company	<u>7,438,446</u>	<u>7,737,531</u>
Non-controlling interests	<u>3,505,654</u>	<u>3,606,661</u>
Total equity	<u>10,944,100</u>	<u>11,344,192</u>

Condensed Consolidated Statement of Financial Position (Continued)*As at 30 June 2014*

		30 June	31 December
		2014	2013
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		10,705,893	8,739,607
Deferred tax liabilities		90,228	97,748
Other liabilities		386	386
		10,796,507	8,837,741
Current liabilities			
Borrowings		417,395	1,412,171
Trade and other payables	<i>10</i>	4,613,449	5,536,742
Deferred revenue		3,648,247	2,023,791
Taxation payable		162,831	254,235
		8,841,922	9,226,939
Total liabilities		19,638,429	18,064,680
Total equity and liabilities		30,582,529	29,408,872
Net current assets		18,448,891	17,131,066
Total assets less current liabilities		21,740,607	20,181,933

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.

These condensed consolidated financial statements are presented in thousands of units of Hong Kong dollars ("HK\$'000"), unless otherwise stated. These condensed consolidated financial statements have been approved for issue by the board of Directors of the Company on 18 August 2014.

2. Basis of preparation and accounting policies

These condensed consolidated financial statements 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") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial assets at fair value through other comprehensive income, which are measured at fair values.

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

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

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

The application of the above new interpretation or amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

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 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

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June		30 June	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Revenue										
Total segment revenue	1,246,029	1,710,772	383,446	400,163	34,236	30,972	—	—	1,663,711	2,141,907
Inter-segment revenue	—	—	(3,521)	(6,544)	(1,175)	(956)	—	—	(4,696)	(7,500)
Sales to external customers	1,246,029	1,710,772	379,925	393,619	33,061	30,016	—	—	1,659,015	2,134,407
Results										
Segment results	316,022	496,764	16,159	(5,701)	79,461	50,080	21,889	16,127	433,531	557,270
Unallocated corporate expenses, net									(87,348)	(50,465)
									346,183	506,805
Finance income									29,401	28,301
Finance costs									(28,760)	(86,534)
Share of results of associated companies									19,449	(5,149)
Profit before tax									366,273	443,423
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	25,504,785	24,639,097	1,020,139	926,416	1,296,409	1,247,270	492,053	622,269	28,313,386	27,435,052
Unallocated corporate assets									2,269,143	1,973,820
Total assets									30,582,529	29,408,872

4. Profit for the period

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Profit for the period has been arrived at after charging:		
Depreciation	6,299	5,954
Cost of properties sold	828,745	1,097,517
Cost of specialised construction	338,960	373,756
Direct out-goings arising from investment properties that generated rental income	4,805	4,419
Operating lease charges – minimum lease payment in respect of land and buildings	14,451	8,971
Net foreign exchange loss	3,839	—
Legal and professional fees	4,704	5,377
Employee benefit expense (including directors' emoluments)	<u>57,132</u>	<u>59,340</u>

Note: Included in cost of sales, selling and distribution costs and capitalised as properties under development are employee benefit expense of HK\$24,797,000 (30 June 2013: HK\$18,196,000), HK\$4,477,000 (30 June 2013: HK\$4,032,000) and HK\$14,011,000 (30 June 2013: HK\$10,862,000) respectively.

5. Other gains, net

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Government subsidies	764	9,515
Dividend income	21,895	16,133
Exchange gain, net	—	17,729
Others	<u>2,244</u>	<u>2,336</u>
	<u>24,903</u>	<u>45,713</u>

6. Income tax expense

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit for the period (30 June 2013: 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 2013: 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	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Current tax – PRC		
Enterprise income tax	63,053	45,245
Land appreciation tax	113,607	105,269
Deferred tax	22,296	56,883
	<u>198,956</u>	<u>207,397</u>

7. Earnings per share

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

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

	Six months ended 30 June	
	2014 (Thousand)	2013 (Thousand)
Number of shares:		
Weighted average number of ordinary shares in issue	3,337,853	3,337,853
Adjustment for share options	5,703	7,277
Weighted average number of ordinary shares for diluted earnings per share	<u>3,343,556</u>	<u>3,345,130</u>

8. Dividends

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2014 (30 June 2013: Nil).

During the current interim period, a final dividend of HK1.5 cents per ordinary share totalling HK\$50,068,000 in respect of the year ended 31 December 2013 (30 June 2013: HK1 cent per ordinary share totalling HK\$33,379,000 in respect of the year ended 31 December 2012) was paid to the shareholders of the Company.

9. Prepayments, trade and other receivables

The following is an aging analysis of trade receivables (net of provision for impairment) at the end of the reporting period based on the due date for rental receivables, date of properties delivered to purchasers and billing date of construction services certified:

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
0 to 90 days	266,382	354,933
91 to 180 days	114,124	143,478
181 days to 1 year	179,344	68,274
1 year to 2 years	91,782	110,151
Over 2 years	77,462	86,634
	729,094	763,470

10. Trade and other payables

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

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
0 to 90 days	190,875	316,853
91 to 180 days	86,163	230,061
181 days to 1 year	156,928	31,781
1 year to 2 years	147,754	74,861
Over 2 years	186,094	186,008
	767,814	839,564

11. Commitments

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Contracted but not provided for		
- Expenditure in respect of acquisition of land use rights	-	1,355,113
- Capital contribution into a real estate development company	-	385,805
- Expenditure in respect of properties under development	3,150,124	2,460,232
	3,150,124	4,201,150

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's consolidated revenue for the first half of 2014 was HK\$1,659.0 million, representing a decrease of 22.3% compared to HK\$2,134.4 million in the corresponding period last year. Specifically, real estate development segment, which accounted for 75.1% of the overall revenue, recorded a revenue decline of 27.2% to HK\$1,246.0 million (30 June 2013: HK\$1,710.8 million). The drop in real estate development revenue was mainly attributable to lesser amount of properties delivered to the buyers in the first half of 2014. Revenue from specialised construction segment recorded a slight decrease of 3.5% to HK\$379.9 million (30 June 2013: HK\$393.6 million) whilst revenue from property investment segment increased by 10.3% to HK\$33.1 million (30 June 2013: HK\$30.0 million) as a result of better rental revision.

Segment Revenue

	For the six months ended 30 June				Year-on-year
	2014		2013		change
	HK\$ million	%	HK\$ million	%	%
Real estate development	1,246.0	75.1	1,710.8	80.2	-27.2
Specialised construction	379.9	22.9	393.6	18.4	-3.5
Property investment	33.1	2.0	30.0	1.4	+10.3
Total	1,659.0	100.0	2,134.4	100.0	-22.3

Overall gross profit margin has noted a slight decline from 30.9% to 29.3% mainly due to lower-margin products being delivered and recognised during the period. As a result of a significant increase in valuation gain of investment properties to HK\$51.2 million (30 June 2013: HK\$22.0 million), as well as a substantial drop in finance cost to HK\$28.8 million (30 June 2013: HK\$86.5 million) due to a higher portion of interest expenses being capitalised as property under development during the period, profit attributable to equity holders of the Company surged 25.3% to HK\$173.3 million from HK\$138.3 million for the corresponding period last year, whilst basic earnings per share was improved to HK5.19 cents (30 June 2013: HK4.14 cents) for the period.

As at 30 June 2014, the Group's net assets showed a slight decline of 3.5% to HK\$10,944.1 million (31 December 2013: HK\$11,344.2 million). Nonetheless, the financial position of the Group remained healthy. As at 30 June 2014, the Group's net gearing ratio maintained at a relatively low level of 52.7% and its net current assets amounted to HK\$18,448.9 million (31 December 2013: HK\$17,131.1 million), representing an increase of 7.7% through proper management of loan maturity profile. Deferred revenue, which mainly represented the contracted sales of the Group brought forward and will be recognised as the Group's revenue when presold properties are completed and delivered to buyers, accounted for 41.3% of current liabilities and rose 80.3% to HK\$3,648.2 million (31 December 2013: HK\$2,023.8 million).

The board of Directors has made thorough 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 long term interest of the Group and of the shareholders as a whole, not to declare an interim dividend for the six months ended 30 June 2014 (30 June 2013: Nil).

REAL ESTATE DEVELOPMENT

Contracted Sales

In the first half of 2014, the Group's total contracted sales reached RMB2,617 million (30 June 2013: RMB3,113 million) and the gross floor area contracted for sale amounted to 134,395 square metres over 1,066 units (30 June 2013: 1,736 units). The average selling price rose 54.4% to approximately RMB19,500 per square metre and the majority of the contracted sales of the Group were derived from Tier 1 and 2 cities.

The table below provides an analysis by project of contracted sales for the first half of 2013 and 2014:

Project	Six months ended 30 June 2014			Six months ended 30 June 2013		
	Contracted amount (RMB million)	Contracted GFA (sq.m.)	ASP (RMB/sq.m.)	Contracted amount (RMB million)	Contracted GFA (sq.m.)	ASP (RMB/sq.m.)
Beijing Fortune Garden	1,242	25,532	48,642	1,001	20,968	47,742
Yingkou Platinum Bay	64	10,079	6,382	85	11,004	7,704
Tianjin Minmetals International	30	1,304	22,941	157	14,352	10,944
Nanjing Laguna Bay	38	2,729	13,756	28	2,414	11,464
Nanjing Riviera Royale	7	242	28,544	196	8,176	23,993
Nanjing Sello Royale	258	16,774	15,355	627	45,012	13,922
Nanjing Academic Royale	662	28,565	23,191	—	—	—
Changsha LOHAS International Community	270	43,649	6,191	330	48,839	6,767
Changsha Scotland Town	27	3,677	7,309	338	61,774	5,474
Huizhou Hallstatt See	19	1,844	10,404	351	34,291	10,238
Total	2,617	134,395	19,472	3,113	246,830	12,612

Project Profiles

Location/Project	Attributable interest to the Group	Site Area (sq.m.)	Estimated GFA (sq.m.)	GFA completed (sq.m.)	GFA under development (sq.m.)	GFA held for future development (sq.m.)
Pan Bohai Rim						
1. Beijing Fortune Garden	51.00%	139,000	416,000	64,000	265,000	87,000
2. Yingkou Platinum Bay	100.00%	396,000	517,000	103,000	44,000	370,000
3. Langfang Minmetals Vanke City	50.00%	395,000	622,000	—	—	622,000
4. Tianjin Minmetals International	100.00%	21,000	183,000	183,000	—	—
Yangtze River Delta						
5. Nanjing Laguna Bay	71.00%	310,000	310,000	310,000	—	—
6. Nanjing Riviera Royale	98.88%	73,000	222,000	222,000	—	—
7. Nanjing Sello Royale	100.00%	179,000	270,000	109,000	161,000	—
8. Nanjing Academic Royale	66.67%	136,000	465,000	—	327,000	138,000
Central China						
9. Changsha LOHAS International Community	100.00%	643,000	1,084,000	508,000	428,000	148,000
10. Changsha Scotland Town	100.00%	333,000	440,000	440,000	—	—
11. Changsha Kaifu Project	100.00%	150,000	520,000	—	—	520,000
Pearl River Delta						
12. Huizhou Hallsatt See	80.00%	984,000	1,154,000	108,000	132,000	914,000

Beijing Fortune Garden

Fortune Garden is a residential development project located at Xibeiwang Town, Haidian District, Beijing. The development occupies an aggregate site area of approximately 139,000 square metres and has an aggregate planned gross floor area of approximately 416,000 square metres. In December 2012, the project received the “International Award” by the British Association of Landscape Industries in recognition of its outstanding landscape design. The Group has planned two phases for this project. Development of Phase I commenced in October 2011 and has been partially completed and delivered. Construction of Phase II commenced in June 2013 and pre-sale was launched in July 2013. For the period under review, the contracted sales was around 25,532 square metres.

Yingkou Platinum Bay

Platinum Bay is a residential development project that comprises villas and planned condominium units. It is located at Liaoning (Yingkou) Coastal Industrial Base, Yingkou City, Liaoning Province. The project occupies an aggregate site area of approximately 396,000 square metres and has an aggregate planned gross floor area of approximately 517,000 square metres. The Group has planned six phases for this project. Development of Phases I and II was completed in December 2012. Construction of Phase III commenced in March 2014 and pre-sale was launched in June 2014. The remaining three phases are currently under planning. For the period under review, the contracted sales was around 10,079 square metres.

Langfang Minmetals Vanke City

Minmetals Vanke City is a residential development project located in Xianghe County, Langfang City, Hebei Province. The project occupies an aggregate site area of approximately 395,000 square metres and has an aggregate planned gross floor area of approximately 622,000 square metres. As the Beijing-Tianjin-Hebei integration has played a positive role in boosting real estate market in Xianghe County, the Group seeks to grasp the sales opportunities arising from favourable regulatory and marketing environment and planned to commence pre-sale in the fourth quarter of 2014. The project has already completed the tendering work for construction and supervision.

Tianjin Minmetals International

Minmetals International is a mixed commercial and residential development project located at the east of Yingbin Main Road and south of Tuochang Road, Tanggu District, Tianjin. This project is comprised of office space, apartments and retail stores as well as car-parking spaces. The development occupies an aggregate site area of approximately 21,000 square metres and has an aggregate planned gross floor area of approximately 183,000 square metres. All development works of this project have basically completed. So far, 70% of the gross saleable floor area including car-parking lots was sold. For the period under review, the contracted sales was around 1,304 square metres.

Nanjing Laguna Bay

Laguna Bay is a fairly mature project, which located at the junction of Xue Si Road and Xue Qi Road, Science Park, Jiangning District, Nanjing, Jiangsu Province. Having completed the development of this residential development project over three phases, it is comprised of terrace houses, high-rise apartments, low-rise villas together with a three-storey commercial building. The project occupies an aggregate site area of approximately 310,000 square metres including the lake area and has an aggregate planned gross floor area of approximately 310,000 square metres. It features two lakes and an open green space at the centre of the development, supplemented with neighbouring land totaling 20 acres which is reserved for education purposes and other ancillary facilities. All development works of this project have basically completed. So far, 99% of the gross saleable floor area including car-parking lots was sold. It is noteworthy that this project has successfully established a high benchmark in Nanjing and the Group has gained considerable market recognition in the region. For the period under review, the contracted sales was around 2,729 square metres.

Nanjing Riviera Royale

Riviera Royale is the second residential development project acquired by the Group in Nanjing. It comprises villas, apartments and LOFT units aiming at the high-end market. It has ancillary facilities including a central park and a club house of approximately 12,000 square metres and approximately 2,000 square metres respectively. The project is located at Mengdu Avenue, Jianye District, Nanjing, Jiangsu Province. It occupies an aggregate site area of approximately 73,000 square metres and has an aggregate planned gross floor area of approximately 222,000 square metres. All development works of this project have basically completed. So far, 99% of the gross saleable floor area including car-parking lots was sold. In August 2013, the Group acquired 48.53% equity interest in the joint venture for the development of this project from the joint venture partner, ASPF II Sapphire GmbH (“Fund”), which symbolises the Fund’s final exit. This landmark transaction is a testimony of the Group’s strong execution capability on both the financing and project management front, resulting in a win-win situation for both parties in the partnership. For the period under review, the contracted sales was around 242 square metres.

Nanjing Sello Royale

Sello Royale is the Group’s third residential development project in Nanjing, which located at south of Hongjing Road, Science Park, Jiangning District, Nanjing, Jiangsu Province. It occupies an aggregate site area of approximately 179,000 square metres and has an aggregate planned gross floor area of approximately 270,000 square metres. The project is planned for development of villas and low-rise apartments. Construction of the project commenced in April 2012. Pre-sales of the project began in December 2012. Further development and marketing of this project is expected in 2014, and the outlook for this project remains largely optimistic. For the period under review, the contracted sales was around 16,774 square metres.

Nanjing Academic Royale

Academic Royale is the Group’s fourth and latest residential development project in Nanjing, which is located at Tian He Road, southern part of Hexi, Jianye District, Nanjing, Jiangsu Province, approximately 5 kilometres from the Nanjing Olympic Sports Centre, the main stadium for the Nanjing 2014 Summer Youth Olympic Games. The land is located within the Nanjing Hexi New City Zone, a district of key future development, with a construction plan of becoming comfortable living Eco-City, and the project will be developed into as high-quality residential community with low density. The project occupies an aggregate site area of approximately 136,000 square metres and has an aggregate planned gross floor area of approximately 465,000 square metres. The Group has planned two phases for the project. Development of Phase I commenced in the third quarter of 2013 which is expected to reach completion in the fourth quarter of 2015. Pre-sale of Phase I was launched in May 2014 and market response has been very positive. Development of Phase II has commenced in the first quarter of 2014 as scheduled, and pre-sale is expected in the third quarter of 2014. For the period under review, the contracted sales was around 28,565 square metres.

Changsha LOHAS International Community

LOHAS International Community is a large-scale residential development project with ancillary facilities, such as clubhouse, shops, car-parking lots, schools and landscaped garden. Located at Gaoyun Road, MUYUN Town, Changsha County, Hunan Province, the project occupies an aggregate site area of approximately 643,000 square metres, including a private lake of 30,000 square metres, and has an aggregate planned gross floor area of approximately 1,084,000 square metres. The Group has planned five phases for this project. Development of Phases I and II was completed in December 2010 and Phase III was completed in August 2013. Development of Phase IV commenced in March 2013 and is scheduled to complete by the end of 2014. Development of Phase V commenced in December 2013 and is scheduled to complete by the fourth quarter of 2015. For the period under review, the contracted sales was around 43,649 square metres.

Changsha Scotland Town

Scotland Town is a residential development project located at Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province, and is adjacent to LOHAS International Community. The development occupies an aggregate site area of approximately 333,000 square metres and has an aggregate planned gross floor area of approximately 440,000 square metres. The Group has planned two phases for this project. Development of Phases I and II reached completion in August 2011 and November 2013 respectively. So far, 98% of the gross saleable floor area including car-parking lots was sold. For the period under review, the contracted sales was around 3,677 square metres.

Changsha Kaifu Project

Kaifu Project is a residential development project located at Fu Yuan West Road, Kaifu District, Changsha County, Hunan Province. These lands are located at a comfortable living Eco-City zone under planning, with close proximity to the Kaifu District Administration Centre. The development occupies an aggregate site area of approximately 150,000 square metres and has an aggregate planned gross floor area of approximately 520,000 square metres, of which approximately 331,000 square metres is designated for residential purpose, approximately 113,000 square metres for commercial purpose, approximately 5,000 square metres for public ancillary facility purpose, and approximately 71,000 square metres for car-parking and civil air defense purpose. According to the development plan, the residential portion will be turned into a quality residential community for first home buyer and upgrading demand, whilst the commercial portion will be positioned as a 5A graded office building. The Group has planned three phases for this project. Development of phase I is scheduled to commence in September 2014 and is expected to complete in the fourth quarter of 2016, in which development of the villas is scheduled to reach completion by December 2015, and development of the high-rise units is scheduled to reach completion by December 2016.

Huizhou Hallstatt See

Hallstatt See is a residential development project located in Boluo County, Huizhou City, Guangdong Province and is in close proximity to many amenities including golf course. Surrounded by hills and a 20-acre lake, the development occupies an aggregate site area of approximately 984,000 square metres and has an aggregate planned gross floor area of approximately 1,154,000 square metres. The project was given an award for its innovative cultural and resort real estate model (文化與旅遊度假地產模式創新大獎) in the 10th Annual Real Estate Billboard event hosted by the China Commercial Real Estate Commission. The project will be developed over seven phases where Phases I, II and III are under construction. The entire project is scheduled to complete by the end of 2019. For the period under review, the contracted sales was around 1,844 square metres.

Land Bank

As at 30 June 2014, the Group had a land bank developable in gross floor area of approximately 4.38 million square metres across 12 real estate development projects in 7 cities located in mainland China, including Beijing, Yingkou, Langfang, Tianjin, Nanjing, Changsha and Huizhou.

SPECIALISED CONSTRUCTION

The Group is engaged in the business of specialised construction mainly encompassing the services of design, production and installation of curtain walls system via 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 Hong Kong”) for the Hong Kong market. In the first half of 2014, revenue derived from this operating segment showed a slight decline of 3.5% and its operating results, net of intra-group transactions, showed an operating profit of HK\$16.2 million (30 June 2013: operating loss of HK\$5.7 million).

During the period, Condo Shanghai has an improving performance in financial management and accounts receivable collection rate. Tendering will remain as top priority for the business unit in the remainder of the year. Condo Hong Kong had experienced delays in key projects, which was attributable to postponement in handover of construction sites. Intense industry competition and rising labour cost in the Hong Kong market has also lowered its gross margin.

PROPERTY INVESTMENT

The Group's investment property portfolio in Hong Kong comprises two commercial office buildings, namely ONFEM Tower in Central and China Minmetals Tower in Tsimshatsui, plus four residential units, all of which are located in Hong Kong with a total gross floor area of 15,826 square metres. In the first half of 2014, revenue from this operating segment rose by 10.3% to HK\$33.1 million (30 June 2013: HK\$30.0 million). As at 30 June 2014, the occupancy rate of ONFEM Tower was 91.8% (31 December 2013: 80.9%) while China Minmetals Tower remained 100% occupied (31 December 2013: 100%).

OUTLOOK

Looking into the first half of 2014, China's macroeconomic has been facing downward pressure whilst overall growth weakens. In the short term, the weakening economy has led the demand for real estate investment decline. In the long run, the PRC real estate market is likely to grow at a pace that is supported by steady economic growth.

For the PRC real estate market, strong growth in housing price momentum has been restrained since the beginning of 2014 and housing prices showed a downward tendency across different regions. Certain cities where the Group's real estate development projects are located have shown increase in inventory level. Though the Group had, so far, only acquired an additional land in Xianghe County this year, it will seize opportunities to expand its land bank at reasonable cost in core Tier 2 cities in a prudent and rational manner in the second half of the year.

The Group expects that improvement in turnover to reduce excessive inventory will be the focal point for industry players in the second half of 2014. Achieving a higher sales remains the Group's top priority so as to attain its annual contracted sales target. For key markets such as Beijing, Nanjing and Changsha, the Group will continue to enhance the strong sales momentum and strive to deliver higher sales, whilst exerting itself to breakthrough the sales stagnation in Huizhou, Yingkou and Tianjin. In terms of financing, the Group will continue to utilise its listing platform to raise funds for its business development. The Group will maintain its prudent financial management in view of the uncertainties facing the PRC property market.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2014, the Group's operations were financed mainly by cash flows generated internally from business operations as well as borrowings.

As at 30 June 2014, cash and bank deposits (excluding restricted cash and bank deposits) of the Group amounted to HK\$5,221.8 million (31 December 2013: HK\$6,102.3 million), of which 98.5%, 0.5% and 1.0% (31 December 2013: 88.7%, 3.1% and 8.2%) were denominated in Renminbi, Hong Kong dollars and United States dollars respectively.

The Group had utilised financing to supplement internal resources to finance the acquisition of new projects and the development of existing projects. Total borrowings of the Group stood at HK\$11,123.3 million as at 30 June 2014 (31 December 2013: HK\$10,151.8 million), which mainly comprised of borrowings from banks and bond issuance. The gearing ratio of net debt to total equity of the Group as at 30 June 2014 was 52.7% (31 December 2013: 34.7%).

Maturity profile of the Group's borrowings is as follows:

	30 June 2014		31 December 2013	
	HK\$ million	%	HK\$ million	%
Within one year	417.4	3.7	1,412.2	13.9
In the second to fifth year	9,750.4	87.7	7,783.0	76.7
In the fifth to tenth year	955.5	8.6	956.6	9.4
Total	11,123.3	100.0	10,151.8	100.0

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

	30 June 2014		31 December 2013	
	HK\$ million	%	HK\$ million	%
Renminbi	1,235.2	11.1	734.9	7.2
Hong Kong Dollar	7,212.7	64.8	6,738.4	66.4
United States Dollar	2,675.4	24.1	2,678.5	26.4
Total	11,123.3	100.0	10,151.8	100.0

Finance costs charged to the profit or loss for the six months ended 30 June 2014 amounted to HK\$28.8 million (30 June 2013: HK\$86.5 million) after capitalisation of HK\$210.9 million (30 June 2013: HK\$81.6 million) into properties under development. The unutilised banking facilities of the Group as at 30 June 2014 amounted to HK\$6,105.6 million (31 December 2013: HK\$3,208.7 million).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

During the period under review, most of the Group's revenue and costs were denominated in Hong Kong dollar and Renminbi. The Group is exposed to exchange rate risk on transactions that are denominated in a currency other than Hong Kong dollar, the reporting and functional currency of the Company. The Group has not implemented or entered into any foreign exchange hedging arrangement to manage its exchange rate risk during the period.

CHARGES ON GROUP ASSETS

As at 30 June 2014, 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 amount of nil (31 December 2013: HK\$1,205.1 million);
- ii. land and buildings with carrying amount of nil (31 December 2013: HK\$83.0 million);
- iii. properties under development with carrying amounts of HK\$9,618.6 million (31 December 2013: HK\$1,583.9 million); and
- iv. bank deposits of HK\$110.8 million (31 December 2013: HK\$94.6 million).

FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

As at 30 June 2014, guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties amounted to HK\$3,045,074,000 (31 December 2013: HK\$2,986,434,000). Such guarantees will terminate upon the earlier of (i) issuance of the real estate ownership certificate; or (ii) satisfaction of mortgaged loans by the purchasers. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take the possession of the related properties. Under such circumstances, the Group is able to retain the property sales proceeds previously received from the customers and sell the property to recover any amounts paid by the Group to the banks. The Directors therefore consider that no provision is required for the guarantees.

EMPLOYEES

Total number of staff of the Group, including the Directors, was 1,102 as at 30 June 2014 (30 June 2013: 994). Our culture and staff force will make us a strong organisation and therefore the Group continues to adopt a remuneration policy in line with market practice and standards. Total remuneration and benefits of the Directors and staff of the Group during the six months ended 30 June 2014 were approximately HK\$100.4 million (30 June 2013: HK\$92.4 million).

CORPORATE GOVERNANCE

Corporate Governance Code

In the opinion of the Directors, throughout the six months ended 30 June 2014, the Company had complied with the the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for the following deviation:

- (i) 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 would be 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.

- (ii) Code provision E.1.2 requires that the chairman of the Board and the chairman of all board committees of listed companies to attend and answer questions at the annual general meeting.

Mr. Sun Xiaomin, the Chairman of the Board, was not available for the Company's annual general meeting for 2014 due to ad hoc business commitment. Accordingly, Mr. He Jianbo, the Deputy Chairman and Managing Director, took the chair of the said meeting.

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 2014.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2014, which have also been reviewed by the Company’s independent auditor, Deloitte Touche Tohmatsu, 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 HKICPA.

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

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

BOARD OF DIRECTORS

As at the date of this announcement, the board of Directors comprises nine Directors namely, Mr. Sun Xiaomin as the Chairman and a non-executive Director, Mr. He Jianbo as the Deputy Chairman, Managing Director and an executive Director, Mr. Yin Liang and Ms. He Xiaoli as executive Directors, 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

Deputy Chairman and Managing Director

Hong Kong, 18 August 2014

website: www.minmetalsland.com

** For identification purpose only*