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五礦地產
MINMETALS LAND

中國五礦

五礦地產有限公司
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED
31 DECEMBER 2022

FINANCIAL RESULTS

The board of directors (“Directors”) of Minmetals Land Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022, together with the comparative figures in 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
REVENUE	4	10,064,529	12,885,638
Cost of sales		(9,011,215)	(10,500,165)
Gross profit		1,053,314	2,385,473
Other income	5	126,839	91,590
Fair value changes on investment properties		(68,814)	(153,467)
Selling and marketing expenses		(394,500)	(468,420)
Administrative and other expenses		(582,408)	(695,485)
(Allowance)/reversal of allowance for impairment of inventories		(550,403)	47,598
Impairment losses reversed/(recognised) under expected credit loss model, net		1,145	(13,640)
Finance income		178,863	249,115
Finance costs		(138,144)	(163,076)
Share of results of associates		(786,422)	(264,007)
Share of results of joint ventures		137,773	48,253
(LOSS)/PROFIT BEFORE TAX		(1,022,757)	1,063,934
Income tax expense	7	(337,467)	(432,127)
(LOSS)/PROFIT FOR THE YEAR	6	(1,360,224)	631,807
(Loss)/profit for the year attributable to:			
Equity holders of the Company		(1,362,468)	89,209
Holdings of perpetual capital instruments		45,197	164,996
Non-controlling interests		(42,953)	377,602
		(1,360,224)	631,807
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY, IN HK CENTS			
Basic	9	(40.71)	2.67
Diluted	9	(40.71)	2.67

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

Year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(LOSS)/PROFIT FOR THE YEAR	<u>(1,360,224)</u>	<u>631,807</u>
OTHER COMPREHENSIVE (EXPENSE)/INCOME		
Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:		
Currency translation differences	(2,521,773)	820,438
Fair value gain on hedging instruments in cash flow hedges	54,709	36,407
Share of other comprehensive (expense)/income of associates	(249,951)	97,917
Share of other comprehensive (expense)/income of joint ventures	<u>(23,784)</u>	<u>6,688</u>
	<u>(2,740,799)</u>	<u>961,450</u>
Other comprehensive (expense)/income that will not be reclassified to profit or loss in subsequent periods:		
Gain on revaluation of owner-occupied properties upon transfer to investment properties	2,726	39,424
Fair value loss on financial assets at fair value through other comprehensive income	<u>(182,343)</u>	<u>(267,345)</u>
	<u>(179,617)</u>	<u>(227,921)</u>
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR, NET OF TAX	<u>(2,920,416)</u>	<u>733,529</u>
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR	<u><u>(4,280,640)</u></u>	<u><u>1,365,336</u></u>
Total comprehensive (expense)/income for the year attributable to:		
Equity holders of the Company	(3,133,994)	487,604
Holders of perpetual capital instruments	(162,576)	234,811
Non-controlling interests	<u>(984,070)</u>	<u>642,921</u>
	<u><u>(4,280,640)</u></u>	<u><u>1,365,336</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		662,273	487,803
Investment properties		2,774,432	2,664,793
Interests in associates		2,269,633	3,306,006
Interests in joint ventures		341,852	227,863
Financial assets at fair value through other comprehensive income		401,428	555,433
Other financial assets		31,270	—
Other receivables		9,039	9,813
Deferred tax assets		754,807	871,999
Total non-current assets		<u>7,244,734</u>	<u>8,123,710</u>
CURRENT ASSETS			
Inventories		39,506,138	43,113,619
Prepayments, trade and other receivables	10	11,009,807	12,522,896
Prepaid income tax		818,011	876,091
Contract assets		144,360	286,253
Contract costs		238,300	217,454
Cash and bank deposits, restricted		724,314	1,077,095
Cash and bank deposits, unrestricted		7,701,361	10,956,126
Total current assets		<u>60,142,291</u>	<u>69,049,534</u>
Total assets		<u><u>67,387,025</u></u>	<u><u>77,173,244</u></u>
EQUITY			
Share capital		334,691	334,691
Reserves	11	6,484,838	9,685,770
Equity attributable to equity holders of the Company		<u>6,819,529</u>	10,020,461
Perpetual capital instruments		—	2,448,182
Non-controlling interests		<u>9,992,569</u>	<u>10,649,268</u>
Total equity		<u>16,812,098</u>	23,117,911
NON-CURRENT LIABILITIES			
Borrowings		17,176,328	14,469,201
Other payables	12	250,256	—
Deferred tax liabilities		316,495	370,398
Lease liabilities		10,021	16,390
Other financial liabilities		—	4,571
Total non-current liabilities		<u>17,753,100</u>	14,860,560
CURRENT LIABILITIES			
Borrowings		7,132,439	6,547,465
Trade and other payables	12	13,581,206	15,656,127
Contract liabilities		11,415,551	15,848,803
Lease liabilities		18,893	35,115
Taxation payable		673,738	1,088,395
Other financial liabilities		—	18,868
Total current liabilities		<u>32,821,827</u>	39,194,773
Total liabilities		<u>50,574,927</u>	54,055,333
Total equity and liabilities		<u><u>67,387,025</u></u>	<u><u>77,173,244</u></u>
Net current assets		<u>27,320,464</u>	29,854,761
Total assets less current liabilities		<u><u>34,565,198</u></u>	<u><u>37,978,471</u></u>

NOTES

31 December 2022

1. CORPORATE AND GROUP INFORMATION

Minmetals Land Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged in real estate development, specialised construction and property investment. The People’s Republic of China is the major market 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 (the “Stock Exchange”). Its immediate holding company is June Glory International Limited (incorporated in the British Virgin Islands) and its ultimate holding company is China Minmetals Corporation (“China Minmetals”) (incorporated in Mainland China).

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong. In addition, these financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$” or “HK dollar(s)”) which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2022. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any significant impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any significant impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group’s financial liabilities during the year, the amendment did not have any significant impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early adopted the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ²
HKFRS 17	<i>Insurance Contracts</i> ¹
Amendments to HKFRS 17	<i>Insurance Contracts</i> ^{1, 5}
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 -Comparative Information</i> ⁶
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> ^{2, 4}
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ¹
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> ¹
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

⁵ As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

⁶ An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance

provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

3. OPERATING 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 and sales of residential and commercial properties
Specialised construction:	Design, installation and selling of curtain walls and aluminum windows, doors and other materials
Property investment:	Holding of properties to generate rental income and/or to gain from the appreciation in properties' values in the long-term

No operating segments identified by the executive directors have been aggregated in arriving at the reportable segments of the Group.

During the year ended 31 December 2022, the Group changed the internal reporting structure for making decisions about resource allocation and performance assessment. The “Securities investment” segment is no longer disclosed separately. Accordingly, the amounts previously reported under the reportable operating segments have been aggregated to conform with the current year’s presentation.

Segment revenue and results

	Real estate development		Specialised construction		Property investment		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
								(Restated)
Revenue								
Total segment revenue	9,874,962	12,511,033	147,538	321,444	48,286	60,168	10,070,786	12,892,645
Inter-segment revenue	—	—	—	—	(6,257)	(7,007)	(6,257)	(7,007)
Sales to external customers	9,874,962	12,511,033	147,538	321,444	42,029	53,161	10,064,529	12,885,638
Results								
Segment results	(76,840)	1,396,636	(174,427)	(4,692)	10,691	8,821	(240,576)	1,400,765
Unallocated corporate expenses, net							(174,251)	(207,116)
Finance income							(414,827)	1,193,649
Finance costs							178,863	249,115
Share of results of associates							(138,144)	(163,076)
Share of results of joint ventures							(786,422)	(264,007)
							137,773	48,253
(Loss)/profit before tax							(1,022,757)	1,063,934

The accounting policies of the reportable and operating segments are the same as the Group’s accounting policies. Segment results represent the (loss)/profit before tax without allocation of unallocated corporate income and expenses, finance income, finance costs and share of results of associates and joint ventures.

Inter-segment revenue is charged at prevailing market rates.

Segment assets and liabilities

	Real estate development		Specialised construction		Property investment		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets								(Restated)
Segment assets	<u>58,273,797</u>	<u>67,125,762</u>	<u>190,449</u>	<u>376,585</u>	<u>2,084,007</u>	<u>2,099,569</u>	<u>60,548,253</u>	69,601,916
Unallocated corporate assets							<u>6,838,772</u>	<u>7,571,328</u>
Total assets							<u><u>67,387,025</u></u>	<u><u>77,173,244</u></u>
Liabilities								
Segment liabilities	<u>49,213,791</u>	<u>52,070,383</u>	<u>98,193</u>	<u>179,234</u>	<u>13,675</u>	<u>11,702</u>	<u>49,325,659</u>	52,261,319
Unallocated corporate liabilities							<u>1,249,268</u>	<u>1,794,014</u>
Total liabilities							<u><u>50,574,927</u></u>	<u><u>54,055,333</u></u>

Segment assets consist primarily of interests in associates, interests in joint ventures, property, plant and equipment, investment properties, other financial assets, inventories, receivables, contract assets, contract costs and operating cash but exclude items such as financial assets at fair value through other comprehensive income, bank deposits for corporate use and deferred tax assets. Segment liabilities comprise all operating liabilities but exclude items such as taxation and certain other payables.

Other segment information

	Real estate development		Specialised construction		Property investment		Segment total		Unallocated		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:												
Interests in associates	2,269,633	3,306,006	—	—	—	—	2,269,633	3,306,006	—	—	2,269,633	3,306,006
Interests in joint ventures	341,852	227,863	—	—	—	—	341,852	227,863	—	—	341,852	227,863
Capital expenditures	12,637	264,633	96	—	27	39	12,760	264,672	11,098	698	23,858	265,370
Depreciation recognised	40,505	49,376	57	54	334	377	40,896	49,807	5,104	5,453	46,000	55,260
Fair value changes on investment properties	53,014	135,767	—	—	15,800	17,700	68,814	153,467	—	—	68,814	153,467
Allowance/(reversal of allowance) for impairment of inventories, net	550,403	(47,598)	—	—	—	—	550,403	(47,598)	—	—	550,403	(47,598)
Impairment losses (reversed)/recognised under expected credit loss model, net	—	—	—	—	(1,145)	13,640	(1,145)	13,640	—	—	(1,145)	13,640

Geographical information

The Group operates its businesses in two main geographical areas:

Hong Kong: Real estate development, specialised construction and property investment

Mainland China: Real estate development and property investment

In presenting geographical information, sales are presented based on the geographical locations of the customers. Total non-current assets exclude financial instruments and deferred tax assets.

	Hong Kong		Mainland China		Total	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
External sales	194,432	378,002	9,870,097	12,507,636	10,064,529	12,885,638
Total non-current assets	<u>2,147,434</u>	<u>2,175,599</u>	<u>3,900,756</u>	<u>4,510,866</u>	<u>6,048,190</u>	<u>6,686,465</u>

Information about major customer

No revenue from transaction with single external customer is amounted to 10% or more of the Group's revenue for both years.

4. REVENUE

An analysis of revenue is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>	10,022,500	12,832,477
<i>Revenue from other sources</i>		
Rental and management fee income from investment properties	<u>42,029</u>	<u>53,161</u>
	<u>10,064,529</u>	<u>12,885,638</u>

5. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Government subsidies	41,582	317
Dividend income	49,081	59,922
Management fee income from fellow subsidiaries	2,794	4,813
Others	<u>33,382</u>	<u>26,538</u>
	<u>126,839</u>	<u>91,590</u>

6. (LOSS)/PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of properties sold (i)	8,703,169	10,196,779
Cost of specialised construction	294,145	291,474
Direct operating expenses incurred for investment properties that generated rental income	13,901	11,912
Depreciation	46,000	55,260
Auditor's remuneration	4,150	3,650
Employee benefit expense (including directors' emoluments)	290,771	323,565
Allowance/(reversal of allowance) for impairment of inventories	550,403	(47,598)
Net exchange loss	23,808	5,949

(i) Included in cost of properties sold are capitalised interest expenses of HK\$265,389,000 (2021: HK\$619,054,000).

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong. Under the two-tiered profits tax regime, the first HK\$2,000,000 (2021: HK\$2,000,000) of the profits of qualifying group entities established in Hong Kong have been taxed at 8.25%, and profits above that amount have been subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rate regime will continue to be taxed at a rate of 16.5%.

The PRC enterprise income tax had been calculated on the estimated assessable profit for the year derived in Mainland China at the rate of 25% (2021: 25%).

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
PRC enterprise income tax	120,574	842,018
PRC land appreciation tax	188,898	13,934
Hong Kong profits tax	67	21
	<u>309,539</u>	<u>855,973</u>
Deferred tax	27,928	(423,846)
	<u><u>337,467</u></u>	<u><u>432,127</u></u>

8. DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 December 2022 (2021: final dividend and a special dividend in respect of HK1.0 cent each per ordinary share totalling HK\$66,938,000).

A final dividend and a special dividend in respect of the year ended 31 December 2021 of HK1.0 cent each per ordinary share totalling HK\$66,938,000 (2021: final dividend and a special dividend in respect of the year ended 31 December 2020 of HK1.0 cent each per ordinary share totalling HK\$66,938,000) were recognised as distribution during the year.

9. (LOSS)/EARNINGS PER SHARE — BASIC AND DILUTED

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

Since there were no dilutive potential ordinary shares, the diluted (loss)/earnings per share is equal to basic (loss)/earnings per share.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit attributable to equity holders of the Company	<u>(1,362,468)</u>	<u>89,209</u>
	2022 Number of shares '000	2021 Number of shares '000
Weighted average number of ordinary shares in issue during the year	<u>3,346,908</u>	<u>3,346,908</u>

10. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables, net (a)	140,525	139,732
Deposits	153,450	211,351
Prepayments (b)	744,158	891,132
Prepayments for land cost (c)	781,192	1,969,482
Amount due from a fellow subsidiary	2,687	—
Amounts due from associates	955,518	1,052,958
Amounts due from joint ventures	2,751,595	3,054,411
Amounts due from non-controlling shareholders of subsidiaries	5,244,098	4,962,606
Others	<u>236,584</u>	<u>241,224</u>
	<u>11,009,807</u>	<u>12,522,896</u>

- (a) The aging analysis of trade receivables based on due date for rental receivables, date of properties delivered to purchasers and billing date of construction services certified is as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	119,632	109,665
91 to 180 days	3,784	3,006
181 days to 1 year	1,848	7,532
1 to 2 years	31,960	22,020
Over 2 years	26,978	43,048
	184,202	185,271
Less: Allowance for impairment	(43,677)	(45,539)
	140,525	139,732

- (b) As at 31 December 2022, prepayments included prepaid other taxes and other charges of approximately HK\$684,852,000 (2021: HK\$845,219,000).
- (c) Prepayments for land cost represented payments to the Bureau of Planning and Natural Resources of PRC for the acquisition of land in Mainland China and the amount will be reclassified to inventory upon issuance of land use right certificates.

11. RESERVES

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Cash flow hedging reserve <i>HK\$'000</i>	Revaluation reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 January 2021	4,275,172	515,336	769	265,041	(59,846)	4,359	(296,986)	(259,464)	4,819,879	9,264,260
Fair value loss of financial assets at fair value through other comprehensive income	—	—	—	(267,345)	—	—	—	—	—	(267,345)
Fair value gain on hedging instruments in cash flow hedges	—	—	—	—	36,407	—	—	—	—	36,407
Gain on revaluation of owner-occupied properties upon transfer to investment properties	—	—	—	—	—	39,424	—	—	—	39,424
Currency translation adjustments	—	—	—	—	—	—	—	589,909	—	589,909
Gain on partial disposal of equity interests in a subsidiary	—	—	—	—	—	—	844	—	—	844
2020 final dividend paid	—	—	—	—	—	—	—	—	(66,938)	(66,938)
Profit for the year	—	—	—	—	—	—	—	—	89,209	89,209
Balance as at 31 December 2021	<u>4,275,172</u>	<u>515,336</u>	<u>769</u>	<u>(2,304)</u>	<u>(23,439)</u>	<u>43,783</u>	<u>(296,142)</u>	<u>330,445</u>	<u>4,842,150</u>	<u>9,685,770</u>
Fair value loss of financial assets at fair value through other comprehensive income	—	—	—	(182,343)	—	—	—	—	—	(182,343)
Fair value gain on hedging instruments in cash flow hedges	—	—	—	—	54,709	—	—	—	—	54,709
Gain on revaluation of owner-occupied properties upon transfer to investment properties	—	—	—	—	—	2,726	—	—	—	2,726
Currency translation adjustments	—	—	—	—	—	—	—	(1,646,618)	—	(1,646,618)
2021 final dividend paid	—	—	—	—	—	—	—	—	(66,938)	(66,938)
Loss for the year	—	—	—	—	—	—	—	—	(1,362,468)	(1,362,468)
Balance as at 31 December 2022	<u>4,275,172</u>	<u>515,336</u>	<u>769</u>	<u>(184,647)</u>	<u>31,270</u>	<u>46,509</u>	<u>(296,142)</u>	<u>(1,316,173)</u>	<u>3,412,744</u>	<u>6,484,838</u>

12. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade, bills and contract payables (a)	2,413,338	3,188,827
Retention payables	26,697	21,972
Accrued construction costs, other accruals and other payables	5,832,214	6,470,109
Rental deposits received	10,410	8,927
Amounts due to fellow subsidiaries	2,613,562	1,090,401
Amounts due to non-controlling shareholders of subsidiaries	585,540	2,054,568
Amounts due to associates	2,021,119	2,463,129
Amount due to a joint venture	57,219	41,666
Deferred revenue (b)	<u>271,363</u>	<u>316,528</u>
	13,831,462	15,656,127
Less: Deferred revenue, amortise after 1 year shown under non-current liabilities	<u>(250,256)</u>	<u>—</u>
Amounts due for settlement within 1 year shown under current liabilities	<u>13,581,206</u>	<u>15,656,127</u>

(a) The aging analysis of trade, bills and contract payables of the Group based on invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 90 days	1,205,235	1,503,667
91 to 180 days	181,691	388,955
181 days to 1 year	531,540	974,484
1 year to 2 years	340,507	98,687
Over 2 years	<u>154,365</u>	<u>223,034</u>
	<u>2,413,338</u>	<u>3,188,827</u>

(b) Deferred revenue

As at 31 December 2022, included in deferred revenue was a government subsidy of HK\$268,131,000 (2021: HK\$312,500,000) towards the cost of construction of its assets. It transferred to other income on a systematic basis over certain period when the related assets commence to use.

13. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Overview

Unprecedented challenges facing China's real estate sector, resulting from the recurring pandemic-triggered lockdowns in various regions across China, which had a certain impact on sales, land auctions and construction activity, coupled with the weakened momentum in the medium to long-term housing demand in 2022. The Group proactively responded to the downward pressure on the industry, adhered to the strategy of pursuing high-quality products, enhanced operation quality, accelerated the transformation into an urban operator, and considered sound operation as the top priority under the extremely unfavorable industry environment.

During the year, the Group's revenue decreased by 21.9% to HK\$10,065 million compared with the corresponding period last year, net loss and loss attributable to equity holders of the Company were HK\$1,360 million and HK\$1,362 million, respectively. Loss for the year was mainly attributable to: (1) some real estate development projects in the Pearl River Delta experienced construction slippages caused by the ongoing COVID-19 pandemic, in particular the severe resurgence of the pandemic in the fourth quarter of 2022, leading to delay in property delivery to purchasers; (2) the decrease in the gross profit margin of the real estate development business due to a higher proportion of real estate development projects with lower gross profit margin being recognised during the year; (3) for the sake of prudence, the increase in the provision for impairment of inventory of the Group's real estate development projects in light of the downturn of the real estate market; (4) the decrease in rental and related income from investment properties due to the economic slowdown as a result of the COVID-19 pandemic; and (5) according to the latest estimates, specialised construction business recorded a loss as some projects experienced cost overruns due to rising material and labour costs. The aforesaid provision for impairment of inventory was non-cash in nature and the Group's overall financial position remained healthy, maintaining the "green" status of the three red lines.

Business Development

(1) Real Estate Development

Contracted Sales

During the year, stringent measures for prevention and control of the COVID-19 pandemic had been imposed in some regions, in light of the widespread outbreak in Mainland China, where the sales centers were closed to the public and offline house viewing was hindered, in addition to the sluggish residential sales, giving rise to a decline in the Company's contracted sales in 2022.

The contracted sales of the Company together with its subsidiaries, joint ventures and associates in 2022 decreased by 48.8% to RMB13.3 billion compared with the corresponding period last year (2021: RMB26.0 billion) whilst the gross floor area (“GFA”) contracted for sale decreased by 43.5% to 560,000 square meters (2021: 992,000 square meters) compared with the corresponding period last year. The Group’s contracted sales were mainly derived from the real estate development projects in Tier 1 and core Tier 2 cities.

The contracted sales breakdown was listed as below:

Location	For the year ended 31 December			
	2022		2021	
	Contracted amount (RMB million)	Contracted GFA (sq.m.)	Contracted amount (RMB million)	Contracted GFA (sq.m.)
Pan Bohai Rim	4,087	177,884	3,780	192,483
Yangtze River Delta	3,890	94,089	11,612	286,427
Central China Region	1,360	125,793	2,679	252,231
Chengdu-Chongqing Region	753	64,536	1,496	88,436
Pearl River Delta (including Hong Kong)	3,211	97,273	6,441	172,871
Total	13,301	559,575	26,008	992,448

Revenue

Given the construction progress was delayed by the pandemic during the year, some real estate development projects in the Pearl River Delta were affected and a total of approximately RMB5.8 billion of sales could not be recognised in 2022 as scheduled. The revenue from the real estate development business decreased by 21.1% to HK\$9,875 million (2021: HK\$12,511 million) from the corresponding period last year due to the shrinking scale of real estate projects recognised. The revenue was mainly derived from the real estate development projects in Central China Region and Chengdu-Chongqing Region. The gross profit margin of the real estate development business dropped by 6.6 percentage points to 11.9% (2021: 18.5%) from the corresponding period last year, mainly due to a higher proportion of real estate development projects with lower gross profit margin being recognised during the year.

(2) *Specialised Construction*

The Group is engaged in the business of specialised construction mainly comprising the services of design, production and installation of curtain walls in Hong Kong market via Minmetals Condo (Hong Kong) Engineering Company Limited (“Condo Hong Kong”). During the year, Condo Hong Kong adopted a relatively conservative bidding strategy to control risk and therefore no new projects were undertaken.

Revenue from specialised construction business decreased by 54.0% to HK\$148 million (2021: HK\$322 million) as compared to the corresponding period last year, resulting from fewer projects under construction and project slippages caused by the ongoing pandemic during the year. According to the latest estimates, some projects experienced cost overruns due to escalated material and labour costs, turning the specialised construction business from a profit to a loss position.

(3) *Property Investment*

The Group’s property investment business primarily comprises two commercial office buildings in Hong Kong, namely China Minmetals Tower in Tsimshatsui and LKF 29 in Central. As at 31 December 2022, LKF 29 recorded a relatively satisfactory occupancy rate of 93.2% (2021: 91.8%). The vacancy rate of China Minmetals Tower, which has a relatively high proportion of retail and restaurant tenants, increased with an occupancy rate of only 63.2% (2021: 80.3%). During the year, the investment sentiment in Hong Kong was dampened by the ongoing COVID-19 pandemic and the business environment was challenging, therefore the revenue from the property investment business decreased by 20.8% to HK\$42 million (2021: HK\$53 million) as compared to the corresponding period last year. The gross profit margin decreased by 10.7 percentage points to 66.9% (2021: 77.6%) as compared to the corresponding period last year, mainly due to the decrease in rental income and the increase in operating costs as a result of building repair and maintenance works during the year.

Land Bank

As at 31 December 2022, the Group has 44 real estate development projects in 18 cities, namely Beijing, Guangzhou, Shenzhen, Hong Kong, Tianjin, Nanjing, Changsha, Chengdu, Suzhou, Wuhan, Foshan, Taian, Xiangtan, Huizhou, Langfang, Yingkou, Xining and Nan'an, with a total developable GFA (“Land Bank”) of 7,819,000 square meters.

As at 31 December 2022, the composition of the Group’s Land Bank was listed as below:

City Tier	Land Bank (’000 sq.m.)	Percentage share of Land Bank
First tier cities ¹	2,613	33.4%
Second tier cities ²	2,768	35.4%
Third tier cities ³	2,438	31.2%
Total	7,819	100.0%

Notes:

1. First tier cities include Beijing, Tianjin, Guangzhou, Shenzhen and Hong Kong.
2. Second tier cities include Chengdu, Changsha, Wuhan, Nanjing, Foshan and Suzhou.
3. Third tier cities include Yingkou, Langfang, Huizhou, Xiangtan, Xining, Taian and Nan’an.

Location	Land Bank (’000 sq.m.)	Percentage share of Land Bank
Pan Bohai Rim	2,609	33.4%
Yangtze River Delta	332	4.2%
Central China Region	1,717	22.0%
Chengdu-Chongqing Region	1,394	17.8%
Pearl River Delta (including Hong Kong)	1,767	22.6%
Total	7,819	100.0%

Newly Acquired Land Bank

In 2022, the Group's newly acquired Land Bank was listed as below:

Location/Project	Property type	Attributable interest to the Group	Site area (sq.m.)	Estimated construction GFA (sq.m.)	Total land cost (RMB million)	Average land cost (RMB per sq.m.)	Acquisition date
1. Nan'an Project	Industrial	70%	56,000	81,000	17	310	08/08/2022
Total			56,000	81,000	17	310	

Industry-City Business

Dayi Project

The West-Lake Future City, located in the eastern part of Dayi County, Chengdu, is the closest part of Dayi County to the city centre of Chengdu with a great ecological landscape. 829 mu of land has been acquired to develop a future high-end community integrating residence, leisure, entertainment and industry, according to the top-level design requirements of the future park community in Chengdu. During the year, constructions were carried out in an orderly manner and incorporated elements of ecological integration, leisure consumption, innovative entrepreneurship and co-construction, co-governance and sharing, coupled with servicing resources such as humanistic education and green transportation.

Xindu Project

The project is located in Shibantan, Xindu District, Chengdu, which is the core area under the key development of the modern transportation industry functional area of Xindu. The Group collaborated with Chengdu City Municipality to establish two leading industrial ecosystems of rail transportation and aviation in the area and commenced in-depth cooperation in the fields of community facilities, service facilities, basic ancillary facilities in the region, etc. During the year, the construction management work of the railway and aviation technology innovation centres progressed in an orderly manner, and the two centres are expected to be put into use at the end of 2023 and the end of 2024, respectively. In addition, discussions on the investment promotion and regional integrated operation service of the two technology and innovation centres went smoothly, and the implementation of the services was conducted in an orderly manner.

Nan'an Project

The project is located in Yingdu, Nan'an, Fujian. It takes valve business as the leading industry, and actively introduces comprehensive industrial supporting facilities around the core industry to build a multi-functional industrial space that integrates production, research and development, storage, exhibition, inspection and testing services, etc., satisfying different needs of quality corporates and growing enterprises. In August 2022, the Group acquired a prime industrial land of 83 mu at the reserve price and aimed to develop a multi-storey factory, with an objective to attract leading valve and fire safety manufacturers and high-quality growing valve-supporting enterprises to establish their presence there. The project marked a significant achievement for the Group's transformation into an urban operator, as well as set a solid foundation for the Group's strategic deployment of business in Fujian.

Opening of Minmetals Changsha-Live Phase 2

Minmetals Changsha-Live Phase 2 was grandly opened in August 2022 and was well received by the market with a signing rate of 92.2% on the opening day. The opening of the Phase 2 focuses on building the youth sports training centre in Hunan Province, which combines sports industry and traditional commerce to set a new business benchmark and create a cultural, sports, entertainment and commercial complex with gastronomy, fascination and fun. Minmetals Changsha-Live is not only a shopping mall, but a brand-new social life style with Internet of Everything. It is hoped that it can bring new shopping and living concept to everyone and every family for creating a better life.

Awards and Honours

Changsha Minmetals Plaza Project was Awarded WELL Gold Pre-certification and Complemented by International Branded Hotel

Changsha Minmetals Plaza project has been accredited by International WELL Building Institute (or IWBI) and officially awarded the WELL Pre-certification with an assessment result of Gold Standard. This is the second time that Changsha Minmetals Plaza has obtained rating certification from an authoritative organisation, following the LEED Gold Pre-certification. Changsha Minmetals Plaza is also equipped with an internationally branded hotel, introducing the first Hyatt Centric Hotel in Central China and creating a high-end business lounge by the Xiangjiang River in Changsha to meet business and leisure needs in an all-round way.

“Aesthetics Experience Centre” of Guangzhou River Skyline Project Won TITAN Property Awards

In 2022, the “Aesthetics Experience Centre” of the sales centre of the Guangzhou River Skyline project won the Platinum Cultural Award, the highest honour of the 2022 TITAN Property Awards in the United States. TITAN Property Awards is one of the global competitions under the American International Awards Associate (IAA), which aims to recognise the highest achievements in the real estate industry. The sales centre of this project won the sole Platinum Cultural Award in the 2022 TITAN Property Awards, highly reflecting the consistency between the high-quality principle of the Group and the international principle of the industry and representing the strong ability of the Group to respect and integrate regional cultures in its product development.

Adhere to the Strategy of Pursuing High-quality Products and Enhancing Product Quality

The Group adheres to the strategy of product quality and implements the 5M intelligent health product system to all of its real estate development projects, strengthening its product competitiveness. Several quality works had been successively launched in 2022, with 15 projects including River Skyline, Regent Heights, The Greenville, Parc One, Changsha Minmetals Plaza and Enchanté Park, etc. and received 32 national and international design awards, establishing a good reputation in the market and gaining customers’ recognition.

Enhancing Brand Influence

In 2022, the Group further enriched its brand connotation, building a sound and responsible image of a state-owned enterprise. At the same time, the Group stepped up its efforts in the promotion of corporate image, collaborated with industry media resources, built up a sound brand image, actively participated in mega-brand campaigns across the industry, and took the initiative to make its voice heard in the industry media. During the year, the Group was honoured with various awards, including “2022 Outstanding Corporate Performance in Real Estate”, “2022 Top 100 Real Estate Brand Influence Enterprises in China”, “2022 Real Estate Brand Social Contribution Enterprise in China”, “2022 Annual Top 20 Real Estate Enterprises with Investment Value” and “2022 Quality Property Benchmark Enterprise”.

COVID-19 Outbreak and Effects on the Group’s Business

In 2022, the Group’s overall operation remained normal, despite the widespread outbreak of the COVID-19 pandemic in China which affected the construction progress of some of the Group’s real estate development projects located in the Pearl River Delta region. Nevertheless, the lingering effects of the COVID-19 pandemic on consumption and investment sentiment led to a drop in occupancy rates for the Group’s investment properties and rental income. In general, the COVID-19 pandemic did not have any significant adverse impact on the Group’s overall operations.

Entrusted Asset Management

During the year, the Group recorded a management service income of RMB2.40 million under the entrusted management service agreement, of which China Minmetals entrusted the Company with the management of its non-listed assets within its real estate development segment, including real estate development projects in Beijing, Tianjin, Shenyang, Liaoning, Jiangsu, Hunan and Guangdong.

FINANCIAL REVIEW

Revenue

The operating segments in the Group's consolidated income statement were reviewed and reclassified during the year. The revenue contribution from the securities investment business as a percentage of the Group's consolidated revenue has gradually decreased. Accordingly, the "securities investment" business is no longer presented separately for the year ended 31 December 2022 to better reflect the Group's business segmentation.

The Group's revenue was primarily derived from three business segments, namely real estate development, specialised construction and property investment. The Group's consolidated revenue in 2022 decreased by 21.9% to HK\$10,065 million as compared to HK\$12,886 million for the corresponding period last year.

The Group's consolidated revenue breakdown was listed as below:

	For the year ended 31 December				Year-on-year change
	2022	Percentage	2021	Percentage	
	HK\$ million	share of revenue	HK\$ million	share of revenue	
Real estate development	9,875	98.1%	12,511	97.1%	-21.1%
Specialised construction	148	1.5%	322	2.5%	-54.0%
Property investment	42	0.4%	53	0.4%	-20.8%
Total	10,065	100.0%	12,886	100.0%	-21.9%

Revenue from the real estate development business decreased by 21.1% to HK\$9,875 million (2021: HK\$12,511 million) as compared to the corresponding period last year, and accounted for 98.1% of the Group's consolidated revenue. Construction progress was being dragged down by the pandemic during the year, and some real estate development projects in the Pearl River Delta with a total of approximately RMB5.8 billion of sales could not be recognised in 2022 as planned, causing a decrease in revenue from the real estate development business.

Revenue from the specialised construction business decreased by 54.0% to HK\$148 million (2021: HK\$322 million) as compared to the corresponding period last year, and accounted for 1.5% of the Group's consolidated revenue. The decrease in revenue from the specialised construction business was primarily due to fewer projects under construction during the year and project slippages caused by the ongoing pandemic.

Revenue from the property investment business decreased by 20.8% to HK\$42 million (2021: HK\$53 million) as compared to the corresponding period last year, and accounted for 0.4% of the Group's consolidated revenue. Revenue from the property investment business was mainly generated from two commercial buildings in Hong Kong, and the decrease in revenue was primarily due to the impact arising from the COVID-19 pandemic and the economic slowdown in Hong Kong, increasing the China Minmetals Tower's vacancy rate and affecting the overall rental and related income.

The Group's overall gross profit margin decreased to 10.5% from 18.5% of the corresponding period last year, mainly due to a higher proportion of projects with lower gross profit margins recognised for the real estate development business, losses incurred for the specialised construction business and lower gross profit margin for the property investment business during the year.

Other Income

The Group's other income was HK\$127 million (2021: HK\$92 million), representing a year-on-year increase of 38.0%, mainly due to the government subsidy of approximately HK\$40 million recognised by the Group in Mainland China.

Fair Value Changes on Investment Properties

The Group's fair value loss on investment properties for the year decreased by 54.9% to HK\$69 million (2021: HK\$153 million) as compared to the corresponding period last year. During the year, fair value loss was mainly attributable to the loss of HK\$53 million from the Taian project.

Selling and Marketing Expenses

The Group's selling and marketing expenses decreased by 15.6% to HK\$395 million (2021: HK\$468 million) as compared to the corresponding period last year, mainly due to the decrease in sales commission and related marketing expenses as a result of the decline in revenue from real estate development business and contracted sales during the year. The sales commission represented 51.6% of the total selling and marketing expenses for the year.

Administrative and Other Expenses

The Group's administrative and other expenses decreased by 16.3% to HK\$582 million (2021: HK\$695 million) as compared to the corresponding period last year, mainly due to the Group exercised stringent control over the administrative expenses during the year. Administrative and other expenses mainly comprised of the Group's staff remuneration, which represented 49.9% of the total administrative and other expenses.

Provision for Impairment of Inventories

The real estate market was sluggish during the year, sales activity slowed down in some areas where the Group's projects were located with sales declined to various degrees, remarkably affecting the product sales expectations and prices. The Group made a provision of HK\$550 million for the impairment of inventories with signs of impairment under the principle of prudence.

Finance Costs

The Group's total finance costs for the year ended 31 December 2022 was HK\$961 million, representing an increase of 16.2% from HK\$827 million last year, mainly attributable to the increase in loans and rising bank interest rates during the year. Finance costs charged to the statement of profit or loss decreased by 15.3% to HK\$138 million (2021: HK\$163 million) as compared to the corresponding period last year due to an increase in the interest capitalisation ratio for the year. During the year, the weighted average borrowing cost of the Group increased by 0.5 percentage point to 4.1%.

Share of Results of Associates

The Group's share of loss of associates increased by 2.0 times to HK\$786 million (2021: HK\$264 million) as compared to the corresponding period last year, mainly due to the impairment of inventories made by an associate in response to market conditions during the year, and the Group recorded a loss in respect of the impairment of inventories to a pro-rata share amounted to HK\$709 million (2021: HK\$46 million).

Share of Results of Joint Ventures

The Group's share of profit of joint ventures increased by 1.9 times to HK\$138 million (2021: HK\$48 million) as compared to the corresponding period last year. The share of profit for the year was mainly attributable to the revenue recognised from an individual joint venture project in the Yangtze River Delta.

Loss and Core Profit Attributable to Equity Holders of the Company

In view of the above, the Group recorded a net loss of HK\$1,360 million (2021: net profit of HK\$632 million), turning from profit to a loss position during the year. The loss attributable to equity holders of the Company was HK\$1,362 million (2021: profit attributable to equity holders of the Company of HK\$89 million). Basic loss per share was HK40.71 cents (2021: basic earnings per share of HK2.67 cents). Core profit attributable to equity holders of the Company⁴ was HK\$107 million (2021: HK\$356 million).

Financial Position

As at 31 December 2022, the Group's total assets decreased by 12.7% to HK\$67,387 million (2021: HK\$77,173 million) whilst net assets decreased by 27.3% to HK\$16,812 million (2021: HK\$23,118 million). The decrease in net assets was mainly attributable to the Group's repayments of perpetual capital instruments of HK\$2,448 million during the year, a loss attributable to equity holders of the Company of HK\$1,362 million, a decrease in exchange reserves of HK\$1,647 million and a fair value loss on financial assets of HK\$182 million.

The contract liabilities, which mainly represent pre-sale proceeds received by the Group that will subsequently be recognised as the Group's revenue when presold properties are completed and delivered to buyers. During the year, the Group's contract liabilities decreased by 28.0% to HK\$11,416 million (2021: HK\$15,849 million), which was mainly due to the Group's revenue recognised was higher than the sales proceeds generated from contracted sales during the year.

The financial position of the Group remained healthy, and the "three red lines" remained green. During the year, the Group's gearing ratio (total liabilities to total assets) was 75.1% (2021: 70.0%). The rise of 5.1 percentage points in the gearing ratio was mainly due to the Group's repayments of perpetual capital instruments of HK\$2,448 million, the decrease in its carrying amount when converting RMB-denominated assets into Hong

Note:

4. "Core profit attributable to equity holders of the Company" excludes allowance/reversal for impairment of inventories, share of impairment of inventories of associates and joint ventures, exchange losses, fair value changes on investment properties, reversal/allowance for impairment of receivables.

Kong dollar due to the depreciation of Renminbi and the increase in borrowings during the year. The gearing ratio, net of contract liabilities and deferred revenue, was 69.8% (2021: 62.1%). The net gearing ratio (net debt to total equity) was 94.5% (2021: 38.9%).

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group's working capital was mainly derived from cash flows generated from business operations and borrowings.

In terms of offshore financing, the Group entered into a 4-year term loan facility amounted to HK\$3.5 billion with certain banks in June 2022, with the proceeds were used to refinance the existing borrowings. In terms of onshore financing, the Group secured several construction loans and issued a non-public directional debt financing instruments amounted to RMB800 million in the National Association of Financial Market Institutional Investors. The Group continues to give full play to its competitive advantage as a listed flagship in Hong Kong, adheres to prudent financial management principles and maintains a sound financial position by enhancing cash flow and liquidity.

Total borrowings of the Group stood at HK\$24,309 million (2021: HK\$21,017 million) as at 31 December 2022, which mainly comprised borrowings from banks and bonds. The increase in total borrowings was mainly due to loans from non-controlling shareholders of real estate development projects, construction loans and corporate loans. The Group's weighted average borrowing costs increased by 0.5 percentage point to 4.1% (2021: 3.6%).

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

	31 December 2022		31 December 2021	
	HK\$ million	Percentage share of borrowings	HK\$ million	Percentage share of borrowings
Within one year	7,132	29.3%	6,547	31.2%
In the second year	6,717	27.6%	4,179	19.9%
In the third to fifth year	10,460	43.1%	9,395	44.7%
More than five years	—	0.0%	896	4.2%
Total	24,309	100.0%	21,017	100.0%

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

	31 December 2022		31 December 2021	
	HK\$ million	Percentage share of borrowings	HK\$ million	Percentage share of borrowings
Renminbi	5,686	23.4%	2,227	10.6%
Hong Kong Dollar	15,317	63.0%	15,487	73.7%
United States Dollar	3,306	13.6%	3,303	15.7%
Total	24,309	100.0%	21,017	100.0%

During the year, the finance cost recognised in the statement of profit or loss amounted to HK\$138 million (2021: HK\$163 million) after capitalisation of HK\$823 million (2021: HK\$664 million) into properties under development.

As at 31 December 2022, the Group's cash and bank deposits (excluding restricted cash and bank deposits) amounted to HK\$7,701 million (2021: HK\$10,956 million), of which 97.7%, 1.9% and 0.4% (2021: 97.5%, 2.1% and 0.3%) were denominated in Renminbi, Hong Kong dollar and United States dollar respectively. The unutilised banking facilities of the Group as at 31 December 2022 amounted to HK\$7,141 million (2021: HK\$4,360 million).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND INTEREST RATES

Exchange Rate Risk

The Group conducts its business primarily in Mainland China with the external financing being denominated mainly in Hong Kong dollar while revenue being denominated mainly in Renminbi. The Group is exposed to exchange rate risk as transactions are denominated in a currency other than Hong Kong dollar (the reporting and functional currency of the Company). The Group has been closely monitoring the fluctuation in Renminbi exchange rate and has considered necessary measures, including adjustment to the proportion of borrowings in foreign currencies and utilisation of foreign exchange hedging instruments such as forward foreign exchange contracts or capped forward contracts to minimise the impact arising from exchange rate fluctuation.

Interest Rate Risk

The Group is also exposed to interest rate risk resulting from fluctuation in interest rates. Most of the Group's borrowings bear floating rate and therefore, an increase in interest rate would raise the Group's finance costs. In order to mitigate the interest rate risk, the Group entered into an interest rate swap contract in which the Group would receive

interest of one-month HIBOR and pay monthly interest at a fixed rate based on the notional amount of HK\$1.0 billion. As at 31 December 2022, 23.0% (2021: 25.2%) of the Group's borrowings was on a fixed rate basis with the remainder on a floating rate basis.

As at 31 December 2022, save as disclosed above, the Group did not have/held any financial instruments for hedging or speculative purposes.

CHARGES ON ASSETS OF THE GROUP

As at 31 December 2022, certain assets of the Group were pledged to secure certain banking facilities granted to the Group and mortgage loan facilities to the purchasers of the Group's properties, and these pledged assets of the Group included:

- i. inventories with carrying amounts of approximately HK\$12,729 million (2021: HK\$6,472 million);
- ii. property, plant and equipment with carrying amounts of approximately HK\$195 million (2021: Nil);
- iii. investment properties with the fair value of approximately HK\$186 million (2021: Nil); and
- iv. 100% equity interest in a subsidiary.

FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

As at 31 December 2022, guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties amounted to HK\$8,919 million (2021: HK\$11,189 million). Such guarantees will terminate upon the earlier of (i) the issuance of the property ownership certificate (generally within one year after the purchasers take possession of the relevant properties); or (ii) the repayment of mortgage loans by the purchasers. After taking into account the net realisable value of these properties and the low default rate, the Directors consider that the fair value of the financial guarantee at initial recognition and subsequently at the end of subsequent reporting period is not significant.

EMPLOYEES

The total number of staff (including the Directors) of the Group, decreased 3.12% to 1,211 (2021: 1,250) as at 31 December 2022. The Group will continue to adopt a remuneration policy in line with market practice where it operates. The total remuneration and benefits for the Directors and staff of the Group for the year ended 31 December 2022 amounted to HK\$468 million (2021: HK\$548 million).

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 7 June 2013 (the “Share Option Scheme”) to recognise and acknowledge eligible persons for their contribution or potential contribution to the Group. The Share Option Scheme shall remain in force for 10 years from its adoption date. Details of the Share Option Scheme will be set out in the 2022 annual report of the Company.

As at 31 December 2022, no share options has been granted by the Company pursuant to the Share Option Scheme.

ANNUAL GENERAL MEETING

An annual general meeting of the shareholders of the Company will be convened to be held on Tuesday, 6 June 2023 (the “2023 AGM”). The notice of the 2023 AGM which forms part of the circular to shareholders of the Company will be despatched together with the 2022 annual report.

CLOSURE OF REGISTER OF MEMBERS FOR 2023 AGM

The register of members of the Company will be closed from Thursday, 1 June 2023 to Tuesday, 6 June 2023 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining shareholders’ entitlement to attend and vote at the 2023 AGM.

To be entitled to attend and vote at the 2023 AGM, all share certificates together with completed transfer forms must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 31 May 2023.

CORPORATE GOVERNANCE

Corporate Governance Code

In the opinion of the Directors, throughout the year ended 31 December 2022, the Company has complied with the code provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Listing Rules, except for deviations from code provisions B.2.2, C.2.1 and F.2.2.

Every Director, including those appointed for a specific term, are subject to retirement by rotation in the manner as set out in code provision B.2.2 of the CG Code, except for the Chairman and the Managing Director of the Company where they are not required to do so pursuant to the Private Company Act 1981 of Bermuda under which the Company is incorporated.

Deviating from code provision C.2.1 of the CG Code, Mr. He Jianbo, an Executive Director of the Company, serves as the Chairman of the board of director of the Company (the “Board”). He is responsible for the overall strategic direction of the Group, management of the Board as well as organising the management of the Company for strategic planning and business operations to enable more effective implementation of long-term strategies. It is believed that the balance of power and authority is adequately ensured as major decisions have been made in consultation with the Board, which comprises three Independent Non-executive Directors of the Company and two Non-executive Directors of the Company offering their experience, expertise, independent advice and views from different perspectives.

The chairman of the board should attend the annual general meeting as set out in code provision F.2.2 of the CG Code. However, Mr. He Jianbo, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 26 May 2022 due to other work commitment. Mr. Liu Bo, the General Manager of the Company and the Executive Director, chaired the meeting on behalf of the Chairman of the Board and was available to answer questions.

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 enquiries, all the Directors have confirmed in writing that they have complied with the Rules for Securities Transactions throughout the year ended 31 December 2022.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has discussed with the management of the Company and the Group’s auditor, Messrs. Ernst & Young, on the consolidated financial statements of the Group for the year ended 31 December 2022 and has also reviewed the accounting principles and practices adopted by the Group, internal control and other financial reporting matters. The consolidated financial statements of the Group for the year ended 31 December 2022 were recommended by the audit committee of the Company to the Board for approval.

SCOPE OF WORK OF MESSRS. ERNST & YOUNG

The figures as set out in this announcement in relation to the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 have been agreed by the Group's auditor, Messrs. Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and accordingly, no assurance has been expressed by Messrs. Ernst & Young on this announcement.

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 year ended 31 December 2022.

By order of the Board
Minmetals Land Limited
He Jianbo
Chairman

Hong Kong, 23 March 2023

The Company's 2022 annual report containing, inter alia, the corporate governance report, the report of the directors and the consolidated financial statements for the year ended 31 December 2022 will be published on the Company's website at www.minmetalsland.com and the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk in due course.

As at the date of this announcement, the Board comprises nine directors, namely Mr. He Jianbo as the Chairman and an executive director, Mr. Liu Bo, Mr. Chen Xingwu and Mr. Yang Shangping as executive directors, Ms. He Xiaoli and Mr. Huang Guoping as non-executive directors, and Mr. Lam Chung Lun, Billy, Ms. Law Fan Chiu Fun, Fanny and Professor Wang Xiuli as independent non-executive directors.