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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 INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023

UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) 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 2023 together with the comparative figures of the corresponding period in 2022.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
For the six months ended 30 June 2023

		Six months ended 30 June	
	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>REVENUE</b>	3	8,343,105	6,283,210
Cost of sales		(6,540,081)	(5,435,987)
<b>Gross profit</b>		<b>1,803,024</b>	847,223
Other income	4	38,367	52,642
Fair value changes on investment properties		(14,912)	(57,052)
Selling and marketing expenses		(165,329)	(166,055)
Administrative and other expenses		(231,983)	(284,196)
Allowance for impairment of inventories		(192,274)	(168,944)
Impairment loss reversed/(recognised) under the expected credit loss model, net		328	(7,269)
Finance income		95,070	87,029
Finance costs		(245,355)	(63,987)
Share of results of associates		(67,846)	(63,197)
Share of results of joint ventures		11,710	94,743
<b>PROFIT BEFORE TAX</b>		<b>1,030,800</b>	270,937
Income tax expense	5	(437,661)	(220,785)
<b>PROFIT FOR THE PERIOD</b>	6	<b>593,139</b>	50,152
<b>Profit/(loss) for the period attributable to:</b>			
Equity holders of the Company		111,693	90,293
Holders of perpetual capital instruments		—	46,990
Non-controlling interests		481,446	(87,131)
		<b>593,139</b>	50,152
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY, IN HK CENTS</b>			
Basic	8	3.34	2.70
Diluted	8	3.34	2.70

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2023*

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>PROFIT FOR THE PERIOD</b>	<b>593,139</b>	<b>50,152</b>
<b>OTHER COMPREHENSIVE (EXPENSE)/INCOME</b>		
Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:		
Currency translation differences	(740,445)	(1,301,126)
Fair value (loss)/gain on hedging instruments in cash flow hedges	(11,703)	44,252
Share of other comprehensive expense of associates	(67,913)	(143,248)
Share of other comprehensive expense of joint ventures	(10,912)	(12,161)
	<u>(830,973)</u>	<u>(1,412,283)</u>
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:		
Fair value loss on financial assets at fair value through other comprehensive income	(125,073)	(80,769)
	<u>(125,073)</u>	<u>(80,769)</u>
<b>OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD</b>	<b>(956,046)</b>	<b>(1,493,052)</b>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD</b>	<b>(362,907)</b>	<b>(1,442,900)</b>
<b>Total comprehensive (expense)/income for the period attributable to:</b>		
Equity holders of the Company	(518,606)	(809,930)
Holders of perpetual capital instruments	—	(60,690)
Non-controlling interests	155,699	(572,280)
	<u>(362,907)</u>	<u>(1,442,900)</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**30 June 2023**

	<i>Notes</i>	<b>30 June 2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31 December 2022 <i>HK\$'000</i> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		648,187	662,273
Investment properties		2,752,924	2,774,432
Interests in associates		2,133,874	2,269,633
Interests in joint ventures		343,035	341,852
Financial assets at fair value through other comprehensive income		276,355	401,428
Other financial assets		—	31,270
Other receivables		7,860	9,039
Deferred tax assets		520,756	754,807
<b>Total non-current assets</b>		<b>6,682,991</b>	<b>7,244,734</b>
<b>CURRENT ASSETS</b>			
Inventories	<i>9</i>	33,697,122	39,506,138
Prepayments, trade and other receivables	<i>10</i>	10,759,036	11,009,807
Prepaid income tax		667,992	818,011
Contract assets	<i>11</i>	123,537	144,360
Contract costs		246,849	238,300
Other financial assets		19,567	—
Cash and bank deposits, restricted		320,155	724,314
Cash and bank deposits, unrestricted		7,033,572	7,701,361
<b>Total current assets</b>		<b>52,867,830</b>	<b>60,142,291</b>
<b>Total assets</b>		<b>59,550,821</b>	<b>67,387,025</b>
<b>EQUITY</b>			
Share capital		334,691	334,691
Reserves		5,966,232	6,484,838
Equity attributable to equity holders of the Company		6,300,923	6,819,529
Non-controlling interests		10,063,858	9,992,569
<b>Total equity</b>		<b>16,364,781</b>	<b>16,812,098</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	<i>12</i>	13,045,602	17,176,328
Other payables		233,816	250,256
Deferred tax liabilities		254,435	316,495
Lease liabilities		6,494	10,021
<b>Total non-current liabilities</b>		<b>13,540,347</b>	<b>17,753,100</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	<i>12</i>	12,660,232	7,132,439
Trade and other payables	<i>13</i>	9,412,089	13,581,206
Contract liabilities		6,900,746	11,415,551
Lease liabilities		10,561	18,893
Taxation payable		662,065	673,738
<b>Total current liabilities</b>		<b>29,645,693</b>	<b>32,821,827</b>
<b>Total liabilities</b>		<b>43,186,040</b>	<b>50,574,927</b>
<b>Total equity and liabilities</b>		<b>59,550,821</b>	<b>67,387,025</b>
<b>Net current assets</b>		<b>23,222,137</b>	<b>27,320,464</b>
<b>Total assets less current liabilities</b>		<b>29,905,128</b>	<b>34,565,198</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 30 June 2023

### 1. GENERAL 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. Its immediate holding company is June Glory International Limited (incorporated in the British Virgin Islands) and its ultimate holding company is China Minmetals Corporation (incorporated in Mainland China).

The interim condensed consolidated financial information has been approved for issue by the Board on 24 August 2023.

### 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

The interim condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (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”).

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial information is presented in thousands of units of Hong Kong dollars (“HK\$’000”), unless otherwise stated, which is also the functional currency of the Company.

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9</i> <i>— Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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

- (a) Amendments to HKAS 1 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. The Group has applied the amendments since 1 January 2023. The amendments did not have any significant impact on the Group's interim condensed consolidated financial information.
- (b) 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 Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any significant impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* 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 did not have any significant impact on the financial position of the Group as at 1 January 2022 and 31 December 2022 or its consolidated financial performance for the year ended 31 December 2022. The Group has adopted the amendments on temporary differences related to leases from 1 January 2023.

- (d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any significant impact to the Group.

### 3. REVENUE AND SEGMENT INFORMATION

An analysis of revenue is as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<i>Revenue from contracts with customers</i>	<b>8,319,895</b>	6,261,579
<i>Revenue from other sources</i>		
Rental and management fee income from investment properties	<b>23,210</b>	21,631
	<b>8,343,105</b>	6,283,210

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2023

Segments	Real estate development <i>HK\$'000</i> (Unaudited)	Specialised construction <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>Types of goods or services</b>			
Sales of properties	7,939,111	—	7,939,111
Specialised construction services	—	134,742	134,742
Management services	246,042	—	246,042
Total revenue from contracts with customers	<u>8,185,153</u>	<u>134,742</u>	<u>8,319,895</u>
<b>Geographical markets</b>			
Mainland China	8,182,552	—	8,182,552
Hong Kong	2,601	134,742	137,343
Total revenue from contracts with customers	<u>8,185,153</u>	<u>134,742</u>	<u>8,319,895</u>
<b>Timing of revenue recognition</b>			
Properties transferred at a point in time	7,939,111	—	7,939,111
Specialised construction services transferred over time	—	134,742	134,742
Management services transferred over time	246,042	—	246,042
Total revenue from contracts with customers	<u>8,185,153</u>	<u>134,742</u>	<u>8,319,895</u>

**For the six months ended 30 June 2022**

Segments	Real estate development <i>HK\$'000</i> (Unaudited)	Specialised construction <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>Types of goods or services</b>			
Sales of properties	5,977,052	—	5,977,052
Specialised construction services	—	77,695	77,695
Management services	206,832	—	206,832
	<u>6,183,884</u>	<u>77,695</u>	<u>6,261,579</u>
Total revenue from contracts with customers	<u>6,183,884</u>	<u>77,695</u>	<u>6,261,579</u>
<b>Geographical markets</b>			
Mainland China	6,181,946	—	6,181,946
Hong Kong	1,938	77,695	79,633
	<u>6,183,884</u>	<u>77,695</u>	<u>6,261,579</u>
Total revenue from contracts with customers	<u>6,183,884</u>	<u>77,695</u>	<u>6,261,579</u>
<b>Timing of revenue recognition</b>			
Properties transferred at a point in time	5,977,052	—	5,977,052
Specialised construction services transferred over time	—	77,695	77,695
Management services transferred over time	206,832	—	206,832
	<u>6,183,884</u>	<u>77,695</u>	<u>6,261,579</u>
Total revenue from contracts with customers	<u>6,183,884</u>	<u>77,695</u>	<u>6,261,579</u>

The chief operating decision maker has been identified as the executive directors of the Company (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

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 was no longer disclosed separately. Accordingly, the amounts previously reported under the reportable operating segments have been aggregated to conform with the current period’s presentation.



## Segment revenue and results

	Real estate development		Specialised construction		Property investment		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022	2023	2022	2023	2022
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE								
Total segment revenue	8,185,153	6,183,884	134,742	77,695	26,529	24,568	8,346,424	6,286,147
Inter-segment revenue	—	—	—	—	(3,319)	(2,937)	(3,319)	(2,937)
Sales to external customers	8,185,153	6,183,884	134,742	77,695	23,210	21,631	8,343,105	6,283,210
RESULTS								
Segment results	1,301,961	316,280	5,595	(22,144)	6,123	9,208	1,313,679	303,344
Unallocated corporate expenses, net							(76,458)	(86,995)
							1,237,221	216,349
Finance income							95,070	87,029
Finance costs							(245,355)	(63,987)
Share of results of associates							(67,846)	(63,197)
Share of results of joint ventures							11,710	94,743
Profit before tax							1,030,800	270,937

## Segment assets and liabilities

	Real estate development		Specialised construction		Property investment		Total	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2023	2022	2023	2022	2023	2022	2023	2022
	<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>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Assets								
Segment assets	<b>52,546,438</b>	58,273,797	<b>195,922</b>	190,449	<b>2,068,698</b>	2,084,007	<b>54,811,058</b>	60,548,253
Unallocated corporate assets							<b>4,739,763</b>	6,838,772
Total assets							<b>59,550,821</b>	67,387,025

	Real estate development		Specialised construction		Property investment		Total	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2023	2022	2023	2022	2023	2022	2023	2022
	<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>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Liabilities								
Segment liabilities	<b>41,869,104</b>	49,213,791	<b>186,422</b>	98,193	<b>17,626</b>	13,675	<b>42,073,152</b>	49,325,659
Unallocated corporate liabilities							<b>1,112,888</b>	1,249,268
Total liabilities							<b>43,186,040</b>	50,574,927

## 4. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Government subsidies	<b>9,053</b>	9,987
Dividend income	<b>5,201</b>	28,339
Management fee income from a fellow subsidiary	<b>1,354</b>	1,453
Others	<b>22,759</b>	12,863
	<b>38,367</b>	52,642

## 5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2022: 16.5%) on the estimated assessable profits arising in Hong Kong. Under the two-tiered profits tax regime, the first HK\$2,000,000 (30 June 2022: 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 rates regime continue to be taxed at a rate of 16.5%.

The PRC enterprise income tax has been calculated on the estimated assessable profit derived in Mainland China for the period at the rate of 25% (30 June 2022: 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.

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax		
PRC enterprise income tax	186,203	(29,684)
PRC land appreciation tax	64,421	107,311
Hong Kong profits tax	142	82
	<u>250,766</u>	<u>77,709</u>
Deferred tax	<u>186,895</u>	<u>143,076</u>
	<u><u>437,661</u></u>	<u><u>220,785</u></u>

## 6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Cost of properties sold (i)	6,409,782	5,347,171
Cost of specialised construction	123,394	81,924
Depreciation	15,454	30,179
Direct operating expenses incurred for investment properties that generated rental income	6,905	6,892
Allowance for impairment of inventories	192,274	168,944
Net foreign exchange loss	1,773	27,170
Employee benefit expense (including directors' emoluments) (ii)	156,910	177,573

- (i) Included in cost of properties sold are capitalised interest expenses of HK\$408,582,000 (30 June 2022: HK\$154,763,000).
- (ii) Employee benefit expense capitalised as properties under development was HK\$30,163,000 (30 June 2022: HK\$40,211,000).

## 7. DIVIDENDS

The directors of the Company (the "Directors") do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

## 8. 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 period.

Since there were no dilutive potential ordinary shares during the periods ended 30 June 2023 and 2022, the diluted earnings per share is equal to the basic earnings per share.

## 9. INVENTORIES

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Properties under development		
— located in Mainland China	19,397,027	19,364,770
— located in Hong Kong	7,428,533	6,948,179
	<b>26,825,560</b>	26,312,949
Properties held for sale		
— located in Mainland China	6,871,562	13,193,189
	<b>33,697,122</b>	39,506,138

As at 30 June 2023, inventories with carrying amounts of HK\$12,179,344,000 (31 December 2022: HK\$12,729,428,000) have been pledged as collateral for bank borrowings.

## 10. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

The following is an aging analysis of trade receivables 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:

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Within 90 days	141,855	119,632
91 to 180 days	12,370	3,784
181 days to 1 year	21,868	1,848
1 year to 2 years	32,323	31,960
Over 2 years	25,183	26,978
	<b>233,599</b>	184,202
Less: Allowance for impairment	(41,374)	(43,677)
	<b>192,225</b>	140,525

## 11. CONTRACT ASSETS

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Construction services	72,160	92,983
Retention receivables	<u>51,377</u>	<u>51,377</u>
	<b><u>123,537</u></b>	<b><u>144,360</u></b>

## 12. BORROWINGS

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Non-current		
Bank borrowings, secured	1,139,020	1,386,825
Bank borrowings, unsecured	6,306,384	11,329,880
Guaranteed bonds, unsecured	2,345,362	2,332,362
Bonds, unsecured	2,164,755	893,197
Loans from non-controlling shareholders of a subsidiary, unsecured	<u>1,090,081</u>	<u>1,234,064</u>
	<b><u>13,045,602</u></b>	<b><u>17,176,328</u></b>
Current		
Bank borrowings, secured	2,916,286	3,143,723
Bank borrowings, unsecured	9,675,690	2,975,325
Guaranteed bonds, unsecured	—	973,837
Bonds, unsecured	34,352	—
Loans from non-controlling shareholders of a subsidiary, unsecured	<u>33,904</u>	<u>39,554</u>
	<b><u>12,660,232</u></b>	<b><u>7,132,439</u></b>
	<b><u>25,705,834</u></b>	<b><u>24,308,767</u></b>

### 13. TRADE AND OTHER PAYABLES

Trade and other payables included deferred revenue which amounted to HK\$254,228,000 (31 December 2022: HK\$271,363,000).

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

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Within 90 days	453,177	1,205,235
91 to 180 days	549,790	181,691
181 days to 1 year	322,467	531,540
1 year to 2 years	300,962	340,507
Over 2 years	134,783	154,365
	<u>1,761,179</u>	<u>2,413,338</u>

### 14. CAPITAL COMMITMENTS

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Contracted but not provided for		
— Expenditure in respect of acquisition of land use rights	—	1,550
— Expenditure in respect of property, plant and equipment	213,030	221,337
— Expenditure in respect of investment properties	177,653	183,729
	<u>390,683</u>	<u>406,616</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATION REVIEW

#### Overview

In the first half of 2023, the overall Chinese real estate market showed an upswing followed by a downturn. In the first quarter, market activity had been picking up significantly, which was spurred on by the release of pent-up demand accumulated in earlier times, as the pandemic situation in China was getting better. The recovery, however, lost momentum in the second quarter as homebuyer sentiment once again slipped downhill when pent-up demand was basically unleashed. The national real estate market was still under great pressure from overhaul. The Group achieved satisfactory operating performance for the half-year by making ongoing efforts to reinforce its robust business strategy, accelerating its transformation into an “urban operator”, adhering to the strategy of high-quality and maintaining enhancement on its operational efficiency. During the period, the Group’s revenue soared by 32.8% to HK\$8,343 million as compared to the corresponding period last year, and profit for the period surged 10.9 times to HK\$593 million as compared to the corresponding period last year. Profit attributable to equity holders of the Company increased by 24.4% to HK\$112 million as compared to the corresponding period last year. Core profit attributable to equity holders of the Company<sup>1</sup> was HK\$398 million.

#### Market Review

In the first half of the year, China’s real estate market recovery fell short of expectations with relatively mediocre performance in the market and enterprises under constrained supply and demand, albeit the market has shown certain improvements since 2023. China’s real estate sector enjoyed a brief uptick in the first quarter, benefitting from economic recovery driven by the unleashed pent-up demand accumulated during the pandemic and supportive policy measures. The market has cooled significantly in the second quarter, with sales slowed in April, while China’s macro-economic indicators went south in May and June, coupled with tempered expectations for home purchases, and subdued property investment and new construction. From January to June 2023, national commercial housing sales posted a 1.1% year-on-year growth to RMB6,309.2 billion whilst the commercial housing sales by floor area were down 5.3% year-on-year to 595.15 million square meters, data published by the National Bureau of Statistics (“NBS”) showed. Property developer’s overall investment desire remained low against the backdrop of sluggish real estate sales.

*Note:*

- 1 “Core profit attributable to equity holders of the Company” excludes allowance for impairment of inventories, share of impairment of inventories of associates and joint ventures, exchange loss/gain, fair value changes of investment properties and reversal/allowance for impairment of receivables.*



According to the data released by NBS, national property investment fell 7.9% year on year to RMB5,855.0 billion during January to June 2023 while the developer's housing construction area sank 6.6% year-on-year to 7,915.48 million square meters.

## Business Development

### (1) Real Estate Development

#### Contracted Sales

During the period, the contracted sales of the Company together with its subsidiaries, joint ventures and associates for the first half of 2023 increased by 7.1% to RMB7.06 billion compared with the corresponding period last year (30 June 2022: RMB6.59 billion) whilst the gross floor area (“GFA”) contracted for sale increased by 35.2% to 330,000 square meters (30 June 2022: 244,000 square meters) compared with the corresponding period last year. The 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 six months ended 30 June			
	2023	2022	2023	2022
	Contracted amount (RMB million)	Contracted GFA (sq.m.)	Contracted amount (RMB million)	Contracted GFA (sq.m.)
Pan Bohai Rim	2,630	101,000	1,490	60,000
Yangtze River Delta	1,240	41,000	2,350	44,000
Central China Region	860	74,000	610	61,000
Chengdu-Chongqing Region	760	53,000	220	25,000
Pearl River Delta (including Hong Kong)	1,570	61,000	1,920	54,000
<b>Total</b>	<b>7,060</b>	<b>330,000</b>	<b>6,590</b>	<b>244,000</b>

#### Revenue

During the period, the revenue from the real estate development business rose by 32.4% to HK\$8,185 million (30 June 2022: HK\$6,184 million) as compared with the corresponding period last year. The revenue was mainly derived from the real estate development projects in Pearl River Delta. The gross profit margin of the real estate development business increased by 8.2 percentage points to 21.7% (30 June 2022:

13.5%) as compared with the corresponding period last year, mainly due to a higher proportion of real estate development projects with higher gross profit margin recognised during the period.

## **(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 the Hong Kong market, with iconic projects including but not limited to West Kowloon Palace Museum, Ocean Park Water World, Liantang Port and Xiqu Centre.

In recent years, the Group has continued to optimise its operating structure and proactively modified its business direction. For this reason, the Group has adopted a relatively conservative bidding strategy to strengthen risk control. Therefore, no new projects were undertaken during the period, but the Group continued to maintain a sound cooperative relationship with local developers with ongoing efforts in seeking good development opportunities.

In 2022, the progress of projects was delayed due to the ongoing pandemic, but it has gradually returned to normalcy and actively caught up with the construction schedule in 2023. Revenue from the specialised construction business increased significantly after returning to normalcy, with revenue increased by 73.1% to HK\$135 million (30 June 2022: HK\$78 million) as compared with the corresponding period last year.

## **(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 LKF29 in Central. As at 30 June 2023, LKF29 recorded an occupancy rate of 89.1% (30 June 2022: 91.8%), edged down by 2.7% as compared to the corresponding period last year. In the second half of 2022, China Minmetals Tower underwent renovation and replanning of space for leasing to enhance its market competitiveness. With the market sentiment fuelled by favourable measures such as border reopening in the first half of the year, the Group had the units leased out successfully with the occupancy rate reached 89.0% (30 June 2022: 63.2%), marking a sharp rise in the occupancy rate during the period as compared with the corresponding period last year. During the period, revenue from the property investment business increased by 9.5% to HK\$23 million (30 June 2022: HK\$21 million) as compared with the corresponding period last year; the gross profit margin increased by 2.1 percentage points to 70.2% (30 June 2022: 68.1%).

## Land Bank

As at 30 June 2023, the Group's total developable GFA ("Land Bank") amounted to 7,429,000 square meters. The composition of the Group's Land Bank was listed as below:

City tier	Land Bank ( <i>'000 sq.m.</i> )	Percentage share of Land Bank
First tier cities	2,329	31.4%
Second tier cities	2,760	37.2%
Third tier cities	2,340	31.4%
<b>Total</b>	<b>7,429</b>	<b>100.0%</b>

Location	Land Bank ( <i>'000 sq.m.</i> )	Percentage share of Land Bank
Pan Bohai Rim	2,483	33.4%
Yangtze River Delta	304	4.1%
Central China Region	1,696	22.8%
Chengdu-Chongqing Region	1,355	18.3%
Pearl River Delta (including Hong Kong)	1,591	21.4%
<b>Total</b>	<b>7,429</b>	<b>100.0%</b>

## Entrusted Asset Management

During the period, the Group recorded a management service income of RMB1.20 million under the entrusted management service agreement, of which China Minmetals Corporation entrusted the Company with the management of its non-listed assets within its real estate development segment, including the real estate development projects in Beijing, Tianjin, Shenyang, Liaoning, Jiangsu, Hunan and Guangdong.

## Outlook

Looking forward to the second half of the year, downward pressure on China's macro-economy is still striking with the real estate market overhaul shows no sign of easing, and the business environment, which is far from optimistic. Leveraging on the advantages of its background as a state-owned enterprise, the Group will calmly respond to the

changing market landscape by upholding its prudent business strategy, adhering to the general principle of high-quality development with a focus on premium products, reinforcing its transformation and upgrade into an “urban operator”. In addition, the Group will speed up the sales and inventory destocking, strengthen the ability of cash collection, ensure a healthy financial situation with prudent investment and expansion, and make continuous effort to enhance the Group’s core competitiveness.

## FINANCIAL REVIEW

### Revenue

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 for the first half of 2023 rose by 32.8% to HK\$8,343 million as compared to HK\$6,283 million from the corresponding period last year.

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

	For the six months ended 30 June				
	2023		2022		Year-on-year change
	HK\$ million	Percentage share of revenue	HK\$ million	Percentage share of revenue	
Real estate development	8,185	98.1%	6,184	98.4%	
Specialised construction	135	1.6%	78	1.2%	73.1%
Property investment	23	0.3%	21	0.4%	9.5%
<b>Total</b>	<b>8,343</b>	<b>100.0%</b>	<b>6,283</b>	<b>100.0%</b>	<b>32.8%</b>

The Group’s revenue from the real estate development business increased by 32.4% to HK\$8,185 million (30 June 2022: HK\$6,184 million) as compared to the corresponding period last year, and accounted for 98.1% of the Group’s consolidated revenue, which was due to certain real estate development projects in the Pearl River Delta had been recognised in the first half of 2023, resulting in an increase in revenue from the real estate development business during the period as compared with the corresponding period last year.

Revenue from the specialised construction business increased by 73.1% to HK\$135 million (30 June 2022: HK\$78 million) as compared to the corresponding period last year, and accounted for 1.6% of the Group’s consolidated revenue. The significant increase in revenue from the specialised construction business after returning to normalcy was primarily attributable to a rise in completion of the projects under construction by working against the clock vigorously.

Revenue from the property investment business increased by 9.5% to HK\$23 million (30 June 2022: HK\$21 million) as compared to the corresponding period last year, and accounted for 0.3% of the Group's consolidated revenue. Revenue from the property investment business was mainly generated from two commercial buildings in Hong Kong, and the increase in revenue was primarily due to the Group successfully rented out most of the vacant flats in the first half of the year with growing rental income, riding on the favourable news such as the reopening of borders between Mainland China and Hong Kong at the beginning of this year.

The Group's overall gross profit margin increased to 21.6% from 13.5% in the corresponding period last year, mainly due to the products with higher gross profit margins as compared to the corresponding period last year recognised for the real estate development business, the turn from loss to profit of the specialised construction business, and the increase in the gross profit margin of the property investment business during the period.

### **Other Income**

The Group's other income decreased by 28.3% to HK\$38 million (30 June 2022: HK\$53 million) as compared to the corresponding period last year, mainly due to the significant decrease in dividend income during the period as compared with the corresponding period last year.

### **Fair Value Changes on Investment Properties**

The Group's fair value loss on investment properties for the period decreased by 73.7% to HK\$15 million (30 June 2022: HK\$57 million) as compared to the corresponding period last year. Despite the rising occupancy rates underpinned by the border reopening as well as the return of business and societal normality during the period, the market rental levels of renewed and newly leased properties were still under pressure as the market has not yet fully recovered, resulting in fair value loss on investment properties in Hong Kong.

### **Selling and Marketing Expenses**

The Group's selling and marketing expenses amounted to HK\$165 million. Despite the revenue growth, the sales and marketing expenses during the period remained flat with the corresponding period last year (30 June 2022: HK\$166 million) due to reducing depreciation expenses of an individual subsidiary.

## **Administrative and Other Expenses**

The Group's administrative and other expenses decreased by 18.3% to HK\$232 million (30 June 2022: HK\$284 million) as compared to the corresponding period last year, mainly due to the Group's stringent control over the administrative expenses, resulting in the reduction in non-operating expenses, staff costs, bank charges and professional fees during the period.

## **Impairment of Inventories**

The real estate market was sluggish during the period, with sales price of some of the Group's projects declined to varying degrees. The Group made an impairment provision of HK\$192 million for inventories with signs of impairment under the principle of prudence (30 June 2022: HK\$169 million).

## **Finance Costs**

The Group's finance costs charged to the statement of profit or loss increased by 282.8% to HK\$245 million (30 June 2022: HK\$64 million) as compared to the corresponding period last year, mainly due to the rising finance costs and declining interest capitalisation rate.

## **Share of Results of Joint Ventures**

The Group's share of profit of joint ventures decreased by 87.4% to HK\$12 million (30 June 2022: HK\$95 million) as compared to the corresponding period last year, mainly due to the shrinking recognition scale of an individual joint venture located in Yangtze River Delta, decreasing its profit contribution to the Group accordingly during the period.

## **Profit during the period**

In view of the above, the Group's net profit increased by 10.9 times to HK\$593 million (30 June 2022: HK\$50 million) as compared to the corresponding period last year. The profit attributable to equity holders of the Company rose by 24.4% to HK\$112 million from HK\$90 million in the corresponding period last year, mainly due to scaled-up recognition of real estate development business and the Group's improved gross profit level during the period. Core profit attributable to equity holders of the Company<sup>1</sup> was HK\$398 million (30 June 2022: HK\$425 million). Basic earnings per share was HK3.34 cents, up 23.7% from the corresponding period last year (30 June 2022: HK2.70 cents).

## **Financial Position**

As at 30 June 2023, the Group's total assets decreased by 11.6% to HK\$59,551 million (31 December 2022: HK\$67,387 million), which was primarily attributable to the significant decrease in the carrying amount of the Group's assets denominated in RMB when converted into Hong Kong dollars due to the weakening exchange rate of RMB during the period. Although the Group's profit for the period increased as compared with the corresponding period last year, the Group's net assets for the end of period amounted to HK\$16,365 million, approximately the same level as at the end of 2022 (31 December 2022: HK\$16,812 million) due to the persisting fluctuations in exchange rates.

The contract liabilities, which mainly represent contracted sales carried forward will subsequently be recognised as the Group's revenue when presold properties are completed and delivered to buyers. During the period, the Group's contract liabilities decreased by 39.5% to HK\$6,901 million (31 December 2022: HK\$11,416 million), which was mainly due to the Group's recognised revenue exceeded the return in new contracted sales during the period.

As at 30 June 2023, the Group's gearing ratio (total liabilities to total assets) was 72.5% (31 December 2022: 75.1%). The gearing ratio, net of contract liabilities and deferred revenue, was 68.8% (31 December 2022: 69.8%). Net gearing ratio (net debt to total equity) increased by 17.6 percentage points to 112.1% (31 December 2022: 94.5%), mainly as a result of increased borrowings and decline in cash position during the period.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the period, 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 3-year club loan agreement of HK\$970 million with a number of banks in February 2023, with the proceeds were used to refinance the existing borrowings. In addition, the Group actively adjusted its loan structure and entered into a one-year revolving loan agreement of Renminbi ("RMB") 1 billion with a bank in May 2023, with the proceeds were used to replace existing Hong Kong dollar borrowings. In terms of onshore financing, the Group issued non-publicly unsecured bonds of RMB1.2 billion to domestic professional investors in June 2023. 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 stable financial strength by enhancing cash flow and liquidity.

Total borrowings of the Group stood at HK\$25,706 million as at 30 June 2023 (31 December 2022: HK\$24,309 million), which mainly comprised borrowings from banks and bonds. The increase in total borrowings was mainly due to RMB bonds and construction loans. The Group's weighted average borrowing costs increased by 0.9 percentage points to 5.0% (31 December 2022: 4.1%).

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

	30 June 2023		31 December 2022	
	HK\$ million	Percentage share of borrowings	HK\$ million	Percentage share of borrowings
Within one year	12,660	49.2%	7,132	29.3%
In the second year	1,120	4.4%	6,717	27.6%
In the third to fifth year	11,926	46.4%	10,460	43.1%
<b>Total</b>	<b>25,706</b>	<b>100.0%</b>	<b>24,309</b>	<b>100.0%</b>

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

	30 June 2023		31 December 2022	
	HK\$ million	Percentage share of borrowings	HK\$ million	Percentage share of borrowings
Renminbi	7,585	29.5%	5,686	23.4%
Hong Kong Dollar	15,776	61.4%	15,317	63.0%
United States Dollar	2,345	9.1%	3,306	13.6%
<b>Total</b>	<b>25,706</b>	<b>100.0%</b>	<b>24,309</b>	<b>100.0%</b>

During the period, the finance cost recognised in the profit or loss amounted to HK\$245 million (30 June 2022: HK\$64 million) after capitalisation of HK\$388 million (30 June 2022: HK\$339 million) into properties under development.

As at 30 June 2023, the Group had cash and bank deposits (excluding restricted cash and bank deposits) of HK\$7,034 million (31 December 2022: HK\$7,701 million), of which 95.0%, 4.8% and 0.2% (31 December 2022: 97.7%, 1.9% and 0.4%) were denominated in Renminbi, Hong Kong dollar and United States dollar respectively. The unutilised banking facilities of the Group as at 30 June 2023 amounted to HK\$5,691 million (31 December 2022: HK\$7,141 million).



## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND INTEREST RATES**

### **Exchange Rate Risk**

The Group's principal business is located in Mainland China where the external financing is denominated in Hong Kong dollar and revenue is denominated in Renminbi primarily. The Group is exposed to exchange rate risk in transactions that 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 to minimise the impact arising from exchange rate fluctuation 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.

### **Interest Rate Risk**

The Group is also exposed to interest rate risk resulting from fluctuation in interest rates. Most of the borrowings of the Group were on a floating rate basis and therefore, an increase in interest rate would raise the Group's finance cost. In order to mitigate the interest rate risk, the Group entered into interest rate swap contracts 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 30 June 2023, 25.8% (31 December 2022: 23.0%) of the Group's borrowings was on a fixed rate basis with the remainder on a floating rate basis.

As at 30 June 2023, save as disclosed above, the Group did not possess any kind of financial instruments for hedging or speculative purposes.

## **CHARGES ON ASSETS OF THE GROUP**

As at 30 June 2023, 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. These pledged assets of the Group included:

- i. inventories with carrying amounts of HK\$12,179 million (31 December 2022: HK\$12,729 million);
- ii. property, plant and equipment with carrying amounts of approximately HK\$189 million (31 December 2022: HK\$195 million);
- iii. investment properties with fair value of approximately HK\$181 million (31 December 2022: 186 million); and
- iv. 100% equity interest in a subsidiary.

## **FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES**

As at 30 June 2023, guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties amounted to HK\$7,990 million (31 December 2022: HK\$8,919 million). Such guarantees will terminate upon the earlier of (i) the issuance of the property ownership certificate, which will generally be available 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 each reporting period is not significant.

## **EMPLOYEES**

The total number of staff of the Group, including the Directors, decreased by 8.9% to 1,075 as at 30 June 2023 (30 June 2022: 1,180). The Group will continue to adopt a remuneration policy in line with the market practice where it operates. The total remuneration and benefits for the Directors and staff of the Group for the six months ended 30 June 2023 amounted to HK\$187 million (30 June 2022: HK\$218 million).

## **CORPORATE GOVERNANCE**

### **Corporate Governance Code**

In the opinion of the Directors, throughout the six months ended 30 June 2023, 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 the following deviations:

1. 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.
2. 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. He is responsible for the overall strategic direction of the Group and 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.

3. 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 6 June 2023 due to other work commitment. Mr. Liu Bo, the Executive Director and the General Manager of the Company, 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 of all the Directors, they had confirmed in writing that they had complied with the Rules for Securities Transactions throughout the six months ended 30 June 2023.

#### **REVIEW BY AUDIT COMMITTEE**

The Audit Committee of the Company has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023, which have also been reviewed by the Company’s independent auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2023.

## **BOARD OF DIRECTORS**

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.

By order of the Board  
**Minmetals Land Limited**  
**He Jianbo**  
*Chairman*

Hong Kong, 24 August 2023

*website: [www.minmetalsland.com](http://www.minmetalsland.com)*