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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 2024

UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of Minmetals Land Limited (the “Company”) hereby announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 together with the comparative figures of the corresponding period in 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
REVENUE	3	5,023,251	8,343,105
Cost of sales		(4,648,058)	(6,540,081)
Gross profit		375,193	1,803,024
Other income	4	30,310	38,367
Fair value changes on investment properties		(87,504)	(14,912)
Selling and marketing expenses		(253,848)	(165,329)
Administrative and other expenses		(279,434)	(231,983)
Allowance for impairment of inventories		(278,557)	(192,274)
Impairment loss (recognised)/reversed under the expected credit loss model, net		(249,464)	328
Finance income		114,151	95,070
Finance costs		(297,354)	(245,355)
Share of results of associates		(157,715)	(67,846)
Share of results of joint ventures		71,371	11,710
(LOSS)/PROFIT BEFORE TAX		(1,012,851)	1,030,800
Income tax expense	5	(37,099)	(437,661)
(LOSS)/PROFIT FOR THE PERIOD	6	(1,049,950)	593,139
(Loss)/profit for the period attributable to:			
Equity holders of the Company		(1,044,489)	111,693
Non-controlling interests		(5,461)	481,446
		(1,049,950)	593,139
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY, IN HK CENTS			
Basic	8	(31.21)	3.34
Diluted	8	(31.21)	3.34

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

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(LOSS)/PROFIT FOR THE PERIOD	(1,049,950)	593,139
OTHER COMPREHENSIVE (EXPENSE)/INCOME		
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:		
Currency translation differences	(80,852)	(740,445)
Fair value gain/(loss) on hedging instruments in cash flow hedges	2,439	(11,703)
Share of other comprehensive expense of associates	(13,695)	(67,913)
Share of other comprehensive expense of joint ventures	(884)	(10,912)
	(92,992)	(830,973)
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	(27,489)	(125,073)
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD	(120,481)	(956,046)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(1,170,431)	(362,907)
Total comprehensive expense for the period attributable to:		
Equity holders of the Company	(1,076,689)	(518,606)
Non-controlling interests	(93,742)	155,699
	(1,170,431)	(362,907)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	<i>Notes</i>	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		688,122	677,511
Investment properties		2,734,811	2,806,263
Interests in associates		1,802,728	2,028,924
Interests in joint ventures		349,919	333,897
Financial assets at fair value through other comprehensive income		151,630	179,119
Other receivables		17,869	7,775
Other financial assets		4,848	—
Deferred tax assets		427,153	458,949
Total non-current assets		6,177,080	6,492,438
CURRENT ASSETS			
Inventories	<i>9</i>	29,710,831	33,601,789
Prepayments, trade and other receivables	<i>10</i>	7,664,775	8,821,507
Prepaid income tax		755,201	729,270
Contract assets	<i>11</i>	208,712	191,082
Contract costs		101,993	222,274
Other financial assets		—	2,409
Cash and bank deposits, restricted		40,639	103,640
Cash and bank deposits, unrestricted		2,959,230	3,410,744
Total current assets		41,441,381	47,082,715
Total assets		47,618,461	53,575,153
EQUITY			
Share capital		334,691	334,691
Reserves		3,875,689	4,952,378
Equity attributable to equity holders of the Company		4,210,380	5,287,069
Non-controlling interests		8,062,751	9,060,576
Total equity		12,273,131	14,347,645
NON-CURRENT LIABILITIES			
Borrowings	<i>12</i>	6,712,949	8,093,545
Other payables		218,712	229,080
Deferred tax liabilities		204,309	204,910
Lease liabilities		907	2,707
Total non-current liabilities		7,136,877	8,530,242
CURRENT LIABILITIES			
Borrowings	<i>12</i>	15,466,366	15,223,126
Trade and other payables	<i>13</i>	7,860,727	9,114,886
Contract liabilities		4,278,282	5,706,814
Lease liabilities		3,521	3,720
Taxation payable		599,557	648,720
Total current liabilities		28,208,453	30,697,266
Total liabilities		35,345,330	39,227,508
Total equity and liabilities		47,618,461	53,575,153
Net current assets		13,232,928	16,385,449
Total assets less current liabilities		19,410,008	22,877,887

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 of directors of the Company on 27 August 2024.

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 2023.

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 Group recorded a net loss of approximately HK\$1,050 million for the six months ended 30 June 2024 and as of 30 June 2024, the Group recorded net current assets of HK\$13,233 million, and the Group’s current portion of interest-bearing bank and other borrowings amounted to HK\$15,466 million, while its cash and cash equivalents amounted to HK\$2,959 million.

Besides, as further disclosed in note 12 to the interim condensed consolidated financial information, the Group was not in compliance with one of the financial covenants of certain facility agreements and caused certain cross defaults of the Group’s other bank borrowings. Taking the Group’s cash flow projections prepared by management, the Group’s financial position, the unutilised credit facilities offered from financial institutions and other financial resources available for obtaining additional financing into consideration, as at the date of this report, the directors of the Company are satisfied that the Group is able to meet its financial obligations in full as and when they fall due for the coming 12 months. Accordingly, the interim condensed consolidated financial information has been prepared on a going concern basis.

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 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) 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. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments 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. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. The amendments did not have any impact on this interim condensed consolidated financial information.

3. REVENUE AND SEGMENT INFORMATION

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>	4,997,329	8,319,895
<i>Revenue from other sources</i>		
Rental and management fee income from investment properties	25,922	23,210
	5,023,251	8,343,105

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2024

Segments	Real estate development <i>HK\$'000</i> (Unaudited)	Specialised construction <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Types of goods or services			
Sales of properties	4,781,451	—	4,781,451
Specialised construction services	—	257	257
Management services	215,621	—	215,621
Total revenue from contracts with customers	4,997,072	257	4,997,329
Geographical markets			
Mainland China	1,510,998	—	1,510,998
Hong Kong	3,486,074	257	3,486,331
Total revenue from contracts with customers	4,997,072	257	4,997,329
Timing of revenue recognition			
Properties transferred at a point in time	4,781,451	—	4,781,451
Specialised construction services transferred over time	—	257	257
Management services transferred over time	215,621	—	215,621
Total revenue from contracts with customers	4,997,072	257	4,997,329

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)
Types of goods or services			
Sales of properties	7,939,111	—	7,939,111
Specialised construction services	—	134,742	134,742
Management services	246,042	—	246,042
	<u>8,185,153</u>	<u>134,742</u>	<u>8,319,895</u>
Total revenue from contracts with customers	<u>8,185,153</u>	<u>134,742</u>	<u>8,319,895</u>
Geographical markets			
Mainland China	8,182,552	—	8,182,552
Hong Kong	2,601	134,742	137,343
	<u>8,185,153</u>	<u>134,742</u>	<u>8,319,895</u>
Total revenue from contracts with customers	<u>8,185,153</u>	<u>134,742</u>	<u>8,319,895</u>
Timing of revenue recognition			
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
	<u>8,185,153</u>	<u>134,742</u>	<u>8,319,895</u>
Total revenue from contracts with customers	<u>8,185,153</u>	<u>134,742</u>	<u>8,319,895</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 selling of residential and commercial properties

Specialised construction: Design, installation and sale 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

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	
	2024	2023	2024	2023	2024	2023	2024	2023
	<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)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUE								
Total segment revenue	4,997,072	8,185,153	257	134,742	28,150	26,529	5,025,479	8,346,424
Inter-segment revenue	—	—	—	—	(2,228)	(3,319)	(2,228)	(3,319)
Sales to external customers	4,997,072	8,185,153	257	134,742	25,922	23,210	5,023,251	8,343,105
RESULTS								
Segment results	(552,575)	1,301,961	(11,631)	5,595	(52,152)	6,123	(616,358)	1,313,679
Unallocated corporate expenses, net							(126,946)	(76,458)
							(743,304)	1,237,221
Finance income							114,151	95,070
Finance costs							(297,354)	(245,355)
Share of results of associates							(157,715)	(67,846)
Share of results of joint ventures							71,371	11,710
(Loss)/profit before tax							(1,012,851)	1,030,800

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
	2024	2023	2024	2023	2024	2023	2024	2023
	<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	<u>44,026,199</u>	<u>49,149,888</u>	<u>226,235</u>	<u>228,500</u>	<u>2,146,968</u>	<u>2,053,128</u>	<u>46,399,402</u>	<u>51,431,516</u>
Unallocated corporate assets							<u>1,219,059</u>	<u>2,143,637</u>
Total assets							<u>47,618,461</u>	<u>53,575,153</u>

	Real estate development		Specialised construction		Property investment		Total	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2024	2023	2024	2023	2024	2023	2024	2023
	<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	<u>34,415,611</u>	<u>38,063,573</u>	<u>73,697</u>	<u>70,875</u>	<u>17,055</u>	<u>20,183</u>	<u>34,506,363</u>	<u>38,154,631</u>
Unallocated corporate liabilities							<u>838,967</u>	<u>1,072,877</u>
Total liabilities							<u>35,345,330</u>	<u>39,227,508</u>

4. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Government subsidies	9,278	9,053
Dividend income	592	5,201
Management fee income from a fellow subsidiary	1,246	1,354
Others	<u>19,194</u>	<u>22,759</u>
	<u>30,310</u>	<u>38,367</u>

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong. Under the two-tiered profits tax rates regime, the first 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 2023: 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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
PRC enterprise income tax	16,240	186,203
PRC land appreciation tax	(9,758)	64,421
Hong Kong profits tax	1,361	142
	<u>7,843</u>	<u>250,766</u>
Deferred tax	29,256	186,895
	<u>37,099</u>	<u>437,661</u>

6. (LOSS)/PROFIT BEFORE TAX

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of properties sold (i)	4,639,203	6,409,782
Cost of specialised construction	4,147	123,394
Depreciation	9,318	15,454
Direct operating expenses incurred for investment		
properties that generated rental income	4,709	6,905
Allowance for impairment of inventories	278,557	192,274
Net foreign exchange loss	78,428	1,773
Employee benefit expense (including directors' emoluments) (ii)	141,761	156,910

(i) Included in cost of properties sold are capitalised interest expenses of HK\$557,405,000 (30 June 2023: HK\$408,582,000).

(ii) Employee benefit expense capitalised as properties under development was HK\$24,846,000 (30 June 2023: HK\$30,163,000).

7. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (30 June 2023: 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 2024 and 2023, the diluted earnings per share is equal to the basic earnings per share.

9. INVENTORIES

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Properties under development		
— located in Mainland China	<u>17,076,618</u>	<u>17,106,899</u>
	17,076,618	17,106,899
Properties held for sale		
— located in Mainland China	7,704,596	8,194,647
— located in Hong Kong	<u>4,929,617</u>	<u>8,300,243</u>
	<u>29,710,831</u>	<u>33,601,789</u>

As at 30 June 2024, inventories with carrying amounts of HK\$4,302,273,000 (31 December 2023: HK\$13,514,995,000) 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:

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Within 90 days	91,890	131,902
91 to 180 days	9,853	13,621
181 days to 1 year	38,834	8,505
1 year to 2 years	17,463	24,935
Over 2 years	46,080	49,020
	<hr/>	<hr/>
	204,120	227,983
Less: Allowance for impairment	(39,493)	(39,922)
	<hr/>	<hr/>
	164,627	188,061
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11. CONTRACT ASSETS

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
Construction services	160,765	140,913
Retention receivables	47,947	50,169
	<hr/>	<hr/>
	208,712	191,082
	<hr/> <hr/>	<hr/> <hr/>

12. BORROWINGS

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Non-current		
Bank borrowings, secured	1,197,380	924,678
Bank borrowings, unsecured	350,624	1,794,175
Guaranteed bonds, unsecured	2,338,722	2,339,862
Bonds, unsecured	2,188,506	2,203,356
Loans from non-controlling shareholders of a subsidiary, unsecured	637,717	831,474
	6,712,949	8,093,545
Current		
Bank borrowings, secured	793,029	1,824,752
Bank borrowings, unsecured	12,090,349	10,953,783
Guaranteed bonds, unsecured	51,502	—
Bonds, unsecured	1,145,865	45,911
Loan from an intermediate holding company	1,216,591	2,346,710
Loans from non-controlling shareholders of a subsidiary, unsecured	169,030	51,970
	15,466,366	15,223,126
	22,179,315	23,316,671

During the period, the Group was not in compliance with one of the financial covenants of certain facility agreements with the bank borrowings amounting to HK\$11,024 million, of which HK\$4,358 million have been given waivers by lenders before the reporting date, the waiver applications of the amount of HK\$6,666 million are still being processed by the lenders. As at 30 June 2024, the cross defaulted borrowings caused by these aforesaid reasons amounted to HK\$2,032 million.

Non-compliance in the financial covenant and causing cross defaults give the banks the unconditional right to demand repayment at any time. In accordance with HKAS 1, the cross defaulted borrowings and those have not been given waivers before 30 June 2024, with an aggregate carrying amount of HK\$10,235 million, have been classified as current liabilities as at 30 June 2024.

As at the reporting date, the Company has not received any loan repayment notice.

13. TRADE AND OTHER PAYABLES

Trade and other payables included deferred revenue which amount to HK\$236,209,000 (31 December 2023: HK\$246,701,000).

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:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within 90 days	709,108	1,161,379
91 to 180 days	449,410	210,182
181 days to 1 year	207,305	202,729
1 year to 2 years	126,514	261,710
Over 2 years	294,131	176,465
	<u>1,786,468</u>	<u>2,012,465</u>

14. CAPITAL COMMITMENTS

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Contracted but not provided for		
— Expenditure in respect of property, plant and equipment	178,472	196,061
— Expenditure in respect of investment properties	160,393	167,667
	<u>338,865</u>	<u>363,728</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Overview

Since the second half of 2020, the real estate market has experienced a downward spiral for four years, with negative growth in real estate investment lasting for over two years and risks for real estate enterprises arising one after another. The continued downturn of the real estate market has not only dragged down investment and consumption, but also affected residents' employment and income, as well as their expectations and confidence in investment and purchasing property. Despite the successive introduction of housing support policies since 2023, the release of housing demand continued at a slow pace, and the real estate market continued its downturn trend in the first half of 2024. Against this background, the Group's revenue for the period decreased by 39.8% to HK\$5,023 million as compared to the corresponding period last year, turning profit into loss; the loss for the period was HK\$1,050 million and the loss attributable to equity holders was HK\$1,044 million. Core loss attributable to equity holders of the Company¹ was HK\$159 million (30 June 2023: Core profit attributable to equity holders of the Company was HK\$398 million).

Market Review

In the first half of 2024, the overall performance of the real estate market was sluggish, with both sales in new properties and their development and construction experiencing a decline. The Politburo meeting and the State Council executive meeting have repeatedly proposed policies to stabilise the market and to destock, however, the overall real estate market continued to face greater downward pressure. According to the data published by the National Bureau of Statistics ("NBS"), national commercial housing sales decreased by 12.5% year-on-year to RMB4,713.3 billion from January to June 2024, while the commercial housing sales by floor area decreased by 19.0% year-on-year to 479.16 million square meters. Housing construction activities slowed down across the board as a result of insufficient funding and declining expectations. According to the data published by the NBS, national property investment decreased by 10.1% year-on-year to RMB5,252.9 billion during January to June 2024 while the developer's housing construction area decreased by 12.0% year-on-year to 6,968.18 million square meters.

Note:

1. "Core loss/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 allowance/reversal for impairment of receivables and other receivables.

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 2024 decreased by 54.7% year-on-year to RMB3.2 billion (30 June 2023: RMB7.06 billion), while the gross floor area (“GFA”) contracted for sale decreased by 49.7% year-on-year to 166,000 square meters (30 June 2023: 330,000 square meters). The contracted sales of the Group were mainly derived from the real estate development projects in Tier 1 and core Tier 2 cities.

The breakdown of contracted sales was listed as below:

Location	For the six months ended 30 June			
	2024	2023	2024	2023
	Contracted amount (RMB million)	Contracted GFA (sq.m.)	Contracted amount (RMB million)	Contracted GFA (sq.m.)
Pan Bohai Rim	1,095	58,000	2,630	101,000
Yangtze River Delta	249	12,000	1,240	41,000
Central China Region	408	39,000	860	74,000
Chengdu-Chongqing Region	333	24,000	760	53,000
Pearl River Delta (including Hong Kong)	1,117	33,000	1,570	61,000
Total	3,202	166,000	7,060	330,000

(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.

(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 2024, LKF29 recorded an occupancy rate of 80.6% (30 June 2023: 89.1%), representing a decrease of 8.5% as compared to the corresponding period last year; while China Minmetals Tower recorded an occupancy rate of 86.9% (30 June 2023: 89%), representing a slight decrease of 2.1% as compared to the corresponding period last year. The decrease in occupancy rate was mainly due to more tenants moving out as their contracts expired during the period as compared to the corresponding period last year.

Land Bank

As at 30 June 2024, the Group's total developable GFA ("Land Bank") amounted to 6,359,000 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	1,849	29.1%
Second tier cities	2,404	37.8%
Third tier cities	2,106	33.1%
Total	6,359	100.0%

Location	Land Bank (<i>'000 sq.m.</i>)	Percentage share of Land Bank
Pan Bohai Rim	2,136	33.6%
Yangtze River Delta	266	4.2%
Central China Region	1,320	20.8%
Chengdu-Chongqing Region	1,289	20.2%
Pearl River Delta (including Hong Kong)	1,348	21.2%
Total	6,359	100.0%

Entrusted Asset Management

During the period, the Group recorded a management service income of RMB1.13 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 the real estate development projects in Beijing, Tianjin, Shenyang, Liaoning, Jiangsu, Hunan and Guangdong.

Outlook

It is expected that the national real estate market will still be facing the pressure of adjustment in the second half of 2024, as residents' income expectation and the decline in housing prices have not shown obvious improvements. Although the main theme of real estate policies remained easy and phased rebound in real estate sales has taken place from time to time, the business environment is still pessimistic due to lack of sustainability. The Group is committed to continuously improve its sales and cash collection ability, reduce costs and increase efficiency, effectively prevent and resolve debt risks, and enhance its sustainable development capability.

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 2024 dropped by 39.8% to HK\$5,023 million as compared to HK\$8,343 million from the corresponding period last year.

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

	For the six months ended 30 June				Year-on-year change
	2024	2023	2024	2023	
	HK\$ million	Percentage share of revenue	HK\$ million	Percentage share of revenue	
Real estate development	4,997.1	99.5%	8,185.2	98.1%	-38.9%
Specialised construction	0.3	0.0%	134.7	1.6%	-99.8%
Property investment	25.9	0.5%	23.2	0.3%	11.6%
Total	5,023.3	100.0%	8,343.1	100.0%	-39.8%

Due to the decrease in the scale of real estate projects recognised during the period, the Group's revenue from the real estate development business decreased by 38.9% to HK\$4,997 million (30 June 2023: HK\$8,185 million) as compared to the corresponding period last year, and accounted for 99.5% of the Group's consolidated revenue. Gross profit margin of the real estate development business decreased by 14.5 percentage points to 7.2% as compared to the corresponding period last year, mainly because the real estate development business adopted various sales strategies in response to market conditions, including adjustments in sales prices to promote the sales of the projects that resulted in more real estate development projects with lower gross profit margins were recognised during the period.

As the projects on-hand of the specialised construction business has almost reached the completion stage last year and no new projects were undertaken during the period, the revenue from specialised construction business dropped by 99.8% to HK\$0.3 million (30 June 2023: HK\$135 million) as compared to the corresponding period last year.

Revenue from the property investment business increased by 11.6% to HK\$26 million (30 June 2023: HK\$23 million) as compared to the corresponding period last year, accounting for 0.5% of the Group's consolidated revenue; while gross profit margin increased by 11.6 percentage points to 81.8% (30 June 2023: 70.2%) as compared to the corresponding period last year.

The Group's overall gross profit margin decreased to 7.5% from 21.6% in the corresponding period last year, mainly because the gross profit margin of the products recognised from the real estate development business during the period was lower than that of the corresponding period last year as well as the shrinkage of the specialised construction business.

Other Income

The Group's other income decreased by 21.0% year-on-year to HK\$30 million (30 June 2023: HK\$38 million), mainly due to the significant decrease in dividend income during the period as compared to the corresponding period last year.

Fair Value Changes on Investment Properties

The Group's fair value loss on investment properties for the period increased by 486.7% to HK\$88 million (30 June 2023: loss of HK\$15 million) as compared to the corresponding period last year. The market rental levels of renewed and newly rented properties were still under pressure as the market has not yet fully recovered during the period, resulting in fair value loss on investment properties in Hong Kong.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by 53.9% to HK\$254 million (30 June 2023: HK\$165 million) as compared to the corresponding period last year, mainly due to the sales commissions and related sales and marketing expenses are charged to profit or loss during the period as a result of the delivery of the Montego Bay in Hong Kong during the period.

Administrative and Other Expenses

The Group's administrative and other expenses increased by 20.3% to HK\$279 million (30 June 2023: HK\$232 million) as compared to the corresponding period last year, mainly due to adjustments were made to the structure of bank loans during the year, resulting in an increase in bank charges. In addition, the strong exchange rate of the US dollar resulted in a higher exchange loss on the outward remittance of funds from China.

Provision for Impairment of Inventories

During the period, the real estate market was sluggish, and the sales price of some of the Group's projects experienced decline to varying degrees. The Group made an impairment provision of HK\$279 million for inventories with indications of impairment (30 June 2023: HK\$192 million).

Impairment loss recognised under expected credit loss model, net

The Group made an impairment provision of HK\$249 million for other receivables with indications of impairment, mainly arising from the expected credit loss on other receivables associated with several joint ventures and associates.

Finance Costs

The Group's finance costs charged to the statement of profit or loss increased by 21.2% to HK\$297 million (30 June 2023: HK\$245 million) as compared to the corresponding period last year, mainly due to the rising finance costs and the declining interest capitalization rate as a result of the completion of some of the projects.

Share of Results of Associates

The Group's share of loss of associates increased by 132.4% to HK\$158 million (30 June 2023: HK\$68 million) as compared to the corresponding period last year, mainly due to the associates made a provision for the impairment of inventories with indications of impairment, which resulted in an increase in the proportionate share of loss by the Group.

Share of Results of Joint Ventures

The Group's share of profit of joint ventures increased by 491.7% to HK\$71 million (30 June 2023: HK\$12 million) as compared to the corresponding period last year, mainly attributable to the recognition of revenue by certain joint ventures of the Group.

Profit during the period

In view of the above, the Group recorded a net loss of HK\$1,050 million as compared to a net profit of HK\$593 million in the corresponding period last year, representing a turn from profit to loss. The loss attributable to equity holders of the Company was HK\$1,044 million (30 June 2023: profit HK\$112 million). Basic loss per share was HK\$31.21 cents (30 June 2023: earnings HK\$3.34 cents).

Financial Position

As at 30 June 2024, the Group's total assets decreased by 11.1% to HK\$47,618 million (31 December 2023: HK\$53,575 million); while the Group's net assets decreased by 14.5% to HK\$12,273 million (31 December 2023: HK\$14,348 million). Decrease in net assets was mainly due to loss attributable to equity holders of the Company of HK\$1,050 million and capital reduction of several non-wholly owned subsidiaries of HK\$868 million during the period.

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 22.7% to HK\$4,409 million (31 December 2023: HK\$5,707 million), which was mainly due to the Group's recognised revenue exceeded the receipt from new contracted sales during the period.

During the period, the Group's gearing ratio (total liabilities to total assets) was 74.2% (31 December 2023: 73.2%). The gearing ratio, net of contract liabilities and deferred revenue, was 71.4% (31 December 2023: 69.9%). Net gearing ratio (net debt to total equity) increased by 18.3 percentage points to 156.3% (31 December 2023: 138.0%).

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 2-year club loan agreement of HK\$2,600 million with a number of banks in January 2024, the proceeds of which were used to refinance the existing borrowings. In addition, the Group actively adjusted its loan structure and issued one-year credit-enhanced bonds for an aggregate amount of RMB1 billion during March and April 2024, the proceeds of which were used to replace existing Hong Kong dollar borrowings. In terms of onshore financing, the Group entered into several construction loans in the first half of 2024.

Total borrowings of the Group amounted to HK\$22,179 million as at 30 June 2024 (31 December 2023: HK\$23,317 million).

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

	30 June 2024		31 December 2023	
	HK\$ million	Percentage share of borrowings	HK\$ million	Percentage share of borrowings
Within one year	15,466	69.7%	15,223	65.3%
In the second year	1,694	7.7%	2,077	8.9%
In the third to fifth year	4,720	21.3%	6,017	25.8%
Over five years	299	1.3%	—	—
Total	22,179	100.0%	23,317	100.0%

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

	30 June 2024		31 December 2023	
	HK\$ million	Percentage share of borrowings	HK\$ million	Percentage share of borrowings
Renminbi	9,771	44.1%	7,359	31.6%
Hong Kong Dollar	8,801	39.6%	11,271	48.3%
United States Dollar	3,607	16.3%	4,687	20.1%
Total	22,179	100.0%	23,317	100.0%

During the period, the Group was not in compliance with one of the financial covenants of certain facility agreements with the bank borrowings amounting to 11,024 million, of which 4,385 million have been given waivers by lenders before the reporting date, the waiver applications of the amount of HK\$6,666 million are still being processed by the lenders. As at 30 June 2024, the cross defaulted borrowings caused by these aforesaid reasons amounted to HK\$2,032 million. As at the reporting date, the Company has not received any loan repayment notice.

In respect of the application for the aforesaid waiver, the Group has obtained the consents from certain banks and believes that the waiver will ultimately be granted. The Group believes that non-compliance in covenants will not have a significant negative impact on the Group at this stage.

During the period, the finance cost recognised in profit or loss amounted to HK\$297 million (30 June 2023: HK\$245 million) after deducting of capitalisation of HK\$345 million (30 June 2023: HK\$388 million) into properties under development.

As at 30 June 2024, the Group had cash and bank deposits (excluding restricted cash and bank deposits) of HK\$2,960 million (31 December 2023: HK\$3,411 million), of which 73.8%, 20.6% and 5.6% (31 December 2023: 93.7%, 5.9% and 0.4%) were denominated in Renminbi, Hong Kong dollar and United States dollar, respectively. The unutilised bank facilities of the Group as at 30 June 2024 amounted to HK\$8,399 million (31 December 2023: HK\$6,996 million).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND INTEREST RATES

Exchange Rate Risk

The Group's principal business is located in Mainland China where revenue is primarily denominated in Renminbi and external financing is primarily denominated in Hong Kong dollar. 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 Group's borrowings bear interest at floating rates and therefore, an increase in interest rate would increase the Group's finance cost. In order to mitigate the interest rate risk, the Group has 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\$0.8 billion. As at 30 June 2024, 32.9% (31 December 2023: 27.6%) of the Group's borrowings bears interest at a fixed rate, while the remaining balance bears interest at a floating rate.

As at 30 June 2024, 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 2024, 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 amount of HK\$4,302 million (31 December 2023: HK\$13,515 million);
- ii. property, plant and equipment with carrying amount of approximately HK\$292 million (31 December 2023: HK\$272 million);
- iii. investment properties with fair value of approximately HK\$276 million (31 December 2023: HK\$274 million).

FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

As at 30 June 2024, guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties amounted to HK\$5,345 million (31 December 2023: HK\$7,051 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 financial guarantees 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 8.09% to 988 as at 30 June 2024 (30 June 2023: 1,075). The Group will continue to adopt remuneration policies that are 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 2024 amounted to HK\$167 million (30 June 2023: HK\$187 million).

CORPORATE GOVERNANCE

Corporate Governance Code

In the opinion of the Directors, throughout the six months ended 30 June 2024, the Company has complied with the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Listing Rules, except for deviations from code provisions B.2.2 and C.2.1.

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.

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.

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” (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 C3 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 six months ended 30 June 2024.

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 2024, 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 2024.

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, 27 August 2024

website: www.minmetalsland.com