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 2019

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 2019 together with the comparative figures of the corresponding period in 2018.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)
Revenue	*3*	**5,600,541**	5,953,007
Cost of sales		**(3,614,660)**	(3,582,778)
Gross profit		**1,985,881**	2,370,229
Other income, other gains and losses	*4*	**29,742**	58,984
Fair value changes on investment properties		**65,167**	73,100
Selling and marketing expenses		**(55,772)**	(63,904)
Administrative and other expenses		**(205,458)**	(210,778)
Impairment losses under expected credit loss model, net of reversal		**(2,060)**	(5,621)
Finance income		**73,275**	98,668
Finance costs		**(32,157)**	(86,234)
Share of results of associates		**(955)**	(5,349)
Share of results of joint ventures		**(4,886)**	(195)
Profit before tax		**1,852,777**	2,228,900
Income tax expense	*5*	**(758,430)**	(959,478)
Profit for the period	*6*	**1,094,347**	1,269,422
Profit for the period attributable to:			
Equity holders of the Company		**814,102**	713,281
Holders of perpetual capital instruments		**110,960**	74,073
Non-controlling interests		**169,285**	482,068
		1,094,347	1,269,422
Earnings per share for profit attributable to equity holders of the Company, in HK cents			
Basic	*8*	**24.32**	21.32
Diluted	*8*	**24.32**	21.31

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit for the period	**1,094,347**	1,269,422
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	**(108,187)**	(189,822)
Fair value (losses)/gains on hedging instruments in cash flow hedges	**(28,481)**	17,705
Share of other comprehensive expense of associates	**(4,529)**	(10,204)
Share of other comprehensive expense of joint ventures	**(308)**	(838)
	(141,505)	(183,159)
Items that will not be reclassified subsequently to profit or loss:		
Fair value gain on financial assets at fair value through other comprehensive income	**283,478**	115,234
Other comprehensive income/(expense) for the period	**141,973**	(67,925)
Total comprehensive income for the period	**1,236,320**	1,201,497
Total comprehensive income for the period attributable to:		
Equity holders of the Company	**979,222**	703,251
Holders of perpetual capital instruments	**100,652**	51,570
Non-controlling interests	**156,446**	446,676
	1,236,320	1,201,497

Condensed Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**220,260**	196,512
Investment properties		**2,329,213**	2,256,393
Interests in associates		**1,146,793**	1,152,277
Interests in joint ventures		**91,834**	97,028
Financial assets at fair value through other comprehensive income		**1,094,732**	811,254
Other financial assets		**1,610**	30,091
Deferred tax assets		**666,946**	778,610
		5,551,388	5,322,165
Current assets			
Inventories	*9*	**27,046,695**	25,787,021
Prepayments, trade and other receivables	*10*	**10,693,313**	11,868,354
Contract assets	*11*	**545,793**	453,833
Contract costs		**16,654**	12,275
Cash and bank deposits, restricted		**105,710**	201,353
Cash and bank deposits, unrestricted		**4,483,905**	3,607,776
		42,892,070	41,930,612
Total assets		**48,443,458**	47,252,777
EQUITY			
Share capital		**334,691**	334,691
Reserves		**8,744,486**	8,033,017
Equity attributable to equity holders of the Company		**9,079,177**	8,367,708
Perpetual capital instruments		**3,899,981**	3,854,289
Non-controlling interests		**2,744,900**	2,588,454
Total equity		**15,724,058**	14,810,451

Condensed Consolidated Statement of Financial Position (Continued)
As at 30 June 2019

	Notes	**30 June 2019 HK$'000 (Unaudited)**	31 December 2018 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	*12*	**6,767,917**	14,039,272
Deferred tax liabilities		**136,511**	133,288
Lease liabilities		**40,737**	—
Other liabilities		**—**	223
		6,945,165	14,172,783
Current liabilities			
Borrowings	*12*	**9,492,831**	1,015,365
Trade and other payables	*13*	**11,060,671**	10,682,838
Lease liabilities		**1,453**	—
Contract liabilities		**5,044,354**	6,119,742
Deferred revenue		**5,366**	5,461
Taxation payable		**169,560**	446,137
		25,774,235	18,269,543
Total liabilities		**32,719,400**	32,442,326
Total equity and liabilities		**48,443,458**	47,252,777
Net current assets		**17,117,835**	23,661,069
Total assets less current liabilities		**22,669,223**	28,983,234

Notes:

1. General information

The Group is principally engaged in real estate development, specialised construction, property investment and securities 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).

These condensed consolidated financial statements are presented in thousands of units of Hong Kong dollars ("HK$'000"), unless otherwise stated, which is also the functional currency of the Company. These condensed consolidated financial statements have been approved for issue by the board of directors of the Company on 29 August 2019.

2. Basis of preparation and principal accounting policies

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those adopted in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in “property, plant and equipment”, the same line item as that within which the corresponding underlying assets would be presented if they were owned. Right-of-use assets that meet the definition of investment property are presented within “investment properties”.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;

- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Sale and leaseback transactions

The Group acts as a seller-lessee

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group as a seller-lessee. For a transfer that does not satisfy the requirements as a sale, the Group accounts for the transfer proceeds as borrowings within the scope of HKFRS 9.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement* contains a Lease and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in the People's Republic of China was determined on a portfolio basis; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities and right-of-use assets at amount equal to the related lease liabilities of HK$42,933,000 at 1 January 2019 by applying HKFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.39%.

	At 1 January 2019 HK$'000
Operating lease commitments disclosed as at 31 December 2018	58,934
Lease liabilities discounted at relevant incremental borrowing rates	52,678
Less: Recognition exemption - short-term leases	(9,745)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	42,933
Lease liabilities as at 1 January 2019	42,933
Analysed as	
Current	1,455
Non-current	41,478
	42,933

As a lessor

In accordance with the transitional provisions in HKFRS 16, except for sub-leases in which the Group acts as an intermediate lessor, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

Sale and leaseback transactions

The Group acts as a seller-lessee

In accordance with the transition provisions of HKFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of HKFRS 16, the Group applies the requirements of HKFRS 15 to assess whether sales and leaseback transaction constitutes a sale.

There was no material impact of transition to HKFRS 16 on the retained earnings at 1 January 2019.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK$'000	Adjustments HK$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK$'000
Non-current assets			
Property, plant and equipment	196,512	42,933	239,445
Non-current liabilities			
Lease liabilities	-	41,478	41,478
Current liabilities			
Lease liabilities	-	1,455	1,455

3. Segment information

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

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

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

Segment revenue and results

	Real estate development Six months ended 30 June		Specialised construction Six months ended 30 June		Property investment Six months ended 30 June		Securities investment Six months ended 30 June		Total Six months ended 30 June	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue										
Total segment revenue	**5,128,292**	5,491,482	**460,224**	491,247	**38,830**	36,555	**—**	—	**5,627,346**	6,019,284
Inter-segment revenue	**—**	—	**(24,013)**	(63,740)	**(2,792)**	(2,537)	**—**	—	**(26,805)**	(66,277)
Sales to external customers	**5,128,292**	5,491,482	**436,211**	427,507	**36,038**	34,018	**—**	—	**5,600,541**	5,953,007
Results										
Segment results	**1,780,968**	2,191,109	**(7,545)**	(31,268)	**100,824**	102,559	**23,047**	41,484	**1,897,294**	2,303,884
Unallocated corporate expenses, net									**(79,794)**	(81,874)
									1,817,500	2,222,010
Finance income									**73,275**	98,668
Finance costs									**(32,157)**	(86,234)
Share of results of associates									**(955)**	(5,349)
Share of results of joint ventures									**(4,886)**	(195)
Profit before tax									**1,852,777**	2,228,900

Segment assets

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	30 June 2019	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Segment assets	**40,943,780**	40,524,343	**1,086,789**	1,049,409	**2,106,987**	2,027,991	**1,117,779**	811,254	**45,255,335**	44,412,997
Unallocated corporate assets									**3,188,123**	2,839,780
Total assets									**48,443,458**	47,252,777

4. Other income, other gains and losses

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Government subsidies	**74**	6
Dividend income	**23,047**	41,485
Management fee income from an intermediate holding company and ultimate holding company	**—**	7,678
Management fee income from a fellow subsidiary	**2,020**	—
Fair value changes on other financial liabilities	**—**	(609)
Others	**4,601**	10,424
	29,742	58,984

5. Income tax expense

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profit for the period (30 June 2018: Nil).

The PRC enterprise income tax has been calculated on the estimated assessable profit for the period derived in Mainland China at the rate of 25% (30 June 2018: 25%).

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

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax – Mainland China		
Enterprise income tax	**256,116**	355,333
Land appreciation tax	**387,758**	416,352
Deferred tax	**114,556**	187,793
	758,430	959,478

6. Profit for the period

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Depreciation	**8,626**	4,522
Cost of properties sold (note (i))	**3,202,117**	3,152,076
Cost of specialised construction	**406,820**	424,972
Direct out-goings arising from investment properties that generated rental income	**5,723**	5,730
Net foreign exchange gain	**(6,930)**	(3,564)
Legal and professional fees	**5,192**	17,350
Employee benefit expense (including directors' emoluments) (note (ii))	**107,153**	107,299

Notes:

(i) Included in cost of properties sold are interest expenses of HK$235,990,000 (30 June 2018: HK$239,557,000).

(ii) Employee benefit expense capitalised in properties under development is HK$26,808,000 (30 June 2018: HK$20,372,000).

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 2019 (30 June 2018: Nil).

During the current interim period, a final dividend of HK8.0 cents per ordinary share in respect of the year ended 31 December 2018 (30 June 2018: HK6.0 cents per ordinary share in respect of the year ended 31 December 2017) was declared and paid to the shareholders of the Company. The aggregate amount of the final dividend declared and paid in the current interim period amounted to HK$267,753,000 (30 June 2018: HK$200,739,000).

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.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise of share options granted under the Company's share option schemes. Since there was no outstanding share options during the six months ended 30 June 2019, diluted earnings per share is equal to basic earnings per share.

	Six months ended 30 June 2018 (Thousands shares)
Weighted average number of ordinary shares in issue	3,345,394
Adjustment for share options	2,174
Weighted average number of ordinary shares for diluted earnings per share	3,347,568

9. Inventories

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Properties under development – located in Mainland China	**19,073,263**	14,457,449
Properties under development – located in Hong Kong	**4,554,246**	4,407,395
	23,627,509	18,864,844
Properties held for sale – located in Mainland China	**3,419,186**	6,922,177
	27,046,695	25,787,021

As at 30 June 2019, properties under development with carrying amounts of approximately HK$5,242,678,000 (31 December 2018: HK$7,735,867,000) have been pledged as collaterals 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 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
0 to 90 days	**221,853**	209,399
91 to 180 days	**64,397**	55,922
181 days to 1 year	**78,881**	45,833
1 year to 2 years	**85,924**	92,846
Over 2 years	**78,508**	96,236
	529,563	500,236
Less: allowance for impairment	**(53,490)**	(51,576)
	476,073	448,660

11. Contract assets

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Construction services	**404,746**	310,598
Retention receivables	**141,047**	143,235
	545,793	453,833

12. **Borrowings**

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Non-current		
Bank borrowings, secured	**2,968,406**	10,729,286
Bank borrowings, unsecured	**494,578**	—
Guaranteed bonds, unsecured	**3,304,933**	3,309,986
	6,767,917	14,039,272
Current		
Bank borrowings, secured	**8,014,955**	809,936
Bank borrowings, unsecured	**1,391,280**	205,429
Loan from a fellow subsidiary, unsecured	**34,104**	—
Other borrowings, unsecured	**52,492**	—
	9,492,831	1,015,365
	16,260,748	15,054,637

13. **Trade and other payables**

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

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
0 to 90 days	**1,461,538**	1,360,582
91 to 180 days	**183,658**	324,248
181 days to 1 year	**680,663**	152,413
1 year to 2 years	**106,115**	68,971
Over 2 years	**50,448**	80,070
	2,482,422	1,986,284

14. **Commitments**

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Contracted but not provided for		
Expenditure in respect of acquisition of land use rights	—	1,823,363
Expenditure in respect of properties under development	**3,295,532**	2,540,179
	3,295,532	4,363,542

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's operating results for the first half of 2019 recorded a slight decline with consolidated revenue amounting to HK$5,600.5 million, representing a decrease of 5.9% compared to HK$5,953.0 million for the corresponding period last year. Real estate development operating segment recorded a revenue decline of 6.6% to HK$5,128.3 million (30 June 2018: HK$5,491.5 million) due to pricing restrictions imposed by certain local government authorities and a change in product mix, resulting in a lower average selling price of properties delivered. Specialised construction operating segment recorded a slight revenue increase of 2.0% to HK$436.2 million (30 June 2018: HK$427.5 million), which was attributed to the completion of several projects in Mainland China. Revenue from property investment operating segment grew 5.9% to HK$36.0 million (30 June 2018: HK$34.0 million), mainly due to rental increases in accordance with lease agreements.

During the period under review, overall gross profit margin has decreased from 39.8% to 35.5% as the proportion of higher-margin projects recognised during the period has declined compared with the corresponding period. There was a rise in market valuation for investment properties, in particular to comparable asset class of China Minmetals Tower and LKF29, in the first half of 2019 and the Company recorded an increase in valuation gain of HK$65.2 million (30 June 2018: HK$73.1 million).

Selling expenses recorded a decrease to HK$55.8 million (30 June 2018: HK$63.9 million) as sales and promotion activities reduced during the period. Administrative and other expenses slid slightly to HK$205.5 million (30 June 2018: HK$210.8 million) due to the implementation of strict control over operating expenses.

Finance costs charged to the profit or loss for the first half of 2019 dropped by 62.7% to HK$32.2 million (30 June 2018: HK$86.2 million) after capitalisation of HK$354.0 million (30 June 2018: HK$272.9 million) into properties under development. Such a significant decrease was primarily attributable to changes in the financing structure and a higher portion of interest expenses being capitalised as properties under development.

Profit attributable to equity holders of the Company increased 14.1% to HK$814.1 million from HK$713.3 million for the corresponding period last year and basic earnings per share grew to HK24.32 cents (30 June 2018: HK21.32 cents). The Board has made thorough evaluation of the Group's financial position and the funding requirements for the projects currently undertaken and contemplated, and considers to be in the long term interest of the Group and of the shareholders as a whole, not to declare an interim dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

As at 30 June 2019, the Group's net assets increased by 6.2% to HK$15,724.1 million (31 December 2018: HK$14,810.5 million) mainly caused by increase in profit attributable to equity holders of the Company during the period. The financial position of the Group remained healthy with gearing ratio of 67.5% (31 December 2018: 68.7%), net gearing ratio of 74.2% (31 December 2018: 75.9%) and the net current assets decreased 27.7% to HK$17,117.8 million (31 December 2018: HK$23,661.1 million). In addition, contract liabilities dropped by 17.6% to HK$5,044.4 million (31 December 2018: HK$6,119.7 million). It will be recognised as the Group's revenue in future when presold properties are completed and delivered.

MARKET OVERVIEW AND BUSINESS OUTLOOK

During the first half of 2019, although the fundamentals of property policies generally remained stringent and the Central Government reiterated "housing for living, not for speculation" as the principal policy, the transaction volume for commercial housing in the country continued to grow steadily. From a policy perspective, the Central Government and local authorities continued to execute with flexibility the principal policy of "stability-oriented; one city one policy" proposed by the National People's Congress and Chinese People's Political Consultative Congress. Yet, it had not led to substantial market changes and the overall market conditions remained stable. Among various cities, Suzhou and Xi'an devoted substantial efforts on regulatory measures. Whilst the Xi'an government adopted a more stringent approach, certain regulatory measures were relatively relaxed in Nanjing and Foshan. There was an increasing number of Tier 2 and Tier 3 cities lowered thresholds for household registration. Particularly, Shijiazhuang adopted a "zero requirement" registration policy and offered attractive incentives to high-caliber persons, such as housing subsidy, income tax reduction or exemption. Under such backdrop, market conditions varies from cities across different tiers and accordingly, diversification between cities intensified. As for the Hong Kong property market, it experienced a brief cool down in the fourth quarter last year due to interest rate hikes and associated factors relating thereto. Seeing the easing of the trade war between China and US at the end of last year, the land market in Hong Kong remained robust in the first half of the year with aggressive bids from both Mainland China and Hong Kong property developers and thus pushing land premiums to reaching record-highs.

In terms of commercial housing sales, after a period of austerity under stringent regulatory adjustments, all four Tier 1 cities enjoyed various levels of recovery with continuous and steady release during the first half of the year of purchasing demands accumulated early on. As such, the ample supply and vast demand steadily boosted transaction volume and that was significantly higher than the corresponding period last year. For Tier 2 cities, transaction performance remained substantially the same as last year. Whilst markets in core cities along the southeastern coast including Ningbo, Fuzhou, Suzhou, Tianjin and Xiamen experienced notable recovery, cities such as Changsha, Qingdao and Dalian sees sluggish sales as tightening regulatory policies and depleted demand prolongs. Despite a relatively lenient policy environment in a vast number of Tier 3 and Tier 4 cities, transaction volume declined gradually as a result of limited purchasing power and tightening measures on monetary settlement of shanty town renovation, together with a deteriorating project sell-through rate. The Group's contracted sales recorded in the first six months of the year increased substantially as compared with the corresponding period last year. As a large portion of project sales will be launched in the second half of the year according to pre-sales planning schedule, the Group endeavours to achieve the contracted sales target of the year.

Regarding the land market, the Group closely monitored new developments in the property market and looked into changes in domestic and international economic environment. It adopted a prudent approach in studying and evaluating updates in regulatory restrictions in the property market. Under the implementation of increasingly stringent control policies in the sector, property developers have adopted a more rational investment strategy and the industry entered into a stage of more segmented competition. For enterprises that acquired land in metropolitan areas, while leading real estate enterprises established nationwide presence, small and medium-sized real estate enterprises continued to deepen its presence in the regional market. The Group upheld its investment strategy of "consolidating footholds with moderate expansion, exercising prudent management and collaborative innovation", focusing on premium land lots in Tier 1 and core Tier 2 cities and choosing best of the best options during project selection. For investment approach, we adhered to diversified and multi-pronged land acquisition strategy, enhanced internal and external cooperation and expanded investment channels, which contributed to effective cost control of land acquisition. During the first half of the year, the Group participated in land bidding activities for a number of land lots in Tier 1 and core Tier 2 cities. In light of the current volatile land market environment, our bidding price was not high enough to win the bid. Leveraging on the industrial resources and advantages of China Minmetals Group, the Group participated actively in a number of urban development, industry led and industry-and-urban integrated projects, as well as exploring the investment opportunities of "Transit-oriented development" (TOD) in the meantime. The Company entered into the "Future Eco-City" project in Dayi, Chengdu in January this year. In March, we successfully won the bid for the TOD secondary development project of Huizhou Passenger Transport North Station of Dongguan-Huizhou intercity railway. We became a secondary development partner of such project and were qualified to participate in the tender for the secondary development of a land of 900 mu in this respect. This is a new operation model that allows Minmetals Land to participate in new city development emerging from the high-speed railway network and laid a solid foundation to expand the Group's footprint in the Pearl River Delta region, which makes it strategically significant for the Group's future development in the Guangdong-Hong Kong-Macau Greater Bay Area. Going forward, the Group strives to acquire more quality land resources through collaborations with external industrial resources and unlocking its industry resource advantages.

With respect to financing, the financing environment in general has shown signs of improvement since the beginning of 2019, especially in the first quarter. Under the pent-up financing pressure, a number of real estate enterprises underwent frequent financing that driving sustained growth in financing scale. Given the reinforcement measures imposed by domestic financial regulator since May, it is anticipated that the financing environment will be tightened. The regulator has repeatedly reiterated its intension of continuous monitoring of financial risks in the real estate development sector and stepping up prudent management of real estate financing and it will continue to adhere strict property financial policy. On one hand, China's regulatory authorities has explicitly required banks with concentrated and fast growing real estate loan business to limit the scale of such business and strictly control trust companies' illegitimate participation in real estate industry financing. On the other hand, it has also imposed stringent restrictions on real estate enterprises' offshore debt financing, explicitly requiring that offshore debt can only be issued to refinance middle to long-term offshore debts that falls due within one year. All the above regulations show signs of further tightening in real estate financing channels, which is set to be a challenge for smaller and highly levered property developers. The Group will continue to monitor the collectability of receivables and enhance project turnover rate so as to maintain the gearing ratio at a relatively reasonable level.

OPERATIONS REVIEW

In an ever changing market, the Group attached greater importance to the growth momentum brought by focused and in-depth management. In the first half of the year, the Company set higher requirements towards seven major areas namely, operation, quality, design, cost, customer service, brand building and information technology with an aim to enhance management quality. We made refinement towards plan execution mechanism, and optimised project planning work in a comprehensive manner to further improve on the project quality control mechanism. We also upgraded our product line and a product portfolio was prepared in this regard. In addition, we strengthened cost control measures and set up indicators for better cost management with a view to constantly optimising efficiency on costing, procurement and management. In respect of customer service, we stepped up our efforts to inspect the control and effectiveness of the enhancement plan carried out by each of our regional companies with reference to our customer satisfaction objectives and rectification and enhancement plan for 2019. We defined branding strategies and measures for the whole year, established specifications for brand standardisation management and reinforced training and examination for brand standardisation management. Last but not least, we adopt "Happiness" as the theme of the Group's internal and external brand promotion strategies to enhance the reputation of Minmetals Land's branding.

The tables below set out the total revenue and results of the Group by operating segments for the six months ended 30 June 2019, together with the comparative figures for the corresponding period last year.

Segment Revenue

	For the six months ended 30 June				**Year-on-year**
	2019		2018		**change**
	HK$ million	**%**	HK$ million	%	**%**
Real estate development	**5,128.3**	**91.6**	5,491.5	92.2	**-6.6**
Specialised construction	**436.2**	**7.8**	427.5	7.2	**+2.0**
Property investment	**36.0**	**0.6**	34.0	0.6	**+5.9**
Total	**5,600.5**	**100.0**	5,953.0	100.0	**-5.9**

Segment Results

	For the six months ended 30 June				**Year-on-year**
	2019		2018		**change**
	HK$ million	**%**	HK$ million	%	**%**
Real estate development	**1,781.0**	**93.9**	2,191.1	95.1	**-18.7**
Specialised construction	**(7.5)**	**(0.4)**	(31.3)	(1.4)	**-76.0**
Property investment	**100.8**	**5.3**	102.6	4.5	**-1.8**
Securities investment	**23.0**	**1.2**	41.5	1.8	**-44.6**
Total	**1,897.3**	**100.0**	2,303.9	100.0	**-17.6**

REAL ESTATE DEVELOPMENT

Land Bank

As at 30 June 2019, the Group had a land bank developable in gross floor area of approximately 4.24 million square metres across 22 real estate development projects in 11 cities located in the PRC, including Beijing, Yingkou, Langfang, Tianjin, Nanjing, Changsha, Wuhan, Huizhou, Foshan, Guangzhou and Hong Kong.

Contracted Sales*

In the first half of 2019, the Group focused on the improvement of the quality of real estate development projects, accelerated turnover and scale development. Total contracted sales rose 46.2% to RMB4,110 million (30 June 2018: RMB2,812 million) and the gross floor area contracted for sale rose 24.1% to 232,000 square metres (30 June 2018: 187,000 square metres) compared to the corresponding period of last year. The average selling price increased 17.2% to approximately RMB17,700 (30 June 2018: RMB15,100) per square metre.

The table below provides an analysis of contracted sales by project for the first half of 2018 and 2019:

	Six months ended 30 June					
	2019			2018		
Project	**Contracted amount (RMB million)**	**Contracted GFA (sq.m.)**	**ASP (RMB/sq.m.)**	Contracted amount (RMB million)	Contracted GFA (sq.m.)	ASP (RMB/sq.m.)
Beijing Fortune Garden#	**18**	**5,222**	**3,436**	969	12,809	75,628
Yingkou Platinum Bay	**203**	**31,173**	**6,527**	274	40,566	6,757
Langfang Harrow Town	**12**	**868**	**13,759**	–	–	–
Nanjing Sello Royale	**–**	**–**	**–**	21	931	22,448
Nanjing Academic Royale#	**37**	**674**	**54,566**	125	2,814	44,287
Nanjing Yan Shan Ju#	**16**	**304**	**52,955**	92	1,114	82,225
Nanjing Enchanté Oasis	**1,007**	**32,373**	**31,093**	–	–	–
Nanjing Enchanté Cove	**1,181**	**43,655**	**27,058**	–	–	–
Changsha LOHAS International Community#	**13**	**351**	**36,443**	137	5,208	26,260
Changsha Scotland Town#	**1**	**98**	**10,521**	25	2,830	8,819
Changsha Qin Royale	**213**	**23,987**	**8,898**	1,023	108,746	9,410
Wuhan Enchanté Crest	**161**	**12,889**	**12,477**	–	–	–
Wuhan Scenery Cove	**209**	**15,683**	**13,326**	–	–	–
Huizhou Hallstatt See#	**414**	**46,677**	**8,865**	146	11,556	12,633
Foshan Academic Royale	**444**	**15,352**	**28,904**	–	–	–
Guangzhou Greenery Terrace	**181**	**2,538**	**71,475**	–	–	–
Total	**4,110**	**231,844**	**17,729**	2,812	186,574	15,066

* "Contracted Sales" means sales contracts entered into between the Group and purchasers pursuant to the Administrative Measures on the Sales of Commodity Buildings promulgated by the Ministry of Housing and Urban-rural Development on 4 April 2001 and implemented on 1 June 2001. Sale of commodity buildings included both pre-completion sales (pre-sale) and post-completion sales, and included sales from residential, commercial and car park units.

The difference in contracted ASP for the first half of 2018 and 2019 was mainly due to the change in product mix.

Project Profiles

Location/Project	Attributable interest to the Group	Site Area (sq.m.)	Estimated GFA (sq.m.)	GFA completed (sq.m.)	GFA under development (sq.m.)	GFA held for future development (sq.m.)
Pan Bohai Rim						
1. Beijing Fortune Garden	51.0%	139,000	414,000	414,000	–	–
2. Yingkou Platinum Bay	100.0%	396,000	391,000	208,000	168,000	15,000
3. Langfang Harrow Town	50.0%	550,000	1,180,000	284,000	–	896,000
4. Tianjin Minmetals International	100.0%	21,000	183,000	183,000	–	–
Yangtze River Delta						
5. Nanjing Sello Royale	100.0%	179,000	270,000	270,000	–	–
6. Nanjing Academic Royale	100.0%	136,000	482,000	482,000	–	–
7. Nanjing Yan Shan Ju	100.0%	91,000	203,000	203,000	–	–
8. Nanjing Enchanté Oasis	100.0%	95,000	255,000	105,000	150,000	–
9. Nanjing Enchanté Cove	100.0%	68,000	148,000	148,000	–	–
10. Nanjing Jiang Shan Da Jing	39.8%	83,400	285,000	45,000	240,000	–
11. Nanjing Jinling Fu	33.9%	43,000	233,000	–	233,000	–
Central China						
12. Changsha LOHAS International Community	100.0%	643,000	1,084,000	1,084,000	–	–
13. Changsha Scotland Town	100.0%	333,000	442,000	442,000	–	–
14. Changsha Qin Royale	100.0%	150,000	560,000	178,000	334,000	48,000
15. Wuhan Enchanté Crest	100.0%	61,000	178,000	–	178,000	–
16. Wuhan Scenery Cove	100.0%	52,400	215,000	–	215,000	–
Pearl River Delta						
17. Huizhou Hallstatt See	100.0%	984,000	1,621,000	213,000	179,000	1,229,000
18. Foshan Academic Royale	100.0%	42,500	214,000	–	214,000	–
19. Guangzhou Greenery Terrace	100.0%	30,600	29,000	–	29,000	–
20. Guangzhou Maoganglu Project	100.0%	14,000	73,000	–	–	73,000
21. Guangzhou Changlingju Project	100.0%	72,000	252,000	–	–	252,000
22. Hong Kong Yau Tong Project	100.0%	10,500	53,000	–	53,000	–

Beijing Fortune Garden
Fortune Garden is a residential development project located at Xibeiwang Town, Haidian District, Beijing. It occupies an aggregate site area of approximately 139,000 square metres and has an aggregate gross floor area of approximately 414,000 square metres. Fortune Garden received the "International Award" granted by the British Association of Landscape Industries in recognition of its outstanding landscape design. So far, 99.9% of the gross saleable floor area was sold. During the first half of 2019, this project achieved a contracted sales of 5,222 square metres.

Yingkou Platinum Bay
Platinum Bay is a residential development project comprises villas and apartments located at Liaoning (Yingkou) Coastal Industrial Base, Yingkou City, Liaoning Province. It occupies an aggregate site area of approximately 396,000 square metres and has an aggregate planned gross floor area of approximately 391,000 square metres. The project is divided into five phases of development. The first to third phases have been delivered to buyers. Part I of Phase IV was completed and delivered to the buyer at the end of 2018. Part II of Phase IV commenced pre-sale in the second quarter of 2018 and its construction is expected to complete by the end of 2019. Construction of Part III of Phase IV was commenced in March 2018 and pre-sale was launched in May 2018. Phase V will be comprised of

middle and high-rise units, which is now in the early stage of design and construction. Its pre-sale is expected to begin in late 2019. During the first half of 2019, this project achieved a contracted sales of 31,173 square metres.

Langfang Harrow Town

Harrow Town is a residential development project comprises villas and high-rise units located in Jiangxintun Town, Xianghe County, Langfang City, Hebei Province. It occupies an aggregate site area of approximately 550,000 square metres and has an aggregate planned gross floor area of approximately 1,180,000 square metres. Phase I and high-rise units of Phase II of the project have been delivered to buyers. The rest of the project is in the planning stage, and the overall completion date of the project has yet to be determined. The project has limited saleable resources according to the development schedule, therefore a relatively low property transaction volume was recorded. During the first half of 2019, this project achieved a contracted sales of 868 square metres.

Tianjin Minmetals International

Minmetals International is a mixed commercial and residential development project located at the east of Yingbin Main Road and south of Tuochang Road, Tanggu District, Tianjin. This project comprises office space, apartments, retail stores and car-parking spaces. It occupies an aggregate site area of approximately 21,000 square metres and has an aggregate gross floor area of approximately 183,000 square metres. So far, 96.5% of the gross saleable floor area was sold.

Nanjing Sello Royale

Sello Royale is a residential development project located at the south of Hongjing Road, Science Park, Jiangning District, Nanjing, Jiangsu Province. This project comprises villas and low-rise apartments. It occupies an aggregate site area of approximately 179,000 square metres and has an aggregate gross floor area of approximately 270,000 square metres. The project was awarded the “Best Residential Development in 2014 (East & Central China)” at the first China Property Awards held by Ensign Media. So far, 99.1% of the gross saleable floor area was sold.

Nanjing Academic Royale

Academic Royale is a residential development project located at Tian He Road, Jianye District, Nanjing, Jiangsu Province. It is located approximately 5 kilometres from the Nanjing Olympic Sports Centre. The Hexi New Town, where the project is located, is the development focus of Nanjing Hexi New City Zone, with planning to build an ecologically livable new city. This project is designed as a low-density high-end residential areas. It occupies an aggregate site area of approximately 136,000 square metres and has an aggregate planned gross floor area of approximately 482,000 square metres. The project is divided into four phases and the first three phases have been delivered to the buyer. Construction of Phase IV commenced in April 2016 and was delivered to buyers with full refurbishment in the second quarter of 2019. So far, 99.3% of the gross saleable floor area was sold. During the first half of 2019, this project achieved a contracted sales of 674 square metres.

Nanjing Yan Shan Ju

Yan Shan Ju is a residential development project located in the traditional high-end residential area at the southeast of Zijin Mountains in Nanjing Xuanwu District, Nanjing, Jiangsu Province where land supply is limited. It occupies an aggregate site area of approximately 91,000 square metres and has an aggregate gross floor area of approximately 203,000 square metres. There are well developed transportation facilities and the project is in close proximity to the Ninghang Expressway and Subway Line No. 2. In addition, it enjoys excellent surrounding environment and neighbours a number of educational and research institutions. It is designed as a high-end low-density residential community comprises low-rise apartments for first time buyers and upgraders from the local district and the Nanjing city. So far, 97.2% of the gross saleable floor area was sold. During the first half of 2019, this project achieved a contracted sales of 304 square metres.

Nanjing Enchanté Oasis

Enchanté Oasis is a residential development project located within the core centre of Zijin Technology Entrepreneurial Special Zone and at the junction of Shuanglong Avenue and Xuelindong Road, Jiangning District, Nanjing, Jiangsu Province and to the west of Shangqinhuai Wetland Park, the largest wetland park in China. It occupies an aggregate site area of approximately 95,000 square metres and has an aggregate planned gross floor area of approximately 255,000 square metres. The project is divided into two phases. Phase I commenced in the second quarter of 2017, the multi-floor portion was delivered to buyer in the second quarter of 2019 and the high-rise portion is expected to be delivered to buyer by the end of 2019. Phase II commenced in January 2018 and is expected to be delivered to buyer by the second quarter of 2020. During the first half of 2019, this project achieved a contracted sales of 32,373 square metres.

Nanjing Enchanté Cove
Enchanté Cove is a residential development project located at the junction of Fangqian Avenue and Wushi Road in the Jiangning University Town at the south-eastern corner of Fangshan, Jiangning District, Nanjing, Jiangsu Province. It occupies an aggregate site area of approximately 68,000 square metres and has an aggregate planned gross floor area of approximately 148,000 square metres. The project commenced in the second quarter of 2017 and was completed and pre-sold in the fourth quarter of 2018. It was delivered to buyer in the second quarter of 2019. During the first half of 2019, this project achieved a contracted sales of 43,655 square metres.

Nanjing Jiang Shan Da Jing
Jiang Shan Da Jing (formerly known as Yu Shan Tang) is a residential development project located at the junction of Guangming Road and Lixin Road, Pukou District, Nanjing, Jiangsu Province with close proximity to Metro Line No. 10 Yushan Road Station. The district is equipped with well-established facilities. It occupies an aggregate site area of approximately 83,400 square metres and has an aggregate planned gross floor area of approximately 285,000 square metres. The project was commenced in December 2017 and is expected to be completed and launch for sale in the third quarter of 2019 and delivered to buyer in the fourth quarter of 2020.

Nanjing Jinling Fu
Jinling Fu (formerly known as Hexi Project) is a residential and commercial development project located at the junction of Yanshan Road and Shuiximen Avenue, Gulou District, the northern part of Hexi, Nanjing, Jiangsu Province where it enjoys an array of transportation, commercial and educational resources. It occupies an aggregate site area of approximately 43,000 square metres and has an aggregate planned gross floor area of approximately 233,000 square metres. The project commenced in the third quarter of 2018 and is expected to be completed and launch for sale in the fourth quarter of 2020 and delivered to buyer in the fourth quarter of 2021.

Changsha LOHAS International Community
LOHAS International Community is a large-scale residential development project with ancillary facilities such as clubhouse, shops, car-parking lots, schools and landscaped garden. Located at Gaoyun Road, Muyun Town, Changsha County, Hunan Province, the project occupies an aggregate site area of approximately 643,000 square metres, including a private lake of 30,000 square metres, and has an aggregate gross floor area of approximately 1,084,000 square metres. So far, 99.3% of the gross saleable floor area was sold. During the first half of 2019, this project achieved a contracted sales of 351 square metres.

Changsha Scotland Town
Scotland Town is a residential development project located at Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province and is adjacent to LOHAS International Community. It occupies an aggregate site area of approximately 333,000 square metres and has an aggregate gross floor area of approximately 442,000 square metres. So far, 98.8% of the gross saleable floor area was sold. During the first half of 2019, this project achieved a contracted sales of 98 square metres.

Changsha Qin Royale
Qin Royale is a residential and commercial development project located at Fu Yuan West Road, Kaifu District, Changsha County, Hunan Province. It locates in the ecologically livable area of the government's master plan, adjacent to the administrative function center of Kaifu District. It occupies an aggregate site area of approximately 150,000 square metres and has an aggregate planned gross floor area of approximately 560,000 square metres. Whilst the residential portion of the project will be developed into a quality residential community for first home

buyer and upgrader, the commercial portion will be developed as an entertainment complex with a studio in the center of the development surrounded by office buildings, hotel, shopping malls, and food and beverage facilities. The project is divided into four phases. Phase I comprises villas and selected high-rise units and it was completed and delivered to buyers. Phase II is expected to be delivered to buyer in the fourth quarter of 2019. The first part of Phase III commercial development was opened for business in December 2018 and the remaining part is currently under planning. Phase IV residential units commenced in the second quarter of 2018 with pre-sales began in the third quarter of 2018. It is expected to be completed in the first quarter of 2021 and delivered to buyer in the second quarter of 2021. During the first half of 2019, this project achieved a contracted sales of 23,987 square metres.

Wuhan Enchanté Crest

Enchanté Crest is a residential development project located at the junction of Songjiagang East Road and Huayun Road, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province. It occupies an aggregate site area of approximately 61,000 square metres and has an aggregate planned gross floor area of approximately 178,000 square metres. This project is designed as a high-end residential community comprises low-rise apartments for first home buyers and upgrader. The project commenced in the fourth quarter of 2017 and pre-sold in the third quarter of 2018. It is expected to reach completion by the third quarter of 2020. During the first half of 2019, this project achieved a contracted sales of 12,889 square metres.

Wuhan Scenery Cove

Wuhan Scenery Cove is a residential development project located between the south of Third Ring and Fourth Ring of Wuhan, Hubei Province with close proximity to Huangjiahu University Town and the 2019 Military World Game Stadium. It is well equipped with transportation and community facilities, including the nearby Metro Line No. 8 Stadium Station. It occupies an aggregate site area of approximately 52,400 square metres and has an aggregate planned gross floor area of approximately 215,000 square metres. The project commenced in the second quarter of 2018 and was pre-sold in the second quarter of 2019. During the first half of 2019, this project achieved a contracted sales of 15,683 square metres.

Huizhou Hallstatt See

Hallstatt See is a large-scale residential development project located at Mai Tian Ling, Boluo County, Huizhou City, Guangdong Province with close proximity to many amenities such as golf course. Surrounded by hills and a 20-acre lake. It occupies an aggregate site area of approximately 984,000 square metres and has an aggregate planned gross floor area of approximately 1,621,000 square metres. The project received 4A tourist attraction rating by China National Tourism Administration in 2015, and was given an award for its innovative cultural and resort real estate model in the 10th Annual Real Estate Billboard event hosted by China Commercial Real Estate Commission. The project is divided into seven phases. Development of Phase I and part of Phase II was completed and delivered to buyers. Construction of the majority of Phase II and Phase III was completed and the high rise portion of Phase II is expected to be delivered to buyer in the third quarter of 2020. Pre-sale of the high rise portion of Phase IV will be launched in the third quarter of 2019, it is expected to be delivered to buyer in the fourth quarter of 2021. The villa portion of Phase IV will be launched in the fourth quarter of 2019. During the first half of 2019, this project achieved a contracted sales of 46,677 square metres.

Foshan Academic Royale

Foshan Academic Royale is a residential development project located at Lujingdong Road, Chancheng District, Foshan. Being situated in the Guangzhou-Foshan Urban Integration Development Region, the project is located at the junction of the Central Nanhai District and Chancheng District, within half an hour drive to Guangzhou and the core districts of Foshan. It occupies an aggregate site area of approximately 42,500 square metres and has an aggregate planned gross floor area of approximately 214,000 square metres. The project is divided into two phases with mainly high-rise buildings. It will be developed into a high-quality high-rise residential area for first-home buyer and upgrader. Phase I commenced in the first quarter of 2017 and was pre-sold in the third quarter of 2018. It is expected to be completed and delivered to buyer in the fourth quarter of 2020. Phase II commenced in the second quarter of 2018 and pre-sale will be launched in the fourth quarter of 2019. It is expected to be completed and delivered to buyer in the second quarter of 2021. During the first half of 2019, this project achieved a contracted sales of 15,352 square metres.

Guangzhou Greenery Terrace
Greenery Terrace is a residential development project located at Xingnan Avenue, Nancun County, Panyu District, Guangzhou within the Huanan New Town Zone. Being one of the few low-density sites located in the Huanan New Town Zone, the close proximity to Metro Line No. 7 and the various developments and facilities in the Wanbo Commercial district in the near future will add tremendous value to the project. The project occupies an aggregate site area of approximately 30,600 square metres and has an aggregate planned gross floor area of approximately 29,000 square metres. It will be developed into a high-end low-density villa area. Development was commenced in the third quarter of 2017 and was presold in the third quarter of 2018. It is expected to be completed and delivered to buyer in the third quarter of 2019. During the first half of 2019, this project achieved a contracted sales of 2,538 square metres.

Guangzhou Maoganglu Project
Maoganglu Project is a residential development project located at Maogang Road, Huangpu District, Guangzhou. The project strategically positioned at the pivotal intersection between Huangpu Yuzhu Port Economic Zone and Guangzhou International Financial City, the second CBD of Guangzhou. It is conveniently located with close proximity to the planned Metro Line No. 13 and equipped with quality educational, healthcare and transportation facilities. It occupies an aggregate site area of approximately 14,000 square metres and has an aggregate planned gross floor area of approximately 73,000 square metres. It will be developed into a mid-end quality high-rise community. Plans to commence construction in the third quarter of 2019 and pre-sale is expected in the first quarter of 2020. The project is expected to be completed and delivered to buyer in the fourth quarter of 2022.

Guangzhou Changlingju Project
Changlingju Project is a residential development project located at Changling Road, Huangpu District, Guangzhou. It is 8 kilometres northeast to the Huangpu District municipal government office and 23 kilometres from Guangzhou International Financial City, the second CBD of Guangzhou. The project is conveniently located with close proximity to the planned Huangpu Tram Line No. 1. The district is equipped with quality educational, healthcare and transportation facilities. It occupies an aggregate site area of approximately 72,000 square metres and has an aggregate planned gross floor area of approximately 252,000 square metres. The project will be developed into a mid-end quality high-rise community. Plans to commence construction in the third quarter of 2019 and pre-sale is expected in the first quarter of 2020. The project is expected to be completed and delivered to buyer in the fourth quarter of 2023.

Hong Kong Yau Tong Project
Yau Tong Project is a residential development project located at the junction of Shung Shun Street and Yan Yue Wai, Yau Tong, Kowloon, Hong Kong. With idyllic and unobstructed view of the Victoria Harbour, the development offers stylish and relaxing living environment. It occupies an aggregate site area of approximately 10,500 square metres and has an aggregate planned gross floor area of approximately 53,000 square metres. The project comprises four high-rise blocks with 688 units, which are mostly small to medium-sized. It aims to meet owner occupier and upgrade demand from single and expanding families. It also provides three and four-bedroom units for self-use and upgrade demand. Construction of the project commenced in the fourth quarter of 2017 with pre-sale scheduled to commence in the third quarter of 2020. This project is expected to complete in 2022.

SPECIALISED CONSTRUCTION

The Group is engaged in the business of specialised construction mainly encompassing the services of design, production and installation of curtain walls system and associated metal works via Minmetals Condo (Shanghai) Construction Co., Ltd. (“Condo Shanghai”) for the PRC market and Minmetals Condo (Hong Kong) Engineering Company Limited (“Condo Hong Kong”) for the Hong Kong market. In the first half of 2019, revenue derived from this operating segment showed a slight increase of 2.0% to HK$436.2 million (30 June 2018: HK$427.5 million) and its operating results, net of intra-group transactions, showed an operating loss of HK$7.5 million (30

June 2018: HK$31.3 million).

Condo Hong Kong's active participation in both private development and public sector over the years has earned itself positive market recognition within the construction sector, which has led to an increase in project bidding invitation. Bidding opportunities grow as several large developments including Hong Kong International Airport area, West Kowloon Culture District moves into key construction stage. However, competition has intensified as a result of curtain wall construction companies from other regions entering into the Hong Kong market. In view of the shortage of skilled labour, rising trend in direct and indirect costs, Condo Hong Kong implemented a relatively conservative bidding strategy and underwent tight risk management measures. In the first half of 2019, Condo Hong Kong secured new tenders amounting to approximately HK$90 million with projects on hand amounting to approximately HK$600 million as at 30 June 2019. Condo Shanghai has prioritised itself over operational risk management. In the first half of 2019, Condo Shanghai secured new tenders amounting to approximately RMB72 million with projects on hand amounting to approximately RMB600 million as at 30 June 2019.

PROPERTY INVESTMENT

The Group's investment property portfolio in Hong Kong comprises two commercial office buildings, namely China Minmetals Tower in Tsimshatsui and LKF 29 in Central, together with four residential units, all of which are located in Hong Kong with a total gross floor area of 15,826 square metres. In the second quarter, as Sino-US trade talk drags on, affecting consumer confidence and investors' views on the economic outlook. On the local front, social and political unrest in Hong Kong also impacted the Hong Kong economy negatively, leading to a gloom local economic outlook and declining business confidence. The occupancy rate of the two office buildings in Hong Kong has also been adversely affected to a certain extent, especially for the leasing of the centrally located LKF29. The Company has conducted rental revision in a more conservative matter, and also tried to lock-in rental renewal agreements with existing tenants as early as possible, and adopted market promotional terms to facilitate business dealing. In the first half of 2019, revenue from this operating segment recorded a 5.9% growth to HK$36.0 million (30 June 2018: HK$34.0 million). As at 30 June 2019, the occupancy rate of LKF 29 was 91.5% (31 December 2018: 100%) while China Minmetals Tower was 87.3% occupied (31 December 2018: 92.3%).

ENTRUSTED ASSET MANAGEMENT

During the period under review, the Group has recorded RMB1.75 million in management fee income arising from the entrusted management service provided to non-listed assets within the real estate development and construction division of China Minmetals Corporation. The entrusted assets include real estate development and management projects in Beijing, Tianjin, Shenyang, Liaoning, Shandong, Qinghai, Jiangsu, Hunan and Guangdong.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2019, the Group's operations were financed mainly by cash flows generated internally from business operations as well as borrowings.

As at 30 June 2019, cash and bank deposits (excluding restricted cash and bank deposits) of the Group amounted to HK$4,483.9 million (31 December 2018: HK$3,607.8 million).

The Group had utilised financing to supplement internal resources to finance the acquisition of new projects and the development of existing projects. As at 30 June 2019, the total borrowings and net borrowings of the Group stood at HK$16,260.7 million and HK$11,671.1 million respectively (31 December 2018: HK$15,054.6 million and HK$11,245.5 million respectively) and the gearing ratio of net borrowings to total equity of the Group was 74.2% (31 December 2018: 75.9%).

The unutilised banking facilities of the Group as at 30 June 2019 amounted to HK$8,345.8 million (31 December 2018: HK$10,557.7 million).

As at 30 June 2019, the weighted average borrowing costs of the Group maintained at a low level of around 4.92% (31 December 2018: 4.75%).

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

	30 June 2019		31 December 2018	
	HK$ million	**%**	HK$ million	%
Within one year	**9,492.8**	**58.4**	1,015.4	6.7
In the second year	**569.2**	**3.5**	8,067.7	53.6
In the third to fifth year	**6,198.7**	**38.1**	5,971.5	39.7
Total	**16,260.7**	**100.0**	15,054.6	100.0

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

	30 June 2019		31 December 2018	
	HK$ million	**%**	HK$ million	%
Renminbi	**1,211.7**	**7.5**	1,153.0	7.7
Hong Kong Dollar	**11,744.1**	**72.2**	10,591.6	70.4
United States Dollar	**3,304.9**	**20.3**	3,310.0	21.9
Total	**16,260.7**	**100.0**	15,054.6	100.0

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND INTEREST RATES

Exchange Rate Risk
The Group's principal business is located in Mainland China where external financing is denominated in Hong Kong dollar and revenue is denominated in Renminbi primarily. The Group is exposed to exchange rate risk on transactions that are denominated in a currency other than Hong Kong dollar, the reporting and functional currency of the Company. The Group has been closely monitoring the fluctuation in Renminbi exchange rate and has considered necessary measures to minimise the impact arising from adverse currency fluctuation including adjustment to the proportion of borrowings in foreign currency 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 was on a floating rate basis and therefore, an increase in interest rate would raise the Group's interest 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$4.6 billion. As at 30 June 2019, approximately 49.5% (31 December 2018: 52.5%) of the Group's borrowings was on a fixed rate basis after hedging with the remainder on a floating rate basis.

As at 30 June 2019, save as disclosed above, the Group had not possessed any kind of financial instruments for hedging and speculative purposes.

CHARGES ON GROUP ASSETS

As at 30 June 2019, certain assets of the Group were pledged to secure certain banking facilities granted to the Group and mortgage loan facilities to the purchasers of the Group's properties, and these pledged assets of the

Group included:

i. inventories with carrying amounts of approximately HK$5,242,678,000 (31 December 2018: HK$7,735,867,000); and

ii. 100% equity interest in a subsidiary.

FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

As at 30 June 2019, guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties amounted to HK$4,088.3 million (31 December 2018: HK$7,538.1 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 the possession of the relevant properties; or (ii) the repayment of mortgage loans by the purchasers. After taking into account the net realisable value of the related properties and the low default rate, the Directors consider that the fair value of the financial guarantee contracts 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, increased 13.8% to 940 as at 30 June 2019 (30 June 2018: 826) primarily due to an increasing team size at our real estate development projects. The Group will continue to adopt a remuneration policy in line with local market practice and standards. The total remuneration and benefits for the Directors and staff of the Group for the first half of 2019 were approximately HK$134.0 million (30 June 2018: HK$127.7 million).

CORPORATE GOVERNANCE

Corporate Governance Code

In the opinion of the Directors, throughout the six months ended 30 June 2019, the Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for the following deviation:

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

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

Code for Securities Transactions by Directors

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

Having made specific enquiries of all Directors, they had confirmed in writing that they had complied with the Rules for Securities Transactions throughout the six months ended 30 June 2019.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019, which have also been reviewed by the Company's independent auditor, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises eights directors, namely Mr. He Jianbo as the Chairman and an executive director, Mr. Liu Zeping, Mr. Chen Xingwu and Mr. Yang Shangping as executive directors, Ms. He Xiaoli as a non-executive director, and Mr. Selwyn Mar, Mr. Lam Chung Lun, Billy and Ms. Law Fan Chiu Fun, Fanny as independent non-executive directors.

By order of the Board
He Jianbo
Chairman

Hong Kong, 29 August 2019

website: www.minmetalsland.com