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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 2021

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 2021 together with the comparative figures of the corresponding period in 2020.

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	4,925,839	2,673,126
Cost of sales		(3,855,568)	(2,209,840)
Gross profit		1,070,271	463,286
Other income	4	46,596	167,756
Fair value changes on investment properties		(99,260)	(28,974)
Selling and marketing expenses		(155,215)	(83,527)
Administrative and other expenses		(209,646)	(174,391)
Impairment loss (recognised) / reversed under the expected credit loss model, net		(8,809)	1,470
Finance income		41,049	90,769
Finance costs		(48,874)	(38,560)
Share of results of associates		(11,439)	12,757
Share of results of joint ventures		1,799	603
Profit before tax		626,472	411,189
Income tax expense	5	(229,784)	(160,112)
Profit for the period	6	396,688	251,077
Profit for the period attributable to:			
Equity holders of the Company		61,406	54,298
Holders of perpetual capital instruments		104,252	107,900
Non-controlling interests		231,030	88,879
		396,688	251,077
Earnings per share for profit attributable to equity holders of the Company, in HK cents			
Basic	8	1.83	1.62
Diluted	8	1.83	1.62

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	396,688	251,077
Other comprehensive income/(expense):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	335,016	(477,416)
Fair value gain/(loss) on hedging instruments in cash flow hedges	12,247	(49,908)
Share of other comprehensive income/(expense) of associates	39,655	(21,778)
Share of other comprehensive income/(expense) of joint ventures	2,297	(1,639)
	389,215	(550,741)
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value loss on financial assets at fair value through other comprehensive income	(223,556)	(142,891)
Other comprehensive income/(expense) for the period	165,659	(693,632)
Total comprehensive income/(expense) for the period	562,347	(442,555)
Total comprehensive income/(expense) for the period attributable to:		
Equity holders of the Company	96,864	(506,927)
Holders of perpetual capital instruments	131,699	64,824
Non-controlling interests	333,784	(452)
	562,347	(442,555)

Interim Condensed Consolidated Statement of Financial Position

30 June 2021

		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		237,090	259,280
Investment properties		2,500,892	2,507,388
Interests in associates		3,500,312	3,472,096
Interests in joint ventures		208,775	196,074
Financial assets at fair value through other comprehensive income		599,222	822,778
Other receivables		9,955	–
Deferred tax assets		922,360	442,890
Total non-current assets		<u>7,978,606</u>	<u>7,700,506</u>
Current assets			
Inventories	9	41,810,091	34,293,789
Prepayments, trade and other receivables	10	12,223,713	17,665,954
Contract assets	11	217,100	203,146
Contract costs		183,531	91,741
Cash and bank deposits, restricted		921,074	194,085
Cash and bank deposits, unrestricted		13,175,875	8,238,516
Total current assets		<u>68,531,384</u>	<u>60,687,231</u>
Total assets		<u>76,509,990</u>	<u>68,387,737</u>
EQUITY			
Share capital		334,691	334,691
Reserves		9,294,186	9,264,260
Equity attributable to equity holders of the Company		9,628,877	9,598,951
Perpetual capital instruments		2,464,778	3,947,539
Non-controlling interests		9,130,385	8,863,517
Total equity		<u>21,224,040</u>	<u>22,410,007</u>

Interim Condensed Consolidated Statement of Financial Position (Continued)

30 June 2021

		30 June	31 December
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	12	15,018,135	15,015,877
Other payables		443,299	438,287
Lease liabilities		40,781	47,674
Other financial liabilities		47,599	59,846
Deferred tax liabilities		349,986	366,366
Total non-current liabilities		15,899,800	15,928,050
Current liabilities			
Borrowings	12	8,594,259	4,555,246
Trade and other payables	13	13,384,240	12,065,785
Contract liabilities		16,456,246	12,787,885
Deferred revenue		311,236	307,815
Lease liabilities		25,637	30,069
Taxation payable		614,532	302,880
Total current liabilities		39,386,150	30,049,680
Total liabilities		55,285,950	45,977,730
Total equity and liabilities		76,509,990	68,387,737
Net current assets		29,145,234	30,637,551
Total assets less current liabilities		37,123,840	38,338,057

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).

The interim condensed consolidated financial information has been approved for issue by the Board on 26 August 2021.

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 2020.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, 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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

As at 30 June 2021, the Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate. The Group had also applied cash flow hedge to manage the cash flow interest rate risk of certain bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate, by using interest rate swaps. Since the interest rates of these borrowings and interest rate swap contracts were not replaced by RFRs during the period, the amendments did not have any impact on the financial position and performance of the Group. For interest-bearing bank borrowings, if the interest rates are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met. For hedging, the Group expects to amend the formal designation of that hedging relationship upon modification (or other forms of changes that in substance result in a replacement of the benchmark interest rate) of the interest rate swap or the bank borrowings. The Group expects that any resulting ineffectiveness upon the modification or the change to be charged to profit or loss will not be material.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early applied the amendment on 1 January 2021. The application of the amendment had no impact to the opening retained earnings at 1 January 2021 or profit or loss for the current period.

3. Revenue and segment information

An analysis of revenue is as follows:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>	4,899,275	2,641,876
<i>Revenue from other sources</i>		
Rental and management fee income from property investment	26,564	31,250
	4,925,839	2,673,126

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2021

Segments	Real estate development HK\$'000 (Unaudited)	Specialised construction HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Types of goods or services			
Sales of properties	4,607,671	–	4,607,671
Specialised construction services	–	115,695	115,695
Management services	175,909	–	175,909
Total revenue from contracts with customers	<u>4,783,580</u>	<u>115,695</u>	<u>4,899,275</u>
Geographical markets			
Mainland China	4,783,580	–	4,783,580
Hong Kong	–	115,695	115,695
Total revenue from contracts with customers	<u>4,783,580</u>	<u>115,695</u>	<u>4,899,275</u>
Timing of revenue recognition			
Properties transferred at a point in time	4,607,671	–	4,607,671
Specialised construction services transferred over time	–	115,695	115,695
Management services transferred over time	175,909	–	175,909
Total revenue from contracts with customers	<u>4,783,580</u>	<u>115,695</u>	<u>4,899,275</u>

For the six months ended 30 June 2020

Segments	Real estate development HK\$'000 (Unaudited)	Specialised construction HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Types of goods or services			
Sales of properties	2,366,899	–	2,366,899
Specialised construction services	–	216,050	216,050
Management services	58,927	–	58,927
Total revenue from contracts with customers	<u>2,425,826</u>	<u>216,050</u>	<u>2,641,876</u>
Geographical markets			
Mainland China	2,425,826	142,030	2,567,856
Hong Kong	–	74,020	74,020
Total revenue from contracts with customers	<u>2,425,826</u>	<u>216,050</u>	<u>2,641,876</u>
Timing of revenue recognition			
Properties transferred at a point in time	2,366,899	–	2,366,899
Specialised construction services transferred over time	–	216,050	216,050
Management services transferred over time	58,927	–	58,927
Total revenue from contracts with customers	<u>2,425,826</u>	<u>216,050</u>	<u>2,641,876</u>

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

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

Segment revenue and results

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	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	4,783,580	2,425,826	115,695	241,626	30,436	34,465	—	—	4,929,711	2,701,917
Inter-segment revenue	—	—	—	(25,576)	(3,872)	(3,215)	—	—	(3,872)	(28,791)
Sales to external customers	4,783,580	2,425,826	115,695	216,050	26,564	31,250	—	—	4,925,839	2,673,126
Results										
Segment results	685,478	388,788	4,206	2,889	(5,446)	(253)	32,264	25,350	716,502	416,774
Unallocated corporate expenses, net									(72,565)	(71,154)
									643,937	345,620
Finance income									41,049	90,769
Finance costs									(48,874)	(38,560)
Share of results of associates									(11,439)	12,757
Share of results of joint ventures									1,799	603
Profit before tax									626,472	411,189

Segment assets

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	30 June 2021	December 2020	30 June 2021	December 2020	30 June 2021	December 2020	30 June 2021	December 2020	30 June 2021	December 2020
	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Segment assets	67,805,718	61,548,989	321,153	413,356	2,040,255	2,064,410	631,488	822,778	70,798,614	64,849,533
Unallocated corporate assets									5,711,376	3,538,204
Total assets									76,509,990	68,387,737

4. Other income

	Six months ended 30 June	
	2021	2020
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Government subsidies	99	133,762
Dividend income	32,266	25,352
Management service income from a fellow subsidiary	1,939	1,791
Others	12,292	6,851
	46,596	167,756

During the six months ended 30 June 2020, a government subsidy of RMB121,000,000 (equivalent to HK\$133,741,000) was awarded to the Group in Mainland China. There were no unfulfilled conditions or contingencies relating to the grant.

5. Income tax expense

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits in Hong Kong for the period (30 June 2020: Nil).

The PRC enterprise income tax has been calculated on the estimated assessable profits derived in Mainland China for the period at the rate of 25% (30 June 2020: 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 expenditure including costs of land and development and construction expenditures.

	Six months ended 30 June	
	2021	2020
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Current tax – Mainland China		
Enterprise income tax	705,629	65,977
Enterprise income tax refund	–	(241,031)
Land appreciation tax	17,742	97,662
	723,371	(77,392)
Deferred tax	(493,587)	237,504
	229,784	160,112

6. Profit for the period

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Cost of properties sold (note (i))	3,750,725	2,006,653
Cost of specialised construction	100,190	196,893
Depreciation	25,706	16,852
Direct operating expenses incurred for investment properties that generated rental income	4,653	6,294
(Reversal of allowance)/allowance for impairment of inventories	(12,951)	33,363
Net foreign exchange gain	(4,200)	(22,596)
Employee benefit expense (including directors' emoluments) (note (ii))	133,441	102,949

Notes:

- (i) Included in cost of properties sold were interest expenses previously capitalised of HK\$287,481,000 (30 June 2020: HK\$155,435,000).
- (ii) Employee benefit expense capitalised as properties under development was HK\$52,328,000 (30 June 2020: HK\$32,440,000).

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 2021 (30 June 2020: Nil).

During the current interim period, a final dividend and a special dividend of each of HK1.0 cent per ordinary share in respect of the year ended 31 December 2020 (30 June 2020: HK8.0 cents per ordinary share in respect of the year ended 31 December 2019) was declared to the shareholders of the Company. The aggregate amount of the final and special dividend declared and payable to shareholders as at 30 June 2021 amounted to HK\$66,938,000 (final dividend declared and payable as at 30 June 2020: HK\$267,753,000), which was subsequently paid on 8 July 2021.

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, the diluted earnings per share is equal to basic earnings per share.

9. Inventories

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Properties under development – located in Mainland China	29,392,569	22,093,933
Properties under development – located in Hong Kong	5,603,443	5,264,423
	34,996,012	27,358,356
Properties held for sale – located in Mainland China	6,814,079	6,935,433
	41,810,091	34,293,789

As at 30 June 2021, inventories with carrying amounts of HK\$6,408,177,000 (31 December 2020: HK\$7,148,541,000) 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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 90 days	72,329	98,032
91 to 180 days	12,541	6,052
181 days to 1 year	10,747	20,647
1 year to 2 years	21,517	8,690
Over 2 years	48,128	46,506
	165,262	179,927
Less: Allowance for impairment	(41,171)	(31,842)
	124,091	148,085

11. Contract assets

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Construction services	167,448	146,587
Retention receivables	49,652	56,559
	217,100	203,146

12. Borrowings

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Non-current		
Bank borrowings, secured	3,278,442	2,966,733
Bank borrowings, unsecured	10,773,058	11,084,799
Guaranteed bonds, unsecured	966,635	964,345
	<u>15,018,135</u>	<u>15,015,877</u>
Current		
Bank borrowings, unsecured	4,800,783	1,955,715
Guaranteed bonds, unsecured	2,328,116	2,322,943
Loans from non-controlling shareholders of subsidiaries, unsecured	1,465,360	276,588
	<u>8,594,259</u>	<u>4,555,246</u>
	<u>23,612,394</u>	<u>19,571,123</u>

13. Trade and other payables

The following is an aging analysis of trade and bills payables at the end of the reporting period:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 90 days	2,034,908	1,048,965
91 to 180 days	536,390	65,538
181 days to 1 year	122,162	177,154
1 year to 2 years	148,770	199,606
Over 2 years	68,382	71,332
	<u>2,910,612</u>	<u>1,562,595</u>

14. Commitments

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Contracted but not provided for		
Expenditure in respect of acquisition of land use rights	640,593	–
Expenditure in respect of properties under development	8,837,011	8,428,650
	<u>9,477,604</u>	<u>8,428,650</u>

15. Events after the reporting period

On 22 July 2021, the Group issued the guaranteed bonds with a principal amount of US\$300,000,000 bearing interest at the rate of 4.95% per annum and the bonds will mature on 22 July 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & OUTLOOK

BUSINESS REVIEW

The Group's consolidated revenue for the first half of 2021 rose 84.3% to HK\$4,926 million as compared to HK\$2,673 million for the corresponding period last year. The Group's revenue from real estate development was HK\$4,783 million (30 June 2020: HK\$2,426 million), accounted for 97.1% of the Group's consolidated revenue. The revenue from specialised construction and property investment were HK\$116 million (30 June 2020: HK\$216 million) and HK\$27 million (30 June 2020: HK\$31 million) respectively, accounted for 2.4% and 0.5% of the Group's consolidated revenue respectively. The Group's overall gross margin increased to 21.7% from 17.3% for the corresponding period last year.

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

	For the six months ended 30 June				
	2021		2020		Year-on-year change
	HK\$ million	Percentage share of revenue	HK\$ million	Percentage share of revenue	
Real estate development	4,783	97.1%	2,426	90.7%	+97.2%
Specialised construction	116	2.4%	216	8.1%	-46.3%
Property investment	27	0.5%	31	1.2%	-12.9%
Securities investment	—	—	—	—	—
Total	4,926	100.0%	2,673	100.0%	+84.3%

Real estate development

Revenue from real estate development business increased by 97.2% as compared to the corresponding period last year, mainly due to the delivery of several highly sought-after projects in the Greater Bay Area during the period, together with the real estate development projects acquired from the controlling shareholder since September 2020 which beefed up the Company's business scale, resulting in a significant increase in the area of delivered properties as compared to the first half of 2020. Thanks to the higher gross profit margin on the properties delivered and recognised during the period, the gross profit margin of the real estate development business rose to 21.6%, up 4.3% from the corresponding period last year.

Specialised construction

The revenue from specialised construction posted a year-on-year decline of 46.3% to HK\$116 million (30 June 2020: HK\$216 million) as the contracted value of the projects on hand was lowered by fierce market competition, coupled with the disposal of Minmetals Condo (Shanghai) Construction Co., Ltd., which was engaged in the PRC market, at the end of last year with resultant scaling down of business. The gross profit margin of the specialised construction business was 13.4% (30 June 2020: 8.9%) in the first half of 2021.

Property Investment

During the period, domestic consumption and investment sentiment were hit hard by the COVID-19 pandemic. The Group's two investment properties, China Minmetals Tower in Tsimshatsui and LKF 29 in Central, recorded a decline in rental and occupancy rates, as well as a decrease in rent for newly signed contracts. Revenue from investment properties saw a 12.9% decline to HK\$27 million (30 June 2020: HK\$31 million). The Group

maintained its gross profit margin of the property investment business at a relatively high level of approximately 82.5% (30 June 2020: 79.9%) by exercising vigorous control over expenditure.

Other income

The Group's other income was HK\$47 million (30 June 2020: HK\$168 million), down 72.0% year-on-year, which was attributable primarily to the government subsidy of HK\$134 million received in the corresponding period last year.

Fair value changes on investment properties

During the period, the Group's fair value loss on investment properties was HK\$99 million, representing a 2.4-fold increase from HK\$29 million in the corresponding period last year, which was mainly attributable to the investment properties located in Hong Kong and Changsha.

Selling and marketing expenses

During the period, the Group's contracted sales increased by 1.24 times to RMB12.5 billion as compared with the corresponding period last year due to the proactive promotion of its projects. The corresponding increase in agency fees and advertising costs resulted in an 84.5% year-on-year growth in selling and marketing expenses to HK\$155 million (30 June 2020: HK\$84 million).

Administrative and other expenses

Administrative and other expenses increased by 20.7% from the corresponding period last year to HK\$210 million (30 June 2020: HK\$174 million), after consolidating the results of 11 real estate development projects and a property management company acquired from the controlling shareholder since September 2020, further enhancing the Group's operating scale during the period. Meanwhile, the Group's robust growth in real estate development business in the Greater Bay Area also led to an increase in administrative and other expenses during the period.

Finance Costs

During the period under review, due to the decrease in interest rates of offshore loans, total interest expense decreased by 10.8%. As a result of a decrease in the interest capitalisation rate during the period, finance costs charged to the profit or loss recorded an increase of 25.6% to HK\$49 million (30 June 2020: HK\$39 million).

In view of the above, profit attributable to equity holders of the Company rose by 13.0% to HK\$61 million (30 June 2020: HK\$54 million) and basic earnings per share was HK1.83 cents (30 June 2020: HK1.62 cents).

As at 30 June 2021, the Group's total assets increased by 11.9% to HK\$76,510 million (31 December 2020: HK\$68,388 million) whilst net assets decreased by 5.3% to HK\$21,224 million (31 December 2020: HK\$22,410 million). The increase in total assets was mainly due to the Group's expanded operation scale by the acquisition of 11 real estate development projects from the controlling shareholder in 2020. The decrease in net assets was mainly due to the redemption of US\$200 million senior perpetual capital securities during the period.

The financial position of the Group remained healthy with a gearing ratio (total liabilities to total assets) of 72.3% (31 December 2020: 67.2%) and a net gearing ratio (net debt to total equity) of 44.8% (31 December 2020: 49.7%). The contract liabilities, which mainly represent contracted sales carried forward that will subsequently be recognised as the Group's revenue when presold properties are completed and delivered to buyers, increased by 28.7% to HK\$16,456 million (31 December 2020: HK\$12,788 million) during the period. The rise of 5.1% in gearing ratio was mainly due to the redemption of US\$200 million senior perpetual capital securities during the period and the increase in contract liabilities. The gearing ratio, net of contract liabilities, was 64.7% (31 December 2020: 59.7%).

BUSINESS OUTLOOK

The Central Government adhered to its principle that “houses are for living in, not for speculation” and stepped up property market regulation in the first half of 2021, rolling out a greater array of measures to satisfying its goals of stabilising land prices, housing prices and expectations. The national land market showed a trend of “steady volume and rising price” in the first half of the year under the “two concentrations” policy, with a decrease in the overall scale of supply and demand. Thanks to the increase in the proportion of quality land plots stimulated the land market to rise, the average price of residential land transactions reached a record high. First-tier cities led the price growth while second-tier cities showed an active market performance, coupled with some key third- and fourth-tier cities posted a year-on-year rise in accumulated increment in the first half of the year.

The Company acquired five land plots in Beijing and Chengdu in a highly competitive market, albeit the Company had participated in several land auctions in the first half of the year. The Company will continue to stick to its prudent land acquisition strategy and speed up the implementation of the “urban operator” from a “property developer” strategy. In addition to tender, auction and listing, the Company will actively increase its strategic land bank through the industry city business model and strategic cooperation, altering the single way of land acquisition and reducing land acquisition costs. At present, the Company fully complies with the “three red lines” requirements with sufficient capital, favoring the Company for centralized land supply with comparative advantage.

Looking forward to the second half of the year, it is expected that the Central Government will continue to regulate the property market in accordance with the principle that “houses are for living in, not for speculation”, and strengthen the supervision of real estate finance by regulating the capital flowing into the property market on the one hand, and tightening credit measures, such as the “Concentration of Real Estate Loans of Banking Financial Institutions” on the other hand. Minmetals Land will continue to enhance its product quality, and further develop the 5M intelligent smart health product system as well as green construction in order to achieve the environmental and sustainable goals of energy saving and emission reduction. As the property market is under long-term policy regulation and the pandemic persists, the Company will remain the prudent investment and financial strategies, strictly control project development schedules, and adhere to high quality of development, so as to enhance the Company’s competitiveness and create greater value for its shareholders.

OPERATIONS REVIEW

REAL ESTATE DEVELOPMENT

Contracted Sales*

The total contracted sales of the Company together with its subsidiaries, joint ventures and associates for the first half of 2021 posted an approximately 1.2 fold year-on-year rise to RMB12,500 million (30 June 2020: RMB5,590 million) whilst the gross floor area (“GFA”) contracted for sale surged approximately 120.9% to 570,000 square metres (30 June 2020: 258,000 square metres). The majority of the contracted sales was derived from Tier 1 and core Tier 2 cities.

The Company’s contracted sales in the first half of 2021 reached a new record high, achieving 50% of its full-year sales target of RMB25 billion. The increase in sales was mainly attributable to the continued growth in sales of the real estate development projects acquired from the controlling shareholder in 2020, coupled with that in various regions in the first half of 2021.

The contracted sales breakdown was listed as below:

Location	Six months ended 30 June			
	2021		2020	
	Contracted amount (RMB million)	Contracted GFA (sq.m.)	Contracted amount (RMB million)	Contracted GFA (sq.m.)
Pan Bohai Rim	1,680	98,606	268	27,500
Yangtze River Delta	3,570	123,496	2,622	82,500
Central China	1,810	174,839	105	7,000
Chengdu-Chongqing Region	1,260	64,867	—	—
Pearl River Delta including Hong Kong	4,180	108,192	2,595	141,000
Total	12,500	570,000	5,590	258,000

Notes:

“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.

Land Bank

As at 30 June 2021, the Group has 38 real estate development projects in 16 cities, namely Beijing, Yingkou, Langfang, Tianjin, Nanjing, Changsha, Xiangtan, Taian, Xining, Wuhan, Chengdu, Huizhou, Foshan, Guangzhou, Shenzhen and Hong Kong, with a total developable gross floor area (“Land Bank”) of approximately 8,575,000 square metres.

As at 30 June 2021, the composition of the Group’s Land Bank was listed as below:

City tier	Land bank (’000 sq.m.)	Percentage share of land bank
First tier cities ¹	3,092	36%
Second tier cities ²	2,580	30%
Third tier cities ³	2,903	34%
Total	8,575	100%

Notes:

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

Newly Acquired Land Bank

For the six months ended 30 June 2021, the Group acquired 5 parcels of land, with estimated construction GFA of 611,000 square metres. The total cost and average cost for the newly acquired Land Bank amounted to approximately RMB6,073 million with average of RMB9,939 per square metre. The projects were located in the areas where the Group has established its solid footholds, and the newly acquired Land Bank would further strengthen the Group’s leading position in the market.

As at 30 June 2021, the Group's newly acquired Land Bank was listed as below:

Location/Project	Property type	Attributable interest to the Group	Site area (sq.m.)	Estimated Construction GFA (sq.m.)	Total land cost (RMB million)	Average land cost (RMB per sq.m.)	Acquisition date
1. Chengdu Dayi Shaqu project	Residential	100%	44,000	114,000	110	965	12/01/2021
2. Beijing Wangsiyingxiang project	Residential	40%	49,000	181,000	5,450	30,110	27/05/2021
3. Chengdu West-Lake Future City (a total of 3 land parcels)	Residential	100%	208,000	316,000	513	1,623	29/06/2021
Total			301,000	611,000	6,073	9,939	

Project Profiles

As at 30 June 2021, details of the Group's key projects were listed below:

Location/Project	Attributable interest to the Group	Site Area (sq.m.)	Construction floor area (sq.m.)	Land Bank (sq.m.)
Pan Bohai Rim				
1. Beijing Fortune Garden	51.0%	139,000	414,000	5,000
2. Beijing Wangsiyingxiang project*	40.0%	49,000	181,000	154,000
3. Yingkou Platinum Bay	100.0%	396,000	377,000	93,000
4. Langfang Harrow Town	50.0%	550,000	1,285,000	653,000
5. Tianjin Minmetals International	100.0%	21,000	183,000	14,000
6. Tianjin Neo-Metropolis	49.0%	1,115,000	2,778,000	2,133,000
Sub-total		2,270,000	5,218,000	3,052,000
Yangtze River Delta				
7. Nanjing Sello Royale	100.0%	179,000	270,000	5,000
8. Nanjing Academic Royale	100.0%	136,000	482,000	12,000
9. Nanjing Yan Shan Ju	100.0%	91,000	203,000	9,000
10. Nanjing Enchanté Oasis	100.0%	95,000	255,000	21,000
11. Nanjing Enchanté Cove	100.0%	68,000	148,000	17,000
12. Nanjing Jiang Shan Da Jing	39.8%	83,000	285,000	163,000
13. Nanjing Majestic Mansion	33.9%	43,000	233,000	165,000
14. Nanjing Enchanté Park	100.0%	61,000	181,000	137,000
Sub-total		756,000	2,057,000	529,000
Central China				
15. Changsha LOHAS International Community	100.0%	643,000	1,084,000	77,000
16. Changsha Scotland Town	100.0%	333,000	442,000	9,000
17. Changsha Qin Royale	100.0%	150,000	570,000	134,000

18. Changsha Minmetals Plaza (formerly Nanhu project)	100.0%	22,000	179,000	178,000
19. Changsha Realm of Landscape	25.5%	87,000	311,000	269,000
20. Changsha Greenland Centre	25.5%	23,000	259,000	67,000
21. Xiangtan Scenery Cove	51.0%	428,000	1,104,000	639,000
22. Wuhan Enchanté Crest	100.0%	61,000	180,000	122,000
23. Wuhan Scenery Cove	100.0%	62,000	215,000	209,000
24. Taian Scenery Centre	51.0%	51,000	148,000	103,000
25. Taian Scenery Cove	51.0%	270,000	699,000	367,000
26. Xining Minmetals Chai Da Mu Plaza	51.0%	152,000	464,000	8,000
Sub-total		2,282,000	5,655,000	2,182,000
Chengdu-Chongqing region				
27. Chengdu West Begonia	100.0%	22,000	80,000	72,000
28. Chengdu West-Lake Future City (formerly known as Future-Eco City)	100.0%	378,000	736,000	705,000
29. Chengdu Dayi Shaqu project*	100.0%	44,000	114,000	100,000
Sub-total		444,000	930,000	877,000
Pearl River Delta				
30. Foshan Academic Royale	100.0%	43,000	214,000	109,000
31. Huizhou Hallstatt See	100.0%	918,000	1,549,000	1,040,000
32. Guangzhou Greenery Terrace	100.0%	17,000	29,000	17,000
33. Guangzhou Regent Heights	51.0%	21,000	72,000	15,000
34. Guangzhou Parc One	51.0%	72,000	258,000	227,000
35. Guangzhou Langyun Garden	10.0%	57,000	130,000	86,000
36. Shenzhen The Greenville	51.0%	31,000	178,000	109,000
37. Guangzhou Baiyun Chatou project	45.9%	77,000	340,000	281,000
38. Hong Kong Montego Bay	100.0%	11,000	65,000	51,000
Sub-total		1,247,000	2,835,000	1,935,000
Total		6,999,000	16,695,000	8,575,000

* new projects of 2021

Major Development During The Period

Industry City Business

Dayi Project

The West-Lake Future City, which is positioned as a commercial and residential project, is acquired by Minmetals Land through the industry city business model with low land cost. During the period, the construction of the project's landscape, infrastructure, and the planning of its ancillary operation are progressing in an orderly manner. In addition, Minmetals Land has successfully acquired four parcels of land in Dayi, Chengdu, adjacent to its plot acquired in early 2020. In the highly competitive land market of Chengdu, the successful bidding of prime commercial and residential sites at bottom prices is a significant accomplishment under the development of Minmetals Land's industry city business model. At the same time, the acquisition of large plots of land in the area has enhanced Minmetals Land's quality Land Bank for its business expansion in Chengdu and the southwest region,

laying a solid foundation for the development of industry city business model.

Xindu Project

The project is located in Shibantan, Xindu District, Chengdu, focusing on rail transportation and aviation-led industries. A railway science and innovation centre, an aviation science and innovation centre, together with a civic centre will be built in the modern transportation industry functional area of Xindu, striving to build high-quality technology, business and living centres. During the period, the Company has made some progress with initial achievements in conceptual planning of the urban area, with the completion of the operation plan and the investment operation agreement.

Pidu Project

The project is located in the centre of Pidu District, Chengdu, focusing on the construction of an industrial ecosphere and innovative ecological chain. Through its “neo-city of green industry” model, Minmetals Land will be creating high-quality industrial areas with leading fields of information security, and new economy, and introducing high-end industrial projects such as technological research and development, intelligent manufacturing, and living service facilities, in a bid to establish an electronic information industry ecosystem and an innovative ecological chain. During the period, the Company kept close contact with the Planning and Land Resources Administration of Pidu District and actively pursued the second phase of the cooperation proposal and agreement.

Nan’an Project

The Company will embark on in-depth cooperation with the government of Nan’an Municipality of Fujian Province to build a modern intelligent manufacturing industry park, a modern logistics park and a distinct landmark of cultural tourism, so as to propel the transformation and upgrading of the local industries and the regional economic development. During the period, the Company has conducted several rounds of project inspection and market research, reviewing thoroughly the local industries. The next step will be promoting investment from various aspects.

Sustainable development product

Minmetals Land’s 5M intelligent health product system garnered the “2021 China Real Estate Association Technology Award”. In order to improve product quality, brand value and customer satisfaction, Minmetals Land has continued the research and development of the 5M intelligent health product system, and is committed to putting the results of such research and development into practice in its real estate development projects. At the same time, Minmetals Land has been actively implementing measures to reduce carbon emission and achieve carbon neutral, and developing new technologies, new products, new ventilators, quantum purification tiles, graphene floor heating, sintered stone and other products. Two patent applications for the new ventilators have been accepted, which has further strengthened the competitiveness of the Group’s products.

Sustainable Bond

On 22 July 2021, the Group issued the sustainable bonds (“2021 Sustainable Bonds”) with a principal amount of US\$300,000,000 bearing interest at the coupon rate of 4.95% per annum, the 2021 Sustainable Bonds will be matured on 22 July 2026. The 2021 Sustainable Bonds were guaranteed by the Company and have the benefit of a keep well deed from China Minmetals, the ultimate controlling shareholder of the Company.

The 2021 Sustainable Bonds is the Group's first-ever sustainable bond with green concept, and also the first off-shore sustainable bond issued by a state-owned real estate developer. To further underscore its commitment to the environment and sustainable community development, the Group established a Sustainable Finance Framework (the “Framework”) based on the concept of sustainable development. Proceeds will be directed towards eligible projects in accordance with the Framework, including green buildings, renewable energy, water management, energy efficiency, and climate change adaptation and others, in line with the United Nations’ sustainability goals

and the carbon neutrality target set by Chinese government. The Framework was endorsed by S&P Global and Sustainalytics, a leading European rating institution, through the issuance of a Framework Alignment Opinion and a Second Party Opinion. In addition, the 2021 Sustainable Bonds were awarded the highest E1 rating in S&P's entire rating system by S&P Global and Green Finance certification by the Hong Kong Quality Assurance Agency.

The issuance of the sustainable bond further demonstrates the Group's commitment to environmental and social sustainability, and marks a milestone on its sustainable finance.

Soft opening of Hallstatt See hotel in Huizhou

In order to enhance the township commercial business of the Huizhou Hallstatt See project and further improve its township cultural atmosphere, the project has set up facilities such as the Austrian culture museum, bicycle-themed museum, cosplay museum, jungle adventure park and others. In addition, the Narada Hotel, as part of the project, has been handed over to the hotel management company with a soft opening commenced on 1 July 2021.

SPECIALISED CONSTRUCTION

The Group is engaged in the business of specialised construction mainly comprising the services of design, production and installation of curtain walls system and associated metal works in the Hong Kong market via Minmetals Condo (Hong Kong) Engineering Company Limited ("Condo Hong Kong"). Condo Hong Kong's active participation in both private development and the public sector over the years has earned itself positive market recognition within the construction sector, which has led to an increase in project bidding invitations. However, in light of persisting fierce market competition and the higher risk of an increase in direct and indirect costs, Condo Hong Kong has adopted a relatively conservative bidding strategy and implemented tight risk management measures and no new projects were undertaken in the first half of the year. Condo Hong Kong had projects on hand that amounted to approximately HK\$950 million as at 30 June 2021.

PROPERTY INVESTMENT

The Group's property investment business primarily comprises two commercial office buildings, namely China Minmetals Tower in Tsimshatsui and LKF 29 in Central, as well as four residential units, all of which are located in Hong Kong with an aggregate gross floor area of 15,826 square metres. During the period under review, Hong Kong Government continued to impose stringent restrictions due to the COVID-19 pandemic which had adversely affected Hong Kong's retail industry as well as the food and beverage industry. The occupancy rate in Lan Kwai Fong, Central and Tsimshatsui remained at a subdued level with a downward revision in rental renewal. Despite that the Group has strived to facilitate deal-making under challenging market conditions, the rental rate and occupancy rate of the two commercial office buildings in the first half of 2021 could not be restored to the levels prior to the COVID-19 outbreak. As at 30 June 2021, the occupancy rate of LKF 29 was 74.0% (31 December 2020: 83.6%) while that of China Minmetals Tower was 80.3% occupied (31 December 2020: 80.3%).

COVID-19 OUTBREAK AND EFFECTS ON OUR BUSINESS

In the first half of the year, as the COVID-19 pandemic in Mainland China gradually subsided and economic activities resumed, the Group's overall operation and sales had returned to normal. During the period under review, the Group advanced its real estate development projects as planned, with contracted sales reaching RMB12.5 billion for the first six months, representing a year-on-year increase of 124%. However, the impact of the COVID-19 pandemic on consumption and investment sentiment in Hong Kong remained, resulting in lower rental levels and occupancy rates for the Group's two investment properties in Hong Kong in the first half of the year. In general, the COVID-19 pandemic did not bring a significant negative impact on the Company's business.

ENTRUSTED ASSET MANAGEMENT

During the period under review, the Group recorded a management service income of RMB1.62 million under the entrusted management service agreement, of which China Minmetals entrusted the Company with the management of its non-listed assets within its real estate development segment, including real estate development projects in Beijing, Tianjin, Shenyang, Liaoning, Jiangsu, Hunan and Guangdong.

FINANCIAL REVIEW

Liquidity and Financial Resources

For the six months ended 30 June 2021, the Group's working capital was mainly derived from cash flows generated from business operations and borrowings.

In terms of offshore financing, the Group issued the 2021 Sustainable Bonds with a principal amount of US\$300,000,000 bearing interest at the coupon rate of 4.95% per annum and the 2021 Sustainable Bonds will be matured on 22 July 2026. The Group will continue to give full play to its competitive advantage as a state-owned enterprise, strive to optimize financing costs and broaden financing channels, and provide solid capital support for the Group's steady business development in the future.

Total borrowings of the Group stood at HK\$23,612 million as at 30 June 2021 (31 December 2020: HK\$19,571 million), which mainly comprised borrowings from banks and bond issuance. The net gearing ratio of the Group as at 30 June 2021 was 44.8% (31 December 2020: 49.7%). The weighted average borrowing costs of the Group were maintained at a low level of around 3.7% (31 December 2020: 3.7%).

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

	30 June 2021		31 December 2020	
	HK\$ million	Percentage share of borrowings	HK\$ million	Percentage share of borrowings
Within one year	8,594	36.4%	4,555	23.3%
In the second year	7,605	32.2%	6,307	32.2%
In the third to fifth year	6,663	28.2%	8,003	40.9%
More than five years	750	3.2%	706	3.6%
Total	23,612	100.0%	19,571	100.0%

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

	30 June 2021		31 December 2020	
	HK\$ million	Percentage share of borrowings	HK\$ million	Percentage share of borrowings
Renminbi	4,285	18.1%	2,083	10.6%
Hong Kong Dollar	16,033	67.9%	14,201	72.6%
United States Dollar	3,294	14.0%	3,287	16.8%
Total	23,612	100.0%	19,571	100.0%

The finance costs charged to the profit or loss for the first half of 2021 amounted to HK\$49 million (30 June 2020: HK\$39 million) after capitalisation of HK\$339 million (30 June 2020: HK\$397 million) into properties under development. The unused banking facilities of the Group as at 30 June 2021 amounted to HK\$5,673 million (31 December 2020: HK\$8,045 million).

As at 30 June 2021, the Group had cash and bank deposits (excluding restricted cash and bank deposits) of HK\$13,176 million (31 December 2020: HK\$8,239 million), of which 98.5%, 1.1%, 0.3% and 0.1% (31 December 2020: 95.6%, 4.2%, 0.1% and 0.1%) were denominated in Renminbi, Hong Kong dollar, United States dollar and Macau Pataca respectively.

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 Group. 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 currencies and utilisation of foreign exchange hedging instruments such as forward foreign exchange contracts or capped forward contracts.

Interest Rate Risk

The Group is also exposed to interest rate risk resulting from fluctuation in interest rates. Most of the borrowings of the Group was on a floating rate basis and therefore, an increase in interest rate would raise the Group's finance cost. In order to mitigate the interest rate risk, the Group entered into interest rate swap contracts in which the Group would receive interest of one-month HIBOR and pay monthly interest at a fixed rate based on the notional amount of HK\$2.0 billion. As at 30 June 2021, approximately 33.4% (31 December 2020: 28.4%) 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 2021, save as disclosed above, the Group did not possessed any kind of financial instruments for hedging or speculative purposes.

CHARGES ON GROUP ASSETS

As at 30 June 2021, 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\$6,408 million (31 December 2020: HK\$7,149 million); and
- ii. 100% equity interest in a subsidiary.

FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

As at 30 June 2021, guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties amounted to HK\$9,385 million (31 December 2020: HK\$6,805 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 20.7% to 1,211 (30 June 2020: 1,003) as at 30 June 2021. 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 2021 were approximately HK\$186 million (30 June 2020: HK\$135 million).

CORPORATE GOVERNANCE

Corporate Governance Code

In the opinion of the Directors, throughout the six months ended 30 June 2021, the Company has complied with the code provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Listing Rules, except for the following deviation:

1. As a variation from code provision A.2.1 of the CG Code, Mr. He Jianbo, an executive Director of the Company, serves as the Chairman of the Board. He is responsible for the overall strategic direction of the Group, management of the Board as well as organising the management for strategic planning and business operations of the Company thereby enabling more effective execution 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 and a Non-executive Director offering their experience, expertise, independent advice and views from different perspective.
2. 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 by shareholders at the first annual general meeting after their appointment instead of having elected at the first general meeting as set out in code provision A.4.2 of the CG Code. Besides, every Director, including those appointed for a specific term, 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 2021.

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 2021, 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 2021.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises eight 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 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, 26 August 2021

website: www.minmetalsland.com