

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



五礦地產有限公司 MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL RESULTS

The board of directors (“Directors”) of Minmetals Land Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2020, together with the comparative figures in 2019, as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	3	7,661,646	11,261,431
Cost of sales		(6,431,192)	(8,588,071)
Gross profit		1,230,454	2,673,360
Other income, other gains and losses	5	495,945	103,616
Fair value changes on investment properties		(50,586)	107,550
Selling and marketing expenses		(255,866)	(242,035)
Administrative and other expenses		(752,540)	(567,088)
Impairment losses (recognised)/reversed under expected credit loss model, net of reversal		(14,534)	3,832
Finance income		222,799	221,744
Finance costs		(69,471)	(26,739)
Share of results of associates		4,469	(3,761)
Share of results of joint ventures		(2,260)	(10,380)
Profit before tax		808,410	2,260,099
Income tax expense	6	(371,070)	(907,516)
Profit for the year	4	437,340	1,352,583
Profit for the year attributable to:			
Equity holders of the Company		112,370	942,689
Holders of perpetual capital instruments		220,578	219,089
Non-controlling interests		104,392	190,805
		437,340	1,352,583
Earnings per share for profit attributable to equity holders of the Company, in HK cents			
Basic	7	3.36	28.17
Diluted	7	3.36	28.17

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year	437,340	1,352,583
Other comprehensive income/(expense):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	1,525,577	(485,635)
Fair value loss on hedging instruments in cash flow hedges	(53,904)	(36,033)
Share of other comprehensive income/(expense) of associates	185,207	(25,155)
Share of other comprehensive income/(expense) of joint ventures	6,212	(1,947)
	1,663,092	(548,770)
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value (loss)/gain on financial assets at fair value through other comprehensive income	(576,174)	587,698
Other comprehensive income for the year	1,086,918	38,928
Total comprehensive income for the year	1,524,258	1,391,511
Total comprehensive income for the year attributable to:		
Equity holders of the Company	659,981	1,092,306
Holders of perpetual capital instruments	364,480	168,525
Non-controlling interests	499,797	130,680
	1,524,258	1,391,511

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		259,280	262,791
Investment properties		2,507,388	2,366,668
Interests in associates		3,472,096	1,123,361
Interests in joint ventures		196,074	84,701
Financial assets at fair value through other comprehensive income		822,778	1,398,952
Deferred tax assets		442,890	639,144
		<u>7,700,506</u>	<u>5,875,617</u>
Current assets			
Inventories		34,293,789	24,723,350
Prepayments, trade and other receivables	9	17,665,954	13,934,151
Contract assets		203,146	500,439
Contract costs		91,741	15,237
Other financial assets		-	19,771
Cash and bank deposits, restricted		194,085	42,702
Cash and bank deposits, unrestricted		8,238,516	3,850,098
		<u>60,687,231</u>	<u>43,085,748</u>
Total assets		<u>68,387,737</u>	<u>48,961,365</u>
EQUITY			
Share capital		334,691	334,691
Reserves	10	9,264,260	8,859,154
Equity attributable to equity holders of the Company		9,598,951	9,193,845
Perpetual capital instruments		3,947,539	3,803,647
Non-controlling interests		8,863,517	3,269,226
Total equity		<u>22,410,007</u>	<u>16,266,718</u>
LIABILITIES			
Non-current liabilities			
Borrowings		15,015,877	9,491,281
Other payables	11	438,287	-
Deferred tax liabilities		366,366	134,818
Lease liabilities		47,674	71,742
Other financial liabilities		59,846	25,713
		<u>15,928,050</u>	<u>9,723,554</u>
Current liabilities			
Borrowings		4,555,246	7,262,623
Trade and other payables	11	12,065,785	10,906,885
Contract liabilities		12,787,885	4,553,520
Deferred revenue		307,815	4,064
Lease liabilities		30,069	16,598
Taxation payable		302,880	227,403
		<u>30,049,680</u>	<u>22,971,093</u>
Total liabilities		<u>45,977,730</u>	<u>32,694,647</u>
Total equity and liabilities		<u>68,387,737</u>	<u>48,961,365</u>
Net current assets		<u>30,637,551</u>	<u>20,114,655</u>
Total assets less current liabilities		<u>38,338,057</u>	<u>25,990,272</u>

Notes to the Consolidated Financial Statements

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

The consolidated financial statements are presented in Hong Kong dollars ("HK\$" or "HK dollar(s)"), unless otherwise stated, which is also the functional currency of the Company.

2. Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period.

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*.

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The Group has applied the amendments for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to HKFRS 3 *Definition of a Business*

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The application of the amendments had no impact on the consolidated financial statements in the current year as similar conclusion would have been reached without applying the optional concentration test.

2.3 Impacts on application of Amendments to HKFRS 9, HKAS 39 and HKFRS 7 *Interest Rate Benchmark Reform*

The Group has applied the amendments for the first time in the current year. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform. The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures.

The application of the amendments had no impact on the consolidated financial statements as the Group's designated hedged items and assessment of hedge effectiveness are not affected by the interest rate benchmark reform.

2.4 Impacts on early application of Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 *Leases* if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening retained earnings at 1 January 2020 or profit or loss for the current year.

3. Revenue and segment information

Revenue (represents turnover) comprised the following:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Sales of properties	7,071,620	10,329,101
Revenue from specialised construction contracts	529,429	864,603
Rental and management fee income from investment properties	60,597	67,727
	<u>7,661,646</u>	<u>11,261,431</u>

(a) Operating segments

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 the 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		Specialised construction		Property investment		Securities investment		Total	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue										
Total segment revenue	7,071,620	10,329,101	574,949	894,945	67,027	73,379	—	—	7,713,596	11,297,425
Inter-segment revenue	—	—	(45,520)	(30,342)	(6,430)	(5,652)	—	—	(51,950)	(35,994)
Sales to external customers	<u>7,071,620</u>	<u>10,329,101</u>	<u>529,429</u>	<u>864,603</u>	<u>60,597</u>	<u>67,727</u>	<u>—</u>	<u>—</u>	<u>7,661,646</u>	<u>11,261,431</u>
Results										
Segment results	<u>825,532</u>	<u>2,044,622</u>	<u>22,830</u>	<u>(11,658)</u>	<u>(28,701)</u>	<u>215,542</u>	<u>52,949</u>	<u>50,646</u>	<u>872,610</u>	<u>2,299,152</u>
Unallocated corporate expenses, net									<u>(219,737)</u>	<u>(219,917)</u>
Finance income									652,873	2,079,235
Finance costs									(69,471)	(26,739)
Share of results of associates									4,469	(3,761)
Share of results of joint ventures									<u>(2,260)</u>	<u>(10,380)</u>
Profit before tax									<u>808,410</u>	<u>2,260,099</u>

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

Inter-segment revenue is charged at prevailing market rates.

Finance income, finance costs and share of results of associates and joint ventures are not included in the measure of segment results.

Segment assets and liabilities

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
Assets										
Segment assets	61,548,989	40,792,490	413,356	985,625	2,064,410	2,211,748	822,778	1,398,952	64,849,533	45,388,815
Unallocated corporate assets									3,538,204	3,572,550
Total assets									68,387,737	48,961,365
Liabilities										
Segment liabilities	43,891,388	29,482,240	144,371	640,621	13,627	24,704	—	—	44,049,386	30,147,565
Unallocated corporate liabilities									1,928,344	2,547,082
Total liabilities									45,977,730	32,694,647

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

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

	Real estate development		Specialised construction		Property investment		Securities investment		Segment total		Unallocated		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
Interests in associates	3,472,096	1,123,361	—	—	—	—	—	—	3,472,096	1,123,361	—	—	3,472,096	1,123,361
Interests in joint ventures	196,074	84,701	—	—	—	—	—	—	196,074	84,701	—	—	196,074	84,701
Capital expenditures	42,199	7,983	1,164	5,094	281	48	—	—	43,644	13,125	189	283	43,833	13,408
Depreciation recognised in the consolidated statement of profit or loss	31,493	19,168	2,002	2,623	454	456	—	—	33,949	22,247	5,157	2,517	39,106	24,764
Fair value changes on investment properties	8,914	(43,850)	—	—	(59,500)	151,400	—	—	(50,586)	107,550	—	—	(50,586)	107,550
Allowance for impairment of inventories	299,894	86,472	—	—	—	—	—	—	299,894	86,472	—	—	299,894	86,472
Impairment losses (reversed)/recognised under expected credit loss model, net of reversal	—	—	(3,265)	(6,080)	17,799	2,248	—	—	14,534	(3,832)	—	—	14,534	(3,832)

(b) Geographical information

The Group operates its businesses in two main geographical areas:

Hong Kong:	Real estate development, specialised construction, property investment and securities investment
Mainland China and Macau:	Real estate development, specialised construction and property investment

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

	Hong Kong		Mainland China and Macau		Total	
	2020	2019	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
External sales	287,684	363,683	7,373,962	10,897,748	7,661,646	11,261,431
Total non-current assets	2,223,907	2,267,291	4,210,931	1,570,230	6,434,838	3,837,521

(c) Information about major customer

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

4. Profit for the year

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of properties sold (Note (i))	5,934,990	7,750,378
Cost of specialised construction	481,853	822,161
Depreciation	39,106	24,764
Auditor's remuneration	4,580	4,200
Direct operating expenses incurred for investment properties that generated rental income	14,349	15,532
Employee benefit expense (including directors' emoluments)	235,597	242,708
Allowance for impairment of inventories	299,894	86,472
Net exchange gain	(31,606)	(23,109)

Note:

- (i) Included in cost of properties sold are interest expenses of HK\$342,918,000 (2019: HK\$413,710,000).

5. Other income, other gains and losses

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Government subsidies (Note (i))	136,062	1,300
Dividend income	53,008	50,703
Management fee income from fellow subsidiaries	6,295	11,337
Bargain purchase gain on acquisition of interest in a subsidiary	111,889	–
Bargain purchase gain on acquisition of interest in an associate	159,729	–
Gain on disposal of subsidiaries	955	–
Others	28,007	40,276
	495,945	103,616

Note:

- (i) During the year, a government subsidy of RMB121,000,000 (equivalent to HK\$136,062,000) was awarded to the Group in Mainland China. There are no unfulfilled conditions or contingencies relating to the grant.

6. Income tax expense

Hong Kong Profits Tax has been calculated on the estimated assessable profit for the year derived in Hong Kong at the rate of 16.5% (2019: 16.5%).

The PRC enterprise income tax has been calculated on the estimated assessable profit for the year derived in Mainland China at the rate of 25% (2019: 25%).

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax		
PRC enterprise income tax	194,310	377,469
PRC enterprise income tax refund	(245,214)	–
Hong Kong Profits Tax	1,410	1,323
Land appreciation tax	130,557	402,242
	<u>81,063</u>	<u>781,034</u>
Deferred tax	<u>290,007</u>	<u>126,482</u>
	<u>371,070</u>	<u>907,516</u>

7. Earnings per share – basic and diluted

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 year.

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

8. Dividends

The Directors recommend the payment of a final dividend of HK1.0 cent (2019: HK8.0 cents) and a special dividend of HK1.0 cent per ordinary share with total amount of HK\$66,938,000 (2019: HK\$267,753,000). These dividends are to be approved by the shareholders at the annual general meeting of the Company to be held on 27 May 2021. These consolidated financial statements do not reflect this dividend payable.

Final dividends in respect of the year ended 31 December 2019 of HK8.0 cents per ordinary share totaling HK\$267,753,000 (2019: final dividends in respect of the year ended 31 December 2018 of HK8.0 cents per ordinary share totaling HK\$267,753,000) was recognised as distribution during the year.

9. Prepayments, trade and other receivables

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables, net (a)	148,085	414,923
Deposits	108,798	55,501
Prepayments (b)	1,386,652	880,309
Prepayments for land cost (c)	7,574,521	4,608,941
Loans to non-controlling shareholders of subsidiaries	2,530,870	2,787,988
Amounts due from associates	981,496	58,010
Amounts due from joint ventures	4,453,634	4,122,198
Loan to an associate	106,939	781,425
Loans to joint ventures	186,077	116,770
Amounts due from fellow subsidiaries	–	9,489
Others	188,882	98,597
	<u>17,665,954</u>	<u>13,934,151</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 to 90 days	98,032	128,645
91 to 180 days	6,052	110,378
181 days to 1 year	20,647	22,961
1 year to 2 years	8,690	75,072
Over 2 years	46,506	124,816
	<u>179,927</u>	<u>461,872</u>
Less: Allowance for impairment	<u>(31,842)</u>	<u>(46,949)</u>
	<u>148,085</u>	<u>414,923</u>

- (b) As at 31 December 2020, prepayments include prepaid taxes and other charges of approximately HK\$1,291,725,000 (2019: HK\$826,753,000).
- (c) As at 31 December 2020, prepayments for land cost represent payments to the PRC Bureau of Land and Resources for the acquisition of lands in Mainland China and the amount will be reclassified to inventory upon issuance of land use rights certificates.

10. Reserves

	Share premium <i>HKS'000</i>	Contributed surplus <i>HKS'000</i>	Capital redemption reserve <i>HKS'000</i>	Investments revaluation reserve <i>HKS'000</i>	Cash flow hedging reserve <i>HKS'000</i>	Revaluation reserve <i>HKS'000</i>	Other reserve <i>HKS'000</i>	Exchange reserve <i>HKS'000</i>	Retained earnings <i>HKS'000</i>	Total <i>HKS'000</i>
Balance as at 1 January 2019	4,275,172	515,336	769	253,517	30,091	4,359	(311,448)	(1,035,105)	4,300,326	8,033,017
Fair value gain of financial assets at fair value through other comprehensive income	-	-	-	587,698	-	-	-	-	-	587,698
Fair value loss on hedging instruments in cash flow hedges	-	-	-	-	(36,033)	-	-	-	-	(36,033)
Currency translation adjustments	-	-	-	-	-	-	-	(402,048)	-	(402,048)
Gain on partial disposal of equity interest in a subsidiary	-	-	-	-	-	-	1,584	-	-	1,584
2018 final dividend paid	-	-	-	-	-	-	-	-	(267,753)	(267,753)
Profit for the year	-	-	-	-	-	-	-	-	942,689	942,689
Balance as at 31 December 2019	4,275,172	515,336	769	841,215	(5,942)	4,359	(309,864)	(1,437,153)	4,975,262	8,859,154
Fair value loss of financial assets at fair value through other comprehensive income	-	-	-	(576,174)	-	-	-	-	-	(576,174)
Fair value loss on hedging instruments in cash flow hedges	-	-	-	-	(53,904)	-	-	-	-	(53,904)
Currency translation adjustments	-	-	-	-	-	-	-	1,177,689	-	1,177,689
Gain on partial disposal of equity interests in subsidiaries	-	-	-	-	-	-	12,878	-	-	12,878
2019 final dividend paid	-	-	-	-	-	-	-	-	(267,753)	(267,753)
Profit for the year	-	-	-	-	-	-	-	-	112,370	112,370
Balance as at 31 December 2020	4,275,172	515,336	769	265,041	(59,846)	4,359	(296,986)	(259,464)	4,819,879	9,264,260

11. Trade and other payables

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade, bills and contract payables (a)	1,562,595	1,234,045
Retention payables	23,329	44,635
Accrued construction costs, other accruals and other payables	5,290,427	6,904,027
Rental deposits received	9,078	17,288
Amounts due to fellow subsidiaries	1,543,209	1,372,132
Amounts due to non-controlling shareholders of subsidiaries	1,792,178	394,732
Amounts due to associates	2,283,256	940,026
	<u>12,504,072</u>	<u>10,906,885</u>
Less: Amounts due to a fellow subsidiary, for settlement after 12 months shown under non-current liabilities	<u>(438,287)</u>	<u>-</u>
Amounts due for settlement within 12 months shown under current liabilities	<u>12,065,785</u>	<u>10,906,885</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 to 90 days	1,048,965	721,419
91 to 180 days	65,538	120,425
181 days to 1 year	177,154	148,018
1 year to 2 years	199,606	170,998
Over 2 years	71,332	73,185
	<u>1,562,595</u>	<u>1,234,045</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's consolidated revenue for 2020 slid 32.0% to HK\$7,662 million when compared to HK\$11,261 million of last year. The Group's real estate development segment recorded a revenue of HK\$7,072 million (2019: HK\$10,329 million), representing 92.3% of the consolidated revenue. Specialised construction segment recorded a revenue of HK\$529 million (2019: HK\$864 million), representing 6.9% of the consolidated revenue and property investment segment recorded a revenue of HK\$61 million (2019: HK\$68 million), representing 0.8% of the consolidated revenue. The Group's overall gross margin decreased from 23.7% to 16.1%.

Segment Revenue

	For the year ended 31 December				Year-on-year change %
	2020		2019		
	HK\$ million	%	HK\$ million	%	
Real estate development	7,072	92.3	10,329	91.7	-31.5
Specialised construction	529	6.9	864	7.7	-38.8
Property investment	61	0.8	68	0.6	-10.3
Securities investment	—	—	—	—	—
Total	7,662	100.0	11,261	100.0	-32.0

Real estate development

Revenue from real estate development business declined by 31.5% from last year, mainly due to the reduction in property areas delivered to buyers as compared to the year of 2019, a lower-than expected selling price and a lower average selling price recognised during the year. The gross profit margin of real estate development business dropped by 8.9% to 16.1%.

Specialised construction

Under a highly competitive market environment, specialised construction segment recorded a year-on-year revenue decline of 38.8% to HK\$529 million (2019: HK\$864 million), which was primarily attributable to less projects that were undertaken and the lower contracted value of the projects on hand. The gross profit margin of the specialised construction business was 9.0% (2019: 4.9%) for the year.

Property Investment

Due to the impact of the COVID-19 pandemic, local consumption and investment sentiment remain low. The Group's two investment properties, China Minmetals Tower in Tsimshatsui and LKF 29 in Central, both experienced a decline in rental and occupancy rates, as well as a decrease in rent for newly signed contracts. Revenue from investment properties and their valuation were affected to varying degrees, among which property investment segment saw a 10.3% decline in the revenue to HK\$61 million (2019: HK\$68 million) and recorded a loss on fair value change of HK\$60 million (2019: gain on fair value change of HK\$151 million). During the year, the gross profit margin of the property investment business remained at a relatively high level of approximately 76.3% (2019: 77.1%).

Segment Results

	For the year ended 31 December				Year-on-year Change %
	2020		2019		
	HK\$ million	%	HK\$ million	%	
Real estate development	826	94.6	2,045	88.9	-59.6
Specialised construction	23	2.6	(12)	(0.5)	N/A
Property investment	(29)	(3.3)	215	9.4	N/A
Securities investment	53	6.1	51	2.2	3.9
Total	873	100.0	2,299	100.0	-62.0

Other income, other gains and losses

The Group's other income, other gains and losses increased by 3.8 times to HK\$496 million (2019: HK\$104 million), which was mainly due to the government subsidy of HK\$136 million received by the Group during the year. The Group completed the acquisition of 11 real estate developments projects from its controlling shareholder in September 2020. As the transaction's consideration was at a discount to the fair value of the acquired assets, a gain of HK\$272 million was recorded.

Selling and marketing expenses

As the Group launched several new projects in Hong Kong and Guangzhou during the year, the contracted sales increased by 1.24 times to RMB19.36 billion as compared with last year. Due to the brand name promotion of "Minmetals Land", the Group's selling and marketing expenses increased by 5.8% to HK\$256 million (2019: HK\$242 million).

Administrative and other expenses

Administrative and other expenses increased by 32.8% from last year to HK\$753 million (2019: HK\$567 million) mainly due to the inventory impairment provision of HK\$300 million (2019: HK\$86 million) made in view of the market environment. If excluding such provision, administrative and other expenses decreased by 5.8% as compared with last year.

Finance Costs

During the year under review, there was a 16.8% increase in borrowings. However, due to the decrease in loan interest rate, total interest expense decreased by 5.0%. As a result of a decrease in the interest capitalisation rate for the year, finance costs charged to the profit or loss recorded a significant increase of 155.6% to HK\$69 million (2019: HK\$27 million).

In view of the above, as a result of the reduction in consolidated revenue, the decrease in consolidated gross profit margin, and the increase in revaluation loss of investment properties and inventory impairment provision, profit attributable to equity holders of the Group dropped by 88.1% to HK\$112 million (2019: HK\$943 million), representing a basic earnings per share of HK3.36 cents (2019: HK28.17 cents).

As at 31 December 2020, the Group's total assets increased by 39.7% to HK\$68,388 million (2019: HK\$48,961 million) whilst net assets increased by 37.8% to HK\$22,410 million (2019: HK\$16,267 million). The increase in total assets and net assets was mainly due to the increase in operating scale following the acquisition of 11 real estate development projects from the Group's controlling shareholder and the introduction of strategic shareholders for real estate development projects in Guangzhou.

The financial position of the Group remain healthy with gearing ratio of 67.2% (2019: 66.8%) and net gearing ratio of 49.7% (2019: 79.1%), whilst contract liabilities, which mainly represents contracted sales carried forward that will subsequently be recognised as the Group's revenue when presold properties are completed and delivered to buyers, increased significantly by 180.8% to HK\$12,788 million (2019: HK\$4,554 million).

REAL ESTATE DEVELOPMENT

Contracted Sales*

The total contracted sales of the Company together with its subsidiaries, joint ventures and associates for the year of 2020 increased by approximately 124.0% to RMB19,360 million (2019: RMB8,644 million) whilst the gross floor area ("GFA") contracted for sale rose approximately 64.1% to 753,000 square metres (2019: 459,000 square metres). The total number of units sold during the year increased by 99.8% to 9,126 units (2019: 4,568 units) and the average selling price ("ASP") increased by 36.7% to RMB25,700 (2019: RMB18,800) per square metre approximately. The majority of the contracted sales was derived from Tier 1 and core Tier 2 cities.

The Company's contracted sales reached a record high for 2020 which was mainly attributable to the contribution from the real estate development projects acquired from the Company's controlling shareholder during the year where the contracted sales from these newly acquired projects have been consolidated into the Company's contracted sales since September 2020. In addition, a number of new projects in the Greater Bay Area, such as Guangzhou, Shenzhen and Hong Kong, launched pre-sales in the second half of 2020.

The table below provides an analysis of contracted sales by location for the years of 2019 and 2020:

Location	Year ended 31 December					
	2020			2019		
	Contracted amount (RMB million)	Contracted GFA (sq.m.)	ASP (RMB per sq.m.)	Contracted amount (RMB million)	Contracted GFA (sq.m.)	ASP (RMB per sq.m.)
Pan Bohai Rim	2,252	139,310	16,165	365	57,621	6,334
Yangtze River Delta	2,909	89,445	32,523	4,851	167,726	28,922
Central China	2,120	179,143	11,834	1,176	95,233	12,349
Pearl River Delta including Hong Kong	12,079	344,900	35,022	2,252	138,716	16,235
Total	19,360	752,798	25,717	8,644	459,296	18,820

Notes:

1. "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.
2. The difference in contracted ASP for 2019 and 2020 was mainly due to the change in product mix.

Project Profiles

Location/Project	Attributable interest to the Group	Site Area (sq.m.)	Estimated Construction GFA (sq.m.)	Construction GFA completed (sq.m.)	Construction GFA under development (sq.m.)	Construction 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	377,000	327,000	50,000	—
3. Langfang Harrow Town	50.0%	550,000	1,285,000	284,000	108,000	893,000
4. Tianjin Minmetals International	100.0%	21,000	183,000	183,000	—	—
5. Tianjin Neo-Metropolis [^]	49.0%	1,115,000	2,778,000	218,000	1,015,000	1,545,000
Yangtze River Delta						
6. Nanjing Sello Royale	100.0%	179,000	270,000	270,000	—	—
7. Nanjing Academic Royale	100.0%	136,000	482,000	482,000	—	—
8. Nanjing Yan Shan Ju	100.0%	91,000	203,000	203,000	—	—
9. Nanjing Enchanté Oasis	100.0%	95,000	255,000	255,000	—	—

10.	Nanjing Enchanté Cove	100.0%	68,000	148,000	148,000	—	—
11.	Nanjing Jiang Shan Da Jing	39.8%	83,400	285,000	129,000	156,000	—
12.	Nanjing Majestic Mansion (formerly known as Amber Court)	33.9%	43,000	233,000	—	233,000	—
13.	Nanjing Enchanté Park	100.0%	61,000	181,000	—	181,000	—

Central China

14.	Changsha LOHAS International Community	100.0%	643,000	1,084,000	1,084,000	—	—
15.	Changsha Scotland Town	100.0%	333,000	442,000	442,000	—	—
16.	Changsha Qin Royale	100.0%	150,000	570,000	461,000	109,000	—
17.	Changsha Nanhu Project	100.0%	22,000	179,000	—	—	179,000
18.	Wuhan Enchanté Crest	100.0%	61,000	180,400	180,400	—	—
19.	Wuhan Scenery Cove	100.0%	62,400	215,000	—	215,000	—
20.	Chengdu West Begonia	100.0%	22,000	79,500	—	79,500	—
21.	Chengdu Future-Eco City*	100.0%	170,000	420,000	—	87,000	333,000
22.	Changsha Realm of Landscape^	25.5%	87,000	311,000	—	243,000	68,000
23.	Changsha Greenland Centre^	25.5%	23,000	259,000	259,000	—	—
24.	Changsha Jiasheng International Square^	51.0%	8,800	75,000	75,000	—	—
25.	Changsha Jiasheng Aomei City^	51.0%	6,000	59,000	59,000	—	—
26.	Changsha Jiasheng Huating^	51.0%	39,000	251,000	251,000	—	—
27.	Xiangtan Scenery Cove^	51.0%	428,000	1,104,000	529,000	117,000	458,000
28.	Xiangtan Minmetals Zuncheng Project^	51.0%	69,000	179,000	179,000	—	—
29.	Taian Scenery Centre^	51.0%	51,000	148,000	17,000	60,000	71,000
30.	Taian Scenery Cove^	51.0%	270,100	699,000	337,000	362,000	—
31.	Xining Minmetals Chai Da Mu Plaza^	51.0%	152,000	464,000	464,000	—	—

Pearl River Delta

32.	Huizhou Hallstatt See	100.0%	918,000	1,549,000	370,000	562,000	617,000
33.	Foshan Academic Royale	100.0%	42,500	214,000	162,000	52,000	—
34.	Guangzhou Greenery Terrace	100.0%	17,300	29,000	29,000	—	—
35.	Guangzhou Regent Heights	51.0%	20,500	72,000	—	72,000	—
36.	Guangzhou Parc One	51.0%	72,000	258,000	—	232,000	26,000
37.	Guangzhou Langyun Garden	10.0%	57,000	130,000	—	130,000	—
38.	Shenzhen The Greenville	51.0%	31,000	178,000	—	178,000	—
39.	Guangzhou Baiyun Chatuo Project*	45.9%	77,000	340,000	—	—	340,000
40.	Hong Kong Montego Bay	100.0%	10,500	65,000	—	65,000	—

* New Project of 2020

^ Real estate development projects acquired from the Group's controlling shareholder in 2020

Land Bank

As at 31 December 2020, the total developable floor area (“Land Bank”) under the Group was approximately 8.50 million square metres across 40 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.

Newly Acquired Land Bank

Throughout the year of 2020, the Group has acquired 3 parcels of land, the Land Bank increased approximately by 910,000 square metres. The total cost and average cost for the newly acquired Land Bank amounted to approximately RMB4,960 million and RMB5,451 per square metre respectively. The projects are situated in the areas where the Group has been working conscientiously with delicate commitment; such acquisitions would further strengthen the Group’s leading position in the market.

In 2020, the Group’s newly acquired Land Bank was as follows:

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 Future-Eco City	Residential	100.0%	170,000	420,000	383	912	14/02/2020
2. Xiangtan Scenery Cove	Residential	51.0%	58,000	150,000	260	1,733	30/10/2020
3. Guangzhou Baiyun Chatou Project*	Residential	45.9%	77,000	340,000	4,317	12,697	06/11/2020
Total				910,000	4,960	5,451	

* The project was secured by acquiring the equity interest of the project company, and the land cost stated herein represents the respective land cost under the share transfer transaction by the Company.

- In February 2020, the Group acquired a piece of residential land situated at Dayi County in Chengdu at the base price of approximately RMB383 million at auction. The project will be developed as a quality residential community consist of mid-to-high-rise residential buildings and ancillary retail facilities. It is within the Future Eco-City Project site, a new district located in the east of Dayi County, and the Future Eco-City is the nearest local community from Dayi County to Chengdu’s centre (i.e. 5 kilometres away from Chengdu No. 2 City Ring Expressway). Adjacent to the Xihe River, its ecological resources is fruitful. According to the plans articulated by Chengdu City Municipality in 2017, Dayi County would be developed as an advanced manufacturing zone. The potential for future development is considerable. By this project, the Company could realize the synergy effects brought by the developments in commercial and residential uses in urban development.
- In October 2020, the Group acquired a piece of residential land situated at Xiangtan City at the base price of approximately RMB260 million at auction. The land is located in the southeast portion of the Jiuhua Economic Zone of Xiangtan City and forms part of the master plan for the Company’s Xiangtan Scenery Cove Project, a project for our team to work so committedly and delicately. Endowed with riverfront scenic in surrounding and its educational resources possessed, the Group plans to develop the place into a high-end high-rise residential community.
- Under the national policy in advocating transit-oriented development (TOD) projects, a joint venture company, which is established by the Group and China Merchants Land Group, acquired the controlling equity interest in Chatou Station Project’s project company in Baiyun District, Guangzhou in November 2020. This is the Company’s first TOD project and a showcase of the Company’s model for exploring an innovative way for investment and cooperation with leading property developers to integrate resources effectively.

Asset restructuring

During the year, the Group completed the acquisition of assets from its controlling shareholder. Such assets were integrated into the Company and contributed to our results since September 2020. The acquired assets comprise 11 real estate development projects across five cities and a company that offers property management services. Those assets are real estate development assets (non-listed) that China Minmetals Corporation engaged the Company for management and operations. Among these real estate development projects, 71% are residential development (where 71% of which are located at tier 2 cities), and the remaining are ancillary community commercial facilities. After the acquisition, the Group's Land Bank increases by approximately 3.03 million square meters, and its project portfolio further expands from 13 cities to 16 cities. Given the intensified competitions in the land market, the Group leverages its competitive advantage as a state-owned enterprise to scale up its operation swiftly through the acquisition mentioned above, which provide new impetus for business growth in future.

Quality upgrade

The Company strives to adhere to the focus of developing high quality products and accordingly, implemented during the year the 5M intelligent health product system and WELL health-safety building rating. The Company's projects in Hong Kong, Guangzhou, Nanjing and Chengdu have achieved remarkable product pricing premium after obtaining the WELL health-safety building rating. The Company will continue its effort to roll out the 5M intelligent health product system by promoting and implementing the concept of healthy life, smart system, delicate management, comfortable environment and green materials into its product lines. Under secure regimes and with staunch technical support, the Company will carry out a corporate strategy of high quality development through ongoing refinement and application of core technology, further improvement of technical measures for construction, as well as the provision of high-quality products and services. The company branding, accessibility of ancillary facilities in the community, resource allocation and the quality of property management service become prime concerns of people who are in pursuit of a better living. The Company will continue to provide high-quality products and superior property management services.

COVID-19 outbreak and effects on our business

The COVID-19 outbreak plunged the property sector into unprecedented turmoil in early 2020. During the COVID-19 pandemic from late January to early April, the city of Wuhan was in a complete lockdown where there were stringent restrictions on mobility and travel, which inevitably, to some extent, caused disruption to the normal operation of the Company's two real estate development projects there. However, there had been a phased resumption of production and social activities in Wuhan since April 2020 and the city regained its vibrancy in the middle of the year. Since the sizes of the two Wuhan projects of the Company are not particularly large and they had been partially sold, the negative impacts of the epidemic on the Group's regional company in Wuhan is under control.

There was a shutdown of sales offices with freezing physical property sales activities as well as disruption of varying degrees to construction works during the nationwide lockdown in early 2020. As a remedial action, the Company swiftly launched the online sales platform “五礦好房” for continuing online marketing campaign and building a customer base for its projects. With the hard work of working teams in various regions, not only did the annual sales of the Company survive intact amidst the COVID-19 pandemic, it also hit an encouraging record high. The operation team of the Company accelerated the roll-out of development projects across the PRC operation soon after the COVID-19 pandemic was eased and work resumption took place in the second quarter, and has met the development schedule for all of its projects at the end of the year. It is therefore considered that the COVID-19 pandemic did not have negative impacts on the Company's overall operation and sales. However, there was an unrealised revaluation loss on the Group's investment properties due to the persistent COVID-19 pandemic that led to economic slowdown and our 2020 results was inevitably impacted.

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 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 2020, in light of persisting fierce market competition and lesser new projects on hand with lower contracted value, revenue derived from this operating segment dropped 38.8% to HK\$529 million (2019: HK\$864 million) and its operating results, net of intra-group transactions, recorded an operating profit of approximately HK\$23 million (2019: operating loss of HK\$12 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. However, in view of the shortage of skilled labour and a higher risk of increase in direct and indirect costs, Condo Hong Kong has adopted a relatively conservative bidding strategy and implemented tight risk management measures. In 2020, Condo Hong Kong secured new projects amounted to approximately HK\$700 million and had projects on hand amounted to approximately HK\$1,100 million at the end of the year of 2020.

In December 2020, the Group sold the entire equity interest in Condo Shanghai to The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals (a non-wholly owned subsidiary of China Minmetals Corporation) at the consideration of RMB4,288,500, and upon completion, Condo Shanghai ceased to be a subsidiary of the Group. Given the intensified industry competition of curtain wall business in Mainland China, the Company decided to deploy resources and attention on its core business of real estate development and accordingly, the disposal of Condo Shanghai enabled the Group to consolidate and expand its real estate development business.

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, 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 year under review, on top of the lasting negative impacts from the local social issues earlier on, the COVID-19 epidemic further shattered Hong Kong’s retail industry and food and beverage industry. There has been a plunge in inbound tourism while people avoided going out across the territory. During class suspension and under the work-from-home arrangements implemented by both the government and the private sector, retail businesses and restaurants had closed some of their stores one after another. The occupancy rate in Lan Kwai Fong and Tsimshatsui dropped to a new low-level in recent years with significant downward revision in rental rate renewal. Despite that the Group has strived to actively procure potential tenants under the challenging market conditions, the rental rate and occupancy rate of the Group’s investment properties have still seen a drop in 2020.

In 2020, the revenue from the property investment segment decreased by 10.3% to HK\$61 million (2019: HK\$68 million). As at 31 December 2020, the occupancy rate of LKF 29 was 83.6% (31 December 2019: 85.0%) while China Minmetals Tower was 80.3% occupied (31 December 2019: 92.3%).

ENTRUSTED ASSET MANAGEMENT

In 2020, the Group has recorded a management fee income of RMB3.24 million pursuant to the entrusted management service agreement whereby China Minmetals Corporation entrusted the Company with the management of non-listed assets of its real estate development and construction segment. The entrusted assets include real estate development projects and management projects in Beijing, Tianjin, Shenyang, Liaoning, Shandong, Qinghai, Jiangsu, Hunan and Guangdong.

BUSINESS PROPECTS

On the domestic front, the growth outlook of China is expected to be steady and favourable in the coming year. The Chinese economy’s high growth potential, high level of resilience, and the wide array of regulatory measures remain unchanged. In the initial phase of the 14th Five-Year Plan, the Company will focus on the development of high quality products and put in place innovative management mode. To boost overall competitiveness, it will concentrate on the establishment of a refined business model, a good quality management system and a high-calibre working team.

Further, it will speed up the implementation of the “urban operator” business strategy and to strive for advancement in operating scale and efficiency.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

During the year of 2020, the Group’s operations were financed mainly by cash flows generated internally from business operations as well as borrowings.

In terms of offshore financing, the Company restructured a number of tranches of syndication loan including the HK\$6.0 billion 4-year term loan facility which received positive feedback from 18 participating international and local banks with more favourable interest rate compared to the existing syndication loan. In the second half of the year, the Company also completed the restructuring of two revolving loans of HK\$2.58 billion in total, which compressed the Company’s funding cost further more. In terms of onshore financing, the Company received a mergers & acquisition funding package with a credit line of up to RMB1.7 billion. The Company 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 firm financial support for the steady development of the Company’s future business.

Total borrowings of the Group stood at HK\$19,571 million as at 31 December 2020 (2019: HK\$16,754 million), which mainly comprised borrowings from banks and bond issuance. The net gearing ratio (net debt to total equity) of the Group as at 31 December 2020 was 49.7% (2019: 79.1%). The weighted average borrowing costs of the Group maintained at a low level of around 3.7% (2019: 5.0%).

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

	As at 31 December			
	2020		2019	
	HK\$ million	%	HK\$ million	%
Within one year	4,555	23.3	7,263	43.3
In the second year	6,307	32.2	2,616	15.6
In the third to fifth year	8,003	40.9	6,875	41.1
More than five years	706	3.6	–	–
Total	19,571	100.0	16,754	100.0

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

	As at 31 December			
	2020		2019	
	HK\$ million	%	HK\$ million	%
Renminbi	2,083	10.6	642	3.8
Hong Kong Dollar	14,201	72.6	12,816	76.5
United States Dollar	3,287	16.8	3,296	19.7
Total	19,571	100.0	16,754	100.0

The finance costs charged to the profit or loss for 2020 amounted to HK\$69 million (2019: HK\$27 million) after capitalisation of HK\$690 million (2019: HK\$773 million) into properties under development. The unutilised banking facilities of the Group as at 31 December 2020 amounted to HK\$8,045 million (2019: HK\$6,127 million).

As at 31 December 2020, the Group had cash and bank deposits (excluding restricted cash and bank deposits) of HK\$8,239 million (2019: HK\$3,850 million), of which 95.6%, 4.2%, 0.1% and 0.1% (2019: 77.5%, 20.2%, 2.3% and 0%) 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 31 December 2020, approximately 28.4% (2019: 48.5%) of the Group's borrowings was on a fixed rate basis after hedging with the remainder on a floating rate basis.

As at 31 December 2020, 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 31 December 2020, 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\$7,149 million (2019: HK\$4,947 million); and
- ii. 100% equity interest in a subsidiary.

FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

As at 31 December 2020, guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties amounted to HK\$6,805 million (2019: HK\$2,580 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 21.6% to 1,189 (2019: 978) as at 31 December 2020. 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 year ended 31

December 2020 were approximately HK\$402 million (2019: HK\$389 million).

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 7 June 2013 (the “Share Option Scheme”) to recognise and acknowledge eligible persons for their contribution or potential contribution to the Group. The Share Option Scheme shall remain in force for 10 years from its adoption date. Details of the Share Option Scheme will be set out in the 2020 annual report of the Company.

No share options has been granted by the Company pursuant to the Share Option Scheme.

FINAL AND SPECIAL DIVIDENDS

The Directors recommend the payment of a final dividend of HK1.0 cent (2019: HK8.0 cents) per share payable in cash to shareholders whose names appearing on the register of members of the Company on Thursday, 10 June 2021.

As a reward to the shareholders for their continuous support, the Directors also recommend the payment of a special dividend of HK1.0 cent per share payable in cash to shareholders whose names appearing on the register of members of the Company on Thursday, 10 June 2021.

Subject to shareholders’ approval of the said dividends at the annual general meeting, the dividend cheques will be distributed to shareholders on or about Thursday, 8 July 2021.

ANNUAL GENERAL MEETING

An annual general meeting of the shareholders of the Company is convened to be held on Thursday, 27 May 2021 (the “2021 AGM”). The notice of the 2021 AGM which forms part of the circular to shareholders of the Company will be despatched together with the 2020 annual report.

CLOSURE OF REGISTER OF MEMBERS FOR 2021 AGM

The register of members of the Company will be closed from Monday, 24 May 2021 to Thursday, 27 May 2021 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining shareholders’ entitlement to attend and vote at the 2021 AGM.

In order to qualify to attend and vote at the 2021 AGM, all share certificates with completed transfer forms must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 21 May 2021.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL AND SPECIAL DIVIDENDS

The register of members of the Company will be closed from Tuesday, 8 June 2021 to Thursday, 10 June 2021 (both days inclusive), for the purpose of determining shareholders’ entitlement to the proposed final dividend and the special dividend.

In order to qualify for the proposed final dividend and the special dividend, all share certificates with completed transfer forms must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Monday, 7 June 2021.

CORPORATE GOVERNANCE

Corporate Governance Code

In the opinion of the Directors, throughout the year ended 31 December 2020, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except deviations from code provision A.2.1 and A.4.2.

Directors (save for the Chairman and the Managing Director) appointed by the Company to fill a casual vacancy are subject to election 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. Besides, every Directors, 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.

As a variation from code provision A.2.1, Mr. He Jianbo, an executive Director of the Company, serves as the Chairman of the board of Directors. He is responsible for the overall strategic direction of the Group, management of the board of Directors 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 of Directors which comprises three independent non-executive Directors and a non-executive Director offering their experience, expertise, independent advice and views from different perspective.

Code for Securities Transactions by Directors

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

Having made specific enquiries of all the Directors, they had confirmed in writing that they had complied with the Rules for Securities Transactions throughout the year ended 31 December 2020.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has discussed with the management of the Company and the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, on the consolidated financial statements of the Group for the year ended 31 December 2020 and also reviewed accounting principles and practices adopted by the Group, internal control and other financial reporting matters. The consolidated financial statements of the Group for the year ended 31 December 2020 have been recommended by the audit committee of the Company to the board of Directors for approval.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

BOARD OF DIRECTORS

As at the date of this announcement, the board of Directors of the Company 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, 25 March 2021

The Company's 2020 annual report containing, inter alia, the corporate governance report, the report of the directors and the consolidated financial statements for the year ended 31 December 2020 will be published on the Company's website at www.minmetalsland.com and the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk in due course.