THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in Minmetals Land Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

五礦地產有限公司
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

MAJOR TRANSACTION IN RELATION TO ACQUISITION OF EQUITY INTERESTS IN THE PROJECT COMPANY OF THE GROUP

A letter from the Board is set out on pages 4 to 11 of this circular.

29 December 2016

CONTENTS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Acquisition"	the acquisition of the Sale Interests by the Purchaser pursuant to the Equity Transfer Agreement;
"Ample Leading"	Ample Leading Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
"associate", "connected person", "controlling shareholder", "subsidiary" and "substantial shareholder"	each shall have the meaning ascribed to it under the Listing Rules;
"Board"	the board of Directors;
"China Minmetals"	China Minmetals Corporation, a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder of the Company;
"CMCL"	中國五礦股份有限公司 (China Minmetals Corporation Limited*), a company established under the laws of the PRC and a direct non wholly-owned subsidiary of China Minmetals;
"Company"	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange;
"Directors"	the directors (including independent non-executive directors) of the Company;
"Equity Transfer Agreement"	the conditional equity transfer agreement dated 6 December 2016 and entered into by the Purchaser and the Vendor for the Acquisition;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"June Glory"	June Glory International Limited, a company incorporated in the British Virgin Islands with limited liability and the immediate controlling shareholder of the Company holding approximately 61.93% of the issued share capital of the Company as at the Latest Practicable Date;

"Latest Practicable Date"	25 December 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Minmetals HK"	China Minmetals H.K. (Holdings) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of CMCL;
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan);
"Project"	the real estate development project of the Group located at Tian He Road, southern part of Hexi, Jianye District, Nanjing City, Jiangsu Province, the PRC;
"Project Company"	礦濟地產(南京)有限公司 (Kuangji Properties (Nanjing) Co., Ltd.*), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date. Prior to the completion of the Equity Transfer Agreement, it was directly owned as to approximately 66.67% by Ample Leading and approximately 33.33% by the Vendor;
"Purchaser"	五礦建設投資管理(北京)有限公司 (Minmetals Land Investment Management (Beijing) Co., Ltd.*), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale Interests"	approximately 33.33% of the equity interest of the Project Company;
"SFO"	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company;
"Shareholder(s)"	holder(s) of Shares;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"Vendor"	China Resources Szitic Trust Co., Ltd. (華潤深國投信託有限公司), a company established under the laws of the PRC and formerly the holder of approximately 33.33% of the equity interest of the Project Company prior to the completion of the Equity Transfer Agreement;
"Vigers"	Vigers Appraisal and Consulting Limited, independent property valuers; and
"%"	per cent.

For the purpose of illustration only and unless otherwise stated, conversions of Renminbi into Hong Kong dollars in this circular is calculated at the exchange rate of RMB1.00 to HK$1.1464. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

* *For identification purpose only*

五礦地產有限公司
MINMETALS LAND LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 230)

Non-executive Directors:
Mr. Zhang Yuanrong, *Chairman*
Mr. Cui Hushan

Executive Directors:
Mr. He Jianbo, *Deputy Chairman and Managing Director*
Mr. Yin Liang, *Senior Deputy Managing Director*
Ms. He Xiaoli, *Deputy Managing Director*
Mr. Liu Zeping, *Deputy Managing Director*

Independent Non-executive Directors:
Mr. Selwyn Mar
Ms. Tam Wai Chu, Maria
Mr. Lam Chung Lun, Billy

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal place of business in Hong Kong:
18th Floor
China Minmetals Tower
79 Chatham Road South
Tsimshatsui
Kowloon
Hong Kong

29 December 2016

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO ACQUISITION OF EQUITY INTERESTS IN THE PROJECT COMPANY OF THE GROUP

INTRODUCTION

On 6 December 2016, the Purchaser (being an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Vendor pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Interests which represents approximately 33.33% of the equity interest of the Project Company at the consideration of RMB2,238,158,520 (approximately HK$2,565,824,927).

The purpose of this circular is to provide you with, among other things, further particulars of the Equity Transfer Agreement and other information of the Group as required under the Listing Rules.

EQUITY TRANSFER AGREEMENT

Date

6 December 2016

Parties

Purchaser	:	五礦建設投資管理(北京)有限公司 (Minmetals Land Investment Management (Beijing) Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
Vendor	:	China Resources Szitic Trust Co., Ltd. (華潤深國投信託有限公司)

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor is a substantial shareholder of the Project Company, therefore it is a connected person only at the subsidiary level of the Company. Save for its interest in the Project Company, the Vendor is a third party independent of the Company and its connected persons.

Assets to be acquired

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Sale Interests, which represents approximately 33.33% of the equity interest of the Project Company.

Consideration

The total consideration for the Sale Interests is RMB2,238,158,520 (approximately HK$2,565,824,927), which is determined based on arm's length negotiations between the Purchaser and the Vendor with reference to the net assets value of RMB5,587,475,524 (approximately HK$6,405,481,941) as stated in the audited financial statements of the Project Company for the year ended 31 December 2015, and the valuation amount of the properties of RMB7,056,700,000 (approximately HK$8,089,800,880) as stated in the valuation report of the Project. Therefore, the Directors consider that the value of the Sale Interests is higher than the total consideration and thus the consideration is fair and reasonable and is in the interest of the Company and Shareholders as a whole.

Condition precedent

Payment of the consideration for the Sale Interests is subject to and conditional upon the Sale Interests being free from any pledge, custody, transfer, seizure, restrictions or preservation, compulsory enforcement of restrictive measures and disputes or potential disputes which has been fully satisfied. The consideration, which was satisfied by internal financial resources of the Group, was paid to the Vendor on 12 December 2016. The registration of the change in the ownership of the Sale Interests with the Nanjing Administration for Industry and Commerce has been completed. Following the full payment of the consideration, the rights and obligations under the Sale Interests have been transferred to the Purchaser, and the Project Company has become an indirect wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaging in the business of real estate development, specialised construction, property investment and securities investment.

The Project is a residential development project which consists of four phases. With the completion of the first three phases in the years 2015 and 2016, the construction of the Project is expected to be completed by the end of 2018.

The capital contribution of RMB1,800,000,000 (approximately HK$2,063,520,000) made by the Vendor at the early stage of the development of the Project has enhanced the financial position as well as successful development of the Project. In view of the Vendor's intention to withdraw its investment from the Project at this later stage of the development lead time, the acquisition of the Sale Interests by the Purchaser serves as an appropriate mean to settle the matter. Prior to the completion of the Equity Transfer Agreement, the Company held 66.67% interest in the Project Company via Ample Leading. Following the completion of the Acquisition, the Project Company has become an indirect wholly-owned subsidiary of the Company. It is believed that the efficiency of the development of the Project would be enhanced due to centralized management and decision making subsequent to the Acquisition.

The Directors (including all the independent non-executive Directors) believe that the terms of the Equity Transfer Agreement are fair and reasonable, and the transaction contemplated thereunder is on normal commercial terms and in the interest of the Company and Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION ON THE COMPANY

The Project Company is currently accounted for as a subsidiary of the Company on a consolidated basis in the financial statements of the Group and will continue to be accounted for as a subsidiary of the Company on a consolidated basis in the financial statements of the Group following the completion of the Acquisition. As such, the financials of the Project Company were already consolidated in the financial statements of the Group. Other than the reduction of cash and bank balance equivalent to the consideration of RMB2,238,158,520 (approximately HK$2,565,824,927), the Acquisition will not have any impact on the earnings and assets and liabilities of the Group.

LISTING RULES IMPLICATIONS

The Vendor, being formerly the holder of approximately 33.33% of the equity interest of the Project Company, is a substantial shareholder of a subsidiary of the Company (i.e. the Project Company) and therefore a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company. As the Vendor is, save for its interest in the Project Company, a third party independent of the Company and its connected persons, it is a connected person only at the subsidiary level of the Company. The independent non-executive Directors have confirmed that the terms of the Equity Transfer Agreement are fair and reasonable, and the transaction contemplated thereunder is on normal commercial terms in the interest of the Company and Shareholders as a whole. Accordingly, the Acquisition is subject to reporting and announcement requirements but exempt from circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

However, as one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is more than 25% but less than 100%, the entering into of the Equity Transfer Agreement also constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of Listing Rules. Written approval for the Equity Transfer Agreement has been obtained from June Glory, the controlling shareholder holding approximately 61.93% of the issued share capital of the Company as at the Latest Practicable Date. Therefore, as all conditions under Rule 14.44 of the Listing Rules have been met, no general meeting will be convened to consider and approve the Equity Transfer Agreement pursuant to Rule 14.44 of the Listing Rules. To the best of the knowledge, information and belief of the Directors, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Equity Transfer Agreement.

INFORMATION ON THE PARTIES

The Group is principally engaging in the businesses of real estate development, specialised construction, property investment and securities investment.

The Project Company was established under the laws of the PRC with limited liability in April 2013 mainly for the purpose of developing the Project, a residential development project located at Tian He Road, southern part of Hexi, Jianye District, Nanjing, Jiangsu Province, the PRC. Construction of the Project is expected to be completed by the end of 2018. As at 30 September 2016, approximately 85% of the Project, representing approximately 299,000 square metres, have been contracted for sale.

Both Ample Leading and the Purchaser are indirect wholly-owned subsidiaries of the Company and their principal activities are investment holding.

The Vendor is principally engaging in the financial business offering a range of services and products including equity investment, structured finance, trust service and risk management.

FINANCIAL INFORMATION OF THE PROJECT COMPANY

Set out below are the financial information of the Project Company based on the audited financial statements prepared in accordance with accounting policies which conform with PRC Generally Accepted Accounting Principles ("PRC GAAP") of the Project Company for the two years ended 31 December 2014 and 2015:

	For the year ended 31 December	
	2014	**2015**
Net(loss)/profit before tax	RMB(54,623,482) (approximately HK$(62,620,360))	RMB340,790,587 (approximately HK$390,682,329)
Net (loss)/profit after tax	RMB(41,190,142) (approximately HK$(47,220,379))	RMB255,575,675 (approximately HK$292,991,954)

The audited net assets value of the Project Company as at 31 December 2015 was approximately RMB5,587,475,524 (approximately HK$6,405,481,941).

The fair value of the properties held by the Project Company as at 31 October 2016 amounted to RMB7,056,700,000 (approximately HK$8,089,800,880).

Liquidity and financial resources

During the years ended 31 December 2013, 31 December 2014, 31 December 2015 and the period ended 30 September 2016, the Project Company's operations were financed mainly by cash flows generated internally from business operations, advances from the immediate holding company and fellow subsidiaries, and bank borrowings. The Project Company did not have any outstanding bank borrowings as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016.

As at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016, cash and bank deposit amounted to RMB1,338,644,000 (approximately HK$1,534,621,482), RMB696,528,000 (approximately HK$798,499,699), RMB2,792,830,000 (approximately HK$3,201,700,312) and RMB2,363,535,000 (approximately HK$2,709,556,524) respectively.

Capital structure

The capital of the Project Company as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016 was the paid-in capital of RMB5,400,000,000 (approximately HK$6,190,560,000).

As at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016, cash and bank deposit amounted to RMB1,338,644,000 (approximately HK$1,534,621,482), RMB696,528,000 (approximately HK$798,499,699), RMB2,792,830,000 (approximately HK$3,201,700,312) and RMB2,363,535,000 (approximately HK$2,709,556,524) respectively.

The Project Company did not have any outstanding bank borrowings as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016.

Significant investment held

Other than the development of the Project, the Project Company did not hold any significant investment for the years ended 31 December 2013, 31 December 2014, 31 December 2015 and the period ended 30 September 2016.

Material acquisitions and disposals of subsidiaries

The Project Company did not have any subsidiary for the years ended 31 December 2013, 31 December 2014, 31 December 2015 and the period ended 30 September 2016.

Segment information

The Project Company's operation is solely derived from the real estate development in the PRC.

Employees

Total number of staff of the Project Company was 76, 66, 27 and 26 as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016 respectively. The Project Company will continue to adopt a remuneration policy in line with local market practice and standards. Total remuneration of the Project Company for the years ended 31 December 2013, 31 December 2014, 31 December 2015 and the period ended 30 September 2016 were RMB8,341,000 (approximately HK$9,562,122), RMB14,986,000 (approximately HK$17,179,950), RMB9,713,000 (approximately HK$11,134,983) and RMB2,302,000 (approximately HK$2,639,013) respectively.

Charges on assets

The Project Company did not charge any of its asset for the years ended 31 December 2013, 31 December 2014, 31 December 2015 and the period ended 30 September 2016.

Future plans for material investments or capital assets

Other than the development of the Project, the Project Company had no plan for any other material investments or capital assets as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016.

Gearing ratio

The gearing ratio is nil as the Project Company was at a net cash position as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016.

Exposure to fluctuation of exchange rate

For the years ended 31 December 2013, 31 December 2014, 31 December 2015 and the period ended 30 September 2016, the Project Company's revenue and costs were denominated in Renminbi. Since both the reporting currency and functional currency of the Project Company is Renminbi, the Project Company was not exposed to exchange rate risk.

Contingent liabilities

As at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016, the guarantees given to banks for mortgage facilities granted to certain purchasers of Project Company's properties amounted to nil, RMB150,326,000 (approximately HK$172,333,726), RMB2,216,736,000 (approximately HK$2,541,266,150) and RMB4,254,303,000 (HK$4,877,132,959) respectively. Such guarantees will terminate upon the earlier of (i) issuance of the property ownership certificate which will generally be available within one year after the purchasers take possession of the relevant properties; or (ii) repayment of mortgage loan by the purchasers. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Project Company is responsible for repaying the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Project Company is entitled to take possession of the related properties. Under such circumstances, the Project Company is able to retain the property sales proceeds previously received from the purchasers and sell the property to recover any amounts paid by the Project Company to the banks. Therefore, after taking into account of the creditworthiness of the purchasers, the directors of the Project Company consider that no provision is required for the guarantees.

RECOMMENDATION

The Directors (including all the independent non-executive Directors) considered that the Equity Transfer Agreement is on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors would recommend the Shareholders to vote in favour of the Equity Transfer Agreement if a physical meeting were to be held.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Minmetals Land Limited
He Jianbo
Deputy Chairman and Managing Director

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2013, 2014 and 2015 and the interim report of the Company for the six months ended 30 June 2016 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.minmetalsland.com):

— the annual report of the Company for the year ended 31 December 2013 (pages 83 to 161);

— the annual report of the Company for the year ended 31 December 2014 (pages 75 to 199);

— the annual report of the Company for the year ended 31 December 2015 (pages 75 to 199); and

— the interim report of the Company for the six months ended 30 June 2016 (pages 40 to 72).

INDEBTEDNESS

Borrowings

As at the close of business on 31 October 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had aggregate outstanding borrowings of approximately HK$8,815.89 million, details of which are set out below:

	HK$ million
Long-term bank borrowings, secured and guaranteed	8,613.40
Short-term bank borrowings, unsecured and guaranteed	202.49
	8,815.89

As at the close of business on 31 October 2016, the long-term bank borrowings were secured by 100% equity interest in a subsidiary.

Amounts due to associated companies

As at the close of business on 31 October 2016, the Group had outstanding amounts due to associated companies of approximately HK$1,096.90 million, which are unsecured and unguaranteed.

Amounts due to the non-controlling shareholder of subsidiaries

As at the close of business on 31 October 2016, the Group had outstanding amounts due to the non-controlling shareholder of subsidiaries of approximately HK$140.07 million, which are unsecured and unguaranteed.

Charges on Group assets

As at the close of business on 31 October 2016, certain assets of the Group were pledged as securities for the Group's banking facilities and mortgage loans granted to buyers of sold properties and these pledged assets of the Group include bank deposits and 100% equity interest in a subsidiary.

Guaranteed bonds

As at the close of business on 31 October 2016, the Group had guaranteed bonds of approximately HK$1,737.77 million and HK$959.05 million, which will be matured on 26 April 2018 and 26 April 2023, respectively. The principal amounts of the guaranteed bonds are US$225 million and US$125 million, respectively. The guaranteed bonds are unsecured and guaranteed by the Company and have the benefit of a keepwell deed from China Minmetals, the ultimate controlling shareholder of the Company.

Contingent liabilities

As at the close of business on 31 October 2016, the Group had provided guarantees to certain banks relating to mortgage facilities arranged for certain buyers of properties developed by the Group and the outstanding mortgage loans under these guarantees amounted to HK$12,679.21 million.

General

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 31 October 2016.

WORKING CAPITAL

The Directors are of the opinion that, taking into account the effect of acquisition of equity interests in the Project Company and the Group's available financial resources including internally generated cash flows, the available facilities and cash on hand, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of publication of this circular.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Many developers remain at robust liquidity position to replenish land bank throughout the year. "Land Kings" continued to arise and land cost remained very high. The sector risk has gradually risen at the back of such high land premium. The Group actively participated in land bidding auctions in tier 1 and core tier 2 cities with a prudent manner in the second half of the year. The Group eventually seized opportunities to acquire two parcels of land in Nanjing and two parcels of land in Guangdong with land premium in the total amount of RMB6.87 billion. Such acquisitions contributed gross floor area of approximately 444,829 square meters to our land bank. Apart from the Mainland China market, the Group successfully acquired a residential land in Hong Kong in August by public tender for a land premium of approximately HK$4 billion. The land has a maximum gross floor area of approximately 566,700 square feet. In order to achieve sustainable growth in the coming future, the Group will capture every opportunity to expand our land bank in Hong Kong and the Mainland China.

With the support of our parent company, the Group has been reviewing the feasibility of further integration of the entrusted assets from China Minmetals with a view to enhance the Group's profitability and operating scale as well as reinforcing the Group's positioning as the sole listed real estate platform of China Minmetals.

Based on the preliminary information available to the Group, the revenue and net profit of the Group for the ten months ended 31 October 2016 have recorded a significant increase of approximately 180% and 260% respectively when compared to the corresponding period of last year. However, it is expected that the growth rate in the Group's revenue and net profit for the entire year ending 31 December 2016 will be substantially lower than that for the first ten months of 2016. For details, please refer to the Company's announcement made on 30 November 2016.

Deloitte. 德勤

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

29 December 2016

The Directors
Minmetals Land Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Kuangji Properties (Nanjing) Co., Ltd. ("Kuangji") for the period from 23 April 2013 (the date of establishment) to 31 December 2013, each of the two years ended 31 December 2014 and 2015 and the nine months ended 30 September 2016 (the "Relevant Periods"), for inclusion in the circular of Minmetals Land Limited ("the Company") dated 29 December 2016 (the "Circular") in connection with the proposed acquisition of remaining equity interest in Kuangji.

Kuangji was established on 23 April 2013 in the People's Republic of China (the "PRC") as a limited liability company. Kuangji is principally engaged in property development in the PRC. Kuangji adopts 31 December as its financial year end date.

The financial statements of Kuangji for the Relevant Periods were prepared in accordance with the relevant accounting policies and financial regulations applicable to entities established in the PRC (the "PRC GAAP") and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, certified public accountants registered in the PRC.

For the purpose of this report, the directors of Kuangji have prepared the financial statements of Kuangji for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (thereinafter referred to as the "Underlying Financial Statements"). We have undertaken an independent audit of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We also examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of Kuangji for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments are considered necessary to the Underlying Financial Statements in preparation of this report for inclusion in the Circular.

The preparation of the Underlying Financial Statements is the responsibility of the directors of Kuangji. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of Kuangji as at 31 December 2013, 2014 and 2015 and 30 September 2016, and of the financial performance and cash flows of Kuangji for the Relevant Periods.

The comparative statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of Kuangji for the nine months ended 30 September 2015 together with the notes thereon have been extracted from the Kuangji unaudited financial information for the same period (the "September 2015 Financial Information") which was prepared by the directors of Kuangji solely for the purpose of this report. We have reviewed the September 2015 Financial Information in accordance with the Hong Kong Standard of Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. Our review of the September 2015 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the September 2015 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the September 2015 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

A. FINANCIAL INFORMATION OF KUANGJI

Statements of Profit or Loss and Other Comprehensive Income

	Notes	From 23 April 2013 (date of establishment) to 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015	Nine months ended 30 September 2015	Nine months ended 30 September 2016
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	*6*	—	—	1,930,870	—	828,836
Cost of sales		—	—	(1,542,629)	—	(555,483)
Gross profit		—	—	388,241	—	273,353
Other gains, net	*8*	—	24	2,261	2,151	372
Selling and marketing expenses		(3,676)	(50,769)	(53,163)	(14,703)	(19,061)
Administrative and other expenses		(33,227)	(11,230)	(20,566)	(4,834)	(10,431)
Finance income	*10*	1,023	7,352	28,431	17,617	34,579
Finance costs	*10*	—	—	—	—	—
(Loss)/profit before tax		(35,880)	(54,623)	345,204	231	278,812
Income tax credit/(expense)	*11*	8,970	13,433	(89,629)	(87)	(124,892)
(Loss)/profit and total comprehensive (expense)/ income for the period/year	*7*	(26,910)	(41,190)	255,575	144	153,920

Statements of Financial Position

		As at 31 December			As at 30 September
		2013	2014	2015	2016
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Equipment	*13*	206	439	358	295
Deferred tax assets	*14*	8,970	32,723	73,466	135,974
		9,176	33,162	73,824	136,269
Current assets					
Inventories	*15*	4,031,572	4,605,054	3,852,699	3,827,012
Prepayments, trade and other receivables	*16*	1,214	1,278,604	2,352,118	4,986,280
Cash and bank deposits	*17*	1,338,644	696,528	2,792,830	2,363,535
		5,371,430	6,580,186	8,997,647	11,176,827
Total assets		5,380,606	6,613,348	9,071,471	11,313,096
EQUITY					
Paid-in capital	*18*	5,400,000	5,400,000	5,400,000	5,400,000
(Accumulated losses)/ retained earnings		(26,910)	(68,100)	187,475	341,395
Total equity		5,373,090	5,331,900	5,587,475	5,741,395
LIABILITIES					
Current liabilities					
Trade and other payables	*19*	7,516	123,219	252,186	300,409
Deferred revenue	*20*	—	1,147,909	3,140,816	5,271,292
Tax payable		—	10,320	90,994	—
		7,516	1,281,448	3,483,996	5,571,701
Total liabilities		7,516	1,281,448	3,483,996	5,571,701
Total equity and liabilities		5,380,606	6,613,348	9,071,471	11,313,096
Net current assets		5,363,914	5,298,738	5,513,651	5,605,126
Total assets less current liabilities		5,373,090	5,331,900	5,587,475	5,741,395

Statements of Changes in Equity

	Paid-in capital *RMB'000*	(Accumulated losses)/ retained earnings *RMB'000*	Total equity *RMB'000*
At 23 April 2013 (date of establishment)	—	—	—
Capital injection	5,400,000	—	5,400,000
Total comprehensive expense for the period	—	(26,910)	(26,910)
At 31 December 2013	5,400,000	(26,910)	5,373,090
Total comprehensive expense for the year	—	(41,190)	(41,190)
At 31 December 2014	5,400,000	(68,100)	5,331,900
Total comprehensive income for the year	—	255,575	255,575
At 31 December 2015	5,400,000	187,475	5,587,475
Total comprehensive income for the period	—	153,920	153,920
At 30 September 2016	5,400,000	341,395	5,741,395
At 1 January 2015	5,400,000	(68,100)	5,331,900
Total comprehensive income for the period (unaudited)	—	144	144
At 30 September 2015 (unaudited)	5,400,000	(67,956)	5,332,044

Statements of cash flows

	Notes	From 23 April 2013 (date of establishment) to 31 December 2013 RMB'000	Year ended 31 December 2014 RMB'000	Year ended 31 December 2015 RMB'000	Nine months ended 30 September 2015 RMB'000 (unaudited)	Nine months ended 30 September 2016 RMB'000
Operating activities						
Cash (used in)/generated from operations	22	(4,062,170)	555,227	2,974,377	1,698,126	2,360,610
Income tax paid		—	(21,813)	(116,490)	(81,695)	(244,469)
Interest paid		—	(5,587)	—	—	—
Net cash (used in)/generated from operating activities		(4,062,170)	527,827	2,857,887	1,616,431	2,116,141
Investing activities						
Purchase of equipment		(209)	(294)	(24)	(16)	(16)
Proceeds from disposal of equipment		—	—	8	2	1
Advances to the immediate holding company and fellow subsidiaries		—	(1,977,441)	(1,330,000)	(500,000)	(10,556,000)
Repayments from the immediate holding company and fellow subsidiaries		—	800,440	540,000	180,000	7,976,000
Interest received		1,023	7,352	28,431	17,617	34,579
Net cash generated from/(used in) investing activities		814	(1,169,943)	(761,585)	(302,397)	(2,545,436)
Financing activities						
Capital injection		5,400,000	—	—	—	—
New bank borrowing		—	200,000	—	—	—
Repayment of bank borrowing		—	(200,000)	—	—	—
Net cash generated from financing activities		5,400,000	—	—	—	—
Increase/(decrease) in cash and cash equivalents		1,338,644	(642,116)	2,096,302	1,314,034	(429,295)
Cash and cash equivalents at beginning of the period/year		—	1,338,644	696,528	696,528	2,792,830
Cash and cash equivalents at end of the period/year	17	1,338,644	696,528	2,792,830	2,010,562	2,363,535

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

礦濟地產(南京)有限公司 Kuangji Properties (Nanjing) Co., Ltd. ("Kuangji") is a limited liability company established in The People's Republic of China (the "PRC") on 23 April 2013. Its immediate holding company is Ample Leading Limited which was incorporated in Hong Kong and its intermediate holding company is Minmetals Land Limited, a company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. Kuangji's ultimate holding company is China Minmetals Corporation which was established in the PRC. The address of the registered office of Kuangji is Room 207, Building No. 1 Area B 2/F, Guorui Tower, Jiangdong Middle Road, Jianye District, Nanjing, the PRC.

Kuangji is principally engaged in property development in the PRC.

The Financial Information is presented in thousands of units of Renminbi ("RMB'000") unless otherwise stated, which is also the functional currency of Kuangji.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, Kuangji has applied HKFRSs issued by the HKICPA which are effective for the financial period beginning on 1 January 2016 and consistently applied throughout the Relevant Periods.

At the date of this report, Kuangji has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" measurement category for certain simple debt instruments.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of Kuangji anticipate that the application of HKFRS 9 in the future may result in potential early recognition of credit losses based on the expected loss model in relation to the Kuangji's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customer

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of Kuangji anticipate that the application of HKFRS 15 in the future may affect the amounts reported and related disclosures. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review has been completed.

The Directors of Kuangji anticipates that the application of other new and amendments to HKFRSs will have no material impact on Kuangji's future financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies are consistent with those of Minmetals Land Limited and have been consistently applied to the Relevant Periods.

Basis of preparation

The Financial Information of Kuangji has been prepared in accordance with accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. In addition, the Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared under the historical cost convention, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Kuangji takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of the Financial Information in accordance with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in Note 5.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors of Kuangji that make strategic decisions.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the activities of Kuangji. Revenue is shown net of value-added tax and discounts.

Kuangji recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to Kuangji and specific criteria have been met for each of the activities of Kuangji as described below.

Revenue from sale of completed properties is recognised when the properties are delivered and titles are transferred, at which time all the following additional conditions are satisfied:

- Kuangji has transferred to the purchasers the significant risks and rewards of ownership of the goods.
- Kuangji retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits and instalments received on properties sold prior to meeting the above criteria for revenue recognition are recognised as deferred revenue under current liabilities.

Interest income is recognised on a time-proportion basis using the effective interest method.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Equipment

Equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Kuangji and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are expensed in the profit or loss during the period in which they are incurred.

The depreciation is calculated using the straight-line method to allocate cost to the residual values over the estimated useful lives with annual rates as follows:

Equipment	19%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Gain and loss on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

Impairment on tangible assets

At the end of each reporting period, Kuangji reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, Kuangji estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognised when Kuangji becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Kuangji classifies its financial assets into those to be loans and receivables. Regular purchases or sales of financial assets are recognised and derecognised on the trade date basis, the date on which Kuangji commits to purchase or sell the asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, amounts due from related parties, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost.

Impairment of financial assets

For financial assets at amortised cost, Kuangji assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganisation, and where observable data indicate that there is decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credit to profit of loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by Kuangji are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of Kuangji after deducting all of its liabilities. Equity instruments issued by Kuangji are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including borrowings and trade and other payables are subsequently measured at amortised cost using effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and Kuangji has transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Kuangji derecognises financial liabilities when, and only when, Kuangji's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Inventories

Inventories represent properties under development and completed properties held for sales.

Properties under development and completed properties held for sales are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Current and deferred tax

The tax expense for the period comprises current and deferred tax.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the PRC. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Kuangji expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Employee benefits

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

Employee entitlements to sick leave and maternity or paternity leaves are not recognised until the time of leave.

Pension obligations

Employees in the PRC are members of a state-managed employee pension scheme operated by the relevant municipal government in the PRC which undertakes to assume the retirement benefit obligations of all existing and future retired employees. Kuangji has obligation to make the required contributions under the scheme.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Kuangji recognises termination benefits at the earlier when Kuangji can no longer withdraw the offer of those benefits and when it recognises any related restructuring costs. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Kuangji. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Financial Information unless the possibility of an outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

4. FINANCIAL RISK FACTORS AND MANAGEMENT

(a) Categories of financial instruments

	As at 31 December			As at 30 September
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Trade and other receivables	871	1,179,884	2,012,919	4,550,199
Cash and bank deposits	1,338,644	696,528	2,792,830	2,363,535
Financial liabilities				
Trade and other payables	7,516	86,969	136,264	187,314

(b) Financial risk factors

Kuangji's activities expose it to credit risk, market risk and liquidity risk. These risks are managed by Kuangji's financial management policies and practices as described below to minimise potential adverse effects on Kuangji's financial performance.

(i) Credit risk

Kuangji's credit risk primarily arises from deposits with banks, trade and other receivables and guarantees provided in respect of mortgage facilities (Note 23).

The credit risk on deposits with banks is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies. In respect of trade and other receivables, individual credit evaluations are performed on all customers. These evaluations focus on the customer's financial position, past history of making payments and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, Kuangji does not obtain collateral from customers. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, Kuangji reviews the recoverable amount of each individual trade and other receivables at the end of each reporting period to ensure adequate provision for impairment losses are made for irrecoverable amounts.

Kuangji has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, Kuangji is able to retain the property sales proceeds received from the purchasers and sell the property to recover any amounts paid by Kuangji to the bank. The management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market price of the properties is higher than the guaranteed amounts. In this regard, the Directors consider that Kuangji's credit risk is significantly reduced.

In order to minimise the credit risk of amounts due from related parties, the directors of Kuangji review the recoverable amount of each individual debt regularly at the end of each reporting period and the related parties have good repayment ability and no history of default. In this regard, the directors of Kuangji consider that there is no material credit risk on amount due from related parties.

Kuangji has no significant concentration of credit risk on trade and other receivables, with no recent history of default with respect to trade and other receivables.

Other than concentration of credit risk on liquid funds which are deposited with several banks, which are mainly State-owned banks and with high credit ratings in the PRC, Kuangji does not have any other significant concentration of credit risk.

(ii) Market risk

Given Kuangji has neither foreign currency assets nor incurs foreign currency liabilities for the Relevant Periods, the directors of Kuangji is of the view that Kuangji does not have any significant concentration of currency risks.

In the meantime, taking into account that Kuangji has no bank borrowings or other financial liabilities, the directors of Kuangji is of the view that Kuangji is not exposed to interest risks and hence does not have any significant concentration of interest risks.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. Management aims to maintain flexibility in funding by keeping credit lines available. Management monitors the rolling forecasts of Kuangji's cash and bank balances (Note 17) on the basis of expected cash flow.

The table below analyses Kuangji's financial liabilities at amortised cost and financial guarantee contracts into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year
	RMB'000
At 31 December 2013	
Trade and other payables	7,516
At 31 December 2014	
Trade and other payables	86,969
Financial guarantee contracts	150,326
At 31 December 2015	
Trade and other payables	136,264
Financial guarantee contracts	2,216,736
At 30 September 2016	
Trade and other payables	187,314
Financial guarantee contracts	4,254,303

(c) Capital risk management

Kuangji's objectives when managing capital are to safeguard Kuangji's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The total equity of Kuangji represents the capital structure of Kuangji. In order to maintain or adjust the capital structure, Kuangji may issue new shares or sell assets to reduce debt.

(d) Fair value estimation

The directors of Kuangji consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs approximate their fair values. The fair values are estimated using generally accepted pricing models based on discounted cash flows.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty

Estimates are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next twelve months.

Deferred taxes

The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The directors of Kuangji determine the profit projections of Kuangji for coming years during which the deferred tax assets are expected to be utilised. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a recognition or reversal takes place.

Impairment of trade and other receivables

In determining whether there is objective evidence on impairment loss of trade and other receivables, the management considers the estimation of future cash flows to be recovered from these receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. The amount of the impairment of receivables is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flow. When the actual future cash flows are less than expected, a material impairment loss may arise.

6. REVENUE AND SEGMENT INFORMATION

Kuangji's revenue comprises the sales of completed properties, net of value-added tax and discounts, during the Relevant Periods.

Kuangji's operations are solely derived from property development in the PRC. The directors of Kuangji, being chief operating decision maker, only reviews the overall results and financial position of Kuangji, which are prepared based on the same accounting policies set out in note 3, for the purposes of resource allocation and performance assessment. Accordingly, Kuangji presents only one single operation segment and no further analysis is presented.

Kuangji's operation is located in Nanjing, Jiangsu Province of the PRC. Accordingly, all revenue is generated from and all non-current assets are located in the PRC. No revenue from a single customer or a group of customers under common control contributed 10% or more of Kuangji's revenue.

7. (LOSS)/PROFIT FOR THE PERIOD/YEAR

	From 23 April 2013 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(Loss)/profit for the period/year has been arrived at after charging:					
Selling and marketing expenses	3,676	50,769	53,163	14,703	19,061
Cost of inventories sold	—	—	1,542,629	—	555,483
Auditor's remuneration	540	276	532	167	129
Depreciation	3	61	96	72	74
Employee benefit expense (including directors' emoluments) *(Note 9)*	3,080	6,360	3,291	1,201	648
Legal and professional fees	40	447	80	40	—
Loss on disposal of equipment	—	—	1	—	4

8. OTHER GAINS, NET

	From 23 April 2013 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Penalty income and others *(note)*	—	24	2,261	2,151	372

Note: Other gains are mainly arising from the penalty income generated from forfeiture of deposit by buyers of properties.

9. EMPLOYEE BENEFIT EXPENSES AND DIRECTORS' EMOLUMENTS

	From 23 April 2013 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Wages, salaries and bonus	7,965	14,030	8,953	2,893	1,831
Pension costs — defined contribution plans *(Note 21)*	376	956	760	450	471
	8,341	14,986	9,713	3,343	2,302
Less: amount capitalised as inventories	(3,259)	(5,561)	(6,083)	(2,069)	(1,542)
Less: amount included in cost of sales	(2,002)	(3,065)	(339)	(73)	(112)
	3,080	6,360	3,291	1,201	648

(a) Directors' emoluments

During the Relevant Periods, the directors of Kuangji are Mr. He Jianbo, Mr. Yin Liang and Mr. Yang Lu, no emoluments were paid by Kuangji to the directors.

During the Relevant Periods, no emoluments were paid by Kuangji to the directors as an inducement to join or as compensation for loss of office.

(b) Five highest-paid individuals

During the Relevant Periods, five highest-paid individuals in Kuangji include no directors. Details of the emoluments of these individuals are as follows:

	From 23 April 2013 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and allowances	1,184	1,314	1,391	996	1,033
Discretionary bonuses	396	297	1,943	—	—
Employer's contributions to pension schemes	38	41	49	37	44
	1,618	1,652	3,383	1,033	1,077

The emoluments fell within the following bands:

	From 23 April 2013 (date of establishment) to 31 December 2013	Year ended 31 December 2014	2015	Nine months ended 30 September 2015 (unaudited)	2016
HK$ nil – HK$1,000,000 (equivalent to RMB nil – RMB860,970)	5	5	3	5	5
HK$1,000,001 – HK$1,500,000 (equivalent to RMB860,971 – RMB1,291,455)	—	—	2	—	—
	5	5	5	5	5

During the Relevant Periods, no emoluments were paid by Kuangji to these individuals as an inducement to join or as compensation for loss of office.

During the Relevant Periods, no compensation were paid by Kuangji to the senior management.

10. FINANCE INCOME AND COSTS

	From 23 April 2013 (date of establishment) to 31 December 2013	Year ended 31 December 2014	2015	Nine months ended 30 September 2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Finance income					
Interest income from bank and other financial institution	1,023	7,352	28,431	17,617	34,579
Finance costs					
Bank borrowings wholly repayable within five years	—	5,587	—	—	—
Less: Amount capitalised as properties under development *(note)*	—	(5,587)	—	—	—
	—	—	—	—	—

Note: Borrowing costs were capitalised at rate of 6.3% per annum during the year ended 31 December 2014.

11. INCOME TAX (CREDIT)/EXPENSE

PRC enterprise income tax has been calculated on the estimated assessable profit for the period/year derived in the PRC at the rate of 25% for the Relevant Periods.

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.

	From 23 April 2013 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current tax — PRC					
Enterprise income tax	—	10,320	125,958	43,605	113,822
Land appreciation tax	—	—	4,414	—	73,578
	—	10,320	130,372	43,605	187,400
Deferred tax *(Note 14)*	(8,970)	(23,753)	(40,743)	(43,518)	(62,508)
	(8,970)	(13,433)	89,629	87	124,892

Tax charge on Kuangji's (loss)/profit before tax differs from the theoretical amount that would arise using the tax rate of the PRC as follows:

	From 23 April 2013 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(Loss)/profit before tax	(35,880)	(54,623)	345,204	231	278,812
Tax calculated at the applicable tax	(8,970)	(13,656)	86,301	58	69,703
Land appreciation tax	—	—	4,414	—	73,578
Tax effect of land appreciation tax	—	—	(1,103)	—	(18,394)
Expenses not deductible for tax purposes	—	223	17	29	5
Tax (credit)/expenses	(8,970)	(13,433)	89,629	87	124,892

12. EARNINGS PER SHARE

Earnings per share of Kuangji are not presented as such information is not considered meaningful in the context of this report.

13. EQUIPMENT

Movements in equipment are as follows:

	Equipment
	RMB'000
Year ended 31 December 2013	
Opening net book amount	—
Additions	209
Depreciation	(3)
Closing net book amount	206
At 31 December 2013	
Cost	209
Accumulated depreciation	(3)
Net book amount	206
Year ended 31 December 2014	
Opening net book amount	206
Additions	294
Depreciation	(61)
Closing net book amount	439
At 31 December 2014	
Cost	503
Accumulated depreciation	(64)
Net book amount	439
Year ended 31 December 2015	
Opening net book amount	439
Additions	24
Disposal	(9)
Depreciation	(96)
Closing net book amount	358
At 31 December 2015	
Cost	515
Accumulated depreciation	(157)
Net book amount	358

Movements in equipment are as follows: — continued

	Equipment
	RMB'000
Nine months ended 30 September 2016	
Opening net book amount	358
Additions	16
Disposal	(5)
Depreciation	(74)
Closing net book amount	295
At 30 September 2016	
Cost	523
Accumulated depreciation	(228)
Net book amount	295

14. DEFERRED TAX ASSETS

The movements in deferred tax assets for the Relevant Periods are as follows:

Deferred tax assets

		As at 31 December		**As at 30 September**
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses				
At beginning of the period/year	—	8,970	—	—
Recognised in the profit or loss	8,970	(8,970)	—	—
At end of the period/year	8,970	—	—	—
Temporary difference on cost recognition				
At beginning of the period/year	—	—	32,723	73,466
Recognised in the profit or loss	—	32,723	40,743	62,508
At end of the period/year	—	32,723	73,466	135,974

15. INVENTORIES

	As at 31 December			As at 30 September
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties under development situated in the PRC (a)	4,031,572	4,605,054	3,229,151	3,758,947
Properties held for sale situated in the PRC	—	—	623,548	68,065
	4,031,572	4,605,054	3,852,699	3,827,012

(a) Properties under development

	As at 31 December			As at 30 September
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Land use rights	3,976,040	4,061,084	2,727,609	2,727,609
Construction costs	55,532	543,970	501,542	1,031,338
	4,031,572	4,605,054	3,229,151	3,758,947

16. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 30 September
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables (a)	—	—	39,340	—
Prepayments (b)	343	98,720	339,199	436,081
Amounts due from immediate holding company and fellow subsidiaries (c)	—	1,177,001	1,967,001	4,547,001
Other receivables (d)	871	2,883	6,578	3,198
	1,214	1,278,604	2,352,118	4,986,280

Notes:

(a) The aging analysis of trade receivables based on date of properties delivered to purchasers is as follows:

	As at 31 December			As at 30 September
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 90 days	—	—	39,340	—

The corresponding mortgage loans for customers to settle the trade receivables have been approved by the banks as at 31 December 2015 and there was no default of the trade receivables in the past.

(b) Prepayments include prepaid other taxes and other charges of approximately nil, RMB98,720,000, RMB326,671,000 and RMB423,538,000 as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016, respectively.

(c) The amounts due from immediate holding company and fellow subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

(d) The carrying amounts of other receivables are all denominated in RMB and are neither past due nor impaired. There is no recent history of default with respect to other receivables.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of receivables mentioned above. Kuangji does not hold any collateral as security.

17. CASH AND BANK DEPOSITS

	As at 31 December			As at 30 September
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks	212,644	646,528	1,241,830	1,363,522
Short-term deposits	1,126,000	50,000	1,551,000	1,000,000
Cash on hand	—	—	—	13
Cash and bank deposits	1,338,644	696,528	2,792,830	2,363,535

The carrying amounts of cash and bank deposits are all denominated in RMB.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of cash and bank deposits.

18. PAID-IN CAPITAL

	As at 31 December			As at 30 September
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Paid-in capital	5,400,000	5,400,000	5,400,000	5,400,000

Kuangji was established in the PRC on 23 April 2013 as a limited liability company with registered capital of RMB5,400,000,000. The registered capital was fully paid up on 13 December 2013.

19. TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 September
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables (b)	2,778	10,426	40,428	70,328
Accruals and other payables	4,738	112,793	211,758	230,081
	7,516	123,219	252,186	300,409

Notes:

(a) The carrying amounts of trade and other payables are all denominated in RMB.

(b) The aging analysis of trade payables of Kuangji based on invoice date is as follows:

	As at 31 December			As at 30 September
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 90 days	2,778	9,976	37,406	20,575
91 to 180 days	—	20	973	42,057
181 days to 1 year	—	340	—	1,181
1 to 2 years	—	90	2,049	5,983
2 to 3 years	—	—	—	532
	2,778	10,426	40,428	70,328

20. DEFERRED REVENUE

	As at 31 December			As at 30 September
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receipt in advance from property sales	—	1,147,909	3,140,816	5,271,292

21. PENSION OBLIGATIONS

As stipulated by rules and regulations in the PRC, Kuangji contributes to a state-sponsored retirement plan for its employees in the PRC as determined by the local government. Kuangji is required to contribute to the plan at a rate ranging from 7% to 12% of the basic salary of the PRC employees in addition to contributions by employees at a rate ranging from 7% to 12% of the basic salary as specified by the local government, and Kuangji has no further obligations for the actual payment of the pensions or post-retirement benefits beyond the annual contributions made.

22. NOTE TO THE STATEMENTS OF CASH FLOWS

Reconciliation of (loss)/profit before tax to cash (used in)/generated from operations:

	From 23 April 2013 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(Loss)/profit before tax	(35,880)	(54,623)	345,204	231	278,812
Interest income	(1,023)	(7,352)	(28,431)	(17,617)	(34,579)
Depreciation	3	61	96	72	74
Loss on disposal of equipment	—	—	1	—	4
Operating (loss)/profit before working capital changes	(36,900)	(61,914)	316,870	(17,314)	244,311
(Increase)/decrease in inventories	(4,031,572)	(567,895)	752,355	(528,065)	25,687
Increase in prepayment, trade and other receivables	(1,214)	(65,952)	(167,165)	(141,345)	(41,926)
Increase/(decrease) in trade and other payables	7,516	103,079	79,410	(68,772)	2,062
Increase in deferred revenue	—	1,147,909	1,992,907	2,453,622	2,130,476
Cash (used in)/generated from operations	(4,062,170)	555,227	2,974,377	1,698,126	2,360,610

23. FINANCIAL GUARANTEES

Guarantees given to banks for mortgage facilities granted to certain purchasers of Kuangji's properties amounted to nil, RMB150,326,000, RMB2,216,736,000 and RMB4,254,303,000 as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016, respectively. Such guarantees will terminate upon the earlier of (i) issuance of the property ownership certificate which will generally be available within one year after the purchasers take possession of the relevant properties; or (ii) repayment of mortgage loan by the purchasers. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, Kuangji is responsible for repaying the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and Kuangji is entitled to take possession of the related properties. Under such circumstances, Kuangji is able to retain the property sales proceeds previously received from the purchasers and sell the property to recover any amounts paid by Kuangji to the banks. Therefore, after taking into account of the creditworthiness of the purchasers, the directors of Kuangji consider that no provision is required in the Financial Information for the guarantees.

In the opinion of the directors of Kuangji, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant as the default rate is low.

24. COMMITMENTS

				As at
	As at 31 December			30 September
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for				
Expenditure in respect of properties under development	63,958	553,576	542,384	407,946

25. RELATED PARTY TRANSACTIONS

Kuangji itself is part of a larger group of companies under China Minmetals Corporation ("China Minmetals"), which is controlled by the PRC government. Apart from the transactions with the immediate holding company and fellow subsidiaries which have been disclosed in other notes to the Financial Information, Kuangji also conducts businesses with entities directly or indirectly owned or controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities") in the ordinary course of business. The directors consider those entities other than the China Minmetals and its subsidiaries are independent third parties as far as Kuangji's business transactions with them are concerned. In establishing its pricing strategies and approval process for transactions with other government related entities, Kuangji does not differentiate whether the counter-party is a government-related entity or not. The directors of Kuangji are of the opinion that, in the best of their knowledge, adequate and appropriate disclosure of related party transactions has been provided in the Financial Information.

Kuangji has entered into various transactions with other government-related entities during the period/ year in which the directors of Kuangji are of the opinion that it is impracticable to ascertain the identity of the counterparties and accordingly whether the counterparties are government-related entities.

Other than disclosed elsewhere in the Financial Information, Kuangji had the following material transactions and balances with related parties, which were carried out in the ordinary and normal course of business of Kuangji:

(a) Transactions with related parties

	From 23 April 2013 (date of establishment) to 31 December	Year ended 31 December		Nine months ended 30 September	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest income from a fellow subsidiary *(Note)*	—	607	206	56	233

(b) Balances with related parties

	As at 31 December			As at 30 September
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed deposits placed in a fellow subsidiary *(Note)*	1,126,000	50,000	400,000	1,000,000

Note: The fixed deposits placed in a fellow subsidiary mature in approximately 5 days from the end of each reporting period and the effective interest rate was 1.35% per annum.

(c) Key management compensation

During the Relevant Periods, no compensation were paid by Kuangji to the key management.

B. EVENTS AFTER THE REPORTING PERIOD

No significant events took place subsequent to 30 September 2016.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Kuangji have been prepared in respect of any period subsequent to 30 September 2016.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

STATEMENT OF UNAUDITED PRO FORMA CONSOLIDATED ASSETS AND LIABILITIES OF THE GROUP

The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities is prepared based on the unaudited condensed consolidated statement of assets and liabilities of the Group as at 30 June 2016 which has been extracted from the Group's interim report for the six months ended 30 June 2016 issued on 31 August 2016.

The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities is prepared by the Directors based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Consolidated Statement of Assets and Liabilities has been prepared by the Directors based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group. Accordingly, the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities does not purport to describe the financial position of the Group that would have been attained had the Acquisition been completed on 30 June 2016, nor to predict the future financial position of the Group.

	Unaudited consolidated assets and liabilities of the Group as at 30 June 2016	**Pro forma adjustment**	**Unaudited pro forma consolidated assets and liabilities of the Group as at 30 June 2016**
	HK$'000	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	
ASSETS			
Non-current assets			
Property, plant and equipment	129,693		129,693
Investment properties	1,623,140		1,623,140
Goodwill	9,295		9,295
Interests in associates	1,207,098		1,207,098
Financial assets at fair value through other comprehensive income	502,424		502,424
Deferred tax assets	407,786		407,786
	3,879,436		3,879,436
Current assets			
Inventories	19,846,559		19,846,559
Amounts due from customers for contract work	434,095		434,095
Prepayments, trade and other receivables	4,439,766		4,439,766
Cash and bank deposits, restricted	271,741		271,741
Cash and bank deposits, unrestricted	13,173,001	(2,565,825)	10,607,176
	38,165,162	(2,565,825)	35,599,337
Total assets	42,044,598	(2,565,825)	39,478,773

	Unaudited consolidated assets and liabilities of the Group as at 30 June 2016	Pro forma adjustment	Unaudited pro forma consolidated assets and liabilities of the Group as at 30 June 2016
	HK$'000	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	
LIABILITIES			
Non-current liabilities			
Borrowings	10,806,529		10,806,529
Deferred tax liabilities	73,650		73,650
Other liabilities	386		386
	10,880,565		10,880,565
Current liabilities			
Borrowings	920,236		920,236
Trade and other payables	5,289,214		5,289,214
Deferred revenue	13,219,103		13,219,103
Taxation payable	204,171		204,171
	19,632,724		19,632,724
Total liabilities	30,513,289		30,513,289

Notes:

1. The statement of unaudited consolidated assets and liabilities of the Group as at 30 June 2016 are extracted from the published interim report of the Group for the six months ended 30 June 2016.

2. The adjustment represents the payment of consideration of RMB2,238,158,520 (equivalent to approximately HK$2,565,824,927).

3. Conversion of RMB into Hong Kong dollars in this statement of unaudited pro forma consolidated assets and liabilities is based on the exchange rate of RMB1.00 to HK$1.1464. No representation is made that the RMB amounts have been, could have been or could be converted into Hong Kong dollars, or vice versa, at that rate or at all.

4. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2016.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Minmetals Land Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Minmetals Land Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2016 and related notes as set out on pages III-1 to III-2 of the circular issued by the Company dated 29 December 2016 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-2 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of equity interests of Kuangji Properties (Nanjing) Co., Ltd on the Group's financial position as at 30 June 2016 as if the transaction had taken place at 30 June 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements for the six months ended 30 June 2016, on which a review conclusion has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Unaudited pro forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 December 2016

The following is the text of a letter and valuation certificates prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent professional valuer, in connection with the valuation of the Properties which are to be acquired by the Group as at 31st October 2016.

Vigers Appraisal and Consulting Limited
International Property Consultants
10/F, The Grande Building,
398 Kwun Tong Road, Kowloon, Hong Kong
Tel: (852) 2342–2000 Fax: (852) 3101–9041 E-mail: gp@vigers.com
www.vigers.com

VIGERS
威格斯

29th December 2016

The Board of Directors

Minmetals Land Limited
18th Floor, China Minmetals Tower,
79 Chatham Road South, Tsim Sha Tsui,
Kowloon, Hong Kong

Dear Sirs,

In accordance with your instruction for us to value the Properties intended to be acquired by an indirectly wholly owned subsidiary of "Minmetals Land Limited" (referred to as "the Company" and collectively referred to as "the Group"), we confirm that we have inspected the Properties, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of values of the Properties as at 31st October 2016 (the "Valuation Date").

BASIS OF VALUE

Our valuations are our opinion of market values of the Properties which are defined as intended to mean "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*". Our valuations have been prepared in accordance with "The HKIS Valuation Standards (2012 Edition)" published by The Hong Kong Institute of Surveyors and "RICS Valuation — Professional Standards (January 2014)" published by the "Royal Institution of Chartered Surveyors" ("RICS"). the relevant provisions in the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

VALUATION APPROACH

We have adopted direct comparison method of valuation whereby comparisons based on actual sales of comparable properties have been made. Comparable properties with similar character, size, location and so on are analyzed and carefully weighed against all respective advantages and disadvantages of the Properties in order to arrive at a fair comparison of value.

TITLE INVESTIGATIONS

The Properties are located in the People's Republic of China (the "PRC"), and we have been given extracted copies of relevant documents for the Properties but we have not checked the titles to the Properties nor scrutinized the original title documents. We have relied on the advice given by the Group and its legal advisor 北京大成(南京)律師事務所 (hereinafter referred to as the "PRC Legal Advisor") regarding titles to the Properties. For the purpose of our valuations, we have taken the legal opinion prepared by the PRC Legal Advisor into account, in particular, ownership, encumbrances and so on of the Properties. While we have exercised our professional judgement in arriving at our valuations, you are urged to consider our valuation assumptions with caution.

VALUATION CONSIDERATION

On-site inspection to the Properties was carried out by Mr. Eric W. L. Tang *MRICS BSc(Hons)* and Mr. Jeff M.C. Liu *BSc(Hons)* on 15th November 2016. But we must stress that we have not carried out any structural survey nor have we inspected the woodwork or other parts of the structures of the Properties which were covered, unexposed or inaccessible to us. We are therefore unable to report whether such part of the Properties are free from any structural or non-structural defect.

Having examined all relevant documents, we have relied to a considerable extent on the information given by the Group, particularly planning approvals or statutory notices, easements, land-use rights, site areas, floor areas, occupancy status, development costs incurred and to be incurred and in the identification of the Properties.

Unless otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on the information contained in the documents provided to us by the Group and are therefore approximations. We have had no reason to doubt the truth and accuracy of the information made available to us and we have been advised by the Group that no material fact has been omitted from the information so given.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the Properties could be sold in the prevailing market in existing state but without the effect of any deferred term contract, leaseback, management agreement or any other similar arrangement which may serve to affect the values of the Properties, unless otherwise noted or specified. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the Properties.

In our valuations, we have assumed that the owner of the Properties have free and uninterrupted rights to use and assign the Properties during the whole of the unexpired land lease terms' granted subject to payment of usual land-use fee(s). Our valuations for the Properties are carried out on the basis of a cash purchase, and no allowance has been made for interest and/or funding cost in relation to the sale or purchase of the Properties.

We had carried out on-site inspection to the Properties but no soil investigation has been carried out to determine the suitability of ground condition or building services for any property development or to be erected on the Properties. Our valuations have been carried out on the assumption that these aspects are satisfactory. In our valuations, we have also assumed that all necessary consents, approvals and licences from relevant government authorities have been or will have been granted for any property development of the Properties.

Our market value assessment of the Properties is the value estimated without regard to costs of sale or purchase or transaction and without offset for any associated tax(es) or potential tax(es). Any transaction cost(s) or encumbrances such as mortgage, debenture or other charges against the Properties have been disregarded. In our valuations, we have assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which may serve to affect the values of the Properties.

Unless otherwise stated, all monetary amounts stated herein are denoted in the currency of Renminbi ("RMB"), the lawful currency of the PRC.

We enclose herewith the core content of our valuation report.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL AND CONSULTING LIMITED

David W. I. CHEUNG	**Eric W. L. TANG**
MRICS MHKIS RPS(GP) CREA	*MRICS BSc(Hons)*
RICS Registered Valuer	*RICS Registered Valuer*
Executive Director	*Assistant Director*

Note: Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 33 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan, the United Kingdom, Canada and the United States of America, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises. Mr. Cheung has over 10-year of experience with Vigers Appraisal and Consulting Limited.

Mr. Eric W. L. Tang is a Member of the Royal Institution of Chartered Surveyors with over 13 years' valuation experience on property in various regions including Hong Kong, Macao and the PRC. Mr. Tang has 9-year of experience with Vigers Appraisal and Consulting Limited.

SUMMARY OF VALUES

GROUP I — PROPERTY HELD FOR SALE

No.	Property	Market Value in Existing State as at the Valuation Date
1.	The Unsold and Presold Portion of Lots B and C of "Academic Royale", located at Tian He Road, southern part of Hexi, Jianye District, Nanjing, Jiangsu Province, The PRC	RMB87,700,000

GROUP II — PROPERTY HELD FOR DEVELOPMENT

No.	Property	Market Value in Existing State as at the Valuation Date
2.	Lots A, D, E and F of "Academic Royale", located at Tian He Road, southern part of Hexi, Jianye District, Nanjing, Jiangsu Province, The PRC	RMB6,969,000,000

VALUATION CERTIFICATES

Group I — Property held for sale

No.	The Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Valuation Date
1.	The Unsold and Presold Portion of Lots B and C of "Academic Royale", located at Tian He Road, southern part of Hexi, Jianye District, Nanjing, Jiangsu Province, The PRC	"Academic Royale" (the "Development") is located at Tian He Road, southern part of Hexi in Janye District of Nanjing. The Development comprises 22 high-rise residential blocks of 32 to 33 storeys as well as various 1 to 2 storey commercial buildings with car parking spaces on the basement. Last stage of the Development at Lot D will be handed over in mid 2018. The Development comprises 6 parcels of land with a total site area of approximately 135,927.92 square metres (above ground) and 4 parcels of land with a total underground area of approximately 435.12 square metres (underground) with the breakdown as follows:	According to the information by the Group, the Lots B and C of the Development were being handed over in early 2016.	RMB87,700,000

Lot	Land No.	Site Area
A	05006184005	44,317.39 sq.m.
B*	05006184006	20,363.35 sq.m.
C*	05006184007	21,956.26 sq.m.
D	05006184008	16,950,54 sq.m.
E	05006184009	25,351.12 sq.m.
F	05006185007	6,989.26 sq.m.

(Remarks: Lots which the Property located on.)*

As well as underground areas for vehicle runway between Lots B and C, and D and E:

Portion	Land No.	Site Area
Underground Area 1	320105003600GX00001	107.36 sq.m.
Underground Area 2	320105003600GX00002	113.17 sq.m.
Underground Area 3	320105003601GX00001	107.77 sq.m.
Underground Area 4	320105003601GX00002	106.82 sq.m.

Pursuant to the information made available to us, the Property comprises the unsold residential units, retail units and car parking spaces at Lots B and C of the Development with detail as follows:

Portion	Unsold Car Parking Spaces/ Gross Floor Area
Unsold residential units	1,266.65 sq.m.
Unsold retail units	94.81 sq.m.
Unsold Car Parking Spaces	147 car parking spaces

The Property is held under granted land-use rights for a term of 70 years commencing on 21st November 2013 for Urban Mixed Residential use.

Notes:

1. Pursuant to the copies of Certificates of State-owned Land-Use (Document No.: Ning Jian Guo Yong (2014) Di 00620 and 00621, Hao), the land-use rights of the Property with a total site area of approximately 42,319.61 square metres were vested in the name of "礦濟地產(南京)有限公司" with the land-use rights term for a term of 70 years commencing on 21st November 2013 for Urban Mixed Residential use.

2. Pursuant to the copies of Certificates of State-owned Land-Use (Document No.: Ning Jian Guo Yong (2015) Di 15417, 15418, 15424 and 15425 Hao), the land-use rights of the underground portion of the Development with a total site area of approximately 435.12 square metres were vested in the name of "礦濟地產(南京)有限公司" with the land-use rights term for a term of 70 years commencing on 21st November 2013 for Urban Mixed Residential use.

3. Pursuant to a copy of Permission Certificate for Construction Land-Use Planning (Document No.: Di Zi Di 320105201310367 Hao), the land-use of the Property with total site area of approximately 180,993.19 square metres complies with the urban planning requirements.

4. Pursuant to a copy of Permission Certificate of Construction Work Planning (Document No.: Jian Zi Di 320105201410007 Hao), the construction work planning of the Property and the Lot F of the Development complies with urban and rural planning requirements.

5. Pursuant to a copy of Permission Certificate of Construction Work Commencement (Document No.: 320100020140060), the construction work of the Property and the Lot F of the Development complies with construction work commencement condition and has been approved for construction.

6. Pursuant to copies of Presale Permits of Commodity Housing (Document Nos.: Ning Fang Xiao Di 2014100038W, 2014100081W, 2014100138W, 2015100115W, 2015100193W, 2015100100W, 2015100204W Hao), part of the Property has been approved for presale.

7. Pursuant to copies of Registration Form for Completion and Inspection (Document Nos.: Ning Bei Zi 320120150198, 320120150199, 320120150200, 320120150201, 320120150202, 320120150203, 320120150204, 320120150205, 320120150425, 320120150423, 320120150424, 320120150422, 320120150453, 320120150454, 320120150455 and 320120150456 Hao), the Property complied with the requirements of completion registration.

8. Pursuant to the information made available to us, there is no material encumbrances registered against the Property.

9.

Portion	Presold Car Parking Spaces/ Gross Floor Area	Presale Consideration
Car Parking Space	15	RMB2,641,000.00
Total		**RMB2,641,000.00**

The above presale consideration as of the Valuation Date has been duly reflected in the course of our market value assessment of the Property.

10. Our valuation is carried out on the basis that the Property is not subject to mortgage nor any other material encumbrances.

11. As confirmed by the Group, the use of the Property does not constitute any breach of environmental regulations.

12. As confirmed by the Group, there is no pending litigation, breaches of law or title defects against the Property.

13. As informed by the Group, there is no plan for construction, renovation, improvement or development of the Property and estimated associated costs.

14. The Property is situated in a residential development area in Jianye District of Nanjing which comprising mass residential estates and low to medium-rise residential and commercial composite buildings. The average selling prices of nearby residential units vary from RMB28,000 to RMB35,000 per square metre on gross floor area basis whilst retail shops in shopping arcade vary from RMB60,000 to RMB80,000 per square metre on gross floor area basis; and the buyers are mainly from local population.

15. The PRC Legal Advisor have stated in their legal opinion, including but not limited to the Property is legally vested in the name of "礦濟地產(南京)有限公司". "礦濟地產(南京)有限公司" has the right to occupy, lease out, transfer, mortgage or by other legal means dispose of the Property in accordance with the laws of the PRC.

Group II — Property held for development

No.	The Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Valuation Date
2.	Lots A, D, E and F of "Academic Royale", located at Tian He Road, southern part of Hexi, Jianye District, Nanjing, Jiangsu Province, The PRC	"Academic Royale" (the "Development") is located at Tian He Road, southern part of Hexi in Janye District of Nanjing. The Development comprises 22 high-rise residential blocks of 32 to 33 storeys as well as various 1 to 2 storey commercial buildings with car parking spaces on the basement. Last stage of the Development at Lot D will be handed over in mid 2018. The Development comprises 6 parcels of land with a total site area of approximately 135,927.92 square metres (above ground) and 4 parcels of land with a total underground area of approximately 435.12 square metres (underground) with the breakdown as follows:	According to the information by the Group, Lots A and E of the Development are being for sale; Upon our inspection, Lots A, E and F of the Development is now in the final stage of the construction work whilst Lot D of the Development was still under construction with expected completion in mid 2018.	RMB6,969,000,000

Lot	Land No.	Site Area
A*	05006184005	44,317.39 sq.m.
B	05006184006	20,363.35 sq.m.
C	05006184007	21,956.26 sq.m.
D*	05006184008	16,950.54 sq.m.
E*	05006184009	25,351.12 sq.m.
F*	05006185007	6,989.26 sq.m.

(Remarks: Lots which the Property located on.)*

As well as underground areas for vehicle runway between Lots B and C, and D and E:

Portion	Land No.	Site Area
Underground Area 1	320105003600GX00001	107.36 sq.m.
Underground Area 2	320105003600GX00002	113.17 sq.m.
Underground Area 3	320105003601GX00001	107.77 sq.m.
Underground Area 4	320105003601GX00002	106.82 sq.m.

Pursuant to the information made available to us, the Property comprises the planned unsold residential units, retail units and car parking spaces at Lots A, D, E and F of the Development with detail as follows:

Portion	Unsold Car Parking Spaces/ Gross Floor Area
Unsold residential units	1,232.69 sq.m.
Unsold retail units	2,160.12 sq.m.
Unsold Car Parking Spaces	1,409 car parking spaces

The Property is held under granted land-use rights for a term of 70 years commencing on 21st November 2013 for Urban Mixed Residential use.

Notes:

1. Pursuant to the copies of Certificates of State-owned Land-Use (Document No.: Ning Jian Guo Yong (2014) Di 00619, 00622, 00641 and 00642 Hao), the land-use rights of the Property with a total site area of approximately 93,638.31 square metres were vested in the name of "礦濟地產(南京)有限公司" with the land-use rights term for a term of 70 years commencing on 21st November 2013 for Urban Mixed Residential use.

2. Pursuant to the copies of Certificates of State-owned Land-Use (Document No.: Ning Jian Guo Yong (2015) Di 15417, 15418, 15424 and 15425 Hao), the land-use rights of the underground portion of the Development with a total site area of approximately 435.12 square metres were vested in the name of "礦濟地產(南京)有限公司" with the land-use rights term for a term of 70 years commencing on 21st November 2013 for Urban Mixed Residential use.

3. Pursuant to a copy of Permission Certificate for Construction Land-Use Planning (Document No.: Di Zi Di 320105201310367 Hao), the land-use of the development with site area of approximately 180,993.19 square metres complies with the urban planning requirements.

4. Pursuant to the copies of Permission Certificates of Construction Work Planning (Document No.: Jian Zi Di 320105201410007, 320105201410189 and 320105201410909 Hao), the construction work planning of the development complies with urban and rural planning requirements.

5. Pursuant to the copies of Permission Certificates of Construction Work Commencement (Document No.: 320100020140060, 320100020140113, 32010520151280101 and 320105201506230301), the construction work of the Development complies with construction work commencement condition and has been approved for construction.

6. Pursuant to the copies of Presale Permit of Commodity Housing (Document Nos.: Ning Fang Xiao Di 2014100175W, 2015100141W, 2015100041W, 2014100138W, 2014100127W, 2015100186W, 2016100061W and 2015100204W Hao), part of the Property has been approved for presale.

7. Pursuant to the information made available to us, there is no material encumbrances registered against the Property.

8.	Portion	Presold Car Parking Spaces/ Gross Floor Area	Presale Consideration
	Car Parking Space	617	RMB158,282,000
	Residential	183,262.24 square metres	RMB5,057,308,259
	Retail	1,713.70 square metres	RMB72,150,284
	Total		**RMB5,287,740,543**

The above presale consideration as of the Valuation Date has been duly reflected in the course of our market value assessment of the Property.

9. As advised by the Group, an amount of RMB1,060,437,303 being the development cost of the Property was incurred as of the Valuation Date.

10. Our valuation is carried out on the basis that the Property is not subject to mortgage nor any other material encumbrances.

11. As confirmed by the Group, the use of the Property does not constitute any breach of environmental regulations.

12. As confirmed by the Group, there is no pending litigation, breaches of law or title defects against the Property.

13. As informed by the Group, there is no plan for construction, renovation, improvement or development of the Property and estimated associated costs.

14. The Property is situated in residential development area in Jianye District of Nanjing. The accommodation values of recently transacted neighbouring residential use lands vary from RMB13,821 to RMB42,561 per square metre on planned gross floor area basis.

15. The PRC Legal Advisor have stated in their legal opinion, including but not limited to the Property is legally vested in the name of "礦濟地產(南京)有限公司". "礦濟地產(南京)有限公司" has the right to occupy, lease out, transfer, mortgage or by other legal means dispose of the Property in accordance with the laws of the PRC.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests in Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of total issued Shares
Mr. He Jianbo	Personal	2,040,000	0.06%
Mr. Yin Liang	Personal	1,360,000	0.04%
Ms. He Xiaoli	Personal	1,163,333	0.03%

Interests in underlying Shares

Interests in share options of the Company

As at the Latest Practicable Date, the following Directors had interests in the share options granted by the Company under the share option scheme of the Company adopted on 29 May 2003:

Name of Director	Date of grant	Exercisable period	Exercise price (*HK$*)	Number of share options outstanding
Mr. He Jianbo	30.11.2012	30.11.2014 to 29.11.2022 *(Note)*	1.20	2,900,000
Mr. Yin Liang	30.11.2012	30.11.2014 to 29.11.2022 *(Note)*	1.20	2,200,000
Ms. He Xiaoli	30.11.2012	30.11.2014 to 29.11.2022 *(Note)*	1.20	2,100,000
Mr. Liu Zeping	30.11.2012	30.11.2014 to 29.11.2022 *(Note)*	1.20	1,470,000

Note: These share options are exercisable in three tranches: the maximum percentage of share options of each tranche exercisable within the periods from 30 November 2014 to 29 November 2022, from 30 November 2015 to 29 November 2022 and from 30 November 2016 to 29 November 2022 are 30%, 30% and 40% respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company held any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange.

Save as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(a) Mr. Zhang Yuanrong, Mr. He Jianbo, Mr. Yin Liang, Ms. He Xiaoli, Mr. Liu Zeping and Mr. Cui Hushan are employees of China Minmetals;

(b) Mr. Zhang Yuanrong is a director of CMCL; and

(c) Mr. Yin Liang is a director of June Glory.

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than Directors and chief executive of the Company) had interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Interest in Shares	Approximate percentage of total issued Shares
China Minmetals	2,071,095,506 *(Note)*	61.93%
CMCL	2,071,095,506 *(Note)*	61.93%
五礦有色金屬控股有限公司 (China Minmetals Non-Ferrous Holding Company Limited*) ("CMNH")	2,071,095,506 *(Note)*	61.93%
五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Company Limited*) ("CMN")	2,071,095,506 *(Note)*	61.93%
Album Enterprises Limited ("Album Enterprises")	2,071,095,506 *(Note)*	61.93%
Minmetals HK	2,071,095,506 *(Note)*	61.93%
June Glory	2,071,095,506 *(Note)*	61.93%

Note: June Glory is a wholly-owned subsidiary of Minmetals HK, which in turn is owned as to approximately 39.04%, 38.95% and 22.01% by CMCL, Album Enterprises and Top Create Resources Limited respectively. Album Enterprises and Top Create Resources Limited are wholly owned by CMN, which in turn is owned as to approximately 99.999% and 0.001% by CMNH and CMCL respectively. CMCL is owned as to approximately 88.4% by China Minmetals. Accordingly, each of China Minmetals, CMCL, CMNH, CMN, Album Enterprises and Minmetals HK was deemed as interested in the 2,071,095,506 Shares held by June Glory.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. He Jianbo, the Deputy Chairman, Managing Director and an executive Director of the Company, is also a director and the president of 五礦(營口)產業園發展有限公司 (Minmetals (Yingkou) Industrial Park Real Estate Development Co., Ltd.*) ("Yingkou Industrial Park", a non wholly-owned subsidiary of China Minmetals) and 五礦置業有限公司 (Minmetals Real Estate Co., Ltd.*) ("Minmetals Real Estate", a non wholly-owned subsidiary of China Minmetals).

Mr. Liu Zeping, a Deputy Managing Director and an executive Director of the Company, is also a director and the president of 五礦二十三冶建設集團有限公司 (The 23rd Metallurgical Construction Co., Ltd. of Minmetals*) ("23rd Mettallurgical", a non wholly-owned subsidiary of China Minmetals), and a director of Yingkou Industrial Park and Minmetals Real Estate.

All of Yingkou Industrial Park, Minmetals Real Estate and 23rd Metallurgical are companies established under the laws of the PRC. Yingkou Industrial Park is principally engaging in the development of Minmetals (Yingkou) Industrial Park. Minmetals Real Estate is principally engaging in real estate development and operation, construction, property management, real estate agency, real estate advertising and exhibition and other real estate related business. 23rd Metallurgical is principally engaging in construction engineering, mining development and operations, real estate and related industries business.

In case the Board decides that there are any issues of conflict between the Group and the aforementioned companies, conflicting Directors will abstain from voting on the relevant resolutions.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective close associates (as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any competing interests in a business which competes or is likely to compete with the business of the Group.

6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2015 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement subsisting as at the Latest Practicable Date in which any of the Directors was materially interested and which was significant in relation to the business of the Group. However, Mr. Tsui Ki Ting, who is a director of a subsidiary of the Company — 龍建(南京)置業有限公司(Dragon Construction (Nanjing) Property Co., Ltd.*) ("DCNP"), was interested in the shareholders' agreement in respect of Oriental Dragon Construction Limited ("ODCL") (the immediate holding company of DCNP) dated 11 April 2006 entered into amongst Karman Industries Limited ("KIL"), Stillpower Limited (both being wholly-owned subsidiaries of the Company), World Ocean Development Limited ("WODL") and ODCL in respect of the transfer of a 29% equity interest in ODCL from KIL to WODL at a total consideration of HK$2,900 and the management and operations of ODCL which is engaged in the Laguna Bay Project. As at the Latest Practicable Date, Mr. Tsui Ki Ting had a controlling interest in WODL which in turn owned 29% equity interest in ODCL, and the remaining 71% equity interest in ODCL was owned indirectly by the Company.

7. MATERIAL CONTRACTS

Saved as disclosed below, no material contracts (not being contract entered into in the ordinary course of business carried out by the Group), have been entered into by any member of the Group within the two years immediately preceding the date of this circular:

(a) On 30 March 2015 and 4 August 2015, 北京萬湖房地產開發有限公司 (Beijing Wanhu Property Development Co., Ltd.*) ("Beijing Wanhu", a non wholly-owned subsidiary of the Company) entered into a framework agreement as supplemented by a subsequent supplemental agreement with Minmetals Land Investment Management Limited 五礦建設投資管理有限公司 ("MLIML", a wholly-owned subsidiary of the Company holding 51% of the equity interest of Beijing Wanhu) and 北京萬科企業有限公司 (Beijing Vanke Co., Ltd.*) ("Beijing Vanke", the holder of the remaining 49% of the equity interest of Beijing Wanhu), pursuant to which Beijing Wanhu may during the term from 1 May 2015 to 30 April 2018 provide loans by way of entrustment loans to MLIML (or its designated wholly-owned subsidiary in the PRC) for an amount not exceeding RMB2,295 million (approximately HK$2,631 million) and to Beijing Vanke for an amount not exceeding RMB2,205 million (approximately HK$2,528 million) with interest and on an unsecured basis;

(b) On 27 May 2016, 北京盛世廣業投資管理有限公司 (Beijing Shengshi Guangye Investment Management Co., Ltd.*) ("Shengshi Guangye", an indirect wholly-owned subsidiary of the Company) and, among other parties, entered into a framework agreement with 深圳泛華工程集團有限公司 (Shenzhen Pan-China Engineering Co., Ltd.*) (the "JV Partner") and 博羅縣碧華房地產開發有限公司 (Boluo County Bihua Property Development Company Limited*) (the "Project Company") pursuant to which (i) the JV Partner conditionally agreed to sell its 20% equity interest in the Project Company to Shengshi Guangye at a consideration of RMB89,430,348.19 (approximately HK$107,316,417.83); (ii) the Project Company conditionally agreed to repay a shareholder's loan and interests in an aggregate amount of RMB41,391,948.29 (approximately

HK$49,670,337.95) to the JV Partner, (iii) the Project Company conditionally agreed to repay the outstanding construction fees in an aggregate amount of RMB105,267,033.88 (approximately HK$126,320,440.66) to the JV Partner; and (iv) waive certain claims against each other;

(c) On 6 December 2016, Beijing Wanhu, MLIML and Beijing Vanke entered into a second supplemental agreement whereby the term of the framework agreement as supplemented by a subsequent supplemental agreement was extended to 31 December 2019 and the cap on the entrustment loans that may be provided to MLIML (or its designated wholly-owned subsidiary in the PRC) and Beijing Vanke be revised to an amount of not exceeding RMB3,519 million (approximately HK$4,034 million) and RMB3,381 million (approximately HK$3,876 million) respectively;

(d) On 6 December 2016, 廊坊曠世基業房地產開發有限公司 (Langfang Kuangshi Jiye Property Development Co., Ltd.*) ("Kuangshi Jiye"), another non wholly-owned subsidiary of the Company owned as to 50% by Hanten Investment Limited ("Hanten", a wholly-owned subsidiary of the Company) and as to the remaining 50% by Beijing Vanke, entered into a framework agreement with Hanten and Beijing Vanke, pursuant to which Kuangshi Jiye may during the term from 1 January 2017 to 31 December 2019 provide loans by way of entrustment loans to Hanten (or its designated fellow subsidiary in the PRC) for an amount not exceeding RMB300 million (approximately HK$344 million) and to Beijing Vanke for an amount not exceeding RMB300 million (approximately HK$344 million) based on the same terms and conditions and in proportion to their respective shareholding in Kuangshi Jiye with interest and on an unsecured basis; and

(e) the Equity Transfer Agreement, the terms of which are set out in this circular.

8. LITIGATION

As at the Latest Practicable Date, none of the members of the Group has engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, the date to which the latest published audited financial statements of the Company were made up.

10. EXPERTS

(a) The qualifications of the experts who have given opinions or advices which are contained in this circular (the "Experts") are set out below:

Name	Qualifications
Vigers Appraisal and Consulting Limited	Independent property valuers
Deloitte Touche Tohmatsu	Certified Public Accountants

(b) As at the Latest Practicable Date, none of the Experts had any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) As at the Latest Practicable Date, each of the Experts had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter, statements and references to its name in the form and context in which they are included. Such letter and statements from the Experts are given as of the date of this circular for incorporation herein.

(d) As at the Latest Practicable Date, none of the Experts had any direct or indirect interest in any assets which had been, since 31 December 2015 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

11. MISCELLANEOUS

(a) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda, and the head office and the principal place of business in Hong Kong is at 18th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong.

(b) The branch share registrar of the Company is Computershare Hong Kong Investor Services Limited located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The secretary of the Company is Ms. Chung Wing Yee who is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

(d) The English text of this circular shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at 18th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong, during normal business hours on any weekday (except public holidays), up to and including 14 days from the date of this circular:

(a) the memorandum of association and bye-laws of the Company;

(b) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(c) the accountant's report on the financial information of the Project Company, the text of which is set out in Appendix II to this circular;

(d) the report from Deloitte Touche Tohmatsu on the unaudited pro forma statement of assets and liabilities of the Group, the text of which is set out in Appendix III to this circular;

(e) the letter and the valuation certificate of prepared by Vigers, the texts of which are set out in Appendix IV to this circular;

(f) the written consents referred to in the paragraph headed "Experts" in this appendix;

(g) the annual reports of the Company for the two financial years ended 31 December 2014 and 31 December 2015;

(h) the interim report of the Company for the six months ended 30 June 2016;

(i) the circular of the Company dated 29 December 2016 in relation to the framework agreements of financial assistance; and

(j) this circular.

* *For identification purpose only.*