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五礦地產有限公司 MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL RESULTS

The board of directors (“Directors”) of Minmetals Land Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2016, together with the comparative figures in 2015, as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 December 2016

	Notes	2016 HK\$ '000	2015 HK\$ '000
Revenue	3	11,576,345	7,253,266
Cost of sales		(9,316,033)	(5,661,879)
Gross profit		2,260,312	1,591,387
Other gains, net	5	81,644	67,502
Fair value changes on investment properties		123,977	195,563
Selling and marketing expenses		(218,096)	(291,198)
Administrative and other expenses		(423,903)	(511,593)
Finance income		241,362	162,809
Finance costs		(55,669)	(57,511)
Share of results of associates		(12,135)	16,442
Profit before tax		1,997,492	1,173,401
Income tax expense	6	(1,000,313)	(553,794)
Profit for the year	4	997,179	619,607
Profit for the year attributable to:			
Equity holders of the Company		512,058	278,156
Non-controlling interests		485,121	341,451
		997,179	619,607
Earnings per share for profit attributable to equity holders of the Company, in HK cents			
Basic	7	15.31	8.32
Diluted	7	15.30	8.31

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the year	997,179	619,607
Other comprehensive (expense)/income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	(1,045,516)	(1,147,803)
Fair value gain on hedging instruments in cash flow hedges	115,637	-
Share of other comprehensive expense of associates	(78,151)	(83,519)
	(1,008,030)	(1,231,322)
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Gain on revaluation of owner-occupied properties upon transfer to investment properties	3,045	-
Fair value (loss)/gain on financial assets at fair value through other comprehensive income	(129,063)	99,102
	(126,018)	99,102
Other comprehensive expense for the year	(1,134,048)	(1,132,220)
Total comprehensive expense for the year	(136,869)	(512,613)
Total comprehensive (expense)/income for the year attributable to:		
Equity holders of the Company	(363,145)	(602,190)
Non-controlling interests	226,276	89,577
	(136,869)	(512,613)

Consolidated Statement of Financial Position

As at 31 December 2016

	Notes	2016 HK\$'000	2015 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		186,661	129,353
Investment properties		1,662,326	1,599,234
Goodwill		8,879	9,483
Interests in associates		1,141,052	1,352,198
Financial assets at fair value through other comprehensive income		481,682	610,745
Other financial assets		115,637	-
Deferred tax assets		560,757	395,354
		<u>4,156,994</u>	<u>4,096,367</u>
Current assets			
Inventories		18,919,140	20,720,464
Amounts due from customers for contract work		347,537	433,277
Prepayments, trade and other receivables	9	11,764,690	3,404,857
Cash and bank deposits, restricted		242,201	293,551
Cash and bank deposits, unrestricted		5,431,519	10,672,861
		<u>36,705,087</u>	<u>35,525,010</u>
Total assets		<u>40,862,081</u>	<u>39,621,377</u>
EQUITY			
Share capital		334,444	334,428
Reserves	10	6,247,680	7,022,793
Equity attributable to equity holders of the Company		<u>6,582,124</u>	<u>7,357,221</u>
Non-controlling interests		<u>1,967,748</u>	<u>4,289,672</u>
Total equity		<u>8,549,872</u>	<u>11,646,893</u>
LIABILITIES			
Non-current liabilities			
Borrowings		11,314,859	8,126,450
Deferred tax liabilities		131,080	96,126
Other liabilities		386	386
		<u>11,446,325</u>	<u>8,222,962</u>
Current liabilities			
Borrowings		299,564	4,452,038
Trade and other payables	11	7,753,209	5,230,077
Deferred revenue		12,419,623	9,705,417
Taxation payable		393,488	363,990
		<u>20,865,884</u>	<u>19,751,522</u>
Total liabilities		<u>32,312,209</u>	<u>27,974,484</u>
Total equity and liabilities		<u>40,862,081</u>	<u>39,621,377</u>
Net current assets		<u>15,839,203</u>	<u>15,773,488</u>
Total assets less current liabilities		<u>19,996,197</u>	<u>19,869,855</u>

Notes to the Consolidated Financial Statements

1. General information

The Group is principally engaged in real estate development, specialised construction, property investment and securities investment. Hong Kong and the People's Republic of China (other than Hong Kong) (the "PRC") are the major markets for the Group's businesses.

The Company is a limited liability company incorporated in Bermuda. The Company is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is June Glory International Limited (incorporated in the British Virgin Islands) and its ultimate holding company is China Minmetals Corporation (incorporated in the PRC).

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

2. Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the fair value of investment properties and certain financial instruments, which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. Revenue and segment information

Revenue (represents turnover) comprised the following:

	2016	2015
	HK\$'000	HK\$'000
Sales of properties	10,557,010	6,501,484
Revenue from specialised construction contracts	954,791	681,881
Rental and management fee income from investment properties	64,544	69,901
	11,576,345	7,253,266

(a) **Operating segments**

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

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

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

Segment revenue and results

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue										
Total segment revenue	10,557,010	6,501,484	1,009,145	787,553	67,080	72,261	—	—	11,633,235	7,361,298
Inter-segment revenue	—	—	(54,354)	(105,672)	(2,536)	(2,360)	—	—	(56,890)	(108,032)
Sales to external customers	10,557,010	6,501,484	954,791	681,881	64,544	69,901	—	—	11,576,345	7,253,266
Results										
Segment results	1,746,040	953,737	48,219	2,651	180,532	259,462	18,410	26,478	1,993,201	1,242,328
Unallocated corporate expenses, net									(169,267)	(190,667)
Finance income									1,823,934	1,051,661
Finance costs									241,362	162,809
Share of results of associates									(55,669)	(57,511)
Profit before tax									(12,135)	16,442
									1,997,492	1,173,401

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

Inter-segment revenue are charged at prevailing market rates.

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

Segment assets and liabilities

	Real estate development		Specialised construction		Property investment		Securities investment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets										
Segment assets	33,520,084	32,478,365	1,123,835	1,219,268	1,768,600	1,610,324	481,682	610,745	36,894,201	35,918,702
Unallocated corporate assets									3,967,880	3,702,675
Total assets									40,862,081	39,621,377
Liabilities										
Segment liabilities	30,562,088	26,250,493	617,534	768,689	20,340	24,040	—	—	31,199,962	27,043,222
Unallocated corporate liabilities									1,112,247	931,262
Total liabilities									32,312,209	27,974,484

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

Operating cash and interests in associates have been allocated into the segment assets and borrowings have been allocated into the segment liabilities.

Other segment information

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

	Real estate development		Specialised construction		Property investment		Securities investment		Segment total		Unallocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interests in associates	1,141,052	1,352,198	—	—	—	—	—	—	1,141,052	1,352,198	—	—	1,141,052	1,352,198
Capital expenditures	1,333	3,166	1,295	2,075	369	1,880	—	—	2,997	7,121	87	122	3,084	7,243
Depreciation recognised in the consolidated statement of profit or loss	3,958	4,520	2,036	3,645	430	462	—	—	6,424	8,627	898	1,305	7,322	9,932
Fair value changes on investment properties	—	—	—	—	123,977	195,563	—	—	123,977	195,563	—	—	123,977	195,563
(Reversal of) provision for impairment of inventories	(2,921)	71,827	—	—	—	—	—	—	(2,921)	71,827	—	—	(2,921)	71,827
Provision for (reversal of) impairment of trade and other receivables	1,839	15,845	(23)	8,493	—	—	—	—	1,816	24,338	—	—	1,816	24,338

(b) Geographical information

The Group operates its businesses in two main geographical areas:

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

The PRC: Real estate development and specialised construction

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

	Hong Kong		The PRC		Total	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
External sales	443,271	245,166	11,133,074	7,008,100	11,576,345	7,253,266
Total non-current assets	1,802,434	1,675,611	1,196,484	1,414,657	2,998,918	3,090,268

(c) **Information about major customer**

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

4. Profit for the year

	2016	2015
	HK\$'000	HK\$'000
Advertising and other promotional costs	218,096	291,198
Cost of properties sold (Note (i))	8,465,395	5,034,087
Cost of specialised construction	838,262	615,406
Depreciation	7,322	9,932
Auditor's remuneration	4,330	4,150
Direct out-goings arising from investment properties that generated rental income	12,376	12,386
Employee benefit expense (including directors' emoluments)	151,745	150,983
Legal and professional fees	16,313	14,149
Operating lease charges – minimum lease payment in respect of land and buildings	26,106	29,744
Provision for impairment of trade and other receivables	1,816	24,338
(Reversal of)/provision for impairment of inventories	(2,921)	71,827
Net exchange loss	3,427	16,802

Note:

(i) Included in cost of properties sold are interest expenses of HK\$729,546,000 (2015: HK\$392,015,000).

5. Other gains, net

	2016	2015
	HK\$'000	HK\$'000
Government subsidies	5,440	17,614
Dividend income	18,438	26,504
Management fee income from an intermediate holding company and an ultimate holding company	27,579	—
Others	30,187	23,384
	81,644	67,502

6. Income tax expense

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group has no assessable profit for the year or has sufficient tax losses brought forward to offset current year's assessable profit (2015: Nil). PRC enterprise income tax has been calculated on the estimated assessable profit for the year derived in the PRC at the rate of 25% (2015: 25%).

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax — PRC		
Enterprise income tax	841,600	595,599
Land appreciation tax	308,947	159,249
	<u>1,150,547</u>	<u>754,848</u>
Deferred tax	(150,234)	(201,054)
	<u>1,000,313</u>	<u>553,794</u>

7. Earnings per share – basic and diluted

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise of share options granted under the Company's share option schemes.

	2016	2015
Weighted average number of ordinary shares in issue (thousands shares)	3,344,301	3,343,125
Adjustment for share options (thousands shares)	2,146	2,815
Weighted average number of ordinary shares for diluted earnings per share (thousands shares)	<u>3,346,447</u>	<u>3,345,940</u>
Profit attributable to equity holders of the Company (HK\$'000)	512,058	278,156
Basic earnings per share (HK cents)	<u>15.31</u>	<u>8.32</u>
Diluted earnings per share (HK cents)	<u>15.30</u>	<u>8.31</u>

8. Dividends

The Directors recommend the payment of a final dividend of HK4.0 cents (2015: HK2.0 cents) per ordinary share with total amount of HK\$133,777,000 (2015: HK\$66,886,000). Such dividend is to be approved by the shareholders at the annual general meeting of the Company to be held on 31 May 2017. These consolidated financial statements do not reflect this dividend payable.

Final dividend in respect of the year ended 31 December 2015 of HK2.0 cents per ordinary share totaling HK\$66,886,000 (2015: final dividend in respect of the year ended 31 December 2014 of HK1.5 cents per ordinary share totaling HK\$50,162,000) was recognised as distribution during the year.

9. Prepayments, trade and other receivables

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade and contract receivables, net (a)	499,839	795,379
Retention receivables (b)	107,483	85,578
Deposits	48,175	66,263
Prepayments (c)	1,219,047	1,038,620
Prepayments for land cost (d)	7,265,799	320,249
Loans to non-controlling shareholders of subsidiaries	2,465,064	1,052,757
Amount due from an associate	88,062	—
Amounts due from an intermediate holding company and an ultimate holding company	27,579	—
Others	43,642	46,011
	11,764,690	3,404,857

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 to 90 days	181,979	454,752
91 to 180 days	28,986	85,174
181 days to 1 year	88,641	103,002
1 year to 2 years	158,270	114,070
Over 2 years	71,148	66,968
	529,024	823,966
Less: allowance for impairment	(29,185)	(28,587)
	499,839	795,379

In respect of trade and contract receivables, a credit period of three to twelve months may be granted to customers on a case-by-case basis.

Trade and contract receivables neither past due nor impaired are with customers having good repayment history and no default in the past.

- (b) As at 31 December 2016, retention receivables with carrying amount of HK\$85,523,000 (2015: HK\$58,564,000) are expected to be recovered after twelve months from the end of the reporting period.
- (c) As at 31 December 2016, prepayments include prepaid taxes and other charges of approximately HK\$1,130,838,000 (2015: HK\$1,017,814,000).
- (d) As at 31 December 2016, prepayments for land cost represent payments to the PRC Bureau of Land and Resources for the acquisition of lands in the PRC and the amount will be recognised as inventory upon issuance of Land Use Rights Certificates.

10. Reserves

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Employee share-based compensation reserve <i>HK\$'000</i>	Investments revaluation reserve <i>HK\$'000</i>	Cash flow hedging reserve <i>HK\$'000</i>	Revaluation reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 January 2015	4,268,629	515,336	769	32,440	(46,094)	—	1,314	31,640	582,080	2,282,618	7,668,732
Issue of shares	1,319	—	—	—	—	—	—	—	—	—	1,319
Employee share option benefits	—	—	—	5,094	—	—	—	—	—	—	5,094
Fair value gain of financial assets at fair value through other comprehensive income	—	—	—	—	99,102	—	—	—	—	—	99,102
Currency translation adjustments	—	—	—	—	—	—	—	—	(979,448)	—	(979,448)
2014 final dividend paid	—	—	—	—	—	—	—	—	—	(50,162)	(50,162)
Profit for the year	—	—	—	—	—	—	—	—	—	278,156	278,156
Balance as at 31 December 2015	4,269,948	515,336	769	37,534	53,008	—	1,314	31,640	(397,368)	2,510,612	7,022,793
Issue of shares	56	—	—	—	—	—	—	—	—	—	56
Reversal of employee share option benefits	—	—	—	(2,050)	—	—	—	—	—	—	(2,050)
Fair value loss of financial assets at fair value through other comprehensive income	—	—	—	—	(129,063)	—	—	—	—	—	(129,063)
Gain on revaluation of owner-occupied properties upon transfer to investment properties	—	—	—	—	—	—	3,045	—	—	—	3,045
Fair value gain on hedging instruments in cash flow hedges	—	—	—	—	—	115,637	—	—	—	—	115,637
Acquisition of non-controlling interest of subsidiaries	—	—	—	—	—	—	—	(343,088)	—	—	(343,088)
Currency translation adjustments	—	—	—	—	—	—	—	—	(864,822)	—	(864,822)
2015 final dividend paid	—	—	—	—	—	—	—	—	—	(66,886)	(66,886)
Profit for the year	—	—	—	—	—	—	—	—	—	512,058	512,058
Balance as at 31 December 2016	4,270,004	515,336	769	35,484	(76,055)	115,637	4,359	(311,448)	(1,262,190)	2,955,784	6,247,680

11. Trade and other payables

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade, bills and contract payables (a)	715,232	528,240
Retention payables	40,214	25,310
Accruals and other payables	3,617,548	3,266,813
Rental deposits received	16,758	19,779
Amounts due to non-controlling shareholders of subsidiaries	172,600	154,822
Amounts due to a fellow subsidiary	2,124,419	-
Amounts due to associates	1,066,438	1,235,113
	7,753,209	5,230,077

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 to 90 days	357,298	226,444
91 to 180 days	49,361	40,961
181 days to 1 year	104,442	44,360
1 year to 2 years	50,817	51,729
Over 2 years	153,314	164,746
	715,232	528,240

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's consolidated revenue for 2016 was HK\$11,576.3 million, representing an increase of 59.6% compared to HK\$7,253.3 million of last year. Real estate development segment recorded a revenue growth of 62.4% to HK\$10,557.0 million (2015: HK\$6,501.5 million). Specialised construction segment recorded a revenue growth of 40.0% to HK\$954.8 million (2015: HK\$681.9 million) whilst revenue from property investment segment reduced 7.7% to HK\$64.5 million (2015: HK\$69.9 million).

Segment Revenue

	For the year ended 31 December				Year-on-year change %
	2016		2015		
	HK\$ million	%	HK\$ million	%	
Real estate development	10,557.0	91.2	6,501.5	89.6	62.4
Specialised construction	954.8	8.2	681.9	9.4	40.0
Property investment	64.5	0.6	69.9	1.0	-7.7
Securities investment	—	—	—	—	—
Total	11,576.3	100.0	7,253.3	100.0	59.6

Segment Results

	For the year ended 31 December				Year-on-year change %
	2016		2015		
	HK\$ million	%	HK\$ million	%	
Real estate development	1,746.1	87.6	953.6	76.8	83.1
Specialised construction	48.2	2.4	2.7	0.2	1,685.2
Property investment	180.5	9.1	259.5	20.9	-30.4
Securities investment	18.4	0.9	26.5	2.1	-30.6
Total	1,993.2	100.0	1,242.3	100.0	60.4

Boosted by a strong surge in higher amount of developable floor area delivered to buyers in 2016, the real estate development segment's revenue grew by 62.4% to HK\$10,557.0 million (2015: HK\$6,501.5 million). The growth in revenue in specialised construction segment of 40.0% to HK\$954.8 million (2015: HK\$681.9 million) was attributed to satisfactory results generated by projects in Hong Kong and Macau. Due to the change in product mix of property sold and delivered, overall gross profit margin decrease from 21.9% to 19.5%. Fair value gain on investment properties decreased by 36.6% to HK\$124.0 million as the growth in property valuation slows down, given a challenging operating environment currently faced by Hong Kong retail and leasing operators. The Group's selling and marketing costs decreased 25.1% to HK\$218.1 million (2015: HK\$291.2 million) as the Group tightly compressed selling expenses during the year. Administrative and other expenses dropped 17.1% to HK\$423.9 million (2015: HK\$511.6 million) as the impairment of inventories and provision of bad debts recorded a significant decrease, however, excluding this item for 2016 would record a slight increment.

During the year under review, finance income increased 48.2% to HK\$241.4 million (2015: HK\$162.8 million) mainly attributable to the increase of loan interest from a non-controlling shareholder of Beijing Fortune Garden and bank deposit interest. Finance costs charged to the profit or loss for the year 2016 dropped 3.1% to HK\$55.7 million (2015: HK\$57.5 million) due to a decrease in total amounts of borrowings. Due to project completion and delivery by an associate with descending profit, share of results of associates recorded a loss of HK\$12.1 million (2015: profit of HK\$16.4 million). Profit attributable to equity holders of the Company surged 84.1% to HK\$512.1 million from HK\$278.2 million of last year, representing a basic earnings per share of HK15.31 cents (2015: HK8.32 cents) for the year.

As at 31 December 2016, the Group's total assets grew 3.1% to HK\$40,862.1 million (2015: HK\$39,621.4 million) whilst total equity decreased 26.6% to HK\$8,549.9 million (2015: HK\$11,646.9 million), which is primarily due to Renminbi depreciation and the decline in non-controlling interests from the acquisition of non-controlling interest in Nanjing and Huizhou projects by the Group during the year. The financial position of the Group remained healthy. The Group's net gearing ratio was 69.5% and its net current assets rose 0.4% to HK\$15,839.2 million (2015: HK\$15,773.5 million). Deferred revenue, which mainly represents contracted sales carried forward and will subsequently be recognised as the Group's revenue when presold properties are completed and delivered to buyers, rose 28.0% to HK\$12,419.6 million (2015: HK\$9,705.4 million).

REAL ESTATE DEVELOPMENT

Contracted Sales*

In 2016, the Group's total contracted sales rose 34.0% to RMB11,702 million (2015: RMB8,730 million) and the gross floor area ("GFA") contracted for sale rose 42.5% to 602,000 square metres (2015: 423,000 square metres). Total number of units sold during the period rose 26.5% to 5,895 units and the average selling price ("ASP") decreased 6.3% to approximately RMB19,400 (2015: RMB20,700) per square metre. The majority of the contracted sales was derived from Tier 1 and 2 cities.

The table below provides an analysis of contracted sales by project for years 2015 and 2016:

Project	Year ended 31 December					
	2016			2015		
	Contracted amount (RMB million)	Contracted GFA (sq.m.)	ASP (RMB/sq.m.)	Contracted amount (RMB million)	Contracted GFA (sq.m.)	ASP (RMB/sq.m.)
Beijing Fortune Garden	3,136	41,947	74,761	2,774	50,227	55,238
Yingkou Platinum Bay	101	20,121	5,000	50	9,540	5,255
Langfang Minmetals						
Vanke City	807	82,179	9,818	551	70,970	7,767
Tianjin Minmetals						
International	101	9,320	10,791	228	21,186	10,785
Nanjing Laguna Bay	-	-	-	54	1,593	33,612
Nanjing Riviera Royale	12	154	76,703	36	958	37,971
Nanjing Sello Royale	464	26,504	17,526	328	19,617	16,726
Nanjing Academic Royale	2,751	80,140	34,323	3,101	120,067	25,829
Nanjing Yan Shan Ju	2,564	72,949	35,149	1,029	37,633	27,334
Changsha LOHAS						
International						
Community	875	168,241	5,198	324	60,062	5,390
Changsha Scotland Town	6	1,098	5,050	2	771	2,576
Changsha Kaifu Project	503	63,520	7,920	152	19,251	7,905
Huizhou Hallstatt See	382	36,006	10,596	101	10,679	9,482
Total	11,702	602,179	19,433	8,730	422,554	20,663

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

Project Profiles

Location/Project	Attributable interest to the Group	Site Area (sq.m.)	Estimated GFA (sq.m.)	GFA completed (sq.m.)	GFA under development (sq.m.)	GFA held for future development (sq.m.)
Pan Bohai Rim						
1. Beijing Fortune Garden	51%	139,000	414,000	308,000	106,000	—
2. Yingkou Platinum Bay	100%	396,000	521,000	147,000	11,500	362,500
3. Langfang Minmetals Vanke City	50%	433,000	704,000	131,000	284,000	289,000
4. Tianjin Minmetals International	100%	21,000	183,000	183,000	—	—
Yangtze River Delta						
5. Nanjing Sello Royale	100%	179,000	270,000	263,000	7,000	—
6. Nanjing Academic Royale	100%	136,000	482,000	320,000	162,000	—
7. Nanjing Yan Shan Ju	100%	91,000	203,000	99,000	104,000	—
8. Nanjing (Land No. G55)*	100%	95,000	179,000	—	—	179,000
9. Nanjing (Land No. G57)*	100%	68,000	98,000	—	—	98,000
Central China						
10. Changsha LOHAS International Community	100%	643,000	1,084,000	924,000	158,000	2,000
11. Changsha Scotland Town	100%	333,000	442,000	442,000	—	—
12. Changsha Kaifu Project	100%	150,000	534,000	128,000	55,000	351,000
Pearl River Delta						
13. Huizhou Hallsatt See	100%	984,000	1,003,000	194,000	55,000	754,000
14. Hong Kong Yau Tong Project*	100%	10,500	53,000	—	—	53,000
15. Foshan Project*	100%	42,500	150,000	—	—	150,000
16. Guangzhou Project*	100%	30,600	17,500	—	—	17,500

* new projects in 2016

Beijing Fortune Garden

Fortune Garden is a residential development project located at Xibeiwang Town, Haidian District, Beijing. It occupies an aggregate site area of approximately 139,000 square metres and has an aggregate planned gross floor area of approximately 414,000 square metres. The project received the “International Award” granted by the British Association of Landscape Industries in recognition of its outstanding landscape design. The project is comprised of two phases. Whilst Phase I of the project was completed and delivered, Phase II is scheduled to deliver to buyers by 2018. In year 2016, a contracted sales of around 41,947 square metres were recorded under this project.

Yingkou Platinum Bay

Platinum Bay is a residential development project comprises villas and apartments. Located at Liaoning (Yingkou) Coastal Industrial Base, Yingkou City, Liaoning Province, the project occupies an aggregate site area of approximately 396,000 square metres and has an aggregate planned gross floor area of approximately 521,000 square metres. The project is comprised of six phases. Development of Phases I and II was completed in December 2012. Part I of Phase III of the project commenced delivery at the end of 2015 and the pre-sale of Part II of it was launched in November 2016. The remaining three phases are currently under planning. In year 2016, a contracted sales of around 20,121 square metres were recorded under this project.

Langfang Minmetals Vanke City

Minmetals Vanke City is a residential development project comprises villas and high-rise units. Located in Xianghe County, Langfang City, Hebei Province, the project occupies an aggregate site area of approximately 433,000 square metres and has an aggregate planned gross floor area of approximately 704,000 square metres. Construction of the project commenced in October 2014 and pre-sale was launched in December 2014. A portion of the high-rise units commenced delivery from October 2016 and is scheduled to complete by the end of 2017. Additional land in the size of approximately 113,000 square metres is scheduled to be acquired this year while the development of the raw land currently under resettlement in the size of approximately 265,000 square metres is currently under planning. In year 2016, a contracted sales of around 82,179 square metres were recorded under this project.

Tianjin Minmetals International

Minmetals International is a completed mixed commercial and residential development project located at the east of Yingbin Main Road and south of Tuochang Road, Tanggu District, Tianjin. The project is comprised of office space, apartments, retail stores as well as car-parking spaces. It occupies an aggregate site area of approximately 21,000 square metres and has an aggregate gross floor area of approximately 183,000 square metres. So far, 97% of the gross saleable floor area was sold. In year 2016, a contracted sales of around 9,320 square metres were recorded under this project.

Nanjing Sello Royale

Sello Royale is a residential development project located at the south of Hongjing Road, Science Park, Jiangning District, Nanjing, Jiangsu Province. The project is comprised of villas and low-rise apartments. It occupies an aggregate site area of approximately 179,000 square metres and has an aggregate gross floor area of approximately 270,000 square metres. The project was awarded the “Best Residential Development in 2014 (East & Central China)” at the first China Property Awards held by Ensign Media. Majority of the development works of the project has completed. So far, 99% of the gross saleable floor area was sold. In year 2016, a contracted sales of around 26,504 square metres were recorded under this project.

Nanjing Academic Royale

Academic Royale is a residential development project located at Tian He Road, southern part of Hexi, Jianye District, Nanjing, Jiangsu Province. It is approximately 5 kilometres from the Nanjing Olympic Sports Centre, the main stadium for the Nanjing 2014 Summer Youth Olympic Games. The project is situate in the Nanjing Hexi New City Zone, a district of key future development with a construction plan of becoming comfortable living Eco-City. The project is designed as a high-quality residential community with low density. It occupies an aggregate site area of approximately 136,000 square metres and has an aggregate planned gross floor area of approximately 482,000 square metres. The project is comprised of four phases. Development of Phase I and Phase II was completed in 2015 and 2016 respectively. Development of Phase III that commenced in January 2015 with presale in November 2015 is scheduled to complete with full refurbishment in the fourth quarter of 2017. Development of Phase IV that commenced in April 2016 is scheduled to complete with full refurbishment in the fourth quarter of 2018. The entire project is expected to complete by the fourth quarter of 2018. In year 2016, a contracted sales of around 80,140 square metres were recorded under this project.

Nanjing Yan Shan Ju

Yan Shan Ju is a residential development project located in the established prime residential area at the southeast of Zijin Mountains in Nanjing Xuanwu District where land supply is limited. It occupies and an aggregate site area of approximately 91,000 square metres and has an aggregate planned gross floor area of approximately 203,000 square metres. There are well developed transportation facilities and the project is in close proximity to the Ninghang Expressway and Subway Line 2. In addition, it enjoys excellent surrounding environment and neighbours a number of educational and research institutions. The project is designed as a high-end low-density residential community comprising low-rise apartments for first time buyers and upgraders from the local district and Nanjing City. It is comprised of two phases. Development of Phase I that commenced in the first quarter of 2015 with pre-sale in July 2015 is expected to complete with full refurbishment in the second quarter of 2017. Development of Phase II that commenced in the third quarter of 2015 with pre-sale in the first quarter of 2016 is expected to complete with full refurbishment in the fourth quarter of 2017 and commence delivery in the second

quarter of 2018. In year 2016, a contracted sales of around 72,949 square metres were recorded under this project.

Changsha LOHAS International Community

LOHAS International Community is a large-scale residential development project with ancillary facilities, such as clubhouse, shops, car-parking lots, schools and landscaped garden. Located at Gaoyun Road, Muyun Town, Changsha County, Hunan Province, the project occupies an aggregate site area of approximately 643,000 square metres, including a private lake of 30,000 square metres, and has an aggregate planned gross floor area of approximately 1,084,000 square metres. The project is comprised of five phases. Whilst development of Phases I to IV was completed during the years from 2010 to 2014, the development of Part I of Phase V was completed in the fourth quarter of 2015. Development of Part II of Phase V has commenced in 2016 and is expected to complete in the fourth quarter of 2018. In year 2016, a contracted sales of around 168,241 square metres were recorded under this project.

Changsha Scotland Town

Scotland Town is a completed residential development project located at Yuntang Village and Yuetang Village, Muyun Town, Changsha County, Hunan Province and is adjacent to LOHAS International Community. The project occupies an aggregate site area of approximately 333,000 square metres and has an aggregate gross floor area of approximately 442,000 square metres. Development of Phases I and II was completed in 2011 and 2013 respectively. So far, 96% of the gross saleable floor area was sold. In year 2016, a contracted sales of around 1,098 square metres were recorded under this project.

Changsha Kaifu Project

Kaifu Project is a residential and commercial development project located at Fu Yuan West Road, Kaifu District, Changsha County, Hunan Province which is within a comfortable living Eco-City zone under planning, with close proximity to the Kaifu District Administration Centre. The project occupies an aggregate site area of approximately 150,000 square metres and has an aggregate planned gross floor area of approximately 534,000 square metres, of which approximately 331,000 square metres is designated for residential purpose, approximately 113,000 square metres for commercial purpose, approximately 5,000 square metres for public ancillary facility purpose, and approximately 71,000 square metres for car-parking and civil air defense purpose. Whilst the residential portion of the project will be developed into a quality residential community for first home buyer and upgraders, the commercial portion will be developed as an entertainment complex with a studio in the center of the development surrounded by office buildings, hotel, shopping malls, and food and beverage facilities. The residential part of the project is comprised of three phases. Development of Phase I which is comprised of villas and selected high-rise units was completed in the fourth quarter of 2016. Phase II and Phase III will commence construction in 2017. In year 2016, a contracted sales of around 63,520 square metres were recorded under this project.

Huizhou Hallstatt See

Hallstatt See is a large-scale residential development project located at Mai Tian Ling, Boluo County, Huizhou City, Guangdong Province and is in close proximity to many amenities including golf course. Surrounded by hills and a 20-acre lake, the project occupies an aggregate site area of approximately 984,000 square metres and has an aggregate planned gross floor area of approximately 1,003,000 square metres. The project received 4A tourist attraction rating by China National Tourism Administration in 2015, and was given an award for its innovative cultural and resort real estate model in the 10th Annual Real Estate Billboard event hosted by China Commercial Real Estate Commission. It is comprised of seven phases. Development of Phase I and part of Phase II was completed and delivered in 2013 and 2014 respectively. Construction of the majority of Phase II and Phase III was completed in November 2015. In year 2016, a contracted sales of around 36,006 square metres were recorded under this project.

Land Bank

As at 31 December 2016, the Group had a land bank developable in gross floor area of approximately 3.22 million square metres across 16 real estate development projects in 10 cities located in mainland China, including Beijing, Yingkou, Langfang, Tianjin, Nanjing, Changsha, Huizhou, Hong Kong, Foshan and Guangzhou.

Land Bank Composition

Throughout 2016, the Group has added five new projects to its real estate development portfolio and thus the developable gross floor area of land bank increased by approximately 497,500 square metres. The total cost and average cost for the newly acquired land amounted to approximately RMB10.27 billion and approximately RMB24,300 per square metre respectively. Amongst these project locations, Hong Kong records a healthy land price to sales price ratio with sustainable long-term supply-demand fundamental and enjoys a thicker buffer against adverse market development. Moreover, it marks the first step taken by the Group to the execution of its overseas investment strategy. The debut entry into the markets of Foshan and Guangzhou, which are core regional cities of high importance in the country, strengthens the Group's strategic positioning in southern China. The acquisition of two parcels of land in Nanjing, where the Group has established a solid footing, further consolidates the Group's brand building in the local market.

Location/Project	Property Type	Attributable interest to the Group	Site Area (sq.m.)	Estimated GFA (sq.m.)	Total Cost (RMB million)	Average Land Cost (RMB per sq.m.)
1. Nanjing (Land No.G55)	Residential	100%	95,000	179,000	3,420	19,100
2. Nanjing (Land No. G57)	Residential	100%	68,000	98,000	1,610	16,400
3. Hong Kong Yau Tong Project	Residential	100%	10,500	53,000	3,424	64,600
4. Foshan Project	Residential	100%	42,500	150,000	1,490	9,900
5. Guangzhou Project	Residential	100%	30,600	17,500	330	18,900

SPECIALISED CONSTRUCTION

The Group is engaged in the business of specialised construction mainly encompassing the services of design, production and installation of curtain walls system and associated metal works via Minmetals Condo (Shanghai) Construction Co., Ltd. ("Condo Shanghai") for the PRC market, Minmetals Condo (Hong Kong) Engineering Company Limited ("Condo Hong Kong") for the Hong Kong market and Minmetals Condo (Macau) Engineering Company Limited ("Condo Macau") for the Macau market. In 2016, revenue derived from this operating segment showed an increase of 40.0% and its operating results, net of intra-group transactions, showed an operating profit of HK\$48.2 million (2015: HK\$2.7 million).

Condo Hong Kong is actively participating in projects of both private developers as well as public sector. Condo Hong Kong has completed a number of large iconic projects in recent years which have subsequently received positive market recognition. However, competition intensifies as small and large size curtain wall construction companies from Mainland China try to squeeze into the Hong Kong market. In view of the shortage of skilled labour, rising human resources and processing cost, Condo Hong Kong implemented a relatively conservative bidding strategy and took sufficient risk management measures. Condo Hong Kong has secured new tenders amounting to approximately HK\$300 million in 2016 with projects on hand amounting to approximately HK\$1 billion as at 31 December 2016.

In 2016, Condo Macau has worked relentlessly on its debut project in Macau in accordance with project schedule and budget. The successful project implementation has earned itself positive recognition from the main contractor and the employer, deepening its market presence in Macau and neighbouring areas.

As the local construction industry have seen a slowdown both in terms of project number and contract size, Condo Shanghai has been very selective in undertaking new tenders and has prioritised risk management in its operation. As at 31 December 2016, it has projects on hand amounting to approximately RMB120 million.

PROPERTY INVESTMENT

The Group's investment property portfolio in Hong Kong comprises two commercial office buildings, namely China Minmetals Tower in Tsimshatsui and LKF 29 in Central, together with four residential units, all of which are located in Hong Kong with a total gross floor area of 15,826 square metres. As retail sales plummeted in 2016, districts that target travelers including Central and Tsimshatsui have seen waves of early surrenders. Occupancy rate in the said districts has dropped to a new low level in recent years with significant downward revision in rental rate. However, based on solid relationship with tenants and real estate agents over the years, coupled with good foresight on rental trend and strategy implementation, the Group successfully extended all existing rental agreements at a higher rental rate except for those tenants in wind-up situations, which compressed commission and administrative expenses to a minimum. In addition, the introduction of short-term tenants in filling up vacant periods also makes up losses from vacancy. In 2016, in view of such challenging market condition, revenue from this operating segment decreased 7.7% to HK\$64.5 million (2015: HK\$69.9 million). As at 31 December 2016, the occupancy rate of LKF 29 was 82.0% (31 December 2015: 92.0%) while China Minmetals Tower was 97.3% occupied (31 December 2015: 100%).

ENTRUSTED ASSET MANAGEMENT

In March 2016, the Group announced the entrusted management of China Minmetals Corporation's non-listed real estate and construction assets whereby China Minmetals Corporation entrusted the Company with the management of all non-listed assets within its real estate development and construction division, for a term of 2 years for an annual fixed fee of RMB30 million. The said entrusted assets include 25 real estate development and management projects in Beijing, Tianjin, Shenyang, Liaoning, Shandong, Qinghai, Jiangsu, Hunan and Guangdong. As at 31 December 2016, the Group has recorded RMB24.5 million in management fees according to the entrusted management service agreement.

PROSPECTS AND OUTLOOK

We will continue to focus on development in Tier 1 cities and Tier 2 cities that have potential growth in dynamic sector and population and will turn to those Tier 3 cities that have structural opportunities arising from spillover effect of Tier 1 cities. Meanwhile, we will broaden our perspectives to explore other means of expanding land bank and continue to increase overseas business development. On the operation side, we will be proactive in product innovation and thus, maximizing the value of our projects. In terms of financial management, we will continue to adhere to prudent financial management, minimise foreign exchange risk exposure, expedite cash collection and closely monitor gearing as well as costs and expenses. Moreover, we will closely monitor both onshore and offshore capital markets and explore new financing channels to secure ample funding for future business development. Efforts will be consistently made to improve the rate of return on asset turnover and the rate of return on equity. We strive to increase our presence in market financing activities and make use of our fundraising capability on the listing platform. Furthermore, we will actively procure opportunities for asset injection from our controlling shareholder to enlarge and enrich the Group's assets portfolio. It is believed that the consolidation of non-listed real estate development business under the entrusted management arrangement and the Group's real estate development projects across the country would promote synergy as well as economy of scale in design management, cost control and contract procurement which would eventually enhance the brand competitiveness of "Minmetals Land".

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

During the year of 2016, the Group's operations were financed mainly by cash flows generated internally from business operations as well as borrowings.

As at 31 December 2016, cash and bank deposits (excluding restricted cash and bank deposits) of the Group amounted to HK\$5,431.5 million (2015: HK\$10,672.9 million), of which 89.5%, 9.1%, 0.7% and 0.7% (2015:

91.3%, 7.3%, 1.2% and 0.2%) were denominated in Renminbi, Hong Kong dollar, United States dollar and Macau Pataca respectively.

The Group had utilised financing to supplement internal resources to finance the acquisition of new projects and the development of existing projects. Total borrowings of the Group stood at HK\$11,614.4 million as at 31 December 2016 (2015: HK\$12,578.5 million), which mainly comprised borrowings from banks and bond issuance. The net gearing ratio (net debt to total equity) of the Group as at 31 December 2016 was 69.5% (2015: 13.8%).

The weighted average borrowing costs of the Group was maintained at a low level of around 3.87% (2015: 3.69%).

Maturity profile of the Group's borrowings is as follows:

	As at 31 December			
	2016		2015	
	HK\$ million	%	HK\$ million	%
Within one year	299.6	2.6	4,452.0	35.4
In the second year	5,902.9	50.8	994.3	7.9
In the third to fifth year	4,452.0	38.3	6,174.3	49.1
Beyond five years	959.9	8.3	957.9	7.6
Total	11,614.4	100.0	12,578.5	100.0

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

	As at 31 December			
	2016		2015	
	HK\$ million	%	HK\$ million	%
Renminbi	299.6	2.6	860.6	6.8
Hong Kong Dollar	8,618.4	74.2	9,027.2	71.8
United States Dollar	2,696.4	23.2	2,690.7	21.4
Total	11,614.4	100.0	12,578.5	100.0

Finance costs charged to the profit or loss for 2016 amounted to HK\$55.7 million (2015: HK\$57.5 million) after capitalisation of HK\$407.2 million (2015: HK\$453.1 million) into properties under development. The unutilised banking facilities of the Group as at 31 December 2016 amounted to HK\$3,464.6 million (2015: HK\$336.9 million).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group is exposed to exchange rate risk on transactions that are denominated in a currency other than Hong Kong dollar, the reporting and functional currency of the Company. The Group has been closely monitoring the fluctuation in Renminbi exchange rate and will adopt necessary measures to minimise the impact arising from adverse currency fluctuation including adjustment to the proportion of borrowings in foreign currency and utilisation of foreign exchange hedging instruments such as forward foreign exchange contracts or capped forward contracts when considered appropriate.

The Group is also exposed to interest rate risk resulting from fluctuation in interest rates. Most of the borrowings of the Group was on a floating rate basis and therefore, an increase in interest rate would raise the Group's interest cost. In order to mitigate the interest rate risk, the Group entered into interest rate swaps in which the Group would receive interest of one-month HIBOR and pay monthly interest at a fixed rate based on the notional amount of HK\$3.6 billion. As at 31 December 2016, approximately 54.2% (2015: 21.4%) of the Group's borrowings was on a fixed rate basis after hedging with the remainder on a floating rate basis.

Same as disclosed above, as at 31 December 2016, the Group did not hold any financial instruments either for hedging or speculative purposes.

CHARGES ON GROUP ASSETS

As at 31 December 2016, certain assets of the Group were pledged to secure certain banking facilities granted to the Group and mortgage loan facilities to the purchasers of the Group's properties, and these pledged assets of the Group included:

- i. inventories with carrying amounts of HK\$ Nil (2015: HK\$1,388.7 million).
- ii. 100% equity interest in a subsidiary.

FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

As at 31 December 2016, guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties amounted to HK\$13,688.8 million (2015: HK\$7,742.4 million). Such guarantees will terminate upon the earlier of (i) the issuance of the property ownership certificate which will generally be available within one year after the purchasers take possession of the relevant properties; or (ii) the repayment of mortgaged loans by the purchasers. Pursuant to the terms of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take the possession of the related properties upon default in mortgage payments by the purchasers. Under such circumstances, the Group is able to retain the property sales proceeds previously received from the purchasers and sell the property to recover any amounts paid by the Group to the banks. Therefore, after taking into account of the creditworthiness of the purchasers, the Directors consider that no provision is required in the consolidated financial statements for the guarantees.

EMPLOYEES

Total number of staff of the Group, including the Directors, dropped 17.5% to 746 as at 31 December 2016 (2015: 904). The Group will continue to adopt a remuneration policy in line with local market practice and standards. Total remuneration and benefits for the Directors and staff of the Group for the year ended 31 December 2016 were approximately HK\$254.7 million (2015: HK\$276.3 million).

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 29 May 2003 (the "2003 Share Option Scheme") has expired on 28 May 2013. However, share options granted under the 2003 Share Option Scheme prior to its expiration shall continue to be valid and exercisable in accordance with their terms of issue.

A new share option scheme was adopted by the Company on 7 June 2013 (the "2013 Share Option Scheme") to recognise and acknowledge eligible persons for their contribution or potential contribution to the Group. The 2013 Share Option Scheme shall remain in force for 10 years from its adoption date. Details of the 2013 Share Option Scheme will be set out in the 2016 annual report of the Company.

As at 31 December 2016, there were 49,883,999 (2015: 51,256,002) outstanding share options granted under the 2003 Share Option Scheme. No share options have yet been granted by the Company pursuant to the 2013 Share Option Scheme.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK4.0 cents (2015: HK2.0 cents) per share payable in cash to shareholders whose names appearing on the register of members of the Company on Monday, 12 June 2017.

The dividend cheques will be distributed to shareholders on or about Friday, 23 June 2017.

ANNUAL GENERAL MEETING

An annual general meeting of the shareholders of the Company is convened to be held on Wednesday, 31 May 2017 (the “2017 AGM”). The notice of the 2017 AGM which forms part of the circular to shareholders of the Company will be despatched together with the 2016 annual report.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Thursday, 25 May 2017 to Wednesday, 31 May 2017 (both days inclusive), during which period no transfer of shares will be registered for the purpose of determining shareholders’ entitlement to attend and vote at the 2017 AGM.

In order to qualify to attend and vote at the 2017 AGM, all share certificates with completed transfer forms must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 24 May 2017.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 8 June 2017 to Monday, 12 June 2017 (both days inclusive), for the purpose of determining shareholders’ entitlement to the proposed final dividend.

In order to qualify for the proposed final dividend, all share certificates with completed transfer forms must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 7 June 2017.

CORPORATE GOVERNANCE

Corporate Governance Code

In the opinion of the Directors, throughout the year ended 31 December 2016, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for the following deviations:

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

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

2. Code provision E.1.2 requires that the chairman of the board and the chairman of all the board committees of listed companies to attend and answer questions at the annual general meeting.

Mr. Zhang Yuanrong, the Chairman of the Board and of the Nomination Committee, was not available for the Company’s annual general meeting for 2016 due to ad hoc business commitment. Accordingly, Mr. He Jianbo, the Deputy Chairman, Managing Director and a member of the nomination committee, took the chair of the said meeting.

Code for Securities Transactions by Directors

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

Having made specific enquiries of all the Directors, they had confirmed in writing that they had complied with the Rules for Securities Transactions throughout the year ended 31 December 2016.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has discussed with the management of the Company and the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, on the consolidated financial statements of the Group for the year ended 31 December 2016 and also reviewed accounting principles and practices adopted by the Group, internal control and other financial reporting matters. The consolidated financial statements of the Group for the year ended 31 December 2016 have been recommended by the audit committee of the Company to the Board for approval.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2016 as set out in this announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2016.

BOARD OF DIRECTORS

As at the date of this announcement, the board of Directors of the Company comprises nine Directors, namely Mr. Zhang Yuanrong as the Chairman and a non-executive Director, Mr. He Jianbo as the Deputy Chairman, Managing Director and an executive Director, Mr. Yin Liang, Ms. He Xiaoli and Mr. Liu Zeping as executive Directors, Mr. Cui Hushan as a non-executive Director, and Mr. Selwyn Mar, Ms. Tam Wai Chu, Maria and Mr. Lam Chung Lun, Billy as independent non-executive Directors.

By order of the Board

He Jianbo

Deputy Chairman and Managing Director

Hong Kong, 17 March 2017

The Company’s 2016 annual report containing, inter alia, the corporate governance report, the report of the directors and the consolidated financial statements for the year ended 31 December 2016 will be published on the Company’s website at www.minmetalsland.com and the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk in due course.