THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

五礦地產有限公司

MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE COOPERATION AGREEMENT ON THE FORMATION OF JV COMPANY

AND

(2) MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 90% EQUITY INTERESTS IN THE PROJECT COMPANY AND INTERESTS IN LAND

A letter from the Board is set out on pages 4 to 12 of this circular.

The transactions being the subject matter of this circular have been approved by written shareholders' approval pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

22 December 2020

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

"Acquisition"	the tender for and the acquisition of the Target Interests
"Announcements"	the October Announcement and the November Announcement
"associate(s)", "connected person(s)", "controlling shareholder", "percentage ratio(s)" and "subsidiary(ies)"	each has the meaning as ascribed to it under the Listing Rules
"Bidding"	the bidding process held by Guangzhou Enterprises Mergers and Acquisitions Services at which the Target Interests were offered for sale by the Seller
"Board"	the board of Directors of the Company
"China Minmetals"	China Minmetals Corporation, a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder holding approximately 61.88% of the Shares as at the Latest Practicable Date
"Company"	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"Cooperation Agreement"	the cooperation agreement dated 28 October 2020 entered into between Shengshi Guangye and the JV Partner in relation to, among other things, the formation of the JV Company on a 51:49 basis for the Acquisition
"Development Project"	the residential development to be constructed on the Land
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Transactions
"Group"	the Company and its subsidiaries
"Guangzhou Kuangrong"	廣州礦榮房地產開發有限公司 Guangzhou Kuangrong Property Development Co., Ltd.*, a company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
"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 Company's immediate controlling shareholder holding approximately 61.88% of the Shares as at the Latest Practicable Date
"JV Company"	廣州市礦譽投資有限公司 Guangzhou Kuangyu Investment Co., Ltd.*, a company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the Latest Practicable Date
"JV Formation"	the formation of the JV Company pursuant to the Cooperation Agreement
"JV Partner"	招商局置地(深圳)有限公司 China Merchants Land (Shenzhen) Limited*, a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of China Merchants Land Limited (stock code: 978)
"Land"	the land parcel numbered 2020KJ01110001 and situated at Subway Line 13, Phase II Chatou Station, Baiyun District, Guangzhou City, the PRC
"Latest Practicable Date"	17 December 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
"November Announcement"	the announcement of the Company dated 6 November 2020 in relation to, among other things, the Acquisition
"October Announcement"	the announcement of the Company dated 28 October 2020 in relation to, among other things, the JV Formation
"Project Company"	廣州市品誠房地產開發有限公司 Guangzhou Pincheng Real Estate Development Co., Ltd.*, a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Seller prior to completion of the Acquisition
"RMB"	Renminbi, the lawful currency of the PRC

"Seller"	廣州地鐵集團有限公司 Guangzhou Metro Group Co., Ltd.*, a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of the state-owned assets supervision and administration committee of the Guangzhou Municipal People's Government of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Transfer Agreement"	has the meaning ascribed to it in the paragraph headed "(II) THE ACQUISITION — Consideration and payment terms" in this circular
"Shengshi Guangye"	五礦盛世廣業(北京)有限公司 Minmetals Shengshi Guangye (Beijing) Co., Ltd.*, a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Interests"	collectively, 90% of the equity interest in the Project Company and 90% of the shareholder's loan(s) owing by the Project Company to the Seller as at 30 April 2020
"Transactions"	collectively, the JV Formation and the Acquisition
"US$"	United States dollar, the lawful currency of the United States
"Vigers"	Vigers Appraisal and Consulting Limited, independent professional surveyor
"%"	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of Renminbi to Hong Kong dollars in this circular is calculated at the exchange rate of RMB1.00 to HK$1.1531. Such conversion rate 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)

Executive Directors:
Mr. He Jianbo, *Chairman*
Mr. Liu Bo, *Managing Director*
Mr. Chen Xingwu, *Deputy Managing Director*
Mr. Yang Shangping, *Deputy Managing Director*

Non-executive Director:
Ms. He Xiaoli

Independent Non-executive Directors:
Mr. Selwyn Mar
Mr. Lam Chung Lun, Billy
Ms. Law Fan Chiu Fun, Fanny

Registered office:
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Principal place of business in Hong Kong:
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China Minmetals Tower
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22 December 2020

To the Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE COOPERATION AGREEMENT ON THE FORMATION OF JV COMPANY

AND

(2) MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 90% EQUITY INTERESTS IN THE PROJECT COMPANY AND INTERESTS IN LAND

INTRODUCTION

Reference is made to the Announcements in relation to, among other things, the Transactions.

The purpose of this circular is to provide you with, among other things, further particulars of (i) the JV Formation and (ii) the Acquisition.

(I) THE JV FORMATION

On 28 October 2020, Shengshi Guangye (an indirect wholly-owned subsidiary of the Company) and the JV Partner entered into the Cooperation Agreement in relation to, among other things, the formation of the JV Company on a 51:49 basis for the acquisition of interests in a certain land parcel in Guangzhou City, the PRC.

COOPERATION AGREEMENT

Date

28 October 2020

Parties

(1) Shengshi Guangye (an indirect wholly-owned subsidiary of the Company); and

(2) the JV Partner.

The JV Partner is a company established under the laws of the PRC with limited liability and is indirectly wholly-owned by China Merchants Land Limited (stock code: 978). The JV Partner is principally engaged in investment holding and China Merchants Land Limited, together with its subsidiaries, are principally engaged in development, sale, lease, investment and management of properties and assets management.

Subject

The JV Company is established for the purpose of the Acquisition. In the event the Acquisition does not materialise, the Cooperation Agreement shall terminate.

Registered capital

The registered capital of the JV Company is RMB2,500 million (approximately HK$2,882.75 million), which shall be contributed on a 51:49 basis as to RMB1,275 million (approximately HK$1,470.20 million) and RMB1,225 million (approximately HK$1,412.55 million) by Shengshi Guangye and the JV Partner, respectively, to be paid up in cash within one year of obtaining the business licence of the JV Company.

Shareholders' loans

Shengshi Guangye and the JV Partner shall provide shareholders' loans in the aggregate amount of approximately RMB2,047.00 million (approximately HK$2,360.39 million), of which Shengshi Guangye shall contribute approximately RMB1,043.97 million (approximately HK$1,203.80 million) and the JV Partner shall contribute approximately RMB1,003.03 million (approximately HK$1,156.59 million), respectively. Part of the shareholders' loans shall be provided with reference to the payment schedule(s) under the terms of the Acquisition, and the remaining shareholders' loans required for funding the operation of the JV Company and the development of the Development Project shall be provided from time to time with reference to the development progress of the Development Project.

The total equity and funding commitments of Shengshi Guangye and the JV Partner in the JV Company will accordingly be an aggregate of approximately RMB4,547.00 million (approximately HK$5,243.14 million), of which Shengshi Guangye shall contribute approximately RMB2,318.97 million (approximately HK$2,674.00 million) and the JV Partner shall contribute approximately RMB2,228.03 million (approximately HK$2,569.14 million). The total commitments will be used to fund, among other things, the Acquisition, the operation of the JV Company and the development of the Development Project. The total commitments were determined after arm's length negotiations with reference to, among other things, the funding needs of the JV Company for the Acquisition of approximately RMB2,382.10 million (approximately HK$2,746.80 million), 90% of the remaining balance of the land premium of the Land as at 31 October 2020 of approximately RMB1,942.70 million (approximately HK$2,240.13 million) to be contributed by the JV Company, and the construction cost of the Development Project of approximately RMB222.2 million (approximately HK$256.21 million). Shengshi Guangye will fund its commitment in the JV Company utilising internal resources of the Group or bank borrowings.

Upon its formation, the JV Company will be owned as to 51% and 49% by Shengshi Guangye and the JV Partner, respectively, and will be accounted for as a subsidiary of the Company on a consolidated basis.

Future funding

The JV Company will finance its operation as required by shareholders' loan from Shengshi Guangye and the JV Partner on a pro-rata basis at an interest rate to be determined by the shareholders.

Shareholders' arrangements

Incidental to signing of the Cooperation Agreement, Shengshi Guangye and the JV Partner shall enter into the constitutional document of the JV Company setting out the terms of the operations of the JV Company.

Management of the JV Company

Board composition

The board of directors of the JV Company shall comprise five directors, three of whom shall be nominated by Shengshi Guangye and two by the JV Partner. The chairman of the board of directors of the JV Company shall be a director nominated by Shengshi Guangye. The principal roles of the board of directors of the JV Company are determining the JV Company's investment strategies, operation plans and annual budget, formulating internal control policies and approving the development and business plans of the Development

Project. All board resolutions of the JV Company shall be passed by a simple majority, save for resolutions related to certain reserved matters as set out in the constitutional document of the JV Company which shall be unanimously approved by the board of directors.

The JV Company shall have two supervisors, one of whom shall be nominated by Shengshi Guangye and the other by the JV Partner. The supervisors shall be primarily responsible for monitoring the board of directors of the JV Company and the finances of the JV Company.

Profit distribution arrangement

The parties shall share the profits of the JV Company in proportion to their respective shareholdings in the JV Company.

Restriction on transfer of equity interest

Each party shall have a right of first offer to acquire the interests in the JV Company to be sold by the other party.

Exit Mechanism

In the event that the residential and commercial (excluding car parking spaces) gross floor area (expressed in square metres) sold in respect of the Development Project reaches 95% of the total saleable residential and commercial (excluding car parking spaces) gross floor area (expressed in square metres) offered by the Development Project and the completion check and acceptance filing in respect of the Development Project has been completed (subject to the receipt of completion approval for the final phase of the Development Project), either Shengshi Guangye or the JV Partner may elect to divest their interest in the JV Company subject to the exit mechanism to be unanimously agreed on by all the shareholders of the JV Company.

INFORMATION ON THE GROUP AND SHENGSHI GUANGYE

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

Shengshi Guangye is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

(II) THE ACQUISITION

On 6 November 2020, the JV Company (an indirect non-wholly owned subsidiary of the Company) received a written notice from Guangzhou Enterprises Mergers and Acquisitions Services (廣州產權交易所) (the "**Notice**") confirming that the JV Company had succeeded in the bid for acquiring 90% of the equity interest in and the related shareholder's loan to the Project Company, which will be the sole owner of the land use rights of the Land, from the Seller at a total consideration of approximately RMB2,382.10 million (approximately HK$2,746.80 million).

The Acquisition

Parties

(1) the JV Company (an indirect non-wholly owned subsidiary of the Company); and

(2) the Seller.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Seller and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

Subject

The Target Interests in the Project Company, comprising 90% equity interest in the Project Company and 90% of the shareholder's loan(s) owing by the Project Company to the Seller as at 30 April 2020, such shareholder's loan(s) being unsecured, bearing interest at 4.65% per annum and in the aggregate amount of approximately RMB2,062.27 million (approximately HK$2,378.00 million).

Upon completion of the Acquisition, the Project Company will be owned as to 90% and 10% by the JV Company and the Seller, respectively, and will be accounted for as a subsidiary of the Company on a consolidated basis.

Consideration and payment terms

The total consideration for the Acquisition is approximately RMB2,382.10 million (approximately HK$2,746.80 million), which represents the bid price submitted by the JV Company through the Bidding, which was conducted in accordance with the relevant PRC laws and regulations. The JV Company has already paid an earnest money of RMB1,000 million (approximately HK$1,153.10 million) on 29 October 2020 for participating in the Bidding, which will form part of the consideration, and the remaining balance of approximately RMB1,382.10 million (approximately HK$1,593.70 million) was paid in one lump sum on 23 November 2020.

The consideration for the Acquisition was arrived at after taking into account the base price of the Bidding, the amount of shareholder's loan(s) owing by the Project Company to the Seller as at 30 April 2020, current market conditions, the location of the Land, and land price in the surrounding area. The consideration for the Target Interests will be financed by the internal resources of the JV Company, which in turn will be funded by the Group in proportion to its shareholding in the JV Company utilising its internal resources or bank borrowings.

On 17 November 2020, the Seller and the JV Company entered into the share transfer agreement in relation to the transfer of the Target Interests from the Seller to the JV Company (the "**Share Transfer Agreement**"). The Acquisition was completed on 2 December 2020 upon completion of the equity transfer registration of the Acquisition with the State Administration for Market Regulation of the PRC.

INFORMATION ON THE JV COMPANY

The JV Company is an indirect non-wholly owned subsidiary of the Company established for the purpose of bidding for and holding the Target Interests in the Project Company.

INFORMATION ON THE SELLER AND THE PROJECT COMPANY

The Seller is a company established under the laws of the PRC with limited liability, which is principally engaged in the construction and management of railway operations in Guangzhou City and the development and management of auxiliary resources, and is directly wholly owned by the state-owned assets supervision and administration committee of the Guangzhou Municipal People's Government of the PRC.

The Project Company is a company established under the laws of the PRC with limited liability, which will be the sole owner of the land use rights of the Land and solely engaged in developing the Land and the Development Project for sale, and was directly wholly-owned by the Seller prior to completion of the Acquisition. Upon completion of the Acquisition, the Project Company will be owned as to 90% and 10% by the JV Company and the Seller, respectively, and will be accounted for as a subsidiary of the Company on a consolidated basis.

The Project Company was newly established in April 2020. As set out in the accountants' report of the Project Company in Appendix II to this circular, the net liabilities value of the Project Company as at 31 October 2020 was approximately RMB44.44 million (approximately HK$51.24 million), the net loss before taxation and the net loss after taxation for the period from 13 April 2020 (i.e. the date of incorporation of the Project Company) up to 31 October 2020 was approximately RMB54.44 million (approximately HK$62.77 million) and approximately RMB54.44 million (approximately HK$62.77 million), respectively.

INFORMATION OF THE LAND AND THE DEVELOPMENT PROJECT

The Land is a parcel of land numbered 2020KJ01110001 and situated at Subway Line 13, Phase II Chatou Station, Baiyun District, Guangzhou City, the PRC. The site area of the Land is approximately 76,821 square meters, with a plot ratio of not more than 3.6. The Land is permitted for residential development for a term of grant of 70 years, commercial use for a term of grant of 40 years and commercial services for a term of grant of 50 years.

In April 2020, the Seller succeeded in its bid for the land use rights of the Land through public auction at a consideration of approximately RMB4,317.11 million (approximately HK$4,978.06 million), and entered into a land use rights grant contract (國有建設用地使用權出讓合同) with the seller of the land use rights of the Land. The Seller, the Project Company and the seller of the land use rights of the Land subsequently entered into a land use rights grant contract amendment agreement (國有建設用地使用權出讓合同變更協議) in May 2020 to novate the rights and obligations of the Seller under the land use rights grant contract (國有建設用地使用權出讓合同) to the Project Company. The Land was delivered to the Project Company in August 2020 and the "State-owned Land-use Certificate" and/or

"Real Estate Title Certificate" for the Land will be obtained after full settlement of the consideration for the Land. As at the Latest Practicable Date, the consideration of the land use rights of the Land has been fully settled by the Seller and the Project Company and the "State-owned Land-use Certificate" and/or "Real Estate Title Certificate" of the Land is expected to be obtained in January 2021.

The Land will be developed in three phases comprising high-rise apartments, and office and commercial complex. It is expected that pre-sale will be launched in the fourth quarter of 2021. The construction of the Development Project will commence in the fourth quarter of 2020 and is expected to be completed and delivered to buyers in the fourth quarter of 2024. The Project Company will make necessary adjustments to the actual arrangements of the construction and development of the Land based on practical market conditions.

FINANCIAL EFFECTS OF THE TRANSACTIONS ON THE COMPANY

Effect on earnings

The Group's earnings are expected to increase in the future after completion of the Transactions, after taking into account the properties to be developed by the Project Company to be completed and delivered to the property buyers overtime.

Effect on assets and liabilities

Upon completion of the Transactions, the consolidated total assets of the Group will be increased by HK$2,912.91 million, the consolidated total liabilities will be increased by HK$1,479.72 million and the net assets value of the Group will be increased by HK$1,433.19 million.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

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

The Group, through Shengshi Guangye, and the JV Partner will be jointly responsible for the day-to-day operation and management of the JV Company and the development of the Development Project, with the Group being primarily responsible for design, sales and marketing, and costs management in relation to the Development Project, and the JV Partner being primarily responsible for construction and purchasing in relation to the Development Project. The Board is satisfied with the working relationship with a group member of China Merchants Land Limited, the latter being a renowned PRC state-owned enterprise and the sole owner of the JV Partner, in a real estate development project in Guangzhou earlier this year and wishes to seek for further cooperation with China Merchants Land Limited, with the formation of the joint venture with the JV Partner presenting a good opportunity for the Group to develop such working relationship with China Merchants Land Limited. It is expected that the joint venture formed with the JV Partner under the Cooperation Agreement will bring in capital efficiency and strengthen the financial position of the JV Company.

It is believed that the participation (through the JV Company) in the Development Project would enable the Group to enlarge its presence in the Guangdong-Hong Kong-Macao Greater Bay Area and promote its branding over the area. It is also expected that the Development Project will generate stable and satisfactory revenue and profit to the Group. The Directors consider that the Acquisition is in line with the business development strategy and planning of the Group and will enable it to replenish its land bank for development.

The Directors (including the independent non-executive Directors) considered that the Cooperation Agreement and the Acquisition, which have been entered into after arm's length negotiation between the parties in the ordinary and usual course of business of the Group, are 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.

None of the Directors has a material interest in the Transactions and therefore none of them is required to abstain from voting on the board resolutions in relation thereto.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the each of the Cooperation Agreement and the Acquisition exceeds 25% but all applicable percentage ratios are below 100%, the entering into of the Cooperation Agreement and the transactions contemplated thereunder, and the Acquisition each constitutes a major transaction for the Company subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, China Merchants Land Limited holds 49% equity interest in Guangzhou Kuangrong, an indirect non-wholly owned subsidiary of the Company. Accordingly, China Merchants Land Limited is a substantial shareholder of Guangzhou Kuangrong and the JV Partner, as an indirect wholly-owned subsidiary of China Merchants Land Limited, is a connected person of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules. As such, the entering into of the Cooperation Agreement and the transactions contemplated thereunder also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Cooperation Agreement and the Acquisition. As such, each of the Cooperation Agreement and the Acquisition may be approved by written Shareholders' approval in accordance with Rule 14.44 of the Listing Rules. June Glory, being a controlling shareholder which owns 2,071,095,506 Shares representing approximately 61.88% of the issued share capital of the Company as at the Latest Practicable Date, has granted its written approval to the Company for each of the Cooperation Agreement and the Acquisition.

RECOMMENDATION

The Directors (including all the independent non-executive Directors) consider that the Transactions are 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 Transactions 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
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2017, 2018 and 2019 respectively and the six months ended 30 June 2020 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.minmetalsland.com):

— the annual report of the Company for the year ended 31 December 2017 (pages 145 to 277);

— the annual report of the Company for the year ended 31 December 2018 (pages 151 to 321);

— the annual report of the Company for the year ended 31 December 2019 (pages 137 to 311); and

— the interim report of the Company for the six months ended 30 June 2020 (pages 48 to 89).

2. INDEBTEDNESS OF THE ENLARGED GROUP

Bank borrowings

As at the close of business on 31 October 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had aggregate outstanding bank borrowings of approximately HK$17,245.15 million, details of which are set out below:

Bank borrowings	*HK$' million*
Short term bank loan, unsecured and unguaranteed	57.66
Short term bank loans, unsecured and guaranteed	2,223.43
Long term bank loan, secured and guaranteed	2,731.67
Long term bank loans, secured and unguaranteed	790.08
Long term bank loans, unsecured and guaranteed	10,741.23
Long term banks loan, unsecured and unguaranteed	701.08
	17,245.15

Loans from fellow subsidiaries

As at the close of business on 31 October 2020, the Enlarged Group had outstanding loans from fellow subsidiaries of approximately HK$41.51 million, which are unsecured and unguaranteed.

Loans from non-controlling shareholders of subsidiaries

As at the close of business on 31 October 2020, the Enlarged Group had outstanding loans from non-controlling shareholders of subsidiaries of approximately HK$1,179.16 million, which are unsecured and unguaranteed.

Other borrowings

As at the close of business on 31 October 2020, the Enlarged Group had other borrowings of approximately HK$2,638.37 million, which are unsecured and unguaranteed.

Amounts due to associates

As at the close of business on 31 October 2020, the Enlarged Group had outstanding amounts due to associates of approximately HK$2,357.61 million, which are unsecured and unguaranteed.

Amount due to non-controlling shareholders of subsidiaries

As at the close of business on 31 October 2020, the Enlarged Group had outstanding amounts due to non-controlling shareholders of subsidiaries of approximately HK$965.04 million, which are unsecured and unguaranteed.

Amount due to a fellow subsidiary

As at the close of business on 31 October 2020, the Enlarged Group had outstanding amount due to a fellow subsidiary of approximately HK$850.67 million, which is unsecured and unguaranteed.

Charges on the Enlarged Group's assets

As at the close of business on 31 October 2020, certain assets of the Enlarged Group were pledged as securities for the Enlarged Group's banking facilities and mortgage loans granted to buyers of sold properties and these pledged assets of the Enlarged Group include properties under development and 100% equity interest in a subsidiary.

Guaranteed bonds

As at the close of business on 31 October 2020, the Enlarged Group had two guaranteed bonds of approximately HK$2,322.23 million and HK$964.00 million, respectively. The principal amounts of the two guaranteed bonds are US$300 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.

Lease obligations

As at the close of business on 31 October 2020, the Enlarged Group, as a lessee, has outstanding unpaid contractual lease payments for the remainder of the relevant lease terms amounting to HK$83.53 million, which are neither secured nor guaranteed.

Financial guarantees and contingent liabilities

As at the close of business on 31 October 2020, the Enlarged Group had provided guarantees to certain banks relating to mortgage facilities arranged for certain buyers of properties developed by the Enlarged Group and the outstanding mortgage loans under these guarantees amounted to HK$5,528.85 million.

General

Save as aforesaid and apart from intra-group liabilities, the Enlarged 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, recognised lease liabilities, hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 31 October 2020.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the Enlarged Group's available financial resources including internally generated cash flows, credit facilities and cash on hand, the Enlarged Group has sufficient working capital to satisfy its requirements for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

As of the third quarter of 2020, the post-pandemic Chinese domestic economy has recorded steady recovery with visible rebound in social production and consumer demand. After acting as a macroeconomic stabiliser, the real estate industry sees the gradual withdrawal of pandemic-driven policy and revisits the principle of "houses are built to be inhabited, not for speculation" promoted by the PRC central government. Despite the introduction of tightening real estate policies in over a dozen of cities in recent months, property sales still recovered strongly with both the nationwide sales and investment value recording a slight but remarkable year-on-year increase.

Looking forward to 2021, although overall monetary policy is expected to remain generally flexible, monetary policy related to the property sector will continue to tighten in order to curb the property bubble and prevent the illegal credit fund flow into the sector. After the recent announcement by the PRC central government of the "three red line regulatory limitations" related to property financing, real estate developers are expected to be more cautious with regards to financing activities and take prudent measures in relation to investment and development outlay. Industry growth curve is expected to continue to flatten as sector players shift from a leverage-driven growth model towards the refinement of operational and managerial capability, which will pose greater challenges in the area of product innovation and operational capacity. Meanwhile, growth model fueled by high turnover and high leverage is expected to be sidelined whilst large scale real estate company welcomes new growth opportunities.

In terms of the Group's property sales, the adoption of multi sales strategy by combining online and offline sales has become the new norm and cash collection continues to be of vital importance. In terms of internal managerial control, operating efficiency optimisation remains the key. In terms of financing, gearing control, the broadening of funding channel and partnership with financial institutions will become mainstream practice. The Group will adhere to prudent financial management principles to closely monitor gearing ratio and operating expenses, strengthen capital market capability, optimise capital structure, and fully utilise capital raising capability in our Hong Kong listed platform.

5. MAJOR ACQUISITIONS AFTER 31 DECEMBER 2019 BEING THE DATE TO WHICH THE LATEST PUBLISHED AUDITED CONSOLIDATED ACCOUNTS OF THE GROUP WERE MADE UP

References are made to the announcements dated 18 June 2020 (the "**June Announcement**") and 9 September 2020 and the circular dated 21 July 2020 issued by the Company (the "**July Circular**"), respectively, in relation to (i) the equity transfer agreement entered into between Shengshi Guangye as purchaser 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) as vendor for the acquisition of 49% equity interests in 天津市億嘉合置業有限公司 Tianjin Yijiahe Real Estate Company Limited* ("**Tianjin Yijiahe**") at a consideration of RMB1,475.45 million (approximately HK$1,701.34 million) (the "**Equity Transfer**") and (ii) the capital injection agreement entered into between Shengshi Guangye, 五礦地產湖南開發有限公司 Minmetals Land Hunan Development Co., Ltd.* ("**Minmetals Land Hunan**") and 五礦二十三冶建設集團有限公司 The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals* ("**23rd Metallurgical**", an indirect non-wholly owned subsidiary of China Minmetals) in relation to the admission of Shengshi Guangye to contribute 51% equity interest in Minmetals Land Hunan for a total sum of RMB1,327.32 million (approximately HK$1,530.53 million) (the "**Capital Injection**").

The consideration for the Equity Transfer and the capital injection amount for the Capital Injection were satisfied by internal financial resources of the Group or bank borrowings, and completion of the Equity Transfer and the Capital Injection took place on 2 September 2020 and 1 September 2020, respectively.

Tianjin Yijiahe is a company established under the laws of the PRC with limited liability owned as to 49% by Shengshi Guangye and 51% by 北京遠坤房地產開發有限公司 Beijing Yuankun Real Estate Development Company Limited. It is principally engaged in the development of a mega scale residential estate, namely Neo-Metropolis, in Tianjin, the PRC.

Minmetals Land Hunan is a company established under the laws of the PRC with limited liability owned as to 51% by Shengshi Guangye and 49% by 23rd Metallurgical. It is principally engaged in investment holding of companies involved in property development and property management in the PRC, and together with its subsidiaries (the "**Minmetals Land Hunan Group**") is principally engaged in property development in the PRC.

The aggregate of the remuneration payable to and benefits in kind receivable by the Directors will not be varied in consequence of the aforementioned equity transfer and capital injection.

Details of the financial information of each of Tianjin Yijiahe and the Minmetals Land Hunan Group for each of the three years ended 31 December 2017, 2018 and 2019 and the four months ended 30 April 2020 have been set out in the July Circular.

Save as disclosed in this circular, after the date to which the latest published audited accounts of the Group have been made up, the Group has not acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published accounts of the Group.

The following is the text of a report set out on pages II-1 to II-18, received from the Project Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF 廣州品誠房地產開發有限公司 GUANGZHOU PINCHENG REAL ESTATE DEVELOPMENT CO., LTD. TO THE DIRECTORS OF MINMETALS LAND LIMITED

Introduction

We report on the historical financial information of Guangzhou Pincheng Real Estate Development Co., Ltd. (the "**Project Company**") set out on pages II-3 to II-18, which comprises the statement of financial position of the Project Company as at 31 October 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows of the Project Company for the period from 13 April 2020 (the date of incorporation) to 31 October 2020 (the "**Relevant Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-3 to II-18 forms an integral part of this report, which has been prepared for inclusion in the circular of Minmetals Land Limited (the "**Company**") dated 22 December 2020 (the "**Circular**") in connection with, among other things, the (I) major and connected transaction in relation to the cooperation agreement on the formation of Guangzhou Kuangyu Investment Co., Ltd. and (II) major transaction in relation to acquisition of 90% equity interests in the project company and interests in Land.

Directors' responsibility for the Historical Financial Information

The directors of the Project Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Project Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Project Company is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Project Company, as well as evaluating the overall presentation of the Historical 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, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Project Company's financial position as at 31 October 2020 and of the Project Company's financial performance and cash flows for the Relevant Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-3 have been made.

Dividends

We refer to Note 7 to the Historical Financial Information which states that no dividend was declared or paid by the Project Company in respect of the Relevant Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 December 2020

HISTORICAL FINANCIAL INFORMATION OF THE PROJECT COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Project Company for the Relevant Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	From 13 April 2020 (Date of incorporation) to 31 October 2020 *RMB'000*
Administrative and other expenses		(31)
Finance income	5	23
Finance costs	5	(54,430)
Loss before tax		(54,438)
Income tax expense	6	—
Loss and total comprehensive expense for the period		(54,438)

STATEMENT OF FINANCIAL POSITION

	Notes	**As at 31 October 2020** *RMB'000*
ASSETS		
Current assets		
Prepayments	8	2,288,069
Bank deposits	9	9,991
		2,298,060
Total assets		2,298,060
EQUITY		
Paid-in capital	10	10,000
Accumulated losses		(54,438)
Total equity		(44,438)
LIABILITIES		
Current liabilities		
Loan from immediate holding company	11	2,288,068
Other payables	12	54,430
		2,342,498
Total liabilities		2,342,498
Total equity and liabilities		2,298,060
Net current liabilities		(44,438)
Total assets less current liabilities		(44,438)

STATEMENT OF CHANGES IN EQUITY

	Paid-in capital	Accumulated Losses	Total
	RMB'000	*RMB'000*	*RMB'000*
At 13 April 2020 (Date of incorporation)	—	—	—
Losses and total comprehensive expenses for the period	—	(54,438)	(54,438)
Capital contributions from owner of the Project Company *(Note 10)*	10,000	—	10,000
At 31 October 2020	10,000	(54,438)	(44,438)

STATEMENTS OF CASH FLOWS

	Notes	From 13 April 2020 (Date of incorporation) to 31 October 2020 *RMB'000*
Operating activities		
Cash used in operations	13	(1,424,647)
Net cash used in operating activities		(1,424,647)
Financing activities		
Loan obtained from immediate holding company		1,424,638
Capital contribution received from immediate holding company		10,000
Net cash generated from financing activities		**1,434,638**
Increase in cash and cash equivalents		9,991
Cash and cash equivalents at date of incorporation		—
Cash and cash equivalents at end of the period		9,991

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Project Company is a limited liability company incorporated in the People's Republic of China (the "**PRC**") on 13 April 2020. Its immediate holding company is Guangzhou Metro Group Co., Ltd. which was incorporated in the PRC and its ultimate controlling party is State-owned Assets Supervision and Administration Committee of the Guangzhou Municipal Government of the PRC.

The address of the registered office of the Project Company is Unit 201, Huaying International Plaza, No. 323 Tongkang Road, Songzhou Street, Baiyun District, Guangzhou, the PRC.

The Project Company is principally engaged in property development and investment in the PRC. The Historical Financial Information is presented in Renminbi ("**RMB**"), which is also the functional currency of the Project Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with HKFRSs issued by HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Company Ordinance.

As at 31 October 2020, the Project Company shows net liability of RMB44,438,000 and net current liability of RMB44,438,000. The directors of the Project Company have, at the date of this report, a reasonable expectation that the Project Company has adequate resources through loan from shareholder to continue in operational existence for the foreseeable future. Thus the Historical Financial Information has been prepared on a going concern basis.

No statutory financial statements of the Company have been prepared since its date of incorporation as it is newly incorporated and the financial statements have not yet been due to issue.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Period, the Project Company has consistently applied the accounting policies which conform with HKFRSs, which are effective for the accounting period beginning on 1 January 2020 throughout the Relevant Period.

New and amendments HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[5]
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 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]

Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–20202[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 June 2020
5 Effective for annual periods beginning on or after 1 January 2021

The directors of the Project Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the Project Company's financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the accounting policies set out below which conform with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and Hong Kong Company Ordinance.

The Historical Financial Information has been prepared on the historical cost basis, as explained in the accounting policies set out 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, the Project Company 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 these Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and 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 below:

- 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 principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES — continued

Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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 (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (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 financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets

The Project Company performs impairment assessment under expected credit losses ("ECL") model on financial assets (including bank deposits) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES — continued

Financial instruments — continued

Financial assets — continued

Impairment of financial assets — continued

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Project Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For bank deposits, the Project Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Project Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Derecognition of financial assets

The Project Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

Financial liabilities and equity

Debt and equity instruments issued by the Project Company 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 an entity after deducting all of its liabilities. Equity instruments issued by the Project Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including loan from immediate holding company and other payables are subsequently measured at amortised cost using effective interest method.

Derecognition of financial liabilities

The Project Company derecognises financial liabilities when, and only when, the Project Company 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.

4. SIGNIFICANT ACCOUNTING POLICIES — continued

Borrowing costs

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.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. 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.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Project Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which those temporary differences can be utilised. Such deferred tax assets 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 periods 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

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

Current and deferred tax are recognised in profit or loss.

5. FINANCE INCOME AND COSTS

	From 13 April 2020 (Date of incorporation) to 31 October 2020 *RMB'000*
Finance income	
Interest income from bank deposits	23
Finance costs	
Interest on loan from immediate holding company	54,430

6. INCOME TAX EXPENSE

The PRC enterprise income tax has been calculated on the estimated assessable profit for the period derived in the Mainland China at the statutory tax rate of 25%.

	From 13 April 2020 (Date of incorporation) to 31 October 2020 *RMB'000*
Current tax	
PRC enterprise income tax	—
Deferred tax	—
	—

The tax charge for the period can be reconciled to the loss before tax per the statement of profit or loss and other comprehensive income as follows:

	From 13 April 2020 (Date of incorporation) to 31 October 2020 *RMB'000*
Loss before tax	(54,438)
Tax at the enterprise income tax rate of 25%	(13,610)
Tax effect of tax losses not recognised	13,610
Income tax expense for the period	—

7. DIVIDENDS

During the period from 13 April 2020 (Date of incorporation) to 31 October 2020, the Project Company did not declared or paid any dividends to its shareholder.

8. PREPAYMENTS

	As at 31 October 2020 *RMB'000*
Prepayment for acquisition of land use right (a)	2,288,068
Tax prepayments (b)	1
	2,288,069

Notes:

(a) As at 31 October 2020, prepayments for acquisition of land use right represent payments to Guangzhou Municipal Planning and Natural Resources Bureau for the acquisition of land located in Guangzhou and the amount will be reclassified to inventory upon issuance of land use rights certificates.

(b) Tax prepayments represent payments for value added tax.

9. BANK DEPOSITS

The carrying amount of bank deposits is denominated in RMB, and carry interest at the prevailing market rates of 0.30% per annum as at 31 October 2020.

10. PAID-IN CAPITAL

	As at 31 October 2020 *RMB'000*
At 13 April 2020 (Date of incorporation)	—
Capital contribution *(note)*	10,000
At the end of the period	10,000

Note: As at 31 October 2020, the registered capital of the Project Company was RMB2,181,280,000. On 28 April 2020, RMB10,000,000 of paid-in capital was received from Guangzhou Metro Group Co., Ltd., the immediate holding company of the Project Company.

11. LOAN FROM IMMEDIATE HOLDING COMPANY

Loan from immediate holding company is unsecured, unguaranteed and carried fixed interest rate at 4.65% per annum and is repayable on demand.

12. OTHER PAYABLES

	As at 31 October 2020
	RMB'000
Interest payable to immediate holding company	54,430

Note: The interest payable to immediate holding company is unsecured, interest free, and repayable on demand.

13. NOTE TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before tax to cash used in operations:

	From 13 April 2020 (Date of incorporation) to 31 October 2020
	RMB'000
Loss before tax	(54,438)
Interest expense	54,430
Operating loss before change in working capital	(8)
Increase in prepayments	(1,424,639)
Cash used in operating activities	(1,424,647)

(b) Reconciliation of liabilities arising from financing activities:

	Interest payable to immediate holding company	Loan from immediate holding company	Total
	RMB'000	*RMB'000*	*RMB'000*
At 13 April 2020 (Date of Incorporation)	—	—	—
Financing cash flows	—	1,424,638	1,424,638
Non-cash changes interest expense	54,430	—	54,430
Other non-cash item *(Note (i))*	—	863,430	863,430
At 31 October 2020	54,430	2,288,068	2,342,498

Note:

(i) RMB863,430,000 is the prepayments for acquisition of land use right paid by the immediate holding company on behalf of the Project Company, and there was no cash impact.

14. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these financial statements, the Project Company has the following transactions with the related parties:

Transactions with related parties

	From 13 April 2020 (Date of incorporation) to 31 October 2020
	RMB'000
Interest cost to the immediate holding company	54,430

15. CAPITAL RISK MANAGEMENT

The Project Company manages its capital to ensure that entity will be able to continue as a going concern while maximizing the return to shareholder through the optimisation of the debt and equity balance.

The capital structure of the Project Company consists of net debt, which includes loan from immediate holding company and other payables disclosed in note 11 and note 12 respectively, net of cash and cash equivalents and equity attributable to owner of the Project Company, comprising paid-in capital and accumulated losses. The management reviews the capital structure periodically. The Project Company will balance its overall capital structure through new borrowings or the redemption of existing borrowings.

16. FINANCIAL RISK FACTORS AND MANAGEMENT

The Project Company's major financial instruments include bank deposits, loan from immediate holding company and other payables.

(a) Financial risk factors

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

(i) Credit risk

The Project Company's credit risk primarily arises from bank deposits.

The credit risk on deposits with banks is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies.

(ii) Market risk

Interest rate risk

The Project Company is exposed to fair value interest rate risk in relation to loan from immediate holding company (see Note 11 for details) and cash flow interest rate risk in relation to variable-rate bank balances (see Note 9 for details).

16. FINANCIAL RISK FACTORS AND MANAGEMENT — continued

(a) Financial risk factors — continued

(ii) Market risk — continued

Interest rate risk — continued

Bank deposits are excluded from sensitivity analysis as the directors of the Project Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank deposits is insignificant.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Management aims to maintain flexibility in funding by keeping credit lines available. Management monitors the rolling forecasts of the Project Company's bank deposits (Note 9) on the basis of expected cash flow.

Ultimate responsibility for liquidity risk management rests with the directors of the Project Company, which has built an appropriate liquidity risk management framework for the management of the Project Company's short, medium and long-term funding and liquidity management requirements. As at 31 October 2020, the Project Company shows net current liability RMB44,438,000. The Project Company manages liquidity risk by maintaining adequate resources support through loan form shareholder, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Project Company's financial liabilities at amortised cost at the end of the reporting period to the contractual maturity date. Specially, loan from immediate holding company with on demand clause are included in the earliest time band regardless of the probability of the shareholder choosing to exercise its right. The amounts disclosed in the table are the contractual undiscounted cash flows.

Financial liabilities	Weighted average interest rate	Repayable on demand or with in 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total undiscounted Cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 October 2020							
Other payables		54,430	—	—	—	54,430	54,430
Loan from immediate holding company	4.65%	2,288,068	—	—	—	2,288,068	2,288,068
		2,342,498	—	—	—	2,342,498	2,342,498

(b) Fair value estimate

The directors of the Project Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the statement of financial position approximate their respective fair values at the end of reporting period. The fair value of financial assets and financial liabilities are determined by using generally accepted pricing models based on discounted cash flows.

17. EVENTS AFTER THE REPORTING PERIOD

On 17 November 2020, Guangzhou Metro Group Co., Ltd. and Guangzhou Kuangyu Investment Co., Ltd. entered into the share transfer agreement in relation to the transfer of 90% of the equity interest in the Project Company. Upon completion of the transfer on 2 December 2020, the Project Company was owned as to 90% and 10% by Guangzhou Kuangyu Investment Co., Ltd. and Guangzhou Metro Group Co., Ltd., respectively.

On 9 December 2020, RMB2,171,280,000 of paid-in capital was received from Guangzhou Kuangyu Investment Co., Ltd. and Guangzhou Metro Group Co., Ltd. The consideration of land use right was fully settled on 10 December 2020 by the Project Company.

18. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Project Company have been prepared in respect of any period subsequent to the end of the Relevant Period.

*Set out below is the management discussion and analysis of the Project Company for the period from 13 April 2020 (i.e. the date of incorporation of the Project Company) up to 31 October 2020 (the "**Relevant Period**"). The following financial information is based on the accountants' report of the Project Company as set out in Appendix II to this circular.*

Set out in Appendix II to this circular is the accountant's report on the Project Company for the period from 13 April 2020 (i.e. the date of incorporation) to 31 October 2020 (the "**Relevant Period**"). Below is the management discussion and analysis on the performance of the Project Company during the Relevant Period.

During the Relevant Period, the Project Company has not been involved in any significant business transactions, other than the making of certain payments for the land premium of the Land. As such, the Project Company has not generated any revenue and the net loss of the Project Company was approximately RMB54.44 million (approximately HK$62.77 million) during the Relevant Period. The net loss of the Project Company was mainly attributable to the finance costs incurred by the Project Company during the Relevant Period.

Save for the Land, which was delivered to the Project Company in August 2020 with the "State-owned Land-use Certificate" and/or "Real Estate Title Certificate" expected to be obtained in January 2021, the Project Company did not hold any significant investments or make any material acquisitions and disposal of subsidiaries and associated companies during the Relevant Period. As at 31 October 2020, the Project Company had no future plans for any material investments or its capital assets.

The Project Company was principally set up as the project company to undertake the Development Project. Its prospects will be determined by the development of the Development Project. The Project Company has committed to acquire the land use rights of the Land with respect to the Development Project.

LIQUIDITY AND FINANCIAL RESOURCES

During the Relevant Period, the Project Company derived its funds from the borrowings from the Seller, its immediate holding company. As at 31 October 2020, the Project Company has borrowings from the Seller of approximately RMB2,288.07 million (approximately HK$2,638.37 million) to finance certain payments of the land premium and related taxes of the Land.

As at 31 October 2020, bank deposits of the Project Company amounted to approximately RMB9.99 million (approximately HK$11.52 million). Total liabilities of the Project Company amounted to approximately RMB2,342.50 million (approximately HK$2,701.14 million) as at 31 October 2020 comprising the borrowings from the Seller, its immediate holding company, which were denominated in RMB, unsecured and interest bearing at 4.65% per annum and repayable on demand.

Considering the gearing ratio based on net debt (represented by total borrowings less bank deposits) divided by total equity, there was no gearing for the Project Company as at 31 October 2020 since the Project Company was in a net cash position on that date.

The capital commitment of the Project Company for the acquisition of the land use rights of the Land amounted to approximately RMB2,158.56 million (approximately HK$2,489.04 million), being the payment of the remaining balance of the land premium of the Land as at 31 October 2020, which has been fully settled by the Project Company on 10 December 2020.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The business activities and operations of the Project Company were in the PRC, with expenditure, assets and liabilities denominated in RMB. It did not have significant foreign currency exposure. As such, the Project Company had not implemented hedging or other alternative measures during the Relevant Period.

CHARGE ON ASSETS

The Project Company did not have any charges on its assets as at 31 October 2020.

CONTINGENT LIABILITIES

The Project Company did not have any material contingent liabilities as at 31 October 2020.

EMPLOYEES

The Project Company did not have any employees during the Relevant Period.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Introduction

This unaudited pro forma consolidated statement of financial position (the "**Unaudited Pro Forma Financial Information**") has been prepared for the purpose of providing shareholders of the Company with information about the impact of the Acquisition by illustrating how the Acquisition might have affected the financial position of the Group as at 30 June 2020, had the Acquisition taken place on 30 June 2020.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Group, as enlarged by the Acquisition, that would have been attained had the Acquisition been completed on 30 June 2020. Neither does the Unaudited Pro Forma Financial Information purport to predict the future financial position of the Enlarged Group.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group following the completion of the Acquisition.

The Unaudited Pro Forma Financial Information has been prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2020, which has been extracted from the published interim report of the Group for the six months ended 30 June 2020, and the audited statement of financial position of the Project Company as at 31 October 2020, which has been extracted from the accountants' report of the Project Company as set out in Appendix II to this circular, respectively, after giving effect to the unaudited pro forma adjustments as described in the accompanying notes.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular. The Unaudited Pro Forma Financial Information does not take into account any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Enlarged Group.

All the capitalised terms herein have the same meaning as those defined in the circular, unless otherwise indicated.

BASIS OF PREPARATION

This Unaudited Pro Forma Financial Information has been prepared in accordance with Rule 4.29 of the Listing Rules and based upon: (i) the unaudited consolidated statement of financial position of the Group as at 30 June 2020, which has been extracted from the interim report of the Group for the six months ended 30 June 2020, and (ii) the audited financial position of the Project Company as at 31 October 2020, which has been extracted from the accountants' report of the Project Company included in Appendix II to this circular; and adjusted in accordance with the pro forma adjustments described below, as if the Acquisition had been completed on 30 June 2020.

The statement of financial position of the Project Company and other items denominated in Renminbi ("**RMB**") are translated into Hong Kong Dollars at the approximate exchange rate of RMB1 to HK$1.1531 for illustration purpose only and such translation does not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted at the above rate.

The Unaudited Pro Forma Financial Information has been prepared in a manner consistent with both the format and accounting policies adopted by the Group in the unaudited consolidated financial statements for the six months ended 30 June 2020.

	The Group as at 30 June 2020	**The Project Company as at 31 October 2020**	**The Project Company as at 31 October 2020**	**Formation of JV Company**	**Acquisition of the Project Company**	**Unaudited Pro forma for the Enlarged Group as at 30 June 2020**
	HK$'000	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 2)*	*(Note 3)*	*(Note 4)*	
ASSETS						
Non-current assets						
Property, plant and equipment	248,429	—	—	—	—	248,429
Investment properties	2,332,408	—	—	—	—	2,332,408
Interests in associates	1,114,340	—	—	—	—	1,114,340
Interests in joint ventures	83,665	—	—	—	—	83,665
Financial assets at fair value through other comprehensive income	1,256,061	—	—	—	—	1,256,061
Deferred tax assets	392,042	—	—	—	—	392,042
	5,426,945	**—**	**—**	**—**	**—**	**5,426,945**

	The Group as at 30 June 2020 *HK$'000* *(Note 1)*	The Project Company as at 31 October 2020 *RMB'000* *(Note 2)*	The Project Company as at 31 October 2020 *HK$'000* *(Note 2)*	Formation of JV Company *HK$'000* *(Note 3)*	Acquisition of the Project Company *HK$'000* *(Note 4)*	Unaudited Pro forma for the Enlarged Group as at 30 June 2020 *HK$'000*
Current assets						
Inventories	28,593,210	—	—	—	—	28,593,210
Prepayments, trade and other receivables	11,300,313	2,288,069	2,638,372	—	440,671	14,379,356
Contract assets	590,596	—	—	—	—	590,596
Contract costs	19,864	—	—	—	—	19,864
Cash and bank deposits, restricted	20,455	—	—	—	—	20,455
Cash and bank deposits, unrestricted	3,556,707	9,991	11,521	2,569,145	(2,746,802)	3,390,571
	44,081,145	**2,298,060**	**2,649,893**	**2,569,145**	**(2,306,131)**	**46,994,052**
Total assets	**49,508,090**	**2,298,060**	**2,649,893**	**2,569,145**	**(2,306,131)**	**52,420,997**
LIABILITIES						
Non-current liabilities						
Borrowings	16,239,543	—	—	—	—	16,239,543
Deferred tax liabilities	131,401	—	—	—	—	131,401
Lease liabilities	63,104	—	—	—	—	63,104
Other financial liabilities	55,850	—	—	—	—	55,850
	16,489,898	**—**	**—**	**—**	**—**	**16,489,898**
Current liabilities						
Borrowings	2,853,848	2,288,068	2,638,371	1,156,597	(2,374,534)	4,274,282
Trade and other payables	7,886,277	54,430	62,763	—	(3,472)	7,945,568
Contract liabilities	5,306,869	—	—	—	—	5,306,869
Deferred revenue	3,965	—	—	—	—	3,965
Lease liabilities	16,824	—	—	—	—	16,824
Taxation payable	135,145	—	—	—	—	135,145
	16,202,928	**2,342,498**	**2,701,134**	**1,156,597**	**(2,378,006)**	**17,682,653**
Total liabilities	**32,692,826**	**2,342,498**	**2,701,134**	**1,156,597**	**(2,378,006)**	**34,172,551**
Total equity and liabilities	**49,508,090**	**2,298,060**	**2,649,893**	**2,569,145**	**(2,306,131)**	**52,420,997**

Notes:

(1) The balances are extracted from the consolidated statement of financial position of the Group as at 30 June 2020 as set out in the published interim report of the Group for the six months ended 30 June 2020.

(2) The balances are extracted from the statement of financial position of the Project Company as at 31 October 2020 as set out in the accountants' report on historical financial information of the Project Company, the Appendix II to this circular, and translated to Hong Kong Dollars using the exchange rate of RMB1.0000 = HK$1.1531.

(3) The adjustment represents the formation of JV Company with JV Partner. The total contribution to be made by the JV Partner of RMB2,228.03 million (approximately HK$2,569.15 million) represents RMB1,225 million (approximately HK$1,412.55 million) of subscribed capital and RMB1,003.03 million (approximately HK$1,156.60 million) of shareholder's loan as stated in the Cooperation Agreement.

(4) The acquisition is identified to be an asset acquisition in accordance with Hong Kong Financial Reporting Standard ("**HKFRS**") 3 (Revised) "Business Combinations" as directors of the Group believe that this transaction does not constitute a business. The adjustments of the identifiable assets and liabilities of the Project Company mainly represents the adjustments of the Land of RMB382.16 million (approximately HK$440.67 million), and the calculation of adjustments is as follows:

	RMB'000	*HKD'000*
Fair value of the Land per valuation	4,670,000	5,384,977
Land cost (i)	4,446,623	5,127,401
Fair value adjustment of the Land	**223,377**	**257,576**
Consideration for the 90% equity interest of the Project Company pursuant to the Share Transfer Agreement	319,830	368,796
Adjusted fair value of 90% of identifiable asset and liabilities of the Project Company	161,045	185,701
Acquisition premium adjustment of the Land (ii)	**158,785**	**183,095**
Total adjustments of the Land	**382,162**	**440,671**

(i) The land cost represents the land premium and related deed tax extracted from the State-owned Construction Land-use Rights Grant Contract.

(ii) As the acquisition is identified as an asset acquisition, acquisition premium of consideration over 90% of fair value of the identifiable asset and liabilities of the Project Company is allocated to the Land and adjusted to prepayment.

90% of the shareholder's loan and related interest payables of the Project Company amounted to RMB2,062.27 million (approximately HK$2,378.01 million) will be eliminated upon completion of the Acquisition.

(5) No adjustment has been made to reflect any trading results or other transaction of the Group and the Project Company entered into subsequent to 30 June 2020 and 31 October 2020 respectively.

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

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

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 2020 and related notes as set out on pages IV-2 to IV-4 of the circular issued by the Company dated 22 December 2020 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-2 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of (I) major and connected transaction in relation to the cooperation agreement on the formation of Guangzhou Kuangyu Investment Co., Ltd., and (II) major transaction in relation to acquisition of 90% equity interests in Guangzhou Pincheng Real Estate Development Co., Ltd. and interests in land on the Group's financial position as at 30 June 2020 as if the transactions had taken place at 30 June 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the six months ended 30 June 2020, on which a review report 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 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 2020 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 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, 22 December 2020

*The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from "**Vigers Appraisal and Consulting Limited**", an independent professional surveyor, in connection with the valuation of the property interest of the property to be acquired by the Group as at 31 October 2020 in relation to the Acquisition.*

Vigers Appraisal and Consulting Limited
General Practice Sector

27/F Standard Chartered Tower,
Millennium City 1, No. 388 Kwun Tong Road,
Kowloon, Hong Kong

T: +852 6651–5330 E: GP@Vigers.com W: www.Vigers.com

22 December 2020

The Board of Directors
Minmetals Land Limited

18th Floor, China Minmetals Tower,
No. 79 Chatham Road South, Tsim Sha Tsui, Kowloon,
Hong Kong

Dear Sirs,

We refer to the recent instruction from "**Minmetals Land Limited**" (referred to as the "Company") and/or its subsidiary(ies) (together referred to as the "Group") to us to value the property interest(s) of "**Lot No. 2020KJ01110001 situated at Subway Line 13, Phase II Chatou Station, Baiyun District, Guangzhou, Guangdong Province, the People's Republic of China**" which is to be solely owned by "Guangzhou Pincheng Real Estate Development Co., Ltd." (the "**Project Company**"), we confirm that we have inspected the property, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of the property as at **31 October 2020** (the "**Date of Valuation**").

BASIS OF VALUE

Our valuation is our opinion of market value of the property which is 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 valuation has been prepared in accordance with "The HKIS Valuation Standards (2017 Edition)" published by "The Hong Kong Institute of Surveyors" ("HKIS"), "RICS Valuation — Global Standards" published by the "Royal Institution of Chartered Surveyors" ("RICS"), relevant provisions in the Companies Ordinance and the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" (Main Board) published by "The Stock Exchange of Hong Kong Limited" ("HKEx"). Market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special consideration or concession granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to cost(s) of sale and purchase, and without offset for any associated tax(es).

APPROACH TO VALUE

In our valuation, we have adopted market approach which provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. We have applied comparison method of valuation whereby comparisons based on actual sales transactions and/or offering of comparable properties have been made. Comparable properties with similar character, location and so on are analysed and carefully weighed against all respective advantages and disadvantages of the property in order to arrive at a fair comparison of value.

TITLE INVESTIGATION

The property is located in the "People's Republic of China" (the "PRC"), and we have been given extracted copy(ies) of relevant title document(s) for the property but we have not checked the title(s) to the property nor scrutinized the original title document(s). We have relied on the advice given by the Group and her legal adviser on the laws of the PRC, "Dentons Guangzhou LLP" ("北京大成(廣州)律師事務所") (hereinafter referred to as the "PRC Legal Adviser") regarding title(s) to and ownership of the property. For the purpose of our valuation, we have taken the legal opinion prepared by the PRC Legal Adviser into account, in particular title(s), ownership, encumbrances and so on of the property. While we have exercised our professional judgement in arriving at our valuation, you are urged to consider our valuation assumptions with caution.

VALUATION CONSIDERATION

Having examined all relevant documents, we have relied to a considerable extent on the information given by the Group, particularly planning approval(s) or statutory notice(s), easement(s), land-use rights' term(s), site and floor areas, development option(s), development cost(s) expended and to be expended, occupancy status as well as in the identification of the property. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group, the PRC Legal Adviser, and we have been advised that no material fact has been omitted from the information provided. We have not carried out detailed on-site measurement to verify the correctness of the site and floor areas of the property but we have assumed that the site and floor areas shown on the document(s) handed to us are accurate and reliable. All dimension(s), measurement(s) and area(s) included in our valuation report are based on the information contained in the document(s) provided to us and are therefore approximations.

We had carried out on-site inspection to the property and surrounding environment, but not in any form of a building survey, on 10 November 2020. But we must stress that we have not carried out any structural survey nor have we inspected the woodwork or other part(s) of the structure(s) of the property which were covered, unexposed or inaccessible to us. We are therefore unable to report whether such part(s) of the property is free from any structural or non-structural defect.

VALUATION ASSUMPTION

Our valuation has been made on the assumption that the property could be sold in the prevailing market in existing state assuming sale with vacant possession and without the effect of any deferred term contract, leaseback, joint venture or any other similar arrangement which may serve to affect the value of the property 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 property.

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

We had carried out on-site inspection to the property but no soil investigation has been carried out to determine the suitability of ground condition or building services for any property development erected or to be erected on the property. Our valuation has been carried out on the assumption that these aspects are satisfactory.

Our value assessment of the property is the value estimated without regard to cost(s) 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 property has/have been disregarded. In our valuation, we have assumed that the property is free from encumbrances, restriction(s) and outgoing(s) of an onerous nature which may serve to affect the value of the property.

REMARKS

As confirmed by the Group,

(1) the use(s) of the property do(es) not constitute any breach of environmental regulation(s); and

(2) there is no plan to change the use(s) of the property.

We hereby confirm that:

(1) we have no present or prospective interest in the property; and are not a related corporation of nor having a relationship with the Group or other party/parties who the Group is contracting with;

(2) we are authorised to practise as external valuer and have the necessary expertise and experience in valuing similar types of properties;

(3) our valuation has been prepared on a fair and unbiased basis;

(4) the valuer's compensation is not contingent upon reporting of a predetermined value or direction in value(s) that favours the cause of the vendor(s) or purchaser(s), the amount(s) of the value estimate, the attainment of a stipulated result, or occurrence of subsequent event(s); and

(5) we are independent of the Group and "Guangzhou Metro Group Co., Ltd" (the "Seller").

Unless otherwise stated, all monetary amounts stated herein are denoted in 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

Sr Franky C. H. WONG
MSc(RealEst) MCIM FRICS MHKIS RPS(GP)
China Registered Real Estate Appraiser
RICS Registered Valuer
Director

Note: Graduated from The University of Hong Kong with a Master of Science in Real Estate, **Sr Franky C. H. WONG** is a "Registered Professional Surveyor in General Practice Division" ("RPS(GP)") under the "Surveyors Registration Ordinance" (Cap. 417) in Hong Kong, and is a "RICS Registered Valuer" under the "Valuer Registration Scheme" regulated by the RICS with over 19 years' valuation experience on properties in various regions including Hong Kong, Macao, the PRC, Taiwan, Japan, Southeast Asia countries, United Kingdom and United State of America. **Sr WONG** has been vetted on the "List of Property Valuers for Undertaking Valuations for Incorporation of Reference in Listing Particulars and Circulars and Valuations in connection with Takeovers and Mergers" published by the HKIS and "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 RICS Hong Kong, and is suitably qualified for undertaking valuations relating to listing exercises. **Sr WONG** has been employed by "**Vigers Appraisal and Consulting Limited**" as a valuer since 2006 and as a qualified surveyor since 2009.

PROPERTY VALUATION REPORT

Property Interest(s) to be Acquired by the Group for Future Development purpose

<table>
<tr><th>Property</th><th>Description and Tenure</th><th>Occupancy Status</th><th>Market Value in Existing State as at the Date of Valuation</th></tr>
<tr>
<td>Lot No. 2020KJ01110001 situated at Subway Line 13, Phase II Chatou Station, Baiyun District, Guangzhou City, Guangdong Province, the People's Republic of China</td>
<td>
To be completed by 2024, the property is being developed into a medium-scale residential development with provision of office, commercial and other ancillary facilities such as kindergarten, elderly day care centre, nursey, playground and so on provided therein upon completion.
The property has a site area of about 76,821.00 square metres including road(s) of about 4,278.00 square metres and protection greenery of about 4,628.00 square metres.
The property has a total planned gross floor area of about 339,807.20 square metres with breakdown below.
<table>
<tr><th>Use</th><th>Gross Floor Area
(square metres)</th></tr>
<tr><td>High-rise Residential</td><td>131,165.20</td></tr>
<tr><td>Commodity Housing</td><td>6,950.00</td></tr>
<tr><td>Apartment</td><td>48,260.00</td></tr>
<tr><td>Commercial</td><td>43,835.00</td></tr>
<tr><td>Ancillary Facilities*</td><td>20,247.00</td></tr>
<tr><td>Underground Facilities#</td><td>89,350.00</td></tr>
<tr><td>Total</td><td>339,807.20</td></tr>
</table>
* Note Ancillary Facilities are to be handed over to the Government without compensation upon completion.
# Note A total of 2,325 car parking spaces will be provided in Underground Facilities upon completion.
The property is to be held under granted land-use rights with a term of 70 years for "Category Two Residential with Commercial and Business Facilities Uses".
</td>
<td>As inspected and as advised by the Group, the property was in bare site status pending for property development.</td>
<td>NO COMMERCIAL VALUE

(Please refer to Notes 4. and 5. for further details.)</td>
</tr>
</table>

Notes:

1. Pursuant to "State-owned Construction Land-use Rights Grant Contract" dated 23 April 2020 (Document No.: 44011–2020–000010) and its "State-owned Construction Land-use Rights Grant Contract Variation Agreement" dated 22 May 2020, the land-use rights of the property was granted to "Guangzhou Pincheng Real Estate Development Co., Ltd." (the "Project Company") at a land-use rights grant premium of RMB4,317,110,000 only and is subject to the following salient development conditions.

Land-use	:	Urban Residential, Retail Commercial, Food & Beverage, Guesthouse and Commercial Finance Uses
Plot Ratio	:	Site AB2712036 ⩽ 3.6
Site Coverage	:	Site AB2712036 ⩽ 30%
Gross Floor Area	:	Site AB2712036 Plot Ratio Gross Floor Area ⩽ 245,290 square metres (including Residential of 138,992 square metres, Ancillary Area of 15,290 square metres, Commercial/Business of 87,508 square metres, Railway Police Station of 3,500 square metres) with other relevant requirements as follows:

I. Transportation Interfacing Facilities, including (Exempted from Plot Ratio Gross Floor Area):
- 6,910 square metres for P + R Carpark
- Site area of 1,500 square metres for a Public Transport Terminal
- 3,500 square metres for Transport Centre
- Site area of 901 square metres for Bicycle Parking Spaces

II. Community Public Service Facilities, including:
- 2,000 square metres for a Family Integrated Service Centre
- 2,180 square metres for a Community Youth Palace
- 2,880 square metres (with site area of 3,600 square metres) for a Kindergarten having 12 Classes
- 200 square metres for a Community Committee
- 100 square metres for a Community Chamber
- 200 square metres for an Administration for Market Management Office
- 100 square metres for a Community Service Station
- 100 square metres for the Homes for the Aged
- 343 square metres for 2 Property Management Offices
- 200 square metres for a Cultural Room
- 400 square metres (with Site Area of 2,400 square metres) for 2 Gymnasium Place for Residents
- 1,000 square metres for a Community Day Care Centre
- 600 square metres for a Nursey
- 300 square metres (with Site Area of 500 square metres) for 2 Refuse Collection Points
- 100 square metres for a Public Toilet
- 4,587 square metres for Commercial Services Facilities

Building Covenants	:	I. To commence construction work before 23 October 2021 II. To complete construction residential portion and other portions before 23 October 2024 and 23 October 2026 respectively
Greenery Coverage	:	Site AB2712036 $\geqslant$ 30%
Others	:	I. All Units of Commodity Housing with Gross Floor Area of not more than 60 square metres II. Leased Commodity Housing with Gross Floor Area of not less than 6,950 square metre to be held for a term same as the granted land-use rights term

2. Pursuant to "Construction Land-use Planning Permit" dated (Document No.: Di Zi No. 440111202000115), the land-use of the property complies with state land spatial planning and user control requirements.

3. As advised by the Group, the budget construction cost (exclusive of indirect cost(s), capitalized interest(s) and project management fee(s)) of the property is RMB1,928,188,551 as of the Date of Valuation, which has been duly considered in our valuation shown above to reflect the quality and existing state of the property.

4. Since no valid "State-owned Land-use Certificate" and/or "Real Estate Title Certificate" had been issued for the property as of the Date of Valuation, we have ascribed no commercial value to the property. Had a valid "State-owned Land-use Certificate" and/or "Real Estate Title Certificate" for the property been issued as at the Date of Valuation, we are of the opinion that the market value of the property is RMB4,670,000,000 (RENMINBI FOUR BILLION SIX HUNDRED SEVENTY MILLION ONLY) assuming that all land-use rights grant premium has been fully settled and the property could freely be transferred, leased out, mortgaged or by other legal means disposed of in the prevailing market without paying additional land-use rights grant premium.

5. As advised by the Group, part of the land-use rights grant premium of the property of RMB2,158,555,000 was settled as of the Date of Valuation. The remainder had been settled on 10 December 2020. As advised by the Group, the Project Company intends to apply for a valid "State-owned Land-use Certificate" and/or "Real Estate Title Certificate" which is expected to be obtained in January 2021.

6. The PRC Legal Adviser has provided certain advice in her legal opinion, including but not limited to, that:

   (1) "Guangzhou Pincheng Real Estate Development Co., Ltd." (the "Project Company") has the right to apply for and obtain a valid "State-owned Land-use Certificate" and/or "Real Estate Title Certificate" upon settlement of the land-use rights grant premium; Subject to fulfillment of the relevant process, there is no legal impediment in obtaining a valid "State-owned Land-use Certificate" and/or "Real Estate Title Certificate".

   (2) upon obtaining "State-owned Land-use Certificate" and/or "Real Estate Title Certificate" and the respective land-use rights of the property, the Project Company can develop, use, operate, transfer, lease, mortgage or use for other economic activities, subject to compliance of laws and regulations as well as fulfilment of requirements under "State-owned Construction Land-use Rights Grant Contract" and planning conditions;

(3) the property is not subject to mortgage; and

(4) upon completion of the Acquisition (as defined in this Circular), the Project Company will be owned as to 90% and 10% by "Guangzhou Kuangyu Investment Co., Ltd." (the "JV Company"), a company established under the laws of the PRC with limited liability, and "Guangzhou Metro Group Co., Ltd." (the "Seller") respectively. Upon its formation, the JV Company will be owned as to 51% and 49% by "Minmetals Shengshi Guangye (Beijing) Co., Ltd." ("Shengshi Guangye") and "China Merchants Land (Shenzhen) Limited" (the "JV Partner"), respectively, and will be accounted for as a subsidiary of "Minmetals Land Limited" (the "Company") on a consolidated basis. Profit sharing of the JV Company will be based on equity holding stake.

7. An inspection to the property and surrounding environment, but not in any form of a building survey, was carried out by **Ms Kathy X. Y. XU** *MRICS* under the supervision of **Sr Franky C. H. WONG** *MSc(RealEst) MCIM FIPA FRICS MHKIS RPS(GP) China Registered Real Estate Appraiser RICS Registered Valuer* and on 10 November 2020.

8. The property is located in a fast developing residential and commercial mixed-user area in Baiyun district of Guangzhou where comprises various residential estates and shopping arcades with ancillary facilities such as landscaped garden, schools and government offices nearby. Accommodation values of recent comparable site transactions vary from RMB14,835 per square metre to RMB22,997 per square metre on plot ratio gross floor area basis.

9. As advised by the Company, the property will be recorded as an inventory in the consolidated balance sheet of the Company upon the Acquisition.

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 Company. 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. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

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 or debentures of the Company and any of its associated corporations (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 as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests in the Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of the total issued Shares *(Note)*
Mr. He Jianbo	Personal	2,040,000	0.06%
Mr. Yang Shangping	Personal	1,846,667	0.06%
Ms. He Xiaoli	Personal	783,333	0.02%

Note: The percentage was calculated based on a total of 3,346,908,037 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company hold any interest or short position in the Shares, underlying shares or 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.

3. DIRECTORS' POSITIONS IN SUBSTANTIAL SHAREHOLDERS

Saved as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors was a director or employee of a company which had an interest or short position 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:

(a) Mr. He Jianbo, Mr. Liu Bo, Mr. Chen Xingwu, Mr. Yang Shangping and Ms. He Xiaoli are employees of China Minmetals; and

(b) Ms. He Xiaoli is a director of China Minmetals H.K. (Holdings) Limited, a non-wholly owned subsidiary of China Minmetals.

4. DIRECTORS' SERVICE CONTRACT

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, being the Chairman of the Board and an executive Director of the Company, is also a director 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), Minmetals Real Estate and 五礦地產控股有限公司 Minmetals Land Holdings Co., Ltd.* ("**Minmetals Land Holdings**", a non-wholly owned subsidiary of China Minmetals).

Mr. Liu Bo, being the managing Director and an executive Director of the Company, is also a director of Minmetals Land Holdings.

Mr. Chen Xingwu, being a deputy managing Director and an executive Director of the Company, is also a director of Minmetals Real Estate and Minmetals Land Holdings.

Mr. Yang Shangping, being a deputy managing Director and an executive Director of the Company, is also a director of Yingkou Industrial Park.

All of Yingkou Industrial Park, Minmetals Real Estate and Minmetals Land Holdings are companies established under the laws of the PRC. Yingkou Industrial Park is engaged in the development of Minmetals (Yingkou) Industrial Park. Minmetals Real Estate is engaged in real estate development and operation, construction, property management, real estate agency, real estate advertising and exhibition and other real estate related business. Minmetals Land Holdings is engaged in real estate development, construction contracting and sub-contracting, property management, surveying and designing of construction projects, project investment, provision of technical services, investment consultancy and corporate management consultancy.

Ms. Law Fan Chiu Fun, Fanny, being an independent non-executive Director of the Company, is also a director of China Resources (Holdings) Co., Ltd., holding company of China Resources Land Limited which engages in real estate development operation in the PRC.

In the event that the Board decides that there are 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 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 2019 (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 Enlarged 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 Enlarged Group. However, Mr. Tsui Ki Ting, who is a director of 龍建(南京)置業有限公司 Dragon Construction (Nanjing) Property Co., Ltd.* ("**DCNP**"), a subsidiary of the Company, 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, a completed residential development project located in Jiangning District, Nanjing, the PRC. 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. LITIGATION

As at the Latest Practicable Date, none of the members of the Enlarged Group was 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 members of the Enlarged Group.

8. MATERIAL CONTRACTS

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

(a) a memorandum of intent dated 28 March 2019 (the "**Guangzhou Kuangmao Memorandum of Intent**") entered into among Shengshi Guangye, 寧波市鄞州協豐房產投資諮詢有限公司 Ningbo Yinzhou Xiefeng Property Investment Consulting Co., Ltd.* ("**Xiefeng**") as an investor and 廣州市礦茂房地產開發有限公司 Guangzhou Kuangmao Property Development Co., Ltd.* ("**Guangzhou Kuangmao**") as the target company, in relation to the possible formation of a joint venture and the operation of the target company (i.e. Guangzhou Kuangmao), whereby Shengshi Guangye shall contribute an amount of approximately RMB1.24 billion if the transactions contemplated thereunder materialise. Further details of the Guangzhou Kuangmao Memorandum of Intent are set out in the announcement of the Company dated 28 March 2019;

(b) an agreement of intent dated 11 April 2019 (the "**Guangzhou Kuangrong Agreement of Intent**") entered into among Shengshi Guangye, 廣州招商房地產有限公司 Guangzhou Merchants Property Development Limited* ("**Guangzhou Merchants**") as an investor and Guangzhou Kuangrong as the target company, in relation to the possible formation of joint venture and the operation of the target company (i.e. Guangzhou Kuangrong), whereby Shengshi Guangye shall contribute an amount of approximately RMB588 million if the transactions contemplated thereunder materialise. Further details of the Guangzhou Kuangrong Agreement of Intent are set out in the announcement of the Company dated 11 April 2019;

(c) an earnest money agreement dated 11 April 2019 entered into by the Company, Guangzhou Merchants as an investor and Guangzhou Kuangrong as the target company in respect of, among other things, the payment of an earnest money by Guangzhou Merchants to Guangzhou Kuangrong in the amount of approximately RMB548.91 million in relation to the Guangzhou Kuangrong Agreement of Intent. Further details of the earnest money agreement are set out in the announcement of the Company dated 11 April 2019;

(d) a supplemental agreement to the financial services framework agreement dated 20 April 2018 (the "**2018 Agreement**") entered into between the Company and 五礦集團財務有限責任公司 Minmetals Finance Co., Ltd.* ("**Minmetals Finance**") dated 28 March 2019 entered into between the Company and Minmetals Finance in relation to, among other things, the revision of the original annual caps for deposit transactions contemplated under the 2018 Agreement to RMB3,000 million and the provision of unsecured loan by Minmetals Finance to the Company for an amount of up to RMB3,000 million on comparable market terms. Further details of the supplemental agreement are set out in the announcement of the Company dated 28 March 2019 and the circular of the Company dated 23 April 2019;

(e) a capital injection agreement dated 8 January 2020 entered into among Shengshi Guangye, Xiefeng as an investor and Guangzhou Kuangmao as the target company in relation to the admission of Xiefeng to contribute 49% of the registered capital and shareholder's loan of Guangzhou Kuangmao for a total sum of approximately RMB1,196 million as contemplated under the Guangzhou Kuangmao Memorandum of Intent. Further details of the capital injection agreement are set out in the announcement of the Company dated 8 January 2020 and the circular of the Company dated 22 January 2020 (the "**January Circular**")

(f) a capital injection agreement dated 8 January 2020 entered into among Shengshi Guangye, Guangzhou Merchants as an investor and Guangzhou Kuangrong as the target company in relation to the admission of Guangzhou Merchants to contribute 49% of the registered capital and shareholder's loan of Guangzhou Kuangrong for a total sum of approximately RMB593 million as contemplated under the Guangzhou Kuangrong Agreement of Intent. Further details of the capital injection agreement are set out in the announcement of the Company dated 8 January 2020;

(g) an agreement of intent dated 2 March 2020 (the "**Shenzhen Kuangrun Agreement of Intent**") entered into among Shengshi Guangye and 深圳市潤投諮詢有限公司 Shenzhen Runtou Consulting Co., Ltd.* ("**Shenzhen Runtou**") as an investor, in relation to the admission of Shenzhen Runtou to contribute 49% of the registered capital and shareholders' loan of 深圳市礦潤房地產開發有限公司 Shenzhen Kuangrun Property Development Co., Ltd.* ("**Shenzhen Kuangrun**") for a total sum up to RMB1,259.3 million if the transactions to be contemplated thereunder materialise. Further details of the Shenzhen Kuangrun Agreement of Intent are set out in the announcement of the Company dated 2 March 2020 (the "**March Announcement**");

(h) the cooperation framework agreement dated 2 March 2020 (the "**Cooperation Framework Agreement**") entered into between Shengshi Guangye, Shenzhen Runtou as the investor and Shenzhen Kuangrun as the target company, in respect of, among other things, the admission of the Shenzhen Runtou to contribute 49% of the registered capital and shareholders' loan of Shenzhen Kuangrun for a total sum up to RMB1,259.3 million. Further details of the Cooperation Framework Agreement are set out in the March Announcement;

(i) an equity transfer agreement dated 18 March 2020 entered into between 五礦地產湖南開發有限公司 Minmetals Land Hunan as seller and 泰安漢和置業有限公司 Taian Hanhe Property Development Co., Ltd.* as purchaser in relation to the acquisition of the entire equity interest of 五礦地產(萊蕪)開發有限公司 Minmetals Land Laiwu Development Ltd.* and the shareholders' loan for a total sum of approximately RMB84 million;

(j) an equity transfer agreement dated 1 June 2020 entered into between Minmetals Land Hunan and CITIC Trust Co., Ltd. 中信信託有限責任公司 ("**CITIC Trust**") in relation to the transfer of 51% equity interest of 五礦地產(西寧)開發有限公司 Minmetals Land (Xining) Development Co., Ltd.* ("**Minmetals Land Xining**"), such equity interest being held by CITIC Trust as security in relation to certain sum due by Minmetals Land Xining to CITIC Trust, to Minmetals Land Hunan for nil consideration upon repayment of the aforementioned sum;

(k) an equity transfer agreement dated 18 June 2020 entered into between Shengshi Guangye and Minmetals Real Estate in relation to the acquisition of 49% of the equity interests of Tianjin Yijiahe by Shengshi Guangye from Minmetals Real Estate for a total sum of approximately RMB1,475.45 million. Further details of the equity transfer agreement are set out in the June Announcement and the July Circular;

(l) a capital injection agreement dated 18 June 2020 entered into among 23rd Metallurgical, Shengshi Guangye as the investor and Minmetals Land Hunan as the target company in relation to the admission of Shengshi Guangye to contribute 51% of the equity interest in Minmetals Land Hunan for a total sum of RMB1,327.32 million. Further details of the capital injection agreement are set out in the June Announcement and the July Circular;

(m) a capital injection agreement dated 30 September 2020 entered into among Shengshi Guangye, Shenzhen Runtou as an investor and Shenzhen Kuangrun as the target company in relation to the admission of Shenzhen Runtou to contribute 49% of the registered capital of Shenzhen Kuangrun for a total sum of approximately RMB1,331.73 million. Further details of the capital injection agreement are set out in the announcement of the Company dated 30 September 2020 and the circular of the Company dated 23 October 2020 (the "**October Circular**");

(n) the Cooperation Agreement;

(o) the tender documents in respect of the Bidding for the acquisition of the Target Interests;

(p) the Share Transfer Agreement; and

(q) an equity transfer agreement dated 14 December 2020 entered into among Minmetals Land Construction & Engineering Limited as seller, 23rd Metallurgical as purchaser, 五礦瑞和(上海)建設有限公司 Minmetals Condo (Shanghai) Construction Co., Ltd.* ("**Condo Shanghai**") as the target company and the Company in relation to the disposal of the entire equity interest in Condo Shanghai for a total sum of approximately RMB4.29 million. Further details of the equity transfer agreement are set out in the announcement of the Company dated 14 December 2020.

9. MATERIAL ADVERSE CHANGE

Save as disclosed in the Company's profit warning announcements dated 18 June 2020 and 3 July 2020, respectively, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up.

10. EXPERTS

The following are the qualifications of the experts who have given an opinion or advice, which is contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
Vigers	Independent Professional Surveyor

As at the Latest Practicable Date, each of the experts above:

(a) 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. The letter, statements, reports and recommendations therein given by each of the experts above are given as of the date of this circular for incorporation herein.

(b) did not have 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) did not have any interest, directly or indirectly, in any assets which had been, since 31 December 2019 (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 Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, 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 Chartered Governance Institute.

(d) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

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 accountants' report of the Project Company, the text of which is set out in Appendix II to this circular;

(c) the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(d) the material contracts as referred to in the paragraph headed "8. MATERIAL CONTRACTS" in this appendix;

(e) the valuation report of the Land, the text of which is set out in Appendix V to this circular;

(f) the written consents referred to in the paragraph headed "10. EXPERTS" in this appendix;

(g) the annual reports of the Company for the two financial years ended 31 December 2018 and 2019 and the interim report of the Company for the six months ended 30 June 2020;

(h) the January Circular, the circular of the Company dated 12 May 2020 in relation to the construction framework agreement entered into between the Company and China Minmetals on 17 April 2020, the July Circular and the October Circular; and

(i) this circular.

* *For identification purpose only*