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五礦建設有限公司*
MINMETALS LAND LIMITED

(Incorporated in the Bermuda with limited liability)
(Stock Code: 230)

CONNECTED TRANSACTIONS

**CHANGES TO AND CAPITAL EXPANSION FOR THE JOINT VENTURES
FOR THE DEVELOPMENT OF LAND
IN HAIDIAN DISTRICT, BEIJING**

**Independent Financial Adviser to
the Independent Board Committee and the Shareholders**



A letter from the Board is set out on pages 5 to 12 of this circular. A letter from the Independent Board Committee is set out on pages 13 to 14 of this circular. A letter from Investec is set out on pages 15 to 26 of this circular.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Letter from the Independent Board Committee	13
Letter from Investec	15
Appendix — General Information	27

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors (including executive Directors, non-executive Directors and independent non-executive Directors);
“China Minmetals”	中國五礦集團公司 (China Minmetals Corporation), a State-owned enterprise incorporated under the laws of the PRC and the ultimate controlling shareholder of the Company;
“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;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	directors (including independent non-executive directors) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HK Subsidiary”	Minmetals Land Investment Management Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors and appointed to advise the Shareholders in respect of the Transactions;

DEFINITIONS

“Investec” or “Independent Financial Adviser”	Investec Capital Asia Limited, the independent financial adviser to the Independent Board Committee and the Shareholders in respect of the Transactions, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities;
“June Glory”	June Glory International Limited, a company incorporated in the British Virgin Islands, and the immediate controlling shareholder of the Company;
“JVCoA”	an enterprise established under the laws of the PRC originally for development of Site A;
“JVCoB”	an enterprise established under the laws of the PRC for development of Site B;
“JVCoB Capital Expansion”	the increase of registered capital of JVCoB pursuant to the JVCoB Equity Transfer & Capital Expansion Agreement;
“JVCoB Contracts”	the new articles of association and joint venture contract entered into between the HK Subsidiary and the JV Partner on 18 May 2012 in respect of JVCoB as supplemented by the JVCoB Supplemental Agreement;
“JVCoB Equity Transfer”	the transfer by the Subsidiary of its entire 51% equity interest in JVCoB to the HK Subsidiary pursuant to the JVCoB Equity Transfer & Capital Expansion Agreement;
“JVCoB Equity Transfer & Capital Expansion Agreement”	the agreement dated 18 May 2012 entered into between the Subsidiary, the JV Partner and the HK Subsidiary in relation to the JVCoB Capital Expansion and the JVCoB Equity Transfer;
“JVCoB Supplemental Agreement”	a supplemental agreement to the JVCoB Contracts entered into between the HK Subsidiary and the JV Partner on 18 May 2012;
“JV Partner”	北京萬科企業有限公司 (Beijing Vanke Enterprise Co., Ltd.*), which is a wholly-owned subsidiary of China Vanke Co., Ltd.;

DEFINITIONS

“Latest Practicable Date”	5 June 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New JVCoA”	an enterprise to be established under the laws of the PRC by the HK Subsidiary and the JV Partner for the development of Site A in place of JVCoA;
“New JVCoA Contracts”	the articles of association and joint venture contract entered into between the HK Subsidiary and the JV Partner on 18 May 2012 in respect of New JVCoA as supplemented by the New JVCoA Supplemental Agreement;
“New JVCoA Supplemental Agreement”	a supplemental agreement to the New JVCoA Contracts entered into between the HK Subsidiary and the JV Partner on 18 May 2012;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency 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 share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Sites”	two adjacent parcels of State-owned land for construction (identified as “ Site A ” and “ Site B ” in this circular) situated in Xibeiwang Town, Haidian District, Beijing, the PRC with a site area of 85,099 square metres (Site A) and 53,545 square metres (Site B), respectively;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Subsidiary”	五礦建設投資管理(北京)有限公司 (Minmetals Land Investment Management (Beijing) Co., Ltd.*), an enterprise established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Transactions”	the transactions contemplated under the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement and the JVCoB Contracts;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

For the purpose of illustration only, conversions of RMB into HK\$, and US\$ into HK\$ in this circular are based on the respective exchange rates of RMB1.00 to HK\$1.2335, US\$1.00 to HK\$7.8. Such exchange rates should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at these or any other rates.

* For identification purpose only

LETTER FROM THE BOARD



五礦建設有限公司*

MINMETALS LAND LIMITED

(Incorporated in the Bermuda with limited liability)

(Stock Code: 230)

Non-executive Directors:

Mr. SUN Xiaomin, *Chairman*
Mr. PAN Zhongyi
Mr. TIAN Jingqi
Mr. LIU Zeping

Executive Directors:

Mr. QIAN Wenchao, *Deputy Chairman*
Mr. HE Jianbo, *Managing Director*
Mr. YIN Liang, *Senior Deputy Managing Director*
Ms. HE Xiaoli, *Deputy Managing Director*
Mr. YANG Lu, *Deputy Managing Director*

Independent Non-executive Directors:

Mr. LAM Chun, Daniel
Mr. Selwyn MAR
Ms. TAM Wai Chu, Maria

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

*Principal place of
business in Hong Kong:*

18th Floor
China Minmetals Tower
79 Chatham Road South
Tsimshatsui
Kowloon
Hong Kong

8 June 2012

To the Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTIONS

CHANGES TO AND CAPITAL EXPANSION FOR THE JOINT VENTURES FOR THE DEVELOPMENT OF LAND IN HAIDIAN DISTRICT, BEIJING

INTRODUCTION

Reference is made to the announcements of the Company dated 22 November 2010 and 30 December 2010, and the circular dated 24 January 2011 in relation to (among other things) the establishment of JVCoA and JVCoB, each being a 51%-owned subsidiary of the

* *For identification purpose only*

LETTER FROM THE BOARD

Group under the Listing Rules by virtue of the Group's ownership of 51% equity interest in each of them, to develop Site A and Site B in the PRC, and the announcement of the Company dated 18 May 2012 in relation to (among other things) the establishment of New JVCoA in place of JVCoA and the equity transfer and capital expansion of JVCoB.

During the process of application for approval of the development of the Sites under JVCoA and JVCoB, the relevant governmental authorities advised that Site A and Site B have to be undertaken by sino-foreign joint ventures with a larger amount of registered capital.

Since the land use right certificate in respect of Site A has not been issued, the Group and the JV Partner therefore agreed that New JVCoA will be established by the HK Subsidiary and the JV Partner as a sino-foreign joint venture to develop Site A in place of JVCoA.

For Site B, since the land use right certificate in respect of Site B is already held in the name of JVCoB and Site B is now under development, the Group and the JV Partner therefore agreed that the HK Subsidiary will acquire from the Subsidiary its 51% interest in JVCoB such that JVCoB will become a sino-foreign joint venture and JVCoB's registered capital will be increased.

The purpose of this circular is to provide you with, among other things, further particulars of the Transactions.

ESTABLISHMENT OF NEW JVCOA IN PLACE OF JVCOA

New JVCoA Contracts

Date

18 May 2012

Parties

- (1) the HK Subsidiary, a wholly-owned subsidiary of the Company
- (2) the JV Partner

Subject matter

To provide for the joint venture arrangements regarding New JVCoA.

Term of operation

The term of operation of New JVCoA shall be 30 years from the date of issue of its business licence.

LETTER FROM THE BOARD

Scope of business

The scope of business of New JVCoA is the development, construction, sale and management of residential project in relation to Site A.

Pursuant to the New JVCoA Supplemental Agreement, New JVCoA may not, without the unanimous consent of the HK Subsidiary and the JV Partner, change the nature or scope of its business or enter into any transactions which are not on an arm's length basis.

Total investment amount and registered capital

New JVCoA will have a total investment amount of US\$700.0 million (approximately HK\$5,460.0 million) and a registered capital of US\$350.0 million (approximately HK\$2,730.0 million).

The HK Subsidiary shall contribute its 51% share of the registered capital in the amount of US\$178.5 million (approximately HK\$1,392.3 million) and the JV Partner shall contribute its 49% share in the amount of US\$171.5 million (approximately HK\$1,337.7 million) in two stages: (1) 20% will be payable upon the issuance of approval from the relevant PRC governmental authorities; and (2) 80% will be payable within two years from the date of issue of the business licence of New JVCoA.

All the capital contribution made by the Subsidiary and the JV Partner into JVCoA will be returned to the Subsidiary and the JV Partner after the dissolution of JVCoA.

The total capital contribution of the HK Subsidiary in New JVCoA under the New JVCoA Contracts in the amount of US\$178.5 million (approximately HK\$1,392.3 million) was arrived at after arm's length negotiation with the JV Partner after taking into account Site A's development costs and the requirement of the relevant PRC governmental authorities and will be financed by the Group's internal resources and external financing.

Profit sharing

The profit sharing of New JVCoA will be based on the proportion of capital contribution made by the HK Subsidiary and the JV Partner.

Board composition

The board of directors of New JVCoA, which will be the highest authority of New JVCoA, will consist of five directors, of which three will be appointed by the HK Subsidiary and two will be appointed by the JV Partner, and the chairman will be appointed by the HK Subsidiary. The quorum for a meeting of the board of directors of New JVCoA is two-thirds of the directors.

LETTER FROM THE BOARD

All matters in respect of New JVCoA shall be approved by a majority of directors of New JVCoA except for the following matters which require unanimous consent of all the directors:

- increase or reduction of registered capital;
- merger, demerger, dissolution or liquidation;
- change in the form of entity or term of operation;
- amendment of the articles of association;
- transfer or pledge of equity interests in New JVCoA by its shareholders (except for transfer to the other shareholder);
- pledge of assets of New JVCoA or provision of guarantee by New JVCoA (other than provision of guarantee for the benefit of purchasers of property units in connection with mortgage loans); and
- financing plan or obtaining of guarantee.

As in the case of JVCoA, New JVCoA will be accounted for as a subsidiary of the Company in the financial statements of the Group.

JVCoB EQUITY TRANSFER & CAPITAL EXPANSION

JVCoB Equity Transfer & Capital Expansion Agreement

Date

18 May 2012

Parties

- (1) the Subsidiary, a wholly-owned subsidiary of the Company
- (2) the JV Partner
- (3) the HK Subsidiary

JVCoB Equity Transfer

Pursuant to the JVCoB Equity Transfer & Capital Expansion Agreement, the Subsidiary agreed to transfer its entire 51% equity interest in JVCoB to the HK Subsidiary at a consideration of RMB25.5 million (approximately HK\$31.5 million), which is equivalent to the amount of the original contribution made by the Subsidiary to the registered capital of JVCoB. On completion of the JVCoB Equity Transfer, JVCoB will become a sino-foreign joint venture.

LETTER FROM THE BOARD

JVCoB Capital Expansion

Pursuant to the JVCoB Equity Transfer & Capital Expansion Agreement, the HK Subsidiary and the JV Partner also agreed to effect the JVCoB Capital Expansion upon completion of the JVCoB Equity Transfer by increasing the registered capital of JVCoB by RMB1,572.5 million (approximately HK\$1,939.7 million), which will be contributed as to 51% by the HK Subsidiary and 49% by the JV Partner.

As a result of the JVCoB Capital Expansion, the registered capital of JVCoB will be increased from RMB50.0 million (approximately HK\$61.7 million) to RMB1,622.5 million (approximately HK\$2,001.4 million).

JVCoB Contracts

Date

18 May 2012

Parties

- (1) the JV Partner
- (2) the HK Subsidiary

Subject matter

To provide for the JVCoB Capital Expansion and the joint venture arrangements regarding JVCoB.

Term of operation

The term of operation of JVCoB shall be 30 years from the date of issue of its business licence.

Scope of business

The scope of business of JVCoB is the development, construction, sale and management of residential project in relation to Site B.

Pursuant to the JVCoB Supplemental Agreement, JVCoB may not, without the unanimous consent of the HK Subsidiary and the JV Partner, change the nature or scope of its business or enter into any transactions which are not on an arm's length basis.

Total investment amount and registered capital

JVCoB will have a total investment amount of RMB1,882.1 million (approximately HK\$2,321.6 million).

LETTER FROM THE BOARD

The registered capital of JVCoB will be increased from RMB50.0 million (approximately HK\$61.7 million) to RMB1,622.5 million (approximately HK\$2,001.4 million). In respect of the increased amount of RMB1,572.5 million (approximately HK\$1,939.7 million), the HK Subsidiary shall contribute its 51% share in the amount of approximately RMB802.0 million (approximately HK\$989.3 million) and the JV Partner shall contribute its 49% share in the amount of approximately RMB770.5 million (approximately HK\$950.4 million) in two stages: (1) 20% will be payable upon the issuance of approval from the relevant PRC governmental authorities; and (2) 80% will be payable within two years from the date of issue of the business licence of JVCoB.

The total capital contribution of the HK Subsidiary in JVCoB under the JVCoB Contracts in the amount of approximately RMB827.5 million (approximately HK\$1,020.7 million) was arrived at after arm's length negotiation with the JV Partner after taking into account Site B's development costs and the requirement of the relevant PRC governmental authorities and will be financed by the Group's internal resources and external financing.

Profit sharing

The profit sharing of JVCoB will be based on the proportion of capital contribution made by the HK Subsidiary and the JV Partner.

Board composition

The board of directors of JVCoB, which will be the highest authority of JVCoB, will consist of five directors, of which two will be appointed by the HK Subsidiary and three will be appointed by the JV Partner, and the chairman will be appointed by the JV Partner. The quorum for a meeting of the board of directors of JVCoB is two-thirds of the directors.

All matters in respect of JVCoB shall be approved by a majority of directors of JVCoB except for the following matters which require unanimous consent of all the directors:

- increase or reduction of registered capital;
- merger, demerger, dissolution or liquidation;
- change in the form of entity or term of operation;
- amendment of the articles of association;
- transfer or pledge of equity interests in JVCoB by its shareholders (except for transfer to the other shareholder);
- pledge of assets of JVCoB or provision of guarantee by JVCoB (other than provision of guarantee for the benefit of purchasers of property units in connection with mortgage loans); and
- financing plan or obtaining of guarantee.

LETTER FROM THE BOARD

JVCoB will continue to be accounted for as an associate of the Company in the financial statements of the Group despite that the Group owns a 51% equity interest in JVCoB.

INFORMATION ON THE GROUP AND THE JV PARTNER

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

The JV Partner is engaged in real estate business and is a wholly-owned subsidiary of China Vanke Co., Ltd.. China Vanke Co., Ltd. is engaged in real estate business across 46 cities in Pearl River Delta, Yangtze River Delta and Bohai-Rim Region whose shares are listed on the Shenzhen Stock Exchange.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As mentioned in the paragraph headed “Introduction” above, the HK Subsidiary and the JV Partner entered into the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement and the JVCoB Contracts with a view to facilitating the application for approval of the development of the Sites as required by the relevant governmental authorities.

LISTING RULES IMPLICATIONS

The JV Partner is a substantial shareholder of JVCoA, New JVCoA, JVCoB and a non-wholly owned subsidiary of the Company and hence is a connected person of the Company. Based on the applicable percentage ratios, the Transactions constitute connected transactions for the Company subject to all the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Transactions and thus no Director is required to abstain from voting on the board resolution approving the Transactions.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no Shareholder had a material interest in the Transactions and thus no Shareholder would be required to abstain from voting on the Transactions if a general meeting were to be held. June Glory, which owned 2,071,095,506 Shares representing approximately 62.05% of the issued share capital of the Company as at the Latest Practicable Date, has granted its written approval to the Company for the purpose of approving the Transactions. The Company has applied for, and the Stock Exchange has granted to the Company, a waiver of Shareholders’ meeting under Rule 14A.43 of the Listing Rules and accordingly, no Shareholders’ meeting will be convened for the purpose of approving the Transactions.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement and the JVCoB Contracts were entered into on normal commercial terms, and the terms and conditions thereof and the Transactions are fair and reasonable so far as the Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. The Directors would recommend the Shareholders to vote in favour of the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement, the JVCoB Contracts and the Transactions if a physical meeting were to be held.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter from Investec and the general information set out in the appendix to this circular.

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



五礦建設有限公司*
MINMETALS LAND LIMITED

(Incorporated in the Bermuda with limited liability)
(Stock Code: 230)

8 June 2012

To the Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTIONS

**CHANGES TO AND CAPITAL EXPANSION FOR THE JOINT VENTURES
FOR THE DEVELOPMENT OF LAND
IN HAIDIAN DISTRICT, BEIJING**

We refer to the circular dated 8 June 2012 of the Company (the “Circular”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider and advise the Shareholders as to whether, in our opinion, the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement and the JVCoB Contracts were entered into on normal commercial terms, and the terms and conditions thereof and the Transactions are fair and reasonable so far as the Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. Investec has been appointed as the independent financial adviser to advise the Independent Board Committee and the Shareholders in respect of the Transactions.

We wish to draw your attention to the “Letter from the Board” set out on pages 5 to 12 of the Circular which contains, among other things, information about the Transactions, and the “Letter from Investec” set out on pages 15 to 26 of the Circular which contains its advice in respect of the Transactions.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the reasons for and the benefits of the Transactions and considering the principal factors and reasons taken into account by Investec in arriving at its opinion regarding the Transactions set out in the “Letter from Investec” on pages 15 to 26 of the Circular, we consider that the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement and the JVCoB Contracts were entered into on normal commercial terms, and the terms and conditions thereof and the Transactions are fair and reasonable so far as the Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

Yours faithfully,
For and on behalf of
Independent Board Committee

Lam Chun, Daniel
*Independent Non-executive
Director*

Selwyn Mar
*Independent Non-executive
Director*

Tam Wai Chu, Maria
*Independent Non-executive
Director*

LETTER FROM INVESTEC

Set out below is the text of the letter of advice from Investec to the Independent Board Committee and the Shareholders prepared for inclusion in this Circular.



Investec Capital Asia Limited
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8 June 2012

To the Independent Board Committee and the Shareholders

Dear Sirs,

CONNECTED TRANSACTIONS

CHANGES TO AND CAPITAL EXPANSION FOR THE JOINT VENTURES FOR THE DEVELOPMENT OF LAND IN HAIDIAN DISTRICT, BEIJING

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Shareholders in connection with the Transactions, details of which are set out in the "Letter from the Board" contained in the circular dated 8 June 2012 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

Reference is made to the announcements of the Company dated 22 November 2010 and 30 December 2010, and the circular dated 24 January 2011 in relation to (among other things) the establishment of JVCoA and JVCoB, each being a 51%-owned subsidiary of the Group under the Listing Rules by virtue of the Group's ownership of 51% equity interest in each of them, to develop Site A and Site B in the PRC, and the announcement of the Company dated 18 May 2012 in relation to (among other things) the establishment of New JVCoA in place of JVCoA and the equity transfer and capital expansion of JVCoB.

During the process of application for approval of the development of the Sites under JVCoA and JVCoB, the relevant governmental authorities advised that Site A and Site B have to be undertaken by sino-foreign joint ventures with a larger amount of registered capital.

LETTER FROM INVESTEC

Since the land use right certificate in respect of Site A has not been issued, the Group and the JV Partner therefore agreed that New JVCoA will be established by the HK Subsidiary and the JV Partner as a sino-foreign joint venture to develop Site A in place of JVCoA.

For Site B, since the land use right certificate in respect of Site B is already held in the name of JVCoB and Site B is now under development, the Group and the JV Partner therefore agreed that the HK Subsidiary will acquire from the Subsidiary its 51% interest in JVCoB such that JVCoB will become a sino-foreign joint venture and JVCoB's registered capital will be increased.

In view of the above, (i) the HK Subsidiary and the JV Partner entered into the New JVCoA Contracts to provide for the joint venture arrangements regarding New JVCoA; and (ii)(a) the Subsidiary, the HK Subsidiary and the JV Partner entered into the JVCoB Equity Transfer & Capital Expansion Agreement, pursuant to which, inter alia, the Subsidiary agreed to transfer its entire 51% equity interest in JVCoB to the HK Subsidiary and upon completion of such transfer, effect the JVCoB Capital Expansion; and (b) the HK Subsidiary and the JV Partner entered into the JVCoB Contracts to provide for the JVCoB Capital Expansion and the joint venture arrangements regarding JVCoB. As set out in the "Letter from the Board", the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement and the JVCoB Contracts were entered into by the relevant parties on 18 May 2012, respectively.

The JV Partner is a substantial shareholder of JVCoA, New JVCoA, JVCoB and a non-wholly owned subsidiary of the Company and hence is a connected person of the Company. Based on the applicable percentage ratios, the Transactions constitute connected transactions for the Company subject to all the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder had a material interest in the Transactions and thus no Shareholder would be required to abstain from voting on the Transactions if a general meeting were to be held. June Glory, which owned 2,071,095,506 Shares representing approximately 62.05% of the issued share capital of the Company as at the Latest Practicable Date, has granted its written approval to the Company for the purpose of approving the Transactions. The Company has applied for, and the Stock Exchange has granted to the Company, a waiver of Shareholders' meeting under Rule 14A.43 of the Listing Rules and accordingly, no Shareholders' meeting will be convened for the purpose of approving the Transactions.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of twelve Directors, namely Mr. Sun Xiaomin as the Chairman and a non-executive Director, Mr. Qian Wenchao, Mr. He Jianbo, Mr. Yin Liang, Ms. He Xiaoli and Mr. Yang Lu as executive Directors; Mr. Pan Zhongyi, Mr. Tian Jingqi and Mr. Liu Zeping as non-executive Directors and Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria as independent non-executive Directors.

LETTER FROM INVESTEC

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria, has been established to advise the Shareholders, and Investec has been appointed by the Company to advise the Independent Board Committee and the Shareholders as to whether, the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement and the JVCoB Contracts were entered into on normal commercial terms, are fair and reasonable so far as the Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser to the Independent Board Committee and the Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

III. BASIS OF OUR OPINION

In formulating our opinion, which is specifically related to the terms of the Transactions, we have relied on the information and representations contained or referred to in the Circular and the information and representations provided to us by the Company and/or its management staff (the “**Management**”) and/or the Directors. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Company and/or the Management and/or the Directors, for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so at the date hereof.

We have no reason to believe that any information or representation relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading.

The Directors have confirmed that, having made all reasonable enquiries, to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We consider that we have reviewed sufficient information to enable us to form a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information provided, nor have we carried out any form of in-depth investigation into the business and affairs of the Company, Subsidiary, HK Subsidiary, JV Partner, China Vanke Co., Ltd., JVCoA, JVCoB and their respective subsidiaries or the prospects of the markets in which they respectively operate.

LETTER FROM INVESTEC

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the terms of the Transactions, we have taken into consideration the following principal factors and reasons:

1. Principal activities of the Group and business strategy

The Group is principally engaged in the business of real estate development, specialised construction, property investment and securities investment. Its real estate development business covers the Pearl River Delta, Yangtze River Delta and the Pan Bohai Rim regions and cities in the PRC including but not limited to, Beijing and Tianjin.

Set out below is a summary of the operating results of the Group for the two years ended 31 December 2011, extracted from the annual report of the Group for the year ended 31 December 2011 (the "2011 Annual Report"):

	For the year ended 31 December	
	2011 HK\$'000 (audited)	2010 HK\$'000 (audited)
Revenue		
– Real estate development	4,684,280	1,182,170
– Specialised construction	592,176	427,617
– Property investment	52,823	49,024
	<u>5,329,279</u>	<u>1,658,811</u>
Total Group revenue	<u>5,329,279</u>	<u>1,658,811</u>
Profit for the year	<u>771,782</u>	<u>608,762</u>
Attributable to		
– Equity holders of the Company	610,424	526,913
– Non-controlling interests	<u>161,358</u>	<u>81,849</u>

For the two years ended 31 December 2011

The Group derived revenue of approximately HK\$4,684.3 million from its real estate development operating segment for the year ended 31 December 2011, an increase from approximately HK\$1,182.2 million for the year ended 31 December 2010, representing a year-on-year increase of approximately 296.2%. Profit for the year ended 31 December 2011 totaled to approximately HK\$771.8 million, an increase from approximately HK\$608.8 million for the year ended 31 December 2010.

LETTER FROM INVESTEC

As per the segmental analysis set out in the 2011 Annual Report, the aforesaid increase in profit for the year ended 31 December 2011 was mainly attributable to the increase in the profitability of the Group's real estate development operating segment.

Industry overview and property market of Beijing

Beijing, the capital city of the PRC, has a population of approximately 19.6 million as at 31 December 2010, an increase from approximately 17.9 million as at 31 December 2009 as per data published by the National Bureau of Statistics of China. The gross domestic product of Beijing totaled to approximately RMB1.6 trillion in 2011, representing an increase of approximately 8.1% compared to 2010.

As set out in the 2011 Annual Report, the PRC government has continued its efforts to stall the increasing property prices in the PRC through a string of property market control policies, including but not limited to, restricting property developers' access to bank credits, high borrowing costs, introduction of price limits in new residential property sales and added administrative procedures discouraging land bank accumulation. We also noted that the People's Bank of China* (中國人民銀行) has raised interest rates and banks' reserve ratio numerous times in 2011 with a view to counter domestic inflation.

According to information published by the Beijing Statistical Information Net* (北京市統計信息網), area of commodity houses sold* (商品房銷售面積) totaled to approximately 3.3 million square metre for the first quarter of 2012, a reduction of approximately 10.3% from the corresponding period of 2011. Out of the above, area of residential properties sold totaled to approximately 2.5 million square metre, a reduction of approximately 3.4% from the corresponding period of 2011.

Notwithstanding the above, we noted that the People's Bank of China has already lowered the banks' reserve ratio twice in 2012, in February and May respectively.

On a national level, we noted that promotion of urbanisation is one of the main objectives of the PRC government under its twelfth five year plan* (十二五規劃), which sets out the overall direction of PRC governmental policies from 2011 to 2015. Pursuant to the twelfth five year plan, the PRC government has set the target for the urbanisation rate by 2015 at 51.5%, an increase from approximately 47.5% recorded at the beginning of the twelfth five year plan, if attained, the demand for residential properties will increase.

The Management is aware of the challenges in the PRC real estate sector and will closely monitor the relevant policy developments. Notwithstanding the above, as set out in the 2011 Annual Report, the Group views such period of industry consolidation with cautious optimism and, with the financial resources at the Group's disposal, the opportunities for further site acquisition and expansion will be prudently evaluated and considered.

2. Information on the JV Partner and China Vanke Co., Ltd.

As set out in the “Letter from the Board”, the JV Partner is engaged in real estate business and is a wholly-owned subsidiary of China Vanke Co., Ltd., China Vanke Co., Ltd. is engaged in real estate business across 46 cities in Pearl River Delta, Yangtze River Delta and Bohai-Rim Region whose shares are listed on the Shenzhen Stock Exchange.

The Management advised that the Group has established a satisfactory business relationship with the JV Partner since early 2010, which include but not limited to the set up of (i) JVCoA and JVCoB; and (ii) two joint venture companies, namely Langfang Kuangshi Jiye Property Development Co., Limited (“**Kuangshi Jiye**”) and Langfang Wanheng Shengye Property Development Co., Limited (“**Wanheng Shengye**”), for the development of the land situated in Hebei Province, the PRC. Kuangshi Jiye and Wanheng Shengye are both owned as to 50% by the Company and 50% by the JV Partner. Details of Kuangshi Jiye and Wanheng Shengye are set out in the Company’s circular dated 12 March 2010 and the announcement of the Company dated 21 June 2010, respectively.

3. The Transactions

A summary of the terms of the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement and the JVCoB Contracts are set out in more details in the “Letter from the Board” of this circular.

An overview of the transactions contemplated under the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement and the JVCoB Contracts are set out below.

3.1 Establishment of New JVCoA in place of JVCoA

Parties

- (1) the HK Subsidiary, a wholly-owned subsidiary of the Company
- (2) the JV Partner

The New JVCoA Contracts were entered into, on 18 May 2012, to provide for the joint venture arrangements regarding New JVCoA. The scope of business of New JVCoA is the development, construction, sale and management of residential project in relation to Site A.

Total investment amount and registered capital

New JVCoA will have a total investment amount of US\$700.0 million (approximately HK\$5,460.0 million) and a registered capital of US\$350.0 million (approximately HK\$2,730.0 million).

LETTER FROM INVESTEC

The HK Subsidiary shall contribute its 51% share of the registered capital in the amount of US\$178.5 million (approximately HK\$1,392.3 million) and the JV Partner shall contribute its 49% share in the amount of US\$171.5 million (approximately HK\$1,337.7 million) in two stages: (i) 20% will be payable upon the issuance of approval from the relevant PRC governmental authorities; and (ii) 80% will be payable within two years from the date of issue of the business licence of New JVCoA.

The total capital contribution of the HK Subsidiary in New JVCoA under the New JVCoA Contracts in the amount of US\$178.5 million (approximately HK\$1,392.3 million) was arrived at after arm's length negotiation with the JV Partner after taking into account Site A's development costs and the requirement of the relevant PRC governmental authorities and will be financed by the Group's internal resources and external financing.

Profit sharing

The profit sharing of New JVCoA will be based on the proportion of capital contribution made by the HK Subsidiary and the JV Partner.

Board composition

The board of directors of New JVCoA will consist of five directors, of which three will be appointed by the HK Subsidiary and two will be appointed by the JV Partner, and the chairman will be appointed by the HK Subsidiary. The quorum for a meeting of the board of directors of New JVCoA is two-thirds of the directors.

Save for the matters as set out under the section headed "Establishment of New JVCoA in place of JVCoA" in the "Letter from the Board", all matters in respect of New JVCoA shall be approved by a majority of directors of New JVCoA.

As in the case of JVCoA, New JVCoA will be accounted for as a subsidiary of the Company in the financial statements of the Group.

3.2 JVCoB Equity Transfer & Capital Expansion

JVCoB Equity Transfer & Capital Expansion Agreement

Parties

- (1) the Subsidiary, a wholly-owned subsidiary of the Company
- (2) the JV Partner
- (3) the HK Subsidiary

LETTER FROM INVESTEC

JVCoB Equity Transfer

Pursuant to the JVCoB Equity Transfer & Capital Expansion Agreement, the Subsidiary agreed to transfer its entire 51% equity interest in JVCoB to the HK Subsidiary at a consideration of RMB25.5 million (approximately HK\$31.5 million), which is equivalent to the amount of the original contribution made by the Subsidiary to the registered capital of JVCoB. On completion of the JVCoB Equity Transfer, JVCoB will become a sino-foreign joint venture.

JVCoB Capital Expansion

Pursuant to the JVCoB Equity Transfer & Capital Expansion Agreement, the HK Subsidiary and the JV Partner also agreed to effect the JVCoB Capital Expansion upon completion of the JVCoB Equity Transfer by increasing the registered capital of JVCoB by RMB1,572.5 million (approximately HK\$1,939.7 million), which will be contributed as to 51% by the HK Subsidiary and 49% by the JV Partner.

As a result of the JVCoB Capital Expansion, the registered capital of JVCoB will be increased from RMB50.0 million (approximately HK\$61.7 million) to RMB1,622.5 million (approximately HK\$2,001.4 million).

JVCoB Contracts

Parties

- (1) the JV Partner
- (2) the HK Subsidiary

The JVCoB Contracts were entered into, on 18 May 2012, to provide for the JVCoB Capital Expansion and the joint venture arrangements regarding JVCoB. The scope of business of JVCoB is the development, construction, sale and management of residential project in relation to Site B.

Total investment amount and registered capital

JVCoB will have a total investment amount of RMB1,882.1 million (approximately HK\$2,321.6 million).

The registered capital of JVCoB will be increased from RMB50.0 million (approximately HK\$61.7 million) to RMB1,622.5 million (approximately HK\$2,001.4 million). In respect of the increased amount of RMB1,572.5 million (approximately HK\$1,939.7 million), the HK Subsidiary shall contribute its 51% share in the amount of

LETTER FROM INVESTEC

approximately RMB802.0 million (approximately HK\$989.3 million) and the JV Partner shall contribute its 49% share in the amount of approximately RMB770.5 million (approximately HK\$950.4 million) in two stages: (i) 20% will be payable upon the issuance of approval from the relevant PRC governmental authorities; and (ii) 80% will be payable within two years from the date of issue of the business licence of JVCoB.

The total capital contribution of the HK Subsidiary in JVCoB under the JVCoB Contracts in the amount of approximately RMB827.5 million (approximately HK\$1,020.7 million) was arrived at after arm's length negotiation with the JV Partner after taking into account Site B's development costs and the requirement of the relevant PRC governmental authorities and will be financed by the Group's internal resources and external financing.

Profit sharing

The profit sharing of JVCoB will be based on the proportion of capital contribution made by the HK Subsidiary and the JV Partner.

Board composition

The board of directors of JVCoB will consist of five directors, of which two will be appointed by the HK Subsidiary and three will be appointed by the JV Partner, and the chairman will be appointed by the JV Partner. The quorum for a meeting of the board of directors of JVCoB is two-thirds of the directors.

Save for the matters as set out under the section headed "JVCoB Equity Transfer & Capital Expansion" in the "Letter from the Board", all matters in respect of JVCoB shall be approved by a majority of directors of JVCoB.

JVCoB will continue to be accounted for as an associate of the Company in the financial statements of the Group despite that the Group owns a 51% equity interest in JVCoB.

4. Reasons for and benefits of the Transactions

As set out in the "Letter from the Board", the HK Subsidiary and the JV Partner entered into the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement and the JVCoB Contracts with a view to facilitating the application for approval of the development of the Sites as required by the relevant governmental authorities.

LETTER FROM INVESTEC

In addition, as set out in the 2011 Annual Report, the real estate development segment has remained to be one of the core segments of the Group and a major contributor to the Group's overall profitability for the financial year ended 31 December 2011. The development of the Sites through New JVCoA and JVCoB is a furtherance of the Group's core business.

Furthermore, we noted that China Vanke has been listed on the Shenzhen Stock Exchange since 1991 and has a total market capitalization of over HK\$100 billion as at the Latest Practicable Date as well as over RMB70 billion in revenue for the year ended 31 December 2011 as per the latest published annual report of China Vanke. Given its reputation, established brand name and expertise of the JV Partner's parent company, China Vanke, in the real estate industry in the PRC, as evidenced by the information set out above, the Management advised that leveraging off their expertise, knowledge, established brand name in the PRC real estate market shall be beneficial to the overall operation of New JVCoA and JVCoB, the development of the Sites, the marketing and subsequent sales of the property units in the Sites.

Taking into account that, (i) the total capital contribution under each of the New JVCoA Contracts and JVCoB Contracts (including the JVCoB Capital Expansion) was determined after arm's length negotiations between the HK Subsidiary and the JV Partner and after taking into account the development costs of the respective Sites and the requirement of the relevant PRC governmental authorities; (ii) the sharing of New JVCoA and JVCoB's future profits will be based on the proportion to the respective shareholdings; (iii) despite having the right to appoint majority of the board of directors of JVCoB, JV Partner will not be able to amend certain significant matters in respect of the operational aspects of JVCoB unless unanimous consent of all the JVCoB directors has been obtained, thereby safeguarding the Group's interest in JVCoB; and (iv) the expertise, knowledge and established brand name of China Vanke, with which satisfactory business relationship had been established as mentioned above, shall be beneficial to the real estate development business of the Group, we concur with the Directors' view that the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement and the JVCoB Contracts were entered into on normal commercial terms, are fair and reasonable so far as the Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

5. Possible financial effects of the Transactions

Net asset value

New JVCoA will be accounted for as a 51% indirectly owned subsidiary of the Company. JVCoB will continue to be accounted for as an associate of the Company in the financial statements of the Group.

LETTER FROM INVESTEC

Working capital and gearing position

The Group intends to finance the capital contribution to New JVCoA and JVCoB in the amount of approximately US\$178.5 million (approximately HK\$1,392.3 million) and the amount of approximately RMB827.5 million (approximately HK\$1,020.7 million), respectively, by internal resources and external financing.

As set out in the 2011 Annual Report, the Group had a gearing ratio of approximately 30%, net debt of approximately HK\$2,210.2 million and cash and bank deposit of approximately HK\$3,022.1 million as at 31 December 2011. The Management advised that to the extent that the capital contribution to be made by the HK Subsidiary pursuant to the New JVCoA Contracts and JVCoB Contracts are financed by external borrowings, the gearing ratio of the Group will increase accordingly.

Earnings

The results of New JVCoA will be consolidated into the financial statements of the Group and 51% of JVCoB's results will be shared in the financial statements of the Group.

We also note that to the extent that the capital contribution is to be financed by external borrowings, interest expenses will be incurred by the Group and charged to the income statement of the Group in respect of New JVCoA up to the date of which the land use rights relating to the Site A have been obtained. After the relevant land use rights are obtained, any interest expenses incurred on the Site A can be capitalized during the course of development.

Given the land use right certificate in respect of Site B has already been obtained, the Management advised that JVCoB is capitalizing all of the interest expenses incurred on Site B during the course of its development. However, the interest expense incurred by the Group (to the extent that the capital contribution is to be financed by external borrowings) will be charged to the income statement of the Group.

LETTER FROM INVESTEC

V. RECOMMENDATION

Having considered the above principal factors and reasons, including but not limited to, (i) the Transactions are a furtherance of the Group's core business, and (ii) the terms of each of the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement and the JVCoB Contracts as discussed above, we are of the opinion that the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement and the JVCoB Contracts are entered in the ordinary course of business of the Group and is in the interests of the Company and the Shareholders as a whole and the terms of the New JVCoA Contracts, the JVCoB Equity Transfer & Capital Expansion Agreement and the JVCoB Contracts are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited
Jimmy Chung
Executive Director

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

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

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

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which (a) 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 (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests in Shares

Name of Director	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Qian Wenchao	Personal	442,000	0.013%
Mr. He Jianbo	Personal	612,000	0.018%
Mr. Yin Liang	Personal	408,000	0.012%
Ms. He Xiaoli	Personal	370,000	0.011%
Mr. Yang Lu	Personal	204,000	0.006%

Interests in underlying Shares*Interests in share options of the Company*

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

Name of Director	Date of grant	Vesting period (both days inclusive)	Exercisable period (both days inclusive)	Exercise price per Share (HK\$)	Number of share options outstanding
Mr. Qian Wenchao	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	1,031,333
Mr. He Jianbo	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	1,428,000
Mr. Yin Liang	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	952,000
Ms. He Xiaoli	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	793,333
Mr. Yang Lu	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	476,000

Note: These share options are exercisable in three tranches: the maximum percentage of share options of each tranche exercisable within the periods commencing from 1 December 2010 to 30 November 2018, from 1 December 2011 to 30 November 2018 and from 1 December 2012 to 30 November 2018 are 30%, 30% and 40% respectively.

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

Save as disclosed in this circular, so far as was known to the Directors, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Director 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.

4. COMPETING BUSINESS

Mr. He Jianbo, the Managing Director of the Company, is also a director of Minmetals (Yingkou) Industrial Park Development Co., Ltd. ("**Yingkou Industrial Park**", a wholly-owned subsidiary of China Minmetals), Minmetals Real Estate Co., Ltd. ("**Minmetals Real Estate**", a wholly-owned subsidiary of China Minmetals) and Ershisanye Construction Group Co., Ltd. ("**Ershisanye**", a non-wholly owned subsidiary of China Minmetals).

Mr. Pan Zhongyi, a non-executive Director of the Company, is also a director and the general manager of Yingkou Industrial Park, and a director of Minmetals Real Estate and Ershisanye.

Mr. Tian Jingqi, a non-executive Director of the Company, is also a director and the general manager of Minmetals Real Estate, and a director of Yingkou Industrial Park and Ershisanye.

Mr. Liu Zeping, a non-executive Director of the Company, is also a director and the president of Ershisanye, and a director of Yingkou Industrial Park and Minmetals Real Estate.

Yingkou Industrial Park is an enterprise established under the laws of the PRC which is engaged in the development of Minmetals (Yingkou) Industrial Park. Minmetals Real Estate is an enterprise established under the laws of the PRC which 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. Ershisanye is an enterprise established under the laws of the PRC which is engaged in construction engineering, mining development and operations, real estate and related industries business.

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective 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.

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any direct or indirect interest in any assets which had been, since 31 December 2011 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement subsisting as at the Latest Practicable Date in which any of the Directors was materially interested and which was significant in relation to the business of the Group. However, Mr. Tsui Ki Ting, who is a director of a subsidiary of the Company — 龍建(南京)置業有限公司 (Dragon Construction (Nanjing) Property Co., Ltd.) (“**DCNP**”), was interested in the shareholders’ agreement in respect of Oriental Dragon Construction Limited (“**ODCL**”) (the immediate holding company of DCNP) dated 11 April 2006 entered into amongst Karman Industries Limited (“**KIL**”), Stillpower Limited (both being wholly-owned subsidiaries of the Company), World Ocean Development Limited (“**WODL**”) and ODCL in respect of the transfer of a 29% equity interest in ODCL from KIL to WODL at a total consideration of HK\$2,900 and the management and operations of ODCL which is engaged in the Laguna Bay Project. As at the Latest Practicable Date, Mr. Tsui Ki Ting had an equity interest of 26.67% 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.

6. MATERIAL ADVERSE CHANGE

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 2011, the date to which the latest published audited financial statements of the Company were made up.

7. EXPERT

- (a) The following is the qualification of the expert who has given opinions or advices which are contained in this circular:

Name	Qualifications
Investec	Licensed corporation to carry out Types 1, 4, 6 and 9 regulated activities under the SFO

- (b) As at the Latest Practicable Date, Investec 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) As at the Latest Practicable Date, Investec had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter, statements and references to its name in the form and context in which they are included. Such letter and statements from Investec are given as of the date of this circular for incorporation herein.
- (d) As at the Latest Practicable Date, Investec did not have any direct or indirect interest in any assets which had been, since 31 December 2011 (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.

8. 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 New JVCoA Contracts (including the New JVCoA Supplemental Agreement);
- (b) the JVCoB Equity Transfer & Capital Expansion Agreement;
- (c) the JVCoB Contracts (including the JVCoB Supplemental Agreement);
- (d) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular;
- (e) the letter from Investec, the text of which is set out in the section headed "Letter from Investec" of this circular; and
- (f) the written consent referred to in paragraph 7 in this appendix.