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五礦建設有限公司*
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

CONNECTED TRANSACTIONS
FURTHER SUPPLEMENTAL AGREEMENT TO
THE MASTER COOPERATION AGREEMENT
AND
CONTINUING CONNECTED TRANSACTIONS
FRAMEWORK AGREEMENT
IN RESPECT OF CONSTRUCTION WORKS
RELATING TO A PROJECT IN HUIZHOU CITY

Independent Financial Adviser to
the Independent Board Committee and the Shareholders



A letter from the Board is set out on pages 6 to 18 of this circular. A letter from the Independent Board Committee is set out on pages 19 to 20 of this circular. A letter from Investec is set out on pages 21 to 45 of this circular.

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DEFINITIONS

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

“Actual Land Acquisition Cost”	the final bidding price for Land Phase 1 and Land Phase 2 Section 1, exclusive of any tax and expenses payable in accordance with the relevant laws of the PRC
“Agreed Land Acquisition Cost”	the agreed cost for the acquisition of Land Phase 1 and Land Phase 2 Section 1 by the JV Company pursuant to the Master Cooperation Agreement
“Annual Caps”	the proposed annual caps for the transactions contemplated under the Framework Agreement for the period from 7 September 2012 to 31 December 2012 and each of the two years ending 31 December 2014 as set out in the section headed “Letter from the Board – THE FRAMEWORK AGREEMENT – Annual Caps” in this circular
“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 (五礦建設有限公司*), 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)”	the directors (including independent non-executive directors) of the Company
“First Acquisition”	the acquisition of 65% equity interest in the JV Company by the Group from the JV Partner

DEFINITIONS

“First Capital Expansion”	additional capital that has been injected into the JV Company, being the Actual Land Acquisition Cost and the relevant tax for the acquisition of Land Phase 1 Section 1 and Land Phase 1 Section 2 and the Lump Sum Payment
“Framework Agreement”	the framework agreement dated 7 September 2012 entered into between the JV Company and the JV Partner whereby the JV Company may, during the term of such agreement, engage the JV Partner as a construction contractor of the construction works relating to the Project, upon successful tender by the JV Partner for the relevant construction contract(s)
“Further Capital Expansion”	additional capital to be injected into the JV Company in the amount of RMB220 million (approximately HK\$271.4 million) pursuant to the Second Equity Transfer & Capital Expansion Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 contemplated under the New Agreements and the Framework Agreement
“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 contemplated under the New Agreements and the Framework Agreement, 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

DEFINITIONS

“JV Company”	博羅縣碧華房地產開發有限公司 (Boluo County Bihua Property Development Company Limited*), a limited liability company incorporated in the PRC
“JV Partner”	深圳泛華工程集團有限公司 (Shenzhen Pan-China Engineering Co., Ltd.*), a limited company incorporated in the PRC
“Land”	the piece of land situated at 惠州市博羅縣麥田嶺 (Mai Tian Ling, Boluo County, Huizhou City, the PRC) comprising Land Phase 1, Land Phase 2 and Water-surfaced Land Number 2
“Land Phase 1”	comprises Land Phase 1 Section 1, Land Phase 1 Section 2 and Land Phase 1 Section 3
“Land Phase 1 Section 1”	the 4 pieces of land situated at Mai Tian Ling, Boluo County, Huizhou City, the PRC with a total area of approximately 384 mu
“Land Phase 1 Section 2”	the 5 pieces of land situated at Mai Tian Ling, Boluo County, Huizhou City, the PRC with a total area of approximately 483 mu
“Land Phase 1 Section 3”	the piece of land situated at Mai Tian Ling, Boluo County, Huizhou City, the PRC with a total area of approximately 99 mu
“Land Phase 2”	comprises Land Phase 2 Section 1 and Land Phase 2 Section 2
“Land Phase 2 Section 1”	the piece of land situated at Mai Tian Ling, Boluo County, Huizhou City, the PRC with a total area of approximately 500 mu
“Land Phase 2 Section 2”	the piece of land situated at Mai Tian Ling, Boluo County, Huizhou City, the PRC with a total area of approximately 154 mu
“Land Premium”	the difference between the Agreed Land Acquisition Cost and the Actual Land Acquisition Cost
“Latest Practicable Date”	26 September 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lump Sum Payment”	RMB34 million (approximately HK\$42 million) (subject to adjustment in accordance with the actual area of Water-surfaced Land Number 2), being the fee for acquiring independent land use right of Water-surfaced Land Number 2
“Master Cooperation Agreement”	the master cooperation agreement dated 30 September 2010 entered into between the JV Partner, the Company and the JV Company
“Menson”	Menson Development Limited, a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“New Agreements”	(a) a further supplemental agreement to the Master Cooperation Agreement entered into among the Company, Menson, the JV Company and the JV Partner (the “ Further Supplemental Agreement ”), (b) an agreement in respect of the revised terms of the Second Acquisition and the Further Capital Expansion entered into between Menson and the JV Partner (the “ Second Equity Transfer & Capital Expansion Agreement ”) and (c) a new joint venture agreement and new articles of association of the JV Company entered into between Menson and the JV Partner (the “ New Joint Venture Agreements ”), all dated 10 August 2012
“PRC”	The People’s Republic of China, which for the purposes of this circular, shall not include Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Previous Announcements”	the announcements of the Company dated 30 September 2010 and 9 November 2010 in relation to the Master Cooperation Agreement and the Supplemental Agreement
“Project”	the real estate development project situated on the Land
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Remaining Portion of the Land”	Land Phase 1 Section 3 and Land Phase 2 Section 1 and Section 2
“Second Acquisition”	the acquisition of 15% equity interest in the JV Company by Menson from the JV Partner
“Second Acquisition Price”	the purchase price for the Second Acquisition
“Second Capital Expansion”	additional capital to be injected into the JV Company, being the Actual Land Acquisition Cost and the relevant tax for the acquisition of Land Phase 1 Section 3 and Land Phase 2 Section 1
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	a supplemental agreement to the Master Cooperation Agreement dated 9 November 2010 entered into between the JV Partner, the Company, the JV Company and Menson
“Vigers”	Vigers Appraisal and Consulting Limited, independent property valuers
“Water-surfaced Land Number 2”	the piece of land situated at Mai Tian Ling, Boluo County, Huizhou City, the PRC with a total area of approximately 255 mu
“%”	per cent

For the purpose of illustration only, conversion of RMB into Hong Kong dollars in this circular is based on the exchange rate of RMB1.00 to HK\$1.2335. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.

* For identification purpose only

LETTER FROM THE BOARD



五礦建設有限公司*

MINMETALS LAND LIMITED

(Incorporated in 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
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Bermuda

*Principal place of
business in Hong Kong:*

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

28 September 2012

To the Shareholders,

Dear Sir or Madam,

**CONNECTED TRANSACTIONS
FURTHER SUPPLEMENTAL AGREEMENT TO
THE MASTER COOPERATION AGREEMENT
AND
CONTINUING CONNECTED TRANSACTIONS
FRAMEWORK AGREEMENT
IN RESPECT OF CONSTRUCTION WORKS
RELATING TO A PROJECT IN HUIZHOU CITY**

INTRODUCTION

On 10 August 2012, the Board announced that the Company, Menson, the JV Company and/or the JV Partner entered into the New Agreements to make adjustments to the Second Acquisition and the Second Capital Expansion.

* *For identification purpose only*

LETTER FROM THE BOARD

On 7 September 2012, the Board announced that the JV Company entered into the Framework Agreement with the JV Partner pursuant to which the JV Company may, from time to time, during a term of not more than three financial years ending 31 December 2014 and at its sole discretion, invite the JV Partner to tender, and subject to successful tender, award construction contract(s) to the JV Partner to engage the JV Partner as a construction contractor in respect of the construction works relating to the Project.

The purpose of this circular is to provide you with, among other things, further particulars of the transactions contemplated under the New Agreements and the Framework Agreement.

BACKGROUND TO THE NEW AGREEMENTS

Reference is made to the Previous Announcements in relation to the Master Cooperation Agreement and the Supplemental Agreement, pursuant to which the Company agreed to acquire, in stages, 80% equity interest in the JV Company from the JV Partner at a total consideration of not more than RMB748.5 million (approximately HK\$923.3 million).

As disclosed in the Previous Announcements, the JV Company has acquired the land use rights in respect of Land Phase 1 Section 1 and Land Phase 1 Section 2, and also intended to acquire the Remaining Portion of the Land.

Since the signing of the Master Cooperation Agreement, there have been material changes in the business environment in the real estate market, including substantial increase in the standard land premium and the listed price set by the government in Huizhou, the PRC ("**Material Changes**"). As a result, the JV Partner considered that it would be difficult for it to continue to perform certain provisions under the Master Cooperation Agreement. The Master Cooperation Agreement contains a provision (the "**Provision**") to the effect that if any of the provisions under the Master Cooperation Agreement cannot be performed due to foreign investment or real estate policies of the PRC Government, the parties thereto shall negotiate and make adjustments thereto in good faith on a timely basis.

In August 2012, the Company received a request from the JV Partner to renegotiate the terms of the Master Cooperation Agreement as the JV Partner was of the view that the occurrence of the Material Changes was caused by PRC Government's real estate policies, which is within the ambit of the Provision. In addition, the JV Partner has also informed the Company that it has experienced difficulties in fulfilling its material obligations as scheduled and proceed with the Master Cooperation Agreement under the original terms, in particular, in the event that the Actual Land Acquisition Cost exceeds the Agreed Land Acquisition Cost, the JV Partner shall bear the excess. The JV Partner has indicated that it was unlikely to be able to fulfil its financial obligations in covering the excess as a result of the Material Changes.

LETTER FROM THE BOARD

The Directors have reviewed the relevant statistical information regarding the land prices in Huizhou and based on their experience in the PRC real estate market, they considered that the circumstances were likely to fall within the ambit of the Provision. In this connection, 廣大律師事務所 (Guang Da Law Firm), the PRC legal adviser to the Company issued a legal opinion on 9 September 2012, the key content of which has been extracted and reproduced below for information purposes:

*“According to the documents and statements provided by the Company, the local government has raised the standard land premium as the land price of the area situated at the Mai Tian Ling Project increased significantly over the past year. The standard land premium and the initial listed price of the land exceeded the agreed land acquisition cost (i.e. land lump sum price) under the master cooperation agreement signed by Minmetals Land and its partner, 深圳泛華工程集團有限公司 (Shenzhen Pan-China Engineering Co., Ltd. *) (“Shenzhen Pan-China”) on 30 September 2010. The article 11.1 of the master cooperation agreement prescribed that “in case some of the foresaid provisions failed to be implemented in pursuant of the foresaid agreement as a result of any foreign investment policies implemented by the government or any factors of the real estates policies, the parties agreed to negotiate in good faith and adjust in a timely manner.*

We understand that “the substantial increase in the standard land premium and the listed price set by the government in Huizhou, the PRC” is to a certain extent attributable to real estate policy factors. As such, the parties to the foresaid master cooperation agreement may act on the principles of fairness, integrity and good faith, based on the requirements of article 11.1 of the master cooperation agreement, request the counterparties to negotiate on and make reasonable adjustment to the contract terms.”

This legal opinion supports the Directors’ view that the circumstances fall within the ambit of the Provision, and pursuant to which the Group is legally obligated to enter into negotiation with the JV Partner with a view to agreeing on adjustments to the Second Acquisition and the Second Capital Expansion.

During the negotiation with the JV Partner, the JV Partner notified the Company that in the event the provision for the Agreed Land Acquisition Cost is not removed, the JV Partner will cease to invest or further participate in the development of the Project. The Directors were of the view that if the New Agreements were not entered into, the JV Partner would not have the incentive to continue its investment and participation in the Project and possibly cease to devote its efforts and allocate the necessary resources to complete its material obligations under the Master Cooperation Agreement, thereby exposing Menson to possible additional execution risk and undue delay in the development of the Project.

LETTER FROM THE BOARD

Having taken into account the following factors, the Directors are satisfied that the benefits of having a smooth cooperation with the JV Partner on the Project outweigh the negative impact of removing the provision for the Agreed Land Acquisition Cost:

- (a) the management time and resources that the Company had invested in the development of the Project;
- (b) the level of reduction in the estimated return and incremental costs to be incurred in the event the JV Partner ceases to participate in the development of the Project;
- (c) the incremental costs of forgoing the provision for the Agreed Land Acquisition Cost together with the total development costs compared to the estimated additional profit contribution from the resultant sales of the development on the Remaining Portion of the Land;
- (d) the fact that without the participation of the JV Partner, the JV Company's chance of winning the bid for acquiring the Remaining Portion of the Land will be substantially reduced;
- (e) the Group has attempted but failed to identify a suitable partner which has the same capacities, local knowledge and network possessed by the JV Partner which would enable it to perform the obligations under the terms of the New Agreements (including bidding for and the resultant acquisition of the Remaining Portion of the Land); and
- (f) any potential legal actions to be taken by the Group against the JV Partner would consume significant management time and resources as well as undue delay to the Project with an uncertain outcome.

In view of the above, the Group entered into the New Agreements to make adjustments to the Second Acquisition and the Second Capital Expansion.

LETTER FROM THE BOARD

FURTHER SUPPLEMENTAL AGREEMENT

Date

10 August 2012

Parties

- (1) The Company
- (2) Menson, an indirect wholly-owned subsidiary of the Company and the owner of 65% equity interest in the JV Company as at the date of this circular
- (3) The JV Company
- (4) The JV Partner, the owner of 35% equity interest in the JV Company as at the date of this circular

Major terms

The parties to the Further Supplemental Agreement agreed, inter alia:

- (a) the Second Acquisition will take place before the Second Capital Expansion;
- (b) the JV Company's costs of acquisition of the Remaining Portion of the Land will be based on the Actual Land Acquisition Cost;
- (c) the amounts of the Second Acquisition Price and the Second Capital Expansion shall be adjusted accordingly; and
- (d) Menson and the JV Partner shall pay (by way of advance to the JV Company) the security deposit payable by the JV Company in connection with the acquisition of the Remaining Portion of the Land.

Pursuant to the New Agreements, the JV Partner shall continue to carry out its material obligations as set out in the Master Cooperation Agreement, including but not limited to, (a) procuring the JV Company to bid for Land Phase 1 Section 3 and Land Phase 2 Section 1 through public auction and listing process; (b) the relocation of the substation and the high voltage cables stretching across Land Phase 1 to a new location which are prerequisites to the furtherance of the Project; and (c) the construction of the infrastructure such as road and utilities for the Project, all being essential to the completion of the Project.

LETTER FROM THE BOARD

SECOND EQUITY TRANSFER & CAPITAL EXPANSION AGREEMENT

Date

10 August 2012

Parties

- (1) Menson
- (2) The JV Partner

Second Acquisition

The JV Partner agreed to transfer its 15% equity interest in the JV Company to Menson at a consideration of approximately RMB84.8 million (approximately HK\$104.6 million), which is equivalent to the sum of (i) 15% of the registered capital of the JV Company at the time of the Second Acquisition and (ii) 15% of the Land Premium of Land Phase 1 Section 1 and Land Phase 1 Section 2.

The consideration shall be paid in cash to the JV Partner within 60 days after the issue of the new business licence of the JV Company.

Further Capital Expansion

Menson and the JV Partner further agreed to increase the registered capital of the JV Company from approximately RMB382.0 million (approximately HK\$471.2 million) to approximately RMB602.0 million (approximately HK\$742.6 million). The Further Capital Expansion in the amount of RMB220 million (approximately HK\$271.4 million) shall be contributed as to 80% by Menson and 20% by the JV Partner and such amount was determined based on arm's length negotiation between the Group and the JV Partner. Menson's contribution to the Further Capital Expansion in the amount of RMB176 million (approximately HK\$217.1 million) shall be paid in the following manner: (i) not less than 20% shall be paid before the making of the application for the issue of the new business licence of the JV Company; and (ii) the balance shall be paid within 60 days after the issue of the new business licence.

The Second Acquisition Price and Menson's contribution to the Further Capital Expansion in the aggregate amount of approximately RMB260.8 million (approximately HK\$321.7 million) will be payable in cash and will be funded by internal resources and/or bank borrowings of the Group.

The Further Capital Expansion forms part of the Second Capital Expansion only. The amount of the Further Capital Expansion will not be sufficient for acquiring the Remaining Portion of the Land. It is expected that Menson and the JV Partner will make further contributions to the capital expansion of the JV Company in proportion to their shareholdings in the JV Company from time to time for the acquisition of the Remaining Portion of the Land in stages.

LETTER FROM THE BOARD

Board composition after the Second Acquisition

The parties also agreed that after completion of the Second Acquisition, the board of directors of the JV Company, which will be the highest authority of the JV Company, will consist of five directors, of which four will be appointed by Menson and one will be appointed by the JV Partner, and the chairman will be appointed by Menson.

NEW JOINT VENTURE AGREEMENTS

Date

10 August 2012

Parties

- (1) Menson
- (2) The JV Partner

Subject matter

To provide for joint venture arrangements regarding the JV Company.

Term of operation

The term of operation of the JV Company shall be 20 years from 7 December 2010.

Scope of business

The scope of business of the JV Company is real estate development, sale of residential properties, leasing, property management, ancillary supports and basic facilities construction in respect of the Land.

The JV Company shall not, without the unanimous consent of the JV Partner and Menson:

- (i) change the nature or scope of its business; and
- (ii) enter into any transaction which are not on an arm's length basis.

Total investment amount and registered capital

The JV Company shall have a total investment amount of approximately RMB602.0 million (approximately HK\$742.6 million) and a registered capital of the same amount to be contributed as to 80% by Menson and 20% by the JV Partner.

No transfer or disposal of the equity interest in the JV Company may be made without the other party's prior written consent.

LETTER FROM THE BOARD

Board Composition

The board of directors of the JV Company, which will be the highest authority of the JV Company, will consist of five directors, of which four will be appointed by Menson and one will be appointed by the JV Partner, and the chairman will be appointed by Menson. The quorum for a meeting of the board of directors of the JV Company is a majority of the directors.

All matters in respect of the JV Company shall be approved by a majority of directors of the JV Company attending the relevant board meeting(s) except for the following matters which require unanimous consent of all the directors attending the relevant board meeting(s):

- amendment of the articles of association;
- merger, demerger, termination or dissolution;
- increase or reduction of registered capital;
- approval of profit sharing plan and loss recovery plan;
- disposal of significant assets;
- provision of guarantee.

Profit sharing

The profit sharing of the JV Company will be based on the proportion of capital contribution by Menson and the JV Partner.

Under the aforesaid arrangement, the majority board representation would give Menson control over the management and operations of the JV Company. In addition, the contribution obligation and profit distribution pursuant to the New Joint Venture Agreements are based on the new equity holdings and capital contribution of Menson in the JV Company as a result of the Second Acquisition and the Further Capital Expansion.

THE FRAMEWORK AGREEMENT

Date

7 September 2012

Parties

- (1) the JV Company
- (2) the JV Partner

LETTER FROM THE BOARD

As at the Latest Practicable Date, the JV Company is a 65%-owned subsidiary of the Company established in the PRC mainly for the purpose of developing the Project and the remaining 35% equity interest in the JV Company is owned by the JV Partner. The JV Company will become a 80%-owned subsidiary of the Company after the Group has acquired a further 15% equity interest in the JV Company as mentioned above.

Term

From 7 September 2012 to 31 December 2014

Subject matter

Pursuant to the Framework Agreement, the JV Company may, from time to time, during the term of the Framework Agreement and at its sole discretion, invite the JV Partner to tender, and subject to successful tender, award construction contract(s) to the JV Partner to engage the JV Partner as a construction contractor in respect of the construction works relating to the Project. The construction contract(s) so awarded will be subject to the terms of the relevant tender which shall be the same as those offered to independent third party contractors and on normal commercial terms.

Condition precedent

The Framework Agreement shall take effect upon the fulfillment of the independent shareholders' approval requirement in accordance with Chapter 14A of the Listing Rules.

Annual Caps

The total contract sum of all construction contract(s) awarded to the JV Partner under the Framework Agreement shall not exceed the amounts set out below during each of the following periods:

Period	RMB
From 7 September 2012 to 31 December 2012	585,889,000 (approximately HK\$722,694,000)
From 1 January 2013 to 31 December 2013	433,818,000 (approximately HK\$535,115,000)
From 1 January 2014 to 31 December 2014	484,570,000 (approximately HK\$597,717,000)

The Annual Caps have been determined mainly with reference to (i) the expected contract values of existing and future construction works relating to the Project; and (ii) the expected tender award schedule for construction works relating to the Project for the period from 7 September 2012 to 31 December 2014.

LETTER FROM THE BOARD

The Annual Cap for the period commencing from 7 September 2012 to 31 December 2012 (the “2012 Period”) is notably larger than the Annual Caps for each of the two financial years ending 31 December 2014 for the following reasons: (i) the construction area to be developed in the 2012 Period is comparable to those to be developed in each of the two financial years ending 31 December 2014, being approximately 32.6%, 31.4% and 36.0% of the aggregate expected construction area to be developed over the said periods, respectively; and (ii) the budgeted cost per square metre for the construction works expected to be undertaken during the 2012 Period, which is expected to include the construction of ancillary facilities, infrastructure and site formation works, is higher compared to the budgeted cost per square metre for each of the two financial years ending 31 December 2014.

The JV Company may or may not invite the JV Partner to tender for future construction works relating to the Project, or if the JV Partner is so invited, to award any such construction works to the JV Partner.

INFORMATION OF THE JV COMPANY

The JV Company was established in April 2010 with a registered capital of RMB1 million (approximately HK\$1.2 million). After the completion of the First Acquisition and the First Capital Expansion on 6 April 2012, the registered capital of the JV Company was increased to approximately RMB382.0 million (approximately HK\$471.2 million), which is owned as to 65% by Menson and 35% by the JV Partner. After the completion of the Second Acquisition, the JV Company will be owned as to 80% by Menson and 20% by the JV Partner.

The audited net assets value of the JV Company as at 31 December 2011 was approximately RMB356.1 million (approximately HK\$439.2). The audited net loss of the JV Company before and after taxation and extraordinary items for the year ended 31 December 2011 was approximately RMB25.2 million (approximately HK\$31.1 million). The audited net loss of the JV Company before and after taxation and extraordinary items for the year ended 31 December 2010 was approximately RMB0.7 million (approximately HK\$0.9 million).

INFORMATION OF THE LAND

The Land, which comprises Land Phase 1, Land Phase 2 and Water-surfaced Land Number 2 situated at 中國惠州市博羅縣麥田嶺 (Mai Tian Ling, Boluo County, Huizhou City, the PRC), is planned to be used for residential development of low-rise and high-rise units. Preliminary design and planning of the Project and construction on Land Phase 1 Section 1 and Land Phase 1 Section 2 are underway. Pre-sale for the first phase of the Project has been launched in the second quarter of 2012. The construction works in respect of Land Phase 1 Section 1 and Land Phase 1 Section 2 are expected to be completed in 2012.

INFORMATION OF 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.

LETTER FROM THE BOARD

The JV Partner was incorporated on 26 August 1993 in the PRC as a limited company and as at the Latest Practicable Date, it has a registered capital of RMB400 million (approximately HK\$493.4 million) and total assets of more than RMB2,000 million (approximately HK\$2,467 million). The JV Partner is principally engaged in project design, project contracting, project construction, civic project construction and real estate development. The JV Partner is amongst the first batch of enterprises in Shenzhen which was approved as obtaining the first grade general contracting qualification. As the key contractor of the Shenzhen Municipal Government, the JV Partner has participated in more than 350 construction projects including various contract works for Shenzhen-Hong Kong Western Corridor, Shenzhen Convention and Exhibition Centre and Shenzhen Grand Theatre. In 2011, it was awarded as Top 100 enterprises in Shenzhen. The JV Partner has also obtained first grade contracting qualification in, among others (i) construction and renovation works; (ii) public works; (iii) foundation and related works; (iv) electrical engineering works; and (v) steel structure works. Furthermore, the JV Partner has also qualified for ISO 9001:2008 (quality management), ISO 14001 (environmental management) and GB/T28001 (occupational health and safety management) certifications.

REASONS FOR AND BENEFITS OF THE NEW AGREEMENTS AND THE FRAMEWORK AGREEMENT

The New Agreements

The Project has been designed and master-planned as a lake-side high-end residential development. When assessing the feasibility of the Project, the Directors are of the view that the development of the Project, the overall attraction and the expected valuation hinge on the ability of the JV Company successfully acquiring the Remaining Portion of the Land as originally intended. In the event that any of the Remaining Portion of the Land is acquired by other developer(s), the expected rate of return of the Project might be significantly adversely affected.

Accordingly, in order to maximize the value of the Project (and the price of the residential units to be constructed and sold), it is essential for the JV Company to acquire and develop the Remaining Portion of the Land in accordance with the master plan. The Company recognizes that the JV Partner, with its knowledge and experience in real estate development in Guangdong Province, can play an instrumental role in assisting the JV Company to achieve the objective of developing the Land into a high-end residential development thus maximizing the return of the Project.

Against the background and reasons set out in the paragraph headed "BACKGROUND TO THE NEW AGREEMENTS" above, the Company considered that it is fair and reasonable to make the adjustments under the New Agreements in furtherance of the Project.

LETTER FROM THE BOARD

The Framework Agreement

The Project is located in Huizhou City, Guangdong Province in the PRC and is planned for residential development of high-rise and low-rise units. Construction of Sections 1 and 2 of Phase I of the Project are underway. The JV Company needs to engage construction contractors for construction works relating to the Project. The JV Partner has relevant experience in this regard and it has been awarded certain construction contracts relating to the Project previously. The JV Company may, subject to successful tender by the JV Partner, engage the JV Partner for the construction works relating to the Project from time to time. Since the engagement of the JV Partner constitutes connected transactions for the Company subject to the disclosure and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, the Directors consider that it would be in the interests of the Company for the JV Company to enter into the Framework Agreement with the JV Partner and comply with the relevant Listing Rules requirements for now so as to avoid any undue delay in future engagement of the JV Partner of its construction contractor service from time to time.

LISTING RULES IMPLICATIONS

The JV Partner, by virtue of being a substantial shareholder of the JV Company which is now a 65%-owned subsidiary of the Company, is a connected person of the Company.

In respect of the New Agreements, since the consideration ratio (being the highest percentage ratio) calculated with reference to the aggregate amount of the Second Acquisition Price and Menson's contribution to the Further Capital Expansion of approximately RMB260.8 million (approximately HK\$321.7 million) exceeds 5%, the transactions contemplated under the New Agreements constitute connected transactions for the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As for the Framework Agreement, as certain applicable percentage ratios in respect of the Framework Agreement calculated with reference to the Annual Caps exceed 5%, the transactions contemplated under the Framework Agreement constitute continuing connected transactions for the Company and are also subject to 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 contemplated under the New Agreements and the Framework Agreement and thus no Director is required to abstain from voting on the board resolutions approving the transactions contemplated under the New Agreements and the Framework Agreement.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder had a material interest in the transactions contemplated under the New Agreements and the Framework Agreement and thus no Shareholder would be required to abstain from voting on the transactions contemplated under the New Agreements and the Framework Agreement 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 contemplated under the New Agreements and the Framework Agreement. The Company has applied for, and the Stock Exchange has granted to the Company, a waiver under Rule 14A.43 of the Listing Rules for accepting June Glory's written approval in lieu of a Shareholders' meeting for approving the transactions contemplated under the New Agreements and the Framework Agreement. Accordingly, no Shareholders' meeting will be convened for the purpose of approving the transactions contemplated under the New Agreements and the Framework Agreement.

RECOMMENDATION

The Directors consider that the New Agreements and the Framework Agreement were entered into on normal commercial terms, and the terms and conditions thereof (including the Annual Caps) and the transactions contemplated thereunder 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 any resolution for approving the New Agreements and the Framework Agreement and the transactions contemplated thereunder 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, the valuation report and the general information set out in the appendices 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 Bermuda with limited liability)

(Stock Code: 230)

28 September 2012

To the Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTIONS
FURTHER SUPPLEMENTAL AGREEMENT TO
THE MASTER COOPERATION AGREEMENT
AND
CONTINUING CONNECTED TRANSACTIONS
FRAMEWORK AGREEMENT
IN RESPECT OF CONSTRUCTION WORKS
RELATING TO A PROJECT IN HUIZHOU CITY

We refer to the circular dated 28 September 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 Agreements and the Framework Agreement were entered into on normal commercial terms, and the terms and conditions thereof (including the Annual Caps) and the transactions contemplated thereunder 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 contemplated under the New Agreements and the Framework Agreement.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the “Letter from the Board” set out on pages 6 to 18 of the Circular which contains, among other things, information about the transactions contemplated under the New Agreements and the Framework Agreement, and the “Letter from Investec” set out on pages 21 to 45 of the Circular which contains its advice in respect of the transactions contemplated under the New Agreements and the Framework Agreement.

Having considered the reasons for and the benefits of the transactions contemplated under the New Agreements and the Framework Agreement and considering the principal factors and reasons taken into account by Investec in arriving at its opinion regarding the transactions contemplated under the New Agreements and the Framework Agreement set out in the “Letter from Investec” on pages 21 to 45 of the Circular, we consider that the New Agreements and the Framework Agreement were entered into on normal commercial terms, and the terms and conditions thereof (including the Annual Caps) and the transactions contemplated thereunder 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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28 September 2012

To the Independent Board Committee and the Shareholders

Dear Sirs,

**CONNECTED TRANSACTION INVOLVING
FURTHER SUPPLEMENTAL AGREEMENT
TO THE MASTER COOPERATION AGREEMENT
AND
CONTINUING CONNECTED TRANSACTIONS INVOLVING
FRAMEWORK AGREEMENT
IN RESPECT OF CONSTRUCTION WORKS
RELATING TO A PROJECT
IN HUIZHOU CITY**

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 contemplated under the New Agreements and the Framework Agreement, details of which are set out in the Letter from the Board contained in the circular dated 28 September 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 30 September 2010 and 9 November 2010 in relation to the Master Cooperation Agreement and the Supplemental Agreement, pursuant to which the Company agreed to acquire, in stages, 80% of the Equity Interests from the JV Partner for a total consideration of not more than RMB748.5 million (approximately HK\$923.3 million).

As set out in the Letter from the Board, since the signing of the Master Cooperation Agreement, there have been material changes in the business environment in the PRC real estate market (the “**Material Changes**”), including substantial increase in the land price in Huizhou, the PRC. It was contemplated in the Master Cooperation Agreement that if any of the provisions under the Master Cooperation Agreement cannot be performed due to

LETTER FROM INVESTEC

foreign investment or real estate policies of the PRC Government, the parties thereto shall negotiate and make adjustments thereto in good faith on a timely basis. On this basis, the relevant parties entered into the New Agreements, which consist of the Further Supplemental Agreement, the Second Equity Transfer & Capital Expansion Agreement and the New Joint Venture Agreements to make adjustments to the Second Acquisition and the Second Capital Expansion.

The JV Partner, by virtue of being a substantial shareholder of the JV Company which is a 65%-owned subsidiary of the Company as at the Latest Practicable Date, is a connected person of the Company. Based on the applicable percentage ratios, the transactions contemplated under the New Agreements constitute connected transactions for the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, the JV Company, a non-wholly owned subsidiary of the Company, entered into the Framework Agreement with the JV Partner pursuant to which the JV Company may, from time to time, during a term of not more than three financial years ending 31 December 2014 and at its sole discretion, invite the JV Partner to tender, and subject to successful tender, award construction works contract(s) to the JV Partner to engage the JV Partner as a construction contractor in respect of the construction works relating to the Project.

The JV Partner is a substantial shareholder of the JV Company, and accordingly is a connected person of the Company. As certain applicable percentage ratios in respect of the Framework Agreement calculated with reference to the Annual Caps exceed 5%, the transactions contemplated under the Framework Agreement constitute continuing connected transactions (the "**Continuing Connected Transactions**") for the Company and are subject to 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 contemplated under the New Agreements and the Continued Connected Transactions contemplated under the Framework Agreement and thus no Shareholder would be required to abstain from voting on the transactions contemplated under the New Agreements and the Framework Agreement 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 contemplated under the New Agreements and the Framework Agreement. A waiver under Rule 14A.43 of the Listing Rules has been granted by the Stock Exchange for accepting June Glory's written approval in lieu of a Shareholders' meeting for approving the transactions contemplated under the New Agreements and the Framework Agreement.

LETTER FROM INVESTEC

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.

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 (i) whether the New Agreements were entered into on normal commercial terms, the terms thereof and the transactions contemplated under the New Agreements are fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) whether the Framework Agreement (including the Annual Caps) are in the interests of the Company and the Shareholders as a whole and whether the terms of the Framework Agreement and the respective transactions contemplated thereunder are fair and reasonable so far as the independent Shareholders are concerned.

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 contemplated under the New Agreements and the Framework Agreement, 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.

LETTER FROM INVESTEC

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, Menson, the JV Partner, the JV Company and their respective subsidiaries or the prospects of the markets in which they respectively operate.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the terms of the transactions contemplated under the New Agreements and the Framework Agreement, 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 portfolio of real estate development business comprises ten projects in seven cities in the PRC, including Nanjing, Changsha, Tianjin, Langfang, Yingkou, Huizhou and Beijing while the specialised construction business has coverage in fifteen provinces and cities in the PRC including Hong Kong.

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

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

LETTER FROM INVESTEC

The Group derived approximately 87.9% of its total revenue from its real estate development operating segment for the year ended 31 December 2011 which amounted to approximately HK\$4,684.3 million, 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 totalled to approximately HK\$771.8 million, an increase from approximately HK\$608.8 million for the year ended 31 December 2010.

As set out in the 2011 Annual Report, the aforesaid increase in profit for the year ended 31 December 2011 was mainly attributable to the recognition of significant profits from real estate development projects presold in prior years and delivered in 2011.

Based on the above, the Company's investment in the JV Company is a furtherance of the real estate development business of the Group, being a substantial part of the Group's business, which has been profitable for the two financial years ended 31 December 2011.

2. History and background of the Company's investment in the JV Company

We have discussed with the Management on the history and background of the Company's investment in the JV Company. We noted that prior to investing in the JV Company in September 2010, the Company has assessed the commercial potential of the Project and considered, inter alia, (i) the underlying conditions and outlook of the Huizhou property market; and (ii) the JV Partner's involvement in the Project, whose established experience as a property developer in Guangdong Province is beneficial to the development of the Project, thus concluded that the Project represented a sound investment proposition.

However, given that the Company has not invested in Huizhou prior to the entering into of the Master Cooperation Agreement, acted prudently with caution, and after arm's length negotiation with the JV Partner, it was agreed that the JV Partner should limit the exposure of the Company's future capital contribution on the Project through the Agreed Land Acquisition Cost rather than adopting a pro-rata basis for future capital contribution as customary in any typical joint venture property development arrangements.

After the entering into of the Master Cooperation Agreement, the Management has gained a more comprehensive understanding of the Project, which in turn enable the Company to better appraise the Project and reinforced its earlier analysis that the Project is commercially viable. Furthermore, through working with the JV Partner on the Project, the Management has gained confidence of the abilities of the JV Partner to collaborate as an effective business partner whose intimate knowledge in the local real estate development market is instrumental to the future success of the Project.

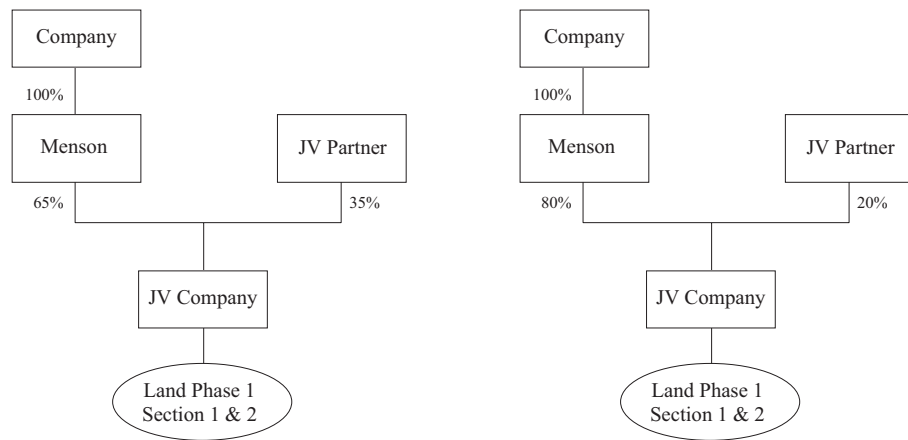
3. Information on and background of the JV Company

The JV Company was established in April 2010 with a registered capital of RMB1 million (approximately HK\$1.2 million). The scope of business of the JV Company includes real estate development, sale of residential properties, leasing, property management, ancillary supports and basic facilities construction in respect of the Land. The JV Company is established primarily to develop the Land (i.e. the Project), master-planned to be a contiguous high-end residential development in Huizhou City, the PRC, details of which are set out in the paragraph headed “6. Information on the Land and the Project” below.

On 30 September 2010, the Company, the JV Partner and the JV Company entered into Master Cooperation Agreement. On 9 November 2010, the JV Partner and Menson entered into the Joint Venture Agreement. Pursuant to the aforesaid agreements, (i) Menson acquired from the JV Partner 65% of the then existing equity interests of the JV Company, as a result of which the JV Company is held as to 35% by the JV Partner and 65% by Menson (i.e. the First Acquisition); and (ii) the JV Partner and Menson contributed to the JV Company in cash of approximately RMB133 million (approximately HK\$164 million) and RMB248 million (approximately HK\$306 million), respectively (i.e. the First Capital Expansion).

After the completion of the said First Acquisition and the First Capital Expansion on 6 April 2012, the registered capital of the JV Company was increased to approximately RMB382.0 million (approximately HK\$471.2 million), which is owned as to 65% by Menson and 35% by the JV Partner. Immediately upon the completion of the Second Acquisition, the JV Company will be owned as to 80% by Menson and 20% by the JV Partner. The respective shareholding structures of the JV Company as at the Latest Practicable Date and immediately upon the completion of the Second Acquisition are as follows:

- (i) *as at the Latest Practicable Date* (ii) *upon the completion of the Second Acquisition*



The audited net asset value of the JV Company as at 31 December 2011 was approximately RMB356.1 million (approximately HK\$439.2 million). The audited net loss of the JV Company before and after taxation and extraordinary items for the year ended 31 December 2011 was approximately RMB25.2 million (approximately HK\$31.1 million). The audited net loss of the JV Company before and after taxation and extraordinary items for the year ended 31 December 2010 was approximately RMB0.7 million (approximately HK\$0.9 million). The Management advised that, as at the Latest Practicable Date, the Project is still under construction phase and the pre-sold units are yet to be delivered to buyers and therefore the JV Company has yet to recognise any revenue thus far.

4. Information on the JV Partner

As stated in the Letter from the Board, the JV Partner was incorporated on 26 August 1993 in the PRC as a limited company and as at the Latest Practicable Date, it has a registered capital of RMB400 million (approximately HK\$493.4 million) and total assets of more than RMB2,000 million (approximately HK\$2,467 million). The JV Partner is principally engaged in project design, project contracting, project construction, civic project construction and real estate development. As set out in the section headed "Information of the Group and the JV Partner" in the Letter from the Board, the JV Partner is amongst the first batch of enterprises in Shenzhen which was approved as obtaining the first grade general contracting qualification, being the key contractor of the Shenzhen Municipal Government, the JV Partner has participated in more than 350 construction projects including various contract works for Shenzhen-Hong Kong Western Corridor, Shenzhen Convention and Exhibition Centre and Shenzhen Grand Theatre. In 2011, it was awarded as Top 100 enterprises in Shenzhen. The JV Partner has also obtained first grade contracting qualification in, among others (i) construction and renovation works; (ii) public works; (iii) foundation and related works; (iv) electrical engineering works; and (v) steel structure works. Furthermore, the JV Partner has also qualified for ISO 9001:2008 (quality management), ISO 14001 (environmental management) and GB/T28001 (occupational health and safety management) certifications.

5. Information on Huizhou

Huizhou city is located in the Guangdong Province with a population of approximately 4.6 million as at 31 December 2010 as per the information published by the Huizhou Statistical Information Net* (惠州統計信息網). The gross domestic product of Huizhou in 2011 totalled to approximately RMB209.7 billion (approximately HK\$258.7 billion), representing an increase of approximately 14.6% as compared to 2010.

According to the information published by the Huizhou Statistical Information Net* (惠州統計信息網), area of commodity houses sold* (商品房銷售面積) in 2011 totalled to approximately 8.0 million square meters, of which approximately 7.5 million square meters were related to residential properties sold, as compared to approximately 5.9 million square meters in 2010, representing a year-on-year increase of approximately 27.1%.

6. Information on the Land and the Project

The Land is situated at 中國惠州市博羅縣麥田嶺 (Mai Tian Ling, Boluo County, Huizhou City, the PRC) in a hot spring resort area and is easily accessible by Huibo riverside expressways* (惠博沿江快速公路), Huizhou Avenue* (惠州大道) and Huihe Expressway* (惠河高速), each being a major expressway of the Huizhou City.

The Land comprises Land Phase 1, Land Phase 2 and Water-surfaced Land Number 2 with a total area of approximately 1,730 mu, and is planned for residential development of low-rise and high-rise units for the Project. As of the Latest Practicable Date, the JV Company has acquired Land Phase 1 Section 1 and Land Phase 1 Section 2 with an aggregated area of approximately 531,233 square metres with the relevant Certificate of State-owned Construction Land Use Right (the “**Acquired Land**”) which is approximately 60% of the Land. As stated in the Letter from the Board, the JV Company intends to acquire Land Phase 1 Section 3, Land Phase 2 Section 1 and Land Phase 2 Section 2, i.e. the Remaining Portion of the Land which represents approximately 40% of the Land.

The Directors considered the Project, as a whole, is one of the key development projects of the Group and is significant to the Group’s existing portfolio of real estate development projects. As at the Latest Practicable Date, construction on Land Phase 1 Section 1 and Land Phase 1 Section 2 were underway whilst pre-sale for the first phase of the Project has been launched in the second quarter of 2012. The Management expects construction work in respect of Land Phase 1 Section 1 and Land Phase 1 Section 2 to be completed in 2012.

As stated in the Letter from the Board, the Project has been designed and master-planned as a lake-side high-end residential development. When assessing the feasibility of the Project, the Directors are of the view that the development of the Project, the overall attraction and the expected valuation are based on the ability of the JV Company successfully acquiring the Remaining Portion of Land as originally intended. In the event that any of the Remaining Portion of the Land is acquired by any other developer(s), the expected rate of return of the Project might be significantly adversely affected.

Accordingly, in order to maximize the value of the Project (and the price of the residential units to be constructed and sold), it is essential for the JV Company to acquire and develop the Remaining Portion of the Land in accordance with the master plan. The Company recognizes that the JV Partner, with its knowledge and experience in real estate development in Guangdong Province, can play an instrumental role in assisting the JV Company to achieve the objective of completing a contiguous high-end residential development thus maximizing the return of the Project.

LETTER FROM INVESTEC

7. The transactions contemplated under the New Agreements

On 10 August 2012, the relevant parties entered into the New Agreements to make adjustments to the Second Acquisition and the Second Capital Expansion.

The New Agreements primarily sought to reposition the Company's (through Menson) future funding obligation on a pro-rata basis as a joint venture partner in the JV Company. In assessing it, the Company has considered a number of relevant factors as further elaborated below, which ultimately aligned the interest of the JV Partner with that of the Company on an equitable basis. The Company believes that this realignment of interest would further incentivize the JV Partner to contribute to the timely implementation of and the success of the Project.

For illustration purposes, we have set out in Table 1 below, a summary of the major terms of the Master Cooperation Agreement and the New Agreements.

Table 1: Summary of the major terms of the Master Cooperation Agreement and (i) the Further Supplemental Agreement; and (ii) the Second Equity Transfer & Capital Expansion Agreement

Pursuant to the Master Cooperation Agreement		Pursuant to (i) the Further Supplemental Agreement; and (ii) the Second Equity Transfer & Capital Expansion Agreement	
Sequence of transactions	Basis of the relevant consideration	Sequence of transactions	Basis of the relevant consideration
<i>Second Capital Expansion</i>	Menson's proportion of equity interest in the JV Company i.e. 65% of the Actual Land Acquisition Cost and the relevant tax of Land Phase 1 Section 3 and Land Phase 2 Section 1.	<i>Second Acquisition</i>	the sum of (a) 15% of the registered capital of the JV Company at the time of the Second Acquisition and (b) 15% of the Land Premium of Land Phase 1 Section 1 and Land Phase 1 Section 2.
<i>Second Acquisition</i>	the sum of (a) 15% of the registered capital of the JV Company at the time of the Second Acquisition; (b) 80% of the Land Premium for Land Phase 1 Section 3 and Land Phase 2 Section 1; and (c) 15% of the Land Premium for Land Phase 1 Section 1 and Land Phase 1 Section 2.	<i>Further Capital Expansion (forms part of the Second Capital Expansion only)</i>	arms' length negotiation between the Group and the JV Partner.
<i>Other major terms</i>	Regardless of the Actual Land Acquisition Cost, the maximum exposure of the Company in the transaction shall be limited to the Agreed Land Acquisition Cost.	<i>Other major terms</i>	the JV Company's costs of acquisition of the Remaining Portion of the Land will be based on the Actual Land Acquisition Cost (i.e. removal of Land Price Cap).

LETTER FROM INVESTEC

A summary of the major terms of the New Agreements are set out below:

(a) the Further Supplemental Agreement

Parties

- (1) the Company
- (2) Menson
- (3) the JV Company
- (4) the JV Partner

Major terms

The parties to the Further Supplemental Agreement agreed, inter alia:

- (i) the Second Acquisition will take place before the Second Capital Expansion;
- (ii) the JV Company's costs of acquisition of the Remaining Portion of the Land will be based on the Actual Land Acquisition Cost;
- (iii) the amounts of the Second Acquisition Price and the Second Capital Expansion shall be adjusted accordingly; and
- (iv) Menson and the JV Partner shall pay (by way of advance to the JV Company) the security deposit payable by the JV Company in connection with the acquisition of the Remaining Portion of the Land.

Pursuant to the New Agreements, the JV Partner shall continue to carry out its material obligations as set out in the Master Cooperation Agreement, including but not limited to, (a) procuring the JV Company to bid for Land Phase 1 Section 3 and Land Phase 2 Section 1 through public auction and listing process; (b) the relocation of the substation and the high voltage cables stretching across Land Phase 1 to a new location which are prerequisites to the furtherance of the Project; and (c) the construction of the infrastructure such as road and utilities for the Project, all being essential to the completion of the Project.

LETTER FROM INVESTEC

(b) *the Second Equity Transfer & Capital Expansion Agreement*

Parties

- (1) Menson
- (2) the JV Partner

Second Acquisition

The JV Partner agreed to transfer its 15% equity interest in the JV Company to Menson at a consideration of approximately RMB84.8 million (approximately HK\$104.6 million), which is equivalent to the sum of (i) 15% of the registered capital of the JV Company at the time of the Second Acquisition; and (ii) 15% of the Land Premium of Land Phase 1 Section 1 and Land Phase 1 Section 2.

The consideration shall be paid in cash to the JV Partner within 60 days after the issue of the new business licence of the JV Company.

Further Capital Expansion

Menson and the JV Partner further agreed to increase the registered capital of the JV Company from approximately RMB382.0 million (approximately HK\$471.2 million) to approximately RMB602.0 million (approximately HK\$742.6 million). The increased portion of the registered capital of the JV Company in the amount of RMB220 million (approximately HK\$271.4 million) (the “**Further Capital Expansion**”) shall be contributed as to 80% by Menson and 20% by the JV Partner and such amount was determined based on arms’ length negotiation between the Group and the JV Partner.

The Second Acquisition Price and Menson’s contribution to the Further Capital Expansion in the aggregate amount of approximately RMB260.8 million (approximately HK\$321.7 million) will be payable in cash and will be funded by internal resources and/or bank borrowings of the Group.

The Further Capital Expansion forms part of the Second Capital Expansion only. The amount of the Further Capital Expansion will not be sufficient for acquiring the Remaining Portion of the Land. Under the terms of the New Agreements, it is expected that Menson and the JV Partner will need to make further contributions to the capital expansion of the JV Company in proportion to their shareholdings in the JV Company from time to time for the acquisition of the Remaining Portion of the Land in stages.

LETTER FROM INVESTEC

Board composition after the Second Acquisition

The parties also agreed that after completion of the Second Acquisition, the board of directors of the JV Company, which will be the highest authority of the JV Company, will consist of five directors, of which four will be appointed by Menson and one will be appointed by the JV Partner, and the chairman will be appointed by Menson.

(c) *the New Joint Venture Agreements*

Parties

- (1) Menson
- (2) the JV Partner

Subject matter

To provide for joint venture arrangements regarding the JV Company.

Term of operation

The term of operation of the JV Company shall be 20 years from 7 December 2010.

Scope of business

The scope of business of the JV Company is real estate development, sale of residential properties, leasing, property management, ancillary supports and basic facilities construction in respect of the Land.

Total investment amount and registered capital

The JV Company shall have a total investment amount of approximately RMB602.0 million (approximately HK\$742.6 million) and a registered capital of the same amount to be contributed as to 80% by Menson and 20% by the JV Partner.

No transfer or disposal of the equity interest in the JV Company may be made without the other party's prior written consent.

LETTER FROM INVESTEC

Board Composition

The board of directors of the JV Company, which will be the highest authority of the JV Company, will consist of five directors, of which four will be appointed by Menson and one will be appointed by the JV Partner, and the chairman will be appointed by Menson. The quorum for a meeting of the board of directors of the JV Company is a majority of the directors.

All matters in respect of the JV Company shall be approved by a majority of directors of the JV Company attending the relevant board meeting(s) except for certain matters as set out in the Letter from the Board.

Profit sharing

The profit sharing of the JV Company will be based on the proportion of capital contribution by Menson and the JV Partner.

8. Analysis of the major terms of the New Agreements

We have reviewed the terms and transactions contemplated under the Master Cooperation Agreement and the New Agreements, respectively and noted that there are two principal differences, namely, the removal of the Land Price Cap (as defined hereafter) and the sequence of the transactions contemplated as set out in Table 1 above. Accordingly, our analysis set out hereafter will primarily focus on the fairness and reasonableness of terms under the New Agreements.

Second Acquisition

As set out in the Letter from the Board, the consideration for the Second Acquisition (the "**Second Acquisition Consideration**") of RMB84.8 million was based on the sum of (a) 15% of the registered capital of the JV Company at the time of the Second Acquisition; and (b) 15% of the Land Premium of Land Phase 1 Section 1 and Land Phase 1 Section 2.

We have considered the following when assessing the fairness and reasonableness of the Second Acquisition Consideration:

- (i) *The net asset value of the JV Company as at 31 December 2011 (the "NAV") and the fair value of the Assets*

As at the Latest Practicable Date, the principal assets of the JV Company were the Land Phase 1 Section 1 and Land Phase 1 Section 2 (approximately 867 mu) with the relevant Certificate of State-owned Construction Land Use Right and the property under development (the "**Assets**"). As set out in the audited accounts of the JV Company for the year ended 31 December 2011 (the "**2011 Accounts**"), the Assets were recognised at the Actual Land Acquisition Cost and the construction cost incurred.

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The Management advised that the Actual Land Acquisition Cost together with the construction cost incurred do not reflect the prevailing market value of the Assets as at the Latest Practicable Date and therefore, we have also considered the fair market value of the Assets appraised by Vigers Appraisal and Consulting Limited, the independent property valuers, as at 31 July 2012 (the “**Fair Value**”), being RMB1,180.0 million, when evaluating the fairness and reasonableness of the Second Acquisition Consideration.

The NAV adjusted to reflect the Fair Value would be approximately RMB738.9 million (the “**Adjusted NAV**”). Based on the above, the consideration for 15% equity interest in the JV Company of RMB84.8 million represents a discount of approximately 24% to 15% Adjusted NAV of RMB110.8 million.

In addition, the Directors confirmed that the internal estimation on the rate of return of the Project under the terms of the New Agreements is in line with other existing property development projects undertaken by the Group and the Directors are of the view that the development of the Project is in the interests of the Company and the Shareholders as a whole.

Given the Adjusted NAV reflects a more up-to-date market value of the Assets, we considered it to be a more relevant benchmark of the Second Acquisition Consideration than the NAV. Having considered that (i) the Second Acquisition Consideration represents a discount of approximately 24% to the corresponding Adjusted NAV; and (ii) the internal estimation on the rate of return of the Project under the terms of the New Agreements is in line with other existing property development projects undertaken by the Group, we are of the view that the Second Acquisition Consideration is fair and reasonable so far as the Shareholders are concerned.

JV Company's costs of acquisition of the Remaining Portion of the Land

Pursuant to the New Agreements, the JV Company's costs of acquisition of the Remaining Portion of the Land will be based on the Actual Land Acquisition Cost. In this connection, we noted that pursuant to the Master Cooperation Agreement, in the event that the Actual Land Acquisition Cost exceeds the Agreed Land Acquisition Cost, the JV Partner shall bear the difference to the Agreed Land Acquisition Cost (the “**Land Price Cap**”), hence, removal of such provision under the New Agreements effectively released the JV Partner from its obligation in satisfying any difference between the Agreed Land Acquisition Cost and the Actual Land Acquisition Cost in the event that the JV Company decided to acquire the Remaining Portion of Land.

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Details of our analysis of the removal of the provision in relation to the Land Price Cap are set out in the section headed “9. Reasons for and expected benefits of entering into the New Agreements” below.

Further Capital Expansion

Pursuant to the Second Equity Transfer & Capital Expansion Agreement, Menson and the JV Partner agreed to the Further Capital Expansion whereby each of Menson and the JV Partner shall contribute a total of RMB220 million (approximately HK\$271.4 million) towards the registered capital of the JV Company which was determined based on arm’s length negotiation between Menson and the JV Partner. It was agreed that Menson shall contribute RMB176 million (approximately HK\$217.1 million) or 80% of the Further Capital Expansion which is in accordance to its equity holding in the JV Company upon completion of the Second Acquisition.

As set out in the Letter from the Board, the Directors are of the view that the Further Capital Expansion will not be sufficient to cover the acquisition cost and the relevant tax of the Remaining Portion of the Land. Therefore, it is expected that Menson and the JV Partner are required to make further contributions (the “**Further Contributions**”) to the capital expansion of the JV Company in proportion to their shareholdings in the JV Company from time to time for the acquisition of the Remaining Portion of the Land in stages.

Based on (i) our understanding from the Management that the acquisition of the Remaining Portion of the Land is a prerequisite to the completion of the Project; and (ii) the agreed contribution in relation to the Further Capital Expansion as well as the Further Contributions to be made by Menson and the JV Partner are in proportion to their respective shareholdings in the JV Company, we concur with the Directors’ view that the terms of the Further Capital Expansion are fair and reasonable so far as the Shareholders are concerned.

Joint venture arrangement

As set out in the Circular, under the joint venture arrangement pursuant to the New Joint Venture Agreements, Menson is entitled to appoint four out of the five members of the JV Company’s board of directors after completion of the Second Acquisition. Under the aforesaid arrangement, the majority board representation would give Menson control over the management and operations of the JV Company. In addition, the contribution obligation and profit distribution pursuant to the New Joint Venture Agreements are based on the new equity holdings and capital contribution of Menson in the JV Company as a result of the Second Acquisition and the Further Capital Expansion.

9. Reasons for and expected benefits of entering into the New Agreements

We were advised by the Management that the main considerations for Menson to enter into the New Agreements with the JV Partner are (i) the Directors have reviewed the relevant statistical information regarding the land prices in Huizhou and based on their experience in the PRC real estate market, they considered that the circumstances were likely to fall within the ambit of the Provision (defined hereafter); (ii) potential cessation of investment and participation in the Project by the JV Partner; and (iii) other major factors, details of which are listed below:

(i) Menson's legal obligation to renegotiate the terms under the Master Cooperation Agreement:

As stated in the Letter from the Board, since the signing of the Master Cooperation Agreement, there have been material changes in the business environment in the real estate market, including substantial increase in the standard land premium and the listed price set by the government in Huizhou, the PRC. As a result, the JV Partner considered that it would be difficult for it to continue to perform certain provisions under the Master Cooperation Agreement. The Master Cooperation Agreement contains a provision to the effect that if any of the provisions under the Master Cooperation Agreement cannot be performed due to foreign investment or real estate policies of the PRC Government, the parties thereto shall negotiate and make adjustments thereto in good faith on a timely basis.

The Management advised that in August 2012, the Company received a request from the JV Partner to renegotiate the terms of the Master Cooperation Agreement as the JV Partner was of the view that the occurrence of the Material Changes were caused by PRC Government's real estate policies, which is within the ambit of the following provision (the "**Provision**") under the Master Cooperation Agreement:

"In the event that if any of the provisions under the Master Cooperation Agreement cannot be performed due to foreign investment or real estate policies of the PRC Government, the parties hereto shall negotiate and make adjustments thereto in good faith on a timely basis."

In addition, the JV Partner has also informed the Company that it has experienced difficulties in fulfilling its material obligations as scheduled and proceed with the Master Cooperation Agreement under the original terms, in particular, in the event that the Actual Land Acquisition Cost exceeds the Agreed Land Acquisition Cost, the JV Partner shall bear the difference, i.e. the Land Price Cap. Under the said original terms of the Master Cooperation Agreement, the JV Partner has indicated that it is unlikely to be able to fulfil its financial obligations in covering the difference in excess of the Land Price Cap as a result of the substantial increase in (a) the prevailing listed price set

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by the government in Huizhou, the PRC; and (b) the standard land premium in Huizhou, since the date of the Master Cooperation Agreement.

In view of the above, the Directors have reviewed the relevant statistical information regarding the land prices in Huizhou and based on their experience in the PRC real estate market, they considered that the circumstances were likely to fall within the ambit of the Provision, and concluded that the following matters (as set out in (a) and (b) (the “**Relevant Information**”)) constitutes a valid ground entitling the JV Partner to seek re-negotiation:

(a) *The listed price set by the government in Huizhou, the PRC*

According to information published by the Boluo Land Resources Bureau (博羅縣國土資源局) on the Boluo land traded mining online system* (博羅縣土地與礦業網上掛牌交易系統), the listed price of Land Phase 2, which consists of three parcel of land, each being listed at approximately RMB780,000 per mu on 30 and 31 August 2012 and 5 September 2012, respectively (掛牌起始時間) representing an increase of approximately 99.1% and 101.8% as compare to the Actual Land Acquisition Cost of the Land Phase 1 Section 1 and the Land Phase 1 Section 2, respectively.

(b) *The standard land premium set by the government in Huizhou, the PRC*

Based on the official announcement of the Huizhou Boluo government (惠州市博羅縣政府) dated 17 August 2011, which set out the latest published information on standard land premium for land located at 惠州市博羅縣麥田嶺 (Mai Tian Ling, Boluo County, Huizhou City) at approximately RMB787,000 per mu, such land premium represents an increase of approximately 35.7% as compared to the standard land premium of approximately RMB580,000 per mu last set by the Huizhou Boluo government in 2007.

In this connection, the PRC Legal Adviser to the Company, being 廣大律師事務所 (Guang Da Law Firm), issued a legal opinion on 9 September 2012 (the “**Legal Opinion**”), the key content of which has been extracted and reproduced below for information purposes:

“According to the documents and statements provided by the Company, the local government has raised the standard land premium as the land price of the area situated at the Mai Tian Ling Project increased significantly over the past year. The standard land premium and the initial listed price of the land exceeded the agreed land acquisition cost (i.e. land lump sum price) under the master cooperation agreement signed by Minmetals Land and its partner, 深圳泛華工程集團有限公司 (Shenzhen Pan-China Engineering Co., Ltd.) (“Shenzhen Pan-China”) on 30 September 2010. The article 11.1 of the master*

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cooperation agreement prescribed that “in case some of the foresaid provisions failed to be implemented in pursuant of the foresaid agreement as a result of any foreign investment policies implemented by the government or any factors of the real estates policies, the parties agreed to negotiate in good faith and adjust in a timely manner.

We understand that “the substantial increase in the standard land premium and the listed price set by the government in Huizhou, the PRC” is to a certain extent attributable to real estate policy factors. As such, the parties to the foresaid master cooperation agreement may act on the principles of fairness, integrity and good faith, based on the requirements of article 11.1 of the master cooperation agreement, request the counterparties to negotiate on and make reasonable adjustment to the contract terms.”

Based on the Legal Opinion and our discussion with the Management, we concur with the Directors’ view that there are Material Changes which fall within the ambit of the Provision, and pursuant to which the Group is legally obligated to enter into negotiation with the JV Partner with a view to agreeing on adjustments to the Second Acquisition and the Second Capital Expansion.

(ii) Potential cessation of investment and participation in the Project by the JV Partner

As set out in the Letter from the Board, during the negotiation with the JV Partner, the JV Partner notified the Company that in the event the provision for the Land Price Cap is not removed, the JV Partner will cease to invest or further participate in the development of the Project.

In addition, the Directors are also of the view that if the New Agreements were not entered into, the JV Partner will not have the incentive to continue its investment and participation in the Project and possibly cease to devote its efforts and allocate the necessary resources to complete its material obligations under the Master Cooperation Agreement, thereby exposing Menson to possible additional execution risk and undue delay in the development of the Project.

Pursuant to the New Agreements, the JV Partner shall continue to carry out its material obligations as set out in the Master Cooperation Agreement, including but not limited to, (a) procuring the JV Company to bid for Land Phase 1 Section 3 and Land Phase 2 Section 1 through public auction and listing process; (b) the relocation of the substation and the high voltage cables stretching across Land Phase 1 to a new location which are prerequisites to the furtherance of the Project; and (c) the construction of the infrastructure such as road and utilities for the Project, all being essential to the completion of the Project.

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(iii) Other major factors

In view of the possible disruption to the Project in the event of a cessation of involvement by the JV Partner, we understand that the Directors had taken into consideration of the following:

- (a) the management time and resources that the Company had invested in the development of the Project;
- (b) the level of reduction in the estimated return and incremental costs to be incurred in the event the JV Partner ceases to participate in the development of the Project;
- (c) the incremental costs of forgoing the Land Price Cap (based on the estimated standard land premium of the Remaining Portion of the Land) together with the total development costs compared to the estimated additional profit contribution from the resultant sales of the development on the Remaining Portion of the Land;
- (d) the fact that without the participation of the JV Partner, the JV Company's chance of winning the bid for acquiring the Remaining Portion of the Land will be substantially reduced;
- (e) the Group has attempted but failed to identify a suitable partner which has the same capacities, local knowledge and network possessed by the JV Partner which would enable it to perform the obligations under the terms of the New Agreements (including bidding for and the resultant acquisition of the Remaining Portion of the Land); and
- (f) any potential legal actions to be taken by the Group against the JV Partner would consume significant management time and resources as well as undue delay to the Project with an uncertain outcome, the Directors concluded that the benefits of having a smooth cooperation with the JV Partner on the Project outweigh the negative impact of removing the Land Price Cap.

In view of the above, the Group entered into the New Agreements to make adjustments to the Second Acquisition and the Second Capital Expansion.

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Pursuant to the New Agreements, Menson will no longer benefit from the Land Price Cap in the event that the JV Company tenders and successfully acquire the Remaining Portion of the Land at the Actual Land Acquisition Cost that is higher than the Agreed Land Acquisition Cost. However, based on the fact that Menson has the legal obligation to renegotiate the terms under the Master Cooperation Agreement in good faith on a timely manner, the abovementioned factors and, in particular, the uncertainties associated with the potential cessation of investment and participation by the JV Partner, we concur with the Directors' view that entering into the New Agreements by Menson is in the interests of the Group and the Shareholders as a whole.

In arriving at the conclusion, the Management has also taken into account that the Company's participation in the Project since late 2010 has equipped the Management with a better understanding of the potential and risk profile of the Project. This provided the Management with a degree of comfort on the commercial viability of the Project which was not available at the time of entering into the Master Cooperation Agreement. In light of this, the Company considers that the removal of the Land Price Cap (which is the principal feature under the New Agreements), and the alignment of interests of the JV Partner and the Company to their respective shareholding in the JV Company are equitable arrangements to the respective parties. The Company also believes that the re-aligned position will further strengthen the incentive of the JV Partner to continue to contribute to the future success of the Project.

10. Framework Agreement

Pursuant to the Framework Agreement, the JV Company may, from time to time, during the term of the Framework Agreement and at its sole discretion, invite the JV Partner to tender, and subject to successful tender, award construction works contract(s) to the JV Partner to engage the JV Partner as a construction contractor in respect of any of the construction works relating to the Project. The construction works contract(s) so awarded will be subject to the terms of the relevant tender which shall be no less favourable than those offered to independent third party contractors.

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Details of the Framework Agreement are set out in the Letter from the Board.

We have reviewed the Framework Agreement, and set out hereafter are our analysis of the principal terms under the Framework Agreement:

10.1 Tender and appointment procedures

Pursuant to the Framework Agreement, the JV Company may, from time to time, invite the JV Partner to tender for construction works relating to the Project, such will subject to the tender and appointment procedures of the JV Company. (i.e. the two-stage evaluation approach (“兩階段評標，商務一次開標”) (the “**Evaluation Procedures**”)) which has been adopted by the JV Company. Under the Evaluation Procedures, it is set out that an evaluation of the suitability of the tenderers for the construction works under tender shall take place prior to the submission of any tender price or business proposal by the tenderers.

We have reviewed the Evaluation Procedures provided by the Company and set out herein a summary of the procedures:

- under the first stage of the Evaluation Procedures, tenderers are required to submit a boilerplate material (if any) and their respective technical specification(s), without their tender prices and/or business proposal. The JV Company will then assess the bidders based on their technical ability and compliance to material specification whereby tenderers with substandard technical ability and material specification would be precluded from the second stage of the Evaluation Procedures. In addition, the JV Company would also interview the project managers representing the respective tenderer before submission of tender prices and/or business proposal;
- only those tenderers (the “**Eligible Tenderers**”) who satisfied both, (i) the said technical and material specification assessments; and (ii) the interview, would be eligible to submit their tender prices and/or business proposal for the construction works under tender to the JV Company; and
- under the second stage of the Evaluation Procedures, the JV Company will review the tender prices and/or business proposal of each of the Eligible Tenderers. The Eligible Tenderer with the qualified lowest tender price will be appointed as the construction contractor for the construction works under tender.

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We understand from the Management that the Evaluation Procedures are governed by the relevant rules under the supplier management methodology of the Company (“五礦建設供應商管理辦法”), and is being monitored by both the Minmetals Land Limited Tender Committee (“五礦建設有限公司招投標委員會”) and the Company’s Contracts Department (“合約管理部”) in Beijing. We were also advised by the Management that the Evaluation Procedures adopted by the JV Company is in line with the tender and appointment procedure adopted by the Group.

We have also reviewed a schedule provided by the Company setting out information on historical tenders for certain construction works contracts of the JV Company, including information on construction works under tender, the respective names of the invited tenderers (being three tenderers under each tender reviewed) and their respective tender prices. We noted from the aforesaid schedule that on each occasion, there has been no less than three tenderers and the respective construction works contracts were awarded to the tenderer with the lowest bid price.

In addition, the JV Company has confirmed that there has been no material breach or deviation from the Evaluation Procedures (where applicable) since its adoption up to and including the Latest Practicable Date.

Based on the above, we are of the view that the Evaluation Process provides a reasonable basis for evaluating the suitability of the tenderers for the construction works under tender.

10.2 Basis for determining the Annual Caps

Annual Caps

The table below sets forth the Annual Caps for the period from 7 September 2012 to 31 December 2014 (the “Annual Caps Period”):

Annual Caps Period	RMB
From 7 September 2012 to 31 December 2012	585,889,000 (approximately HK\$722,694,000)
From 1 January 2013 to 31 December 2013	433,818,000 (approximately HK\$535,115,000)
From 1 January 2014 to 31 December 2014	484,570,000 (approximately HK\$597,717,000)

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As set out in the Letter from the Board in the Circular, the Annual Caps were calculated based on (i) the expected contract values of existing and future construction works relating to the Project; and (ii) the expected tender award schedule for construction works relating to the Project for the period from 7 September 2012 to 31 December 2014.

We have reviewed the Management's computation of the respective Annual Caps which is based on the aggregate value of construction works relating to the Project expected to be carried out, and factored in (i) the type and scope of the construction works (including but not limited to building works and site formation works); (ii) the gross floor area and the prevailing cost per square metre for similar scope of the construction works involved; and (iii) the respective estimated contract values. We were advised by the Management that the scope of the construction works and gross floor area to be covered by the scheduled construction works are in accordance to the master development plan of the Project.

We noted from the Letter from the Board that the Annual Cap for the period commencing from 7 September 2012 to 31 December 2012 (the "2012 Period") is notably larger than the Annual Caps for each of the two financial years ending 31 December 2014, despite the 2012 Period covers less than four months. This is largely attributable to the following reasons: (i) the construction area to be developed in the 2012 Period is comparable to those to be developed in each of the two financial years ending 31 December 2014, being approximately 32.6%, 31.4% and 36.0% of the aggregate expected construction area to be developed over the said periods, respectively; and (ii) the budgeted cost per square metre for the construction works expected to be undertaken during the 2012 Period, which is expected to include the construction of ancillary facilities, infrastructure and site formation works, is higher compared to the budgeted cost per square metre for each of the two financial years ending 31 December 2014.

Notwithstanding from the above, Shareholders should note that the proposed Annual Caps represent the best estimated contract values of future construction works relating to the Project by the Group based on the information available at the time. Furthermore, the JV Company may or may not invite the JV Partner to tender, and if tendered, may or may not award the construction contract(s) to the JV Partner in the future, or if appointed, to award contract sums up to the level of the respective Annual Caps.

Based on the above, we are of the view that the basis of determining the Annual Caps together with the monetary amount of the Annual Caps is fair and reasonable.

10.3 other terms and conditions under the Framework Agreement

We also noted that pursuant to the Framework Agreement, should the JV Partner be appointed as construction contractor in respect of any of the construction works relating to the Project, terms and conditions of the relevant construction works contract awarded have to be comparable to those awarded by the JV Company to any independent third parties.

We are of the view that the abovementioned provision would help ensure that the terms and conditions of any construction works contracts in relation to the Project awarded to the JV Partner would be no more favourable to those awarded to any independent third parties.

11. Reasons for and benefits of the Continuing Connected Transactions

As the JV Company intends to invite tenders for construction works contracts relating to the Project in the forthcoming years, the flexibility but not the obligation to appoint the JV Partner as a construction contractor in respect of the Project under the Framework Agreement (subject to successful tender) at the sole discretion of the JV Company would be of interest to the furtherance of the development of the Project.

As set out in the paragraph headed "4. Information on the JV Partner", being the key contractor of the Shenzhen Municipal Government and with its participation in more than 350 construction projects, the JV Partner is a reputable construction works contractor with the relevant credentials. In this connection, we understand from the Management that the JV Partner was awarded three sets of construction contracts related to the Project in April 2011. Based on the working experience with the JV Partner, the Management is satisfied with the competence of the JV Partner as a construction contractor for the Project and given its qualifications and experience, considers the JV Partner as suitable and capable to tender for construction works contracts in respect of the Project.

In addition, one of the main reasons for the Continuing Connected Transactions is to avoid any undue delay in the progress of construction works of the Project, since without the Continuing Connected Transactions, the Company would have to seek the approval from the then independent Shareholders in a special general meeting of the Company on each specific instance when the JV Partner is invited to tender for future construction works relating to the Project, or if the JV Partner is so invited, be awarded any such construction works by the Project Company.

Based on the above reasons and benefits, we are of the view that the entering of the Framework Agreement and the Continuing Connected Transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

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V. RECOMMENDATION

Having considered the above principal factors and reasons, including but not limited to, (i) information on the Land and the Project; (ii) our analysis of the major terms of the New Agreements; (iii) reasons for the entering into the New Agreements; (iv) the credentials and track record of JV Partner as set out under the paragraph headed “4. Information on the JV Partner”; (v) the Evaluation Process provides a reasonable basis for evaluating the suitability of the tenderers for the construction works under tender; (vi) the basis for determining the Annual Caps as set out under paragraph headed “10.2 Basis for determining the Annual Caps”; (vii) other terms and conditions under the Framework Agreement; and (viii) reasons for and benefits of the Continuing Connected Transactions, we are of the opinion that the New Agreements and the Framework Agreement (including the Annual Caps) 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 Agreements and the Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned. Therefore, we would recommend the Independent Board Committee to advise the independent Shareholders to vote in favour of any resolution for approving (i) the New Agreements and the transactions contemplated thereunder; and (ii) the Framework Agreement and the Continuing Connected Transactions contemplated thereunder, if a physical meeting were to be held.

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

* *for identification only*

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent professional valuer, in connection with the valuation of the property as at 31 July 2012.

Vigers Appraisal and Consulting Limited

International Property Consultants

10/F, The Grande Building,

398 Kwun Tong Road, Kowloon, Hong Kong

Tel: (852) 2342-2000 Fax: (852) 3101-9041 E-mail: gp@vigers.com

www.Vigers.com



28 September 2012

Minmetals Land Limited

18/F, China Minmetals Tower,

No. 79 Chatham Road South,

Tsim Sha Tsui,

Kowloon,

Hong Kong

Dear Sirs,

In accordance with your recent instruction for us to value the property interest of the property (i.e. "Hallstatt See, Lot No. 01240000327, Mai Tian Ling, Boluo County, Huizhou, Guangdong Province, the People's Republic of China") held by "Boluo County Bihua Property Development Company Limited" (hereinafter referred to as the "JV Company") which upon completion of the Second Acquisition will be a 80%-owned subsidiary of "Minmetals Land Limited" (hereinafter referred to as "the Company", and collectively referred to as "the Group"). 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 July 2012 (the "**Valuation Date**").

BASIS OF VALUATION

Our valuation is our opinion of market value of the property which is defined as intended to mean "*the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion*". Our valuation has been prepared in accordance with "The HKIS Valuation Standards on Properties (First Edition 2005)" published by The Hong Kong Institute of Surveyors, the relevant provisions in the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

VALUATION METHOD

In the course of our valuation, we have adopted direct comparison method of valuation whereby comparisons based on actual sales and offerings of comparable properties have been made. Comparable properties with similar character, location and so on are analyzed 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 copies of relevant title documents for the property but we have not checked the titles to the property nor scrutinized the original title documents. We have relied on the advice given by the Company and its legal advisers "Guang Dong Shang Dian Law Firm" (hereinafter referred to as "the PRC Legal Advisers") on the laws of the PRC regarding titles to the property. For the purpose of our valuation, we have taken the legal opinion prepared by the PRC Legal Advisers into account. While we have exercised our professional judgement in arriving at our valuation, you are urged to consider our valuation assumptions with caution.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the property can be sold in the prevailing market in existing state without the effect of any deferred term contract, leaseback, joint venture, management agreement 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 whole of the unexpired land-use rights' terms granted subject to the payment of usual land-use fee(s).

No soil investigation has been carried out to determine the suitability of ground conditions or 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. We have also assumed that all necessary consents, approvals and licences from relevant government authorities have been or will be granted without onerous conditions or delay.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property, nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, we have assumed that the property is free from any encumbrances, restrictions and outgoings of an onerous nature which may serve to affect the value of the property.

We have not carried out on-site measurement to verify the correctness of the site and floor areas in respect of the property but we have assumed that the site and floor areas shown on the documents handed to us are correct.

VALUATION CONSIDERATION

We have inspected the property included in the attached valuation certificate. During the course of our inspection, we did not note any serious defect. However, no structural survey nor test on any services has been made; and we are therefore unable to report as to whether the property is free from rot, infestation or other structural or non-structural defect.

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

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

REMARKS

We declare hereby that we are independent to the Group; and we are not interested directly or indirectly in any share in any member of the Group. We do not have any right or option whether legally enforceable or not to subscribe for or to nominate persons to subscribe for any share in any member of the Group.

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

We enclose herewith our Valuation Certificate.

Yours faithfully,
For and on behalf of

VIGERS APPRAISAL AND CONSULTING LIMITED

David W. I. Cheung

MRICS MHKIS RPS(GP) CREA

Executive Director

Franky C. H. Wong

MSc(RealEst) MCIM MRICS MHKIS RPS(GP)

Assistant Director

Note:

Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 29 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan, the United Kingdom, Canada and the United States of America, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises. Mr. Cheung has 6-year of experience with Vigers Appraisal and Consulting Limited.

Mr. Franky C. H. Wong is a Registered Professional Surveyor in General Practice Division with over 11 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan and the United States of America. Mr. Wong has 6-year of experience with Vigers Appraisal and Consulting Limited.

VALUATION CERTIFICATE

Property held for development purpose

Property	General Description	Occupancy Status	Market Value as at the Valuation Date										
Hallstatt See, Lot No. 01240000327, Mai Tian Ling, Boluo County, Huizhou, Guangdong Province, the PRC	<p>The property is being developed into a large-scale residential estate which will comprise several low-rise residential villas and medium-rise residential buildings as well as ancillary facilities such as clubhouse, retail premises and carpark upon full completion in 2013.</p> <p>The property has a site area of about 531,233 square metres and a total intended gross floor area of about 536,545 square metres with breakdown as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area (square metres)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>519,367</td> </tr> <tr> <td>Retail</td> <td>16,500</td> </tr> <tr> <td>Others</td> <td>678</td> </tr> <tr> <td>Total</td> <td>536,545</td> </tr> </tbody> </table>	Use	Gross Floor Area (square metres)	Residential	519,367	Retail	16,500	Others	678	Total	536,545	As inspected, the property was under construction and part of the property was in presale status.	RMB1,180,000,000 (80% interest attributable to the Company after completion of the Second Acquisition: RMB944,000,000)
Use	Gross Floor Area (square metres)												
Residential	519,367												
Retail	16,500												
Others	678												
Total	536,545												
	<p>As advised by the Group, the estimated cost to completion and work done as of the Valuation Date are RMB1,951,584,750 and RMB348,993,450 respectively, excluding land cost.</p> <p>The property is held under granted land-use rights for urban and rural residential use to be expired on 16 May 2080 and 12 April 2082.</p>												

Note:

- Pursuant to State-owned Construction Land-use Rights Grant Contracts and its Conversion Contract (Document Nos.: 441322-2010-000030, 441322-2010-000031, 441322-2010-000032, 441322-2010-000036, 441322-2010-000058, 441322-2010-000059, 441322-2010-000061, 441322-2010-000062 and 441322-2010-000063), "Boluo County Bihua Property Development Company Limited" agreed to acquire the land-use rights of the property at an aggregate land-use rights grant premium of RMB336,550,000 with the following salient development conditions.

Use	:	Residential
Plot Ratio	:	Not exceeding 2
Residential Unit	:	Totally not less than 7,602 residential units having gross floor area of not more than 90 square metres each
Building Covenants	:	To commence construction work before 2 February 2011; and to complete construction work by 2 August 2013

2. Pursuant to Certificates of State-owned Land-use (Document Nos.: Bo Fu Guo Yung (2010) Di 011456 Hao, Bo Fu Guo Yung (2012) Di 010599 Hao and Bo Fu Guo Yung (2012) Di 010600 Hao), the land-use rights of the property is vested in the name of “Boluo County Bihua Property Development Company Limited”.
3. Pursuant to Permission Certificate of Construction Land-use Planning (Document Nos.: Bo Gui Di Zi Di 4413222011-0006 Hao and Bo Zhui Jian Di Zi Di 4413222012-0063 Hao), the land-use of the property complies with urban and rural planning requirements.
4. Pursuant to Permission Certificates of Construction Work Planning (Document Nos.: Bo Gui Jian Zi Di 4413222011-0099 Hao, 4413222011-0100 Hao, 4413222011-0101 Hao and Bo Zhui Jian Lin Jian Zi Di 4413222011-0009 Hao), the construction work of the property complies with urban and rural planning requirements.
5. Pursuant to Permission Certificates of Construction Work Commencement (Document Nos.: 442526201107080301 and 442526201112150201), the construction work of the property complies with construction work commencement requirements.
6. Pursuant to Pre-sale Permits of Commodity Housing (Document Nos.: Bo Yu Xu Zi Di 2011115 Hao, Bo Yu Xu Zi Di 2011114 Hao, Bo Yu Xu Zi Di 2012007 Hao, Bo Yu Xu Zi Di 2012023 Hao and Bo Yu Xu Zi Di 2012026 Hao), part of the property complies with presale requirements and has been permitted for presale.
7. Pursuant to Certificates of Other Interests (Document Nos.: Bo Fu Ta Xiang (2012) Di 524 Hao and Yue Fang Di Jian Di Deng Zi Di ZJ00000065 Hao), the land-use rights and part of the building ownership of the property is subject to mortgage in favour of Agricultural Bank of China Limited Huizhou Branch.
8. On-site inspection to the property was carried out by Mr. Franky C. H. Wong *MSc(RealEst) MCIM MRICS MHKIS RPS(GP)* and Ms. Kathy Mak *BSc(Hons)* on 22 August 2012. During the course of our inspection, no serious defect was noted. Regarding the condition of the property, we revealed that property was in its progress of development. We had been informed by the Group that building services such as water supply, electricity and air-conditioning system would be available in the property upon full completion. Neither structural survey nor test on any services was made; and hence we are unable to report as to whether the property is free from rot, infestation or other structural or non-structural defect.
9. The property is situated in developing area where is located at about 10 kilometres away from downtown area of Huizhou. Boluo sport centre and golf course are found in close proximity to the property. As of the Valuation Date, the average unit selling prices of neighbouring residential flats and villas are about RMB4,500 and RMB8,800 per square metre on gross floor area basis respectively; and most purchasers for residential flats and villas in the locality are from local population.
10. As confirmed by “Boluo County Bihua Property Development Company Limited”, the use of the property does not constitute any breach of environmental regulations.
11. As confirmed by “Boluo County Bihua Property Development Company Limited”, there is no pending litigation, breaches of law or title defects against the property.
12. As advised by “Boluo County Bihua Property Development Company Limited”, part of the residential portion of the property with aggregate gross floor area of about 34,383.10 square metres has been presold at an aggregate presale contract sum of RMB338,739,380 as of the Valuation Date.
13. Our opinion of the estimated capital value of the property after completion as at the Valuation Date is RMB4,318,739,380, inclusive of the aggregate presale contract sum stated in Note 12. above.
14. As requested, our opinion of the notional breakdown land value and building value of the property as at the Valuation Date is RMB558,000,000 and RMB622,000,000 respectively.

15. The registered capital of “Boluo County Bihua Property Development Company Limited” (the “**JV Company**”) will be increased from approximately RMB382.0 million to approximately RMB602.0 million; and the increased portion of the registered capital of the JV Company in the amount of RMB220 million shall be contributed as to 80% by “Menson Development Limited” which is an indirect wholly-owned subsidiary of the Company and 20% by “Shenzhen Pan-China Engineering Co., Ltd.” (the “**JV Partner**”).
16. “Boluo County Bihua Property Development Company Limited” is a limited liability company established and incorporated in the PRC, in which the Company will hold 80% indirect holding stake after completion of the Second Acquisition; and profit sharing will be based on the proportion of capital contribution by Menson Development Limited and the JV Partner.
17. The PRC Legal Advisers have stated in their legal opinion, including but not limited to the following:
 - i. the land use rights of the property having a site area of 531,233 square metres is legally vested in the name of “Boluo County Bihua Property Development Company Limited”; and
 - ii. “Boluo County Bihua Property Development Company Limited” may launch presale activity for the property according to the laws of the PRC.

1. RESPONSIBILITY STATEMENT

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

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

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and 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 held any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (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 below, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors or proposed 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:

- (i) Mr. Sun Xiaomin, Mr. Qian Wenchao, Mr. He Jianbo, Mr. Yin Liang, Ms. He Xiaoli, Mr. Pan Zhongyi, Mr. Tian Jingqi and Mr. Liu Zeping are employees of China Minmetals;
- (ii) Mr. Qian Wenchao is a director of China Minmetals H.K. (Holdings) Limited (“Minmetals HK”, the immediate holding company of June Glory and a wholly-owned subsidiary of China Minmetals) and June Glory;
- (iii) Mr. He Jianbo is a director of Minmetals HK; and
- (iv) Mr. Yin Liang is a director of June Glory.

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, proposed 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. EXPERTS

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

Name	Qualifications
Investec	Licensed corporation to carry out Types 1, 4, 6 and 9 regulated activities under the SFO
Vigers	Independent property valuers
廣東尚典律師事務所 (Guang Dong Shang Dian Law Firm)	PRC legal advisers
廣大律師事務所 (Guang Da Law Firm)	PRC legal advisers

- (b) As at the Latest Practicable Date, neither of the Experts had any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As at the Latest Practicable Date, each of the Experts had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter, statements and references to its name in the form and context in which they are included. Such letter and statements from Investec and Vigers are given as of the date of this circular for incorporation herein.
- (d) As at the Latest Practicable Date, neither of the Experts 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.

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 Master Cooperation Agreement together with all supplemental agreements thereto (including the Supplemental Agreement, three subsequent supplemental agreements and the Further Supplemental Agreement);
- (b) the Further Supplemental Agreement;
- (c) the Second Equity Transfer & Capital Expansion Agreement;
- (d) the New Joint Venture Agreements; and
- (e) the Framework Agreement.