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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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**五礦建設有限公司\***

**MINMETALS LAND LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 230)**

**MAJOR AND CONNECTED TRANSACTION**

**FORMATION OF JOINT VENTURE FOR THE  
ACQUISITION AND DEVELOPMENT OF  
LAND IN HAIDIAN DISTRICT, BEIJING**

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



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A letter from the Board is set out on pages 5 to 10 of this circular. A letter from the Independent Board Committee is set out on pages 11 to 12 of this circular. A letter from Access Capital is set out on pages 13 to 26 of this circular.

\* For identification purpose only

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## DEFINITIONS

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*In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:*

“Access Capital” or “Independent Financial Adviser”	Access Capital Limited, a licensed corporation under the SFO to conduct regulated activities of Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions;
“Acquisition”	acquisition of the Sites by the Subsidiary and the JV Partner pursuant to successful bids at an open bidding;
“associates”	has the meaning ascribed to it under the Listing Rules;
“Bid Notification”	a letter issued by 北京市國土資源局 (Beijing Municipal Bureau of Land and Resources) dated 16 November 2010 and received by the Subsidiary and the JV Partner on 17 November 2010 notifying them of their successful bids for the land use right of the Sites;
“Board”	the board of Directors (including executive Directors, non-executive Directors and independent non-executive Directors);
“Boluo Bihua”	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;
“China Minmetals”	中國五礦集團公司 (China Minmetals Corporation), a State-owned enterprise incorporated on 7 April 1950 under the laws of the PRC and the ultimate controlling shareholder of the Company;
“China Vanke”	China Vanke Co., Ltd., a company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange;
“Company”	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Development Compensation Contracts”	土地開發建設補償協議 (contracts for the compensation on land development and construction) dated 13 December 2010 entered into among the Subsidiary, the JV Partner and 北京市土地整理儲備中心 海淀區分中心 (Haidian District Branch of Beijing Land Consolidation and Reserve Center) in respect of the Sites according to the Bid Notification;

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## DEFINITIONS

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“Director(s)”	directors (including independent non-executive directors) of the Company;
“Group”	the Company and its subsidiaries (including JVCoA);
“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 Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria, who are independent non-executive Directors and appointed to advise the Independent Shareholders in respect of the Transactions;
“Independent Shareholders”	Shareholders other than June Glory and its associates;
“Jiahe Risheng”	五礦建設(湖南)嘉和日盛房地產開發有限公司 (Minmetals Land (Hunan) Jiahe Risheng Real Estate Development Co., Ltd.*), a company established under the laws of the PRC with limited liability;
“Joint Venture”	the joint venture between the Subsidiary and the JV Partner for the acquisition and development of the Sites;
“June Glory”	June Glory International Limited, a company incorporated in the British Virgin Islands, and a substantial shareholder of the Company;
“JVCoA”	an enterprise established under the laws of the PRC for development of Site A;
“JVCoA Articles of Associations”	the articles of association of JVCoA dated 29 December 2010 entered into between the Subsidiary and the JV Partner;
“JVCoB”	an enterprise established under the laws of the PRC for development of Site B;
“JVCoB Articles of Associations”	the articles of association of JVCoB dated 29 December 2010 entered into between the Subsidiary and the JV Partner;
“JV Formation”	the formation of the Joint Venture;
“JV Partner”	北京萬科企業有限公司 (Beijing Vanke Enterprise Co., Ltd.*), which is a wholly-owned subsidiary of China Vanke;

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## DEFINITIONS

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“Land Transfer Contracts”	國有建設用地使用權出讓合同 (contracts for the transfer of the land use right of State-owned land for construction) and the supplementary agreements dated 9 December 2010 entered into among the Subsidiary, the JV Partner and 北京市國土資源局 (Beijing Municipal Bureau of Land and Resources) in respect of the Sites according to the Bid Notification;
“Latest Practicable Date”	21 January 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Minmetals HK”	China Minmetals H.K. (Holdings) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of China Minmetals;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Sites”	two adjacent parcels of State-owned land for construction (identified as “Site A” and “Site B” in this circular) situated in Xibeiwang Town, Haidian District, Beijing, the PRC with a site area of 85,099 square metres (Site A) and 53,545 square metres (Site B), respectively;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	五礦建設投資管理(北京)有限公司 (Minmetals Land Investment Management (Beijing) Co., Ltd.*), an enterprise established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Tianjin Binhaixinqu”	五礦置業(天津)濱海新區有限公司 (Minmetals Real Estate (Tianjin) Binhaixinqu Co., Ltd.*), an enterprise established under the laws of the PRC with limited liability;
“Transactions”	the Acquisition, the JV Formation and the transactions contemplated thereunder;

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## DEFINITIONS

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“Zhongrun Chengzhen” 湖南中潤城鎮置業有限公司 (Hunan Zhongrun Chengzhen Real Estate Co., Ltd.\*), an enterprise established under the laws of the PRC with limited liability; and

“%” per cent.

*For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this circular is based on the exchange rate of RMB0.85134 to HK\$1.00. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.*

\* For identification purpose only

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LETTER FROM THE BOARD

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**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  
Hamilton HM 12  
Bermuda

*Principal place of*

*business in Hong Kong:*

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

24 January 2011

*To the Shareholders,*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION**

**FORMATION OF JOINT VENTURE FOR THE  
ACQUISITION AND DEVELOPMENT OF  
LAND IN HAIDIAN DISTRICT, BEIJING**

**INTRODUCTION**

On 22 November 2010, the Board announced that the Subsidiary and the JV Partner have jointly made successful bids at an open tender to acquire the land use rights of two parcels of land located in Xibeiwang Town, Haidian District, Beijing, the PRC.

\* For identification purpose only

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## LETTER FROM THE BOARD

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On 30 December 2010, the Board announced that the Subsidiary and the JV Partner have entered into the articles of association of JVCoA and JVCoB established for the development of Site A and Site B, respectively.

The purpose of this circular is to provide you with, among other things, further particulars of the Transactions, the valuation report on the Sites and the financial information of the Group.

### ACQUISITION OF THE SITES

On 17 November 2010, the Subsidiary and the JV Partner received the Bid Confirmation notifying them of their successful bids for the acquisition of the land use right of the Sites at a consideration of RMB3,744 million (approximately HK\$4,398 million) for Site A and RMB1,483 million (approximately HK\$1,742 million) for Site B. Such price was determined after having taken into account the location of the Sites, the prevailing property market conditions in Beijing and the development potential of the Sites.

The Subsidiary and the JV Partner have entered into the Land Transfer Contracts with 北京市國土資源局 (Beijing Municipal Bureau of Land and Resources) and the Development Compensation Contracts with 北京市土地整理儲備中心海澱區分中心 (Haidian District Branch of Beijing Land Consolidation and Reserve Center) in respect of the Sites on 9 and 13 December 2010, respectively. The consideration for acquisition of the Sites have been fully paid by the Subsidiary and the JV Partner on a 51:49 basis on 29 December 2010.

Particulars of the Sites are set out below:

Location:	Xibeiwang Town, Haidian District, Beijing, the PRC
Site area:	Site A — 85,099 square metres Site B — 53,545 square metres
Total gross floor area:	Site A — Not exceeding 187,218 square metres Site B — Not exceeding 92,719 square metres
Term of grant:	40 years for commercial purpose; 50 years for comprehensive purpose; and 70 years for residential purpose

### INFORMATION ON THE JOINT VENTURE

The Subsidiary and the JV Partner decided that it would be more convenient to form a separate joint venture company for the development of each Site. On 29 December 2010, the Subsidiary and the JV Partner entered into the articles of association of JVCoA and JVCoB established for the development of Site A and Site B, respectively.

The major terms of the joint venture arrangement in respect of JVCoA and JVCoB pursuant to the JVCoA Articles of Association and the JVCoB Articles of Association or otherwise agreed between the Subsidiary and the JV Partner are set out below:

#### Term of operation

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



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## LETTER FROM THE BOARD

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### Scope of business

The scope of business of JVCoA and JVCoB is real estate development. It is expected that JVCoA and JVCoB will be engaged in the development of Site A and Site B respectively into residential blocks for sale. The Subsidiary and the JV Partner will procure that the land use right certificates of Site A and Site B be issued in the name of JVCoA and JVCoB respectively.

### Capital Commitment

The Subsidiary and the JV Partner agreed that their total capital contribution to JVCoA and JVCoB at this stage will be approximately RMB3,969.3 million (approximately HK\$4,662.4 million) and approximately RMB1,588.5 million (approximately HK\$1,865.9 million) respectively, both of which will be contributed as to 51% by the Subsidiary and 49% by the JV Partner as follows:

In respect of JVCoA:

	<b>Amount of registered capital</b>	<b>Amount of shareholders' loans</b> <i>(Note)</i>
<b><i>Subsidiary</i></b>	RMB25.5 million (approximately HK\$29.9 million)	RMB1,998.8 million (approximately HK\$2,347.8 million)
<b><i>JV Partner</i></b>	RMB24.5 million (approximately HK\$28.8 million)	RMB1,920.5 million (approximately HK\$2,255.9 million)

In respect of JVCoB:

	<b>Amount of registered capital</b>	<b>Amount of shareholders' loans</b> <i>(Note)</i>
<b><i>Subsidiary</i></b>	RMB25.5 million (approximately HK\$29.9 million)	RMB784.6 million (approximately HK\$921.6 million)
<b><i>JV Partner</i></b>	RMB24.5 million (approximately HK\$28.8 million)	RMB753.9 million (approximately HK\$885.6 million)

*Note:* The consideration for the acquisition of the Sites already paid by the Subsidiary and the JV Partner will form the shareholders' loans by the Subsidiary and the JV Partner to JVCoA and JVCoB.

The total capital contribution to be made to JVCoA and JVCoB was arrived at after arm's length negotiation between the Subsidiary and the JV Partner after taking into account the costs of acquisition of the Sites and the estimated operating costs at this stage.

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## LETTER FROM THE BOARD

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### Shareholders' meeting

For each of JVCoA and JVCoB, unanimous consent of all shareholders are required for approving the following matters:

- profit distribution and loss recovery plans
- increase or reduction of registered capital
- merger, demerger, dissolution or liquidation
- formulation and amendment of the articles of association
- transfer or pledge of equity interests by existing shareholder(s)

Other matters in respect of JVCoA and JVCoB shall be approved by shareholder(s) holding more than 50% of voting power. In respect of JVCoA, the Subsidiary holds 51% voting power while the JV Partner holds 49% voting power. In respect of JVCoB, the Subsidiary holds 49% voting power while the JV Partner holds 51% voting power.

### Board composition

The board of directors of JVCoA will consist of five directors, among which three directors shall be nominated by the Subsidiary and two directors shall be nominated by the JV Partner. The chairman of the board of directors of JVCoA will be nominated by the Subsidiary.

The board of directors of JVCoB will consist of five directors, among which three directors shall be nominated by the JV Partner and two directors shall be nominated by the Subsidiary. The chairman of the board of directors of JVCoB will be nominated by the JV Partner.

Board resolutions of each of JVCoA and JVCoB shall be passed by a majority number of its respective directors.

### INFORMATION ON THE JV PARTNER

The JV Partner is engaged in real estate business and is a wholly-owned subsidiary of China Vanke, which is engaged in real estate business across 20 cities in Pearl River Delta, Yangtze River Delta and Bohai-Rim Region.

The JV Partner is the joint venture partner of the Company as disclosed in the circular of the Company dated 12 March 2010. As a result of the formation of the joint venture as disclosed in the said circular, the JV Partner became a substantial shareholder of a non wholly-owned subsidiary of the Company and therefore a connected person of the Company.

### REASONS FOR AND BENEFITS OF THE TRANSACTIONS

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

The Directors believe that the Transactions will bring various commercial benefits to the Company, including increasing and strengthening the Group's land bank in the PRC, and is in conformity with the aligned interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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The Directors are of the view that leveraging off the expertise, knowledge, established brand name of China Vanke in the PRC real estate market shall be beneficial to the overall operation of JVCoA and JVCoB, the development of the Sites, the marketing and subsequent sales of the property development in the Sites. The JV Partner and China Vanke have an important role in the Transactions other than a financial partner and such valuable contribution is intangible and difficult to quantify in monetary terms. A well-maintained business relationship between the Group and the China Vanke group will also be advantageous to the Group, in particular, when a reputable partner is sought in future PRC real estate projects. The Directors therefore consider that the request by China Vanke to take up 51% voting rights of JVCoB as well as the aforesaid factors were taken into account during the arm's length negotiation between the Subsidiary and the JV Partner in relation to the total capital contribution to be made to JVCoA and JVCoB and their respective shareholdings in JVCoA and JVCoB.

The Directors consider that the Transactions have been entered into on normal commercial terms, and the terms and conditions thereof (including the terms under the JVCoA Articles of Association and the JVCoB Articles of Association) are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Given the size of the Sites, and the branding and expertise of the JV Partner, the Board believes that it is in the interest of the Group to cooperate by way of the Joint Venture with the JV Partner in the development of the Sites.

### FINANCIAL EFFECTS OF THE TRANSACTIONS ON THE COMPANY

The Group intends to finance its share of the capital contribution of RMB2,834.4 million (approximately HK\$3,329.2 million) by internal resources and external borrowings.

To the extent that the capital contribution is to be financed by external borrowings, interest expenses will be incurred by the Group and charged to the income statement of the Group before the land use rights relating to the Sites are obtained. After the said land use rights are obtained, any interest expenses incurred on the Sites will be capitalized during the course of development. The Directors expect that the interest expense should not have any material impact on the future earnings of the Group before revenue from the development of the Sites could be recognized by the Group. Other than that, the Transactions are not expected to have any significant impact on the earnings of the Group for year 2010. The overall effects of the Transactions on the future earnings of the Group will depend on, amongst other matters, the return to be generated from the gross proceeds resulted from the selling of properties in the Sites.

JVCoA will be accounted for as a 51% indirectly owned subsidiary of the Company and its results will be consolidated into the financial statements of the Group. JVCoB will be accounted for as an associated company of the Company and 51% of its results will be equity accounted for in the financial statements of the Group. As such, the assets of the Group will increase by an amount representing the total assets of JVCoA and the Group's investment in JVCoB and the liabilities of the Group will also increase to the extent of the external borrowings used by the Group to finance its share of capital contribution.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

The JV Formation constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

As disclosed above, the JV Partner is a connected person of the Company. The JV Formation therefore also constitutes a connected transaction for the Company subject to Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder had a material interest in the Transactions and thus no Shareholder would be required to abstain from voting on the Transactions if a general meeting were to be held. June Glory, which owned 2,066,211,506 Shares representing approximately 61.95% of the issued share capital of the Company as at the Latest Practicable Date, has granted its written approval to the Company for the purpose of approving the Transactions. The Company has applied for, and the Stock Exchange has granted to the Company, a waiver of Shareholders' meeting under Rule 14A.43 of the Listing Rules and accordingly, no Shareholders' meeting will be convened for the purpose of approving the Transactions.

### RECOMMENDATION

The Directors consider that the Transactions have been entered into on normal commercial terms, and the terms and conditions thereof (including the terms under the JVCoA Articles of Association and the JVCoB Articles of Association) are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. The Directors would recommend the Shareholders to vote in favour of the Transactions if a physical meeting were to be held.

### ADDITIONAL INFORMATION

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

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



**五礦建設有限公司\***  
**MINMETALS LAND LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 230)**

24 January 2011

*To the Independent Shareholders,*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION**

**FORMATION OF JOINT VENTURE FOR THE  
ACQUISITION AND DEVELOPMENT OF  
LAND IN HAIDIAN DISTRICT, BEIJING**

We refer to the circular dated 24 January 2011 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 Independent Shareholders as to whether, in our opinion, the terms and conditions of the Transactions (including the terms under the JVCoA Articles of Association and the JVCoB Articles of Association) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Access Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

We wish to draw your attention to the “Letter from the Board” set out on pages 5 to 10 of the Circular which contains, among other things, information about the Transactions, and the “Letter from Access Capital” set out on pages 13 to 26 of the Circular which contains its advice in respect of the Transactions.

\* *For identification purpose only*

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Having considered the reasons for and the benefits of the Transactions and considering the principal factors and reasons taken into account by Access Capital in arriving at its opinion regarding the Transactions set out in the “Letter from Access Capital” on pages 13 to 26 of the Circular, we consider that the terms of the Transactions (including the terms under the JVCoA Articles of Association and the JVCoB Articles of Association) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Transactions are in the interests of the Company 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*

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## LETTER FROM ACCESS CAPITAL

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*Set out below is the full text of the letter of advice from Access Capital Limited to the Independent Board Committee and the Shareholders prepared for inclusion in this Circular.*



Suite 606, 6th Floor  
Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

24 January 2011

*To the Independent Board Committee and  
the Independent Shareholders of Minmetals Land Limited*

Dear Sirs,

### **MAJOR AND CONNECTED TRANSACTION**

### **FORMATION OF JOINT VENTURE FOR THE ACQUISITION AND DEVELOPMENT OF LAND IN HAIDIAN DISTRICT, BEIJING**

#### **I. INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transactions. Details of the Transactions are set out in the “Letter from the Board” contained in the circular dated 24 January 2011 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular shall have the same meanings in this letter.

The Subsidiary and the JV Partner have jointly made successful bids at an open tender to acquire the land use rights of two parcels of land located in Xibeiwang Town, Haidian District, Beijing, the PRC at a consideration of RMB3,744 million (approximately HK\$4,398 million) for Site A and RMB1,483 million (approximately HK\$1,742 million) for Site B.

As set out in the announcement of the Company dated 30 December 2010, the Subsidiary and the JV Partner entered into the articles of association of JVCoA and JVCoB (the “**Articles of Association**”) established for the development of Site A and Site B, respectively.

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## LETTER FROM ACCESS CAPITAL

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Pursuant to the Articles of Association, the Subsidiary and the JV Partner agreed that their total capital contribution to JVCoA and JVCoB at this stage will be approximately RMB3,969.3 million (approximately HK\$4,662.4 million) and approximately RMB1,588.5 million (approximately HK\$1,865.9 million) respectively, both of which will be contributed as to 51% by the Subsidiary and 49% by the JV Partner. Each of JVCoA and JVCoB will have a registered capital of RMB50 million (approximately HK\$58.7 million). The remaining part of the capital contribution will be made by way of shareholders' loans to JVCoA and JVCoB.

The JV Partner is the joint venture partner of the Company as disclosed in the circular of the Company dated 12 March 2010. As a result of the formation of the joint venture as disclosed in the said circular, the JV Partner became a substantial shareholder of a non wholly-owned subsidiary of the Company and therefore a connected person of the Company.

The JV Formation constitutes a major and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules respectively. Given that, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder had a material interest in the Transactions, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transactions. June Glory, which owns 2,066,211,506 Shares representing approximately 61.95% of the issued share capital of the Company as at the Latest Practicable Date, has granted its written approval to the Company for the Transactions. The Company has applied for, and the Stock Exchange has granted to the Company, a waiver of Shareholders' meeting under Rule 14A.43 and accordingly, no Shareholders' meeting will be convened for the purpose of approving the Transactions.

## II. THE INDEPENDENT BOARD COMMITTEE

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

The Independent Board Committee comprising all 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 as to whether the Transactions are entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole and whether the terms of the Transactions are fair and reasonable as far as the Shareholders are concerned.

We have been appointed to advise the Independent Board Committee and the Shareholders in this respect and to give our opinion in relation to the Transactions for the Independent Board Committee's consideration when making its recommendation to the Shareholders.



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## LETTER FROM ACCESS CAPITAL

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### III. BASIS AND ASSUMPTIONS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and/or its senior management staff (the “**Management**”) and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations made or provided by the Directors and/or the Management contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company or any of its subsidiaries.

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**LETTER FROM ACCESS CAPITAL**

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**IV. PRINCIPAL FACTORS AND REASONS CONSIDERED**

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

**1. Principal activities and business strategy of the Group**

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

Set out below is a summary of the operating results of the Group for the two years ended 31 December 2008 and 2009 and for the six months period ended 30 June 2010 as extracted from the Company's 2009 annual report ("Annual Report") and 2010 interim report ("Interim Report"), respectively.

	<b>For the year ended</b>		<b>For the</b>
	<b>31 December</b>		<b>six months</b>
	<b>2008</b>	<b>2009</b>	<b>ended</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<b>30 June</b>
	(Audited)	(Audited)	<b>2010</b>
			<i>HK\$'000</i>
			(Unaudited)
Revenue generated from:			
<i>Continuing operations:</i>			
— Real estate development and project management	887,476	728,393	158,208
— Specialised construction	250,426	469,193	211,811
— Property investment	28,405	46,570	23,957
	1,166,307	1,244,156	393,976
<i>Discontinued operations:</i>			
— Manufacturing and trading ( <i>Note</i> )	71,289	—	—
<b>Total Revenue</b>	<b>1,237,596</b>	<b>1,244,156</b>	<b>393,976</b>
<b>Profit for the year/period</b>	<b>128,309</b>	<b>155,433</b>	<b>58,580</b>

*Note:* The Group disposed of its manufacturing and trading business at the end of 2008 as set out in the Company's circular dated 12 January 2009.

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## LETTER FROM ACCESS CAPITAL

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*For the six months period ended 30 June 2010*

As set out above, the revenue of the Group derived from its continuing operations were mainly from the Group's real estate development and project management activities and its specialised construction activities, representing approximately 40.2% and 53.8% of the Group's total revenue for the six months ended 30 June 2010, respectively. This operating segment remained to be a major contributor of the Group's profit as per the segmental analysis set out in the Interim Report. It was noted from the Interim Report that revenue from the real estate development and project management segment has reduced by approximately 42.2% compared to the corresponding period in the prior year. The reduction was due to comparatively fewer pre-sold units of Laguna Bay and Part I of Phase I of LOHAS International Community were delivered during the period under review, which was correlated to the completion and delivery schedules of these projects. However, profit generated by the aforesaid segment was proportionately higher during the six months period ended 30 June 2010, approximately 37.2% of the Group's total segment profit (same period in last year: approximately 23% of the Group's total segment profit) due to different mix of property types were completed and sold, as well as better cost management on real estate development projects.

As set out in the Interim Report, the Group has three real estate development projects in two provinces in the PRC as at 30 June 2010, details of which were as followed:

<b>Location/Project</b>	<b>Site area</b> <i>(square metre</i> <i>"sq.m.")</i>	<b>Approximately</b> <b>gross floor area</b>  <i>(sq.m.)</i>	<b>Attributable</b> <b>interest to</b> <b>the Group</b>
Nanjing, Jiangsu Province			
— Laguna Bay	310,296	317,089	71.0%
— Riviera Royale	73,334	225,449	50.9%
Changsha, Hunan Province			
— LOHAS International Community	632,837	1,064,579	51.0%

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## LETTER FROM ACCESS CAPITAL

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*For the year ended 31 December 2009 and 31 December 2008*

The revenue of the Group derived from its continuing operations increased from approximately HK\$1,166.3 million for the year ended 31 December 2008 to HK\$1,244.2 million for the year ended 31 December 2009. The Group's real estate development and project management activities, and specialised construction activities represented for approximately 58.5% and 37.7% of the Group's total revenue generated from continuing operations for the year ended 31 December 2009 respectively (2008: approximately 76.1% and 21.5%, respectively). Profit for the year has increased from HK\$128.3 million for the year ended 31 December 2008 to HK\$155.4 million for the year ended 31 December 2009, representing an increase of approximately 21.1%. As per the segmental analysis set out in the Annual Report, the aforesaid increase in profit for the year ended 31 December 2009 was mainly attributable to the increase in the profitability of the Group's real estate development and project management segment. As set out in the Annual Report, the Group launched the pre-sale of both part 1 of Phase I of LOHAS International Community in Changsha and Phase II of Laguna Bay — Xihu Yuan in Nanjing during the financial year ended 31 December 2009.

### **2. Reasons for and benefits of the Transactions**

As per our analysis set out in the paragraph headed "1. Principal activities and business strategy of the Group" above, the real estate development and project management segment has remained to be one of the core segments of the Group and a major contributor to the Group's overall profitability for the six months period ended 30 June 2010. As set out in the Interim Report, the Group will continue to closely monitor market developments and consumer inclination, at the same time remain vigilant for any further acquisition opportunity.

As set out in the "Letter from the Board", the Directors are of the view that the Transactions will bring various commercial benefits to the Company, including increasing and strengthening the Group's land bank in the PRC, and is in conformity with the aligned interests of the Company and its Shareholders as a whole.

#### *Leveraging off the expertise and brand name of JV Partner and its parent company*

As set out in the "Letter from the Board", the JV Partner has engaged in real estate business. The Group has started business relationship with the JV Partner since early 2010. As set out in the announcement of the Company dated 21 June 2010 ("**June Announcement**"), two joint venture companies were set up between the Company and the JV Partner, namely Langfang Kuangshi Jiye Property Development Co., Limited ("**Kuangshi Jiye**") and Langfang Wanheng Shengye Property Development Co, Limited ("**Wanheng Shengye**"), for the development of the land situated in Hebei Province, the PRC. Kuangshi Jiye and Wanheng Shengye both are owned as to 50% by the Company and 50% by the JV Partner. Details of the abovementioned joint venture companies were set out in the Company's circular dated 11 March 2010 and the June Announcement.

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## LETTER FROM ACCESS CAPITAL

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As set out in the “Letter from the Board”, the JV Partner is a wholly-owned subsidiary of China Vanke whose shares have been listed on the Shenzhen Stock Exchange since 1991 and engages in real estate business across 20 cities in Pearl River Delta, Yangtze River Delta and Bohai-Rim Region. As set out in the website of China Vanke, China Vanke had a total market capitalization of over HK\$100 billion as at the Latest Practicable Date and approximately RMB100 billion in revenue for the first eleven months of 2010 (subject to audit).

Furthermore, during 2010, as set out in its website, China Vanke has been awarded the “2010 China Property Management Company with Outstanding Brand” top award and named as one of the “2010 China Top 100 Property Management Companies”, both awards were assessed and granted by a special task force (中國房地產TOP10研究組), consisting members from Development Research Center of the State Council, Institute of Real Estate Studies of Tsinghua University and China Index Research Institution. China Vanke was also named as one of the Fortune magazine’s “2010 China’s Most Admired All Star Companies”, ranked first in the property development industry and at 14 overall.

Given the reputation, established brand name and expertise of the JV Partner’s parent company, China Vanke, in the real estate industry in the PRC, as evidenced by the information set out above, leveraging off their expertise, knowledge, established brand name in the PRC real estate market shall be beneficial to the overall operation of JVCoA and JVCoB, the development of the Sites, the marketing and subsequent sales of the property units in the Sites.

### *Assessment on voting rights*

As set out in the “Letter from the Board” and paragraph headed “3.2 Articles of association of JVCoA and JVCoB” in this letter, the total investment to be made to JVCoA and JVCoB by the Subsidiary and the JV Partner amounted to approximately RMB5,557.8 million, which consists of RMB100.0 million in registered capital and RMB5,457.8 million in shareholders’ loans (the “**Total Investment**”). While the profit distribution of JVCoA and JVCoB shall be in accordance with the respective contribution to be made by the Subsidiary and the JV Partner, the voting power of JVCoB is held as to 49% by the Subsidiary and 51% by the JV Partner. As such the amount to be paid by the Subsidiary over the amount to be paid by the JV Partner, taken into account their respective voting rights in JVCoA and JVCoB, is approximately RMB31.7 million (the “**Excess**”), representing approximately 0.57% of the Total Investment. The Directors consider that the Excess is immaterial in the context of the Total Investment, and is acceptable haven taken into account the other benefits of the Transactions as discussed in this letter. We concur with this view.

*PRC property market and influential factors*

We have also taken into consideration, among others, recent significant events which may have an influence over the economy and/or the property market in the PRC, in particular in Beijing.

*Monetary policies in the PRC*

After the gradual recovery of the PRC's economy from the global financial crisis in recent years, the PRC government has imposed series of policies with a view to prevent the real estate market from being overheated.

Given the aforesaid, among other reasons, the People's Bank of China (the "PBoC") raised the one year deposit rate for financial institutions\* (金融機構一年期存款基準利率) twice in the fourth quarter of 2010 on 20 October 2010, from 2.25% to 2.50% and 26 December 2010, from 2.50% to 2.75%, respectively.

In addition, with a view to further strengthen liquidity management and tighten of credit within the PRC, the PBoC raised the required reserve ratios\* (法定存款準備金率) for banks (the "RRR") by an additional 50 basis points from 20 December 2010, such increase, being the sixth increase in RRR in 2010, will set the RRR of major commercial banks at 18.5%.

*Introduction of recent PRC property markets related policies*

In April 2010, the PRC government issued a statement (國務院辦公廳關於促進房地產市場平穩健康發展的通知) announcing the need to maintain a stable and healthy development of the PRC property market through the implementation of certain policies, including but not limited to, (i) the tightening of residential lending policies which included, setting different minimum down payment ratios to primary users, purchasers who already owned one, two or more, residential properties; (ii) increase in the supply of residential properties; and (iii) the possibility of introducing new property related taxes.

In September 2010, the PRC government announced further tightening of lending policy in relation to the purchase of residential properties, including but not limited to, (i) the cease of mortgage provision to purchasers who already owned two or more residential properties; and (ii) introduce certain amendments to property related taxes and personal taxes in selected provinces with a view to introduce such taxes nationwide.

As per data issued by the National Bureau of Statistics of the PRC, the property prices in 70 major PRC cities in October 2010 have recorded a slight increase of approximately 0.2% from September 2010, while the year-on-year increase was approximately 8.6%. It was also noted that an increase in property prices in 70 major PRC cities had been recorded for seventeenth consecutive months up to and including October 2010.

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## LETTER FROM ACCESS CAPITAL

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### *Overview of Beijing and its property market*

Beijing, the capital city of the PRC, has a population\* (常住人口) of approximately 17.6 million as at 31 December 2009 (31 December 2008: approximately 17.0 million) and the population of Beijing has increased by more than 0.5 million for three consecutive years according to a publication in the first quarter of 2010 by the PRC government. In addition, the PRC government also estimated that there were another 5.1 million non-native population\* (外來人口) in Beijing as at 31 December 2009.

According to another publication by the Beijing government in the third quarter of 2010, the gross domestic product of Beijing city for the first half of 2010 was approximately RMB637.3 billion, such represented an increase of approximately 12% compared to the corresponding period last year.

According to information released by the Beijing Statistical Information Net\* (北京市統計局), for the ten months period ended 31 October 2010, total investment in the development of residential properties (including costs of land) in Beijing amounted to approximately RMB118.2 billion, representing a year-on-year increase of approximately 79.6% and residential properties under construction amounted to approximately 54.5 million square metres (“sq.m.”), representing an increase of approximately 7.5% from the corresponding period last year. It is noted that the area of new residential properties sold during the ten months period ended 31 October 2010 totaled to 84.8 million sq.m., representing a decrease of approximately 40.8% compared to the corresponding period in the prior year. Despite the reduction in area sold, sale price for new residential properties\* (全市新建住宅銷售價格) for October 2010 (i) represented a year-on-year increase of approximately 17.5%; and (ii) remained the same when compared to the sale price for new residential properties in September 2010.

In addition to the abovementioned recent market developments, the Directors also recognize that, from time to time, the PRC government may implement certain policies to control excessive growth and liquidity in the market with the intention to achieve long-term stable growth of the market. Nonetheless, the Directors believe that the demand for residential properties in Beijing, being the capital city of the PRC and a rapidly developing commercial centre, should continue to grow in the long-term.

### *Property valuation on the Sites*

We have reviewed the valuation report as set out in Appendix II of the Circular and discussed with the valuer of the Company, Vigers Appraisal and Consulting Limited (the “Valuer”), on their basis of adopting the direct comparison method of valuation on the Sites with reference to actual sales or offerings of comparable properties. Based on, among other things, our discussion with the Valuer and as set out in the “Letter from the Board” of the Circular, the Subsidiary and the JV Partner have jointly made successful bids at an open tender to acquire the land use rights of the Sites, we consider that the methodology is consistent with the market practice and the underlying basis for the valuation of the Sites is fair and reasonable.

*Our view*

Given the above analysis, we concur with the Directors' view that the Acquisition will expand the Group's real estate development portfolio in the PRC which is in line with the Group's stated objectives and strategies and is in the interests of the Company and the Shareholders as a whole. We concur with their view.

**3. Principal terms of the Transactions**

**3.1 The Acquisition**

The Subsidiary and the JV Partner have jointly made successful bids at an open tender to acquire the land use rights of two parcels of land located in Xibeiwang Town, Haidian District, Beijing, the PRC. As set out in the 2009 annual publication by the Ministry of Land and Resources of the PRC government, the total consideration for land granted through the PRC government tenders\* (招標), auctions\* (拍賣) or listing-for-sales\* (掛牌) (collectively the "PRC Government Auction Process") amounted to approximately RMB1,500 billion in 2009. As such amount represented a significant proportion of land sold by the PRC government, acquiring government land through the PRC Government Auction Process is a common practice in the PRC.

The consideration for the Acquisition is approximately RMB3,744 million (approximately HK\$4,398 million) for Site A and RMB1,483 million (approximately HK\$1,742 million) for Site B. Details of the Sites are set out in the "Letter from the Board" in the Circular.

The Sites are represented by two parcels of adjacent land with a total gross site area of approximately 138,644 sq.m. located in Xibeiwang Town, Haidian District, Beijing, the PRC. Haidian District is the second largest district in urban Beijing (after Chaoyang District), Tsinghua University, Peking University and Beijing Language and Culture University, among other universities, are located within the Haidian District. As advised by the Management, the Sites are situated approximately 4 kilometres from Beijing city's north fifth ring road\* (北五環). According to the Directors, the Sites will be developed into middle to high end residential properties with ancillary facilities to be completed by 2014.

The consideration for acquisition of the Sites has been fully paid by the Subsidiary and the JV Partner on a 51:49 basis on 29 December 2010. The total amount of consideration for the Acquisition contributed by the Subsidiary amounts to approximately RMB2,666 million (approximately HK\$3,132 million), which was financed by the Group's internal resources and external financing.

Having considered, the total consideration of the Acquisition was the result of an open tender, we are of the view that the consideration is fair and reasonable.



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## LETTER FROM ACCESS CAPITAL

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### 3.2 Articles of association of JVCoA and JVCoB

On 29 December 2010, the Subsidiary and the JV Partner entered into the Articles of Association to establish JVCo A and JVCo B in the PRC for the development of Site A and Site B, respectively. The principal terms of the joint venture arrangement in respect of JVCoA and JVCoB pursuant to the Articles of Association or otherwise agreed between the Subsidiary and the JV Partner are set out in the “Letter from the Board” in the Circular.

#### *Capital Commitment*

Pursuant to the Articles of Association, the Subsidiary and the JV Partner agreed that their total capital contribution to JVCoA and JVCoB at this stage will be approximately RMB3,969.3 million (approximately HK\$4,662.4 million) and approximately RMB1,588.5 million (approximately HK\$1,865.9 million) respectively, both of which will be contributed as to 51% by the Subsidiary and 49% by the JV Partner as follows:

In respect of JVCoA:

	<b>Amount of registered capital</b>	<b>Amount of shareholders' loans</b> <i>(Note)</i>
Subsidiary	RMB25.5 million (approximately HK\$29.9 million)	RMB1,998.8 million (approximately HK\$2,347.8 million)
JV Partner	RMB24.5 million (approximately HK\$28.8 million)	RMB1,920.5 million (approximately HK\$2,255.9 million)

In respect of JVCoB:

	<b>Amount of registered capital</b>	<b>Amount of shareholders' loans</b> <i>(Note)</i>
Subsidiary	RMB25.5 million (approximately HK\$29.9 million)	RMB784.6 million (approximately HK\$921.6 million)
JV Partner	RMB24.5 million (approximately HK\$28.8 million)	RMB753.9 million (approximately HK\$885.6 million)

*Note:* The consideration for the acquisition of the Sites already paid by the Subsidiary and the JV Partner will form the shareholders' loans by the Subsidiary and the JV Partner to JVCoA and JVCoB.

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## LETTER FROM ACCESS CAPITAL

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The total capital contribution to be made to JVCoA and JVCoB was arrived at after arm's length negotiation between the Subsidiary and the JV Partner after taking into account the costs of acquisition of the Sites and the estimated operating costs at this stage.

The Subsidiary's capital contribution to JVCoA and JVCoB in the amount of approximately RMB2,834.4 million (approximately HK\$3,329.2 million) is financed by the Group's internal resources and external financing.

### *Voting power and board composition*

Whilst the capital contribution to be made by the Subsidiary and the JV Partner in both JVCoA and JVCoB are in the proportion of 51% and 49% respectively, their voting rights in these joint venture companies are different. In respect of JVCoA, the Subsidiary holds 51% voting power while the JV Partner holds 49% voting power and the Subsidiary holds majority seats in the board of directors. In respect of JVCoB, the Subsidiary holds 49% voting power while the JV Partner holds 51% voting power. Furthermore, the Subsidiary shall nominate two directors whereas the JV Partner shall nominate three directors for the board of directors of JVCo B. The chairman of the board of directors of JVCoB will be nominated by the JV Partner.

Based on, among others, information as set out in section headed "Leveraging off the expertise and brand name of JV Partner and its parent company", the Management is of the view that leveraging off the expertise, knowledge, established brand name of China Vanke in the PRC real estate market shall be beneficial to the overall operation of JVCoA and JVCoB, the development of the Sites, the marketing and subsequent sales of the property development in the Sites. The JV Partner and China Vanke have an important role in the Transactions other than a financial partner and such valuable contribution is intangible and difficult to quantify in monetary terms. A well-maintained business relationship between the Group and the China Vanke group will also be advantageous to the Group, in particular, when a reputable partner is sought in future PRC real estate projects. As such, we understand from the Management that the request by China Vanke to take up 51% voting rights of JVCo B as well as the aforesaid factors were taken into account during the arm's length negotiation between the Subsidiary and the JV Partner in relation to the total capital contribution to be made to JVCoA and JVCoB and their respective shareholdings in JVCoA and JVCoB. Having considered the aforesaid, among other things, we concur with the Directors' view that the total capital contribution to be made to JVCoA and JVCoB and the Company's respective shareholdings in JVCoA and JVCo B is fair and reasonable and in the interests to the Company and the Shareholders as a whole.

Taking into account that, (i) the capital contribution was determined after arm's length negotiations between the Subsidiary and the JV Partner; (ii) the sharing of JVCoA and JVCoB's future profits and/or risks is in proportion to their respective shareholdings; and (iii) the expertise, knowledge and established brand name of China Vanke, with which satisfactory business relationship had been established as mentioned above, shall be beneficial to the property development

business of the Group, we concur with the Directors' view that the Articles of Association are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

**4. Possible financial effects of the Transactions**

*Net assets value*

JVCoA will be accounted for as a 51% indirectly owned subsidiary of the Company. JVCoB will be owned as to 51% by the Subsidiary upon its formation. However, the voting power of JVCoB is held as to 49% by the Subsidiary, JVCoB will therefore be accounted for as an associated company of the Company.

*Working capital and gearing position*

The Group intends to finance the capital contribution to JVCoA and JVCoB in the amount of approximately RMB2,834.4 million (approximately HK\$3,329.2 million) by internal resources and external borrowings. As such, the Management has advised that the gearing ratio of the Company will increase after the Subsidiary has made its capital contribution to JVCoA and JVCoB. Based on the Interim Report, the Group had cash and bank deposit (unrestricted) of approximately HK\$2,598.7 million as at 30 June 2010. In addition, we note that the Group was in a net cash position as at 30 June 2010 and the Management has advised that certain external borrowings has been made available to the Group as at the Latest Practicable Date for the Subsidiary's settlement of the aforesaid capital contribution to JVCoA and JVCoB. Accordingly, we consider that the Transactions will not have any material adverse effects on the Group's working capital position.

*Earnings*

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

We also note that to the extent that the capital contribution is to be financed by external borrowings, interest expenses will be incurred by the Group and charged to the income statement of the Group before the land use rights relating to the Sites are obtained. After the said land use rights are obtained, any interest expenses incurred on the Sites will be capitalized during the course of development. We concur with the Directors' view that interest expense should not have adverse material impact on the future earnings of the Group before revenue from the development of the Sites could be recognized by the Group. The overall effects of the Transactions on the future earnings of the Group will depend on, amongst other matters, the return to be generated from the gross proceeds resulted from the selling of the properties in the Sites.

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**LETTER FROM ACCESS CAPITAL**

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**V. RECOMMENDATION**

Having considered the above principal factors and reasons, including but not limited to, (i) the Transactions is a furtherance of the Group's core business and part of its adopted business strategies; (ii) the terms of the Articles of Association as discussed above; and (iii) the possible financial effects of the Transactions, we are of the opinion that the Transactions 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 Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Yours faithfully,  
For and on behalf of  
**Access Capital Limited**

**Ambrose Lam**  
*Principal Director*

**Jimmy Chung**  
*Principal Director*

**AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2007, 2008 AND 2009**

Financial information of the Group for each of the years ended 31 December 2007, 2008 and 2009 is disclosed on pages 41 to 103 of the annual report of the Company for the year ended 31 December 2008 published on 20 April 2009 and pages 43 to 110 of the annual report of the Company for the year ended 31 December 2009 published on 23 April 2010 which are available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.minmetalsland.com>).

**UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2009 AND 2010**

Financial information of the Group for the six months ended 30 June 2010 is disclosed on pages 20 to 37 of the interim report of the Company for the six months ended 30 June 2010 published on 27 September 2010 which is available on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company (<http://www.minmetalsland.com>).

**INDEBTEDNESS****Borrowings**

As at the close of business on 30 November 2010, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had aggregate outstanding borrowings of approximately HK\$1,554 million, of which secured borrowings amounted to HK\$994 million (comprising secured short-term bank loans of approximately HK\$425 million, secured long-term bank loans of approximately HK\$569 million) and unsecured borrowings amounted to HK\$560 million (representing unsecured short-term loans of HK\$560 million from minority investors of subsidiaries of the Company). As at the close of business on 30 November 2010, approximately HK\$533 million (representing secured short-term loans of HK\$425 million and secured long-term loans of HK\$108 million) of the total borrowings of the Group was guaranteed by the Company through corporate guarantees while the remaining HK\$1,021 million was not guaranteed by the Company.

**Securities, charges and guarantees and contingent liabilities**

As at the close of business on 30 November 2010, the aggregate outstanding borrowings of the Group amounting to approximately HK\$1,554 million were secured by (i) pledged deposits of the Group of approximately HK\$6 million; (ii) investment properties of the Group with carrying amounts of approximately HK\$957 million; (iii) leasehold land and buildings of the Group with carrying amounts of approximately HK\$59 million; (iv) properties under development of the Group with carrying amounts of approximately HK\$604 million; and (v) corporate guarantees provided by the Company.

As at the close of business on 30 November 2010, the Group has provided guarantees in respect of mortgage facilities granted by certain banks in relation to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Company and the outstanding mortgage loans under these guarantees amounted to approximately HK\$1,008 million.

**General**

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 30 November 2010.

**WORKING CAPITAL**

In determining the sufficiency of the working capital of the Group, the Directors have made the assumption that the Group's existing borrowings from a wholly-owned subsidiary of the controlling shareholder of the Company of approximately RMB2,033 million (equivalent to approximately HK\$2,388 million), primarily raised for the purpose of the Transactions which are due for repayment by the end of June 2011, will be duly renewed or otherwise replaced by new financing arrangement of equivalent amounts. The Directors are of the opinion that the aforesaid renewal/new financing arrangements will be available to the Group before the end of June 2011.

After taking into account the available banking facilities, internal resources of the Group, funding from group companies and based on the assumption regarding the financing arrangement for the Transactions as set out in the preceding paragraph, the Directors are of the opinion that the Group will have sufficient working capital for its present requirements, that is for the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

**FINANCIAL INFORMATION OF JIAHE RISHENG, TIANJIN BINHAIXINQU, ZHONGRUN CHENGZHEN**

On 20 December 2010, the Group completed the acquisition of 49% equity interest in Jiahe Risheng and the entire equity interests in Tianjin Binhaixinqu and Zhongrun Chengzhen for a total consideration of HK\$1,419,051,619, which was satisfied in full by the allotment and issue of 601,293,059 Shares by the Company to June Glory pursuant to the agreements set out in paragraphs (i) and (l) in the section headed "9. Material Contracts" in Appendix III to this circular.

Both Jiahe Risheng and Zhongrun Chengzhen are principally engaged in residential property development in Hunan province of the PRC. Tianjin Binhaixinqu's principal business is the development of a commercial complex located in Tianjin city of the PRC.

The aggregate of the remuneration payable to and benefits in kind receivable by the Directors have not been varied in consequence of such acquisition.

As the acquisition of Tianjin Binhaixinqu and Zhongrun Chengzhen was completed on 20 December 2010, the assets and liabilities of Tianjin Binhaixinqu and Zhongrun Chengzhen were therefore not incorporated into the Group's consolidated balance sheet as at 31 December 2009. Operating results of Tianjin Binhaixinqu and Zhongrun Chengzhen will be taken up by the Group after 20 December 2010.

Jiahe Risheng was accounted for as a subsidiary of the Company for the financial year ended 31 December 2009, as the Group had already held 51% equity interest in Jiahe Risheng in that period.

The financial information of (i) Jiahe Risheng for the period from 23 April 2007 (date of establishment) to 31 December 2007, the year ended 31 December 2008 and the eight months ended 31 August 2009, (ii) Tianjin Binhaixinqu for the period from 19 July 2007 (date of establishment) to 31 December 2007, the year ended 31 December 2008 and the eight months ended 31 August 2009, and (iii) Zhongrun Chengzhen for each of the years ended 31 December 2006, 2007 and 2008 and the eight months ended 31 August 2009 are respectively set out in Appendices I to III to the circular of the Company dated 30 November 2009, which is available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.minmetalsland.com>).

#### **FINANCIAL INFORMATION OF BOLUO BIHUA**

On 27 December 2010, the Group acquired 65% of the equity interest of Boluo Bihua at a total cash consideration of RMB120 million (equivalent to approximately HK\$141 million) pursuant to the agreements set out in paragraphs (m) and (n) of the section headed “9. Material Contracts” in Appendix III to this circular.

Boluo Bihua is principally engaged in the acquisition and development of a piece of land situated at 惠州市博羅縣麥田嶺 (Mai Tian Ling, Boluo County, Huizhou City, the PRC).

The assets and liabilities of Boluo Bihua will be incorporated into the Group’s consolidated balance sheet as at 31 December 2010. Operating results of Boluo Bihua will be taken up by the Group after 27 December 2010.

The aggregate of the remuneration payable to and benefits in kind receivable by the Directors have not been varied in consequence of such acquisition.

#### **FINANCIAL AND TRADING PROSPECTS FOR 2011**

The Directors are cautiously optimistic on the long-term prospects of the PRC property market. As a result of the continuing increase in the population and on-going and accelerated process of the urbanization, the Directors expect that the demand for residential properties will continue to increase in the PRC. In view of the increased inflation pressure, a series of administrative controls and tightened credit policy are implemented by the PRC Government. The Group will adopt a conservative approach in response to the changing market conditions so as to achieve a steady development.

The Group will continue to: (i) strive to build high quality real estates; (ii) strengthen its core competencies in real estate development; and (iii) focus on specialised construction business. The Group will continue to adopt a prudent and pragmatic approach in its business development by exploring appropriate business opportunities on a low cost basis as well as seeking the most efficient use of the Group’s financial resources.

Going forward, the Directors expect that the Group's real estate development business will be a major contributor to the results of the Group and the Group will endeavour to focus its financial and human resources to further advance its business segments where its competitive strengths lie with the aim of maintaining the growth momentum of the Group.

Although the PRC Government will continue to carry on some measures on the property market, the current real estate development projects of the Group will be developed on schedule and it is expected that these projects will be financed by bank borrowings and sales proceeds.



*The following are 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 to be held by the Group as at 31 December 2010.*

**Vigers Appraisal and Consulting Limited**  
*International Property Consultants*  
10/F, The Grande Building  
398 Kwun Tong Road, Kowloon, Hong Kong  
Tel: (852) 2810 1100 Fax: (852) 3101 9041  
www.Vigers.com



24 January 2011

The Board of Directors  
Minmetals Land Limited  
18th Floor  
China Minmetals Tower  
No. 79 Chatham Road South  
Tsimshatsui  
Kowloon  
Hong Kong

Dear Sirs,

In accordance with your instruction for us to assess the market value of the property to be held by “Minmetals Land Limited” (referred to as “the Company”) and its subsidiary (together referred to as “the Group”), we confirm that we have inspected the property, made relevant enquiries and investigation 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 December 2010 (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 on 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**

The property is to be held by the Company for future development purpose in the People’s Republic of China (the “PRC”). In the course of our valuation, we have valued the property by adopting the direct comparison method of valuation on the assumption that the property can be sold with the benefit of vacant possession. Comparisons based on prices realized on actual sales or

offerings of comparable properties have been made. Comparable properties with similar sizes, 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 PRC, and we have been given extracted copies of relevant title documents for the property but we have not checked title to the property nor scrutinized the original title documents. We have relied on the advice given by the Group and its legal advisor on the laws of the PRC, King and Wood (hereinafter referred to as the “PRC Legal Advisor”), regarding title to the property. For the purpose of our valuation, we have taken the legal opinion prepared by the PRC Legal Advisor 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, management agreement or any other similar arrangement which may serve to affect the value of the property. 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 valuing the property, 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 term(s) granted subject to the payment of usual land-use fees.

No investigation has been carried out to determine the suitability of the ground conditions or the services for any property development(s) 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 being valued for 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 detailed on-site measurement to verify the correctness of the site 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.

Other special assumptions for the property have been stated in the footnotes of the valuation certificate for the property, if any.

### **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 of the 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 in respect of planning approvals, statutory notices, easements, land-use rights, site areas, floor areas, occupancy 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 facts have 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 shares 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 shares in any member of the Group.

Unless otherwise stated, all monetary amounts stated herein are 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 MCI Arb*  
*Executive Director*

*Note:* Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 28 years' valuation experience on property in various regions including Hong Kong and the PRC, who has been vetted on the list of property valuer 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.

## VALUATION CERTIFICATE

## Property to be held by the Group for Future Development Purpose

Property	Description and Tenure	Particulars of Occupancy	Capital Value in Existing State as at 31 December 2010
The Land Parcels located to Xibeiwang Town, Haidian District, Beijing, The People's Republic of China	<p>The property comprises two contiguous land parcels in regular shape having a total site area of approximately 138,644 square metres.</p> <p>The property is in its early planning stage and is to be developed into residential development with ancillary facilities such as nursery and secondary school provided therein having a planned aboveground gross floor area of approximately 279,937 square metres.</p> <p>The property is to be held under land-use rights for a term from 9 December 2010 for 70 years for residential purpose, 40 years for commercial purpose and 50 years for comprehensive purpose.</p>	The property was vacant.	No commercial value <i>Please also refer to Note 3 for further details.</i>

## Notes:

- Pursuant to State-owned Land-use Rights Grant Contract together with the Supplementary Agreement (Document No.: Jing Di Chu He Zi (2010) No. 0401) entered into between Beijing Municipal Bureau of Land and Resources as well as "Minmetals Land Investment Management (Beijing) Co., Ltd." (the "Subsidiary") and "Beijing Vanke Enterprises Co., Ltd." (the "JV Partner") (together referred to as the "Joint Venture") on 9 December 2010, the land-use rights of a parcel of land located at Xibeiwang Town having a site area of 53,545 square metres ("Site B") has been granted to the Joint Venture for the terms of 70 years for residential purpose, 40 years for commercial purpose and 50 years for comprehensive purpose. According to the said State-owned Land-use Rights Grant Contract together with the Supplementary Agreement, the property is subject to the following salient development conditions:

— Plot Ratio	:	2.2
— Use	:	Residential 2
— Building Height	:	Not exceeding 30 meters
— Building Density	:	30%
— Green Belt	:	30%
— Building Covenants	:	<ol style="list-style-type: none"> <li>To commence construction work before 30 September 2011 upon signing of Supplementary Agreement; or to submit prior writing application for delay.</li> <li>Municipal administration, public facilities, community ancillary facilities shall be handed over to the PRC Government upon completion.</li> </ol>

2. Pursuant to State-owned Land-use Rights Grant Contract together with the Supplementary Agreement (Document No.: Jing Di Chu He Zi (2010) No. 0402) entered into between Beijing Municipal Bureau of Land and Resources and the Joint Venture on 9 December 2010, the land-use rights of a parcel of land located at Xibeiwang Town having a site area of 85,099 square metres (“Site A”) has been granted to the Joint Venture for the terms of 70 years for residential purpose, 40 years for commercial purpose and 50 years for comprehensive purpose. According to the said State-owned Land-use Rights Grant Contract together with the Supplementary Agreement, the property is subject to the following salient development conditions:
- Plot Ratio : 2.2
  - Use : Residential 2
  - Building Height : Not exceeding 30 meters
  - Building Density : 30%
  - Green Belt : 30%
  - Building Covenants : To commence construction work before 30 September 2011 upon signing of Supplementary Agreement; or to submit prior writing application for delay.
3. In course of our valuation, we have ascribed no commercial value to the property under State-owned Land-use Rights Grant Contracts, as mentioned in Note 1 and Note 2 above as the Joint Venture has not yet obtained valid Certificates of State-owned Land-use as at the Valuation Date. Had the Joint Venture obtained valid Certificates of State-owned Land-use, the capital value of the property in existing state as at the Valuation Date on a market value basis would be RMB5,230,000,000.
4. The PRC Legal Advisor has stated in their legal opinion, including but not limited to the following:
- i. The Joint Venture has paid the land-use rights grant premium of RMB5,227,000,000 to the PRC Government on 28 December 2010.
  - ii. The Joint Venture has the right to obtain the Certificates of State-owned Land-use of the property.
  - iii. The Joint Venture has the right to occupy, use, transfer, lease, mortgage or by other means dispose of the land-use rights of the property upon obtaining the Certificates of State-owned Land-use.
5. We have been advised by the Group that the Subsidiary and the JV Partner have entered into the articles of association of an enterprise established under the laws of the PRC for development of Site A (“JVCoA”); and the articles of association of an enterprise established under the laws of the PRC for development of Site B (“JVCoB”). The Subsidiary and the JV Partner will procure that the Certificates of State-owned Land-use of Site A and Site B be issued in the name of JVCoA and JVCoB respectively. The Subsidiary and the JV Partner agreed that their total capital contribution to JVCoA and JVCoB at this stage will be approximately RMB3,969.3 million and approximately RMB1,558.5 million respectively, both of which will be contributed as to 51% by the Subsidiary and 49% by the JV Partner. For each of JVCoA and JVCoB, unanimous consent of all shareholders are required for approving profit distribution and loss recovery plans.

**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**

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of Shares held</b>	<b>Percentage of issued share capital</b>
Ms. He Xiaoli	Personal	30,000	0.0009%

**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:

<b>Name of Director</b>	<b>Date of grant</b>	<b>Vesting period (both days inclusive)</b>	<b>Exercisable period (both days inclusive)</b>	<b>Exercise price per Share (HK\$)</b>	<b>Number of share options outstanding</b>
Mr. Qian Wenchao	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	1,473,333
Mr. He Jianbo	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	2,040,000
Mr. Yin Liang	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	1,360,000
Ms. He Xiaoli	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	1,133,333
Mr. Yang Lu	1.12.2008	1.12.2008 to 30.11.2010	1.12.2010 to 30.11.2018	0.45	680,000

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

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

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

### 3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Director had entered, 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. Pan Zhongyi, a non-executive Director of the Company, is also a director and the general manager of Minmetals (Yingkou) Industrial Park Development Co., Ltd., an enterprise established under the laws of the PRC which is engaged in the development of Minmetals (Yingkou) Industrial Park. Mr. Tian Jingqi, a non-executive Director of the Company, is also a director and the general manager of Minmetals Real Estate Co., Ltd., 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. Mr. Liu Zeping, a non-executive Director of the Company, is also a director and the president of Ershisanye Construction Group Co., Ltd., 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, at the Latest Practicable Date, none of the Directors or their respective associates had any competing interests in a business which competes or is likely to compete with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

### 5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors has had any direct or indirect interest in any assets which have since 31 December 2009 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

There is no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group, except that 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 indirect 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 major terms in respect of the management and operations of ODCL which is the joint venture company of 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 turns owned 29% equity interest in ODCL, and the remaining 71% equity interest in ODCL was owned indirectly by the Company.



**6. LITIGATION**

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

**7. MATERIAL ADVERSE CHANGES**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, the date to which the latest published audited financial statements of the Group were made up.

**8. EXPERTS**

- (a) The following is the qualification of the experts (the “**Experts**”) who have given opinions or advices which are contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Access Capital	Licensed corporation to carry out Types 1, 4, 6 and 9 regulated activities under the SFO
Vigers Appraisal and Consulting Limited	Independent property valuers
King & Wood	PRC legal advisers

- (b) As at the Latest Practicable Date, none of the Experts has 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 has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, statements and references to its name in the form and context in which they are included. Such letter and statements from the Experts are given as of the date of this circular for incorporation herein.
- (d) As at the Latest Practicable Date, none of the Experts has any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, nor which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2009, the date to which the latest published audited financial statements of the Group were made up.

**9. MATERIAL CONTRACTS**

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

- (a) a conditional sale and purchase agreement dated 7 November 2008 (the “**Luck Achieve Agreement**”) entered into between Minmetals Land Investments Limited (“**MLI**”) (as purchaser), Mountain Trend Global Limited (“**Mountain Trend**”) (as seller) and Minmetals HK (as the seller’s guarantor and warrantor) relating to the acquisition of the entire issued share capital of Luck Achieve Limited and as supplemented from time to time, for a consideration of HK\$702,061,883 determined on 25 August 2009;
- (b) a supplemental agreement dated 31 March 2009 to the Luck Achieve Agreement entered into between the parties to the Luck Achieve Agreement;
- (c) a supplemental agreement dated 18 May 2009 to the Luck Achieve Agreement entered into between the parties to the Luck Achieve Agreement;
- (d) an underwriting agreement dated 18 May 2009 entered into between the Company and June Glory in relation to the underwriting and certain other arrangements in respect of the issue by way of rights of one rights Share for every two existing Shares by the Company in June 2009 (the “**Rights Issue**”);
- (e) an irrevocable undertaking dated 18 May 2009 given by June Glory in favour of the Company to, among other things, to take up its full entitlement to the new Shares under the Rights Issue;
- (f) a supplemental agreement dated 23 July 2009 to the Luck Achieve Agreement entered into between the parties to the Luck Achieve Agreement;
- (g) an irrevocable undertaking dated 23 July 2009 given by Mountain Trend, Minmetals HK and June Glory in favour of the Company for, among other things, restoration of the Company’s public float;
- (h) a share placing and subscription agreement dated 13 August 2009 entered into between the Company, June Glory (as vendor) and BOCI Asia Limited (as placing agent) in relation to (i) the placement of 222,000,000 existing Shares at a placing price of HK\$2.10 per Share by BOCI Asia Limited on behalf of June Glory; and (ii) the conditional subscription by June Glory of the number of new Shares placed by BOCI Asia Limited at the same price of HK\$2.10 per Share;
- (i) the conditional sale and purchase agreement dated 13 November 2009 (the “**JRTBZC Acquisition Agreement**”) entered into between MLI (as purchaser), Mountain Trend (as seller) and China Minmetals (as the seller’s guarantor and warrantor) relating to the acquisition of the entire issued share capital of each of the holding companies of the equity interests in Jiahe Risheng, Tianjin Binhaixinqu and Zhongrun Chengzhen respectively, for a consideration of HK\$1,419,051,619;

- (j) a share placing and subscription agreement dated 17 December 2009 entered into between the Company, June Glory (as vendor) and BOCI Asia Limited (as placing agent) in relation to (i) the placement of 430,000,000 existing Shares at a placing price of HK\$2.45 per Share by BOCI Asia Limited on behalf of June Glory; and (ii) the conditional subscription by June Glory of 390,000,000 new Shares issued by the Company at the same price of HK\$2.45 per Share;
- (k) an agreement dated 8 January 2010 entered into between (i) the Company and the JV Partner (collectively with the Company as joint partners); and (ii) a company established in the PRC and designated by the local government of Hebei Province of the PRC (as co-organiser), and supplemental agreements dated 8 January 2010 entered into between the same parties (collectively the “**Hebei Co-operation Agreement**”), in relation to the preparation of a piece of land situated in Xianghe County, Langfang City of Hebei Province, the PRC with a site area of up to approximately 534 hectares (the “**Hebei Land**”) for development. The Group will bear up to an amount of RMB2,604.50 million (approximately HK\$2,961.06 million) as consideration pursuant to the Hebei Co-operation Agreement;
- (l) a supplemental agreement dated 29 September 2010 to the JRTBZC Acquisition Agreement entered into between the parties to the JRTBZC Acquisition Agreement;
- (m) a master cooperation agreement dated 30 September 2010 (the “**Master Cooperation Agreement**”) entered into between 深圳泛華工程集團有限公司 (Shenzhen Pan-China Engineering Co., Ltd.\*) (as vendor), the Company (as purchaser) and Boluo Bihua (a wholly-owned subsidiary of the vendor) relating to the acquisition (in stages) of 80% of the entire equity interests in the registered capital of Boluo Bihua (as enlarged by the first and second capital injection thereto) at the total consideration of not more than RMB749 million (equivalent to approximately HK\$867 million); and
- (n) a supplemental agreement dated 9 November 2010 to the Master Cooperation Agreement entered into between the parties to the Master Cooperation Agreement and Menson Development Limited (an indirect wholly-owned subsidiary of the Company).

## 10. MISCELLANEOUS

- (a) The registered office of the Company is at Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda, and the head office and the principal place of business in Hong Kong is at 18th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited located at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (c) The secretary of the Company is Ms. Chung Wing Yee who is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (d) The English text of this circular shall prevail over the Chinese text.

\* For identification purpose only

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents of the Group are available for inspection during normal business hours 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, except public holidays, up to and including for 14 days from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (c) the Land Transfer Contracts;
- (d) the Development Compensation Contracts;
- (e) the JVCoA Articles of Association;
- (f) the JVCoB Articles of Association;
- (g) the letter from the Independent Financial Adviser, the text of which is set out in the section headed “Letter from Access Capital” of this circular;
- (h) the letter and valuation of the Sites prepared by Vigers Appraisal and Consulting Limited, the text of which is set out in Appendix II to this circular;
- (i) the PRC legal opinion in relation to the Sites prepared by King & Wood;
- (j) the annual reports of the Company for the two financial years ended 31 December 2008 and 31 December 2009 respectively and the interim report of the Company for the six months ended 30 June 2010; and
- (k) the major transaction circular dated 12 March 2010 issued by the Company in relation to the Hebei Co-operation Agreement.