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## **五礦建設有限公司\*** **MINMETALS LAND LIMITED**

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

### **DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS**

Appointment by the Group of a connected person  
as construction material supplier subject to successful tender

The Company announces that, on 28 September 2009, the Company (as purchaser) and Newglory (as supplier) entered into the Conditional Material Supply Agreement pursuant to which the Group may from time to time, for a term of not more than three financial years ending 31 December 2011, engage Newglory as a supplier for the supply of Construction Materials in respect of the Group's existing and future real estate development projects and specialised construction projects. Newglory shall only be engaged as a supplier upon its successful tender for material supply contract(s) initiated by the Group through competitive tendering procedures. In addition, the total contract sum of material supply contract(s) to be awarded by the Group to Newglory during each of the periods from 28 September 2009 to 31 December 2009, from 1 January 2010 to 31 December 2010 and from 1 January 2011 to 31 December 2011 shall not exceed the Annual Cap Amount.

Since Newglory is a subsidiary of China Minmetals and a fellow subsidiary of June Glory, being the controlling shareholder of the Company and an indirect wholly-owned subsidiary of China Minmetals, Newglory is a connected person of the Company. Based on the applicable size tests performed with respect to the Annual Cap Amounts, certain applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules exceed 2.5% but are less than 25%. As such, the Transactions constitute discloseable and continuing connected transactions for the Company and are subject to the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules and also the approval of the Independent Shareholders in the SGM by poll. June Glory (which held approximately 64.24% of the issued share capital of the Company as at the date of this announcement) and its associates will abstain from voting in the SGM.

The Independent Board Committee, comprising Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria, being all of the independent non-executive Directors of the Company, has been formed by the Board to advise the Independent Shareholders in respect of the Transactions. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders with respect to the Transactions.

A circular containing information regarding, amongst other matters, the Conditional Material Supply Agreement, the recommendations of the Independent Board Committee to the Independent Shareholders, the advice and recommendations of the independent financial adviser in connection with the Transactions and the notice of the SGM will be despatched to Shareholders as soon as practicable.

The Company announces that, on 28 September 2009, the Company (as purchaser) and Newglory (as supplier) entered into the Conditional Material Supply Agreement pursuant to which the Group may from time to time, for a term of not more than three financial years ending 31 December 2011, engage Newglory as a supplier for the supply of Construction Materials in respect of the Group's existing and future real estate development projects and specialised construction projects.

At present, the Group envisages that Newglory is likely to be engaged as a supplier for Construction Materials used in the specialised construction projects of the Group.

## **1. INFORMATION ON THE CURTAIN WALL OPERATIONS OF THE GROUP**

The Group has been carrying out specialised construction business in the form of the design and installation of curtain walls in the PRC, Hong Kong and Macau.

Curtain wall construction contracts in respect of major construction projects are awarded to the Group (acting as curtain wall contractor) typically through competitive tendering procedures. Upon award of a major curtain wall contract, the Group would in turn initiate tender for the procurement of Construction Materials through one or more material supply contract(s). During each of the financial years ended 31 December 2005, 2006, 2007 and 2008, the Group generated revenues of approximately HK\$140.1 million, HK\$191.4 million, HK\$340.2 million and HK\$250.4 million, respectively, from its curtain wall operations.

## **2. INFORMATION ON NEWGLORY**

Newglory is classified as an "Enterprise Grade II" (二級企業) in the PRC and is wholly owned by China Minmetals through its wholly-owned subsidiary, Minmetals HK. Since Newglory is a subsidiary of China Minmetals and a fellow subsidiary of June Glory, being the controlling shareholder of the Company and an indirect wholly-owned subsidiary of China Minmetals, Newglory is a connected person of the Company.

Established in 2004 in Beijing, the PRC, as a wholly foreign owned enterprise, Newglory is the operating company of Minmetals HK principally engaged in agency, trading and trading-related businesses in the PRC with respect to industries including, inter alia, steel construction

structures and roofing systems, environmental protection, and oil and gas transportation. According to Newglory, it and its associated companies have been involved in the supply of roofing and curtain wall components for a number of prominent construction projects in the PRC, including, inter alia, the National Indoor Stadium (國家體育館).

Based on a review of the information provided by Newglory in relation to its trading and sourcing capabilities and track record in supplying roofing and curtain wall components for major construction projects in the PRC, the Group is satisfied with the competence of Newglory as a supplier to the Group for Construction Materials. The Group expects to invite Newglory to tender in future for material supply contract(s) to be initiated by the Group. Consequently, the Company, on 28 September 2009, entered into the Conditional Material Supply Agreement with Newglory.

Thus far and up to the date of this announcement, the Group has not engaged Newglory as supplier.

### **3. THE CONDITIONAL MATERIAL SUPPLY AGREEMENT**

#### **Summary of the salient terms**

Subject matter:	The Group may from time to time invite Newglory to tender for material supply contract(s) and, subject to successful tender, appoint Newglory as a supplier with respect to the supply of Construction Materials regarding the Group's existing and future real estate development projects and specialised construction projects.
Date:	28 September 2009
Principal:	the Company
Supplier:	Newglory
Term of the agreement:	From 28 September 2009 up to and including 31 December 2011.
Annual Cap Amounts:	For each of the periods from 28 September 2009 to 31 December 2009, from 1 January 2010 to 31 December 2010 and from 1 January 2011 to 31 December 2011, the annual maximum amount of material supply contract(s) to be awarded by the Group to Newglory shall not exceed the Annual Cap Amount.
Condition precedent:	The Conditional Material Supply Agreement will not come into effect until such time as the Transactions have been approved by the Independent Shareholders in the SGM by poll.

## **The proposed Annual Cap Amounts**

### **The annual maximum amount of material**

<b>supply contract(s) to be awarded by the Group to Newglory</b>	<b>From 28 September 2009 to 31 December 2009</b>	<b>Financial year ending 31 December 2010</b>	<b>Financial year ending 31 December 2011</b>
Proposal annual cap	RMB80.5 million (equivalent to approximately HK\$91.4 million)	RMB120.0 million (equivalent to approximately HK\$136.2 million)	RMB150.0 million (equivalent to approximately HK\$170.2million)

### **Basis for determining the Annual Cap Amounts**

The proposed Annual Cap Amount set by the Group for the period from 28 September 2009 to 31 December 2009 is made by reference to the estimated amount of Construction Materials that would be purchased by the Group during the said period with respect to certain anticipated curtain wall construction and/or roofing construction contracts. By making reference to (i) the historical amount of purchases of Construction Materials which represented on average approximately 55% of the revenue generated in respect of the Group's curtain wall operations and (ii) the latest available historical annual revenue of the Group's curtain wall operations of HK\$250.4 million in 2008, the Group proposes to set the Annual Cap Amount at RMB120.0 million (equivalent to approximately HK\$136.2 million) for the year ending 31 December 2010. In line with the average annual growth rate of approximately 29.3% of the Group's revenue from its curtain wall operations from year 2005 to year 2008, the Group proposes to apply an annual growth rate of 25.0% on the annual cap amount for the Transactions after the financial year ending 31 December 2010 and set the Annual Cap Amount at RMB150.0 million (equivalent to approximately HK\$170.2 million) for the financial year ending 31 December 2011.

The Shareholders should note that the Annual Cap Amounts represent the best estimates by the Group based on the information currently available. The Annual Cap Amounts have no direct relationship to, nor should be taken to have any direct bearing on, the Group's financial or potential financial performance. The Group may or may not appoint Newglory as a supplier in future, or if appointed, to award contract sums up to the level of the respective Annual Cap Amounts.

### **Further information on the appointment by the Group of Newglory as a supplier**

Newglory shall only be engaged as a supplier to the Group upon its successful tender for material supply contract(s) initiated by the Group through competitive tendering procedures. The competitive tendering procedures for awarding material supply contract shall be conducted in accordance with the applicable and prevailing government regulations, laws and measures at

the locations where the subject construction projects are to be undertaken.

In the event that Newglory participates in the tendering for a material supply contract initiated by the Group and there are no applicable rules and regulations requiring the Group to set up an independent tender evaluation committee or equivalent body to evaluate and recommend the successful tenderer, the Group would be directly involved in the tender evaluation part of the tender process. In such case, the Group shall evaluate the tenders using the lowest bid method, that is, to award the tender to the qualified tenderer with the lowest tender sum.

#### **4. REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Group is principally engaged in the business of real estate development and project management, specialised construction and property investment. As specialised construction and real estate development are the core businesses of the Group, the Group expects in the coming years that it will actively invite tenders for material supply contracts relating to its curtain wall and real estate development operations. Given its credentials and relevant track record in the construction material trading business, Newglory is considered by the Group as a suitable candidate and capable of tendering for material supply contracts in respect of the Group's real estate development projects and curtain wall construction projects. The main purpose of the Transactions therefore is to avoid undue delay in the progress of relevant construction projects since without the Transactions the Company would have to seek the approval of Independent Shareholders in a special general meeting on each specific instance.

The Directors (other than the members of the Independent Board Committee, which comprises all of the independent non-executive Directors, whose opinion will be set out in the relevant circular to Shareholders after taking into account the principal factors and reasons considered by, and the advice and recommendations of, the independent financial adviser in a letter which will be set out also in such circular) believe that the Transactions and the terms of the Conditional Material Supply Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole as long as relevant material supply contracts to be awarded to Newglory are to be awarded through competitive tendering procedures and in the manner described above.

#### **5. LISTING RULES IMPLICATIONS**

As certain applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, calculated with reference to the Annual Cap Amounts for the financial years ending 31 December 2009, 2010 and 2011, exceed 2.5% but are less than 25%, the Transactions constitute discloseable and continuing connected transactions for the Company under Rules 14.06 and 14A.13(1)(a) of the Listing Rules and are subject to the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules and also the approval of the Independent Shareholders in the SGM by poll. June Glory (which held approximately 64.24% of the issued share capital of the Company as at the date of this announcement) and its associates will abstain from voting in the SGM.

## 6. GENERAL

The Independent Board Committee, comprising Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria, being all of the independent non-executive Directors of the Company, has been formed by the Board to advise the Independent Shareholders with respect to the Transactions. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

A circular containing information regarding, amongst other matters, the Conditional Material Supply Agreement, the recommendations of the Independent Board Committee to the Independent Shareholders, the advice and recommendation of the independent financial adviser in connection with the Transactions and the notice of the SGM will be despatched to Shareholders as soon as practicable.

### Definitions

“Annual Cap Amount(s)”	the maximum value of material supply contract(s) to be awarded by the Group to Newglory under the Conditional Material Supply Agreement for each of the periods from 28 September 2009 to 31 December 2009, from 1 January 2010 to 31 December 2010 and from 1 January 2011 to 31 December 2011
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Minmetals”	中國五礦集團公司 (China Minmetals Corporation), a State-owned enterprise in the PRC, which owns 100% equity interest in Minmetals HK which in turn owns the entire equity interest in June Glory, the controlling shareholder of the Company
“Company”	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Conditional Material Supply Agreement”	the agreement that was entered into between the Company and Newglory on 28 September 2009 for the conditional appointment of Newglory as a supplier upon its successful tender for a material supply contract for Construction Materials
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Construction Materials”	the major construction materials and components in respect of property and construction projects, including but not limited to roofing systems and curtain wall systems, insulating materials, glass products, aluminium profiles, steel frames, and such other

	construction materials as appropriate, and including on-site fabrication if so required
“controlling shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the Independent Board Committee, comprising Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria, being all of the independent non-executive Directors of the Company, which has been formed by the Board to advise the Independent Shareholders in respect of the Transactions
“Independent Shareholder(s)”	Shareholder(s) other than June Glory and its associates, and excluding any Shareholder who has a material interest in the Transactions
“June Glory”	June Glory International Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of Minmetals HK, and which held approximately 64.24% of the issued share capital of the Company as at the date of this announcement and is the controlling shareholder of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Macau”	the Macao Special Administrative Region of the People's Republic of China
“Minmetals HK”	China Minmetals H.K. (Holdings) Limited, a company incorporated in Hong Kong with limited liability, a controlling shareholder of the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this announcement
“SGM”	a special general meeting of the Company to be convened to approve the Transactions
“Share(s)”	Share(s) of par value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holders of Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“Transactions”	the entering into of the Conditional Material Supply Agreement on 28 September 2009 and the transactions contemplated thereunder
“Newglory”	Newglory International Limited (新榮國際商貿有限責任公司), an enterprise established under the laws of the PRC in Beijing with limited liability, is an indirect wholly-owned subsidiary of China Minmetals
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

*For the purpose of illustration only, conversion of RMB into Hong Kong dollars in this announcement is based on the exchange rate of RMB1.00 to HK\$1.13498. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.*

By order of the Board

**He Jianbo**

*Managing Director*

Hong Kong, 28 September 2009

*As at the date of this announcement, the Board comprises nine Directors, namely Mr. Sun Xiaomin as the Chairman and a non-executive Director, Mr. Qian Wenchao, Mr. He Jianbo, Mr. Yin Liang, Mr. Yan Xichuan and Ms. He Xiaoli as executive Directors and Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria as independent non-executive Directors.*

*\* For identification purpose only*