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

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五礦地產有限公司 MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF 2017 TO 2020

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 17 of this circular.

A letter from the Independent Board Committee is set out on pages 18 to 19 of this circular.

A letter from Investec containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 41 of this circular.

A notice convening the SGM to be held at Monet Room B, Basement 1, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, 31 May 2017 immediately after the conclusion of the AGM to be held at the same location on Wednesday, 31 May 2017 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 10:30 a.m. on Saturday, 27 May 2017. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

12 May 2017

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DEFINITIONS

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

“2013 Circular”	the circular dated 25 November 2013 issued by the Company in respect of the 2014 to 2016 Construction Agreement
“2014 to 2016 Construction Agreement”	the agreement dated 4 November 2013 entered into between the Company and 23rd Metallurgical in relation to the engagement of member(s) of the 23rd Metallurgical Group as construction contractor(s) (subject to successful tender) in respect of the existing and future real estate development projects of the Group in the PRC for the three years ended 31 December 2016
“2017 Construction Agreement”	the agreement dated 19 April 2017 entered into between the Company and China Minmetals in relation to the engagement of member(s) of the China Minmetals Group as construction contractor(s) (subject to successful tender) in respect of the existing and future real estate development projects of the Group in the PRC and Hong Kong for the three years from 19 April 2017 to 18 April 2020
“23rd Metallurgical”	五礦二十三冶建設集團有限公司 The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals*, a company established under the laws of the PRC with limited liability and an indirect non wholly-owned subsidiary of China Minmetals
“23rd Metallurgical Group”	23rd Metallurgical and its subsidiaries
“AGM”	the annual general meeting of the Company to be convened and held at Monet Room B, Basement 1, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, 31 May 2017 at 10:30 a.m.
“associate(s)”, “connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder”	each shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

DEFINITIONS

“China Metallurgical Group”	中國冶金科工集團有限公司 China Metallurgical Group Corporation*, a state-owned enterprise established under the laws of the PRC with limited liability whose financial statements have been accounted for in the financial statements of China Minmetals on a consolidated basis
“China Minmetals”	China Minmetals Corporation, a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder of the Company as at the Latest Practicable Date
“China Minmetals Group”	China Minmetals and (i) its subsidiaries; and (ii) entities whose financial statements have been accounted for in the financial statements of China Minmetals on a consolidated basis, which in both cases are engaged in the business of construction projects
“CMCL”	中國五礦股份有限公司 China Minmetals Corporation Limited*, a company established under the laws of the PRC with limited liabilities and a direct non wholly-owned subsidiary of China Minmetals
“CMG Group”	China Metallurgical Group and its subsidiaries
“Company”	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Continuing Connected Transactions”	the continuing connected transactions that may be entered into between the Company and China Minmetals pursuant to the terms of the 2017 Construction Agreement, details of which are referred to under the section headed “The 2017 Construction Agreement” in this circular
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, which has been formed by the Board to advise the Independent Shareholders in respect of the 2017 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps)

DEFINITIONS

“Independent Shareholders”	Shareholder(s) other than June Glory and its associates, and any Shareholder who has a material interest in the Continuing Connected Transactions or who are required to abstain from voting on the resolution to approve, <i>inter alia</i> , the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps at the SGM pursuant to the Listing Rules
“Investec” or “Independent Financial Adviser”	Investec Capital Asia Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the 2017 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps)
“June Glory”	June Glory International Limited, a company incorporated in the British Virgin Islands with limited liability, and the immediate controlling shareholder of the Company holding approximately 61.93% of the Shares as at the Latest Practicable Date
“Latest Practicable Date”	10 May 2017, 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 as amended from time to time
“Minmetals HK”	China Minmetals H.K. (Holdings) Limited, a company incorporated in Hong Kong with limited liability and an indirect non wholly-owned subsidiary of China Minmetals
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Proposed Annual Cap(s)”	the proposed annual caps for the Continuing Connected Transactions for the three years from 19 April 2017 to 18 April 2020 as set out in the section headed “The Continuing Connected Transactions” in this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened and held at Monet Room B, Basement 1, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, 31 May 2017 immediately after the conclusion of the AGM for the Independent Shareholders to consider and, if thought fit, to approve the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps
“Share(s)”	ordinary share(s) 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
“%”	percentage

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 RMB1.00 to HK\$1.1269. 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*

LETTER FROM THE BOARD



五礦地產有限公司
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

Non-executive Directors:

Mr. Zhang Yuanrong, *Chairman*
Mr. Cui Hushan

Executive Directors:

Mr. He Jianbo, *Deputy Chairman and Managing Director*
Mr. Yin Liang, *Senior Deputy Managing Director*
Ms. He Xiaoli, *Deputy Managing Director*
Mr. Liu Zeping, *Deputy Managing Director*

Independent Non-executive Directors:

Mr. Selwyn Mar
Ms. Tam Wai Chu, *Maria*
Mr. Lam Chung Lun, *Billy*

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

12 May 2017

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF 2017 CONSTRUCTION AGREEMENT**

BACKGROUND OF THE CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 19 April 2017 in relation to the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps. As announced by the Board, the Company entered into the 2017 Construction Agreement with China Minmetals on 19 April 2017. The transactions contemplated under the 2017 Construction Agreement are subject to the approval of the Independent Shareholders at the SGM in respect of the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

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June Glory (the immediate controlling shareholder of the Company) is an indirect non wholly-owned subsidiary of China Minmetals and accordingly, China Minmetals is a connected person of the Company under the Listing Rules.

Since the Proposed Annual Caps exceed HK\$10,000,000 and all of the relevant percentage ratios are, on an annual basis, more than 5%, the Continuing Connected Transactions constitute non-exempt continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are subject to (i) the independent shareholders' approval requirement under Rules 14A.36 to 14A.45 of the Listing Rules; (ii) the reporting and announcement requirements under Rules 14A.35 and 14A.68 of the Listing Rules; (iii) the circular requirement under Rules 14A.46 to 14A.48 and 14A.69 to 14A.70 of the Listing Rules; and (iv) the annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders in connection with the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

The purpose of this circular is to (i) provide the Shareholders with further information regarding the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps; (ii) set out the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps; (iii) set out the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps; and (iv) give the Shareholders the notice of the SGM and other information as required under the Listing Rules.

THE CONTINUING CONNECTED TRANSACTIONS

Reference is made to the 2013 Circular in relation to the 2014 to 2016 Construction Agreement entered into between the Company and 23rd Metallurgical pursuant to which the Group may appoint member(s) of the 23rd Metallurgical Group as construction contractor(s) for the Group's real estate development projects in the PRC, subject to successful tender.

Since July 2007, 23rd Metallurgical has been appointed, based on successful tender, as construction contractor for the Group's real estate development projects in the PRC. Based on the working relationship with 23rd Metallurgical since July 2007, the Group is satisfied with the competence of 23rd Metallurgical as construction contractor for the Group's real estate development projects.

The 2014 to 2016 Construction Agreement expired on 31 December 2016. As the Company intends to continue to invite member(s) of the 23rd Metallurgical Group and to further extend its offer to other member(s) of the China Minmetals Group to place tenders for its construction contract(s) in the PRC and Hong Kong and subject to successful tender, to appoint them as construction contractor(s) for the Group's real estate development

LETTER FROM THE BOARD

projects in the PRC and Hong Kong, on 19 April 2017, the Company entered into the 2017 Construction Agreement with China Minmetals which is conditional upon the approval of the Independent Shareholders at the SGM in respect of the 2017 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps).

Pursuant to Rule 14A.52 of the Listing Rules, the term of the 2017 Construction Agreement shall not exceed three years, and therefore the 2017 Construction Agreement entered into between the Company and China Minmetals in respect of the Continuing Connected Transactions shall expire on 18 April 2020.

Principal terms of the 2017 Construction Agreement

- Date : 19 April 2017
- Parties : (i) the Company
(ii) China Minmetals
- Term : Three years commencing from 19 April 2017 to 18 April 2020
- Subject matter : The Group may from time to time invite member(s) of the China Minmetals Group to tender for construction contract(s) in the PRC and Hong Kong in accordance with the Group's tender procedure and general conditions offered to independent bidders (including general provisions for adjusting construction amounts due to, for example, changes to projects). Subject to successful tender, the Group shall engage the member(s) of the China Minmetals Group as construction contractor(s) in respect of the existing and future real estate development projects (excluding the portions of the existing projects that had been tendered) of the Group in the PRC and Hong Kong, provided that the total contract sum of the construction contract(s) to be awarded by the Group to member(s) of the China Minmetals Group during each of the three years from 19 April 2017 to 18 April 2020 shall not exceed the Proposed Annual Caps.
- Construction contract sum : The construction contract sum payable to member(s) of the China Minmetals Group as construction contractor(s) for the Group's real estate development projects in the PRC and Hong Kong shall be determined through procedures of tenders in accordance with (i) the applicable rules and regulations of the locations where the construction projects are situated and the Group's internal procedures (where relevant); and (ii) the nature of each construction project.

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- Termination : The 2017 Construction Agreement shall expire on 18 April 2020 unless it is early terminated under any of the following circumstances:
- (i) by mutual agreement between the parties; or
 - (ii) if a party to the 2017 Construction Agreement has breached or failed to comply with the 2017 Construction Agreement or any construction contract in connection therewith and fails to rectify such breach or non-compliance within the prescribed period, the non-defaulting party may terminate the 2017 Construction Agreement by written notice to the other party; or
 - (iii) if a party to the 2017 Construction Agreement has committed a material breach of the 2017 Construction Agreement or any construction contract in connection therewith, the non-defaulting party may terminate the 2017 Construction Agreement.
- Undertakings by China Minmetals : Pursuant to the 2017 Construction Agreement, China Minmetals undertook in favour of the Company that it shall allow the Company's auditors to access the financial records of any member(s) of the China Minmetals Group with construction contracts awarded by the Group and assist the Company to comply with the relevant requirements under Chapter 14A of the Listing Rules.

The existing annual caps and historical transaction amounts

As disclosed in the 2013 Circular, the historical annual caps of the transactions contemplated under the 2014 to 2016 Construction Agreement for the three years ended 31 December 2016 are set out in the table below:

2014	For the year ended 31 December 2015	2016
RMB946.00 million (approximately HK\$1,066.05 million)	RMB998.00 million (approximately HK\$1,124.65 million)	RMB743.00 million (approximately HK\$837.29 million)

For the three years ended 31 December 2016, the amounts of the Group's construction contracts awarded to 23rd Metallurgical are set out in the table below:

2014	For the year ended 31 December 2015	2016
RMB442.75 million (approximately HK\$498.93 million)	RMB501.17 million (approximately HK\$564.77 million)	Nil

LETTER FROM THE BOARD

The Directors believe that the under-utilisation of the annual caps during the three years ended 31 December 2016 was mainly due to the following reasons:

- (i) member(s) of the 23rd Metallurgical Group had not been awarded construction contracts in every occasion where it/they had submitted tender(s) as certain contracts were awarded to other independent third party contractors under the tender process;
- (ii) the historical annual caps were determined with reference to the then planned schedule of development plans; but the actual progress of each of the projects of the Group were subject to change over time (due to various situations, including but not limited to, market and economic conditions from time to time); and
- (iii) member(s) of the 23rd Metallurgical Group may not be able to submit tenders for all of the construction projects due to the constraints of their resources which were affected by, including but not limited to, the location of the Group's projects and the time of which the Group's construction contracts were made available for tender.

Proposed Annual Caps

The Proposed Annual Caps are determined with reference to the gross floor area of each project to be constructed and the unit construction price taking into consideration the prevailing market conditions which in turn will affect the types of property to be constructed and the development schedule of each project. The estimated total gross floor area of the Group's real estate development projects to be constructed in the PRC and Hong Kong for periods from 19 April 2017 to 31 December 2017, 1 January 2018 to 31 December 2018, 1 January 2019 to 31 December 2019 and 1 January 2020 to 18 April 2020, will be 1,069,876.33 square metres, 783,029.14 square metres, 635,025.00 square metres and 350,975.00 square metres, respectively. The estimated average construction price (taking into account an annual inflation rate of 10%) for periods from 19 April 2017 to 31 December 2017, 1 January 2018 to 31 December 2018, 1 January 2019 to 31 December 2019 and 1 January 2020 to 18 April 2020, will be RMB1,869 (approximately HK\$2,106) per square metre, RMB2,363 (approximately HK\$2,663) per square metre, RMB2,913 (approximately HK\$3,283) per square metre and RMB2,735 (approximately HK\$3,082) per square metre, respectively.

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Having also considered the likelihood of member(s) of the China Minmetals Group to participate in the project tender and the expected progress of the construction works (for determining the relevant year for calculating the Proposed Annual Caps), the Company estimates that the total contract sums of the Group's construction contracts which may be awarded to member(s) of the China Minmetals Group under the Continuing Connected Transactions for periods from 19 April 2017 to 31 December 2017, 1 January 2018 to 31 December 2018, 1 January 2019 to 31 December 2019 and 1 January 2020 to 18 April 2020 will not exceed the proposed annual caps below:

	For the period from			
19 April 2017 to 31 December 2017	1 January 2018 to 31 December 2018	1 January 2019 to 31 December 2019	1 January 2020 to 18 April 2020	
RMB2,000.00 million (approximately HK\$2,253.80 million)	RMB1,850.00 million (approximately HK\$2,084.77 million)	RMB1,850.00 million (approximately HK\$2,084.77 million)	RMB960.00 million ^(Note) (approximately HK\$1,081.82 million)	

Note: The proposed annual cap for the period from 1 January 2020 to 18 April 2020 is determined based on, among other factors, the estimated amount of construction contracts for (i) the Group's existing real estate development projects in the PRC and Hong Kong amounting to RMB373.56 million (approximately HK\$420.96 million), and (ii) the potential new real estate development projects in the PRC and Hong Kong that the Group may acquire amounting to RMB2,010.59 (approximately HK\$2,265.73) pro-rated for a 3.5-month period.

As the Company has acquired new lands for real estate development projects, which shall have commenced construction since 2017, it is estimated that there will be a significant increase in the amount of construction contracts to be awarded by the Group during the term of the 2017 Construction Agreement, resulting an increment in the Proposed Annual Caps when compared with the historical annual caps for the three years ended 31 December 2016.

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In particular, the table below sets out the estimated amount of existing and potential construction contracts, by projects, that may be awarded by the Group during the term of the 2017 Construction Agreement and their respective estimated construction completion date:

	From 19 April 2017 to 31 December 2017 <i>RMB million</i>	From 1 January 2018 to 31 December 2018 <i>RMB million</i>	From 1 January 2019 to 31 December 2019 <i>RMB million</i>	From 1 January 2020 to 18 April 2020 <i>RMB million</i>	Expected construction completion date
Changsha Kaifu Project	600.00	210.00	—	—	4th quarter 2020
Changsha LOHAS International Community	15.00	—	—	—	4th quarter 2018
Yingkou Platinum Bay	237.62	121.76	—	99.88	4th quarter 2021
Huizhou Hallstatt See	163.54	249.90	261.80	273.70	4th quarter 2022
Nanjing Land No. G55 [^]	217.71	—	—	—	3rd quarter 2020
Nanjing Land No. G57 [^]	119.79	—	—	—	3rd quarter 2019
Guangzhou Project [^]	85.37	—	—	—	3rd quarter 2020
Foshan Project [^]	343.72	—	—	—	4th quarter 2020
Potential new real estate development projects	<u>217.25</u>	<u>1,268.34</u>	<u>1,588.20</u>	<u>586.42</u>	
Total	<u>2,000.00</u>	<u>1,850.00</u>	<u>1,850.00</u>	<u>960.00</u>	

[^] projects acquired in 2016

In view that some of the projects are at the final stage of the development lead time, it is envisaged that there would be fluctuations in the Proposed Annual Caps during the term of the 2017 Construction Agreement. In order to replenish the land bank, the Group has formulated its land acquisition plan for 2017 to 2020 and has been actively participating in public tender for new land since 2016. It is therefore estimated that the Proposed Annual Caps will cover gross floor area of potential new projects which are expected to be acquired according to the Group's land acquisition plan.

According to the Group's development schedule, the Group will invite parties to place tenders for a total of 8 existing projects as well as potential new projects with an aggregate gross floor area of 1,069,876.33 square metres during the period from 19 April 2017 to 31 December 2017. In view of the impending completion of the construction works of 5 existing projects, it is envisaged that the estimated gross floor area for subsequent tendering will be decreasing. Accordingly, it is estimated that there would be a reduction in the Proposed Annual Caps for the years ending 31 December 2018 and 31 December 2019.

The Proposed Annual Cap for the period from 1 January 2020 to 18 April 2020 is further reduced due to the gross floor area for potential new projects is pro-rated for a 3.5-month period. Besides, there will be only 2 existing projects with an aggregate gross floor area of approximately 173,270 square metres for tendering during the period.

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Shareholders should note that the Proposed Annual Caps represent the best estimates by the Group based on the information currently available (including types of the property to be constructed, development schedule and prevailing market conditions) and, in particular, the estimated amount of construction contracts for the Group's existing and future real estate development projects in the PRC and Hong Kong and should not be construed as the actual amount of construction contracts that the Group may award to member(s) of the China Minmetals Group during the three years from 19 April 2017 to 18 April 2020. The Proposed Annual Caps 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 member(s) of the China Minmetals Group as construction contractor(s) in relation to future tenders for the Group's real estate development projects in the PRC and Hong Kong, or if appointed, to take up construction works up to the level of the Proposed Annual Caps.

Further information on the appointment of construction contractors by the Group

The process of selecting construction contractors for the real estate development projects of the Group in the PRC and Hong Kong shall be conducted in accordance with the applicable rules, regulations and the Group's internal procedures (where relevant) in the PRC and Hong Kong and of the locations where the projects are situated. According to the information currently available and the size of the projects, construction contracts relating to the Group's real estate development projects will have to be awarded through a regulated tender process governed by the relevant measures, regulations and the Group's internal procedures (where relevant) in the PRC and Hong Kong. Notwithstanding that there might be slightly different measures and regulations in different cities and provinces in the PRC and Hong Kong, a tender evaluation committee has to be established to, amongst other matters, evaluate tenders based on an appropriate tender assessment method and recommend the successful tender in a manner as stipulated in the applicable rules, regulations and the Group's internal procedures (where relevant) in the PRC and Hong Kong. The tender evaluation committee shall comprise a majority of qualified experts randomly selected from a list of qualified experts for tender evaluation as approved by the relevant government authorities in the PRC and a list of in-house and/or external professionals with relevant expertise and qualifications in Hong Kong. The tender assessment method shall be selected in accordance with the applicable measures, regulations and the Group's internal procedures (where relevant) with reference to, *inter alia*, the size of the construction contract. Although there are a number of tender assessment methods, the major criteria of all of them are unit tender rates, total tender sum, technical competency and track record.

The key terms of the Group's internal procedures for the process of selecting construction contractors by way of tender for the Group's real estate development projects are set out in chronological order as follows:

- (i) the Group invites tender for the construction contract;
- (ii) tenderers submit tenders within the required time frame;

LETTER FROM THE BOARD

- (iii) tender evaluation committee, formed in accordance with the rules and regulations/internal procedures in the PRC or/and Hong Kong, reviews and evaluates the tenders submitted;
- (iv) after assessing the qualified tenders in accordance with a prescribed tender assessment method, the tender evaluation committee issues its recommendation for award of tender to the successful tenderer; and
- (v) based on such recommendation from the tender evaluation committee, the Group proceeds to appoint the successful tenderer by entering into the construction contract.

As part of the qualification evaluation of the tender procedures, the Company would evaluate, among other criteria, background, financial capabilities, operational capacity and experience of the contractors involved in a given tender.

Based on the above, in the event that the member(s) of the China Minmetals Group participate(s) in tendering for any construction contracts in respect of the Group's existing and future real estate development projects in the PRC and Hong Kong, its tender will be reviewed and evaluated by the relevant tender evaluation committee by applying a prescribed tender assessment method in a manner no different from any other qualified tenderers.

The selection of a construction contractor is subject to a regulated tender process governed by the relevant measures and regulations and the Group's internal procedures (where relevant) in the PRC and Hong Kong. In this connection, the tender evaluation committee comprising all independent qualified experts randomly selected from the local government tender evaluation office and approved by the government authorities in the PRC and in the case of Hong Kong, the committee formed by in-house and/or external professionals with appropriate expertise and qualifications, has to be established. The major criteria for selection by such committee are the unit tender rates and the total tender sum in the event that all the participants in the tender are of similar technical competency and track record. Under such a regulated evaluation and selection system, the construction contracts awarded to the member(s) of the China Minmetals Group and the construction contract sum payable to the member(s) of the China Minmetals Group will be on normal commercial terms and no more favourable than that offered to independent construction contractors.

Under typical construction contracts awarded by the Group to its construction contractors, the construction contract sum will be payable with respect to specific work stages or milestones achieved in various aspects of work. In general, an aggregate of 85% of the total construction contract sum will be paid up by the time of completion of works, and the remaining 15% of the total construction contract sum will be payable according to a payment schedule and will be fully paid up in one month after the expiry of the defect liability period.

LETTER FROM THE BOARD

Reasons for and benefits of the Continuing Connected Transactions

Since July 2007, 23rd Metallurgical has been appointed, based on successful tender, as construction contractor for the Group's real estate development projects in the PRC. Based on the working relationship with 23rd Metallurgical, the Group is satisfied with the competence of 23rd Metallurgical as construction contractor for the Group's real estate development projects. Accordingly, the Company intends to continue to invite member(s) of the 23rd Metallurgical Group to place tenders for its construction contracts.

As the Group's real estate development business continues to grow in the PRC and Hong Kong, it is anticipated that the Group will, in the coming years, actively invite tenders for construction works relating to its real estate development projects. In view that there are other members of the China Minmetals Group, such as certain members of the CMG Group, that also possess Class I qualifications in building construction, the Company intends to extend its offer to other member(s) of the China Minmetals Group to place tenders for its construction contracts.

The main purpose of the 2017 Construction Agreement and the Continuing Connected Transactions is to avoid undue delay in the construction progress of the relevant projects which will otherwise have to seek the approval of Independent Shareholders in a special general meeting for each specific instance. Further, the appointment of member(s) of the China Minmetals Group as construction contractor(s) for the Group's real estate development projects is subject to successful tender(s) in competitive tendering process(es) governed by the relevant rules, regulations and the Group's internal procedures (where relevant) in the PRC and Hong Kong.

Information about the Company and China Minmetals

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

China Minmetals is a state-owned enterprise in the PRC principally engaged in the business of exploration, mining, smelting, processing and trading for metals and minerals, finance, real estate development, and mining and metallurgic technology.

The financial statements of China Metallurgical Group have been accounted for in the financial statements of China Minmetals for the year ended 31 December 2016 on a consolidated basis. The CMG Group has been engaged in the building construction industry for over 50 years. Certain members of CMG Group are classified as main contractors Premium Class and Class I in various aspects, including but not limited to, the Building Construction Main Contractor Class I and Premium Class qualifications (房屋建築工程施工總承包一級、房屋建築工程施工總承包特級) by the relevant government authorities in the PRC. Apart from engaging in large scale residential developments, the CMG Group also undertakes commercial, public facilities and infrastructural developments in the PRC. Further, the CMG Group has been chosen for a number of construction projects overseas, such as Germany, Mexico, Singapore, Malaysia, India, Thailand, Burma, Cambodia, Philippines and Indonesia, etc. It was awarded construction contracts for the development of the Universal Studio in Singapore, the Disney Land in Shanghai and the

LETTER FROM THE BOARD

Chinese University in Hong Kong. Most of the members of the CMG Group have been honoured with Luban Award (魯班獎), National Quality Engineering Award (國家優質工程獎) and Tien-yow Jeme Civil Engineering Prize (中國土木工程詹天佑獎), etc.

LISTING RULES IMPLICATIONS

June Glory (the immediate controlling shareholder of the Company) is an indirect non wholly-owned subsidiary of China Minmetals and accordingly, China Minmetals is a connected person of the Company under the Listing Rules.

Since the Proposed Annual Caps exceed HK\$10,000,000 and all of the relevant percentage ratios are, on an annual basis, more than 5%, the Continuing Connected Transactions constitute non-exempt continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are subject to (i) the independent shareholders' approval requirement under Rules 14A.36 to 14A.45 of the Listing Rules; (ii) the reporting and announcement requirements under Rules 14A.35 and 14A.68 of the Listing Rules; (iii) the circular requirement under Rules 14A.46 to 14A.48 and 14A.69 to 14A.70 of the Listing Rules and (iv) the annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules.

The Directors consider that the aforesaid reasons and the relevant factors for determining the Proposed Annual Caps, including but not limited to the estimated amount of construction contracts for the Group's existing and potential real estate development projects in the PRC and Hong Kong, the likelihood of member(s) of the China Minmetals Group to participate in the project tender, the average construction price and the total gross floor area of the Group's existing and potential real estate development projects, are objective, fair and reasonable.

The Directors acknowledge that the 23rd Metallurgical Group and other member(s) of the China Minmetals Group, such as certain members of the CMG Group (that are engaged in the business of construction projects), possess the relevant expertise, professional qualifications and track record to undertake the construction works for the Group's real estate development projects. The Directors (including the independent non-executive Directors) therefore consider that the terms and conditions of the 2017 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

If there is a material change to the terms of the 2017 Construction Agreement, or if any of the Proposed Annual Caps is exceeded, the Company will re-comply with Rule 14A.54 of the Listing Rules.

SGM

A notice of the SGM to be held at Monet Room B, Basement 1, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, 31 May 2017 immediately after the conclusion of the AGM to be held at the same location on 31 May 2017 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this

LETTER FROM THE BOARD

circular. At the SGM, an ordinary resolution will be proposed and, if thought fit, passed to approve the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

In view of the connection between China Minmetals and June Glory, June Glory and its associates are required to abstain from voting on the resolution approving the 2017 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) at the SGM in accordance with Rule 14A.36 of the Listing Rules. As at the Latest Practicable Date, June Glory and its associates controlled 2,071,095,506 Shares (representing approximately 61.93% of the issued share capital of the Company). To the best of the Directors' knowledge, belief and having made all reasonable enquiries, as at the Latest Practicable Date, save for June Glory, no other Shareholder was required to abstain from voting on the resolution for approving the 2017 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) at the SGM.

A form of proxy for use at the SGM is attached. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 10:30 a.m. on Saturday, 27 May 2017. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders at the SGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published on the websites of the Company and of the Stock Exchange following the SGM.

RECOMMENDATION

The Board approved the 2017 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) at a meeting held on 19 April 2017. None of the Directors has a material interest in such transactions.

At the aforesaid Board meeting, Mr. Liu Zeping, an executive Director of the Company, voluntarily abstained from voting on the resolutions approving the 2017 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) by virtue of his directorship in 23rd Metallurgical.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the terms of the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps and to advise the Independent Shareholders in respect of the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the

LETTER FROM THE BOARD

Independent Shareholders, *inter alia*, whether Independent Shareholders should vote in favour of the resolution regarding the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

Your attention is drawn to (i) the letter from the Independent Board Committee which is set out on pages 18 to 19 of this circular containing the recommendation of the Independent Board Committee to the Independent Shareholders regarding the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps; and (ii) the letter from the Independent Financial Adviser which is set out on pages 20 to 41 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

The Directors (including the independent non-executive Directors) are of the view that the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps are fair and reasonable and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution in respect of the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the appendix to this circular.

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



五礦地產有限公司
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

12 May 2017

To the Independent Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF 2017 CONSTRUCTION AGREEMENT**

We refer to the circular dated 12 May 2017 of the Company (“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 to advise the Independent Shareholders whether the terms of the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps are fair and reasonable and whether the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, taking into account the recommendations of Investec, the Independent Financial Adviser appointed to advise us and the Independent Shareholders in the abovementioned context.

Your attention is drawn to the “Letter from the Board” and the “Letter from the Independent Financial Adviser” in the Circular, which contain, *inter alia*, information and the advice from the Independent Financial Adviser in respect of the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

Having taking into account the reasons for and benefits of the 2017 Construction Agreement, the Continuing Connected Transactions, the basis for determining the Proposed Annual Caps, the principal factors and reasons considered by Investec in arriving at its opinion regarding the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps as set out in the “Letter from the Independent Financial Adviser” on pages 20 to 41 of the Circular, we consider that the entering into of the 2017 Construction Agreement and the Continuing Connected Transactions are in the usual and ordinary course of business of the Company and that the terms of the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps are on normal commercial terms, fair and reasonable and in the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolution as set out in the notice of the SGM to be convened and held on Wednesday, 31 May 2017 immediately after the conclusion of the AGM and thereby approve the 2017 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

Yours faithfully,
For and on behalf of

Independent Board Committee

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

Selwyn Mar
*Independent Non-executive
Director*

Lam Chung Lun, Billy
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Investec Capital Asia Limited to the Independent Board Committee and the Shareholders in relation to the continuing connected transactions contemplated under the 2017 Construction Agreement (including the Proposed Annual Caps) prepared for the purpose of incorporation in this circular



Investec Capital Asia Limited
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www.investec.com

12 May 2017

To the Independent Board Committee and the Shareholders

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF 2017 CONSTRUCTION AGREEMENT

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Shareholders in connection with the Continuing Connected Transactions, details of which are set out in the letter from the board (the “**Letter from the Board**”) contained in the circular dated 12 May 2017 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

Background of the Continuing Connected Transactions

As set out in the Letter from the Board, the 2014 to 2016 Construction Agreement expired on 31 December 2016. As the Company intends to continue to invite member(s) of the 23rd Metallurgical Group and to further extend its offer to other member(s) of the China Minmetals Group to place tenders for its construction contract(s) in the PRC and Hong Kong and subject to successful tender, to appoint them as construction contractor(s) for the Group’s real estate development projects in the PRC and Hong Kong, on 19 April 2017, the Company entered into the 2017 Construction Agreement with China Minmetals which is conditional upon the approval of the Independent Shareholders at the SGM in respect of the 2017 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

June Glory (the immediate controlling shareholder of the Company) is an indirect non wholly-owned subsidiary of China Minmetals and accordingly, China Minmetals is a connected person of the Company under the Listing Rules.

Since the Proposed Annual Caps exceed HK\$10,000,000 and all of the relevant percentage ratios are, on an annual basis, more than 5%, the Continuing Connected Transactions constitute non-exempt continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are subject to (i) the independent shareholders' approval requirement under Rules 14A.36 to 14A.45 of the Listing Rules; (ii) the reporting and announcement requirements under Rules 14A.35 and 14A.68 of the Listing Rules; (iii) the circular requirement under Rules 14A.46 to 14A.48 and 14A.69 to 14A.70 of the Listing Rules; and (iv) the annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of nine Directors, namely Mr. Zhang Yuanrong as the Chairman and a non-executive Director, Mr. He Jianbo as the Deputy Chairman, Managing Director and an executive Director, Mr. Yin Liang, Ms. He Xiaoli and Mr. Liu Zeping as executive Directors, Mr. Cui Hushan as a non-executive Director and Mr. Selwyn Mar, Ms. Tam Wai Chu, Maria and Mr. Lam Chung Lun, Billy as independent non-executive Directors.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Selwyn Mar, Ms. Tam Wai Chu, Maria and Mr. Lam Chung Lun, Billy, has been established to advise the Shareholders, and Investec has been appointed by the Company to advise the Independent Board Committee and the Shareholders as to whether, the Continuing Connected Transactions (including the Proposed Annual Caps) were entered into on normal commercial terms, fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, we were independent from and not connected with the Group in accordance with Rule 13.84 of the Listing Rules, and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transaction. Save for our appointment as the Independent Financial Adviser, we did not act as an independent financial adviser to the Group under the Listing Rules in the past two years. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

III. BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations for matters relating to the Group contained in the Circular and the information and representations provided to us by the Group and/or its senior

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

management staff (the “**Management**”) and/or the Directors. We have assumed that all such statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular or otherwise provided or made or given by the Group 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 Latest Practicable Date. We have assumed that all the opinions and representations for matters relating to the Group 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 Group 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 available 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 opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group 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 consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules including the notes thereto to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, carried out an independent verification of the information provided, nor have we conducted an independent investigation into the business and affairs of the Company, China Minmetals or any of their subsidiaries or the prospects of the markets in which they respectively operate.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the terms of the Continuing Connected 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 real estate development, specialised construction, property investment and securities investment in Hong Kong and the PRC.

As per the annual report of the Company for the year ended 31 December 2016 (the “**2016 Annual Report**”) and as advised by the Management, the Group will continue to focus on development in the PRC Tier 1 cities and core Tier 2 cities that have potential growth in dynamic sector and population and will turn to those PRC Tier 3 cities that have structural opportunities arising from spill over effect of the PRC Tier 1 cities. Meanwhile, the Group will broaden its perspectives to explore other means of expanding land bank and continue to increase overseas business development. In addition, the Group will actively procure opportunities for asset injection from its controlling shareholder to enlarge and enrich the Group’s assets

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

portfolio. It is believed that the consolidation of non-listed real estate development business under the entrusted management arrangement and the Group's real estate development projects across the country would promote synergy as well as economy of scale in design management, cost control and contract procurement which would eventually enhance the brand competitiveness of "Minmetals Land".

As set out in the 2016 Annual Report, the Group had a land bank developable in gross floor area of approximately 3.22 million square metres across 16 real estate development projects in 10 cities located in the PRC, including Beijing, Yingkou, Langfang, Tianjin, Nanjing, Changsha, Huizhou, Hong Kong, Foshan and Guangzhou as at 31 December 2016. A summary of the Group's real estate projects extracted from the 2016 Annual Report is as follows:

Details of the Group's real estate development projects as at 31 December 2016

Location/Project	Attributable interest to the Group	Estimated GFA (square metres)	GFA completed (square metres)	GFA under development/for future development (square metres)
Pan Bohai Rim				
Beijing Fortune Garden	51%	414,000	308,000	106,000/—
Yingkou Platinum Bay	100%	521,000	147,000	11,500/362,500
Langfang Minmetals Vanke City	50%	704,000	131,000	284,000/289,000
Tianjin Minmetals International	100%	183,000	183,000	—/—
Yangtze River Delta				
Nanjing Sello Royale Nanjing Academic Royale	100%	482,000	320,000	162,000/—
Nanjing Yan Shan Ju	100%	203,000	99,000	104,000/—
Nanjing (Land No. G55)	100%	179,000	—	—/179,000
Nanjing (Land No. G57)	100%	98,000	—	—/98,000
Central China				
Changsha LOHAS				
International Community	100%	1,084,000	924,000	158,000/2,000
Changsha Scotland Town	100%	442,000	442,000	—/—
Changsha Kaifu Project	100%	534,000	128,000	55,000/351,000
Pearl River Delta				
Huizhou Hallstatt See	100%	1,003,000	194,000	55,000/754,000
Hong Kong Yau Tong Project	100%	53,000	—	—/53,000
Foshan Project	100%	150,000	—	—/150,000
Guangzhou Project	100%	17,500	—	—/17,500

According to the 2016 Annual Report, throughout 2016, the Group has added five new projects to its real estate development portfolio (two in Nanjing and one each in Hong Kong, Foshan and Guangzhou, respectively), increasing the Group's developable gross floor area of land bank by approximately 497,500

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

square metres. In particular, the acquisition in Hong Kong marked the first step taken by the Group to the execution of its overseas investment strategy. In addition, the debut entry into the markets of Foshan and Guangzhou, which are core regional cities of high importance in the PRC, strengthens the Group's strategic positioning in southern PRC. The acquisition of two parcels of land in Nanjing, where the Group has established a solid footing, further consolidates the Group's brand building in the local market.

Set out below is a summary of the operating results of the Group for the two years ended 31 December 2015 and 2016, extracted from the 2016 Annual Report:

	For the year ended	
	31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue		
— Real estate development	6,501,484	10,557,010
— Specialised construction	681,881	954,791
— Property investment	69,901	64,544
Total Group revenue	7,253,266	11,576,345
Cost of sales	(5,661,879)	(9,316,033)
Gross profit	1,591,387	2,260,312
Profit for the year	<u>619,607</u>	<u>997,179</u>

The Group derived revenue of approximately HK\$10,557.0 million from its real estate development segment for the year ended 31 December 2016, an increase from approximately HK\$6,501.5 million for the year ended 31 December 2015, representing a year-on-year increase of approximately 62.4%. Profit for the year ended 31 December 2016 totalled to approximately HK\$997.2 million, an increase from approximately HK\$619.6 million for the year ended 31 December 2015.

The growth in the real estate development segment's revenue has been boosted by higher amount of developable floor area delivered to buyers in 2016. In 2016, the Group's total contracted sales¹ rose approximately 34.0% to approximately RMB11,702 million from approximately RMB8,730 million in

¹ "Contracted sales" means sales contracts entered into between the Group and purchasers pursuant to the Administrative Measures on the Sales of Commodity Buildings promulgated by the Ministry of Housing and Urban-rural Development. Revenue of the Group is recognised in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. For the avoidance of doubt, contracted sales over certain period of time do not necessarily equal the revenue over the same period of time.

2015, and the gross floor area contracted for sale rose approximately 42.5% to approximately 602,000 square metres from approximately 423,000 square metres in 2015.

2. Information on China Minmetals, China Metallurgical Group and 23rd Metallurgical

China Minmetals is a state-owned enterprise in the PRC principally engaged in the business of exploration, mining, smelting, processing and trading for metals and minerals, finance, real estate development, and mining and metallurgic technology. According to the website of China Minmetals (www.minmetals.com), China Minmetals is among the first batch of 16 central state-owned enterprises authorised by the State-owned Assets Supervision and Administration Commission to have real estate as main business. The real estate business of China Minmetals has developed lands of approximately 5 million square meters in nearly 20 cities such as Beijing, Tianjin, Chongqing, Changsha, Nanjing, Nanning and Zhuhai. June Glory (the immediate controlling shareholder of the Company) is an indirect non wholly-owned subsidiary of China Minmetals and accordingly, China Minmetals is a connected person of the Company under the Listing Rules. Based on the website of China Minmetals and information provided by the Company, China Minmetals (of which the 23rd Metallurgical Group forms part) underwent a restructuring exercise whereby it merged with China Metallurgical Group.

As set out in the Letter from the Board, the financial statements of the China Metallurgical Group have been accounted for in the financial statements of China Minmetals for the year ended 31 December 2016 on a consolidated basis. The CMG Group has been engaged in the building construction industry for over 50 years. Certain members of CMG Group are classified as main contractors Premium Class and Class I in various aspects, including but not limited to, the Building Construction Main Contractor Class I* (房屋建築工程施工總承包一級) and Premium Class qualifications* (房屋建築工程施工總承包特級) by the relevant government authorities in the PRC. Apart from engaging in large scale residential developments, the CMG Group also undertakes commercial, public facilities and infrastructural developments in the PRC. Furthermore, the CMG Group has been chosen for a number of construction projects overseas, such as Germany, Mexico, Singapore, Malaysia, India, Thailand, Burma, Cambodia, Philippines and Indonesia, etc. It was awarded construction contracts for the development of the Universal Studio in Singapore, the Disney Land in Shanghai and the Chinese University in Hong Kong. Most of the members of the CMG Group have been honoured with Luban Award* (魯班獎), National Quality Engineering Award* (國家優質工程獎) and Tien-yow Jeme Civil Engineering Prize* (中國土木工程詹天佑獎), etc. According to the website of China Metallurgical Group (www.mcc.com.cn) and information provided by the Management, the entities of the CMG Group involved in real estate development (including, among others, China First Metallurgical Group Corporation Limited* (中國一冶集團有限公司), China 22MCC Group Corporation Limited* (中國二十二冶集團有限公司), MCC TianGong Group Corporation Limited* (中冶天工集團有限公司), China Metallurgical Construction Engineering Group Corporation Limited* (中冶建工集團有限公司) and Shanghai

Baoye Group Corporation Limited* (上海寶冶集團有限公司) have been involved in residential, commercial, hotel and exhibition centre projects in the PRC, including cities such as Beijing, Changsha, Chengdu, Chongqing, Fuzhou, Nanjing, Nanning, Shanghai, Shenzhen, Tianjin, Xiamen, Zhengzhou and Zhuhai.

According to our review of the website of 23rd Metallurgical (www.23ye.com), 23rd Metallurgical, established in 1953, is principally engaged in mining development and operations, construction engineering, and real estate development. Since 2001, it has been assigned under the administration of Hunan Province, the PRC, and became one of the 20 large-sized enterprises supported by the Hunan Provincial Government. 23rd Metallurgical is classified as main contractor Class I in various aspects including, without limitation, the Building Construction Main Contractor Class I* (房屋建設工程施工總承包一級) by the relevant government authorities in the PRC. 23rd Metallurgical Group employs more than 4,000 employees and has operations over 29 provinces, cities and autonomous regions and over 10 countries since establishment. In 2006, 23rd Metallurgical became a subsidiary of China Minmetals, a fellow subsidiary of June Glory (the immediate controlling shareholder of the Company and a subsidiary of China Minmetals) and is hence a connected person of the Company under the Listing Rules.

3. PRC and Hong Kong property market and outlook

3.1. PRC property market and outlook

Based on the information published on the website of the National Bureau of Statistics of China (www.data.stats.gov.cn), year-on-year growth in gross domestic product for the PRC in 2016 was 6.7% (2015: 6.9%). Under the Thirteenth Five Year Plan* (十三五規劃) set out by the PRC government, the annual gross domestic product growth target for the next five years from 2016 was approximately 6.5%. We noted that urban development remains one of the focal points of the PRC government under its Thirteenth Five Year Plan, which sets out the overall direction of the PRC governmental policies from 2016 to 2020.

Pursuant to the Thirteenth Five Year Plan, the PRC government targets to, among others, (i) accelerate the agricultural population urbanisation* (加快農業轉移人口市民化) by implementing three main strategies, namely further reform of the household registration system* (深化戶籍制度改革), implementation of the residence permit system* (實施居住證制度) and improvement on the system for promoting urbanisation of agricultural population* (健全促進農業轉移人口市民化的機制); and (ii) optimise urbanisation layout* (優化城鎮化佈局和形態) by implementing three main strategies, namely the acceleration of the construction and advancement of urban agglomeration* (加快城市群建設發展), enhance the drive of activities by central cities* (增強中心城市輻射帶動功能) and speeding up of the development of small and medium-sized cities and characteristic towns* (加快發展中小城市和特色鎮), which the Management considers to have a positive effect on the prospects of the real estate development sector in the short to medium term.

Throughout 2016 and in the first quarter of 2017, the PRC government implemented various policy measures, at national and regional level, to promote long term sustainability of the PRC property market, which included but was not limited to (i) adjustments to the benchmark interest rate by the People's Bank of China; (ii) adjustment to the minimum down payment for buyers of second homes; (iii) impose limitation on property purchases* (限購令); and (iv) minimum holding period before resale. Accordingly, the PRC property market is exposed to changes in PRC government policies, and it is also exposed to volatility and to an extent affected by the overall economic development of the PRC, both on a national level and a regional level.

3.2. Hong Kong property market and outlook

Based on information set out in the 2017 Policy Address published by the Hong Kong government in January 2017, in connection with the issues on housing and land in Hong Kong, it was stated that housing remains the most important livelihood issue the Hong Kong government has to address. In November 2016, the Hong Kong government introduce new measures to curb the heated property market by increasing the stamp duty on property transactions for non first-time buyers to 15% of transaction value for all residential transactions for Hong Kong permanent residents and corporate buyers, which was followed by further measure introduced in April 2017 which addresses that in the event of a single transaction purchase of more than one residential property (一約多伙), 15% of the new residential stamp duty will be imposed on each property.

According to the 2017 Policy Address, with regards to supply of private housing, projected supply from the first-hand residential property market for the coming three to four years is approximately 94,000 units, a record high since the first release in September 2004 of the quarterly statistics on supply. On land supply over the short and medium term, the Hong Kong government will continue to rezone sites, increase development intensity and conduct holistic land use reviews to make optimal use of land to supply more residential units. Over the medium to long term, the Hong Kong government is determined to identify various new development areas and new town extensions, as well as potential railway property projects, in order to increase supply of residential housing units.

While the Hong Kong property market is exposed to changes in Hong Kong government policies, it is also exposed to volatility and to an extent affected by the overall economic development of Hong Kong.

4. Reasons for and benefits of the 2017 Construction Agreement

As set out in the Letter from the Board, since July 2007, 23rd Metallurgical has been appointed, based on successful tender, as construction contractor for the Group's real estate development projects in the PRC. Based on the working relationship with 23rd Metallurgical, the Group is satisfied with the competence of 23rd Metallurgical as

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

construction contractor for the Group's real estate development projects. Accordingly, the Company intends to continue to invite member(s) of the 23rd Metallurgical Group to place tenders for its construction contracts.

As the Group's real estate development business continues to grow in the PRC and Hong Kong, it is anticipated that the Group will, in the coming few years, actively invite tenders for construction works relating to its real estate development projects. In view that there are other members of the China Minmetals Group that also possess class I qualifications in building construction, such as certain members of the CMG Group, the Company intends to extend its offer to other member(s) of the China Minmetals Group to place tenders for its construction contracts.

The main purpose of the 2017 Construction Agreement and the Continuing Connected Transactions is to avoid undue delay in the construction progress of the relevant projects, otherwise the Company will have to seek the approval of Independent Shareholders in a general meeting for each specific instance. Furthermore, the appointment of member(s) of the China Minmetals Group as construction contractor(s) for the Group's real estate development projects is subject to successful tender(s) in competitive tendering process(es) governed by the relevant rules, regulations and the Group's internal procedures (where relevant) in the PRC and Hong Kong.

Based on the aforesaid, as well as (i) the growth in the revenue and profit of the Group's real estate development segment for the year ended 31 December 2016 as set out under the earlier section headed "1. Principal activities and business strategy of the Group" in this letter; (ii) the strategy of the Group to expand its land bank and continue to increase business development, as evidenced by its debut entry in Foshan, Guangzhou and Hong Kong in 2016, details of which was set out under the earlier section headed "1. Principal activities and business strategy of the Group" in this letter; (iii) the property market outlook in the PRC and Hong Kong as set out under the earlier section headed "3. The PRC and Hong Kong property market and outlook" in this letter; (iv) the Group is satisfied with the competence of 23rd Metallurgical as construction contractor for the Group's real estate development projects based on the working relationship with 23rd Metallurgical; (v) the Directors acknowledge that the 23rd Metallurgical Group and other member(s) of the China Minmetals Group, such as certain members of the CMG Group, that are engaged in the business of construction projects possess the relevant expertise, professional qualifications and track record to undertake the construction works for the Group's real estate development projects; (vi) the Management advised that they have no reason to doubt the financial resources available to China Minmetals and its subsidiaries for them to satisfy their contractual obligations under construction contracts which may be awarded under the 2017 Construction Agreement, subject to successful tender; and (vii) our review of the terms of the 2017 Construction Agreement as well as the relevant tendering procedures as set out under the section headed "5. 2017 Construction Agreement" in this letter below, we concur with the Directors' view that the 2017 Construction Agreement and the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole.

5. 2017 Construction Agreement

5.1. Terms of the 2017 Construction Agreement

The principal terms of each of the 2017 Construction Agreement are summarised below:

Parties:	(i) the Company; and (ii) China Minmetals
Term:	Three years commencing from 19 April 2017 to 18 April 2020
Subject matter:	The Group may from time to time invite member(s) of the China Minmetals Group to tender for construction contract(s) in the PRC and Hong Kong in accordance with the Group's tender procedure and general conditions offered to independent bidders (including general provisions for adjusting construction amounts due to, for example, changes to projects). Subject to successful tender, the Group shall engage the member(s) of the China Minmetals Group as construction contractor(s) in respect of existing and future real estate development projects (excluding the portions of the existing projects that had been tendered) of the Group in the PRC and Hong Kong, provided that the total contract sums of the construction contract(s) to be awarded by the Group to member(s) of the China Minmetals Group during each of the three years from 19 April 2017 to 18 April 2020 shall not exceed the Proposed Annual Caps.
Construction contract sum:	The construction contract sum payable to member(s) of the China Minmetals Group as construction contractor(s) for the Group's real estate development projects in the PRC and Hong Kong shall be determined through procedures of tenders in accordance with (i) the applicable rules and regulations of the locations where the construction projects are situated and the Group's internal procedures (where relevant); and (ii) the nature of each construction project.

For further details of the 2017 Construction Agreement, please refer to the section headed "Principal terms of the 2017 Construction Agreement" in the Letter from the Board.

5.2. Tender and appointment procedures

As set out in the Letter from the Board and as advised by the Management, the process of selecting construction contractors for the real estate development projects of the Group in the PRC and Hong Kong shall be conducted in accordance with the applicable rules, regulations and the Group's internal procedures (where relevant) in the PRC and Hong Kong and of the locations where the projects are situated. According to information currently available and the size of the projects, construction contracts relating to the Group's real estate development projects will have to be awarded through a regulated tender process governed by the relevant measures, regulations and the Group's internal procedures (where relevant) in the PRC and Hong Kong. The Management advised that a tender evaluation committee, which shall comprise a majority of qualified experts randomly selected from a list of qualified experts for tender evaluation as approved by the relevant government authorities in the PRC and a list of in-house and/or external professionals with relevant expertise and qualifications in Hong Kong, has to be established to, amongst other matters, evaluate tenders based on an appropriate tender assessment method and recommend the successful tender in a manner as stipulated in the applicable rules, regulations and the Group's internal procedures (where relevant). The tender assessment method shall be selected in accordance with the applicable measures, regulations and the Group's internal procedures (where relevant) with reference to, *inter alia*, the size of the construction contract. Although there are a number of tender assessment methods, the major criteria of all of them are unit tender rates, total tender sum, technical competency and track record. Under such regulated evaluation and selection system, the Management is of the view that the construction contracts awarded to the member(s) of the China Minmetals Group and the construction contract sum payable to the member(s) of the China Minmetals Group will be on normal commercial terms and no more favourable than those offered to independent construction contractors.

Further information in relation to the tender process for the Group's real estate development projects are set out in the Letter from the Board under the section headed "Further information on the appointment of construction contractors by the Group".

In this connection, we have reviewed the Group's tender management manual* (招標管理辦法) provided by the Management, which governs the tender procedures of the Company and its project companies, setting out guidelines for, among other things, tender strategy* (招標計劃), qualification evaluation* (資格審查), tender documentation* (招標文件), tender procedures* (招標程序) and tenders comparison and assessment* (議標報價比選審核). As set out in the Letter from the Board and based on our review of the relevant tender management manual and tender assessment reports provided by the Company in respect of the appointment of construction contractors in the past, as part of the qualification evaluation of the tender procedures, the Company would evaluate, among other criteria, background, financial capabilities, operational capacity and experience of

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the contractors involved in a given tender. Based on the aforesaid review, we noted that (i) the tenders submitted by the 23rd Metallurgical Group member(s) were reviewed and evaluated by applying a prescribed tender assessment method in a manner no different from any other qualified tenders by independent third parties; and (ii) where the 23rd Metallurgical Group member(s) were awarded with construction contracts for real estate development projects of the Group under the tendering procedures, the pricing of which would be no less favourable than those from independent third parties tendering for the same contract. We understand from the Management that the same tender procedures and assessment as set out above shall apply to the CMG Group member(s) in a manner no different to the 23rd Metallurgical Group member(s) and independent third parties.

We also understand from the Management that no material amendments to the PRC governmental tender regulations have been noted and project companies of the Company have been complying with the relevant PRC governmental tender regulations since the signing of the 2014 to 2016 Construction Agreement.

Furthermore, based on our discussion with the Management relating to the tendering and appointment procedures, in the event that the China Minmetals Group member(s) participates in tendering for any construction contracts in respect of the Group's existing and future real estate development projects in the PRC and Hong Kong, its tender will be reviewed and evaluated by the relevant tender evaluation committee by applying a prescribed tender assessment method in a manner no different from any other qualified tenderers.

Based on (i) our review of the Group's tender management manual* (招標管理辦法) provided by the Management; (ii) our abovementioned review of the samples of tender evaluation provided by the Management, which demonstrated that (a) the tenders submitted by the 23rd Metallurgical Group member(s) were reviewed and evaluated by applying a prescribed tender assessment method in a manner no different from any other qualified tenders by independent third parties; and (b) where the 23rd Metallurgical Group member(s) were awarded with construction contracts for real estate development projects of the Group under the tendering procedures, the pricing of which was no less favourable than those from independent third parties tendering for the same contract; (iii) our understanding from the Management that the project companies of the Company have not recorded any material breach to the relevant PRC governmental tender regulations since the signing of the 2014 to 2016 Construction Agreement; (iv) our review of the settlement terms of the sample construction contracts with the 23rd Metallurgical Group and with independent third parties as set out in the section headed "5.3. Settlement of construction contract sums" below; and (v) our understanding from the Management that the same tender procedures and assessment as set out above shall apply to the CMG Group member(s) in a manner no different to the 23rd Metallurgical Group member(s) and independent third parties, we concur with the Management's view that if the China Minmetals Group member(s) (including the CMG Group member(s) and the 23rd

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Metallurgical Group member(s)) were awarded with construction contracts for real estate development projects of the Group under the stated tendering procedures, the construction contract sum payable and the terms of which would be on normal commercial terms and no less favourable than those from independent third party.

5.3. Settlement of construction contract sums

As set out in the Letter from the Board, under typical construction contracts awarded by the Group to its construction contractors, the construction contract sum will be payable with respect to specific work stages or milestones achieved in various aspects of work. In general, an aggregate of 85% of the total construction contract sum will be paid up by the time of completion of works, and the remaining 15% of the total construction contract sum will be payable according to a payment schedule and will be fully paid up in one month after the expiry of the defect liability period.

In this connection, we have discussed with the Management and reviewed samples of the settlement terms for construction contracts with the 23rd Metallurgical Group and with independent third parties. Based on our review, we noted that the settlement terms for the sampled construction contracts with the 23rd Metallurgical Group are in line with those for independent third parties. On this basis, we are of the view that the settlement terms of the Continuing Connected Transactions are reasonable.

5.4. Basis for determining the Proposed Annual Caps

As set out in the Letter from the Board, the historical annual caps in connection with the 2014 to 2016 Construction Agreement (the “**Historical Annual Caps**”) and the Group’s construction contracts awarded to the 23rd Metallurgical Group member(s) for each of the years ended 31 December 2014, 2015 and 2016 are as follows:

	Amount awarded to 23rd Metallurgical	Historical Annual Caps	Respective annual cap utilisation rate (%)
<i>For the year ended:</i>			
31 December 2014	RMB442.75 million	RMB946.00 million	46.8
31 December 2015	RMB501.17 million	RMB998.00 million	50.2
31 December 2016	Nil	RMB743.00 million	Nil

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As shown above, for each of the years ended 31 December 2014, 2015 and 2016, the aggregate amount awarded to member(s) of the 23rd Metallurgical group amounted to approximately RMB442.75 million (approximately HK\$498.93 million), RMB501.17 million (approximately HK\$564.77 million) and Nil, respectively, representing approximately 46.8%, 50.2% and Nil% of the Historical Annual Caps, respectively. The aggregate amount awarded to member(s) of the 23rd Metallurgical Group for the years ended 31 December 2014, 2015 and 2016 also represented approximately 10.5%, 10.0% and Nil% of the Group's audited consolidated cost of sales for the years ended 31 December 2014, 2015 and 2016, respectively.

The Management also advised that in the past, member(s) of the 23rd Metallurgical Group participated in a number of tenders for certain construction contracts of the Group's real estate development projects in the PRC. However, after the Group's assessment on the relevant tenders submitted, while certain construction contracts were awarded to member(s) of the 23rd Metallurgical Group, other construction contracts were awarded to independent third party construction companies by the Group, subject to the outcome of the tender assessment.

In addition to the abovementioned reason, as per the Letter from the Board, the Directors are of the view that the under-utilisation of the annual caps for the three years ended 31 December 2014, 2015 and 2016 was attributable to the following reasons:

- (i) the historical annual caps were determined with reference to the then planned schedule of development plans; but the actual progress of each of the projects of the Group were subject to change over time (due to various situations, including but not limited to, market and economic conditions from time to time); and
- (ii) member(s) of the 23rd Metallurgical Group may not be able to submit tenders for all of the construction projects due to the constraints of their resources which were affected by, including but not limited to, the location of the Group's projects and the time of which the Group's construction contracts were made available for tender.

The Management also advised that, other than the development plan of a given project site, the availability of the project sites also directly affect the size and timing of the Group's construction projects available for tender. The availability of the project sites are influenced by (i) the Group's land bank at the relevant time; and (ii) the number of new sites the Group acquired during the relevant period. It was noted from the Management that the acquisition of new sites by the Group in the PRC and Hong Kong often involve formal auction processes which the Group has to compete with other bidders for new sites. As such, even though it is the Group's strategy to continue its land acquisition in the PRC and Hong Kong, the Group will continue to face uncertainties around

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whether and when it will be able to secure new sites through successful land auctions in the future. Based on information provided by the Management, the Group has participated in land auctions and/or tenders for over 40 sites across different PRC cities and Hong Kong in 2016 and 2017 (up to the Latest Practicable Date). Consequently, the Group was able to secure five new sites from the aforesaid land auctions and/or tenders. Nonetheless, in the event that the Group is unable to secure sufficient sites and/or site areas as planned in a given period, the construction contracts available for tender for such period will consequently be reduced. Based on the foregoing, the utilisation of the Historical Annual Caps was driven by a number of external factors beyond the Company's control, such as but not limited to changes in government policies from time to time which may affect project development schedules. Furthermore, while the annual caps for the three years ended 31 December 2014, 2015 and 2016 were related to construction contracts awarded to the 23rd Metallurgical Group, the Proposed Annual Caps will be extended to govern the amount of construction contracts to be awarded to member(s) of China Minmetals Group (including the 23rd Metallurgical Group as well as the CMG Group, the details of which are set out under the section headed "2. Information on China Minmetals, China Metallurgical Group and 23rd Metallurgical" above), which as a whole would involve a greater number of construction contractors with a greater PRC coverage, wider range of experience and expertise than the 23rd Metallurgical Group. On this basis, the Management considered that the historical transaction amounts are not an appropriate reference to determine the Proposed Annual Caps.

The table below sets out the Proposed Annual Caps for the periods from (i) 19 April 2017 to 31 December 2017; (ii) 1 January 2018 to 31 December 2018; (iii) 1 January 2019 to 31 December 2019; and (iv) 1 January 2020 to 18 April 2020:

Period	Annual cap amount
19 April 2017 to 31 December 2017:	RMB2,000 million (approximately HK\$2,253.80 million)
1 January 2018 to 31 December 2018:	RMB1,850 million (approximately HK\$2,084.77 million)
1 January 2019 to 31 December 2019:	RMB1,850 million (approximately HK\$2,084.77 million)
1 January 2020 to 18 April 2020:	RMB960 million (<i>Note</i>) (approximately HK\$1,081.82 million)

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Note: The proposed annual cap for the period from 1 January 2020 to 18 April 2020 is determined based on, among other factors, the estimated amount of construction contracts for (i) the Group's existing real estate development projects in the PRC and Hong Kong amounting to approximately RMB373.56 million (approximately HK\$420.96 million), and (ii) the potential new real estate development projects in the PRC and Hong Kong that the Group may acquire amounting to approximately RMB2,010.59 million (approximately HK\$2,265.73 million) pro-rated for a 3.5-month period.

As stated in the Letter from the Board and advised by the Management, the Proposed Annual Caps were determined after taking into consideration of the relevant factors, including (i) the gross floor area of each project to be constructed; (ii) the unit construction price of the types of property to be constructed; (iii) the development schedule of the relevant projects; (iv) the likelihood of member(s) of the China Minmetals Group to participate in the project tender; (v) the expected progress of the construction works (for determining the relevant year for calculating the Proposed Annual Caps); and (vi) the Company's estimates on the total contract sums of the Group's construction contracts which may be awarded to member(s) of the China Minmetals Group under the Continuing Connected Transactions.

As set out in the Letter from the Board and advised by the Management, the Company has acquired new lands for real estate development projects, which shall commence construction from 2017 onwards, it is estimated that there will be a significant increase in the amount of construction contracts to be awarded by the Group during the term of the 2017 Construction Agreement, resulting an increment in the Proposed Annual Caps when compared with the historical annual caps for the three years ended 31 December 2014, 2015 and 2016. On this basis, the historical transaction amounts are not an appropriate benchmark for the Proposed Annual Caps.

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In particular, the estimated amount of existing and potential construction contracts, by projects, that may be awarded by the Group during the term of the 2017 Construction Agreement and their respective estimated construction completion date are as follows:

	From 19 April 2017 to 31 December 2017 <i>RMB million</i>	From 1 January 2018 to 31 December 2018 <i>RMB million</i>	From 1 January 2019 to 31 December 2019 <i>RMB million</i>	From 1 January 2020 to 18 April 2020 <i>RMB million</i>	Expected construction completion date
Changsha Kaifu Project	600.00	210.00	—	—	Fourth quarter of 2020
Changsha LOHAS International Community	15.00	—	—	—	Fourth quarter of 2018
Yingkou Platinum Bay	237.62	121.76	—	99.88	Fourth quarter of 2021
Huizhou Hallstatt See	163.54	249.90	261.80	273.70	Fourth quarter of 2022
Nanjing Land No. G55	217.71	—	—	—	Third quarter of 2020
Nanjing Land No. G57	119.79	—	—	—	Third quarter of 2019
Guangzhou Project	85.37	—	—	—	Third quarter of 2020
Foshan Project	343.72	—	—	—	Fourth quarter of 2020
Potential real estate development projects	217.25	1,268.34	1,588.20	586.42	N/A
Total	<u>2,000.00</u>	<u>1,850.00</u>	<u>1,850.00</u>	<u>960.00</u>	

As set out in the Letter from the Board, in view that some of the projects are at the final stage of the development lead time, it is envisaged that there would be fluctuations in the Proposed Annual Caps during the term of the 2017 Construction Agreement. In order to replenish the land bank, the Group has formulated its land acquisition plan for 2017 to 2020 and has been actively participating in public tenders for new land in 2016 and shall continue to do so going forward. The Management therefore estimated that the Proposed Annual Caps will cover gross floor area of potential new projects which are expected to be acquired according to the Group's land acquisition plan.

According to the Group's development schedule, the Group will invite parties to place tenders for a total of eight existing projects as well as potential new projects with an aggregate gross floor area of over 1.0 million square metres during the period from 19 April 2017 to 31 December 2017. In view of the impending completion of the construction works of five existing projects, it is envisaged that the estimated gross floor area for subsequent tendering will decrease, which is reflected by the reduction in the Proposed Annual Caps for the years ending 31 December 2018 and 31 December 2019.

The Proposed Annual Cap for the period from 1 January 2020 to 18 April 2020 is further reduced due to the gross floor area for potential new projects is pro-rated for an approximately 3.5-month period. Besides, the Management

estimated that there would only be construction construction contracts for two existing projects with an aggregate gross floor area of approximately 173,270 square metres for tendering during this period.

In assessing the fairness and reasonableness of the Proposed Annual Caps, we have reviewed and discussed the information provided by the Management, including the planned/estimated size of land sites and the estimated relevant construction price on a per square metre basis. In respect of the planned/estimated size of land sites, we have discussed with the Management and noted that, reference is made to the land acquisition plans formulated by the Management for 2017, 2018, 2019 and 2020 as well as development plans and progress of the Existing Projects (defined hereafter) when estimating the expected gross floor area. Based on our review of the information provided and as advised by the Management, the land acquisition plans were formulated with reference to the estimated required capital, estimated total area of newly acquired land, and estimations on the targeted Tier-1 cities (including Beijing, Shanghai, Guangzhou, Shenzhen and areas that have structural opportunities arising from spill over effect of these cities such as Langfang, Zhangjiakou, Foshan, Huizhou, etc.) and Tier-2 cities (including Tianjin, Nanjing, Hangzhou, Chengdu, Changsha, Ningbo, Xiamen, etc.) that may be involved for 2017, 2018, 2019 and 2020. We have also reviewed the expected construction completion dates of the eight Existing Projects (the details of which are set out in the table above), with reference to which, among other factors, the Proposed Annual Caps were determined.

With reference to our review of the planned/estimated size of land sites under Group's acquisition plan and the estimated relevant construction price on a per square metre basis provided by the Management, we noted that the estimated total gross floor area of the Group's real estate development projects in the PRC and Hong Kong for periods from 19 April 2017 to 31 December 2017, 1 January 2018 to 31 December 2018, 1 January 2019 to 31 December 2019 and 1 January 2020 to 18 April 2020, will be approximately 1,069,876 square metres, 783,029 square metres, 635,025 square metres and 350,975 square metres, respectively, and the estimated average construction price (taking into account an annual inflation rate of 10%) for periods from 19 April 2017 to 31 December 2017, 1 January 2018 to 31 December 2018, 1 January 2019 to 31 December 2019 and 1 January 2020 to 18 April 2020, will be approximately RMB1,869 (approximately HK\$2,106) per square metre, RMB2,363 (approximately HK\$2,663) per square metre, RMB2,913 (approximately HK\$3,283) per square metre and RMB2,735 (approximately HK\$3,082) per square metre, respectively. In relation to the basis for determining the abovementioned estimated construction price per square metre, we noted from our discussion with the Management and construction costs breakdown provided by the Management in relation to the estimated construction price per square metre that references were made to the estimated prevailing market prices on construction works for components such as pre-construction, structural,

foundation, superstructure, amenity, shared facilities, fit-out, electrical and water sewage (where relevant) in the relevant cities/areas for each project with similar quality and scopes of work for such types of development.

As set out in the above table, the Proposed Annual Cap for the period commencing 19 April 2017 to 31 December 2017 is RMB2,000 million (the “**2017 Proposed Annual Cap**”), which are determined based on the Group’s estimated construction contracts related to (i) Existing Projects; and (ii) potential new real estate development projects. The Existing Projects primarily comprised of eight development projects in the PRC across four regions, namely the Pan Bohai Rim region, the Yangtze River Delta region, the Central China region and the Pearl River Delta region (as per the Company’s classification) and six cities, namely, Changsha, Foshan, Guangzhou, Huizhou, Nanjing and Yingkou. The construction contracts related to potential new real estate development projects are determined based primarily on the current land acquisition plan of the Company. Based on the foregoing, the construction contracts of the Group to be tendered during the period from 19 April 2017 to 31 December 2017 will primarily be related to the Existing Projects, as well as an estimated amount for potential new real estate development projects. Based on our review of the planned / estimated size of land sites and the estimated relevant construction price on a per square metre basis provided by the Management, we noted that the estimated total gross floor area of the Group’s real estate development projects to be constructed for the period from 19 April 2017 to 31 December 2017 will be approximately 1,069,876 square metres and the estimated average construction price for the period from 19 April 2017 to 31 December 2017 will be approximately RMB1,869 (approximately HK\$2,106) per square metre. Given the scale and number of projects of the Group scheduled for construction work during the period from 19 April 2017 to 31 December 2017 together with the estimated construction price per square metre, the 2017 Proposed Annual Cap was estimated to be approximately RMB2,000 million.

For each of the two years ending 31 December 2018 and 2019, the Proposed Annual Cap is RMB1,850 million (the “**2018 and 2019 Proposed Annual Caps**”), respectively, each representing a decrease of approximately 7.5% compared to the 2017 Proposed Annual Cap, respectively. As set out in the table above, similar to the 2017 Proposed Annual Cap, the 2018 and 2019 Proposed Annual Caps are also determined based on the Group’s estimated construction contracts related to (i) Existing Projects; and (ii) potential new real estate development projects related to newly acquired land as per the current land acquisition plan of the Company. However, given certain Existing Projects are towards the end of their respective development phase, (i) the 2018 and 2019 Proposed Annual Cap amounts; and (ii) the portion of 2018 and 2019 Proposed Annual Caps related to Existing Projects, are relatively lower compared to that of the 2017 Proposed Annual Cap. The Management has also taken into consideration the uncertainties around the land auction outcome when determining the 2018 and 2019 Proposed Annual Caps. Based on our review of the planned/estimated size of land sites and the estimated relevant construction price on a per square metre basis provided by

the Management, we noted that the estimated total gross floor area of the Group's real estate development projects to be constructed for the periods from 1 January 2018 to 31 December 2018 and from 1 January 2019 to 31 December 2019 will be approximately 783,029 square metres and 635,025 square metres, respectively, and the estimated average construction price for the periods from 1 January 2018 to 31 December 2018 and from 1 January 2019 to 31 December 2019 will be approximately RMB2,363 (approximately HK\$2,663) per square metre and RMB2,913 (approximately HK\$3,283) per square metre, respectively, taking into account, among others, an estimated annual inflation rate of 10% for the average construction price of the potential new real estate projects.

In relation to the Proposed Annual Cap for the period from 1 January 2020 to 18 April 2020 (the "**2020 Proposed Annual Cap**"), it is also determined based on the Group's estimated construction contracts related to (i) Existing Projects; and (ii) potential new real estate development projects related to newly acquired land as per the current land acquisition plan of the Company. The Management advised that when determining the 2020 Proposed Annual Cap, they have taken into consideration that such cap covers a period from 1 January 2020 to 18 April 2020 (i.e. approximately three and a half months) and unlike the 2018 and 2019 Proposed Annual Caps which covered a full 12 months, thus adjusted the cap amount accordingly. Based on our review of the planned/estimated size of land sites and the estimated relevant construction price on a per square metre basis provided by the Management, we noted that the estimated total gross floor area of the Group's real estate development projects to be constructed for the period from 1 January 2020 to 18 April 2020 will be approximately 350,975 square metres (based on full year estimate pro-rated for a 3.5-month period) and the estimated average construction price for the period from 1 January 2020 to 18 April 2020 will be approximately RMB2,735 (approximately HK\$3,082) per square metre, taking into account, among others, the estimated average construction price for the two existing projects (namely the Yingkou Platinum Bay project and the Huizhou Hallstatt See project) which are located in different cities, with different market positions, target buyers and characteristics contributed to notable differences in their respective estimated construction price, as well as an estimated annual inflation rate of 10% for the average construction price of the potential new real estate projects.

We noted from the Company's financial reporting publications that its revenue has increased significantly in the past three years, from approximately HK\$6.0 billion for the year ended 31 December 2014 to approximately HK\$11.6 billion for the year ended 31 December 2016, representing a compound annual growth rate of approximately 39.1%. We also noted that such increase was largely attributable to the increase in revenue derived from the sales of properties from approximately HK\$4.8 billion for the year ended 31 December 2014 to approximately HK\$10.6 billion for the year ended 31 December 2016. The sales of properties remained to be the single largest revenue contributor of the Group

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for each of the years ended 31 December 2014, 2015 and 2016. On this basis and as advised by the Management, the real estate development segment will continue to be an integral part of the Group's business model going forward.

For illustration purposes, we also noted that each of the 2017 Proposed Annual Cap, 2018 and 2019 Proposed Annual Caps, represented approximately 24.2% and 22.3% of the total cost of sales for the year ended 31 December 2016, respectively.

Shareholders should note that the Proposed Annual Caps represent estimates by the Group based on the information currently available (including types of the property to be constructed, development schedule and prevailing market conditions) and, in particular, the estimated amount of construction contracts for the Group's existing and potential new real estate development projects in the PRC and Hong Kong and should not be construed as the actual amount of construction contracts that the Group may award to member(s) of the China Minmetals Group during the three years from 19 April 2017 to 18 April 2020. Shareholders should also be aware that the actual utilisation and sufficiency of the Proposed Annual Caps would depend on a host of factors, including but not limited to, the relevant tenders which will be awarded through a regulated tender process governed by the relevant measures, regulations and the Group's internal procedures (where relevant) in the PRC and Hong Kong and may or may not be granted to members of the China Minmetals Group, the progress of the real estate development projects in question and the scope of work. In this regard, we understand from the Management that the Company will actively monitor the progress and utilisation of the Proposed Annual Caps to ensure compliance with the Listing Rules from time to time.

Taking into account (i) the estimated total value of construction works to be tendered by the Group are based on the expected progress of the construction works on the relevant projects; (ii) the land acquisition plans formulated by the Management for 2017, 2018, 2019 and 2020; (iii) the estimated construction price per square metre used to calculate the Proposed Annual Caps was estimated by the Management with reference to prevailing market price; (iv) the real estate development segment of the Group has grown significantly over the past three years as evidenced by its revenue increase and shall remain as an integral part to the Group's business; (v) while the 2014 to 2016 Construction Agreement (including the relevant annual caps) only covered the engagement of member(s) of the 23rd Metallurgical Group, the 2017 Construction Agreement (including the Proposed Annual Caps) is extended to cover member(s) of the China Minmetals Group; and (vi) the Proposed Annual Caps offers the Group flexibility and facilitates the appointment of member(s) of the China Minmetals Group as construction contractor(s) for the Group's real estate development projects is subject to successful tender(s) in competitive tendering process(es) governed by the relevant rules, regulations and the Group's internal procedures (where applicable) in the PRC and Hong Kong, we consider that the basis for the Proposed Annual Caps to be fair and reasonable.

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V. RECOMMENDATION

Having considered the factors as set out in this letter above, in particular (i) the appointment of member(s) of the China Minmetals Group for construction contract(s) in the PRC and Hong Kong shall be subject to the Group's tender procedures along with other independent bidders invited by the Group to participate in the subject tender; (ii) a tender evaluation committee shall be formed to review and evaluate tenders (submitted by connected parties and independent third parties) by applying a prescribed tender assessment method; and (iii) the basis of determining the Proposed Annual Caps as set out under section headed "5.4. Basis for determining the Proposed Annual Caps", we are of the view that the 2017 Construction Agreement is in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which, including the Proposed Annual Caps, are fair and reasonable so far as the Shareholders are concerned. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to approve the 2017 Construction Agreement (including the Proposed Annual Caps) at the SGM.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited
Lewis Lai
Managing Director
Corporate Finance

Mr. Lewis Lai of Investec Capital Asia Limited is a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has been active in the field of corporate finance advisory for over 10 years, and has been involved in and completed various corporate finance advisory transactions.

* *for identification purposes only*

1. RESPONSIBILITY STATEMENT

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

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

As at the Latest Practicable Date, the interests and short position of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests in Shares

Name of Director	Type of interest	Number of Shares held	Approximate percentage of total issued Shares
Mr. He Jianbo	Personal	2,040,000	0.06%
Mr. Yin Liang	Personal	1,360,000	0.04%
Ms. He Xiaoli	Personal	1,163,333	0.03%

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

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

Name of Director	Date of grant	Exercisable period	Exercise price per Share (HK\$)	Number of share options outstanding
Mr. He Jianbo	30.11.2012	30.11.2014 to 29.11.2022	1.20	2,900,000
Mr. Yin Liang	30.11.2012	30.11.2014 to 29.11.2022	1.20	2,200,000
Ms. He Xiaoli	30.11.2012	30.11.2014 to 29.11.2022	1.20	2,100,000
Mr. Liu Zeping	30.11.2012	30.11.2014 to 29.11.2022	1.20	1,470,000

Note: These share options are exercisable in three tranches: the maximum percentage of share options of each tranche exercisable within the periods from 30 November 2014 to 29 November 2022, from 30 November 2015 to 29 November 2022 and from 30 November 2016 to 29 November 2022 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 were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange.

Save as disclosed below, as at the Latest Practicable Date, 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:

- (a) Mr. Zhang Yuanrong, Mr. He Jianbo, Mr. Yin Liang, Ms. He Xiaoli, Mr. Liu Zeping and Mr. Cui Hushan are employees of China Minmetals;
- (b) Mr. Zhang Yuanrong is a director of CMCL; and
- (c) Mr. Yin Liang is a director of June Glory.

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than Directors and chief executive of the Company) had interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Interest in Shares	Approximate percentage of total issued Shares
China Minmetals	2,071,095,506	61.93%
CMCL	2,071,095,506	61.93%
五礦有色金屬控股有限公司 (China Minmetals Non-Ferrous Holding Company Limited*) (“CMNH”)	2,071,095,506	61.93%
五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Company Limited*) (“CMN”)	2,071,095,506	61.93%
Album Enterprises Limited (“Album Enterprises”)	2,071,095,506	61.93%
Minmetals HK	2,071,095,506	61.93%
June Glory	2,071,095,506	61.93%

Note: June Glory is a wholly-owned subsidiary of Minmetals HK, which in turn is owned as to approximately 39.04%, 38.95% and 22.01% by CMCL, Album Enterprises and Top Create Resources Limited respectively. Album Enterprises and Top Create Resources Limited are wholly-owned by CMN, which in turn is owned as to approximately 99.999% and 0.001% by CMNH and CMCL respectively. CMNH is a wholly-owned subsidiary of CMCL. CMCL is owned as to approximately 88.4% by China Minmetals. Accordingly, each of China Minmetals, CMCL, CMNH, CMN, Album Enterprises and Minmetals HK was deemed as interested in the 2,071,095,506 Shares held by June Glory.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. He Jianbo, the Deputy Chairman, Managing Director and an executive Director of the Company, is also a director and the president of 五礦(營口)產業園發展有限公司 Minmetals (Yingkou) Industrial Park Real Estate Development Co., Ltd. ("Yingkou Industrial Park", a non wholly-owned subsidiary of China Minmetals) and 五礦置業有限公司 Minmetals Real Estate Co., Ltd. ("Minmetals Real Estate", a non wholly-owned subsidiary of China Minmetals).

Mr. Liu Zeping, a Deputy Managing Director and an executive Director of the Company, is also a director and the president of 23rd Metallurgical and a director of Yingkou Industrial Park and Minmetals Real Estate.

All of Yingkou Industrial Park, Minmetals Real Estate and 23rd Metallurgical are companies established under the laws of the PRC. Yingkou Industrial Park is principally engaged in the development of Minmetals (Yingkou) Industrial Park. Minmetals Real Estate is principally engaged in real estate development and operation, construction, property management, real estate agency, real estate advertising and exhibition and other real estate related business. 23rd Metallurgical is principally engaged in construction engineering, mining development and operations, real estate and related industries business.

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective close associates (as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any competing interests in a business which competes or is likely to compete with the business of the Group.

6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2016 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement subsisting as at the Latest Practicable Date in which any of the Directors was materially interested and which was significant in relation to the business of the Group. However, Mr. Tsui Ki Ting, who is a director of 龍建(南京)置業有限公司 Dragon Construction (Nanjing) Property Co., Ltd.* (“DCNP”), a subsidiary of the Company, was interested in the shareholders’ agreement in respect of Oriental Dragon Construction Limited (“ODCL”) (the immediate holding company of DCNP) dated 11 April 2006 entered into amongst Karman Industries Limited (“KIL”), Stillpower Limited (both being wholly-owned subsidiaries of the Company), World Ocean Development Limited (“WODL”) and ODCL in respect of the transfer of a 29% equity interest in ODCL from KIL to WODL at a total consideration of HK\$2,900 and the management and operations of ODCL which is engaged in the Laguna Bay Project. As at the Latest Practicable Date, Mr. Tsui Ki Ting had a controlling interest in WODL which in turn owned 29% equity interest in ODCL, and the remaining 71% equity interest in ODCL was owned indirectly by the Company.

7. LITIGATION

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

8. MATERIAL CONTRACTS

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

- (a) On 30 March 2015 and 4 August 2015, 北京萬湖房地產開發有限公司 Beijing Wanhua Property Development Co., Ltd.* (“Beijing Wanhua”, a non wholly-owned subsidiary of the Company) entered into a framework agreement as supplemented by a subsequent supplemental agreement with Minmetals Land Investment Management Limited 五礦建設投資管理有限公司 (“MLIML”, a wholly-owned subsidiary of the Company holding 51% of the equity interest of Beijing Wanhua) and 北京萬科企業有限公司 Beijing Vanke Co., Ltd.* (“Beijing Vanke”, the holder of the remaining 49% of the equity interest of Beijing Wanhua), pursuant to which Beijing Wanhua may during the term from 1 May 2015 to 30 April 2018 provide loans by way of entrustment loans to MLIML (or its designated wholly-owned subsidiary in the PRC) for an amount not exceeding RMB2,295 million (approximately HK\$2,586 million) and to Beijing Vanke for an amount not exceeding RMB2,205 million (approximately HK\$2,485 million) with interest and on an unsecured basis;
- (b) On 27 May 2016, 北京盛世廣業投資管理有限公司 Beijing Shengshi Guangye Investment Management Co., Ltd.* (“Shengshi Guangye”, a wholly-owned subsidiary of the Company) and, among other parties, entered into a framework agreement with 深圳泛華工程集團有限公司 Shenzhen Pan-China Engineering Co., Ltd.* (the “JV Partner”) and 博羅縣碧華房地產開發有限公司

- Boluo County Bihua Property Development Company Limited* (the “Project Company”) pursuant to which (i) the JV Partner conditionally agreed to sell its 20% equity interest in the Project Company to Shengshi Guangye at a consideration of RMB89,430,348.19 (approximately HK\$100,779,059.38); (ii) the Project Company conditionally agreed to repay a shareholder’s loan and interests in an aggregate amount of RMB41,391,948.29 (approximately HK\$46,644,586.53) to the JV Partner; (iii) the Project Company conditionally agreed to repay the outstanding construction fees in an aggregate amount of RMB105,267,033.88 (approximately HK\$118,625,420.48) to the JV Partner; and (iv) waive certain claims against each other;
- (c) On 6 December 2016, Beijing Wanhu, MLIML and Beijing Vanke entered into a second supplemental agreement whereby the term of the framework agreement as supplemented by a subsequent supplemental agreement was extended to 31 December 2019 and the cap on the entrustment loans that may be provided to MLIML (or its designated wholly-owned subsidiary in the PRC) and Beijing Vanke be revised to an amount of not exceeding RMB3,519 million (approximately HK\$3,966 million) and RMB3,381 million (approximately HK\$3,810 million) respectively;
- (d) On 6 December 2016, 廊坊曠世基業房地產開發有限公司 Langfang Kuangshi Jiye Property Development Co., Ltd.* (“Kuangshi Jiye”), a non wholly-owned subsidiary of the Company owned as to 50% by Hanten Investment Limited (“Hanten”, a wholly-owned subsidiary of the Company) and as to the remaining 50% by Beijing Vanke, entered into a framework agreement with Hanten and Beijing Vanke, pursuant to which Kuangshi Jiye may during the term from 1 January 2017 to 31 December 2019 provide loans by way of entrustment loans to Hanten (or its designated fellow subsidiary in the PRC) for an amount not exceeding RMB300 million (approximately HK\$338 million) and to Beijing Vanke for an amount not exceeding RMB300 million (approximately HK\$338 million) based on the same terms and conditions and in proportion to their respective shareholding in Kuangshi Jiye with interest and on an unsecured basis; and
- (e) the equity transfer agreement dated 6 December 2016 entered into by 五礦建設投資管理(北京)有限公司 Minmetals Land Investment Management (Beijing) Co., Ltd.* (“Minmetals Land Beijing”, a wholly-owned subsidiary of the Company) as purchaser and China Resources Sztic Trust Co., Ltd. 華潤深國投信託有限公司, a company established under the laws of the PRC as vendor for the acquisition of approximately 33.33% of the equity interest of 曠濟地產(南京)有限公司 Kuangji Properties (Nanjing) Co., Ltd.*, an indirect wholly-owned subsidiary of the Company, by Minmetals Land Beijing for a consideration of RMB2,238,158,520 (approximately HK\$2,522,180,836.18).

9. MATERIAL ADVERSE CHANGE

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 2016, the date to which the latest published audited financial statements of the Company were made up.

10. EXPERT

- (a) Investec Capital Asia Limited is a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities.
- (b) As at Latest Practicable Date, Investec had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter, statements and references to its name in the form and context in which they are included. The letter, statements and recommendations therein given by Investec are given as of the date of this circular for incorporation herein.
- (c) As at the Latest Practicable Date, Investec did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (d) As at the Latest Practicable Date, Investec did not have any interest, directly or indirectly, in any asset which had been, since 31 December 2016 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by, or leased to or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

11. MISCELLANEOUS

- (a) The registered office of the Company is at 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 of the Company is Computershare Hong Kong Investor Services Limited located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The secretary of the Company is Ms. Chung Wing Yee who is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (d) The English text of this circular shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at 18th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong, during normal business hours on any weekday (except public holidays), up to and including 14 days from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2015 and 2016;
- (c) the interim report of the Company for the six months ended 30 June 2016;
- (d) the material contracts as referred to in the paragraph headed “8. MATERIAL CONTRACTS” in this appendix;
- (e) the 2017 Construction Agreement;
- (f) the 2014 to 2016 Construction Agreement;
- (g) the letter from the Independent Board Committee, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this circular;
- (h) the letter from Investec, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” of this circular;
- (i) the written consent referred to in paragraph headed “10. EXPERT” in this appendix; and
- (j) this circular.

* *For identification purpose only*



五礦地產有限公司
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of Minmetals Land Limited (the “Company”) will be held at Monet Room B, Basement 1, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, 31 May 2017 immediately after the conclusion of the annual general meeting to be held at the same location on 31 May 2017 at 10:30 a.m. for the purposes of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

(1) “**THAT:**

- (a) the conditional agreement dated 19 April 2017 entered into between the Company and China Minmetals Corporation (“China Minmetals”) in relation to the engagement of China Minmetals and (i) its subsidiaries; and (ii) entities whose financial statements have been accounted for in the financial statements of China Minmetals on a consolidated basis, which in both cases are engaged in the business of construction projects as construction contractor(s) (subject to successful tender) in respect of the existing and future real estate development projects of the Company and its subsidiaries in the People’s Republic of China (the “PRC”) and the Hong Kong Special Administrative Region of the PRC for the three years from 19 April 2017 to 18 April 2020 (the “Construction Agreement”) and the transactions contemplated thereunder (including the proposed annual caps for the three years from 19 April 2017 to 18 April 2020) (details of which are described in the circular of the Company dated 12 May 2017 and a copy of which has been produced to this meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification) be and are hereby approved, confirmed and ratified; and

NOTICE OF SGM

- (b) any one of the directors of the Company be hereby authorised to do all such further acts and things and execute such further documents and take all steps which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the Construction Agreement and the transactions contemplated thereunder.”

By order of the Board
Minmetals Land Limited
He Jianbo
Deputy Chairman and Managing Director

Hong Kong, 12 May 2017

Notes:

1. A member entitled to attend and vote at the abovementioned meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, and in any event not later than 10:30 a.m. on Saturday, 27 May 2017. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting or any adjournment thereof should they so wish.
3. The register of members of the Company will be closed from Thursday, 25 May 2017 to Wednesday, 31 May 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the abovementioned meeting, all share certificates with completed transfer forms must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 24 May 2017 for registration of share transfer.
4. The votes at the abovementioned meeting will be taken by poll.