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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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 or to the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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# 五礦建設有限公司\*

## MINMETALS LAND LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 230)

### CONNECTED TRANSACTION

**Appointment of a connected person as main contractor  
for a certain part of a real estate development project of the Group  
in Changsha City, Hunan Province, the PRC**

**AND**

### CONTINUING CONNECTED TRANSACTION

**Appointment by the Group of a connected person  
as construction contractor subject to successful tender**

**Financial Adviser to Minmetals Land Limited**



**Independent financial adviser to the Independent Board Committee  
and Independent Shareholders of Minmetals Land Limited**



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

A letter from Access Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 30 of this circular.

A notice convening the SGM to be held at Garden Rooms, 2/F., The Royal Garden, 69 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 17 October 2008 at 10:30 a.m. is set out on pages 35 to 36 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 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. 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.

\* For identification purpose only

30 September 2008

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## DEFINITIONS

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*In this circular, the following expressions shall have the meanings set out below:*

“Annual Cap Amount(s)”	the maximum value of construction contracts that the Group may award to Ershisanye Group under the Conditional Construction Contracting Agreement for each of the periods from 10 September 2008 to 31 December 2008, from 1 January 2009 to 31 December 2009 and from 1 January 2010 to 31 December 2010
“Access Capital” or “Independent Financial Adviser”	Access Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of Transaction A and Transaction B, 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
“associate”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Minmetals”	China Minmetals Corporation, a State-owned enterprise in the PRC, which owns 100% equity interest in China Minmetals H.K. (Holdings) Limited (which in turn owns the entire equity interest in June Glory, the controlling shareholder of the Company)
“Company”	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Comprehensive Assessment Method”	the tender assessment method (綜合評估法 (I)), based on which the tender for the Main Contract was assessed and evaluated by the Tender Evaluation Committee in accordance with the Regulations on Construction Tenders and Tender Evaluation Activities in respect of Building and Municipal Infrastructure Construction of Hunan Province (湖南省房屋建築和市政基礎設施工程施工招標評標活動管理規定)
“Conditional Construction Contracting Agreement”	the agreement that was entered into between the Company and Ershisanye on 10 September 2008 for the conditional appointment of Ershisanye Group as construction contractor for the Group’s real estate development projects in the PRC
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules

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## DEFINITIONS

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“Director(s)”	the director(s) of the Company
“Ershisanye”	二十三冶建設集團有限公司 (Ershisanye Construction Group Co. Ltd.), an enterprise established under the laws of the PRC with limited liability, is owned as to 73.19%, 20.00% and 6.81% by China Minmetals, 湖南省人民政府國有資產監督管理委員會 (State-owned Assets Supervision & Administration Commission of Hunan Provincial People’s Government) and 二十三冶建設集團有限公司工會 respectively
“Ershisanye Group”	Ershisanye and its subsidiaries
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria, being all of the independent non-executive Directors of the Company, which has been formed by the Board to advise the Independent Shareholders in respect of Transaction A and Transaction B
“Independent Shareholder(s)”	Shareholder(s) other than June Glory and its associates, and excluding any Shareholder who has a material interest in Transaction A or Transaction B (as the case may be)
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, is/are third party(ies) independent of the Company and the connected persons of the Company
“JS”	湖南嘉盛房地產開發有限責任公司, an enterprise incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Ershisanye
“JSS”	湖南嘉盛營銷策劃有限公司, an enterprise incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of JS
“June Glory”	June Glory International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of China Minmetals H.K. (Holdings) Limited, which held approximately 67.93% of the issued share capital of the Company as at the Latest Practicable Date and is the controlling shareholder of the Company

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## DEFINITIONS

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“Laguna Bay Project”	Laguna Bay Project, the real estate development project undertaken on the piece of land situated in Science Park, Jiangning District, Nanjing, the PRC, details of which were referred to in the Company’s announcement and circular to Shareholders dated 11 April 2006 and 24 May 2006 respectively
“Latest Practicable Date”	26 September 2008, 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
“LOHAS Project”	LOHAS International Community Project, the real estate development project being undertaken by the joint venture company owned by the Group, JS and JSS, on the two parcels of adjoining land located at Yuetang Village and Gaotang Village, Muyun Town, Changsha County, Changsha City, Hunan Province, the PRC, details of which were referred to in the Company’s announcement and circular to Shareholders dated 30 May 2007 and 5 July 2007 respectively
“Main Contract”	the main contract that was entered into between the Project Company (as defined herein) and Ershisanye on 10 September 2008 for the construction of the multi-storey building zone of phase I of the LOHAS Project
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SGM”	the special general meeting of the Company to be held at Garden Rooms, 2/F., The Royal Garden, 69 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday 17 October 2008 at 10:30 a.m. to approve Transaction A and Transaction B
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	the share(s) of par value of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules

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## DEFINITIONS

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“Tender Evaluation Committee”	評標委員會, the committee established by the Project Company for the review and evaluation of the tenders invited in respect of the award of the Main Contract
“Transaction A”	the entering into of and the transactions contemplated under the Main Contract relating to the appointment of Ershisanye as the main contractor in respect of the multi-storey building zone of phase I of the LOHAS Project
“Transaction B”	the entering into of and the transactions contemplated under the Conditional Construction Contracting Agreement relating to the conditional appointment of Ershisanye Group as a construction contractor in respect of the Group’s real estate development projects, subject to successful tender
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	percentage

*For the purpose of illustration only, conversion of RMB into Hong Kong dollars in this circular is based on the exchange rate of RMB1.00 to HK\$1.1419. 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.*

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LETTER FROM THE BOARD

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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 230)**

*Non-executive Director:*

Mr. ZHOU Zhongshu, *Chairman*

*Executive Directors:*

Mr. QIAN Wenchao, *Deputy Chairman*

Mr. HE Jianbo, *Managing Director*

Mr. YAN Xichuan, *Deputy Managing Director*

Mr. YIN Liang, *Deputy Managing Director*

Ms. HE Xiaoli

*Independent non-executive Directors:*

Mr. LAM Chun, Daniel

Mr. Selwyn MAR

Ms. TAM Wai Chu, Maria

*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Principal place of business  
in Hong Kong:*

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

30 September 2008

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION**

**Appointment of a connected person as main contractor  
for a certain part of a real estate development project of the Group  
in Changsha City, Hunan Province, the PRC**

**AND**

**CONTINUING CONNECTED TRANSACTION**

**Appointment by the Group of a connected person  
as construction contractor subject to successful tender**

**1. INTRODUCTION**

The Board announced that on 10 September 2008 (i) the Company, acting as developer through a 51% indirectly owned subsidiary, and Ershisanye, acting as main contractor, entered into the Main Contract in respect of a certain part of phase I of the Group's

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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LOHAS Project in Changsha City, Hunan Province, the PRC, and (ii) the Company and Ershisanye entered into the Conditional Construction Contracting Agreement pursuant to which the Group may, for a term of not more than three financial years ending 31 December 2010, engage Ershisanye Group as a construction contractor of any real estate development projects of the Group in the PRC, upon successful tender for the construction contract.

Since Ershisanye is a subsidiary of China Minmetals and a fellow subsidiary of June Glory (the controlling shareholder of the Company and an indirect wholly-owned subsidiary of China Minmetals), Ershisanye is a connected person of the Company. Based on the applicable size tests performed with respect to the total contract sum of RMB42,924,588 (approximately HK\$49,015,587) of the Main Contract, each of the relevant ratio under Rule 14A.10 of the Listing Rules exceeds 2.5% and the consideration is over HK\$10,000,000. Accordingly, Transaction A constitutes a connected transaction for the Company under Rule 14A.13(1)(a). As regards Transaction B, since each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, calculated with reference to the Annual Cap Amounts for the financial years ending 31 December 2008, 2009 and 2010, exceeds 2.5%, Transaction B constitutes a continuing connected transaction for the Company under Rule 14A.13(1)(a). Under the Listing Rules, each of Transaction A and Transaction B is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and also the approval of the Independent Shareholders at the SGM by poll. June Glory (which held approximately 67.93% of the issued share capital of the Company as at the Latest Practicable Date) and its associates will abstain from voting at the SGM.

The Independent Board Committee, comprising Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria, being all of the independent non-executive Directors of the Company, has been formed by the Board to advise the Independent Shareholders in respect of Transaction A and Transaction B. Access Capital has been appointed as the independent financial adviser, in the context of Rule 14A.21 of the Listing Rules, to advise the Independent Board Committee and the Independent Shareholders with respect to Transaction A and Transaction B.

The purpose of this circular is to (i) provide Shareholders with further information regarding, amongst other matters, the Main Contract and the Conditional Construction Contracting Agreement; (ii) set out the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of Access Capital to the Independent Board Committee and the Independent Shareholders in respect of Transaction A and Transaction B; and (iii) give the Shareholders the notice convening the SGM and other information as required under the Listing Rules.

Your attention is hereby specifically drawn to a notice dated 30 September 2008 which is set out on pages 35 to 36 of this circular convening the SGM to be held on Friday, 17 October 2008. **June Glory (which controlled, as at the Latest Practicable Date, approximately 67.93% of the issued share capital of the Company) and its associates will abstain from voting at the SGM and any vote of the Independent Shareholders at the SGM will be taken by poll.**



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## LETTER FROM THE BOARD

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### 2. INFORMATION ON ERSHISANYE

Established in 1953, Ershisanye and its subsidiaries are 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. In 2006, Ershisanye became a subsidiary of China Minmetals. Ershisanye 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. According to Ershisanye, it has completed over 50 construction projects in the past few years.

### 3. THE MAIN CONTRACT AND TRANSACTION A

#### Background

The LOHAS Project is a real estate development project of the Group as referred to in the Company's announcement and circular to Shareholders dated 30 May 2007 and 5 July 2007 respectively regarding the formation of a joint venture company (the "**Project Company**") with JS and JSS for the project. JS is a wholly-owned subsidiary of Ershisanye and JSS is a wholly-owned subsidiary of JS. The Project Company, which undertakes to develop LOHAS Project, is owned as to 51% indirectly by the Company and 49% by JS (after JSS transferred its equity interest in the Project Company to JS in early 2008).

As regards the progress of the LOHAS Project, demolition and relocation works for the relevant land had been substantially completed, the preliminary design has been approved by the relevant government authorities and the infrastructure construction works had commenced for part I of phase I of the project. The LOHAS Project has progressed to a point allowing construction works to commence for part I of phase I of the project, which comprises two sections; namely, the multi-storey building zone and the villa zone.

Pursuant to the prevailing rules and regulations in the PRC, particularly the Regulations on Construction Tenders and Tender Evaluation Activities in respect of Building and Municipal Infrastructure Construction of Hunan Province (湖南省房屋建築和市政基礎設施工程施工招標評標活動管理規定), any construction contracts relating to the LOHAS Project will be awarded through a regulated tender process governed by the relevant measures and regulations, and a tender evaluation committee (評標委員會) will be established to (i) review the qualifications of tenderers, (ii) evaluate tenders, and (iii) recommend the successful tenderer, in a disciplined manner. The Project Company has entrusted a qualified tender agent (the "**Tender Agent**") in the PRC to handle the tender process, especially in relation to the compliance with the relevant rules and regulations, regarding the contract award for the respective main contracts for the multi-storey building zone and the villa zone of phase I of the LOHAS Project.

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## LETTER FROM THE BOARD

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In June 2008, the Project Company invited tender for the main contract for the villa zone of phase I of the LOHAS Project. Although Ershisanye had submitted a bid, it was not successful in the award of the said contract.

In June 2008, the Project Company invited tender for the Main Contract for the multi-storey building zone of phase I of the LOHAS Project and tenders were received from three construction companies, including Ershisanye, one of an associate of Ershisanye, and one Independent Third Party. The Tender Evaluation Committee established by the Tender Agent comprised five members, of which, one had been assigned by the Project Company and the other four had been randomly selected from the list of qualified experts for tender evaluation as approved by the relevant government authorities in the PRC. The Directors, to the best of their knowledge, information and belief and having made all reasonable enquiries, confirm that members of the Tender Evaluation Committee (except the one assigned by the Project Company), the Tender Agent and the remaining tenderer of the Main Contract (besides Ershisanye and an associate of it) are Independent Third Parties.

The three tenders received for the Main Contract were all qualified and were reviewed and evaluated by the Tender Evaluation Committee. In July 2008, the Tender Evaluation Committee issued a tender assessment report in which it recommended the award of tender to Ershisanye for a total contract sum of RMB43,524,588 (approximately HK\$49,700,727) based on the Comprehensive Assessment Method (綜合評估法), which takes into account the tender sum and business reputation aspects of each tenderer. The bid from Ershisanye was approximately RMB536,500 (approximately HK\$612,629) higher than the lowest priced bid, which was submitted by the Independent Third Party tenderer. Upon further negotiations between Ershisanye and the Group subsequent to the recommendation of the successful tenderer by the Tender Evaluation Committee, Ershisanye agreed in writing to reduce its contract tender sum by RMB600,000 (approximately HK\$685,140) to RMB42,924,588 (approximately HK\$49,015,587) and on 10 September 2008, the Main Contract was entered into between the Project Company and Ershisanye.

### **The Main Contract**

#### *Date*

10 September 2008

#### *Parties*

- (i) Principal : The Project Company, which is principally engaged in real estate development and is a non wholly-owned subsidiary of the Company
- (ii) Contractor : Ershisanye

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## LETTER FROM THE BOARD

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### *Subject matter*

The terms on which Ershisanye will be engaged as the main contractor by the Project Company for the construction of the multi-storey building zone of phase I of the LOHAS Project.

### *Scope of work*

The scope of work includes civil and building works construction in respect of a total gross floor area of approximately 33,711 square metres (including nine blocks of five-storey residential buildings with one level of basement each), and the related water supply works, drainage and electrical works.

### *Total contract sum*

Total contract sum is in an amount of RMB42,924,588 (approximately HK\$49,015,587) subject to confirmation of the actual quantity of work, adjustments for upward or downward movement of raw material prices of major construction materials such as reinforced steel bar and cement for an amount in excess of 5% over the corresponding raw material prices published by the Changsha City Government in Changsha Construction Material Prices (長沙建設造價) volume II of 2008, and adjustments arising from normal variation clauses.

### *Payment terms*

Construction fees, in cash, will be payable with respect to specific work stages/milestones achieved in various aspects of work. In general, an aggregate of 85% of the total contract sum will be fully paid up by the time the completion acceptance documents with respect to each aspect of work are obtained, and the remaining 15% of the total 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. A professional construction supervisor, who is appointed by the Project Company, will be responsible for verifying whether a specific work stage/milestone has been achieved for the purposes of making the relevant progress payment to the main contractor. The certification of the said payment and whether the specific work stage/milestone has been achieved will be subject to the confirmation of the Project Company.

### *Contract period*

156 days

### *Conditions precedent*

The Main Contract will not come into effect until such time Transaction A has been approved by the Independent Shareholders at the SGM by poll.

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## LETTER FROM THE BOARD

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### **Reasons for and benefits of Transaction A**

The Group is principally engaged in the businesses of real estate development and project development, specialised construction, property leasing, and manufacturing and trading. As stated in the annual report of the Company for the year ended 31 December 2007, one of the key objectives of the Group is to continue to grow its real estate development business in the PRC. The appointment of main contractors is necessary for the LOHAS Project to commence its construction works.

Ershisanye has won the bid through a competitive tender process for the Main Contract as recommended by the Tender Evaluation Committee and its revised bid also represented the lowest priced bid amongst the tenders received. As such, the Directors (other than all independent non-executive Directors, whose opinion has been set out in the “Letter from the Independent Board Committee” in this circular after taking into account the principal factors and reasons considered by the Independent Financial Adviser and its advice has been set out in the “Letter from Access Capital” in this circular) consider that Transaction A and the terms of the Main Contract are fair and reasonable, have been arrived at on an arm’s length basis and are in the interests of the Company and the Shareholders as a whole, and that Transaction A was entered into in the ordinary and usual course of business of the Company and on normal commercial terms.

### **Financial effects**

The appointment of main contractors is necessary for the LOHAS Project to commence its construction works and progress the Group’s core business of real estate development business. In such context, the construction cost in relation to the Main Contract is not specific to Ershisanye, which shall be payable to any construction contractor who has successfully tendered for the Main Contract. Nevertheless, the Project Company intends to finance the construction cost payable to Ershisanye by the Group’s internal resources and therefore Transaction A will have no material impact on the Group’s gearing and net assets.

### **Listing Rules implications**

Since Ershisanye is a subsidiary of China Minmetals and a fellow subsidiary of June Glory (the controlling shareholder of the Company and an indirect wholly-owned subsidiary of China Minmetals), Ershisanye is a connected person of the Company. Based on the applicable size tests performed with respect to the total contract sum of the Main Contract, which amounted to RMB42,924,588 (approximately HK\$49,015,587), each of the relevant ratio under Rule 14A.10 of the Listing Rules exceeds 2.5% and the consideration is over HK\$10,000,000. Accordingly, Transaction A constitutes a connected transaction for the Company under Rule 14A.13(1)(a). Under Rule 14A.17 of the Listing Rules, Transaction A is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and also the approval of the Independent Shareholders at the SGM by poll. June Glory (which held approximately 67.93% of the issued share capital of the Company as at the Latest Practicable Date) and its associates will abstain from voting at the SGM.

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## LETTER FROM THE BOARD

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#### 4. THE CONDITIONAL CONSTRUCTION CONTRACTING AGREEMENT AND TRANSACTION B

##### **Background**

Ershisanye had also been appointed, based on successful tender, as the main contractor for the construction of phase I of the Group's Laguna Bay Project in Nanjing, the PRC, details of which were disclosed in the Company's announcement and circular to Shareholders dated 31 July 2007 and 21 August 2007 respectively. Such appointment was approved in a special general meeting by the independent Shareholders. During the last two financial years ended 31 December 2007 and the period from 1 January 2008 to the date of this circular, the Group has awarded to Ershisanye a main contract for the construction of phase I of the Laguna Bay Project at a total contract sum of RMB66,860,000 and conditionally awarded to Ershisanye a main contract for a contract sum of RMB42,924,588 (approximately HK\$49,015,587), for the construction of the multi-storey building zone of phase I of the LOHAS Project as mentioned above.

Based on the working relationship since September 2007, the Group is satisfied with the competence of Ershisanye as the main contractor for phase I of the Laguna Bay Project. The Group expects to invite Ershisanye Group to tender, and Ershisanye Group expects to participate in tendering, for other construction contracts in respect of the Group's existing and future real estate development projects in the PRC. In this connection, the Conditional Construction Contracting Agreement was entered into between Ershisanye and the Company on 10 September 2008.

##### **The Conditional Construction Contracting Agreement**

###### *Date*

10 September 2008

###### *Parties*

- (i) Principal : The Company
- (ii) Contractor : Ershisanye

###### *Subject matter*

The Company may from time to time invite the Ershisanye Group to tender and award construction tender(s), subject to successful tender, in respect of the existing and future property development projects (excluding the portions of the existing projects that had been tendered) of the Group in the PRC provided that the total contract sum of the construction contract(s) that the Group may award to Ershisanye Group during

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## LETTER FROM THE BOARD

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the periods from 10 September 2008 to 31 December 2008, from 1 January 2009 to 31 December 2009 and from 1 January 2010 to 31 December 2010 shall not exceed the Annual Cap Amounts.

### *Annual Cap Amounts*

For each of the periods from 10 September 2008 to 31 December 2008, from 1 January 2009 to 31 December 2009 and from 1 January 2010 to 31 December 2010, the annual maximum amount of construction contracts that may award by the Group to Ershisanye Group shall not exceed the Annual Cap Amounts.

### *Conditions precedent*

The Conditional Construction Contracting Agreement will not come into effect until such time Transaction B has been approved by the Independent Shareholders at the SGM by poll.

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

With reference to the estimated scope of construction works in respect of the Laguna Bay Project, the LOHAS Project and the proposed real estate development project (the “**Proposed Project**”) of the Group on the parcel of land described as Lot Number: 2008G16 located at No. 188, Mengdu Avenue, Jianye District, Jiangsu Province, the PRC (中國南京市建鄴區夢都大街188號) (as disclosed in the announcement of the Company dated 24 September 2008) to be offered for tender, the estimated relevant construction price on a per square metre basis and the expected progress of the construction works, the Group proposes to set the Annual Cap Amount at RMB371 million (approximately HK\$424 million), RMB1,189 million (approximately HK\$1,358 million) and RMB714 million (approximately HK\$815 million) for each of the periods from 10 September 2008 to 31 December 2008, from 1 January 2009 to 31 December 2009 and from 1 January 2010 to 31 December 2010 respectively. Reference is made to the clarification announcement of the Company dated 25 September 2008 relating to the revision of the Annual Cap Amount for the period from 1 January 2009 to 31 December 2009 from RMB2,484 million (approximately HK\$2,836 million) (as stated in the relevant announcement of the Company dated 10 September 2008) to RMB1,189 million (approximately HK\$1,358 million). These amounts have been arrived at based on the best estimates by the Group of the current general construction price in the PRC in respect of the relevant types of constructions and materials.

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## LETTER FROM THE BOARD

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In particular, the table below sets out the estimated amount of construction contracts, by project, that may be awarded by the Group during the term of the Conditional Construction Contracting Agreement:

	<b>From 10 September 2008 to 31 December 2008 <i>RMB'000</i></b>	<b>From 1 January 2009 to 31 December 2009 <i>RMB'000</i></b>	<b>From 1 January 2010 to 31 December 2010 <i>RMB'000</i></b>
The Laguna Bay Project	146,289	437,349	—
The LOHAS Project	224,804	378,389	528,528
The Proposed Project	<u>—</u>	<u>373,086</u>	<u>185,878</u>
Total	<u><u>371,093</u></u>	<u><u>1,188,824</u></u>	<u><u>714,406</u></u>

The increase in the Annual Cap Amount in the financial year 2009 is due to the increase in value of construction contracts that may be awarded in connection with the anticipated construction progress of the Proposed Project. The Shareholders should note that the Annual Cap Amounts represent the best estimates by the Group based on the information currently available and, in particular, the estimated amount of construction contracts by project as shown in the table above should not be construed as the maximum amount of construction contracts of a particular project that the Group may award to Ershisanye Group during each of the periods from 10 September 2008 to 31 December 2008, from 1 January 2009 to 31 December 2009 and from 1 January 2010 to 31 December 2010. The Annual Cap Amounts have no direct relationship to, nor should be taken to have any direct bearing on, the Group's financial or potential financial performance. The Group may or may not appoint Ershisanye Group as construction contractor in relation to future tenders for the Group's real estate development projects in the PRC, or if appointed, to take up construction works up to the level of the Annual Cap Amounts.

### **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 shall be conducted in accordance with the applicable rules and regulations in the PRC and of the locations where the projects 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 and regulations in the PRC. Notwithstanding that there might be slightly different measures and regulations in different cities and provinces in the PRC, 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 and regulations in the PRC. The tender evaluation committee shall comprise a majority of qualified

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## LETTER FROM THE BOARD

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experts randomly selected from a list of qualified experts for tender evaluation as approved by the relevant government authorities in the PRC. The tender assessment method shall be selected in accordance with the applicable measures and regulations 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 events in chronological orders of a typical tender process for the Group's real estate development projects are as follows:

- (i) the Group invites tender for the construction contract;
- (ii) tenderers submit tenders within the required time frame;
- (iii) tender evaluation committee, formed in accordance with the rules and regulations in the PRC, shall review and evaluate 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 forward to appoint the successful tenderer by entering into the construction contract.

Based on the above and given the independence of the tender evaluation committee, in the event that Ershisanye participates in tendering for any construction contracts in respect of the Group's existing and future real estate development projects, its tender will be reviewed and evaluated by the relevant tender evaluation committee by applying a prescribed tender assessment method in manner no different from any other qualified tenders. In particular, the Group will not be involved into tender evaluation part of the tender process except that representative(s) from the Group may be a minority member(s) of the relevant tender evaluation committee.

### **Reasons for and benefits of Transaction B**

As the Group's real estate development business continues to grow, it expects that in the coming few financial years it will actively invite tenders for construction works relating to its real estate development projects. In addition, the contract sum of each of these tenders is expected to be over HK\$10,000,000. Given its qualifications and experiences, Ershisanye Group is capable and suitable to tender for construction contracts of the Group's real estate development projects. The Group may therefore from time to time invite Ershisanye Group to tender for construction contracts for the Group's real estate development projects and award construction contract(s) to Ershisanye Group, subject to successful tender. The Directors (other than all independent non-executive Directors, whose opinion has been set out in the "Letter from the Independent Board Committee" in this circular after taking into account the principal factors and reasons considered by the Independent Financial Adviser and its



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## LETTER FROM THE BOARD

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advice has been set out in the “Letter from Access Capital” in this circular) consider that Transaction B to be in the interests of the Company and the Shareholders as a whole as long as the appointment of Ershisanye Group as a construction contractor for the Group’s project is subject to a successful tender in a competitive tendering process governed by the relevant rules and regulations in the PRC. The main purpose of Transaction B 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.

### **Listing Rules implications**

As each of the applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules, calculated with reference to the Annual Cap Amounts for the financial years ending 31 December 2008, 2009 and 2010, exceeds 2.5%, Transaction B constitutes a continuing connected transaction for the Company under Rule 14A.13(1)(a). Pursuant to Rule 14A.35(3) and 14A.35(4) of the Listing Rules, Transaction B is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and also the approval of the Independent Shareholders at the SGM by poll. Transaction B is also subject to the annual review requirements under Rules 14A.37 and 14A.38 of the Listing Rules such that, amongst other matters, the confirmation of the annual review will be included in each annual report of the Company for the three years ending 31 December 2010. June Glory (which held approximately 67.93% of the issued share capital of the Company as at the Latest Practicable Date) and its associates will abstain from voting at the SGM.

### **5. SGM**

A notice of the SGM to be held at Garden Rooms, 2/F., The Royal Garden, 69 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 17 October 2008 at 10:30 a.m. is set out on pages 35 to 36 of this circular. At the SGM, ordinary resolutions will be proposed and, if thought fit, passed to approve Transaction A and Transaction B (including the Annual Cap Amounts). In view of the connection between Ershisanye and June Glory, June Glory and its associates are required to abstain from voting on the resolutions approving Transaction A and Transaction B at the SGM in accordance with Rule 14A.18 of the Listing Rules. As at the date of Latest Practicable Date, June Glory and its associates controlled approximately 67.93% of the issued share capital of the Company.

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 18th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. 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.

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## LETTER FROM THE BOARD

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Pursuant to Rule 14A.52 of the Listing Rules, the vote of the Independent Shareholders at the SGM will be taken by poll, the announcement on the results of which will be published on the websites of the Company and of the Stock Exchange following the SGM.

### 6. POLL PROCEDURE

Pursuant to Bye-law 78 of the bye-laws of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Pursuant to bye-law 78 of the Bye-laws of the Company, the chairman of the SGM will demand a poll before the ordinary resolutions for approving Transaction A and Transaction B are put to the vote at the SGM.

### 7. RECOMMENDATION

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 Transaction A and Transaction B; and (ii) the “Letter from Access Capital” which is set out on pages 20 to 30 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders in relation to, amongst other matters, the terms of the Main Contract and the Conditional Construction Contracting Agreement.

The Directors (including all members of the Independent non-executive Directors after taking into account the advice of Access Capital) are of the view that the Main Contract and the Conditional Construction Contracting Agreement are entered into on normal commercial terms and in the ordinary and usual course of business of the Group, that Transaction A and Transaction B are in the interest of the Company and the Shareholders

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## LETTER FROM THE BOARD

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as a whole and that the terms of the Main Contract and the Conditional Construction Contracting Agreement (including the Annual Cap Amounts) are fair and reasonable. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions at the SGM in respect of Transaction A and Transaction B.

### 8. 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**  
*Managing Director*



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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 230)**

30 September 2008

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION**

**Appointment of a connected person as main contractor  
for a certain part of a real estate development project of the Group  
in Changsha City, Hunan Province, the PRC**

**AND**

**CONTINUING CONNECTED TRANSACTION**

**Appointment by the Group of a connected person  
as construction contractor subject to successful tender**

We refer to the circular dated 30 September 2008 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 Main Contract and the Conditional Construction Contracting Agreement (including the Annual Cap Amounts) 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 the Independent Financial Adviser appointed to advise us and the Independent Shareholders in respect of Transaction A and Transaction B.

Access Capital has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in the above mentioned context.

Your attention is drawn to the “Letter from the Board” and the “Letter from Access Capital” in the Circular, which contain, *inter alia*, information about the Main Contract and the Conditional Construction Contracting Agreement, and the advice from Access Capital in respect of Transaction A and Transaction B.

\* *For identification purpose only*

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Having taking into account the reasons for and benefits of Transaction A and Transaction B, the principal factors and reasons considered by Access Capital in arriving at its opinion regarding Transaction A and Transaction B as set out in the “Letter from Access Capital” on pages 20 to 30 of the Circular, we consider that the entering into of the Main Contract and the Conditional Construction Contracting Agreement are in the usual and ordinary course of business of the Company and that the terms of the Main Contract and the Conditional Construction Contracting Agreement (including the Annual Cap Amounts) and transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolutions as set out in the notice of the SGM to be held on Friday, 17 October 2008 and thereby approve Transaction A and Transaction B.

Yours faithfully,  
For and on behalf of  
**Independent Board Committee**

**Lam Chun, Daniel**  
*Independent Non-executive  
Director*

**Selwyn Mar**  
*Independent Non-executive  
Director*

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

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## LETTER FROM ACCESS CAPITAL

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



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

30 September 2008

*To the Independent Board Committee and  
the Independent Shareholders*

Dear Sirs,

### **CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION**

#### **I. INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the entering into of the Main Contract and the Conditional Construction Contracting Agreement which constitute a connected transaction and continuing connection transaction respectively for the Company (together the “Transactions”). Details of the Transactions are set out in the “Letter from the Board” contained in the circular dated 30 September 2008 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular shall have the same meanings in this letter.

The Company announced that on 10 September 2008, the Company being the developer through a 51% indirectly owned subsidiary, and Ershisanye, being the main contractor, entered into the Main Contract in respect of a certain part of phase I of the Group’s LOHAS Project in Changsha City, Hunan Province, the PRC. In addition, on 10 September 2008, the Company and Ershisanye entered into the Conditional Construction Contracting Agreement pursuant to which the Group may, for a term of not more than three financial years ending 31 December 2010, engage Ershisanye Group as a construction contractor of any real estate development projects of the Group in the PRC, upon successful tender for the respective construction contracts.

Since Ershisanye is a subsidiary of China Minmetals and a fellow subsidiary of June Glory (the controlling Shareholder and an indirect wholly-owned subsidiary of China Minmetals), it is a connected person of the Company. Based on the applicable size tests

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## LETTER FROM ACCESS CAPITAL

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performed with reference to the total contract sum of the Main Contract amounting to RMB42,924,588 (approximately HK\$49,015,587) and the Annual Cap Amounts for the period from 10 September 2008 to 31 December 2008 and each of the two financial years ended 31 December 2010, the relevant ratios under the Listing Rules exceed 2.5% and are over HK\$10,000,000. Transaction A and Transaction B therefore constitute non-exempt connected transaction and continuing connected transaction respectively for the Company under the Listing Rules and are subject to the approval of the Independent Shareholders by poll at the SGM under Chapter 14A of the Listing Rules. June Glory (which holds approximately 67.93% of the issued share capital of the Company as at the Latest Practicable Date) and its associates will abstain from voting at the SGM.

### II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of (i) the Chairman and non-executive Director, Mr. Zhou Zhongshu; (ii) five executive Directors, namely Mr. Qian Wenchao, Mr. He Jianbo, Mr. Yan Xichuan, Mr. Yin Liang and Ms. He Xiaoli; and (iii) three independent non-executive Directors, namely Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria, has been established to advise the Independent Shareholders as to whether the Main Contract and the Conditional Construction Contracting Agreement were entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole and whether the terms of the Main Contract and the Conditional Construction Contracting Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

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

### III. BASIS AND ASSUMPTIONS

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

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## LETTER FROM ACCESS CAPITAL

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

#### IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

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

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

The Group is principally engaged in the businesses of real estate development and project management, specialised construction, property leasing, and manufacturing and trading.

Set out below are the operating results of the Group for the two years ended 31 December 2007 and for the six months period ended 30 June 2008 (“Interim Period”) as extracted from the Company’s annual report 2007 and interim report 2008 (“Interim Report”), respectively:

	<b>For the year ended</b>		<b>For the six</b>
	<b>31 December</b>		<b>months ended</b>
	<b>2006</b>	<b>2007</b>	<b>30 June 2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)
Revenue			
— Real estate development and project management	11,283	2,311	557
— Specialised construction	206,727	345,961	87,048
— Property leasing	14,249	17,042	10,430
— Manufacturing and trading	64,931	65,892	37,046
— Securities investment and trading	<u>5,895</u>	<u>—</u>	<u>—</u>
Total	<u>303,085</u>	<u>431,206</u>	<u>135,081</u>
Profit for the year/period	<u>105,845</u>	<u>159,498</u>	<u>21,943</u>



As mentioned in the Company's 2007 annual report and the Interim Report, the Group's real estate development project portfolio consisted of three projects in the PRC, namely, The Grand Panorama Project in Zhuhai, Guangdong Province, the Laguna Bay Project in Jiangning District, Nanjing and the LOHAS Project in Changsha, Hunan Province, the PRC. The first two projects which were in the pre-sale stages were recognised as property under development and no revenue was recognised during the financial year of 2007 and the Interim Period. On the other hand, construction works on the LOHAS Project has just commenced. This coupled with the completion of the Group's sole project management service contract on hand in 2007 explained the minimal revenue on the Group's real estate development and project management in 2007 and during the Interim Period.

***The Grand Panorama Project***

The management of the Company ("Management") stated in the Interim Report, as at 30 June 2008, that the Group had completed the pre-sale of all the residential units, all commercial space and approximately 82.7% of the car parking space of The Grand Panorama Project. Following handover of the pre-sold property units to buyers starting July 2008, operating results of the project will start to be reflected in the results of the Group in the second half of 2008 and thereafter. Total revenue to be generated by the project is expected to be approximately HK\$926.7 million.

***Laguna Bay Project***

The Management stated in the Interim Report that since the commencement of pre-sale in October 2007 and up to 30 June 2008, approximately 82% of the residential units of phase I of the project that were marketed have been contracted for sale. The pre-sale has contributed approximately HK\$143.7 million to the cash flow of the Group up to 30 June 2008. The Group planned to pre-sell the remaining residential units of phase I of the project in the second half of 2008.

***LOHAS International Community Project***

This property project is a residential property development project undertaken by a joint venture company ("Project Company") owned as to 51% by the Group and 49% by a wholly-owned subsidiary of Ershisanye. Details of this joint venture were set out in the circular issued by the Company dated 5 July 2007. According to the Board, demolition and relocation works for the relevant land with respect to part I of phase I of the project were substantially completed and infrastructure construction works had been commenced. Construction works will be commenced upon appointment of the main contractor.

***Business strategies of the Group***

According to the Board, due to the rising direct and operating costs in the PRC in the wake of high oil prices and domestic inflation, the Group's non-real estate development businesses in the PRC are becoming increasingly competitive. On the other hand, the Board considered that the current robust PRC economy together with

the appreciation of Renminbi, had contributed to a favourable business environment for the Group's core business of real estate development in the PRC. The Board expects that the Group's real estate development business will be a major contributor to the results of the Group.

## 2. The Main Contract

### 2.1 Basis and reasons for the Main Contract

#### *(A) Overall real estate market in Changsha*

Changsha is the capital city of Hunan province, the PRC. It is located in east central Hunan and the lower reaches of Xiangjiang River, a branch of the Yangtze River. According to the Changsha Statistical Yearbook 2007, as of 31 December 2007, Changsha had a population of approximately 6.5 million, representing an increase of approximately 1.0% over 2006. In 2007, Changsha's Gross Domestic Product ("GDP") reached approximately RMB219.0 billion, representing a per capita GDP of approximately RMB33,711. Total investment in real estate in Changsha reached approximately RMB41.3 billion in 2007, representing an increase of 35.9% over 2006. According to 2007年長沙市房產市場報告 (Changsha Property Market Report 2007) published by 長沙市房產信息中心 (Changsha Real Estate Research Centre), a total gross floor area of approximately 8.9 million square metres of commodity properties was sold in Changsha in 2007, representing an increase of 29.4% over 2006. Residential properties with total gross floor area of approximately 8.0 million square metres were sold in Changsha in 2007, representing an increase of 28.5% over 2006. Such residential properties were sold at an average price of approximately RMB3,372 per square metre in 2007, representing an increase of 26.0% over 2006. According to the residential development plan for Changsha City published by 衡陽市城市規劃局 (Hengyang Urban Planning Bureau), it is estimated that for the period of 2006 to 2010, land supply for residential properties will be approximately 13.3 million square metres and total gross floor area of residential units available for sale in Changsha City will be maintained at approximately 24 million square metres.

#### *(B) The LOHAS Project*

As mentioned in the paragraph headed "Principal activities and business strategies of the Group" above, the LOHAS Project is a residential property development project. It has an estimated gross floor area of approximately 1 million square metres and is expected to be completed by 2011. According to the Management, part I of phase I of the project comprises the multi-storey building zone and the villa zone with a total gross floor area of approximately 75,490 square metres. Relevant government authorities had approved the preliminary design of the project, allowing construction works to commence. The appointment of main contractors is necessary for the LOHAS Project to commence its construction works.

*(C) Tender Procedure*

Rules and regulations of the PRC

Pursuant to the 湖南省房屋建築和市政基礎設施工程施工招標評標活動管理規定 (Regulations on Construction Tenders and Tender Evaluation Activities in respect of the Building and Municipal Infrastructure Construction of Hunan Province), any construction contracts relating to the LOHAS Project will be awarded through a regulated tender process governed by the relevant measures and regulations. In this connection, a tender evaluation committee (評標委員會) will be established to (i) review the qualifications of tenderers, (ii) evaluate tenders, and (iii) recommend the successful tenderer, in a disciplined manner. The Project Company has entrusted a qualified tender agent (the “Tender Agent”) in the PRC to handle the tender process in respect of the construction contracts for the multi-storey building zone and the villa zone of phase I of the LOHAS Project.

In June 2008, the Project Company invited tenders for the main contract for the villa zone and the multi-storey building zone of phase I of the LOHAS Project. Although Ershisanye had submitted a bid for the villa zone, it was not successful in the award of the said contract. In respect of the multi-storey building zone, tenders were received from three construction companies, including Ershisanye, one of its associates and one Independent Third Party. The Tender Evaluation Committee established by the Tender Agent comprised five members. One of the members was assigned by the Project Company and the other four were randomly selected from the list of qualified experts for tender evaluation as approved by the relevant government authorities in the PRC. The Directors, to the best of their knowledge, information and belief and having made all reasonable enquires, confirm that the members of the Tender Evaluation Committee (except the one assigned by the Project Company), the Tender Agent and the remaining tenderer of the Main Contract (besides Ershisanye and an associate of it) are Independent Third Parties.

Award of the Main Contract to Ershisanye

We have reviewed the assessment report of the Tender Evaluation Committee (the “Report”) and noted that the tenders were assessed based on the Comprehensive Assessment Method which takes into account of the technical competency and track record of the tenderers as well as the tender sum. As stated in the Report, Ershisanye obtained the highest scores in the assessment. The tender for the Main Contract was awarded to Ershisanye despite its tender sum of RMB43,524,588 (approximately HK\$49,700,727) was approximately RMB536,500 (approximately HK\$612,629) higher than the lowest bid, which was submitted by the another tenderer, an Independent Third Party. Upon further negotiations between Ershisanye and the Group subsequent to the recommendation of the Tender Evaluation Committee,

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## LETTER FROM ACCESS CAPITAL

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Ershisanye agreed in writing to reduce its contract tender sum by RMB600,000 (approximately HK\$685,140) to RMB42,924,588 (approximately HK\$49,015,587).

*(D) Our View*

Taking into account the appointment of a main contractor is a step to commence the construction works of the LOHAS Projects which is one of the Group's existing real estate development projects and the facts that (i) the Main Contract was awarded to Ershisanye by a tender process during which the tenders have been reviewed and recommended by the Tender Evaluation Committee; and (ii) the members of the Tender Evaluation Committee (except the one assigned by the Project Company) are Independent Third Parties; and (iii) the revised tender sum agreed by Ershisanye represented the lowest bid price amongst the tenders received, we are of the view that the entering into of the Main Contract is in the ordinary course of business of the Group and in the interest of the Group and the Shareholders as a whole.

### **2.2 Principal terms of the Main Contract**

*(A) Scope of works*

The scope of work includes the civil and building construction works in respect of a total gross floor area of approximately 33,711 square metres (including nine blocks of five-storey residential buildings with one level of basement each), and the related water supply works, drainage and electrical works. The contract period will be for 156 days.

*(B) Contract sum*

Total contract sum for the Main Contract is RMB42,924,588 (approximately HK\$49,015,587) ("Contract Sum"). The Contract Sum is subject to (i) confirmation of the actual quantity of work; (ii) adjustments for upward or downward movement of raw material prices of major construction materials such as reinforced steel bars and cement for an amount in excess of 5% over the corresponding raw material prices published by the Changsha City Government in 長沙建設造價2008第二期 (Changsha Construction Material Prices volume II of 2008); and (iii) adjustments arising from normal variation clauses.

*(C) Payment terms*

According to the Main Contract, construction fees will be payable with respect to specific work stages/milestones achieved in various aspects of work which have been verified and certified by a professional construction supervisor to be appointed by the Project Company and confirmed by the Project Company. In general, (i) an aggregate of 85% of the total contract sum will be paid up by the

time of completion of works, and (ii) the remaining 15% of the total 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.

*(D) Our view*

Given the facts that (i) the Contract Sum was the lowest bid amongst the tenders received and; (ii) the Contract Sum will be paid in progress payments with reference to the proportion of work done as confirmed by the Project Company, we consider that the terms of the Main Contract are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

**2.3 Possible financial effects of the Main Contract**

As set out in the “Letter from the Board” in the Circular, the Project Company intends to finance the construction costs under the Main Contract by the Group’s internal resources. According to the Interim Report, the Group has unaudited unencumbered cash and bank balances of approximately HK\$783.1 million. In view of this and the Contract Sum, we consider that the entering into of the Main Contract will not have material impact on the Group’s financial position.

**3. The Conditional Construction Contracting Agreement**

**3.1 Basis and reasons for the Conditional Construction Contracting Agreement**

As set out in the sub-paragraph headed “Business Strategies of the Group” above, the Board expects that the Group’s real estate development business will be a major contributor to the results of the Group. Currently, the Group has three real estate development projects. According to the Board, all the construction works on The Grand Panorama Project have been completed. In respect of the Laguna Bay Project, construction works on phase I of this project have been commenced and phase II and III of the project with a gross floor area of approximately 230,000 square metres are still in the planning stage. In light of this and the development progress of the LOHAS Project which has recently started the tendering procedure for the phase I construction, it is expected that tenders will be invited by the Group for the relevant construction works.

According to the Board, based on the working relationship with Ershisanye and its experience and competence in building construction, the Group expects to invite Ershisanye Group to tender, and Ershisanye Group expects to participate in tendering, for other construction contracts in respect of the Group’s existing and future real estate development projects in the PRC. The Group commenced working relationship with Ershisanye since September 2007 when Ershisanye was appointed as the main contractor for phase I of the Laguna Bay Project at a total contract sum of RMB66,860,000, details of which were set out in the Company’s circular to the Shareholders dated 21 August 2007. As set out in the “Letter from the Board” in the Circular, the main purpose for Transaction B is to avoid undue delay in the

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## LETTER FROM ACCESS CAPITAL

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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.

### *3.2 Principal terms of the Conditional Construction Contracting Agreement*

Pursuant to the Conditional Construction Contracting Agreement, the Group may from time to time invite Ershisanye Group to tender and award construction contract(s), subject to successful tender, to engage Ershisanye Group as a construction contractor 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 provided that the total contract sum of the construction contract(s) to be awarded by the Group to Ershisanye Group during the period from 10 September 2008 to 31 December 2008 and each of the two financial years ending 2010 shall not exceed the Annual Cap Amounts.

### *3.3 Annual Cap Amounts*

The table below sets forth the Annual Cap Amounts for the period from 10 September 2008 to 31 December 2008 and each of the two financial years ending 2010.

<b>For the period from 10 September 2008 to 31 December 2008</b>	<b>Annual Cap Amounts</b>	
	<b>Year ended 31 December 2009</b>	<b>2010</b>
RMB371 million (approximately HK\$424 million)	RMB1,189 million (approximately HK\$1,358 million)	RMB714 million (approximately HK\$815 million)

### *3.4 Bases of the Annual Cap Amounts*

According to the “Letter from the Board” in the Circular, the Annual Cap Amounts were based on (i) the estimated scope of construction works to be offered for tender; (ii) estimated relevant construction price per square metre and; (iii) expected progress of the construction works on the three projects namely the Laguna Bay Project, the LOHAS Project and the proposed real estate development project in Nanjing City, Jiangsu Province, the PRC (“Proposed Project”) as disclosed in the announcement of the Company dated 24 September 2008. The estimated value of construction contracts that may be awarded by the Group during the term of the Conditional Construction Contracting Agreement was set out in the section headed “Basis for determining the Annual Cap Amounts” in the “Letter from the Board” in the Circular.

As reviewed from the information provided by the Company, the estimated value of construction contracts that may be awarded by the Group, which equal to the Annual Cap Amounts, was derived at by multiplying the expected gross floor area to

be tendered during the period from 10 September 2008 to 31 December 2010 with the estimated unit construction price for the relevant projects. We have discussed with the Management that in respect of the expected gross floor area, reference has been made to the development plans and progress of each the three projects named above. As revealed, the gross floor area to be tendered during the period from 10 September 2008 to 31 December 2008 will be related to the Laguna Bay Project and the LOHAS Project. The increase in Annual Cap Amount for the year ended 31 December 2009 to approximately RMB1,189 million relates to construction works to be tendered for all the three projects. The Annual Cap Amount for the year ended 31 December 2010 dropped to approximately RMB714 million. Following completion of all developments in the Laguna Bay Project, no construction works will be tendered for this project and less construction works in the relation to the Proposed Project will be tendered during this period.

We have discussed with the Management on the bases for determining the estimated unit construction price. The Management informed that since the construction works to be tendered under the Annual Cap Amounts will be related to real estate development projects in Nanjing and Changsha, they have made reference to the prevailing market prices (including labour cost and materials cost) on construction works with similar quality and scopes of works such types of constructions, on the Laguna Bay Project in Nanjing and the tender already granted in respect of the LOHAS Project in Changsha.

Shareholders should be aware that the actual utilization and sufficiency of the Annual Cap Amounts would depend on a host of factors, including but not limiting to, the relevant tenders which will be awarded under the tender procedures regulated and governed by the PRC Government may or may not be awarded to Ershisanye Group, the progress of the real estate development projects in question and the scope of works. In this regard, we understand from the Management that the Company will actively monitor the progress and utilization of the Annual Cap Amounts 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 said projects; (ii) the prevailing market price on construction works was used; and (iii) the Company will actively monitor the utilization of the Annual Cap Amounts in future, we consider that the bases for the Annual Cap Amounts are fair and reasonable.

### **3.5 *Our view***

Given that (i) the appointment of Ershisanye Group as main contractor to carry out the construction works of the Group's existing real estate development projects is a furtherance of the Group's core businesses; and (ii) the Group's past experience with Ershisanye Group on its property development projects, we consider that the entering into of the Conditional Construction Contracting Agreement is in the ordinary and

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## LETTER FROM ACCESS CAPITAL

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usual course of business of the Group and the terms of the Conditional Construction Contracting Agreement (including the Annual Cap Amounts) are on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

### *3.6 Information on Ershisanye*

According to the website of Ershisanye ([www.23ye.com](http://www.23ye.com)), the Ershisanye Group was established in 1953 and 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. In 2006, Ershisanye became a subsidiary of China Minmetals. Ershisanye is classified as main contractor Class I in various aspects including, without limitation, the 房屋建設工程施工總承包一級 (Building Construction Main Contractor Class I) by the relevant government authorities in the PRC. In 2005, Ershisanye Group was ranked 62 in the top 500 construction enterprises in the PRC.

Given the track record of Ershisanye on property construction works, we believe that it possesses the requisite skill and experience to perform the construction works under the Main Contract and the Conditional Construction Contracting Agreement.

## V. RECOMMENDATION

Having considered the above principal factors, namely (i) the background to and reasons for and the terms of the Main Contract and the Conditional Construction Contracting Agreement and (ii) the bases of the Annual Cap Amounts, we are of the opinion that Transaction A and Transaction B are on normal commercial terms, in the ordinary and usual course of business and in the interests of the Group and the Shareholders as a whole. We also consider that the terms of the Main Contract and Conditional Construction Contracting Agreement (including the Annual Cap Amounts) are fair and reasonable so far as the Independent Shareholders are concerned. Therefore, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve Transaction A and Transaction B (including the Annual Cap Amounts) at the SGM.

Yours faithfully,  
For and on behalf of  
**Access Capital Limited**  
**Jimmy Chung**  
*Principal Director*



## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein 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 the SFO), which have been 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 are taken or deemed to have under such provisions of the SFO), or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, or as recorded in the register kept by the Company pursuant to section 352 of the SFO, were as follows:

### Long Position in Shares

Name of Director	Nature of interest	Number of Shares held	Percentage of total issued Shares
He Xiaoli	Personal	20,000	0.0018%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company or any of their associates had any personal, family, corporate or other interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO).

## 3. SERVICE CONTRACTS

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

## 4. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND COMPETING BUSINESS

As at the Latest Practicable Date, (i) none of the directors of the Group and his/her respective associates has any competing interests (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder); and (ii)

none of the directors of the Group had any direct or indirect interest in any assets which had been, since the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the directors of the Group was materially interested in any contract or arrangement subsisting at the Latest Practicable Date, which is significant in relation to the business of the Group, except that Mr Tsui Ki Ting, who is a director of Dragon Construction (Nanjing) Property Co., Ltd (“DCNP”, the project company of the Laguna Bay Project), is 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”) and Stillpower Limited (both are indirect wholly-owned subsidiaries of the Company), World Ocean Development Limited (“WODL”) and ODCL that the shareholders’ agreement sets out, among other things, the transfer of a 29% equity interest in ODCL from KIL to WODL at a total consideration of HK\$2,900 and the major terms in respect of the management and operations of ODCL which is the joint venture company of the Laguna Bay Project. Mr. Tsui Ki Ting has an equity interest of 26.67% in WODL which in turns owns 29% equity interest in ODCL. The remaining 71% equity interest in ODCL is owned indirectly by the Company.

## 5. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO, the following entities have interests in the Shares which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Number of Shares held	Percentage of total issued Shares
China Minmetals <sup>(Note)</sup>	756,585,852	67.93%
China Minmetals H.K. (Holdings) Limited <sup>(Note)</sup>	756,585,852	67.93%
June Glory <sup>(Note)</sup>	756,585,852	67.93%

*Note:* These shares are held by June Glory, a wholly-owned subsidiary of China Minmetals H.K. (Holdings) Limited (which is wholly owned by China Minmetals).

Save as disclosed above, there was no person known to any Director or the chief executive of the Company, other than a Director or the chief executive of the Company, who, as at the Latest Practicable Date, had an interest or a 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.

As as the Latest Practicable Date, so far as the Directors and chief executive of the Company were aware, the following persons were, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote at general meetings of members of the Group:

<b>Name of holder of shares or equity interest</b>	<b>Name of non wholly-owned subsidiary of the Group</b>	<b>Approximate percentage of shareholding</b>
World Ocean Development Limited	Oriental Dragon Construction Limited	29%
湖南嘉盛房地產開發有限公司	五礦建設（湖南）嘉和日盛房地產開發有限公司	49%
Turner Overseas Limited	Wellstep Management Limited	16%
Silver Lake Asia Corp.	Wellstep Management Limited	16%
Spirit Sunshine Inc.	Wellstep Management Limited	16%

Save as disclosed above, as at the Latest Practicable Date and so far as the Directors and chief executive of the Company were aware, there were no other persons other than the Directors or chief executive of the Company or their respective associates who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

## 6. MATERIAL CHANGES

As at the Latest Practicable Date the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2007, the date to which the latest published audited financial statements of the Company were made up.

## 7. EXPERT

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

<b>Name</b>	<b>Qualifications</b>
Access Capital	a licensed corporation to carry out Types 1, 4, 6 and 9 regulated activities under the SFO

- (b) Access Capital, the Independent Financial Adviser, has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, reports and references to its name in the form and context in which they are included. The letter and recommendations therein given by Access Capital are given as of the date of this circular for incorporation herein.

- (c) As at the Latest Practicable Date, Access Capital 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, Access Capital did not have any interest, directly or indirectly, in any asset which had since 31 December 2007, being the date to which the latest published audited accounts of the Company were made up, been acquired or disposed of by, or leased to, any member of the Group, or was proposed to be acquired or disposed of by, or leased to, any member of the Group.

## 8. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the Main Contract;
- (b) the Conditional Construction Contracting Agreement;
- (c) 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
- (d) the letter from Access Capital, the text of which is set out in the section headed “Letter from Access Capital” of this circular; and
- (e) the written consent referred to in paragraph 7 in this appendix.



**五礦建設有限公司\***  
**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 Garden Rooms, 2/F., The Royal Garden, 69 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Friday, 17 October 2008 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

**ORDINARY RESOLUTIONS**

1. “THAT

- (a) the Main Contract (as defined and described in the circular of the Company dated 30 September 2008 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) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one of the directors of the Company be and is hereby authorised to do all such further acts and things and execute such further documents and take all steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the Main Contract with any changes as such director may consider necessary, desirable or expedient.”

2. “THAT

- (a) the Conditional Construction Contracting Agreement (as defined and described in the circular of the Company dated 30 September 2008 and a copy of which has been produced to this meeting marked “B” and signed by the Chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

\* *For identification purpose only*

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## NOTICE OF SGM

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- (b) any one of the directors of the Company be and is hereby authorised to do all such further acts and things and execute such further documents and take all steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the Conditional Construction Contracting Agreement with any changes as such director may consider necessary, desirable or expedient.”

By Order of the Board of  
**Minmetals Land Limited**  
**He Jianbo**  
*Managing Director*

Hong Kong, 30 September 2008

*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 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). 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 Wednesday, 15 October 2008 to Friday, 17 October 2008, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending the above mentioned 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 Tuesday, 14 October 2008.
4. The votes at the above mentioned meeting will be taken by poll.