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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 IN RESPECT OF A PROPERTY DEVELOPMENT PROJECT OF THE GROUP IN NANJING, THE PRC**

The Board is pleased to announce that following the recommendation by the Tender Evaluation Committee (評標委員會), DCPCL (the project company for the Laguna Bay Project (東方•龍湖灣項目)) has on 16 July 2007 forwarded a notification regarding the award of tender of the Main Contract to Ershisanye via the Jiangning Tendering Office (南京市江寧區建設工程招投標管理辦公室). The Main Contract was entered into between DCPCL and Ershisanye on 31 July 2007. Pursuant to the Main Contract, DCPCL will engage Ershisanye as the main contractor for the construction of phase I of the Laguna Bay Project. The phase I of the Laguna Bay Project comprises a total gross floor area of approximately 59,673 square metres and a total basement area of approximately 9,687 square metres.

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), it 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 amounting to RMB66,860,000 (approximately HK\$68,866,000), the relevant ratio under Rule 14.07 of the Listing Rules exceeds 2.5% and the consideration is over HK\$10,000,000. Accordingly, the Transaction constitutes a connected transaction for the Company under Rule 14A.13(1)(a). Pursuant to Rule 14A.17 of the Listing Rules, the Transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and also the approval of the Independent Shareholders in the SGM by poll. June Glory (which controlled approximately 53.83% of the issued share capital of the Company as at the date of this announcement) 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 the Transaction. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

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

## **INTRODUCTION**

The Board is pleased to announce that following the recommendation by the Tender Evaluation Committee (評標委員會), DCPCL (the project company for the Laguna Bay Project (東方•龍湖灣項目)) has on 16 July 2007 forwarded a notification regarding the award of tender of the Main Contract to Ershisanye via the Jiangning Tendering Office (南京市江寧區建設工程招投標管理辦公室). The Main Contract was entered into between DCPCL and Ershisanye on 31 July 2007. Pursuant to the Main Contract, DCPCL will engage Ershisanye as the main contractor for the construction of phase I of the Laguna Bay Project. The phase I of the Laguna Bay Project comprises a total gross floor area of approximately 59,673 square metres and a total basement area of approximately 9,687 square metres.

## **BACKGROUND**

The Laguna Bay Project is the property development project as referred to in the Company's announcement and circular to Shareholders dated 11 April 2006 and 24 May 2006 respectively regarding the formation of ODCL, the joint venture company, for the property development project in Nanjing, the PRC. As previously disclosed in the said announcement and circular, ODCL, which is indirectly owned as to 100% by the Company, will be owned as to 71% by the Company.

Further to the report of the progress of the development of the Laguna Bay Project as set out in the annual report of the Company for the year ended 31 December 2006, the project has progressed to the stage of appointing a main contractor for the phase I development. According to Measures on Tenders and Bids for Contracts for Construction Projects (工程建設項目施工招標投標辦法) issued by various government authorities in the PRC, DCPCL is required to (i) appoint a main contractor for the Laguna Bay Project through a tender process under the supervision of the Jiangning Tendering Office; and (ii) to establish the Tender Evaluation Committee to review and evaluate the qualified tenders received with respect to their financial and technical aspects applying the Rational Low Price Method (合理低價法). Accordingly, an invitation to tender was issued by DCPCL for the main contract for phase I of the Laguna Bay Project. The Tender Evaluation Committee established by DCPCL comprised seven members randomly selected on the list of qualified tender evaluation experts (江蘇省房屋建築和市政基礎設施工程招標投標評標專家名冊), which is officially published by the relevant government authority. 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 are independent third parties not connected with the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and their respective associates.

Three qualified tenders were received and they were reviewed and evaluated by the Tender Evaluation Committee. On 10 July 2007, the Tender Evaluation Committee issued its recommendation for the award of tender to Ershisanye for a total contract sum of approximately RMB66,862,000 (approximately HK\$68,868,000). The bid from Ershisanye was the lowest priced bid amongst the three tenders received. DCPCL has on 16 July 2007 forwarded a notification regarding the award of tender of the Main Contract to Ershisanye via the Jiangning Tendering Office. Subsequently, the Main Contract was entered into between DCPCL and Ershisanye on 31 July 2007.

## **THE MAIN CONTRACT**

Date: 31 July 2007  
Principal: DCPCL

Contractor:	Ershisanye
Subject matter:	The terms on which Ershisanye will be engaged by DCPCL as the main contractor in respect of the construction works to be carried out on phase I of the Laguna Bay Project.
Scope of work:	The scope of work includes civil and building works construction, water supply works, drainage, electrical works and ventilation works.
Total contract sum:	Total contract sum is in an amount of RMB66,860,000 (approximately HK\$68,866,000) and is subject to (i) adjustment for the actual quantity of work confirmed by both DCPCL and Ershisanye within two months from the date of the Main Contract; and (ii) adjustments arising from variation orders during the construction period as provided in normal variation clauses in the Main Contract.
Payment terms:	Construction fees will be payable with respect to specific work stages/milestones achieved in various aspects of work. In general, an aggregate of 85% of construction fees 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% will be payable according to a payment schedule and will be fully paid up after two years commencing from the date on which completion acceptance document with respect to the installation work is obtained.
Contract period:	360 days
Condition precedent:	The Main Contract will not come into effect until such time the Transaction has been approved by the Independent Shareholders in the SGM by poll.

## **INFORMATION ON ERSHISANYE**

Ershisanye is an enterprise established under the laws of the PRC with limited liability, and is principally engaged in construction engineering, mining development and operations, real estate and related industries. 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 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.

## **FINANCIAL EFFECTS**

DCPCL intends to finance the construction fees payable to Ershisanye mainly by borrowings. Based on the net assets of the Group of HK\$817,829,000 as at 31 December 2006, the borrowings in connection with the total contract sum of the Main Contract of RMB66,860,000 (approximately HK\$68,866,000) will increase the gearing ratio of the Group (borrowings divided by net assets) by approximately 8.4%. The Transaction will have no material impact on the Group's net assets.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Group is principally engaged in the businesses of real estate development and project management, specialised construction, property leasing, manufacturing and trading, and securities investment and trading. As stated in the annual report of the Company for the year ended 31 December 2006, the Group has decided to further develop its real estate development business as its core business and the Laguna Bay Project is expected to become one of the important revenue and cash flow contributors to the Group for several years starting in 2008. The appointment of a main contractor for the Group's Laguna Bay Project is therefore an

important step forward in its development as it marks the commencement of construction works.

Given that Ershisanye has won the bid through a competitive tender process as recommended by the independent Tender Evaluation Committee and its bid also represented the lowest priced bid amongst the tenders received, the Directors are of the view that the Transaction 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. The Directors further opine that the Transaction is on normal commercial terms and in the ordinary and usual course of business of the Company.

## **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), it 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 amounting to RMB66,860,000 (approximately HK\$68,866,000), the relevant ratio under Rule 14.07 of the Listing Rules exceeds 2.5% and the consideration is over HK\$10,000,000. Accordingly, the Transaction constitutes a connected transaction for the Company under Rule 14A.13(1)(a). Pursuant to Rule 14A.17 of the Listing Rules, the Transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and also the approval of the Independent Shareholders in the SGM by poll. June Glory (which controlled approximately 53.83% of the issued share capital of the Company as at the date of this announcement) 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 the Transaction. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

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

## **GENERAL**

As at the date of this announcement, the Board comprises nine directors, namely Mr. Zhou Zhongshu, Chairman and non-executive Director, Mr. Qian Wenchao, Mr. Wang Xingdong, Mr. Yan Xichuan, Mr. Yin Liang, and Ms. He Xiaoli, executive Directors, and Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria, independent non-executive Directors.

## **DEFINITIONS**

“associate”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“chief executive”	has the same meaning as ascribed to it under the Listing Rules
“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
“connected persons”	has the same meaning as ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“DCPCL”	龍建(南京)置業有限公司 (Dragon Construction (Nanjing) Properties Company Limited), a company established on 5 January 2006 in the PRC and the project company for the Laguna Bay Project, and is wholly-owned by ODCL
“Directors”	the directors (including the independent non-executive directors) of the Company
“Ershisanye”	二十三冶建設集團有限公司 (Ershisanye Construction Group Co. Ltd.), an enterprise which was founded in 1953 and incorporated under the laws of the PRC with limited liability, and which is owned as to 73.19%, 20% 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
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the Independent Board Committee, comprising Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria, being all of the independent non-executive Directors of the Company, which has been formed by the Board to advise the Independent Shareholders in respect of the Transaction
“Independent Shareholders”	the Shareholders other than June Glory and its associates, and excluding any Shareholder who has a material interest in the Transaction
“Jiangning Tendering Office”	南京市江寧區建設工程招投標管理辦公室 (The Construction Project Bidding & Tendering Administrative Office of Jiangning District, Nanjing City) which is responsible for the supervision of the tender process in relation to the appointment of the main contractor for the construction of phase I of the Laguna Bay Project
“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, and which currently holds an approximate 53.83% equity interest in the Company and is the controlling shareholder of the Company
“Laguna Bay Project”	東方•龍湖灣項目, the property development project undertaken by DCPCL on the piece of land situated in Science Park, Jiangning District, Nanjing, the PRC, details of which are contained in the Company’s announcement and circular to Shareholders dated 11 April 2006 and 24 May 2006 respectively

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Main Contract”	the main contract that was entered into between DCPCL and Ershisanye on 31 July 2007 for the construction work of phase I of the Laguna Bay Project
“ODCL”	Oriental Dragon Construction Limited, a company incorporated under the laws of Hong Kong with limited liability and is indirectly owned as to 100% by the Company, and, will be owned as to 71% by the Company and as to 29% by a company controlled by Mr. Tsui Ki Ting and his associates
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SGM”	a special general meeting of the Company to be convened to approve the Transaction
“Shares”	shares of par value of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Tender Evaluation Committee”	評標委員會，the committee established by DCPCL for the review and evaluation of the tenders invited by DCPCL in respect of the construction of phase I of the Laguna Bay Project
“Transaction”	the appointment of Ershisanye by DCPCL as the main contractor in respect of phase I of the Laguna Bay Project, according to the terms stipulated in the Main Contract
“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 announcement is based on the exchange rate of RMB1.00 to HK\$1.03. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.*

By order of the Board  
**Minmetals Land Limited**  
**Wang Xingdong**  
*Managing Director*

Hong Kong, 31 July 2007

\* *For identification purpose only*