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五礦地產
MINMETALS LAND

中國五礦

五礦地產有限公司
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

CONTINUING CONNECTED TRANSACTIONS

**PROPERTY MANAGEMENT SERVICES
FRAMEWORK AGREEMENTS**

PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENTS

The Board is pleased to announce that on 28 September 2022, the Company entered into (i) the China Minmetals Framework Agreement with China Minmetals, pursuant to which the Group shall provide property management services to China Minmetals Group for the period from 28 September 2022 to 27 September 2023; and (ii) the Minmetals Properties Hunan Framework Agreement with Minmetals Properties Hunan, pursuant to which Minmetals Properties Hunan shall provide property management services to the Group for the period from 28 September 2022 to 27 September 2025.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) China Minmetals is the controlling shareholder of the Company holding approximately 61.88% issued Shares and is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules; and (ii) Minmetals Properties Hunan is owned as to approximately 51% indirectly by the Company and approximately 49% by 23rd Metallurgical, an indirect non-wholly owned subsidiary of China Minmetals, and is therefore a connected subsidiary pursuant to Chapter 14A of the Listing Rules. The Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Cap Amounts under each of the China Minmetals Framework Agreement and the Minmetals Properties Hunan Framework Agreement exceed 0.1% but are all less than 5%, the Transactions in respect of each of the China Minmetals Framework Agreement and the Minmetals Properties Hunan Framework Agreement constitute continuing connected transactions of the Company subject to announcement, reporting and annual review requirements but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 28 September 2022, the Company entered into (i) the China Minmetals Framework Agreement with China Minmetals, pursuant to which the Group shall provide property management services to China Minmetals Group for the period from 28 September 2022 to 27 September 2023 and (ii) the Minmetals Properties Hunan Framework Agreement with Minmetals Properties Hunan, pursuant to which Minmetals Properties Hunan shall provide property management services to the Group for the period from 28 September 2022 to 27 September 2025.

CHINA MINMETALS FRAMEWORK AGREEMENT

The principal terms of the China Minmetals Framework Agreement are set out below:

Date

28 September 2022

Parties

1. The Company
2. China Minmetals

Term of the China Minmetals Framework Agreement

The China Minmetals Framework Agreement shall have a term of 1 year from 28 September 2022 to 27 September 2023.

Service to be provided

The Group shall provide property related management services and any other related ancillary services to China Minmetals Group, including but not limited to security, cleaning, repair and maintenance services, sales office management, property management services for unsold residential units, other customer related services such as relationship building with property owners and any requested services and agency fees for sale of properties in respect of (including but not limited to) its real estate development projects, sales offices, industrial parks and carparks, during the term of the China Minmetals Framework Agreement.

China Minmetals Group and the Group shall enter into specific services agreements in respect of the above matters as required from time to time during the term of the China Minmetals Framework Agreement subject to the terms of the China Minmetals Framework Agreement. The specific services agreements shall set out the necessary terms and conditions for the relevant transactions contemplated after the arm's length negotiation on normal commercial terms.

Pricing Basis

The provision of property management services to China Minmetals Group under the China Minmetals Framework Agreement are subject to appointment by China Minmetals Group through tender procedures or quotations from service providers in compliance with the relevant PRC laws, rules and regulations. The pricing and payment terms for the specific services agreements will therefore be determined based on normal commercial terms and evaluation through such tender procedures or quotations obtained.

During the tender or quotation process, the bid evaluation committee of the China Minmetals Group will conduct in-depth evaluation of the tender or quotations submitted by at least 3 bidders or service providers, based on, among other factors, the scale of operation of the tenderers and their proposed terms offered to the China Minmetals Group, including fees chargeable and payment terms compared to prices charged by Independent Third Parties to the China Minmetals Group and with reference to the prevailing market terms for provision of similar services in the relevant region(s).

Subject to the final terms of the specific services agreements to be entered into pursuant to the China Minmetals Framework Agreement, the price quotations provided by the Group to the China Minmetals Group under the China Minmetals Framework Agreement shall be determined with reference to:

- (i) the nature, size and location of the relevant properties;
- (ii) the scope of the property management services;

- (iii) the expected operational costs (including, among others, labour costs, material costs and administrative costs) in relation to the provision of the property management services;
- (iv) the fees charged by Independent Third Parties for similar services in respect of similar types of properties in the market in the relevant region(s); and
- (v) the quotations offered by the Group to Independent Third Parties for similar services.

The fees charged by the Group to China Minmetals Group shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable), and the terms offered by the Group to China Minmetals Group shall be fair and reasonable and no less favourable than terms offered by the Group to Independent Third Parties for the same or similar type and scope of property management services.

Payment terms

The amounts for the property management services provided under the China Minmetals Framework Agreement shall be paid and settled in RMB and at such times and in such manner as specified in the specific services agreements to be entered into. Such payment and settlement terms shall be fair and reasonable and no less favourable than the market terms offered by the Group to Independent Third Parties.

MINMETALS PROPERTIES HUNAN FRAMEWORK AGREEMENT

The principal terms of the Minmetals Properties Hunan Framework Agreement are set out below:

Date

28 September 2022

Parties

1. The Company
2. Minmetals Properties Hunan

Term of the Minmetals Properties Hunan Framework Agreement

The Minmetals Properties Hunan Framework Agreement shall have a term of 3 years from 28 September 2022 to 27 September 2025.

Services to be provided

Minmetals Properties Hunan shall provide property related management services and any other related ancillary services to the Group, including but not limited to security, cleaning, repair and maintenance services, sales office management, property management services for unsold residential units, other customer related services such as relationship building with property owners and any requested services and agency fees for sale of properties in respect of (including but not limited to) its real estate development projects, sales offices, industrial parks and carparks, during the term of the Minmetals Properties Hunan Framework Agreement.

Minmetals Properties Hunan and the Group shall enter into specific services agreements in respect of the above matters as required from time to time during the term of the Minmetals Properties Hunan Framework Agreement subject to the terms of the Minmetals Properties Hunan Framework Agreement. The specific services agreements shall set out the necessary terms and conditions for the relevant transactions contemplated after the arm's length negotiation on normal commercial terms.

Pricing Basis

The provision of property management services to the Group under the Minmetals Properties Hunan Framework Agreement is subject to appointment by the Group through tender procedures or quotations from service providers in compliance with the relevant PRC laws, rules and regulations. The pricing and payment terms for the specific services agreements will therefore be determined based on normal commercial terms and evaluation through such tender and bid procedures or quotations obtained.

During the tender or quotation process, the bid evaluation committee of the Group will conduct in-depth evaluation of the tender or quotations submitted by at least 3 bidders or service providers, based on, among other factors, the scale of operation of the tenderers and their proposed terms offered to the Group, including fees chargeable and payment terms compared to prices charged by Independent Third Parties to the Group and with reference to the prevailing market terms for provision of similar services in the relevant region(s).

Subject to the final terms of the specific services agreements to be entered into pursuant to the Minmetals Properties Hunan Framework Agreement, the price quotations provided by Minmetals Properties Hunan to the Group for the bidding under the Minmetals Properties Hunan Framework Agreement shall be determined with reference to:

- (i) the nature, size and location of the relevant properties;
- (ii) the scope of the property management services;

- (iii) expected operational costs (including, among others, labour costs, material costs and administrative costs) in relation to the provision of the property management services;
- (iv) the fees charged by Independent Third Parties for similar services in respect of similar types of properties in the market in the relevant region(s); and
- (v) the quotations offered by Minmetals Properties Hunan to Independent Third Parties for similar services.

The fees charged by Minmetals Properties Hunan to the Group shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable), and the terms offered by Minmetals Properties Hunan to the Group shall be fair and reasonable and no less favourable to the Group than terms available from Independent Third Parties for the same or similar type and scope of property management services.

Payment terms

The amounts for the property management services provided under the Minmetals Properties Hunan Framework Agreement shall be paid and settled in RMB and at such times and in such manner as specified in the specific services agreements to be entered into. Such payment and settlement terms shall be fair and reasonable and no less favourable than the market terms offered by Independent Third Parties to the Group.

HISTORICAL TRANSACTION AMOUNTS

China Minmetals Framework Agreement

The approximate historical service fees paid or payable by China Minmetals Group in relation to property management services provided by the Group during the three years ended 31 December 2021 and eight months ended 31 August 2022, are as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021	For the period between 1 January 2022 and 31 August 2022
Historical service fees	RMB0 (approximately HK\$0)	RMB0 (approximately HK\$0)	RMB250,000 (approximately HK\$297,625)	RMB1,500,000 (approximately HK\$1,785,750)

Minmetals Properties Hunan Framework Agreement

The approximate historical service fees paid or payable by the Group in relation to property management services provided by Minmetals Properties Hunan during the three years ended 31 December 2021 and the eight months ended 31 August 2022 (including but not limited to property management services provided by Minmetals Properties Hunan to the Group as disclosed in the announcement of the Company dated 31 January 2022), are as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021	For the period between 1 January 2022 and 31 August 2022
Historical service fees	RMB11,680,000 (approximately HK\$13,905,040)	RMB3,250,000 (approximately HK\$3,869,125)	RMB4,950,000 (approximately HK\$5,892,975)	RMB3,490,000 (approximately HK\$4,154,845)

PROPOSED ANNUAL CAP AMOUNTS

The Annual Cap Amounts set for the property management services under the China Minmetals Framework Agreement are as follows:

	For the period from 28 September 2022 to 31 December 2022	For the period from 1 January 2023 to 27 September 2023
Annual Cap Amounts	RMB16,000,000 (approximately HK\$19,048,000)	RMB24,000,000 (approximately HK\$28,572,000)

The Annual Cap Amounts in respect of the China Minmetals Framework Agreement were determined principally by reference to:

- (i) the historical service fees paid or payable by the China Minmetals Group;
- (ii) the estimated demand of the China Minmetals Group for property management services in relation to (including without limitation to) its real estate development projects, sales office, industrial park and carparks;
- (iii) the aforementioned pricing basis;
- (iv) the estimated increasing demand of the China Minmetals Group with reference to the business plan and estimation of the China Minmetals Group in relation to real estate development projects; and

- (v) the current market prices available by Independent Third Parties providing similar services in the relevant region(s).

The Annual Cap Amounts set for the property management services under the Minmetals Properties Hunan Framework Agreement (including but not limited to property management services provided by Minmetals Properties Hunan to the Group as disclosed in the announcement of the Company dated 31 January 2022) are as follows:

	For the period from 28 September 2022 to 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024	For the period from 1 January 2025 to 27 September 2025
Annual Cap Amounts	RMB33,090,000 (approximately HK\$39,393,645)	RMB29,290,000 (approximately HK\$34,869,745)	RMB28,610,000 (approximately HK\$34,060,205)	RMB17,350,000 (approximately HK\$20,655,175)

The Annual Cap Amounts in respect of the Minmetals Properties Hunan Framework Agreement were determined principally by reference to:

- (i) the historical service fees paid or payable by the Group;
- (ii) the estimated demand of the Group for property management services in relation to (including without limitation to) its real estate development projects, sales office, industrial park and carparks;
- (iii) the aforementioned pricing basis;
- (iv) the estimated completion date of sales of relevant real estate development projects; and
- (v) the current market prices available by Independent Third Parties providing similar services in the relevant region(s).

Shareholders should note that the Annual Cap Amounts should not be construed as an assurance or forecast by the Company of any future revenues of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENTS

China Minmetals Framework Agreement

The Group has extensive experience in real estate development and has rich experience and resources in property management services. The Group has been providing property management services for projects to Minmetals Yingkou Industrial Park, Changyuan Lico High-tech Base, MCC Changtian Science and Technology Industrial Park, Construction Site of Shanghai Baoye Nanjing Branch Company, etc. The provision of property management services to China Minmetals Group is conducive to develop and expand the Group's property management business and will create synergy with the other businesses of the Group. It will enhance the brand recognition of the Group in the property management services market.

Minmetals Properties Hunan Framework Agreement

Minmetals Properties Hunan is classified as Class I property management corporation by the relevant government authority in the PRC and has obtained ISO 9001 and ISO 14001 certifications. Minmetals Properties Hunan has good track record of providing stable and efficient services to other members of the Group since 2012 and has extensive property management experience in the PRC. In addition, through the long-standing cooperative relationship with the Group, Minmetals Properties Hunan maintains better understanding of the overall strategies and service requirements of the Group compared with other Independent Third Parties. Taking into account the aforementioned competitive edge and as a non-wholly owned subsidiary of the Group, Minmetals Properties Hunan is considered the most suitable property management service provider for the Group.

The Directors (including independent non-executive Directors) are of the view that the Property Management Services Framework Agreements were entered into in the ordinary and usual course of business of the Company, and that the terms of the Property Management Services Framework Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole. No Director has a material interest in the Property Management Services Framework Agreements and the transactions contemplated thereunder nor is required to abstain from voting on the Board resolution approving the same.

INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT MEASURES

In order to safeguard the interests of the Shareholders, the Group will adopt the following guidelines and principles in monitoring the Transactions and the Annual Cap Amounts:

- (i) specifically designated personnel from the Company will be responsible for monitoring the Transactions and the Annual Cap Amounts and will ensure that the Transactions are conducted in accordance with the terms of the Property Management Services Framework Agreements and the specific services agreements;
- (ii) the Company will conduct regular checks and compare the prices and terms of the Transactions against that offered to Independent Third Parties to review and assess whether the Transactions are conducted on normal commercial terms, no less favourable than that offered by the Group to Independent Third Parties and in the interest of the Company and the Shareholders as a whole;
- (iii) the Company's external auditors will conduct an annual review on the pricing and annual caps of the continuing connected transactions of the Company, including the transactions contemplated under the Property Management Services Framework Agreements;
- (iv) the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions of the Company, including the transactions contemplated under the Property Management Services Framework Agreements and the Annual Cap Amounts on an annual basis; and
- (v) the Company will review the Transactions and the Annual Cap Amounts on an annual basis, summarise the experience and improve on any inadequacies.

INFORMATION OF THE COMPANY, CHINA MINMETALS AND MINMETALS PROPERTIES HUNAN

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

China Minmetals is a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder of the Company which is indirectly interested in approximately 61.88% of the issued share capital of the Company as at the date of this announcement. It is principally engaged in exploration, mining, smelting, processing and trading for metals and minerals, finance, real estate, and mining and metallurgic technology.

Minmetals Properties Hunan, a non-wholly owned subsidiary of the Group, is owned as to approximately 51% indirectly by the Company and approximately 49% by 23rd Metallurgical, an indirect non-wholly owned subsidiary of China Minmetals, which is the controlling shareholder of the Company holding approximately 61.88% issued Shares. It is principally engaged in property management and consultation, property agency service, property leasing, cleaning service, and sale of hotel supplies, construction materials and daily supplies.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) China Minmetals is the controlling shareholder of the Company holding approximately 61.88% issued Shares and is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules; and (ii) Minmetals Properties Hunan is owned as to approximately 51% indirectly by the Company and approximately 49% by 23rd Metallurgical, an indirect non-wholly owned subsidiary of China Minmetals, and is therefore a connected subsidiary pursuant to Chapter 14A of the Listing Rules. The Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Cap Amounts under each of the China Minmetals Framework Agreement and the Minmetals Properties Hunan Framework Agreement exceed 0.1% but are all less than 5%, the Transactions in respect of each of the China Minmetals Framework Agreement and the Minmetals Properties Hunan Framework Agreement constitute continuing connected transactions of the Company subject to announcement, reporting and annual review requirements but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

- “23rd Metallurgical” 五礦二十三冶建設集團有限公司 (The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals*), a company established under the laws of the PRC with limited liability, is an indirect non-wholly owned subsidiary of China Minmetals and the holder of 49% of the equity interests of Minmetals Properties Hunan as at the date of this announcement;
- “Annual Cap Amount(s)” the maximum annual transaction amount of service fees (i) payable by China Minmetals Group under the China Minmetals Framework Agreement and (ii) payable by the Group under the Minmetals Properties Hunan Framework Agreement, for each of the year/period;

“Board”	the board of Directors;
“China Minmetals”	China Minmetals Corporation, a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder of the Company which is indirectly interested in approximately 61.88% of the issued share capital of the Company as at the date of this announcement;
“China Minmetals Group”	China Minmetals, its subsidiaries and associates;
“China Minmetals Framework Agreement”	the property management services framework agreement dated 28 September 2022 and entered into between the Company and China Minmetals;
“Company”	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company or its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Minmetals Land Hunan”	五礦地產湖南開發有限公司 (Minmetals Land Hunan Development Co., Ltd.*), a company established under the laws of the PRC with limited liability and an indirect non-wholly subsidiary of the Company;
“Minmetals Properties Hunan”	五礦物業服務(湖南)有限公司 (Minmetals Properties Service (Hunan) Co., Ltd.*), a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of Minmetals Land Hunan;
“Minmetals Properties Hunan Framework Agreement”	the property management services framework agreement dated 28 September 2022 and entered into between the Company and Minmetals Properties Hunan;

“Property Management Services Framework Agreements”	the China Minmetals Framework Agreement and the Minmetals Properties Hunan Framework Agreement;
“PRC”	the People’s Republic of China (for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan);
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of Share(s);
“Shares”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the provision of property management services by the Group as contemplated under the Property Management Services Framework Agreements; and
“%”	per cent.

* For identification purpose only

In this announcement, unless the context requires otherwise, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “connected subsidiary”, “Independent Third Party(ies)”, “percentage ratio(s)”, “controlling shareholder(s)” and “subsidiary(ies)”, shall have the meaning given to such terms in the Listing Rules.

For the purpose of illustration only and unless otherwise stated, conversions of Renminbi into Hong Kong dollars in this announcement is calculated at the exchange rate of RMB1.00 to HK\$1.1905. 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.

By order of the Board
Minmetals Land Limited
He Jianbo
Chairman

Hong Kong, 28 September 2022

As at the date of this announcement, the board of directors of the Company comprises nine directors, namely Mr. He Jianbo as the Chairman and an executive director, Mr. Liu Bo, Mr. Chen Xingwu and Mr. Yang Shangping as executive directors, Ms. He Xiaoli and Mr. Huang Guoping as non-executive directors, and Mr. Lam Chung Lun, Billy, Ms. Law Fan Chiu Fun, Fanny and Professor Wong Xiuli as independent non-executive directors.