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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)**

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS THE 2023 CONSTRUCTION AGREEMENT**

Reference is made to the announcement of the Company dated 17 April 2020 and the circular of the Company dated 12 May 2020 in relation to the 2020 Construction Agreement, pursuant to which the Group may engage member(s) of the China Minmetals Group as construction contractor(s) for the Group's real estate development projects in the PRC and Hong Kong, subject to successful tender.

The 2020 Construction Agreement will expire on 18 April 2023 and it is expected that the Group will continue to enter into similar transactions from time to time thereafter. Accordingly, on 17 April 2023, China Minmetals and the Company entered into the 2023 Construction Agreement to renew the 2020 Construction Agreement for a further term of 3 years from 19 April 2023 to 18 April 2026.

As at the date of this announcement, 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. 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 the 2023 Construction Agreement exceed 5%, the Transactions constitute continuing connected transactions of the Company subject to reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders in connection with the 2023 Construction Agreement and the Transactions (including the Annual Cap Amounts). The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the 2023 Construction Agreement and the Transactions (including the Annual Cap Amounts).

The Company will convene the SGM to seek the Independent Shareholders' approval for the 2023 Construction Agreement and the Transactions (including the Annual Cap Amounts).

A circular containing, among others, (i) details of the 2023 Construction Agreement, the Transactions and the Annual Cap Amounts; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the 2023 Construction Agreement and the Transactions (including the Annual Cap Amounts); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2023 Construction Agreement and the Transactions (including the Annual Cap Amounts); and (iv) a notice convening the SGM, will be despatched to the Shareholders on or before 9 May 2023.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 17 April 2020 and the circular of the Company dated 12 May 2020 in relation to the 2020 Construction Agreement, pursuant to which the Group may engage member(s) of the China Minmetals Group as construction contractor(s) for the Group's real estate development projects in the PRC and Hong Kong, subject to successful tender.

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## **2023 CONSTRUCTION AGREEMENT**

The principal terms of the 2023 Construction Agreement are set out below:

### **Date**

17 April 2023

## **Parties**

- (1) The Company
- (2) China Minmetals

## **Term**

Subject to shareholders' approval in the SGM, the 2023 Construction Agreement shall have a term of 3 years from 19 April 2023 to 18 April 2026.

## **Subject matter**

The Group may from time to time invite member(s) of the China Minmetals Group to tender for construction contract(s) in the PRC and Hong Kong in accordance with the Group's tender procedure and general conditions offered to independent bidders (including general provisions for adjusting construction amounts due to, for example, changes to projects). Subject to successful tender, the Group shall engage the member(s) of the China Minmetals Group as construction contractor(s) in respect of existing and future real estate development projects (excluding the portions of the existing projects that had been tendered) of the Group in the PRC and Hong Kong, provided that the total contract sums of the construction contract(s) to be awarded by the Group to member(s) of the China Minmetals Group during each of the three years from 19 April 2023 to 18 April 2026 shall not exceed the Annual Cap Amounts.

China Minmetals Group and the Group shall enter into specific agreements in respect of the successful tenders from time to time during the term of the 2023 Construction Agreement. The specific agreements shall set out the necessary terms and conditions for the relevant transactions after arm's length negotiation on normal commercial terms and shall not be inconsistent with the 2023 Construction Agreement.

## **Termination**

The 2023 Construction Agreement shall expire on 18 April 2026 unless it is early terminated under any of the following circumstances:

- (1) mutual agreement among the parties;
- (2) if a party to the 2023 Construction Agreement has breached or failed to comply with the 2023 Construction Agreement or any construction contract in connection therewith and fails to rectify such breach or non-compliance within the prescribed period, the non-defaulting party may terminate the 2023 Construction Agreement by written notice; or

- (3) if a party to the 2023 Construction Agreement has committed a material breach of the 2023 Construction Agreement or any construction contract in connection therewith, the non-defaulting party may terminate the 2023 Construction Agreement.

### **Pricing Basis**

The construction contract sum payable to member(s) of the China Minmetals Group as construction contractor(s) for the Group's real estate development projects in the PRC and Hong Kong shall be determined through procedures of tenders in accordance with (i) the applicable rules and regulations of the locations where the construction projects are situated and in the PRC; (ii) the nature and condition of each construction project; (iii) the tender submitted by other independent contractors which indicated fees charged by Independent Third Parties for the project; and (iv) the expected costs (including, among others, labour costs, material costs and administrative costs) in relation to the construction of the relevant real estate development projects.

The tender procedures generally involve (i) issuing invitation for tender; (ii) receipt of tender submissions; (iii) tender evaluation committee which comprise of independent qualified experts as approved by relevant government authorities or in-house and/or external experts formed to review and evaluate the tenders submitted in accordance with the aforementioned tender assessment method, and issue its recommendation; and (iv) appointment of the successful tenderer according to the recommendation of the tender evaluation committee.

The tenders will be assessed based on, among other factors, the background, financial capabilities, operational capacity, qualifications, expertise or prior experience of members of the China Minmetals Group in similar projects and their proposed terms offered to the Group, including unit tender rates and total tender sum. The Group will ensure that if China Minmetals Group is awarded the construction contract(s), the Transactions will be conducted on normal commercial terms or better and that the price and terms offered by China Minmetals Group are fair and reasonable and comparable to those offered by Independent Third Parties and will not be prejudicial to the interests of the Company and its Shareholders.

## Historical transaction amounts

The amount of the Group's construction contracts awarded to members of the China Minmetals Group for the period from 19 April 2020 to the date of this announcement, are as follows:

	For the period from			1 January 2023 to
19 April 2020 to 31 December 2020	1 January 2021 to 31 December 2021	1 January 2022 to 31 December 2022		the date of this announcement
RMB1,991,233,000 (approximately HK\$2,270,603,000)	RMB1,701,056,000 (approximately HK\$1,939,714,000)	RMB3,013,423,000 (approximately HK\$3,436,206,000)		Nil

## Proposed Annual Cap Amounts

The Annual Cap Amounts set for the construction contracts awarded to members of the China Minmetals Group for the period from 19 April 2023 to 18 April 2026 are as follows:

	For the period from			1 January 2026 to 18
19 April 2023 to 31 December 2023	1 January 2024 to 31 December 2024	1 January 2025 to 31 December 2025		April 2026
RMB6,788,510,000 (approximately HK\$7,740,938,000)	RMB5,829,410,000 (approximately HK\$6,647,276,000)	RMB3,792,520,000 (approximately HK\$4,324,611,000)		RMB3,112,000,000 (approximately HK\$3,548,614,000)

The Annual Cap Amounts in respect of the 2023 Construction Agreement were determined principally by reference to:

- (1) the estimated amount of construction contracts for the Group's existing and potential real estate development projects in the PRC and Hong Kong;
- (2) the likelihood of member(s) of the China Minmetals Group to participate in and winning the project tender;
- (3) the estimated scope of construction work in respect of the Group's real estate development projects;
- (4) the estimated relevant construction price on a per square meter basis and the expected progress of the construction works; and
- (5) the estimated total contract sums of the Group's construction contracts which may be awarded to member(s) of the China Minmetals Group under the Transactions.

Shareholders should note that the Annual Cap Amounts represent the best estimates by the Group based on the information currently available to the Group and amount of construction contracts that the Group may award to member(s) of the China Minmetals Group during the three years from 19 April 2023 to 18 April 2026. The Annual Cap Amounts should not be construed as any estimate or projections of the amount of construction contracts for the Group's existing and potential real estate development projects in the PRC and Hong Kong and should not be taken to have any direct bearing on, the Group's financial or potential financial performance.

The construction contract sum will typically be payable with respect to specific work stages or milestones achieved in various aspects of work which may fall within or outside the specific year of award or term of the 2023 Construction Agreement. The Annual Cap Amounts of each period represent only the amount awarded during the respective period.

### **Reasons for and benefits of the Transactions**

Since July 2007, 23rd Metallurgical (being a non-wholly owned subsidiary of China Minmetals) has been engaged, based on successful tender, as construction contractor for the Group's real estate development projects in the PRC. Commencing from April 2017, the Company has extend its offer to other members of the China Minmetals Group which possess class I qualifications in building construction to place tenders for its construction contract(s) in the PRC and Hong Kong and subject to successful tender, to engage them as construction contractor(s) for the Group's real estate development projects.

Based on the long-standing working relationship with members of the China Minmetals Group, the Group is satisfied with their competence as construction contractor for the Group's real estate development projects as they could provide expedient and reliable services compared to those rendered by Independent Third Parties. Accordingly, the Company intends to continue to invite member(s) of the China Minmetals Group to place tenders for its construction contracts.

As the Group's real estate development business continues to grow in the PRC and Hong Kong, it is anticipated that the Group will, in the coming few years, actively invite tenders for construction works relating to its real estate development projects.

The engagement of member(s) of the China Minmetals Group as construction contractor(s) for the Group's real estate development projects is subject to successful tender(s) in competitive tendering process(es) governed by the relevant rules and regulations in the PRC and Hong Kong.

The Directors (excluding independent non-executive Directors whose view would be set out in a circular to be despatched to the Shareholders after considering the recommendation from the Independent Financial Adviser) are of the view that the 2023 Construction Agreement was entered into in the ordinary and usual course of business of the Company, and that the terms of the 2023 Construction Agreement 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 2023 Construction Agreement 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:

- (1) 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 2023 Construction Agreement and the specific services agreements;
- (2) 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;
- (3) 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;
- (4) 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 and the Annual Cap Amounts on an annual basis; and
- (5) the Company will review the Transactions and the Annual Cap Amounts on an annual basis, summarise the experience and improve on any inadequacies.

## **INFORMATION ABOUT THE COMPANY AND CHINA MINMETALS**

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

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, 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. 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 the 2023 Construction Agreement exceed 5%, the Transactions constitute continuing connected transactions of the Company subject to reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders in connection with the 2023 Construction Agreement and the Transactions (including the Annual Cap Amounts). The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the 2023 Construction Agreement and the Transactions (including the Annual Cap Amounts).

The Company will convene the SGM to seek the Independent Shareholders' approval for the 2023 Construction Agreement and the Transactions (including the Annual Cap Amounts).

A circular containing, among others, (i) details of the 2023 Construction Agreement, the Transactions and the Annual Cap Amounts; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM, will be despatched to the Shareholders on or before 9 May 2023.



## DEFINITIONS

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

“2020 Construction Agreement”	the agreement dated 17 April 2020 entered into between the Company and China Minmetals in relation to the engagement of member(s) of the China Minmetals Group as construction contractor(s) (subject to successful tender) in respect of the existing and future real estate development projects of the Group in the PRC and Hong Kong for the three years from 19 April 2020 to 18 April 2023;
“2023 Construction Agreement”	the agreement dated 17 April 2023 entered into between the Company and China Minmetals in relation to the engagement of member(s) of the China Minmetals Group as construction contractor(s) (subject to successful tender) in respect of the existing and future real estate development projects of the Group in the PRC and Hong Kong for the three years from 19 April 2023 to 18 April 2026;
“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 as at the date of this announcement;
“Annual Cap Amount(s)”	the proposed maximum annual transaction amount of the construction contracts awarded to China Minmetals Group pursuant to the 2023 Construction Agreement, for each of the year/period, as set out in section headed “Annual Cap Amounts” in this announcement;
“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 and its subsidiaries;

“Company”	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange;
“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 Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, which has been formed by the Board to advise the Independent Shareholders in respect of the 2023 Construction Agreement and the Transactions (including the Annual Cap Amounts);
“Independent Financial Adviser”	Shanggu Securities Limited, appointed by the Company as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2023 Construction Agreement and the Transactions (including the Annual Cap Amounts);
“Independent Shareholder(s)”	Shareholder(s) other than June Glory and its associates, and any Shareholder who has a material interest in the Transactions;
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company or its connected persons;
“June Glory”	June Glory International Limited, a company incorporated in the British Virgin Islands with limited liability, an associate of China Minmetals, and the immediate controlling shareholder of the Company holding approximately 61.88% of the Shares as at the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“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;

“SGM”	a special general meeting of the Company to be convened to consider and approve the 2023 Construction Agreement and the Transactions (including the Annual Cap Amounts);
“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 transactions contemplated under the 2023 Construction Agreement; 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)”, “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\$1.1403. 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, 17 April 2023

*As at the date of this announcement, the Board 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 Wang Xiuli as independent non-executive directors.*