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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**

**CONSTRUCTION PROJECT MANAGEMENT AGREEMENT  
FOR A CONSTRUCTION PROJECT IN SHENZHEN**

The Board announces that on 24 February 2014, the Project Managers entered into the Construction Project Management Agreement with Minmetals Futures, a wholly-owned subsidiary of China Minmetals, pursuant to which Minmetals Futures agreed to appoint the Project Managers as the project managers for the Construction Project to provide the Services for the Construction Project. The maximum Service Fees receivable by the Project Managers amounting to approximately RMB30,000,000 (approximately HK\$38,400,000) comprises the Basic Fee of approximately RMB25,000,000 (approximately HK\$32,000,000) and the Incentive Fee of approximately RMB5,000,000 (approximately HK\$6,400,000).

The provision of the Services is in the ordinary and usual course of business of the Group and the terms of the Construction Project Management Agreement and the Service Fees are on normal commercial terms and are determined after arm's length negotiation. Since Minmetals Futures is a wholly-owned subsidiary of China Minmetals, the ultimate Controlling Shareholder of the Company which held approximately 62.05% of the issued share capital of the Company as at the date of this announcement, Minmetals Futures is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transaction contemplated under the Construction Project Management Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Based on the applicable size tests performed with respect to the Service Fees under the Construction Project Management Agreement, each of the relevant percentage ratios is more than 0.1% but less than 5%. Pursuant to Rule 14A.32 of the Listing Rules, the transaction contemplated under the Construction Project Management Agreement is therefore subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement.

## **BACKGROUND**

Minmetals Futures, a wholly-owned subsidiary of China Minmetals, is the owner of the land use rights of a piece of land in Shenzhen, the PRC with a site area of 4,197.4 square metres. Minmetals Futures plans to construct thereon a commercial complex and certain ancillary facilities which will serve as its southern headquarter in the PRC.

On 24 February 2014, Minmetals Futures entered into the Construction Project Management Agreement with the Project Managers pursuant to which Minmetals Futures appoints the Project Managers as the project managers for the Construction Project to provide the Services for the Construction Project.

## **THE CONSTRUCTION PROJECT MANAGEMENT AGREEMENT**

- Date : 24 February 2014
- Parties : (i) Principal : Minmetals Futures  
(ii) Project managers : Minmetals Land Beijing  
Minmetals Zhidi
- Subject matter : Minmetals Futures appoints Minmetals Land Beijing and Minmetals Zhidi as the project managers for the Construction Project to provide the Services for the Construction Project.
- Duration : Completion of the Construction Project (including completion of the registration of the overall acceptance inspection and legal title for the Construction Project) is expected to be on or before 30 June 2017.
- Scope of work : The Project Managers will perform all acts in connection with the Construction Project which are usually or customarily performed by a project manager, including, inter alia, the design review, obtaining the construction permit, tender management, controlling construction cost, preparing construction records and human resources and administration management. Minmetals Land Beijing will be principally responsible for carrying out the Services, with the assistance of Minmetals Zhidi.

To ensure the effective communication between Minmetals Futures and the Project Managers, a management committee comprising representatives from both parties will be set up to be responsible for the drafting and review of all material aspects of the Construction Project, including budgets, tenders and purchasing of materials.

Whilst Minmetals Futures retains the right of final decision in relation to certain fundamental aspects of the Construction Project, such as the design blueprint of the construction, landscape design, decorations and other material construction change, the Project Managers shall be responsible for the daily operation and management of the Construction Project.

Service Fees and terms of payment : The maximum Service Fees receivable in cash by the Project Managers amounting to approximately RMB30,000,000 (approximately HK\$38,400,000) is comprised of:

- (i) the Basic Fee (which is equal to 5% of the project construction cost of the Construction Project, which is in turn subject to the final accounts approved by Minmetals Futures) preliminarily estimated to be RMB25,000,000 (equivalent to HK\$32,000,000), of which, Minmetals Zhidi will be entitled to receive an amount of approximately RMB9,750,000 (approximately HK\$12,480,000), and Minmetals Land Beijing will be entitled to receive an amount of approximately RMB15,250,000 (approximately HK\$19,520,000). The Basic Fee shall be payable in stages upon the achievement of certain work stages or milestones relating to the progress of the Construction Project; and
- (ii) the Incentive Fee (which is equal to 1% of the project construction cost of the Construction Project) preliminarily estimated to be RMB5,000,000 (approximately HK\$6,400,000), which shall be payable only if: (a) the actual construction costs of the Construction Project is lower than the budgeted construction costs by more than 3%, (b) the actual construction period is earlier than the agreed construction period by more than 1% and (c) there is no substantial incident during the construction of the Construction Project. The maximum amount of the Incentive Fee to be awarded to Minmetals Land Beijing will be approximately RMB5,000,000 (approximately HK\$6,400,000).

A punishment mechanism is also in place where penalty will be imposed on Minmetals Land Beijing if (a) the actual construction costs is higher than the budgeted construction cost by more than 3% or (b) the actual construction period is delayed from the agreed construction period by more than 10%. The maximum penalty to be imposed on Minmetals Land Beijing will not exceed RMB5,000,000 (approximately HK\$6,400,000).

## **REASONS FOR AND BENEFITS OF THE TRANSACTION CONTEMPLATED UNDER THE CONSTRUCTION PROJECT MANAGEMENT AGREEMENT**

The principal activities of the Group include, inter alia, real estate development. The expertise accumulated by the Group from its previous and existing real estate development projects has contributed to its property management ability. The entering into of the Construction Project Management Agreement is an opportunity to generate revenue for the Group by utilising its existing strengths.

The provision of the Services is in the ordinary and usual course of business of the Group and the terms of the Construction Project Management Agreement and the Service Fees are on normal commercial terms and are determined after arm's length negotiation.

The Directors (including independent non-executive Directors) consider that the terms of the Construction Project Management Agreement are fair and reasonable, on normal commercial terms and in the interest of the Company and its Shareholders as a whole. No Director has a material interest in the transaction contemplated under the Construction Project Management Agreement nor is required to abstain from voting on the board resolution approving the transaction.

## **LISTING RULES IMPLICATIONS**

Minmetals Futures is a wholly-owned subsidiary of China Minmetals, the ultimate Controlling Shareholder of the Company which held approximately 62.05% of the issued share capital of the Company as at the date of this announcement. Accordingly, Minmetals Futures is a connected person of the Company under the Listing Rules and the transaction contemplated under the Construction Project Management Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Based on the applicable size tests performed with respect to the Service Fees under the Construction Project Management Agreement, each of the relevant percentage ratios is more than 0.1% but less than 5%. Pursuant to Rule 14A.32 of the Listing Rules, the transaction contemplated under the Construction Project Management Agreement is therefore subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement.

Pursuant to Rule 14A.45 of the Listing Rules, details of the Construction Project Management Agreement will be included in the next published annual reports and financial statements of the Company.

## **GENERAL**

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

Minmetals Futures is principally engaged in the commodities and financial futures brokerage business.

## **DEFINITIONS**

In this announcement, the following expressions shall have the respective meanings set opposite thereto:

“Basic Fee”	basic fees to be paid by Minmetals Futures to the Project Managers for the provision of the Services pursuant to the Construction Project Management Agreement which is equal to 5% of the project construction cost of the Construction Project (which is in turn subject to the final accounts approved by Minmetals Futures and which shall be payable in cash and in stages upon the achievement of certain work stages or milestones relating to the progress of the Construction Project)
“Board”	the board of Directors
“China Minmetals”	China Minmetals Corporation, a state-owned enterprises incorporated under the laws of the PRC and the ultimate Controlling Shareholder of the Company which is indirectly interested in approximately 62.05% of the issued share capital of the Company as at the date of this announcement
“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
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Construction Project”	the project involving the construction of a commercial complex and certain ancillary facilities for the use by Minmetals Futures as its southern headquarter in the PRC
“Construction Project Management Agreement”	the construction project management agreement entered into between the Project Managers and Minmetals Futures on 24 February 2014 in relation to the appointment of the Project Managers for the Construction Project to provide the Services for the Construction Project
“Controlling Shareholder”	has the same meaning as ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Incentive Fee”	incentive fees to be paid by Minmetals Futures to Minmetals Land Beijing pursuant to the Construction Project Management Agreement, which is to be paid in cash only if criteria as set out in the Construction Project Management Agreement in relation to construction costs, construction period and substantial incident are met
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Minmetals Futures”	五礦期貨有限公司 (Minmetals Futures Co., Limited*), a company established under the laws of the PRC and a wholly-owned subsidiary of China Minmetals
“Minmetals Land Beijing”	五礦建設投資管理(北京)有限公司 (Minmetals Land Investment Management (Beijing) Co., Ltd*), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Minmetals Zhidi”	五礦智地企業管理諮詢(深圳)有限公司 (Minmetals Zhidi Corporate Management Consultancy (Shenzhen) Co., Ltd.*), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China and, for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Project Managers”	Minmetals Land Beijing and Minmetals Zhidi
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	construction project management services to be provided by the Project Managers pursuant to the Construction Project Management Agreement, under which the Project Managers will perform all acts in connection with the Construction Project which are usually or customarily performed by a project manager

“Service Fees”	the aggregate fees payable by Minmetals Futures to the Project Managers for the provision of the Services of up to approximately RMB30,000,000 (approximately HK\$38,400,000), comprising the Basic Fee and the Incentive Fee
“Shares”	share(s) of par value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holders of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

By order of the Board  
**He Jianbo**  
*Deputy Chairman and Managing Director*

Hong Kong, 24 February 2014

*As at the date of this announcement, the Board comprises nine Directors, namely Mr. Sun Xiaomin as the Chairman and a non-executive Director, Mr. He Jianbo as the Deputy Chairman, Managing Director and an executive Director, Mr. Yin Liang and Ms. He Xiaoli as executive Directors, Mr. Tian Jingqi and Mr. Liu Zeping as non-executive Directors, and Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria as independent non-executive Directors.*

*The exchange rate of RMB1.00 to HK\$1.28 used in this announcement for translation of RMB to HK\$ is for illustrative purpose only.*

*\* For identification purpose only*