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**五礦地產有限公司**  
**MINMETALS LAND LIMITED**

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 230)**

**MAJOR AND CONTINUING CONNECTED TRANSACTIONS  
AND  
REVISION OF ANNUAL CAPS  
FOR THE FINANCIAL SERVICES FRAMEWORK AGREEMENT**

**BACKGROUND**

Reference is made to the announcement and circular of the Company dated 20 April 2018 and 14 May 2018 respectively in relation to the 2018 Agreement (collectively, the "**2018 Disclosure**") whereby Minmetals Finance has agreed to provide, among other things, current and fixed deposit services to the Company and its subsidiaries in Mainland China for the period from 20 April 2018 to 19 April 2021, subject to the Original Annual Caps, being a daily balance of RMB2,000 million (equivalent to approximately HK\$2,323.6 million).

The Board announces that on 28 March 2019, in order to allow the Company to have a direct committed source of funding from Minmetals Finance to serve its needs when required and to enhance return on surplus funds due to favourable interest rates for deposits offered by Minmetals Finance, the Company and Minmetals Finance entered into the Supplemental Agreement whereby (i) the Company shall seek approval from the Independent Shareholders to revise the Original Annual Caps to RMB3,000 million (equivalent to approximately HK\$3,485.4 million) (i.e. the Proposed New 2019-2021 Annual Caps), and (ii) conditional on the approval of the Proposed New 2019-2021 Annual Caps by the Independent Shareholders and upon request of the Company, Minmetals Finance shall grant unsecured loan for an amount of up to RMB3,000 million (equivalent to approximately HK\$3,485.4 million) to the Company on comparable market terms.

**LISTING RULES IMPLICATIONS**

Since Minmetals Finance is a subsidiary of China Minmetals, the ultimate controlling shareholder of the Company, Minmetals Finance is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Supplemental Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios for the Proposed New 2019-2021 Annual Caps exceeds 25% but all of which are less than 100%, the provision of deposit services by Minmetals Finance under the Proposed New 2019-2021 Annual Caps constitutes a major transaction for the Company

under Rule 14.06(3) of the Listing Rules and is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since all of the applicable percentage ratios for the Proposed New 2019-2021 Annual Caps exceed 5%, the provision of deposit services by Minmetals Finance under the Proposed New 2019-2021 Annual Caps constitutes a non-exempt continuing connected transaction for the Company and is subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Minmetals Finance's commitment to lend under the Supplemental Agreement constitutes financial assistance to be provided by a connected person for the benefit of the Group. Since such services will be conducted on normal commercial terms and no security over the assets of the Group shall be granted in respect of the loans (if any) to be provided by Minmetals Finance, it is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

### **SGM**

A SGM will be convened to consider and, if thought fit, to approve the Proposed New 2019-2021 Annual Caps. A circular containing, among others, (i) details of the Supplemental Agreement and the Proposed New 2019-2021 Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Proposed New 2019-2021 Annual Caps; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed New 2019-2021 Annual Caps; and (iv) a notice convening the SGM, will be despatched to the Shareholders on or before 23 April 2019.

## **BACKGROUND**

Reference is made to the announcement and circular of the Company dated 20 April 2018 and 14 May 2018 respectively in relation to the 2018 Agreement whereby Minmetals Finance has agreed to provide current and fixed deposit services, loan services and settlement services to the Company and its subsidiaries in Mainland China for the period from 20 April 2018 to 19 April 2021. The provision of deposit services by Minmetals Finance is subject to the Original Annual Caps, being a daily balance of RMB2,000 million (equivalent to approximately HK\$2,323.6 million).

The Board announces that on 28 March 2019, in order to allow the Company to have a direct committed source of funding from Minmetals Finance to serve its needs when required and to enhance return on surplus funds due to favourable interest rates for deposits offered by Minmetals Finance, the Company and Minmetals Finance entered into the Supplemental Agreement whereby (i) the Company shall seek approval from the Independent Shareholders to revise the Original Annual Caps to RMB3,000 million (equivalent to approximately HK\$3,485.4 million) (i.e. the Proposed New 2019-2021 Annual Caps), and (ii) conditional on the approval of the Proposed New 2019-2021 Annual Caps by the Independent Shareholders and upon request of the Company, Minmetals Finance shall grant unsecured loan for an amount of up to RMB3,000 million (equivalent to approximately HK\$3,485.4 million) to the Company on comparable market terms.

## **SUPPLEMENTAL AGREEMENT**

Principal terms of the Supplemental Agreement are summarised as follows.

Date : 28 March 2019

Parties : (i) the Company  
(ii) Minmetals Finance

Principal terms : *Revision of annual caps*

The Company shall tender the Proposed New 2019-2021 Annual Caps for the Independent Shareholders' approval.

*Minmetals Finance's commitment to lend*

Provided that the Proposed New 2019-2021 Annual Caps are approved by the Independent Shareholders, Minmetals Finance shall grant unsecured loan of up to RMB3,000 million (equivalent to approximately HK\$3,485.4 million) to the Company upon its request on comparable market terms from the date on which the Proposed New 2019-2021 Annual Caps are approved by the Independent Shareholders to 19 April 2021.

### Historical Amounts

Historical deposit transaction amounts relating to the provision of deposit services by Minmetals Finance to the Company under the 2015 Agreement and 2018 Agreement, during the last three financial years ended 31 December and during the period from 1 January 2019 to the date of this announcement, are as follows:

	<b>For the year ended 31 December 2016</b>	<b>For the year ended 31 December 2017</b>	<b>For the period from 1 January 2018 to 19 April 2018</b>	<b>For the period from 20 April 2018 to 31 December 2018</b>	<b>For the period from 1 January 2019 to the date of this announcement</b>
Maximum daily outstanding balance of deposits (including accrued interests)	approximately RMB1,798 million (equivalent to approximately HK\$2,088.9 million)	approximately RMB1,796 million (equivalent to approximately HK\$2,086.6 million)	approximately RMB1,796 million (equivalent to approximately HK\$2,086.6 million)	approximately RMB1,259 million (equivalent to approximately HK\$1,462.7 million)	approximately RMB983 million (equivalent to approximately HK\$1,142.0 million)

### Proposed New 2019-2021 Annual Caps

The annual caps on the maximum daily outstanding balance of deposits (including accrued interests) placed by the Company and its subsidiaries in Mainland China with Minmetals Finance pursuant to the 2018 Agreement are proposed to be revised as follows (i.e. the Proposed New 2019-2021 Annual Caps):

	<b>From the date on which the Proposed New 2019-2021 Annual Caps are approved to 31 December 2019</b>	<b>For the year ending 31 December 2020</b>	<b>For the period from 1 January 2021 to 19 April 2021</b>
Maximum daily outstanding balance of deposits (including accrued interests)	RMB3,000 million (equivalent to approximately HK\$3,485.4 million)	RMB3,000 million (equivalent to approximately HK\$3,485.4 million)	RMB3,000 million (equivalent to approximately HK\$3,485.4 million)

The Proposed New 2019-2021 Annual Caps of RMB3,000 million (equivalent to approximately HK\$3,485.4 million) are determined principally by reference to:

- (1) the historical transaction amounts as stated above;
- (2) strategies of the treasury management of the Company taking into account the cash flow requirements and financial needs of the Group for its business development plans;
- (3) expected increase in cash flow position of the Group and its contract sales;
- (4) the capital efficiency of surplus funds taking into account the favourable interest rates offered by Minmetals Finance; and
- (5) the safety of surplus funds taking into account the centralisation and monitoring of funds.

#### **REASONS FOR AND BENEFITS OF THE REVISION OF THE ANNUAL CAPS UNDER THE 2018 AGREEMENT**

The Company has been closely monitoring the use of the deposit services provided by Minmetals Finance under the 2018 Agreement.

The main reasons for entering into the Supplemental Agreement are as follows:

- The Company is satisfied with the services provided by Minmetals Finance under the 2018 Agreement. The favourable interest rates offered by Minmetals Finance can enhance return on surplus fund. Revising the Original Annual Caps to the Proposed New 2019-2021 Annual Caps allows the Group to more fully utilise the services provided by Minmetals Finance under the 2018 Agreement in the treasury management of the Company.
- While the Company has no immediate plan to make use of the funds available from Minmetals Finance, the Supplemental Agreement allows the Company to have a direct committed source of funding to serve its needs when required and provides the Company with greater flexibility in its investment planning, which the Board believes is in the interest of the Company and its Shareholders as a whole.

The Directors (save for the independent non-executive Directors who will form their view after considering the advice from the Independent Financial Advisor) are of the view that the Supplemental

Agreement (including the Proposed New 2019-2021 Annual Caps) was entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and on terms which are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **INTERNAL CONTROL AND RISK MANAGEMENT MEASURES**

In order to safeguard the interests of the Shareholders, the Group will continue to adopt, and/or will continue to procure Minmetals Finance to maintain, the following guidelines and principles in monitoring the transactions between the Company and its subsidiaries in Mainland China and Minmetals Finance under the 2018 Agreement and the Proposed New 2019-2021 Annual Caps:

- (1) specifically designated personnel from Minmetals Finance shall be responsible for operations and monitoring of the transactions contemplated under the 2018 Agreement and the Proposed New 2019-2021 Annual Caps;
- (2) Minmetals Finance shall co-ordinate with the internal audit department and/or external auditors of the Company to review the transactions contemplated under the 2018 Agreement and under the Proposed New 2019-2021 Annual Caps and the relevant internal controls;
- (3) Minmetals Finance shall assist the Company to comply with the relevant regulations (including but not limited to the Listing Rules);
- (4) Minmetals Finance shall ensure the safe operation of its settlement management network and safeguard the funds of the Company and its subsidiaries in Mainland China;
- (5) Minmetals Finance shall strictly comply with the applicable risk management specifications issued by the CBRC and the relevant PRC laws and regulations as amended from time to time;
- (6) Minmetals Finance shall adopt control measures in its enterprise resource planning system to ensure effective control of the Proposed New 2019-2021 Annual Caps not to be exceeded;
- (7) specifically designated personnel from the finance department of the Company will be responsible for regular monitoring of the transactions contemplated under the 2018 Agreement and the Proposed New 2019-2021 Annual Caps and will report to the management of the Company on a monthly basis in relation to such transactions;
- (8) the finance department of the Company will report to the Directors (including the independent non-executive Directors) on a monthly basis in relation to the transactions contemplated under the 2018 Agreement and the Proposed New 2019-2021 Annual Caps;
- (9) the Company will review the transactions contemplated under the 2018 Agreement and the Proposed New 2019-2021 Annual Caps on an annual basis, summarise the experience and supplement the inadequacies;
- (10) before making a deposit with or seeking a loan from Minmetals Finance, the Company and its subsidiaries in Mainland China would compare the interest rates offered by Minmetals Finance with the interest rates offered by two or three major commercial banks or financial institutions with which the Company and its subsidiaries in Mainland China have established business relationship;

- (11) the terms of any fixed deposits placed with Minmetals Finance by the Company or any of its subsidiaries in Mainland China shall not exceed 3 months;
- (12) the arrangement between the Company and Minmetals Finance under the 2018 Agreement and the Proposed New 2019-2021 Annual Caps is non-exclusive, and the Company and its subsidiaries in Mainland China have their own discretion in electing the provider for financial services; and
- (13) the Company may terminate the 2018 Agreement and the Supplemental Agreement if Minmetals Finance fails to satisfy any of the following conditions from time to time:
  - (a) the capital adequacy ratio is not less than 10%;
  - (b) the non-performing assets ratio is not more than 4%; or
  - (c) the non-performing loans ratio is not more than 5%.

## **LISTING RULES IMPLICATIONS**

Since Minmetals Finance is a subsidiary of China Minmetals, the ultimate controlling shareholder of the Company, Minmetals Finance is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Supplemental Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios for the Proposed New 2019-2021 Annual Caps exceeds 25% but all of which are less than 100%, the provision of deposit services by Minmetals Finance under the Proposed New 2019-2021 Annual Caps constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since all of the applicable percentage ratios for the Proposed New 2019-2021 Annual Caps exceed 5%, the provision of deposit services by Minmetals Finance under the Proposed New 2019-2021 Annual Caps constitutes a non-exempt continuing connected transaction for the Company and is subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Minmetals Finance's commitment to lend under the Supplemental Agreement constitutes financial assistance to be provided by a connected person for the benefit of the Group. Since such services will be conducted on normal commercial terms and no security over the assets of the Group shall be granted in respect of the loans (if any) to be provided by Minmetals Finance, it is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

## **INFORMATION ON THE PARTIES**

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

Minmetals Finance, a subsidiary of China Minmetals, is a non-banking financial institution established in the PRC on 26 May 1993 under the approval of PBOC. It is principally engaged in the provision of

financial services to China Minmetals and its subsidiaries (including the Group). It is subject to the supervision of the CBRC.

According to its business licence, it is authorised to provide to the Company and its subsidiaries in Mainland China all services set out in the Supplemental Agreement.

## **SGM**

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Proposed New 2019-2021 Annual Caps. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on, inter alia, whether Independent Shareholders should vote in favour of the resolution regarding the Proposed New 2019-2021 Annual Caps, subject to which deposit services will be provided by Minmetals Finance under the 2018 Agreement.

A SGM will be convened to consider and, if thought fit, to approve the Proposed New 2019-2021 Annual Caps. A circular containing, among others, (i) details of the Supplemental Agreement and the Proposed New 2019-2021 Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Proposed New 2019-2021 Annual Caps; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed New 2019-2021 Annual Caps; and (iv) a notice convening the SGM, will be despatched to the Shareholders on or before 23 April 2019.

## **GENERAL**

As at the date of this announcement, the Board comprises eight Directors, namely Mr. He Jianbo as the Chairman and an executive Director, Mr. Liu Zeping, Mr. Chen Xingwu and Mr. Yang Shangping as executive Directors, Ms. He Xiaoli as a non-executive Director, and Mr. Selwyn Mar, Mr. Lam Chung Lun, Billy and Ms. Law Fan Chiu Fun, Fanny as independent non-executive Directors.

## **DEFINITIONS**

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

<b>“2015 Agreement”</b>	the financial services framework agreement dated 3 November 2015 entered into between the Company and Minmetals Finance in relation to the provision of financial services by Minmetals Finance to the Company and its subsidiaries in Mainland China for the three years from 1 January 2016 to 31 December 2018
<b>“2018 Agreement”</b>	the financial services framework agreement dated 20 April 2018 entered into between the Company and Minmetals Finance in relation to the provision of financial services by Minmetals Finance to the Company and its subsidiaries in Mainland China for the three years from 20 April 2018 to 19 April 2021

<b>“2018 Disclosure”</b>	the announcement and circular of the Company dated 20 April 2018 and 14 May 2018 respectively in relation to the 2018 Agreement
<b>“associate(s)”, “connected person(s)”, “controlling shareholder” and “subsidiary”</b>	each has the meaning as ascribed to it under the Listing Rules
<b>“Board”</b>	the board of Directors of the Company
<b>“CBRC”</b>	the China Banking Regulatory Commission
<b>“China Minmetals”</b>	China Minmetals Corporation, a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder holding approximately 61.88% of the Shares as at the date of this announcement
<b>“Company”</b>	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
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Independent Board Committee”</b>	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 Proposed New 2019-2021 Annual Caps
<b>“Independent Financial Adviser”</b>	Able Capital Partners Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser that has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed New 2019-2021 Annual Caps
<b>“Independent Shareholder(s)”</b>	Shareholder(s) other than June Glory and its associates, and any Shareholder who has a material interest in the Supplemental Agreement
<b>“June Glory”</b>	June Glory International Limited, a company incorporated in the British Virgin Islands with limited liability, and the Company’s immediate controlling shareholder holding



	approximately 61.88% of the Shares as at the date of this announcement
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
<b>“Mainland China” or “PRC”</b>	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
<b>“Minmetals Finance”</b>	Minmetals Finance Co., Ltd., a limited liability company established in the PRC which is owned as to 92.5% by China Minmetals Corporation Limited and 7.5% by Minmetals Capital Holdings Limited (both are non-wholly owned subsidiaries of China Minmetals)
<b>“Original Annual Cap(s)”</b>	the original annual cap(s) for deposit transactions contemplated under the 2018 Agreement for the three years from 20 April 2018 to 19 April 2021 as set out in the 2018 Disclosure
<b>“PBOC”</b>	the People’s Bank of China, the central bank of the PRC
<b>“Proposed New 2019-2021 Annual Cap(s)”</b>	the proposed revised annual cap(s) for deposit transactions contemplated under the 2018 Agreement from the date on which they are approved by the Independent Shareholders to 19 April 2021, as set out in the section headed “Proposed New 2019-2021 Annual Caps” in this announcement
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“SGM”</b>	special general meeting of the Company to be convened to consider and, if thought fit, approve the Proposed New 2019-2021 Annual Caps
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
<b>“Shareholder(s)”</b>	holders of Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Supplemental Agreement”</b>	the supplemental agreement dated 28 March 2019 entered into between the Company and Minmetals Finance in relation to, among other things, the revision of annual caps and provision of unsecured loan
<b>“%”</b>	per cent

By order of the Board  
**He Jianbo**  
Chairman

Hong Kong, 28 March 2019

*For the purpose of illustration only and unless otherwise stated, conversion of RMB to Hong Kong dollars in this announcement is calculated at the exchange rate of RMB1.00 to HK\$1.1618. Such conversion rate 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.*