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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Minmetals Land Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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 IN RESPECT OF THE 2020 CONSTRUCTION AGREEMENT

Independent financial adviser to the Independent Board Committee
and the Independent Shareholders



Yue Xiu Capital Limited

A letter from the Board is set out on pages 6 to 19 of this circular.

A letter from the Independent Board Committee is set out on pages 20 to 21 of this circular.

A letter from Yue Xiu containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 42 of this circular.

A notice convening the SGM to be held at Monet Room B, Basement 1, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 28 May 2020 immediately after the conclusion of the AGM to be held at the same location on Thursday, 28 May 2020 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 10:30 a.m. on Tuesday, 26 May 2020. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

Please see page 1 of this circular for precautionary measures being taken to prevent and control the spread of the novel coronavirus (COVID-19) at the SGM, including:

- compulsory body temperature check
- wearing of surgical face mask
- no provision of refreshments, drinks or corporate gifts

Attendees who do not comply with the above precautionary measures may be denied entry into the SGM venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy and to return their proxy forms by the time specified above, instead of attending the SGM in person.

12 May 2020

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PRECAUTIONARY MEASURES FOR THE SGM

In view of the ongoing novel coronavirus (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the SGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.3 degrees Celsius or is exhibiting flu-like symptoms may be denied entry into the SGM venue and be requested to leave the SGM venue.
- (ii) Every attendee will be required to wear surgical face masks before they are permitted to attend, and throughout their attendance of, the SGM. Please note that no masks will be provided at the SGM venue. Attendees are advised to maintain appropriate social distance with each other at all times when attending the SGM.
- (iii) No refreshments or drinks will be served and no corporate gifts will be distributed.

Attendees who do not comply with the above precautionary measures may be denied entry into the SGM venue, at the absolute discretion of the Company as permitted by law. Attendees are in addition requested to observe and practise good personal hygiene at all times.

For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy instead of attending the SGM in person.

The form of proxy were despatched to Shareholders and can otherwise be downloaded from the respective websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.minmetalsland.com). In order to be valid, the form of proxy must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible, and in any event not later than 10:30 a.m. on Tuesday, 26 May 2020.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the SGM arrangements at short notice. Shareholders should check the Company's website at www.minmetalsland.com for further announcements and updates on the SGM arrangements.

If Shareholders have any questions relating to the SGM, please contact the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited:

17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Telephone: (852) 2862 8555
Facsimile : (852) 2865 0990
Email : hkinfo@computershare.com.hk

DEFINITIONS

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

“2017 Circular”	the circular dated 12 May 2017 issued by the Company in respect of the 2017 Construction Agreement
“2017 Construction Agreement”	the agreement dated 19 April 2017 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 Mainland China and Hong Kong for the three years from 19 April 2017 to 18 April 2020
“2018 Circular”	the circular dated 14 May 2018 issued by the Company in respect of the revision of annual caps under the 2017 Construction Agreement
“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 Mainland China and Hong Kong for the three years from 19 April 2020 to 18 April 2023
“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 and an indirect 88.4%-owned subsidiary of China Minmetals
“23rd Metallurgical Group”	23rd Metallurgical and its subsidiaries
“AGM”	the annual general meeting of the Company to be convened and held at Monet Room B, Basement 1, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 28 May 2020 at 10:30 a.m.
“associate(s)”, “connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder”	each shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

DEFINITIONS

“China Metallurgical”	中國冶金科工集團有限公司 China Metallurgical Group Corporation*, a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of China Minmetals
“China Minmetals”	China Minmetals Corporation, a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder of the Company as at the Latest Practicable Date
“China Minmetals Group”	China Minmetals and its subsidiaries
“CMCL”	中國五礦股份有限公司 China Minmetals Corporation Limited*, a company established under the laws of the PRC with limited liabilities and a direct non-wholly owned subsidiary of China Minmetals
“CMG Group”	China Metallurgical 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
“Continuing Connected Transactions”	the continuing connected transactions that may be entered into between the Company and China Minmetals pursuant to the terms of the 2020 Construction Agreement, details of which are referred to under the section headed “Principal terms of the 2020 Construction Agreement” in this circular
“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”	the 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 2020 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps)

DEFINITIONS

“Independent Financial Adviser” or “Yue Xiu”	Yue Xiu Capital Limited, a licensed corporation under the SFO permitted to carry out Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the 2020 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps)
“Independent Shareholder(s)”	Shareholder(s) other than June Glory and its associates, and any Shareholder who has a material interest in the Continuing Connected Transactions or who are required to abstain from voting on the resolution to approve, <i>inter alia</i> , the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps at the SGM pursuant to the Listing Rules
“June Glory”	June Glory International Limited, a company incorporated in the British Virgin Islands with limited liability and the immediate controlling shareholder of the Company holding approximately 61.88% of the Shares as at the Latest Practicable Date
“Latest Practicable Date”	7 May 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Mainland China” or “PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Minmetals HK”	China Minmetals H.K. (Holdings) Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of China Minmetals
“Proposed Annual Cap(s)”	the proposed annual caps for the Continuing Connected Transactions for the three years from 19 April 2020 to 18 April 2023 as set out in the section headed “Principal terms of the 2020 Construction Agreement” in this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened and held at Monet Room B, Basement 1, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 28 May 2020 immediately after the conclusion of the AGM for the Independent Shareholders to consider and, if thought fit, to approve the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps
“Share(s)”	ordinary share(s) 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
“%”	per cent

For the purpose of illustration only and unless otherwise stated, conversion of Renminbi into Hong Kong dollars in this circular is based on the exchange rate of RMB1.00 to HK\$1.1012. 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.

* *For identification purpose only*



五礦地產有限公司
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

Executive Directors:

Mr. He Jianbo, *Chairman*
Mr. Liu Bo, *Managing Director*
Mr. Chen Xingwu, *Deputy Managing Director*
Mr. Yang Shangping, *Deputy Managing Director*

Non-executive Director:

Ms. He Xiaoli

Independent Non-executive Directors:

Mr. Selwyn Mar
Mr. Lam Chung Lun, Billy
Ms. Law Fan Chiu Fun, Fanny

Registered office:

Victoria Place
5th Floor, 31 Victoria Street
Hamilton HM10
Bermuda

Principal place of

business in Hong Kong:

18th Floor
China Minmetals Tower
79 Chatham Road South
Tsimshatsui
Kowloon
Hong Kong

12 May 2020

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF THE 2020 CONSTRUCTION AGREEMENT**

BACKGROUND OF THE CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 17 April 2020 in relation to the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps. As announced by the Board, the Company entered into the 2020 Construction Agreement with China Minmetals on 17 April 2020. The transactions contemplated under the 2020 Construction Agreement are subject to the approval of the Independent Shareholders at the SGM in respect of the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

June Glory (the immediate controlling shareholder of the Company) is an indirect 88.4%-owned subsidiary of China Minmetals and accordingly, China Minmetals is a connected person of the Company under the Listing Rules.

LETTER FROM THE BOARD

Since the Proposed Annual Caps exceed HK\$10,000,000 and all of the relevant percentage ratios are, on an annual basis, more than 5%, the Continuing Connected Transactions constitute non-exempt continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are 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 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

The purpose of this circular is to (i) provide the Shareholders with further information regarding the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps; (ii) set out the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps; (iii) set out the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps; and (iv) give the Shareholders the notice of the SGM and other information as required under the Listing Rules.

THE CONTINUING CONNECTED TRANSACTIONS

Reference is made to the 2017 Circular in relation to the 2017 Construction Agreement entered into between the Company and China Minmetals, pursuant to which, the Group may appoint member(s) of the China Minmetals Group as construction contractor(s) for the Group's real estate development projects in Mainland China and Hong Kong, subject to successful tender. Reference is also made to the 2018 Circular in relation to the revision of the annual caps in respect of the 2017 Construction Agreement.

Since July 2007, 23rd Metallurgical (being an indirect 88.4%-owned subsidiary of China Minmetals) has been appointed, based on successful tender, as construction contractor for the Group's real estate development projects in Mainland China. Commencing from April 2017, the Company has extended 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 Mainland China and Hong Kong and subject to successful tender, to appoint 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.

LETTER FROM THE BOARD

The 2017 Construction Agreement expired on 18 April 2020. As the Company intends to continue to invite member(s) of the China Minmetals Group to place tenders for its construction contract(s) in Mainland China and Hong Kong and subject to successful tender, to appoint them as construction contractor(s) for the Group's real estate development projects in Mainland China and Hong Kong, on 17 April 2020, the Company entered into the 2020 Construction Agreement with China Minmetals which is conditional upon the approval of the Independent Shareholders at the SGM in respect of the 2020 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps).

Pursuant to Rule 14A.52 of the Listing Rules, the term of the 2020 Construction Agreement shall not exceed three years, and therefore the 2020 Construction Agreement entered into between the Company and China Minmetals in respect of the Continuing Connected Transactions shall expire on 18 April 2023.

Principal terms of the 2020 Construction Agreement

Date	:	17 April 2020
Parties	:	(i) the Company (ii) China Minmetals
Term	:	Three years commencing from 19 April 2020 to 18 April 2023
Subject matter	:	The Group may from time to time invite member(s) of the China Minmetals Group to tender for construction contract(s) in Mainland China 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 Mainland China 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 2020 to 18 April 2023 shall not exceed the Proposed Annual Caps.

LETTER FROM THE BOARD

Construction contract sum : 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 Mainland China 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 (ii) the nature of each construction project.

Termination : The 2020 Construction Agreement shall expire on 18 April 2023 unless it is early terminated under any of the following circumstances:

- (i) mutual agreement between the parties; or
- (ii) if a party to the 2020 Construction Agreement has breached or failed to comply with the 2020 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 2020 Construction Agreement by written notice to the other party; or
- (iii) if a party to the 2020 Construction Agreement has committed a material breach of the 2020 Construction Agreement or any construction contract in connection therewith, the non-defaulting party may terminate the 2020 Construction Agreement.

Upon termination of the 2020 Construction Contract pursuant to the above clauses (ii) and (iii), the defaulting party is not subject to any penalties under the 2020 Construction Contract. However, the defaulting party is still subject to the obligations and liabilities under the terms of the relevant individual construction contract.

Undertakings by China Minmetals : Pursuant to the 2020 Construction Agreement, China Minmetals undertook in favour of the Company that it shall allow the Company's auditors to access the financial records of any member(s) of the China Minmetals Group with construction contracts awarded by the Group and assist the Company to comply with the relevant requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

The historical annual caps and historical transaction amounts

As disclosed in the 2017 Circular and the 2018 Circular, the historical annual caps of the transactions contemplated under the 2017 Construction Agreement as approved by the Independent Shareholders for the three years from 19 April 2017 to 18 April 2020 are set out in the table below:

19 April 2017 to 31 December 2017	For the period from		
	1 January 2018 to 31 December 2018	1 January 2019 to 31 December 2019	1 January 2020 to 18 April 2020
RMB2,000.00 million (approximately HK\$2,202.40 million)	RMB6,085.49 million (approximately HK\$6,701.34 million)	RMB3,711.28 million (approximately HK\$4,086.86 million)	RMB2,798.02 million (approximately HK\$3,081.18 million)

The amounts of the Group's construction contracts awarded to members of the China Minmetals Group for the three years from 19 April 2017 to 18 April 2020 are set out in the table below:

19 April 2017 to 31 December 2017	For the period from		
	1 January 2018 to 31 December 2018	1 January 2019 to 31 December 2019	1 January 2020 to 18 April 2020
RMB1,074.10 million (approximately HK\$1,182.80 million)	RMB1,659.80 million (approximately HK\$1,827.77 million)	RMB798.86 million (approximately HK\$879.70 million)	RMB193.45 million (approximately HK\$213.03 million)

The historical tender participation rate of members of the China Minmetals Group in respect of construction contracts of the Group's real estate development projects for the periods from 19 April 2017 to 31 December 2017, 1 January 2018 to 31 December 2018, 1 January 2019 to 31 December 2019 and 1 January 2020 to 18 April 2020 were 69.2%, 100%, 100% and 100% respectively and the corresponding successful rate were 53.8%, 66.7%, 37.5% and 33.3% respectively.

The Directors believe that the under-utilisation of the historical annual caps during the three years ended 18 April 2020 was mainly due to the following reasons:

- (i) member(s) of the China Minmetals Group had not been awarded construction contracts in every occasion where it/they had submitted tender(s) as certain contracts were awarded to other independent third party contractors under the tender process;
- (ii) the historical annual caps were determined with reference to the then planned schedule of development plans but the actual progress of each of the projects of the Group were subject to change over time (due to various situations, including but not limited to, changes in government policies, market and economic conditions from time to time);

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- (iii) member(s) of the China Minmetals Group may not submit tenders for all of the construction projects due to their resources constraints; and
- (iv) members of the China Minmetals Group is not the most competitive tenderer based on the results of the relevant tender assessment.

Proposed Annual Caps

The Proposed Annual Caps are determined with reference to the gross floor area of each project to be constructed and the unit construction price taking into consideration the prevailing market conditions which in turn will affect the types of property to be constructed and the development schedule of each project. The estimated total gross floor area of the Group's real estate development projects to be constructed in Mainland China and Hong Kong for the periods from 19 April 2020 to 31 December 2020, 1 January 2021 to 31 December 2021, 1 January 2022 to 31 December 2022 and 1 January 2023 to 18 April 2023, will be approximately 1,256,767 square metres, 1,154,594 square metres, 938,135 square metres and 505,028 square metres, respectively. The estimated average construction price per square metre for the periods from 19 April 2020 to 31 December 2020, 1 January 2021 to 31 December 2021, 1 January 2022 to 31 December 2022 and 1 January 2023 to 18 April 2023, will be approximately RMB3,120 (approximately HK\$3,436), RMB3,199 (approximately HK\$3,523), RMB5,758 (approximately HK\$6,341) and RMB3,282 (approximately HK\$3,614) respectively.

Having considered the relevant factors, including the estimated amount of construction contracts for the Group's existing and potential real estate development projects in Mainland China and Hong Kong, the likelihood of member(s) of the China Minmetals Group to participate in the project tender, the estimated scope of construction works in respect of the Group's real estate development projects, the estimated relevant construction price on a per square metre basis and the expected progress of the construction works, the Company estimates that the total contract sums of the Group's construction contracts which may be awarded to member(s) of the China Minmetals Group under the Continuing Connected Transactions for the periods from 19 April 2020 to 31 December 2020, 1 January 2021 to 31 December 2021, 1 January 2022 to 31 December 2022 and 1 January 2023 to 18 April 2023 will not exceed the proposed annual caps below:

	For the period from			
19 April 2020 to 31 December 2020	1 January 2021 to 31 December 2021	1 January 2022 to 31 December 2022	1 January 2023 to 18 April 2023	
RMB3,921.05 million (approximately HK\$4,317.86 million)	RMB3,693.15 million (approximately HK\$4,066.90 million)	RMB5,401.96 million (approximately HK\$5,948.64 million)	RMB1,657.57 million (approximately HK\$1,825.32 million)	

LETTER FROM THE BOARD

In particular, the table below sets out the estimated amount of existing and potential construction contracts, by projects, that may be awarded by the Group during the term of the 2020 Construction Agreement and their respective estimated construction completion date:

	From 19 April 2020 to 31 December 2020 <i>RMB million</i>	From 1 January 2021 to 31 December 2021 <i>RMB million</i>	From 1 January 2022 to 31 December 2022 <i>RMB million</i>	From 1 January 2023 to 18 April 2023 <i>RMB million</i>	Expected construction completion date
(i) Construction contracts under the Group's existing projects that are available for future development					
Nanjing Jiangning Project	638.88	—	—	—	4th quarter 2021
Changsha Nanhu Project	—	878.25	—	—	4th quarter 2024
Changsha Qin Royale	389.14	—	—	—	4th quarter 2021
Chengdu Qingyang Project	230.00	—	—	—	1st quarter 2022
Shenzhen The Greenville	481.20	—	—	—	4th quarter 2022
Chengdu Dayi Project	841.00	391.50	—	—	4th quarter 2023
Huizhou Hallstatt See	350.83	427.40	194.46	172.57	4th quarter 2024
(ii) Construction contracts under projects intended to be acquired by the Group in the future					
Mainland China	990.00	1,886.00	2,540.00	1,485.00	
Hong Kong	—	110.00	2,667.50	—	
Total	<u>3,921.05</u>	<u>3,693.15</u>	<u>5,401.96</u>	<u>1,657.57</u>	

As the implementation of the existing projects may subject to development lead time changes, it may affect the actual utilisation of the Proposed Annual Caps during the term of the 2020 Construction Agreement. In order to replenish the land bank, the Group has formulated its land acquisition plan for the period between 2020 and 2023 and has been actively participating in public tenders for new land since 2019. It is estimated that the Proposed Annual Caps will also cover gross floor area of the potential new projects which are expected to be acquired under the Company's land acquisition plan in Mainland China and Hong Kong. Due to the increase in both the estimated total gross floor area as well as the estimated average construction price per square metre, there is an increment in the Proposed Annual Caps as compared with the historical annual caps under the 2017 Construction Agreement.

The Company has acquired new parcels of land for real estate development projects in Nanjing, Changsha, Chengdu and Shenzhen, which shall commence construction from the second quarter of 2020 onwards. Hence, there will be a significant increase in the amount of

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construction contracts to be awarded by the Group for the period from 19 April 2020 to 31 December 2020. According to the Group's development schedule, the Group will invite parties to place tenders for its existing projects and potential projects with an aggregate construction floor area of 1,256,767 square metres for the period from 19 April 2020 to 31 December 2020. In view of the impending completion of the construction works of the existing projects, it is envisaged that the estimated gross floor area for subsequent tendering will decrease, which is reflected by the reduction in the Proposed Annual Cap for the year of 2021.

The increase of the Proposed Annual Cap for the year of 2022 is due to the higher contract sum of a potential new project in Hong Kong (in accordance with the Company's acquisition plan), which is planned to have an estimated total gross floor area similar to and not less than the development scale of the Group's existing real estate development project in Yau Tong, Hong Kong. The potential project in Hong Kong is expected to have a higher unit contract rate as compared to other potential projects located in Mainland China due to various factors, including the difference in the design provision and finishes of the product that would impact the overall construction cost. The construction cost may vary in accordance to the type and size of the potential project to be acquired and involves higher cost associated with such potential project in Hong Kong resulting in an increase of the Proposed Annual Cap for the year of 2022.

The Proposed Annual Cap for the period from 1 January 2023 to 18 April 2023 is reduced as the construction floor area for potential projects is limited to the initial 3.5-month period in 2023 and one existing project in Huizhou for tendering covered under the 2020 Construction Agreement.

Shareholders should note that the Proposed Annual Caps only represent the best estimates by the Group based on the information currently available (including types of the property to be constructed, development schedule and prevailing market conditions) and, in particular, the estimated amount of construction contracts for the Group's existing and future real estate development projects in Mainland China and Hong Kong. The construction contracts for the Group's real estate development projects are open for tender by members of the China Minmetals Group as well as other third party construction companies and accordingly, the Proposed Annual Caps should not be construed as the actual amount of construction contracts that the Group may award to member(s) of the China Minmetals Group during the three years from 19 April 2020 to 18 April 2023. The Proposed Annual Caps have no direct relationship to, nor should be taken to have any direct bearing on, the Group's financial or potential financial performance. The Group may or may not appoint member(s) of the China Minmetals Group as construction contractor(s) in relation to future tenders for the Group's real estate development projects in Mainland China and Hong Kong, or if appointed, to take up construction works up to the level of the Proposed Annual Caps.

LETTER FROM THE BOARD

Further information on the appointment of construction contractors by the Group

The process of selecting construction contractors for the real estate development projects of the Group in Mainland China and Hong Kong shall be conducted in accordance with the applicable rules, regulations and the Group's internal procedures (where relevant) in Mainland China and Hong Kong and of the locations where the projects are situated. According to the information currently available and the size of the projects, construction contracts relating to the Group's real estate development projects will have to be awarded through a regulated tender process governed by the relevant measures, regulations and the Group's internal procedures (where relevant) in Mainland China and Hong Kong. Notwithstanding that there might be slightly different measures and regulations in different cities and provinces in Mainland China and Hong Kong, a tender evaluation committee has to be established to, amongst other matters, evaluate tenders based on an appropriate tender assessment method and recommend the successful tender in a manner as stipulated in the applicable rules, regulations and the Group's internal procedures (where relevant) in Mainland China and Hong Kong. The tender evaluation committee shall comprise a majority of qualified experts randomly selected from a list of qualified experts for tender evaluation as approved by the relevant government authorities in Mainland China and a list of in-house and/or external professionals with relevant expertise and qualifications in Hong Kong. The tender assessment method shall be selected in accordance with the applicable measures, regulations and the Group's internal procedures (where relevant) with reference to, *inter alia*, the size of the construction contract. Although there are a number of tender assessment methods, the major criteria of all of them are unit tender rates, total tender sum, technical competency and track record.

The key terms of the Group's internal procedures for the process of selecting construction contractors by way of tender for the Group's real estate development projects are set out in chronological order as follows:

- (i) the Group invites tender for the construction contract;
- (ii) tenderers submit tenders within the required time frame;
- (iii) tender evaluation committee, formed in accordance with the rules and regulations/internal procedures in Mainland China and/or Hong Kong, reviews and evaluates the tenders submitted;
- (iv) after assessing the qualified tenders in accordance with a prescribed tender assessment method, the tender evaluation committee issues its recommendation for award of tender to the successful tenderer; and
- (v) based on such recommendation from the tender evaluation committee, the Group proceeds to appoint the successful tenderer by entering into the construction contract.

As part of the qualification evaluation of the tender procedures, the Company would evaluate, among other criteria, background, financial capabilities, operational capacity and experience of the contractors involved in a given tender.

LETTER FROM THE BOARD

Based on the above, in the event that the member(s) of the China Minmetals Group participate(s) in tendering for any construction contracts in respect of the Group's existing and future real estate development projects in Mainland China and Hong Kong, its tender will be reviewed and evaluated by the relevant tender evaluation committee by applying a prescribed tender assessment method in a manner no different from any other qualified tenderers.

The selection of a construction contractor is subject to a regulated tender process governed by the relevant measures and regulations and the Group's internal procedures (where relevant) in Mainland China and Hong Kong. In this connection, the tender evaluation committee comprising all independent qualified experts randomly selected from the local government tender evaluation office and approved by the government authorities in Mainland China and in the case of Hong Kong, the committee formed by in-house and/or external professionals with appropriate expertise and qualifications, has to be established. The major criteria for selection by such committee are the unit tender rates and the total tender sum in the event that all the participants in the tender are of similar technical competency and track record. Under such a regulated evaluation and selection system, the construction contracts awarded to the member(s) of the China Minmetals Group and the construction contract sum payable to the member(s) of the China Minmetals Group will be on normal commercial terms and no more favourable than that offered to independent construction contractors.

Under typical construction contracts awarded by the Group to its construction contractors in Mainland China, the construction contract sum will be payable with respect to specific work stages or milestones achieved in various aspects of work. In general, an aggregate of 85% of the total construction contract sum will be paid up by the time of completion of works, and the remaining 15% of the total construction contract sum will be payable according to a payment schedule and will be fully paid up in one month after the expiry of the defect liability period. For typical construction contracts in Hong Kong, an aggregate of 90% of the total construction contract sum will be paid upon completion of works, and the balance of 10% will be payable after the expiry of the defect liability period.

Reasons for and benefits of the Continuing Connected Transactions

Since July 2007, 23rd Metallurgical (being an indirect 88.4%-owned subsidiary of China Minmetals) has been appointed, based on successful tender, as construction contractor for the Group's real estate development projects in Mainland China. Commencing from April 2017, the Company has extended 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 Mainland China and Hong Kong and subject to successful tender, to appoint them as construction contractor(s) for the Group's real estate development projects.

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

LETTER FROM THE BOARD

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 its real estate development projects. The Group is benefited from the China Minmetals Group's better understanding of the Group's operations which will allow a more expedient and reliable service than those rendered by other construction companies. Accordingly, the Company intends to continue to invite member(s) of the China Minmetals Group to place tenders for construction contracts for its real estate development projects.

The main purpose of the entering into of the 2020 Construction Agreement and the Continuing Connected Transactions is to avoid undue delay in the construction progress of the relevant projects which will otherwise have to seek the approval of Independent Shareholders in a special general meeting for each specific instance. The appointment 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 Mainland China and Hong Kong.

Information about the Company and China Minmetals

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

China Minmetals is a state-owned enterprise in the PRC principally engaged in the business of exploration, mining, smelting, processing and trading for metals and minerals, finance, real estate development, and mining and metallurgic technology.

Certain members of China Minmetals Group were engaged in the building construction industry, including but not limited to the 23rd Metallurgical Group and the CMG Group.

23rd Metallurgical is an indirect 88.4%-owned subsidiary of China Minmetals as at the Latest Practicable Date. It is principally engaged in the business of mining development and operations, construction engineering and real estate development. 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, 23rd Metallurgical became a subsidiary of China Minmetals. 23rd Metallurgical is classified as a main contractor Class I in various aspects including, without limitation, the 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 Mainland China. It has been honoured with National Quality Engineering Award (國家優質工程獎) and the Furong Prize of Hunan Province (湖南省建設工程芙蓉獎).

China Metallurgical is a direct wholly-owned subsidiary of China Minmetals as at the Latest Practicable Date. The CMG Group has been engaged in the building construction industry for over 50 years. Certain members of the CMG Group are classified as main contractors Premium Class and Class I in various aspects, including but not limited to, the Building Construction Main Contractor Class I and Premium Class qualifications (房屋建築工程施工總承包一級、房屋建築工程施工總承包特級) by the relevant government

LETTER FROM THE BOARD

authorities in Mainland China. Apart from engaging in large scale residential developments, the CMG Group also undertakes commercial, public facilities and infrastructural developments in Mainland China. Further, the CMG Group has been chosen for a number of construction projects overseas, such as Germany, Mexico, Singapore, Malaysia, India, Thailand, Burma, Cambodia, Philippines and Indonesia, etc. It was awarded construction contracts for the development of the Universal Studio in Singapore, the Disney Land in Shanghai and the Chinese University in Hong Kong. Most of the members of the CMG Group have been honoured with Luban Award (魯班獎), National Quality Engineering Award (國家優質工程獎) and Tien-yow Jeme Civil Engineering Prize (中國土木工程詹天佑獎), etc..

LISTING RULES IMPLICATIONS

June Glory (the immediate controlling shareholder of the Company) is an indirect 88.4%-owned subsidiary of China Minmetals and accordingly, China Minmetals is a connected person of the Company under the Listing Rules.

Since the Proposed Annual Caps exceed HK\$10,000,000 and all of the relevant percentage ratios are, on an annual basis, more than 5%, the Continuing Connected Transactions constitute non-exempt continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are subject to reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The Directors consider that the aforesaid reasons and the relevant factors for determining the Proposed Annual Caps, including but not limited to the estimated amount of construction contracts for the Group's existing and potential real estate development projects in Mainland China and Hong Kong, the likelihood of member(s) of the China Minmetals Group to participate in the project tender, the average construction price and the total gross floor area of the Group's existing and potential real estate development projects, are objective, fair and reasonable.

The Directors acknowledge that the 23rd Metallurgical Group and the CMG Group (that are engaged in the business of construction projects), possess the relevant expertise, professional qualifications and track record to undertake the construction works for the Group's real estate development projects. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the 2020 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

If there is a material change to the terms of the 2020 Construction Agreement, or if any of the Proposed Annual Caps is exceeded, the Company will re-comply with Rule 14A.54 of the Listing Rules.

LETTER FROM THE BOARD

SGM

A notice of the SGM to be held at Monet Room B, Basement 1, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 28 May 2020 immediately after the conclusion of the AGM to be held at the same location on 28 May 2020 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. At the SGM, an ordinary resolution will be proposed and, if thought fit, passed to approve the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

In view of the connection between China Minmetals and June Glory, June Glory and its associates are required to abstain from voting on the resolution approving the 2020 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) at the SGM in accordance with Rule 14A.36 of the Listing Rules. As at the Latest Practicable Date, June Glory and its associates controlled 2,071,095,506 Shares (representing approximately 61.88% of the issued share capital of the Company). To the best of the Directors' knowledge, belief and having made all reasonable enquiries, as at the Latest Practicable Date, save for June Glory, no other Shareholder was required to abstain from voting on the resolution for approving the 2020 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) at the SGM.

A form of proxy for use at the SGM is attached. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 10:30 a.m. on Tuesday, 26 May 2020. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders at the SGM will be taken by poll except where the chairman of the SGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published on the websites of the Company and of the Stock Exchange following the SGM.

RECOMMENDATION

The Board approved the 2020 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps) at a meeting held on 26 March 2020. None of the Directors has a material interest in such transactions and hence none of the Directors has abstained from voting on the resolutions approving the 2020 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps).

LETTER FROM THE BOARD

An Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the terms of the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps and to advise the Independent Shareholders in respect of the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders, *inter alia*, whether Independent Shareholders should vote in favour of the resolution regarding the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

Your attention is drawn to (i) the letter from the Independent Board Committee which is set out on pages 20 to 21 of this circular containing the recommendation of the Independent Board Committee to the Independent Shareholders regarding the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps; and (ii) the letter from the Independent Financial Adviser which is set out on pages 22 to 42 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

The Directors (including the independent non-executive Directors) are of the view that the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps are fair and reasonable and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution in respect of the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
Minmetals Land Limited
He Jianbo
Chairman



五礦地產有限公司
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

12 May 2020

To the Independent Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF THE 2020 CONSTRUCTION AGREEMENT**

We refer to the circular dated 12 May 2020 of the Company (“Circular”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider and to advise the Independent Shareholders whether the terms of the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps are fair and reasonable and whether the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, taking into account the recommendations of Yue Xiu, the Independent Financial Adviser appointed to advise us and the Independent Shareholders in the abovementioned context.

Your attention is drawn to the “Letter from the Board” and the “Letter from the Independent Financial Adviser” in the Circular, which contain, *inter alia*, information and the advice from the Independent Financial Adviser in respect of the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

Having taking into account the reasons for and benefits of entering into the 2020 Construction Agreement, the Continuing Connected Transactions, the basis for determining the Proposed Annual Caps, the principal factors and reasons considered by Yue Xiu in arriving at its opinion regarding the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps as set out in the “Letter from the Independent Financial Adviser” on pages 22 to 42 of the Circular, we consider that the entering into of the 2020 Construction Agreement and the Continuing Connected Transactions are in the usual and ordinary course of business of the Company and that the terms of the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

that the Independent Shareholders vote in favour of the ordinary resolution as set out in the notice of the SGM to be convened and held on Thursday, 28 May 2020 immediately after the conclusion of the AGM and thereby approve the 2020 Construction Agreement, the Continuing Connected Transactions and the Proposed Annual Caps.

Yours faithfully,

For and on behalf of

Independent Board Committee

Lam Chung Lun, Billy
*Independent Non-executive
Director*

Selwyn Mar
*Independent Non-executive
Director*

Law Fan Chiu Fun, Fanny
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser to the Independent Board Committee and the Shareholders in connection with the continuing connected transactions contemplated under the 2020 Construction Agreement (including the Proposed Annual Caps) which has been prepared for the purpose of inclusion in this circular



Yue Xiu Capital Limited
28/F, Siu On Centre,
188 Lockhart Road,
Wan Chai, Hong Kong

12 May 2020

To: the Independent Board Committee and the Independent Shareholders of Minmetals Land Limited

Dear Sirs or Madams,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF THE 2020 CONSTRUCTION AGREEMENT

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions, details of which are set out in the letter from the Board (the “Letter from the Board”) contained in the circular dated 12 May 2020 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

Background of the Continuing Connected Transactions

As set out in the Letter from the Board, the 2017 Construction Agreement expired on 18 April 2020. As the Company intends to continue to invite member(s) of the China Minmetals Group to place tenders for its construction contract(s) in Mainland China and Hong Kong and subject to successful tender, to appoint them as construction contractor(s) for the Group’s real estate development projects in Mainland China and Hong Kong. The Company entered into the 2020 Construction Agreement with China Minmetals on 17 April 2020. The 2020 Construction Agreement is conditional upon the approval of the Independent Shareholders at the SGM in respect of the 2020 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps).

June Glory, the immediate controlling shareholder of the Company, is an indirect 88.4%-owned subsidiary of China Minmetals and accordingly, China Minmetals is a connected person of the Company under the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Since the Proposed Annual Caps exceed HK\$10,000,000 and all of the relevant percentage ratios are, on an annual basis, more than 5% of the applicable percentage ratios (as defined under the Listing Rules), the Continuing Connected Transactions constitute non-exempt continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are subject to (i) the independent shareholders' approval requirement under Rules 14A.36 to 14A.45 of the Listing Rules; (ii) the reporting and announcement requirements under Rules 14A.35 and 14A.68 of the Listing Rules; (iii) the circular requirement under Rules 14A.46 to 14A.48 and 14A.69 to 14A.70 of the Listing Rules; and (iv) the annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules.

II. THE INDEPENDENT BOARD COMMITTEE

The Board consists of eight 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 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.

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Selwyn Mar, Mr. Lam Chung Lun, Billy and Ms. Law Fan Chiu Fun, Fanny, to advise the Independent Shareholders, and Yue Xiu Capital Limited has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether, the Continuing Connected Transactions (including the Proposed Annual Caps) were entered into on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

III. OUR INDEPENDENCE

We do not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence as at the Latest Practicable Date. In the past two years and up to the Latest Practicable Date, we did not act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company in relation to other transactions. Apart from normal professional fees for our services to the Company in connection with this appointment as the independent financial adviser, no arrangement exists whereby we will receive any fees and benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, as at the Latest Practicable Date, there were no circumstances existing under Rule 13.84 of the Listing Rules that could reasonably be regarded as a hindrance to our independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions (including the Proposed Annual Caps) as detailed in the Circular.

IV. BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Group, its management staff and/or the Directors (the “Management”). The Directors have declared in a responsibility statement set out in the Appendix to the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have assumed that all such statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular or otherwise provided or made or given by the Group and/or the Management and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the Latest Practicable Date. We have assumed that all the opinions and representations for matters relating to the Group made or provided by the Management contained in the Circular have been reasonably made after due and careful enquiry.

We have reviewed all currently available information and documents which are available to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules, including the notes thereto, to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, carried out an independent verification of the information provided, nor have we conducted an independent investigation into the business and affairs of the Company, China Minmetals or any of their subsidiaries or the prospects of the markets in which they respectively operate.

V. PRINCIPAL FACTORS AND REASONS CONSIDERED IN RELATION TO THE CONTINUING CONNECTED TRANSACTIONS

In formulating our opinion regarding the Continuing Connected Transactions, we have taken into consideration the following principal factors and reasons:

1. Principal activities and business strategy of the Group

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

According to the annual report of the Company for the year ended 31 December 2019 (the “2019 Annual Report”) and as advised by the Management, the Group will accelerate the strategic upgrade from a “property developer” to an “urban operator” in pursuit of a differentiated and quality-oriented growth model. The Group will leverage on its existing footprint in favorable regions such as Nanjing and Changsha and reach out to surrounding quality cities. On the other hand, the Group will keep up with national key area development schemes and further its expansion in the Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing metropolitan area and other new regions.

As set out in the 2019 Annual Report, the Group had, as at 31 December 2019, a developable gross floor area of approximately 4.35 million square metres across 27 real estate development projects in 13 cities located in Mainland China, covering Beijing, Yingkou, Langfang, Tianjin, Nanjing, Changsha, Wuhan, Chengdu, Huizhou, Foshan, Guangzhou, Shenzhen and Hong Kong. The Group added four new projects to its real estate development portfolio (in each of Nanjing, Shenzhen, Chengdu and Changsha, respectively) during 2019, and increased the Group’s developable land bank by approximately 432,500 square metres in terms of gross floor area. For details of the Group’s real estate development projects as at 31 December 2019, please refer to the section headed “Management Discussion and Analysis” of the 2019 Annual Report.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the operating results of the Group for the two years ended 31 December 2018 and 2019 as extracted from the 2019 Annual Report:

	For the year ended	
	31 December	
	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)
Revenue		
— Real estate development	9,918,725	10,329,101
— Specialised construction	941,654	864,603
— Property investment	70,445	67,727
Total revenue	10,930,824	11,261,431
Cost of sales	(7,044,153)	(8,588,071)
Gross profit	3,886,671	2,673,360
Profit for the year	<u>1,747,143</u>	<u>1,352,583</u>

We note that the increase in the Group's revenue to approximately HK\$11,261.4 million for the year ended 31 December 2019 was solely due to the increase in revenue recognised from the Group's real estate development segment. Since 2007, the Group has engaged member(s) of the China Minmetals Group as construction contractor(s) for the Group's real estate development projects.

The Group's total contracted sales¹ rose by approximately 26.8% from approximately RMB6,818 million in 2018 to approximately RMB8,644 million in 2019, and correspondingly, the gross floor area contracted for sale rose by approximately 3.1% from approximately 445,000 square metres in 2018 to approximately 459,000 square metres in 2019.

¹ "Contracted sales" means sales contracts entered into between the Group and purchasers pursuant to the Administrative Measures on the Sales of Commodity Buildings promulgated by the Ministry of Housing and Urban-rural Development. Revenue of the Group is recognised in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. For the avoidance of doubt, contracted sales over certain period of time do not necessarily equal the revenue recognized over the same period of time.

2. Information of the China Minmetals

China Minmetals is a state-owned enterprise in Mainland China principally engaged in the business of exploration, mining, smelting, processing and trading for metals and minerals as well as finance, real estate development, and mining and metallurgic technology. According to the website of China Minmetals (<http://www.minmetals.com/>), China Minmetals is among the first batch of 16 central state-owned enterprises authorised by the State-owned Assets Supervision and Administration Commission of the State Council to engage in property development and operation. China Minmetals has a total gross floor area of approximately 3.87 million square metres for residential and industrial estate development in the Pan Bohai Rim region and the eastern and central part of China. Furthermore, it has an industrial site of 30 square kilometres in Yingkou City of Liaoning Province.

Certain members of China Minmetals Group were engaged in the building construction industry, including but not limited to the 23rd Metallurgical Group and the CMG Group.

23rd Metallurgical is an indirect 88.4%-owned subsidiary of China Minmetals as at the Latest Practicable Date. It is principally engaged in the business of mining development and operations, construction engineering and real estate development. Since 2001, it has been assigned under the administration of Hunan Province, Mainland China, and became one of the 20 large-sized enterprises supported by the Hunan Provincial Government. In 2006, 23rd Metallurgical became a subsidiary of China Minmetals. 23rd Metallurgical is classified as a main contractor Class I in various aspects including, without limitation, the 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 Mainland China. It has been honoured with National Quality Engineering Award (國家優質工程獎) and the Furong Prize of Hunan Province (湖南省建設工程芙蓉獎).

China Metallurgical is a direct wholly-owned subsidiary of China Minmetals as at the Latest Practicable Date. The CMG Group and has been engaged in the building construction business for over 50 years. Certain members of the CMG Group are classified as main contractors Premium Class and Class I in various aspects, including but not limited to, the Building Construction Main Contractor Class I* (房屋建築工程施工總承包一級) and Premium Class qualifications* (房屋建築工程施工總承包特級) by the relevant government authorities in Mainland China. Apart from engaging in large scale residential developments, the CMG Group also undertakes commercial, public facilities and infrastructural developments in Mainland China. Furthermore, the CMG Group has been chosen for to participate in a number of construction projects in other countries, such as Germany, Mexico, Singapore, Malaysia, India, Thailand, Burma, Cambodia, Philippines and Indonesia, etc. It was awarded construction contracts for the development of or expansion projects of the Universal Studio in Singapore, the Disney Land in Shanghai and the Chinese University in Hong Kong. Most of the

members of the CMG Group have been honoured with Luban Award* (魯班獎), (National Quality Engineering Award* (國家優質工程獎) and Tien-yow Jeme Civil Engineering Prize* (中國土木工程詹天佑獎), etc.

3. PRC and Hong Kong property market and outlook

3.1 PRC property market and outlook

Based on the information published on the website of the National Bureau of Statistics of China, the year-on-year growth of the gross domestic product for Mainland China in 2019 was 6.1% (2018: 6.6%). Pursuant to the Thirteenth Five-year Plan* (十三五計劃) introduced by Mainland China government, the annual GDP growth target for the five years commence from 2016 was approximately 6.5%. However, such target was subsequently adjusted down to 6.0% by Mainland China government in March 2019. According to the latest economic outlook growth projection published by the International Monetary Fund on 14 April 2020, which has taken into consideration of the impact of the COVID-19 pandemic, the estimated year-on-year growth of the real GDP for Mainland China in 2020 and 2021 will be approximately 1.2% and 9.2%, respectively.

Since the first quarter of 2020, Mainland China Government implemented various policy measures, at national and regional level, to mitigate the adverse economic impact caused by the COVID-19 outbreak with the view to stabilize Mainland China property market. These measures include, but not limited to, (i) lowering the benchmark interest rate by the People's Bank of China; and (ii) extending the validity period of construction enterprises' qualifications. Historically, Mainland China property market has exposed to the risks of changes in policies by PRC government policies from time to time, and it is an industry subjectable to market volatility and to a certain extent affected by the overall economic development of Mainland China, both on a national level and a regional level.

3.2 Hong Kong property market and outlook

Based on the information set out in the 2019 Policy Address published by the Hong Kong Government in October 2019, it was stated that the Hong Kong Government aims to increase the supply of land for housing development in a persistent manner to meet the acute housing shortages. In particular, the Hong Kong government has launched schemes to provide assistance to first-time home buyers and lowering the cap on the value of the properties under the Mortgage Insurance Programme of the HKMC Insurance Limited.

According to the Transport and Housing Bureau's statistics on first-hand private residential units, it projected supply from the first-hand residential property market for the coming three to four years to reach approximately 93,000 units.

While the Hong Kong property market is exposed to the risk of changes in Hong Kong Government's policies, it is also exposed to market volatility and to an extent affected by the overall economic development of Hong Kong.

4. Reasons for and benefits of the 2020 Construction Agreement

As set out in the Letter from the Board, the Group has, since July 2007, engaged 23rd Metallurgical as construction contractor for the Group's real estate development projects in Mainland China. Commencing from April 2017, the Company has also extended 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 Mainland China and Hong Kong.

Based on the long-standing working relationship with members of the China Minmetals Group, the Group is satisfied with their competence as construction contractors for its real estate development projects. The Group has benefited from the China Minmetals Group's better understanding of the Group's operations which in turn led to a more expedient and reliable service than those rendered by the other construction companies. Accordingly, the Company intends to continue to invite member(s) of the China Minmetals Group to tender for its construction contracts for the Group's real estate developments.

As the Group's real estate development business continues to grow in Mainland China and Hong Kong, it is anticipated that the Group will, in the coming few years, actively increasing inviting tenders for construction works to support the Group's real estate development projects.

The 2020 Construction Agreement is a framework of arrangement to authorise the Company to approach the relevant members of the China Minmetals Group as construction contractors, and if approved, would avoid undue delay in the construction progress of the relevant projects which will otherwise have to seek the Independent Shareholders' approval in a special general meeting for each specific project. As further described in this letter, the appointment 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, regulations and the Group's internal procedures (where relevant) in Mainland China and Hong Kong.

After taking into account the aforesaid, and having regard to (a) the Group's satisfactory experience in dealing with, and the competence of, the member(s) of the China Minmetals Group as construction contractors for its real estate development projects; (b) the Directors' acknowledgement on the relevant expertise, professional qualifications and track record of member(s) of the China Minmetals Group that are engaged in the business of construction projects; and (c) the Management advised that, based on their past experience, they have no reason to doubt the financial resources available to members of the China Minmetals Group for them to satisfy their contractual obligations under construction contracts which may be awarded under the

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2020 Construction Agreement, subject to successful tender. We concur with the Directors' view that the entering into of the 2020 Construction Agreement is in the interests of the Company and the Shareholders as a whole.

5. The 2020 Construction Agreement

5.1 Terms of the 2020 Construction Agreement

The principal terms of the 2020 Construction Agreement are summarised below:

Parties:	(i) The Company; and (ii) China Minmetals
Term:	Three years commencing from 19 April 2020 to 18 April 2023
Subject matter:	The Group may from time to time invite member(s) of the China Minmetals Group to tender for construction contract(s) in Mainland China 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 Mainland China 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 2020 to 18 April 2023 shall not exceed the Proposed Annual Caps.
Construction contract sum:	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 Mainland China 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 (ii) the nature of each construction project.

For further details of the 2020 Construction Agreement, please refer to the section headed "Principal terms of the 2020 Construction Agreement" in the Letter from the Board.

5.2 Internal control procedures

As set out in the Letter from the Board and as advised by the Management, the process of selecting construction contractors for the real estate development projects of the Group in Mainland China and Hong Kong shall be conducted in accordance with the applicable rules, regulations and the Group's internal procedures (where relevant) in Mainland China and Hong Kong and of the locations where the projects are situated. According to information currently available and the size of the projects, construction contracts relating to the Group's real estate development projects will have to be awarded through a regulated tender process governed by the relevant measures, regulations and the Group's internal procedures (where relevant) in Mainland China and Hong Kong. The Management advised that a tender evaluation committee, which shall comprise a majority of qualified experts randomly selected from a list of qualified experts for tender evaluation as approved by the relevant government authorities in Mainland China and a list of in-house and/or external professionals with relevant expertise and qualifications in Hong Kong, has to be established to, amongst other matters, evaluate tenders based on an appropriate tender assessment method and recommend the successful tender in a manner as stipulated in the applicable rules, regulations and the Group's internal procedures (where relevant). The tender assessment method shall be selected in accordance with the applicable measures, regulations and the Group's internal procedures (where relevant) with reference to, *inter alia*, the size of the construction contract. Although there are a number of tender assessment methods, the major criteria of all of them are unit tender rates, total tender sum, technical competency and track record. Under such regulated evaluation and selection system, the Management is of the view that the construction contracts awarded to the member(s) of the China Minmetals Group and the construction contract sum payable to the member(s) of the China Minmetals Group will be on normal commercial terms and no more favourable than those offered to independent third party construction contractors.

Further information in relation to the tender process for the Group's real estate development projects are set out in the Letter from the Board under the section headed "Further information on the appointment of construction contractors by the Group".

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In this connection, we have reviewed the Group's tender management manual* (招標管理辦法), which governs the tender procedures of the Company and its project companies. It sets out guidelines for, among other things, tender strategy* (招標計劃), qualification evaluation* (資格審查), tender documentation* (招標文件), tender procedures* (招標程式) and tenders comparison and assessment* (議價報價比選審核). As set out in the Letter from the Board and based on our review of the relevant tender management manual and tender assessment reports provided by the Company in respect of the appointment of construction contractors in the past, as part of the qualification evaluation of the tender procedures, the Company would evaluate, among other criteria, background, financial capabilities, operational capacity and experience of the contractors involved in a given tender. Based on the aforesaid review, we note that (i) the tenders submitted by member(s) of the China Minmetals Group were reviewed and evaluated by applying a prescribed tender assessment method that is no different from those submitted by independent third parties; and (ii) where member(s) of the China Minmetals Group were awarded with construction contracts for the Group's real estate development projects under the tendering procedures, the pricing of which would be no less favourable to the Group than those to independent third parties.

We understand from the Management that project companies of the Company have been complying with the relevant PRC governmental tender regulations since the signing of the 2017 Construction Agreement.

Furthermore, based on our discussion with the Management relating to the tendering and appointment procedures, in the event that the members of the China Minmetals Group participates in tendering for any construction contracts in respect of the Group's existing and future real estate development projects in Mainland China and Hong Kong, its tender will be reviewed and evaluated by the relevant tender evaluation committee under the same prescribed tender assessment method as compare to that of any other qualified tenderers.

Based on (i) our review of the Group's tender management manual* (招標管理辦法) provided by the Management; (ii) our abovementioned review of tender assessment report samples covering the Historical Periods (as defined below) provided by the Management, which demonstrated that (a) the tenders submitted by member(s) of the China Minmetals Group were reviewed and evaluated by applying a prescribed tender assessment method in a manner no different from

any other qualified tenders by independent third parties; and (b) where member(s) of the China Minmetals Group were awarded with construction contracts for real estate development projects of the Group under the tendering procedures, the pricing of which was no less favourable than those from independent third parties tendering for the same contract; (iii) our understanding from the Management that the project companies of the Company have not recorded any material breach to the relevant PRC governmental tender regulations since the signing of the 2017 Construction Agreement; (iv) our review of the construction contracts settlement terms during the Historical Periods (as defined below); and (v) our understanding from the Management that the same tender procedures and assessment as set out above shall apply to the CMG Group member(s) in a manner no different to the member(s) of the China Minmetals Group and independent third parties, we concur with the Management's view that if member(s) of the China Minmetals Group are awarded construction contracts for real estate development projects of the Group under the stated tendering procedures, the construction contract sum payable and the terms of which would be on normal commercial terms and no less favourable offered by independent third party.

5.3 Settlement of construction contract sums

As set out in the Letter from the Board, under typical construction contracts awarded by the Group to its construction contractors in Mainland China, the construction contract sum will be payable with respect to specific work stages or milestones achieved in various aspects of work. In general, an aggregate of 85% of the total construction contract sum will be paid up by the time of completion of works, and the remaining 15% of the total construction contract sum will be payable according to a payment schedule and will be fully paid up in one month after the expiry of the defect liability period. For typical construction contracts in Hong Kong, an aggregate of 90% of the total construction contract sum will be paid upon completion of works, and the balance of 10% will be payable after the expiry of the defect liability period.

In this connection, we have reviewed the settlement terms of the construction contract samples entered with (i) the members of the China Minmetals Group; and (ii) independent third parties during the Historical Periods (as defined below). Based on our review, we note that the abovementioned settlement terms are comparable. On this basis, we are of the view that the settlement terms of the Continuing Connected Transactions are reasonable.

5.4 Basis for determining the Proposed Annual Caps

As set out in the Letter from the Board, the historical annual caps in connection with the 2017 Construction Agreement (the “Historical Annual Caps”) and the Group’s construction contracts awarded to the members of the China Minmetals Group for the periods from (i) 19 April 2017 to 31 December 2017; (ii) 1 January 2018 to 31 December 2018; (iii) 1 January 2019 to 31 December 2019; and (iv) 1 January 2020 to 18 April 2020 (the “Historical Periods”) are as follows:

	Amount awarded to members of the China Minmetals Group	Historical Annual Caps	Respective annual cap utilisation rate (%)
<i>For the period ended</i>			
19 April 2017 to 31 December 2017	RMB1,074.10 million	RMB2,000.00 million	53.7
1 January 2018 to 31 December 2018	RMB1,659.80 million	RMB6,085.49 million	27.3
1 January 2019 to 31 December 2019	RMB798.86 million	RMB3,711.28 million	21.5
1 January 2020 to 18 April 2020	RMB193.45 million	RMB2,798.02 million	6.9

As shown above, for each of the periods during the Historical Periods, the aggregate amount awarded to member(s) of the China Minmetals Group were approximately RMB1,074.1 million (approximately HK\$1,182.80 million), RMB1,659.8 million (approximately HK\$1,827.77 million), RMB798.86 million (approximately HK\$879.70 million), and RMB193.45 million (approximately HK\$213.03 million), respectively, representing approximately 53.7%, 27.3%, 21.5 and 6.9% of the Historical Annual Caps, respectively.

The Management also advised that member(s) of the China Minmetals Group have tendered for construction contracts of the Group’s real estate development projects in Mainland China and Hong Kong in the past. The historical tender participation rate of members of the China Minmetals Group in respect of construction contracts of the Group’s real estate development projects for the period from 19 April 2017 to 31 December 2017, 1 January 2018 to 31 December 2018, 1 January 2019 to 31 December 2019 and 1 January 2020 to 18 April 2020 were 69.2%, 100%, 100% and 100% respectively and the corresponding successful rate were 53.8%, 66.7%, 37.5% and 33.3% respectively.

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The Directors are of the view that the under-utilisation of the Historical Annual Caps was attributable to the following reasons:

- (i) member(s) of the China Minmetals Group had not been awarded construction contracts in every occasion where it/they had submitted tender(s) as certain contracts were awarded to other independent third party contractors under the tender process;
- (ii) the historical annual caps were determined with reference to the then planned schedule of development plans but the actual progress of each of the projects of the Group were subject to change over time (due to situations including but not limited to change in government policies, market and economic conditions from time to time);
- (iii) member(s) of the China Minmetals Group may not submitted tenders for all of the construction projects due to resources constraints; and
- (iv) members of the China Minmetals Group is not the most competitive tenderer based on the result of the relevant tender assessment.

The Management also advised that the availability of suitable projects for tendering from time to time are influenced by (i) the Group's land bank at the relevant time; and (ii) the number of new sites the Group acquired during the relevant period. The Management advised that the acquisition of new sites by the Group in Mainland China and Hong Kong often involve formal auction or tendering processes which the Group has to compete with other bidders. As such, even though it is the Group's strategy to continue its land acquisition in Mainland China and Hong Kong, the Group's future land bank is dependent on its ability to secure new sites through successful land auctions in the future. Based on information provided by the Management, the Group has participated in land auctions and/or tenders for over 39 sites across different PRC cities and Hong Kong from 18 April 2017 to the Latest Practicable Date and was able to secure 11 new sites from the aforesaid land auctions and/or tenders. To the extent that the Group is unable to secure sufficient sites and/or site areas as planned in a given period, the construction contracts available for tender for such period would consequently be reduced. In addition, the utilisation of the Historical Annual Caps was driven by a number of external factors beyond the Company's control which may affect project development schedules.

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The table below sets out the Proposed Annual Caps for the periods from (i) 19 April 2020 to 31 December 2020 (the “2020 Period”); (ii) 1 January 2021 to 31 December 2021; (iii) 1 January 2022 to 31 December 2022; and (iv) 1 January 2023 to 18 April 2023 (the “2023 Period”):

Period	Annual cap amount
19 April 2020 to 31 December 2020	RMB3,921.05 million (approximately HK\$4,317.86 million) (the “2020 Proposed Cap”)
1 January 2021 to 31 December 2021	RMB3,693.15 million (approximately HK\$4,066.90 million) (the “2021 Proposed Annual Cap”)
1 January 2022 to 31 December 2022	RMB5,401.96 million (approximately HK\$5,948.64 million) (the “2022 Proposed Annual Cap”)
1 January 2023 to 18 April 2023	RMB1,657.57 million (approximately HK\$1,825.32 million) (the “2023 Proposed Cap”)

As stated in the Letter from the Board and advised by the Management, the Proposed Annual Caps were determined after taking into consideration of the relevant factors, including (i) the planned construction floor area of each project; (ii) the unit construction cost of the types of property to be constructed; (iii) the development schedule of the relevant projects; (iv) the likelihood of member(s) of the China Minmetals Group to participate in the project tender; (v) the expected progress of the construction works (for determining the relevant year for calculating the Proposed Annual Caps); and (vi) the Company’s estimates of the total contract sums of the Group’s construction contracts which may be awarded to member(s) of the China Minmetals Group under the Continuing Connected Transactions.

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The table below sets out the estimated contract amount of real estate development projects and the related construction contracts that may be awarded to member(s) of the China Minmetals Group during the term of the 2020 Construction Agreement, based on: (i) the Group’s existing projects that are available for future development as set out in the 2019 Annual Report; and (ii) new projects intended to be acquired by the Group in the future:

	From 19 April 2020 to 31 December 2020 <i>RMB million</i>	From 1 January 2021 to 31 December 2021 <i>RMB million</i>	From 1 January 2022 to 31 December 2022 <i>RMB million</i>	From 1 January 2023 to 18 April 2023 <i>RMB million</i>	Expected construction completion date
(i) Construction contracts under the Group’s existing projects that are available for future development (the “Existing Project(s)”)					
Nanjing Jiangning Project	638.88				4th quarter 2021
Changsha Nanhu Project		878.25			4th quarter 2024
Changsha Qin Royale	389.14				4th quarter 2021
Chengdu Qingyang Project	230.00				1st quarter 2022
Shenzhen The Greenville	481.20				4th quarter 2022
Chengdu Dayi Project	841.00	391.50			4th quarter 2023
Huizhou Hallstatt See	350.83	427.40	194.46	172.57	4th quarter 2024
(ii) Construction contracts under projects intended to be acquired by the Group in the future (the “Potential Project(s)”)					
Mainland China	990.00	1,886.00	2,540.00	1,485.00	
Hong Kong		110.00	2,667.50		
Total	<u>3,921.05</u>	<u>3,693.15</u>	<u>5,401.96</u>	<u>1,657.57</u>	

As the implementation of the Existing Projects may subject to development lead time changes, it may affect the actual utilisation of the Proposed Annual Caps during the term of the 2020 Construction Agreement. In order to replenish the land bank, the Group has formulated its land acquisition plan for the period between 2020 and 2023 and has been actively participating in public tenders for new land since 2019. The Management therefore estimated that the Proposed Annual Caps will also cover gross floor area of the Potential Projects which are expected to be acquired under the Company’s land acquisition plan in Mainland China and Hong Kong. Due to the increase in both the estimated total gross floor area as well as the estimated average construction price per square metre, the Management expects an increment in the Proposed Annual Caps as compared with the historical annual caps under the 2017 Construction Agreement.

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As set out in the Letter from the Board and advised by the Management, the Company has acquired new parcels of land for real estate development projects in Nanjing, Changsha, Chengdu and Shenzhen, which shall commence construction from the second quarter of 2020 onwards. As such, it is estimated that there will be a significant increase in the amount of construction contracts to be awarded by the Group for the 2020 Period, resulting in an increment in the 2020 Proposed Cap when compared with the historical cap for the period from 1 January 2020 to 18 April 2020 under the 2017 Construction Agreement. According to the Group's development schedule, the Group will invite parties to place tenders for Existing Projects and Potential Projects with an aggregate construction floor area of over 1,256,767 square metres for the 2020 Period. In view of the impending completion of the construction works of the Existing Projects, it is envisaged that the estimated gross floor area for subsequent tendering will decrease, which is reflected by the reduction in the 2021 Proposed Annual Cap.

The increase of the 2022 Proposed Annual Cap is mainly due to the higher contract sum of a Potential Project in Hong Kong (in accordance with the Company's acquisition plan), which the Management expects such project would have an estimated total gross floor area similar to and not less than the development scale of the Group's existing real estate development project in Yau Tong, Hong Kong. The Potential Project in Hong Kong is expected to have a higher unit construction rate as compared to other Potential Projects located in Mainland China due to various factors, including the difference in the design provision and finishes of the product that would impact the overall construction cost. The Management advises that the construction cost may vary in accordance to the type and size of the potential project, as such, the higher cost associated with such Potential Project in Hong Kong results in an increase of the 2022 Proposed Annual Cap.

The 2023 Proposed Cap is reduced as the construction floor area for Potential Projects is limited to the initial 3.5-month period in 2023 covered under the 2020 Construction Agreement. During this period, the Management estimated that there would be construction contracts for only one Existing Project in Huizhou for tendering.

In assessing the fairness and reasonableness of the Proposed Annual Caps, we have reviewed and discussed the information provided by the Management, including the planned/estimated size of land sites, the estimated relevant construction cost on a per square metre basis and the expected completion dates of the Existing Projects. In respect of the planned/estimated size of land sites, the Management has taken into account the Group's land acquisition plans for 2020, 2021, 2022 and 2023 as well as development plans and progress of the Existing Projects when estimating the construction floor area of the planned/estimated size of land sites. The Management has also taken into account the Group's historical participation rate and success rate in land auctions and/or tenders across different cities in Mainland China and Hong Kong as well as the historical tender participation rate of members of the China Minmetals

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Group. Based on our review of the information provided by the Management, the land acquisition plans were formulated with reference to the estimated required capital and the estimated total area of land available in the targeted Tier-1 cities and Tier-2 cities for 2020, 2021, 2022 and 2023.

The table below sets out the estimated construction floor area and the estimated average construction cost per square metre for both Existing Projects and Potential Projects for the period from 19 April 2020 to 18 April 2023:

Period	Estimated construction floor area (in square metres)	Estimated construction cost per square metre
The 2020 Period	1,256,767	RMB3,120 (equivalent to approximately HK\$3,436)
The year ending 31 December 2021	1,154,594	RMB3,199 (equivalent to approximately HK\$3,523)
The year ending 31 December 2022	938,135	RMB5,758 (equivalent to approximately HK\$6,341)
The 2023 Period	505,028	RMB3,282 (equivalent to approximately HK\$3,614)

In relation to the basis for determining the abovementioned estimated construction cost per square metre for both Existing Projects and Potential Projects, we note that the estimation was based on (i) the progress and the complexity of the design and choice of materials and finishes; and (ii) the development type (i.e. residential and/or commercial) and location of the relevant projects across different cities in Mainland China and Hong Kong during the period from 19 April 2020 to 18 April 2023.

The higher estimated construction cost per square metre for the year ending 31 December 2022 has also taken into consideration of the higher cost associated with a Potential Project in Hong Kong. We also note from our discussion with the Management and information provided by the Management that they were based on the estimated prevailing market prices on construction works for components such as pre-construction, structural, foundation, superstructure, amenity, shared facilities, fit-out, electrical and water sewage (where relevant) in the relevant cities/areas for each project, with similar quality and scopes of work for such types of development.

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In assessing the fairness and reasonableness of the abovementioned estimated construction cost per square metre, we have reviewed samples in relation to tender results of construction contracts awarded to the members of the China Minmetals Group and independent third parties during the Historical Periods and note that estimated average construction costs during the period from 19 April 2020 to 18 April 2023 are in line with those entered with member(s) of the China Minmetals Group and independent third parties during the Historical Periods and prevailing market price. We have also conducted online research in relation to the construction cost per square metre for the similar type of projects in Mainland China and Hong Kong as published in public domains, including construction cost statistics released by the National Bureau of Statistics of China, and noted that the estimated construction cost per square metre of the Existing Projects and Potential Projects are within the prevailing market range. In assessing the higher estimated unit construction cost associated with the Potential Project in Hong Kong as compared to the projects in Mainland China for the year ending 31 December 2022, we have discussed with the Management on their basis of estimation and conducted our independent online research on the construction cost per square metre for the similar type of project in Hong Kong and concluded the estimated unit construction cost of the Potential Project in Hong Kong is within the prevailing market range as a public source cited that the construction cost of a residential development project in Kai Tak, Hong Kong could be as high as HK\$7,000 per square foot² (equivalent to approximately HK\$75,348 per square metre), which is higher than the average construction costs in Mainland China. As such, we are satisfied that the basis for the estimated average construction costs for both Existing Projects and Potential Projects during the period from 19 April 2020 to 18 April 2023 are fair and reasonable.

On 18 April 2020, Mainland China Government has announced that the economy's GDP has shrunk in the first quarter of 2020, the first shrinkage that the country has experienced in four decades. Acknowledging the immensely COVID-19 related uncertainties that the world is facing, it is not possible to quantify the precise timing, consequences and effects that the current crises, or any remedial measures, that they may have on the Group's businesses in the next few years. Shareholders should note that the Proposed Annual Caps represent estimates by the Group based on the information currently available (including types of the property to be constructed, development schedule and prevailing market conditions) and, in particular, the estimated amount of construction contracts for the Group's existing and potential new real estate development projects in Mainland China and Hong Kong. The construction contracts for the Group's real estate development projects are open for tender by members of the China Minmetals Group as well as other third party construction companies and accordingly, the Proposed Annual Caps should not be construed as the actual amount of construction contracts that the Group may award to member(s) of the China Minmetals Group during the period from 19 April 2020 to 18 April 2023. Shareholders should also be aware that the actual utilisation and sufficiency of the Proposed Annual Caps would depend on a host of factors, including but not

² <https://www.scmp.com/property/hong-kong-china/article/3009237/kai-taks-third-largest-plot-residential-land-goes>

limited to, the relevant tenders which will be awarded through a regulated tender process governed by the relevant measures, regulations and the Group's internal procedures (where relevant) in Mainland China and Hong Kong and may or may not be granted to members of the China Minmetals Group, the progress of the real estate development projects in question and the scope of work. In this regard, we understand from the Management that the Company will actively monitor the progress and utilisation of the Proposed Annual Caps to ensure compliance with the Listing Rules from time to time.

Taking into account (i) the estimated total value of construction works to be tendered by the Group based on the expected progress of the construction works on the relevant projects; (ii) the land acquisition plans formulated by the Management for 2020, 2021, 2022 and 2023; (iii) the estimated construction cost per square metre used to calculate the Proposed Annual Caps which were estimated by the Management with reference to prevailing market price; (iv) the growth of real estate development segment of the Group's revenue in the property development segment over the past three years as evidenced by its revenue increase; and (v) the flexibility to appoint 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, regulations and the Group's internal procedures (where applicable) in Mainland China and Hong Kong, we consider that the basis for the Proposed Annual Caps is fair and reasonable.

6. Continuing connected transactions requirements under the Listing Rules

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors are required to review the Group's continuing connected transactions annually and confirm in the Company's annual report that they have been carried out (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In compliance with the Listing Rules, the Company will engage auditors to report on the Group's continuing connected transactions in relation to the 2020 Construction Agreement for the period from 19 April 2020 to 31 December 2020, the year ending 31 December 2021, the year ending 31 December 2022 and the period from 1 January 2023 to 18 April 2023. Given the above, we consider that there exist appropriate procedures and arrangements to ensure that the continuing connected transactions contemplated under the 2020 Construction Agreement will be conducted on terms in compliance with the provisions of the Listing Rules.

VI. RECOMMENDATION

Having considered the factors as set out in this letter above, in particular (i) the appointment of member(s) of the China Minmetals Group for construction contract(s) in Mainland China and Hong Kong which shall be subject to the Group's tender procedures along with other independent bidders invited by the Group to participate in the subject tender; (ii) a tender evaluation committee to be formed to review and evaluate tenders (submitted by connected parties and independent third parties) by applying a prescribed tender assessment method; and (iii) the basis of determining the Proposed Annual Caps as set out under sub-section headed "5.4. Basis for determining the Proposed Annual Caps" under the section headed "V. Principal Factors and Reasons Considered in relation to the Continuing Connected Transactions" in this letter, we are of the view that the 2020 Construction Agreement is in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which, including the Proposed Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to approve the 2020 Construction Agreement (including the Proposed Annual Caps) at the SGM.

Yours faithfully,
For and on behalf of
YUE XIU CAPITAL LIMITED
Kenneth Sit
Director

Note: Mr. Kenneth Sit of Yue Xiu Capital Limited is a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO. He has been active in the field of corporate finance advisory for over 16 years, and has been involved in and completed various corporate finance advisory transactions.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

Interests in Shares

Name of Director	Type of interest	Number of Shares held	Approximate percentage of the total issued Shares <i>(Note)</i>
Mr. He Jianbo	Personal	2,040,000	0.06%
Mr. Yang Shangping	Personal	1,846,667	0.06%
Ms. He Xiaoli	Personal	783,333	0.02%

Note: The percentage was calculated based on a total of 3,346,908,037 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company hold any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Save as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- (a) Mr. He Jianbo, Mr. Liu Bo, Mr. Chen Xingwu, Mr. Yang Shangping and Ms. He Xiaoli are employees of China Minmetals; and
- (b) Ms. He Xiaoli is a director of Minmetals HK.

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than Directors and chief executive of the Company) had interests or short positions in Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Interest in Shares		Approximate percentage of total issued Shares	
	Long position	Short position	Long position	Short position
China Minmetals ^(Note 1)	2,071,095,506	—	61.88%	—
CMCL ^(Note 1)	2,071,095,506	—	61.88%	—
五礦有色金屬控股有限公司 (China Minmetals Non-Ferrous Holding Company Limited*) ("CMNH") ^(Note 1)	2,071,095,506	—	61.88%	—
五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Company Limited*) ("CMN") ^(Note 1)	2,071,095,506	—	61.88%	—
Album Enterprises Limited ("Album Enterprises") ^(Note 1)	2,071,095,506	—	61.88%	—
Minmetals HK ^(Note 1)	2,071,095,506	—	61.88%	—
June Glory ^(Note 1)	2,071,095,506	—	61.88%	—
Haitong Securities Co. Ltd. ("HSC") ^(Note 2)	169,995,800	6,268,000	5.08%	0.19%
Haitong International Holdings Limited ("HIH") ^(Note 2)	169,995,800	6,268,000	5.08%	0.19%
Haitong International Securities Group Limited ("HISG") ^(Note 2)	169,995,800	6,268,000	5.08%	0.19%
Haitong International Securities Company Limited ("HISC") ^(Note 2)	163,727,800	—	4.89%	—

Notes:

1. June Glory is a wholly-owned subsidiary of Minmetals HK, which in turn is owned as to approximately 39.04%, 38.95% and 22.01% by CMCL, Album Enterprises and Top Create Resources Limited respectively. Album Enterprises and Top Create Resources Limited are wholly owned by CMN, which in turn is owned as to approximately 99.999% and 0.001% by CMNH and CMCL respectively. CMNH is a wholly-owned subsidiary of CMCL. CMCL is owned as to approximately 88.4% by China Minmetals. Accordingly, each of China Minmetals, CMCL, CMNH, CMN, Album Enterprises and Minmetals HK was deemed as interested in the 2,071,095,506 Shares held by June Glory.
2. HISG through its wholly-owned subsidiary Haitong International (BVI) Limited is deemed to be interested in the Shares held by HISC and Haitong International Finance Solutions Limited respectively. HISG is 64.40% owned by HIH, which in turn is wholly-owned by HSC. Accordingly, each of HSC, HIH and HISG was deemed as interested in the long position of 169,995,800 Shares and short position of 6,268,000 Shares respectively.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. He Jianbo, being the Chairman of the Board and an executive Director of the Company, is also a director of 五礦(營口)產業園發展有限公司 Minmetals (Yingkou) Industrial Park Real Estate Development Co., Ltd.* (“Yingkou Industrial Park”, a non-wholly owned subsidiary of China Minmetals), 五礦置業有限公司 Minmetals Real Estate Co., Ltd.* (“Minmetals Real Estate”, a non-wholly owned subsidiary of China Minmetals) and 五礦地產控股有限公司 Minmetals Land Holdings Co., Ltd.* (“Minmetals Land Holdings”, a non-wholly owned subsidiary of China Minmetals).

Mr. Liu Bo, being the Managing Director and an executive Director of the Company, is also a director of Minmetals Land Holdings.

Mr. Chen Xingwu, being a Deputy Managing Director and an executive Director of the Company, is also a director of Minmetals Real Estate and Minmetals Land Holdings.

Mr. Yang Shangping, being a Deputy Managing Director and an executive Director of the Company, is also a director of Yingkou Industrial Park and Minmetals Land Holdings.

All of Yingkou Industrial Park, Minmetals Real Estate and Minmetals Land Holdings are companies established under the laws of the PRC. Yingkou Industrial Park is engaged in the development of Minmetals (Yingkou) Industrial Park. Minmetals Real Estate is engaged in real estate development and operation, construction, property management, real estate agency, real estate advertising and exhibition and other real estate related business. Minmetals Land Holdings is engaged in real estate development, construction contracting and sub-contracting, property management, surveying and designing of construction projects, project investment, provision of technical services, investment consultancy and corporate management consultancy.

Ms. Law Fan Chiu Fun, Fanny, being an independent non-executive Director of the Company, is also a director of China Resources (Holdings) Co., Ltd., the holding company of China Resources Land Limited which engages in real estate development operation in the PRC.

In the event that the Board decides that there are issues of conflict between the Group and the aforementioned companies, conflicting Directors will abstain from voting on the relevant resolutions. After the assessment of the Board, none of the Directors has a conflicting interest in the transactions contemplated under the 2020 Construction Agreement and hence none of the Directors has abstained from voting on the resolutions approving the 2020 Construction Agreement and the Continuing Connected Transactions (including the Proposed Annual Caps).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates (as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any competing interests in a business which competes or is likely to compete with the business of the Group.

6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2019 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement subsisting as at the Latest Practicable Date in which any of the Directors was materially interested and which was significant in relation to the business of the Group. However, Mr. Tsui Ki Ting, who is a director of 龍建(南京)置業有限公司 Dragon Construction (Nanjing) Property Co., Ltd.* (“DCNP”, a subsidiary of the Company), was interested in the shareholders’ agreement in respect of Oriental Dragon Construction Limited (“ODCL”, the immediate holding company of DCNP) dated 11 April 2006 entered into amongst Karman Industries Limited (“KIL”), Stillpower Limited (both being wholly-owned subsidiaries of the Company), World Ocean Development Limited (“WODL”) and ODCL in respect of the transfer of a 29% equity interest in ODCL from KIL to WODL at a total consideration of HK\$2,900 and the management and operations of ODCL which is engaged in the Laguna Bay Project. As at the Latest Practicable Date, Mr.

Tsui Ki Ting had a controlling interest in WODL which in turn owned 29% equity interest in ODCL, and the remaining 71% equity interest in ODCL was owned indirectly by the Company.

7. LITIGATION

As at the Latest Practicable Date, none of the members of the Group has engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any members of the Group.

8. MATERIAL CONTRACTS

Saved as disclosed below, no material contracts (not being contracts entered into in the ordinary course of business carried out by the Group), have been entered into by any members of the Group within the two years immediately preceding the date of this circular:

- (a) the financial services framework agreement dated 20 April 2018 (the “2018 Agreement”) entered into between the Company and 五礦集團財務有限責任公司 Minmetals Finance Co., Ltd.* (“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. Further details of the 2018 Agreement are set out in the announcement and the circular of the Company dated 20 April 2018 and 14 May 2018 respectively;
- (b) a subscription agreement dated 10 May 2018 entered into among the Company, Excel Capital Global Limited (a wholly-owned subsidiary of the Company) as the issuer, and Deutsche Bank AG, Hong Kong Branch, UBS AG Hong Kong Branch, Morgan Stanley & Co. International plc, BOCI Asia Limited, Haitong International Securities Company Limited, CLSA Limited, United Overseas Bank Limited and Orient Securities (Hong Kong) Limited as joint lead managers, whereby the issuer agreed to issue, and each of the joint lead managers severally agreed to subscribe or procure subscribers to subscribe and pay for, the senior perpetual capital securities issued by the issuer and guaranteed by the Company, in an aggregate principal amount of US\$200,000,000. Further details of the issuance of the senior perpetual capital securities are set out in the announcements of the Company dated 4 May 2018, 11 May 2018 and 17 May 2018;
- (c) a subscription agreement dated 10 September 2018 entered into between the Company, Expand Lead Limited (a wholly-owned subsidiary of the Company) as issuer, and BOCI Asia Limited, DBS Bank Ltd., Haitong International Securities Company Limited, The Hongkong and Shanghai Banking Corporation Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, CLSA Limited, Industrial Bank Co., Ltd., Hong Kong Branch, Orient Securities (Hong Kong) Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch and Silk Road International Capital Limited as joint lead managers, whereby the issuer agreed to issue, and each of the joint lead managers severally agreed to subscribe or procure subscribers to subscribe and pay for, the US\$300,000,000 6.40% senior

guaranteed bonds due 2021 issued by the issuer and guaranteed by the Company, in an aggregate principal amount of US\$300,000,000. Further details of the issuance of the senior guaranteed bonds are set out in the announcements of the Company dated 6 September 2018, 10 September 2018 and 18 September 2018;

- (d) a joint venture agreement dated 14 December 2018 entered into among 五礦盛世廣業(北京)有限公司 Minmetals Shengshi Guangye (Beijing) Co., Ltd.* (“Shengshi Guangye”, a wholly-owned subsidiary of the Company), 桐鄉市安豪投資管理有限公司 Tongxiang City Anhao Investment Management Co., Ltd.*, the three other parties to the joint venture agreement, as joint venture parties, and 廣州安合房地產開發有限公司 Guangzhou Anhe Real Estate Development Co., Ltd.* (“Guangzhou Anhe”) as the target company, in relation to the formation of a joint venture and the operation of the target company (i.e. Guangzhou Anhe), whereby Shengshi Guangye shall contribute the total investment amount of RMB216,489,000, which comprises RMB5,000,000 to subscribe for 10% equity interest in Guangzhou Anhe and up to RMB211,489,000 as shareholder’s loan to Guangzhou Anhe. Further details of the joint venture agreement are set out in the announcement of the Company dated 14 December 2018;
- (e) a memorandum of intent dated 28 March 2019 (the “Guangzhou Kuangmao Memorandum of Intent”) entered into by Shengshi Guangye, 寧波市鄞州協豐房產投資諮詢有限公司 Ningbo Yinzhou Xiefeng Real Estate Investment Consultancy Co., Ltd.* (“Xiefeng Real Estate”) as an investor and 廣州市礦茂房地產開發有限公司 Guangzhou Kuangmao Property Development Co., Ltd.* (“Guangzhou Kuangmao”) as the target company in relation to, the possible formation of a joint venture and the operation of the target company (i.e. Guangzhou Kuangmao), whereby Xiefeng Real Estate shall contribute 49% of the registered capital and shareholder’s loan of Guangzhou Kuangmao. Further details of the Guangzhou Kuangmao Memorandum of Intent are set out in the announcement of the Company dated 28 March 2019;
- (f) an agreement of intent dated 11 April 2019 (the “Guangzhou Kuangrong Agreement of Intent”) entered into among Shengshi Guangye, 廣州招商房地產有限公司 Guangzhou Merchants Property Development Limited* (“Guangzhou Merchants”) as an investor and 廣州礦榮房地產開發有限公司 Guangzhou Kuangrong Property Development Co., Ltd.* (“Guangzhou Kuangrong”) as the target company, in relation to the possible formation of a joint venture and the operation of the target company (i.e. Guangzhou Kuangrong), whereby Shengshi Guangye shall contribute an amount of approximately RMB588 million if the transactions contemplated thereunder materialize. Further details of the Guangzhou Kuangrong Agreement of Intent are set out in the announcement of the Company dated 11 April 2019;
- (g) an earnest money agreement dated 11 April 2019 entered into by the Company, Guangzhou Merchants as an investor and Guangzhou Kuangrong as the target company in respect of, among other things, the payment of an earnest money by Guangzhou Merchants to Guangzhou Kuangrong in the amount of

approximately RMB548.91 million in relation to the Guangzhou Kuangrong Agreement of Intent. Further details of the earnest money agreement are set out in the announcement of the Company dated 11 April 2019;

- (h) a supplemental agreement dated 28 March 2019 entered into between the Company and Minmetals Finance in relation to, among other things, the revision of the original annual caps for deposit transactions contemplated under the 2018 Agreement to RMB3,000 million and the provision of unsecured loan by Minmetals Finance to the Company for an amount of up to RMB3,000 million on comparable market terms. Further details of the supplemental agreement are set out in the announcement of the Company dated 28 March 2019 and the circular of the Company dated 23 April 2019;
- (i) a capital injection agreement dated 8 January 2020 (“Guangzhou Kuangrong Capital Injection Agreement”) entered into among Shengshi Guangye, Guangzhou Merchants as an investor and Guangzhou Kuangrong as the target company in relation to the admission of Guangzhou Merchants to contribute 49% of the registered capital and shareholder’s loan of Guangzhou Kuangrong for a total sum of approximately RMB593 million as contemplated under the Guangzhou Kuangrong Agreement of Intent. Further details of the Guangzhou Kuangrong Capital Injection Agreement are set out in the announcement of the Company dated 8 January 2020;
- (j) a capital injection agreement dated 8 January 2020 (“Guangzhou Kuangmao Capital Injection Agreement”) entered into among Shengshi Guangye, Xiefeng Real Estate as an investor and Guangzhou Kuangmao as the target company in relation to the admission of Xiefeng Real Estate to contribute 49% of the registered capital and shareholder’s loan of Guangzhou Kuangmao for a total sum of approximately RMB1.2 billion as contemplated under the Guangzhou Kuangmao Memorandum of Intent. Further details of the Guangzhou Kuangmao Capital Injection Agreement are set out in the announcement of the Company dated 8 January 2020 and the circular of the Company dated 22 January 2020 (the “January Circular”); and
- (k) an agreement of intent dated 2 March 2020 (the “Shenzhen Kuangrun Agreement of Intent”) entered into between Shengshi Guangye and 深圳市潤投諮詢有限公司 Shenzhen Runtou Consulting Co., Ltd.* (“Shenzhen Runtou”) as an investor, and a cooperation framework agreement dated 2 March 2020 (the “Shenzhen Kuangrun Cooperation Agreement”) entered into between Shengshi Guangye, Shenzhen Runtou and 深圳市礦潤房地產開發有限公司 Shenzhen Kuangrun Property Development Co., Ltd.* (“Shenzhen Kuangrun”) as the target company, in relation to the possible formation of a joint venture and the operation of the target company (i.e. Shenzhen Kuangrun), whereby Shenzhen Runtou shall contribute 49% of the registered capital and shareholder’s loan of Shenzhen Kuangrun. Further details of the Shenzhen Kuangrun Agreement of Intent and Shenzhen Kuangrun Cooperation Agreement are set out in the announcement of the Company dated 2 March 2020.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up.

10. EXPERT

- (a) Yue Xiu Capital Limited is a licensed corporation under the SFO permitted to carry out Type 6 (advising on corporate finance) regulated activities.
- (b) As at the Latest Practicable Date, Yue Xiu had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter, statements and references to its name in the form and context in which they are included. The letter, statements and recommendations therein given by Yue Xiu are given as of the date of this circular for incorporation herein.
- (c) As at the Latest Practicable Date, Yue Xiu did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (d) As at the Latest Practicable Date, Yue Xiu did not have any interest, directly or indirectly, in any asset which had been, since 31 December 2019 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by, or leased to or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

11. MISCELLANEOUS

- (a) The registered office of the Company is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda, and the head office and the principal place of business in Hong Kong is at 18th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong.
- (b) The branch share registrar of the Company is Computershare Hong Kong Investor Services Limited located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The secretary of the Company is Ms. Chung Wing Yee who is an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute.
- (d) The English text of this circular shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at 18th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong, during normal business hours on any weekday (except public holidays), up to and including 14 days from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2018 and 2019;
- (c) the material contracts as referred to in the paragraph headed “8. MATERIAL CONTRACTS” in this appendix;
- (d) the 2020 Construction Agreement;
- (e) the 2017 Construction Agreement;
- (f) the letter from the Independent Board Committee, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this circular;
- (g) the letter from Yue Xiu, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” of this circular;
- (h) the written consent referred to in paragraph headed “10. EXPERT” in this appendix;
- (i) the January Circular; and
- (j) this circular.

* *For identification purpose only*



五礦地產有限公司
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders (the “Meeting”) of Minmetals Land Limited (the “Company”) will be held at Monet Room B, Basement 1, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 28 May 2020 immediately after the conclusion of the annual general meeting to be held at the same location on 28 May 2020 at 10:30 a.m. for the purposes of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

(1) “THAT:

- (a) the conditional agreement dated 17 April 2020 entered into between the Company and China Minmetals Corporation (“China Minmetals”) in relation to the engagement of China Minmetals and its subsidiaries as construction contractor(s) (subject to successful tender) in respect of the existing and future real estate development projects of the Company and its subsidiaries in the People’s Republic of China (the “PRC”) and the Hong Kong Special Administrative Region of the PRC for the three years from 19 April 2020 to 18 April 2023 (the “Construction Agreement”) and the transactions contemplated thereunder (including the proposed annual caps for the three years from 19 April 2020 to 18 April 2023) (details of which are described in the circular of the Company dated 12 May 2020 and a copy of which has been produced to this meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification) be and are hereby approved, confirmed and ratified; and

NOTICE OF SGM

- (b) any one of the directors of the Company be hereby authorised to do all such further acts and things and execute such further documents and take all steps which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the Construction Agreement and the transactions contemplated thereunder.”

By order of the Board
Minmetals Land Limited
He Jianbo
Chairman

Hong Kong, 12 May 2020

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A member who is a recognized clearing house within the meaning of the Securities and Futures Ordinance is entitled to appoint one or more proxies to attend and vote on its behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, and in any event not later than 10:30 a.m. on Tuesday, 26 May 2020.
3. The register of members of the Company will be closed from Monday, 25 May 2020 to Thursday, 28 May 2020 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the Meeting, all share certificates with completed transfer forms must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 22 May 2020.
4. The votes at the Meeting will be taken by poll.
5. Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the Meeting arrangements at short notice. Shareholders should check the Company's website at www.minmetalsland.com for further announcements and updates on the Meeting arrangements.