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五礦地產有限公司 MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

MAJOR TRANSACTION AND RENEWAL OF CONTINUING CONNECTED TRANSACTIONS (FINANCIAL SERVICES FRAMEWORK AGREEMENT)

Background

References are made to (i) the 2018 Circular in relation to, among other things, the 2018 Agreement and the transactions contemplated thereunder whereby Minmetals Finance has agreed to provide current and fixed deposit services, loan services and settlement services to the Company and its subsidiaries in Mainland China for the period from 20 April 2018 to 19 April 2021; and (ii) the 2019 Circular in relation to, among other things, the 2019 Supplemental Agreement and the transactions contemplated thereunder (including the revision of annual caps for deposit transactions contemplated under the 2018 Agreement and provision of unsecured loan).

While the 2018 Agreement (as supplemented by the 2019 Supplemental Agreement) would expire after 19 April 2021, the Company has reviewed and, being satisfied with the services provided by Minmetals Finance, intends to continue to retain Minmetals Finance to provide such services following 19 April 2021. Accordingly, on 2 February 2021, the Company entered into the 2021 Agreement with Minmetals Finance, which shall become effective from 20 April 2021 upon the Company obtaining the Independent Shareholders' approval at the SGM and shall expire on 19 April 2024.

The Proposed Caps

The Proposed Caps for each of the period from 20 April 2021 to 31 December 2021, the year ending 31 December 2022, the year ending 31 December 2023 and the period from 1 January 2024 to 19 April 2024 will remain the same as the annual caps under the 2019 Supplemental Agreement, i.e. RMB3,000 million (equivalent to approximately HK\$3,564.60 million).

Listing Rules Implications

Minmetals Finance is an indirect non-wholly owned subsidiary of China Minmetals, which is in turn the ultimate controlling shareholder of the Company indirectly interested in approximately 61.88% of the issued share capital of the Company as at the date of this announcement. Accordingly, Minmetals Finance is a connected person of the Company under the Listing Rules and the transactions contemplated under the 2021 Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Deposit Services

As one of the applicable percentage ratios for the provision of deposit services by Minmetals Finance under the 2021 Agreement exceeds 100% but the provision of deposit services does not constitute an acquisition by the Company, the provision of deposit services by Minmetals Finance does not constitute a very substantial acquisition but constitutes a major transaction for the Company and is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since each of the applicable percentage ratios for the provision of deposit services by Minmetals Finance under the 2021 Agreement exceeds 5%, it is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Loan Services

The provision of loan services by Minmetals Finance under the 2021 Agreement constitutes financial assistance to be provided by a connected person for the benefit of the Group. Since such services shall be on normal commercial terms, on terms (including interest) no less favourable to the Company and its subsidiaries in Mainland China than those that could be obtained from independent third parties, and no security over the assets of the Group shall be granted in respect of the loans to be provided by Minmetals Finance, it is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

Settlement Services

As the settlement services to be provided by Minmetals Finance to the Company and its subsidiaries in Mainland China under the 2021 Agreement will be free of handling charge, it is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules.

General

A SGM will be convened to consider and, if thought fit, to approve the 2021 Agreement and the transactions contemplated thereunder (including the Proposed Caps).

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the 2021 Agreement and the transactions contemplated thereunder (including the Proposed Caps). The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same connection.

Circular

A circular containing, among others, (i) details of the 2021 Agreement and the transactions contemplated thereunder (including the Proposed Caps); (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM, will be despatched to the Shareholders on or before 25 February 2021.

BACKGROUND

References are made to (i) the 2018 Circular in relation to, among other things, the 2018 Agreement and the transactions contemplated thereunder whereby Minmetals Finance has agreed to provide current and fixed deposit services, loan services and settlement services to the Company and its subsidiaries in Mainland China for the period from 20 April 2018 to 19 April 2021; and (ii) the 2019 Circular in

relation to, among other things, the 2019 Supplemental Agreement and the transactions contemplated thereunder (including the revision of annual caps for deposit transactions contemplated under the 2018 Agreement and provision of unsecured loan).

While the 2018 Agreement (as supplemented by the 2019 Supplemental Agreement) would expire after 19 April 2021, the Company has reviewed and, being satisfied with the services provided by Minmetals Finance, intends to continue to retain Minmetals Finance to provide such services following 19 April 2021. Accordingly, on 2 February 2021, the Company entered into the 2021 Agreement with Minmetals Finance, the principal terms of which are summarised as follows.

THE 2021 AGREEMENT

Date	:	2 February 2021
Parties	:	(i) the Company (ii) Minmetals Finance
Principal terms	:	<i>Financial Services</i>

Minmetals Finance shall provide the following financial services to the Company and its subsidiaries in Mainland China on normal commercial terms, on terms (including interest) no less favourable to the Company and its subsidiaries in Mainland China than those that could be obtained from independent third parties and on terms (including interest) which are the most favourable to the Company and its subsidiaries in Mainland China as compared to the terms offered by Minmetals Finance to other subsidiaries of China Minmetals:

(i) Current and fixed deposit services:

Pursuant to the 2021 Agreement, Minmetals Finance shall provide deposit services to the Company and its subsidiaries in Mainland China.

Interest rate for the deposits placed with Minmetals Finance by the Company and its subsidiaries in Mainland China shall not be lower than (a) the highest interest rate for comparable category of deposits offered by other major PRC commercial banks with which the Company and its subsidiaries in Mainland China have established business relationship; and (b) the highest interest rate offered by Minmetals Finance to other subsidiaries of China Minmetals for comparable category of deposits, whichever is higher.

(ii) Loan services:

Minmetals Finance shall provide loan services to the Company and its subsidiaries in Mainland China and no security over the assets of the Group shall be granted to Minmetals Finance for any of such loans. Minmetals Finance shall grant unsecured loan(s) of up

to RMB3,000 million (equivalent to approximately HK\$3,564.60 million) to the Company and its subsidiaries in Mainland China upon its request on comparable market terms.

Interest rate to be charged by Minmetals Finance for the provision of loans to the Company and its subsidiaries in Mainland China shall not be higher than (a) the lowest interest rate for comparable category of loans charged by other major PRC commercial banks with which the Company and its subsidiaries in Mainland China have established business relationship; and (b) the lowest interest rate charged by Minmetals Finance on other subsidiaries of China Minmetals for comparable category of loans, whichever is lower.

(iii) Settlement services:

All settlement services to be provided by Minmetals Finance to the Company and its subsidiaries in Mainland China under the 2021 Agreement will be free of handling charge.

Non-exclusivity

The Company and its subsidiaries in Mainland China have the right to use other financial services providers according to operational needs and to determine the deposit and loan amounts as well as the schedule for withdrawal of deposits (other than fixed deposits with specified deposit terms).

Term of the 2021 Agreement

The 2021 Agreement shall become effective from 20 April 2021 upon the Company obtaining the Independent Shareholders' approval at the SGM and shall expire on 19 April 2024.

PROPOSED CAPS

Historical annual caps and historical deposit transaction amounts relating to the provision of deposit services by Minmetals Finance to the Company and its subsidiaries in Mainland China under the 2018 Agreement (as supplemented by the 2019 Supplemental Agreement) are as follows:

	For the period from 20 April 2018 to 31 December 2018	For the period from 1 January 2019 to 9 May 2019	For the period from 10 May 2019 to 31 December 2019	For the year ended 31 December 2020	For the period from 1 January 2021 to the date of this announcement
Historical annual caps	RMB2,000 million (equivalent to approximately	RMB2,000 million (equivalent to approximately	RMB3,000 million (equivalent to approximately	RMB3,000 million (equivalent to approximately	RMB3,000 million (equivalent to approximately

	HK\$2,376.40 million)	HK\$2,376.40 million)	HK\$3,564.60 million)	HK\$3,564.60 million)	HK\$3,564.60 million)
Maximum daily outstanding balance of deposits (including accrued interests)	approximately RMB1,259.37 million (equivalent to approximately HK\$1,496.38 million)	approximately RMB1,500.94 million (equivalent to approximately HK\$1,783.42 million)	approximately RMB2,988.20 million (equivalent to approximately HK\$3,550.58 million)	approximately RMB2,993.89 million (equivalent to approximately HK\$3,557.34 million)	approximately RMB2,993.89 million (equivalent to approximately HK\$3,557.34 million)

The Proposed Caps on the maximum daily outstanding balance of deposits (including accrued interests) placed by the Company and its subsidiaries in Mainland China with Minmetals Finance pursuant to the 2021 Agreement will remain the same as the annual caps under the 2019 Supplemental Agreement as follows:

	From 20 April 2021 to 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023	From 1 January 2024 to 19 April 2024
Maximum daily outstanding balance of deposits (including accrued interests)	RMB3,000 million (equivalent to approximately HK\$3,564.60 million)	RMB3,000 million (equivalent to approximately HK\$3,564.60 million)	RMB3,000 million (equivalent to approximately HK\$3,564.60 million)	RMB3,000 million (equivalent to approximately HK\$3,564.60 million)

The Proposed Caps were calculated on the basis of several factors, including the following:

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

REASONS FOR AND BENEFITS OF THE TRANSACTIONS CONTEMPLATED UNDER THE 2021 AGREEMENT

Minmetals Finance is a non-banking financial institution subject to the supervision of the CBRC. It is authorised to provide a variety of financial services including deposit services, loan services and settlement services to members of China Minmetals including the Group.

The Company is satisfied with the attentive services provided by Minmetals Finance since November 2013. In consideration of the treasury management of the Company taking into account the business development plans and financial needs of the Group, as well as the benefits of the Company and the Shareholders as a whole, the Company entered into the 2021 Agreement with Minmetals Finance. In view of the above and the need to secure the stable provision of such financial services under the 2021 Agreement by Minmetals Finance to the Group in the anticipation of rising interest rates and the tightening credit market in the near future, the Company is desirous to renew the 2018 Agreement (as supplemented by the 2019 Supplemental Agreement) before its expiry later this year.

The reasons for and benefits of entering into the 2021 Agreement are as follows:

- (1) The 2021 Agreement provides the Company and its subsidiaries in Mainland China with an option to obtain financial services on terms (including interest) which are no less favourable than those available from other independent PRC commercial banks and are the most favourable to the Company and its subsidiaries in Mainland China as compared to the terms offered by Minmetals Finance to other subsidiaries of China Minmetals.
- (2) Under the 2021 Agreement, the Company and its subsidiaries in Mainland China can obtain unsecured loans from Minmetals Finance, thus providing the Company and its subsidiaries in Mainland China with an additional channel for financing.
- (3) The 2021 Agreement can also help enhance return on surplus funds and reduce finance costs due to favourable interest rates for deposits and loans as well as utilisation of settlement services free of handling charge.
- (4) The Company is expected to benefit from Minmetals Finance's better understanding of the operations of the Company and its subsidiaries in Mainland China which will allow more expedient and efficient services than those rendered by other PRC commercial banks.
- (5) Minmetals Finance is subject to the supervision of the CBRC and provides its services in accordance with the rules and operational requirements of CBRC. The Company believes that the risk profile of Minmetals Finance, as a financial services provider to the Company and its subsidiaries in Mainland China, is not greater than that of independent commercial banks in the PRC.
- (6) Under the relevant rules of the PBOC and CBRC, the clients of Minmetals Finance are restricted to China Minmetals and its subsidiaries (including the Group). Minmetals Finance is hence exposed to a lower level of potential risk than if clients included external entities.

The Directors (save for the independent non-executive Directors who will form their view after considering the advice from the Independent Financial Advisor) are of the view that the 2021 Agreement (including the Proposed Caps) was entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and on terms which are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INTERNAL CONTROL AND RISK MANAGEMENT MEASURES

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

- (1) Minmetals Finance shall co-ordinate with the internal audit department and/or external auditors of the Company to review the transactions contemplated under the 2021 Agreement and the relevant internal controls. The auditors and the independent non-executive Directors shall conduct an annual review of the transactions contemplated under the 2021 Agreement and provide annual confirmations in accordance with the Listing Rules that such transactions are conducted in accordance with the terms of the 2021 Agreement, on normal commercial terms and are in the interest of the Company and the Shareholders as a whole;
- (2) Minmetals Finance shall assist the Company to comply with the relevant regulations (including but not limited to the Listing Rules);

- (3) Minmetals Finance shall ensure the safe operation of its settlement management network and safeguard the funds of the Company and its subsidiaries in Mainland China;
- (4) Minmetals Finance shall strictly comply with the applicable risk management specifications issued by the CBRC and the relevant PRC laws and regulations as amended from time to time;
- (5) Minmetals Finance shall adopt control measures in its enterprise resource planning system to ensure effective control of the annual caps such that they shall not be exceeded;
- (6) specifically designated personnel from the finance department of the Company will be responsible for regular monitoring of the transactions and will report to the management of the Company on a monthly basis in relation to the transactions;
- (7) the finance department of the Company will report to the Directors (including the independent non-executive Directors) on a monthly basis in relation to the transactions;
- (8) before making a deposit with or seeking a loan from Minmetals Finance, the Company and its subsidiaries in Mainland China would compare the interest rates offered by Minmetals Finance with the interest rates offered by two or three major PRC commercial banks or financial institutions with which the Company and its subsidiaries in Mainland China have established business relationship; and
- (9) the arrangement between the Company and Minmetals Finance under the 2021 Agreement is non-exclusive, and the Company and its subsidiaries in Mainland China have their own discretion in selecting the provider for financial services.

LISTING RULES IMPLICATIONS

Minmetals Finance is an indirect non-wholly owned subsidiary of China Minmetals, which is in turn the ultimate controlling shareholder of the Company indirectly interested in approximately 61.88% of the issued share capital of the Company as at the date of this announcement. Accordingly, Minmetals Finance is a connected person of the Company under the Listing Rules and the transactions contemplated under the 2021 Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios for the provision of deposit services by Minmetals Finance under the 2021 Agreement exceeds 100% but the provision of deposit services does not constitute an acquisition by the Company, the provision of deposit services by Minmetals Finance does not constitute a very substantial acquisition but constitutes a major transaction for the Company and is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since each of the applicable percentage ratios for the provision of deposit services by Minmetals Finance under the 2021 Agreement exceeds 5%, it is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The provision of loan services by Minmetals Finance under the 2021 Agreement constitutes financial assistance to be provided by a connected person for the benefit of the Group. Since such services will be on normal commercial terms, on terms (including interest) no less favourable to the Company and its subsidiaries in Mainland China than those that could be obtained from independent third parties, and no security over the assets of the Group shall be granted in respect of the loans to be provided by Minmetals Finance, it is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules. The Directors consider that the loan services to be provided by Minmetals Finance under the 2021 Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the settlement services to be provided by Minmetals Finance to the Company and its subsidiaries in Mainland China under the 2021 Agreement will be free of handling charge, it is exempt from reporting, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules. The Directors consider that the settlement services to be provided by Minmetals Finance under the 2021 Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

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

Minmetals Finance, an indirect non-wholly owned subsidiary of China Minmetals, is a non-banking financial institution established in the PRC on 26 May 1993 under the approval of PBOC. It is principally engaged in the provision of financial services to China Minmetals and its subsidiaries (including the Group). It is subject to the supervision of the CBRC.

China Minmetals, being the controlling shareholder of each of the Company and Minmetals Finance, together with its subsidiaries, are principally engaged in exploration, mining, smelting, processing and trading for metals and minerals, finance, real estate, and mining and metallurgic technology.

SGM

A SGM will be convened to consider and, if thought fit, to approve the 2021 Agreement and the transactions contemplated thereunder (including the Proposed Caps).

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the 2021 Agreement and the transactions contemplated thereunder (including the Proposed Caps). The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same connection.

A circular containing, among others, (i) details of the 2021 Agreement and the transactions contemplated thereunder (including the Proposed Caps); (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM, will be despatched to the Shareholders on or before 25 February 2021.

DEFINITIONS

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

“2018 Agreement”	the financial services framework agreement dated 20 April 2018 entered into between the Company and Minmetals Finance in relation to the financial services to be provided by Minmetals Finance to the Company and its subsidiaries in Mainland China for the three years from 20 April 2018 to 19 April 2021;
“2018 Circular”	the circular dated 14 May 2018 issued by the Company in respect of the 2018 Agreement and the transactions contemplated thereunder;

“2019 Circular”	the circular dated 23 April 2019 issued by the Company in respect of the 2019 Supplemental Agreement and the transactions contemplated thereunder;
“2019 Supplemental Agreement”	the supplemental agreement to the 2018 Agreement dated 28 March 2019 entered into between the Company and Minmetals Finance in relation to, among other things, the revision of annual caps for deposit transactions contemplated under the 2018 Agreement and provision of unsecured loan;
“2021 Agreement”	the financial services framework agreement dated 2 February 2021 entered into between the Company and Minmetals Finance in relation to the financial services to be provided by Minmetals Finance to the Company and its subsidiaries in Mainland China for the three years from 20 April 2021 to 19 April 2024;
“associate(s)”, “connected person(s)”, “controlling shareholder”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning as ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“CBRC”	the China Banking Regulatory Commission;
“China Minmetals”	China Minmetals Corporation, a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder of the Company indirectly interested in approximately 61.88% of the issued share capital of the Company as at the date of this announcement;
“Company”	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange;
“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 2021 Agreement and the transactions contemplated thereunder (including the Proposed Caps);
“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) which has been appointed by the Board as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2021

	Agreement and the transactions contemplated thereunder (including the Proposed Caps);
“Independent Shareholder(s)”	Shareholder(s) other than June Glory and its associates, and any Shareholder who has a material interest in the 2021 Agreement and the transactions contemplated thereunder;
“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 issued share capital of the Company as at the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mainland China” or “PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan);
“Minmetals Finance”	五礦集團財務有限責任公司 Minmetals Finance Co., Ltd.*, a limited liability company established in the PRC which is owned as to 92.5% by 中國五礦股份有限公司 China Minmetals Corporation Limited* (which is in turn owned as to approximately 88.4% by China Minmetals, approximately 9.5% by the State-owned Assets Supervision and Administration Commission of Hunan Province of the PRC and approximately 2.1% by an independent third party) and 7.5% by Minmetals Capital Holdings Limited (which is in turn majority-owned by China Minmetals);
“PBOC”	the People’s Bank of China, the central bank of the PRC;
“Proposed Cap(s)”	the proposed caps for deposit transactions contemplated under the 2021 Agreement for the three years from 20 April 2021 to 19 April 2024, as set out in the section headed “Proposed Caps” in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“SGM”	a special general meeting of the Company to be convened to consider and, if thought fit, to approve the 2021 Agreement and the transactions contemplated thereunder (including the Proposed 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; and
“%”	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of RMB to Hong Kong dollars in this announcement is calculated at the exchange rate of RMB1.00 to HK\$1.1882. Such conversion rate should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

By order of the Board
He Jianbo
Chairman

Hong Kong, 2 February 2021

As at the date of this announcement, the Board comprises eight Directors, namely Mr. He Jianbo as the Chairman and an executive Director, Mr. Liu 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.

** For identification purpose only*