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五礦地產有限公司 **MINMETALS LAND LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

CONNECTED TRANSACTION IN RELATION TO KUANGYU LOAN AGREEMENT

KUANGYU LOAN AGREEMENTS

On 26 July 2022, Guangzhou Kuangyu (an indirect non-wholly owned subsidiary of the Company) entered into the Kuangyu Loan Agreements with Shengshi Guangye (an indirect wholly-owned subsidiary of the Company holding 51% of the equity interest of Guangzhou Kuangyu) and China Merchants (holder of 49% of the equity interest of Guangzhou Kuangyu) respectively, pursuant to which Guangzhou Kuangyu agreed to provide Loans to Shengshi Guangye for an amount of RMB87,552,235.23 (approximately HK\$102,374,828.65) and China Merchants for an amount of RMB84,118,814.24 (approximately HK\$98,360,129.49) based on the same terms and conditions and in proportion to their respective shareholdings in Guangzhou Kuangyu on an unsecured interest-free basis.

LISTING RULE IMPLICATIONS

China Merchants holds 49% of the equity interest of Guangzhou Kuangyu and is therefore a substantial shareholder of Guangzhou Kuangyu and a connected person at the subsidiary level of the Company. As one or more of the applicable percentage ratios in respect of the provision of the Loan to China Merchants under the Kuangyu Loan Agreement exceed 1% but are all less than 5%, the provision of Loan to China Merchants under the Kuangyu Loan Agreement constitutes a connected transaction of the Company subject to announcement and reporting requirements but is exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 26 July 2022, Guangzhou Kuangyu (being an indirect non-wholly owned subsidiary of the Company) entered into the Kuangyu Loan Agreements with each of its shareholders, Shengshi Guangye and China Merchants, pursuant to which Guangzhou Kuangyu agreed to provide Loans to each of Shengshi Guangye and China Merchants based on the same terms and conditions and in proportion to their respective shareholdings in Guangzhou Kuangyu.

KUANGYU LOAN AGREEMENTS

The principal terms of each of the Kuangyu Loan Agreements, which are based on the same terms and conditions, are set out as follows:

Date

26 July 2022

Parties

Lender : Guangzhou Kuangyu, an indirect non-wholly owned subsidiary of the Company

Borrowers : each of

- (i) China Merchants, holder of 49% of the equity interest of Guangzhou Kuangyu; and
- (ii) Shengshi Guangye, an indirect wholly-owned subsidiary of the Company holding 51% of the equity interest of Guangzhou Kuangyu

Principal amount

Loans in an amount of RMB87,552,235.23 (approximately HK\$102,374,828.65) and RMB84,118,814.24 (approximately HK\$98,360,129.49) will be provided by Guangzhou Kuangyu to Shengshi Guangye and China Merchants respectively in proportion to their respective shareholdings in Guangzhou Kuangyu.

Interest rate

Each of the Loans to be provided to Shengshi Guangye and China Merchants are interest-free.

Maturity date, repayment and early repayment

Each of the Loans shall be of a term of forty-eight months from the date of drawdown, and shall be repaid in one lump sum upon maturity. Taking into account its operational or capital needs, Guangzhou Kuangyu may, at any time by giving thirty working days advance written notice to each of Shengshi Guangye and China Merchants, request for early repayment of all or part of the Loans under the Kuangyu Loan Agreements.

The Board has assessed the following factors in respect of provision of the Loans on an unsecured interest-free basis under the Kuangyu Loan Agreements:

- (a) the financial strength of China Merchants and the likelihood of China Merchants to meet its repayment obligations. The Company has reviewed information such as the open market information and public information from relevant government authorities of China Merchants, which indicate that China Merchants holds a strong solvency position; and
- (b) the previous practice of the Group to distribute the idle cash of the project company to its shareholders by way of loan advances in principal amounts that are pro-rata to their shareholdings on the same terms and conditions.

The Company will closely monitor the open market information, public information from relevant government authorities and other possible information to analyse changes in solvency position of China Merchants. The Company will also maintain adequate internal controls and procedures over the financial and operations of Guangzhou Kuangyu, such as reviewing the accounts of Guangzhou Kuangyu and the development progress of Guangzhou River Skyline quarterly during the term of the Kuangyu Loan Agreements, in order to minimise the likelihood of defaults in repayment of the loans by China Merchants and safeguard the Group's assets.

REASONS FOR AND BENEFITS OF ENTERING INTO THE KUANGYU LOAN AGREEMENTS

Guangzhou Kuangyu is engaged, through its non-wholly owned subsidiary Guangzhou Pincheng, in the development of Guangzhou River Skyline, a commercial and residential development project with construction floor area of approximately 347,443 square meters, construction of which is expected to be fully completed in August 2025. Sale of the property units of Guangzhou River Skyline has commenced in September 2021 and has been generating steady cashflow.

Pursuant to the Kuangyu Loan Agreements, Guangzhou Kuangyu is entitled to request for early repayment from Shengshi Guangye and China Merchants when it has operational and capital needs. As such, provision of Loans to Shengshi Guangye and China Merchants will provide flexibility for the Group to better utilise the idle cash of Guangzhou Kuangyu without adversely affecting Guangzhou Kuangyu's liquidity and financial performance. It can also enhance the effective flow and use of working capital by members of the Group.

The Group has considered alternative methods of returning its idle cash to the respective shareholders of Guangzhou Kuangyu, including distributing dividends and capital reduction by Guangzhou Kuangyu. However, the Company considered that it is not appropriate to resort to distribution of dividends or conduct capital reduction in this stage since Guangzhou River Skyline is still under development.

Further, the Loans under the Kuangyu Loan Agreements will be provided by Guangzhou Kuangyu to Shengshi Guangye and China Merchants in their capacities as shareholders of Guangzhou Kuangyu on a pro-rata basis. Having considered various options, the Board considers that provision of the Loans to Shengshi Guangye and China Merchants based on the same terms and conditions would be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the terms of the Kuangyu Loan Agreements are fair and reasonable and the transactions contemplated thereunder are in 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. None of the Directors is regarded as having a material interest in each of the Kuangyu Loan Agreements and hence none of the Directors has abstained from voting on the resolution to approve the Kuangyu Loan Agreements.

LISTING RULES IMPLICATIONS

China Merchants holds 49% of the equity interest of Guangzhou Kuangyu and is therefore a substantial shareholder of Guangzhou Kuangyu and a connected person at the subsidiary level of the Company. As one or more of the applicable percentage ratios in respect of the provision of the Loan to China Merchants under the Kuangyu Loan Agreement exceed 1% but are all less than 5%, the provision of Loan to China Merchants under the Kuangyu Loan Agreement constitutes a connected transaction of the Company subject to announcement and reporting requirements but is exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

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

Guangzhou Kuangyu is an indirect non-wholly owned subsidiary of the Company owned as to 51% by Shengshi Guangye and 49% by China Merchants. It holds 90% equity interest in Guangzhou Pincheng, which is engaged in the development of Guangzhou River Skyline, a commercial and residential development project situated at the Complex on phase II of metro line no. 13, Baiyun District, Guangzhou, Guangdong Province, the PRC.

Shengshi Guangye is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

China Merchants is principally engaged in investment holding, and is an indirect wholly-owned subsidiary of China Merchants Land. China Merchants Land, together with its subsidiaries, are principally engaged in development, sale, lease, investment and management of properties and assets management.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors;
“China Merchants”	China Merchants Land (Shenzhen) Limited* (招商局置地(深圳)有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of China Merchants Land;
“China Merchants Land”	China Merchants Land Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 978);
“Company”	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 230);
“Director(s)”	directors (including independent non-executive directors) of the Company;
“Group”	the Company and its subsidiaries;
“Guangzhou Kuangyu”	Guangzhou Kuangyu Investment Co., Ltd.* (廣州市礦譽投資有限公司), a company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company;

“Guangzhou Pincheng”	Guangzhou Pincheng Property Development Limited* (廣州市品誠房地產開發有限公司), a company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company mainly engaged in the development of the Guangzhou River Skyline;
“Guangzhou River Skyline”	Guangzhou River Skyline* (廣州江天際), a commercial and residential development project situated at Complex on phase II of metro line no. 13, Baiyun District, Guangzhou, Guangdong Province, the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Kuangyu Loan Agreement(s)”	loan agreements entered into between Guangzhou Kuangyu and each of Shengshi Guangye and China Merchants dated 26 July 2022;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Loan(s)”	loans to be provided by Guangzhou Kuangyu to each of Shengshi Guangye and China Merchants in an amount of RMB87,552,235.23 (approximately HK\$102,374,828.65) and RMB84,118,814.24 (approximately HK\$98,360,129.49) respectively, pursuant to each of the Kuangyu Loan Agreements;
“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);
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Shengshi Guangye”	Minmetals Shengshi Guangye (Beijing) Co., Ltd.* (五礦盛世廣業(北京)有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;

“Stock Exchange” The Stock Exchange of Hong Kong Limited; and

“%” per cent.

* *For identification purpose only*

In this announcement, unless the context requires otherwise, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “percentage ratio(s)”, “controlling shareholder(s)” and “subsidiary(ies)”, shall have the meaning given to such terms in the Listing Rules.

For the purpose of illustration only and unless otherwise stated, conversions of Renminbi into Hong Kong dollars in this announcement is calculated at the exchange rate of RMB1.00 to HK\$1.1693. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

By order of the Board
Minmetals Land Limited
He Jianbo
Chairman

Hong Kong, 26 July 2022

As at the date of this announcement, the Board comprises nine directors, namely Mr. He Jianbo as the Chairman and an executive director, Mr. Liu Bo, Mr. Chen Xingwu and Mr. Yang Shangping as executive directors, Ms. He Xiaoli and Mr. Huang Guoping as non-executive directors, and Mr. Lam Chung Lun, Billy, Ms. Law Fan Chiu Fun, Fanny and Professor Wang Xiuli as independent non-executive directors.