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五礦地產有限公司
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

POSSIBLE MAJOR TRANSACTION

AGREEMENT OF INTENT

COOPERATION FRAMEWORK AGREEMENT

POSSIBLE DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

AND

FORMATION OF JOINT VENTURE

IN RELATION TO

THE DEVELOPMENT OF THE LAND AT PINGSHAN DISTRICT,

SHENZHEN, THE PRC

The Board is pleased to announce that on 2 March 2020, Shengshi Guangye (an indirect wholly-owned subsidiary of the Company) and the Investor entered into the Agreement of Intent in relation to the Possible Deemed Disposal, in which, among other things, the Investor indicated its interest to be admitted as a 49% investor of the JV Company (an indirect wholly-owned subsidiary of the Company). On the same day, Shengshi Guangye, the JV Company and the Investor also entered into the Cooperation Framework Agreement, which sets out the detailed arrangements regarding the Investor's participation in the JV Company should the Investor be identified as the successful tenderer to participate in the Possible Deemed Disposal.

The total sum the Investor has agreed to pay in connection with its proposed participation in the JV Company is approximately RMB1,286.3 million (equivalent to approximately HK\$1,432.4 million), representing (i) a loan in the aggregate amount of RMB1,259.3 million (equivalent to approximately HK\$1,402.4 million) to the JV Company; and (ii) the Interest Contribution in the amount of approximately RMB27.0 million (equivalent to approximately HK\$30.0 million) to be paid to Shengshi Guangye.

If the Possible Deemed Disposal materializes, the JV Company will remain a subsidiary of the Company and will continue to be accounted for on a consolidated basis in the accounts of the Company.

The JV Company is formed as a single purpose vehicle to hold the land use rights of the Land and to develop the Land for residential purpose for sale. The joint venture arrangement will, if materializes, among other things, be entered into on an arm's length basis on normal commercial terms, and accordingly, the formation of joint venture will be exempt from reporting, announcement and shareholders' approval requirements under Rule 14.04(1)(f) of the Listing Rules.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in relation to the sum payable by the Investor in the Possible Deemed Disposal exceeds 25% but all applicable percentage ratios are below 75%, the Possible Deemed Disposal, if materializes, will constitute a major transaction for the Company subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Possible Deemed Disposal is subject to, among other things, Shengshi Guangye and the Investor agreeing on the valuation of the JV Company, the offering of 49% interest in the JV Company for potential investors to take up by open tender and the Investor being identified as the successful tenderer to participate in the Possible Deemed Disposal. The parties will enter into definitive agreement if and when the Possible Deemed Disposal materializes. The Company will make further announcement and comply with all the applicable requirements under the Listing Rules as required.

As the Possible Deemed Disposal is subject to a number of conditions set out in the Agreement of Intent and the Cooperation Framework Agreement as mentioned in this announcement, the Possible Deemed Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that on 2 March 2020, Shengshi Guangye (an indirect wholly-owned subsidiary of the Company) and the Investor entered into the Agreement of Intent in relation to the Possible Deemed Disposal, in which, among other things, the Investor indicated its interest to be admitted as a 49% investor of the JV Company (an indirect wholly-owned subsidiary of the Company). On the same day, Shengshi Guangye, the JV Company and the Investor also entered into the Cooperation Framework Agreement, which sets out the detailed arrangements regarding the Investor's participation in the JV Company should the Investor be identified as the successful tenderer to participate in the Possible Deemed Disposal.

AGREEMENT OF INTENT

Date

2 March 2020

Parties

- (1) Shengshi Guangye (an indirect wholly-owned subsidiary of the Company); and
- (2) the Investor.

The Investor is a company established under the laws of the PRC with limited liability and is indirectly owned by China Resources Land Limited. The Investor is principally engaged in consultancy services for investment, business information and corporate management. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Investor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Subject

Shengshi Guangye has indicated its intent to dispose of, and the Investor has indicated its intent to acquire, 49% interest in the JV Company.

The Investor has agreed:

- (1) to arrange payment to Shengshi Guangye an interest of approximately RMB27.0 million (equivalent to approximately HK\$30.0 million), determined by reference to, among other things, the funds previously provided by Shengshi Guangye for, among other things, settlement of the costs spent in connection with the acquisition of the Land at an interest rate of 8% (the "**Interest Contribution**"); and
- (2) to arrange payment of a loan to the JV Company in an amount of approximately RMB1,259.3 million (equivalent to approximately HK\$1,402.4 million) and at an interest rate of 5.7% per annum, as the loan injection referred to in the section headed "*Cooperation Framework Agreement – Subject – Loan injection*" below.

COOPERATION FRAMEWORK AGREEMENT

Date

2 March 2020

Parties

- (1) Shengshi Guangye (an indirect wholly-owned subsidiary of the Company);
- (2) the JV Company (a wholly-owned subsidiary of Shengshi Guangye, which in turn is an indirect wholly-owned subsidiary of the Company); and
- (3) the Investor.

Subject

Loan injection

Within five business days after the signing of the Cooperation Framework Agreement and the provision of a comfort letter by Minmetals Land Holdings in connection with any possible repayment to the Investor:

- (1) the Investor shall arrange payment of a loan to the JV Company in cash an amount of RMB1,259.3 million (equivalent to approximately HK\$1,402.4 million), representing (a) 49% of the Shareholder's Loan (which will then be used by the JV Company to repay the equivalent amounts of Shareholder's Loan to Shengshi Guangye), and (b) 49% of the initial start-up capital of RMB10 million (equivalent to approximately HK\$11.1 million); and
- (2) Shengshi Guangye shall provide an additional loan to the JV Company in cash in an amount of approximately RMB5.1 million (equivalent to approximately HK\$5.7 million), representing 51% of the aforementioned initial start-up capital.

The loans so provided by Shengshi Guangye and the Investor to the JV Company will bear interest at a rate of 5.7% per annum from the date of the loan injection made by the Investor.

In the event that the Cooperation Framework Agreement is terminated by reason of non-fulfilment of the conditions precedent as set out in the section headed "*Cooperation Framework Agreement – Conditions precedent*" below or certain breaches of the terms as stipulated in the Cooperation Framework Agreement, the JV Company shall repay all loans provided by the Investor and Shengshi Guangye shall refund the Interest Contribution to the Investor (both with interest and (if applicable) penalty for breach) within 10 business days of the termination of the Cooperation Framework Agreement.

First capital injection

Subject to the agreement between Shengshi Guangye and the Investor in relation to the valuation of the JV Company, Shengshi Guangye will offer 49% interest in the JV Company for potential investors to participate by way of open tender. If and after the Investor is identified as the successful tenderer to participate in the Possible Deemed Disposal and subject to the fulfilment of all other conditions precedent:

- (1) the registered capital of the JV Company shall be increased to RMB20 million (equivalent to approximately HK\$22.3 million);
- (2) the Investor shall subscribe and contribute its first capital injection for 49% equity capital in the JV Company in an amount of RMB9.8 million (equivalent to approximately HK\$10.9 million); and
- (3) on the same day, Shengshi Guangye shall contribute its first capital injection for 51% share of equity capital in the JV Company in an amount of RMB10.2 million (equivalent to approximately HK\$11.4 million),

both to be settled in cash, which will then be used by the JV Company to repay the equivalent amounts of loans to the JV Company as arranged by Shengshi Guangye and the Investor respectively, and collectively, the "**First Capital Injection**".

Second capital injection

Within 20 business days after the business registration for the First Capital Injection is completed, the registered capital of the JV Company shall be increased to RMB900 million (equivalent to approximately HK\$1,002.2 million). Within five business days after the business registration for such further increase in registered capital is completed:

- (1) the Investor shall contribute its second capital injection for 49% equity capital in the JV Company in an amount of RMB431.2 million (equivalent to approximately HK\$480.2 million); and
- (2) Shengshi Guangye shall contribute its second capital injection for its 51% share of equity capital in the JV Company in an amount of RMB448.8 million (equivalent to approximately HK\$499.8 million),

both to be settled in cash, which will then be used by the JV Company to repay the equivalent amounts of loans to the JV Company as arranged by Shengshi Guangye and the Investor respectively.

The final total commitments of Shengshi Guangye and the Investor in connection with the proposed participation in the JV Company will be accordingly approximately RMB1,310.7 million (equivalent to approximately HK\$1,459.6 million) and approximately RMB1,286.3 million (equivalent to approximately HK\$1,432.4 million) respectively. Effectively, each of Shengshi Guangye and the Investor will bear the consideration and the related costs of acquisition of the Land and the initial start-

up capital of the JV Company in proportion to their respective intended shareholding in the JV Company of 51% and 49%.

The amounts of commitment of the parties in the JV Company were arrived at after arm's length negotiation among the parties to the Agreement of Intent and the Cooperation Framework Agreement with reference to the funding needs of the JV Company and the value of the land use rights of the Land.

Shengshi Guangye has funded and will fund its share of the above commitment in the JV Company by the internal resources of the Group.

Conditions precedent

The Possible Deemed Disposal is conditional upon the fulfilment of, among other things, the following conditions:

- (1) Shengshi Guangye and the Investor having agreed on the valuation of the JV Company;
- (2) the Investor being identified as the successful tenderer to participate in the Possible Deemed Disposal;
- (3) the Company having obtained the Shareholders' approval for the Possible Deemed Disposal pursuant to the Listing Rules as and when required; and
- (4) the parties entering into definitive agreement in relation to the Possible Deemed Disposal.

USE OF FUNDS

All loans and capital injected by both parties into the JV Company will be used to fund the acquisition of the Land, the operation of the JV Company and the construction of the Development Project.

FURTHER INFORMATION ON THE JV COMPANY AND FINANCIAL IMPACT ON THE GROUP

The JV Company was established in December 2019 by Shengshi Guangye for the sole purpose of owning the Land and carrying out the Development Project. It is principally engaged in the investment in, development, operation and management of property development projects. As at the date of this announcement, the registered capital of the JV Company amounted to RMB10 million (equivalent to approximately HK\$11.1 million), which has not been paid up.

If the Possible Deemed Disposal materializes, the JV Company will be owned as to 51% and 49% by Shengshi Guangye and the Investor respectively. It will remain a subsidiary of the Company and will continue to be accounted for on a consolidated basis in the accounts of the Company. It is expected that no material gain or loss will accrue to the Group as a result of the Possible Deemed Disposal.

As the JV Company is a newly established company, no financial information or past performance of the JV Company is available for disclosure in this announcement. Based on the management accounts of the JV Company prepared in accordance with generally accepted accounting principles in the PRC, the unaudited net asset value of the JV Company as at 31 January 2020 was nil.

Management of the JV Company

Board composition

The board of directors of the JV Company shall comprise three directors, two of whom shall be nominated by Shengshi Guangye and one by the Investor.

The JV Company shall have two supervisors, one of whom shall be appointed by Shengshi Guangye and the other by the Investor.

The Investor shall only have the right to appoint such director or supervisor if and after the Investor is registered as a holder of 49% interest in the JV Company.

Restriction on transfer of equity interest

Each party shall have a right of first offer to acquire the interests in the JV Company to be sold by the other party.

Investor's exit

In the event that the gross floor area sold in respect of the Development Project reaches 95% of the total saleable gross floor area offered by the Development Project and the completion check and acceptance filing in respect of the Development Project has been completed, either Shengshi Guangye or the Investor may elect to divest their interest in the JV Company subject to the exit mechanism to be agreed on by the parties and the applicable laws and regulations.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT OF INTENT AND THE COOPERATION FRAMEWORK AGREEMENT

The Group is principally engaged in real estate development, specialised construction, property investment and securities investment. It is believed that the Possible Deemed Disposal will bring in investor and hence improve the JV Company's capital efficiency and strengthen its financial position.

The Directors (including the independent non-executive Directors) are of the view that the Agreement of Intent and the Cooperation Framework Agreement have been entered into after arm's length negotiation between the parties, are on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated under the Agreement of Intent and the Cooperation Framework Agreement which requires any of them to abstain from voting on the board resolutions in relation thereto. As Ms. Law Fan Chiu Fun, Fanny is an external director of China Resources (Holdings) Company Limited, the parent company of China Resources Land Limited and holds 4,000 shares in China Resources Power Holdings Company Limited, a company which is in the same group of companies as China Resources Land Limited, for the avoidance of doubt and possible perceived interest, she has voluntarily abstained from voting on the resolution(s) passed by the Board in relation to the Agreement of Intent and the Cooperation Framework Agreement and the transactions contemplated thereunder.

INFORMATION ON THE LAND

The Land is a parcel of land numbered G11340-8034 and situated at Maluan Subdistrict, Pingshan District, Shenzhen, the PRC. The site area of the Land is approximately 31,065 square meters, with a plot ratio of not more than 4.5. The Land is permitted for residential development and the term of grant is 70 years.

In November 2019, Shengshi Guangye acquired the land use rights of the Land through public auction at a purchase price of approximately RMB2,560 million (equivalent to approximately HK\$2,850.8 million), which has been fully settled by Shengshi Guangye. On 19 January 2020, the land use rights of the Land was transferred to the JV Company.

INFORMATION ON THE GROUP AND SHENGSHI GUANGYE

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

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

LISTING RULES IMPLICATIONS

The JV Company is formed as a single purpose vehicle to hold the land use rights of the Land and to develop the Land for residential purpose for sale. The joint venture arrangement will, if materializes, among other things, be entered into on an arm's length basis on normal commercial terms, and accordingly, the formation of joint venture will be exempt from reporting, announcement and shareholders' approval requirements under Rule 14.04(1)(f) of the Listing Rules.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in relation to the sum payable by the Investor in the Possible Deemed Disposal exceeds 25% but all applicable percentage ratios are below 75%, the Possible Deemed Disposal, if materializes, will constitute a major transaction for the Company subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Possible Deemed Disposal is subject to, among other things, Shengshi Guangye and the Investor agreeing on the valuation of the JV Company, the offering of 49% interest in the JV Company for potential investors to take up by open tender and the Investor being identified as the successful tenderer to participate in the Possible Deemed Disposal. The parties will enter into definitive agreement if and when the Possible Deemed Disposal materializes. The Company will make further announcement and comply with all the applicable requirements under the Listing Rules as required.

As the Possible Deemed Disposal is subject to a number of conditions set out in the Agreement of Intent and the Cooperation Framework Agreement as mentioned in this announcement, the Possible Deemed Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

"Agreement of Intent"	the agreement of intent dated 2 March 2020 entered into between Shengshi Guangye and the Investor in respect of, among other things, the Possible Deemed Disposal;
"Board"	the board of Directors;
"China Resources Land Limited"	China Resources Land Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange;

"Company"	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange;
"connected person" and "subsidiary"	each has the meaning ascribed to it under the Listing Rules;
"Cooperation Framework Agreement"	the cooperation framework agreement dated 2 March 2020 entered into between Shengshi Guangye, the Investor and the JV Company in respect of, among other things, the Possible Deemed Disposal;
"Development Project"	the residential development to be constructed on the Land;
"Director(s)"	directors of the Company;
"First Capital Injection"	has the meaning ascribed to it under the section headed <i>"Cooperation Framework Agreement – Subject – First capital injection"</i> in this announcement;
"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;
"Interest Contribution"	has the meaning ascribed to it under the section headed <i>"Agreement of Intent – Subject"</i> in this announcement;
"Investor"	深圳市潤投諮詢有限公司 (Shenzhen Runtou Consulting Co., Ltd.*), a company established under the laws of the PRC with limited liability;
"JV Company"	深圳市礦潤房地產開發有限公司 (Shenzhen Kuangrun Property Development Co., Ltd.*), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement;
"Land"	the land parcel numbered G11340-8034 and situated at Maluan Subdistrict, Pingshan District, Shenzhen, the PRC;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
"Minmetals Land Holdings"	五礦地產控股有限公司 (Minmetals Land Holdings Limited*), a company established under the laws of the PRC with limited liability and is an indirect non-wholly owned subsidiary of China Minmetals Corporation. China Minmetals Corporation is a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder holding approximately 61.88% of the Shares as at the date of this announcement;
"Possible Deemed Disposal"	the admission of the Investor to contribute 49% of the registered capital and shareholders' loan of the JV Company for a total sum up

to RMB1,259.3 million (equivalent to approximately HK\$1,402.4 million);

"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 share capital of the Company;
"Shareholder(s)"	holder(s) of the Shares;
"Shareholder's Loan"	an interest-free shareholder's loan owing by the JV Company to Shengshi Guangye in the aggregate outstanding amount of approximately RMB2,560 million (equivalent to approximately HK\$2,850.8 million), equivalent to the purchase price of the Land, as at the date of this announcement;
"Shengshi Guangye"	五礦盛世廣業(北京)有限公司(Minmetals Shengshi Guangye (Beijing) Co., Ltd.*), 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;
"%"	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of Renminbi into Hong Kong dollars in this announcement is based on the exchange rate of RMB1.00 to HK\$1.1136. 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*

By order of the Board
He Jianbo
Chairman

Hong Kong, 2 March 2020

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