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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 CAPITAL INJECTION AGREEMENT DEEMED DISPOSAL OF 49% EQUITY INTEREST IN THE JV COMPANY

Reference is made to the Announcement, i.e. the announcement of the Company dated 2 March 2020 in relation to, among other things, (i) the Agreement of Intent in relation to the possible admission of the Investor as a 49% investor of the JV Company (i.e. the “**Deemed Disposal**”) and (ii) 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 Deemed Disposal.

Pursuant to the terms of the Cooperation Framework Agreement, the Investor shall, if identified as the successful tenderer to participate in the Deemed Disposal, be admitted to take up 49% equity capital in the JV Company for a total sum up to RMB441.0 million (approximately HK\$498.2 million).

The Board is pleased to announce that the Investor has been identified as the successful tenderer to participate in the Deemed Disposal and on 30 September 2020, Shengshi Guangye, the Investor and the JV Company entered into the Capital Injection Agreement in relation to the Deemed Disposal.

Upon completion of the Deemed Disposal, Shengshi Guangye’s equity interest in the JV Company will be diluted from 100% to 51%, but the JV Company will remain as a subsidiary of the Company and will continue to be accounted for on a consolidated basis in the accounts of the Group.

The joint venture arrangement in respect of the JV Company, being a single purpose vehicle to develop the Land and the Development Project for sale, was, among other things, made 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 ratios under Rule 14.07 of the Listing Rules in respect of the Deemed Disposal exceeds 25% but all applicable percentage ratios are below 75%, the Deemed Disposal constitutes a major transaction for the Company subject to reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Deemed Disposal. As such, the Deemed Disposal may be approved by written Shareholders’ approval in accordance with Rule 14.44 of the Listing Rules. June Glory, being a

controlling shareholder which owns 2,071,095,506 Shares representing approximately 61.88% of the issued share capital of the Company as at the date of this announcement, has granted its written approval to the Company for the Deemed Disposal.

A circular containing, among other things, further particulars of the Deemed Disposal will be despatched to the Shareholders on or before 23 October 2020.

Reference is made to the Announcement, i.e. the announcement of the Company dated 2 March 2020 in relation to, among other things, (i) the Agreement of Intent in relation to the possible admission of the Investor as a 49% investor of the JV Company (i.e. the Deemed Disposal) and (ii) 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 Deemed Disposal.

The Board is pleased to announce that the Investor has been identified as the successful tenderer to participate in the Deemed Disposal and on 30 September 2020, Shengshi Guangye, the Investor and the JV Company entered into the Capital Injection Agreement in relation to the Deemed Disposal.

CAPITAL INJECTION AGREEMENT

Date

30 September 2020

Parties

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

The Investor is a company established under the laws of the PRC with limited liability and is indirectly wholly-owned by China Resources Land Limited (stock code: 1109). 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 are third parties independent of the Company and its connected persons.

First Capital Injection

Shengshi Guangye and the Investor agreed that the registered capital of the JV Company shall be increased from RMB10 million (approximately HK\$11.3 million) to RMB20 million (approximately HK\$22.6 million), which shall be contributed as to RMB10.2 million (approximately HK\$11.5 million) by Shengshi Guangye and RMB9.8 million (approximately HK\$11.1 million) by the Investor, respectively, (the "**First Capital Injection**") in the following manner:

- (1) the amount of RMB0.98 million (approximately HK\$1.1 million) paid by the Investor to Shanghai United Assets and Equity Exchange Co., Ltd. (上海聯合產權交易所有限公司) as deposit for the public tender in respect of the Deemed Disposal shall be transferred to the JV Company and converted into equity in the equivalent amount in accordance with the relevant rules and regulations of Shanghai United Assets and Equity Exchange Co., Ltd. (上海聯合產權交易所有限公司); and

(2) within ten (10) business days from the date of the capital increase certificate (增資憑證) issued by Shanghai United Assets and Equity Exchange Co., Ltd. (上海聯合產權交易所有限公司) (the “**Capital Increase Certificate**”):

- (a) the Investor shall pay RMB8.82 million (approximately HK\$9.96 million) and Shengshi Guangye shall pay up and contribute RMB10.2 million (approximately HK\$11.5 million), respectively, as capital of the JV Company; and
- (b) the Investor and Shengshi Guangye shall contribute approximately RMB8.3 million (approximately HK\$9.38 million) and approximately RMB0.17 million (approximately HK\$0.19 million), respectively, to the capital reserve of the JV Company,

both to be settled in cash.

Upon completion of the First Capital Injection, the total registered capital of the JV Company will be increased to RMB20 million (approximately HK\$22.6 million), of which 51% and 49% of the total equity interests in the JV Company will be owned by Shengshi Guangye and the Investor, respectively.

The injected capital will be used by the JV Company to repay the equivalent amounts of the existing loans to the JV Company as arranged by Shengshi Guangye and the Investor respectively.

Completion

The JV Company shall proceed with the necessary filings for the industrial and commercial registration for the First Capital Injection with the relevant governmental authority within ten (10) business days from the date of the Capital Increase Certificate. Upon completion of such registration and all necessary completion procedures, the parties shall sign a completion confirmation to record the completion of the First Capital Injection. The completion date of the First Capital Injection shall be the day on which the completion confirmation has been signed.

Future funding

The JV Company will finance its operation as required firstly by bank borrowings based on its own assets, failing which and subject to the unanimous agreement of the general manager and deputy general manager of the JV Company, by shareholders’ loan from Shengshi Guangye and the Investor on a pro-rata basis at a rate of 5.7% per annum.

SHAREHOLDERS’ ARRANGEMENTS

Incidental to completion of the First Capital Injection, Shengshi Guangye and the Investor shall enter into the constitutional document of the JV Company setting out the terms of the operations of the JV Company.

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 chairman of the board of directors shall be a director nominated by Shengshi Guangye.

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

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 residential and commercial (excluding car parking spaces) gross floor area (expressed in square metres) sold in respect of the Development Project reaches 95% of the total saleable residential and commercial (excluding car parking spaces) gross floor area (expressed in square metres) offered by the Development Project and the completion check and acceptance filing in respect of the Development Project has been completed (subject to the receipt of completion approval for the final phase of the Development Project), 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.

SECOND CAPITAL INJECTION

As disclosed in the Announcement, pursuant to the Cooperation Framework Agreement, within twenty (20) business days after the industrial and commercial registration for the First Capital Injection is completed, the registered capital of the JV Company shall be increased from RMB20 million (approximately HK\$22.6 million) to RMB900 million (approximately HK\$1,016.7 million), whereby each of the Investor and Shengshi Guangye shall contribute the capital on a pro-rata basis. Shengshi Guangye, the Investor and the JV Company intend to enter into a supplemental agreement to the Capital Injection Agreement to give effect to such increase in registered capital of the JV Company.

The capital contribution from Shengshi Guangye and the Investor for the Second Capital Injection will be settled in cash, which will then be used by the JV Company to repay the equivalent amounts of the existing loans to the JV Company as arranged by Shengshi Guangye and the Investor respectively.

Taking into account each of the loans provided by Shengshi Guangye and the Investor to the JV Company and the interest contribution paid by the Investor to Shengshi Guangye pursuant to the Cooperation Framework Agreement as disclosed in the Announcement, and further loans provided by Shengshi Guangye and the Investor to the JV Company, the final total commitments of Shengshi Guangye and the Investor in connection with the participation in the JV Company will be approximately RMB1,357.98 million (approximately HK\$1,534.11 million) and approximately RMB1,331.73 million (approximately HK\$1,504.46 million), respectively. All loans and capital contributed by the 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.

The amounts of commitment of the parties in the JV Company were arrived at after arm's length negotiation among the parties 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.

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

The JV Company was established in December 2019 by Shengshi Guangye as a single purpose vehicle to hold the land use rights of the Land and to develop the Land and the Development Project for sale. As at the date of this announcement, the registered capital of the JV Company amounted to RMB10 million (approximately HK\$11.3 million), which has not been paid up.

Upon completion of the Deemed Disposal, the equity interest in the JV Company will be owned as to 51% and 49% by Shengshi Guangye and the Investor respectively but the JV Company will remain as a subsidiary of the Company and will continue to be accounted for on a consolidated basis in the accounts of the Group. It is expected that no material gain or loss will accrue to the Group as a result of the 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 August 2020 was negative RMB2.3 million (approximately negative HK\$2.6 million).

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 (approximately HK\$2,892 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.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE CAPITAL INJECTION AGREEMENT

The Group is principally engaged in real estate development, specialised construction, property investment and securities investment. It is believed that the 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) considered that the Deemed Disposal and the Capital Injection Agreement, which has 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 Capital Injection Agreement which requires any of them to abstain from voting on the board resolutions in relation thereto. As Ms. Law Fan Chiu Fun, Fanny, being an independent non-executive Director, is also 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 Capital Injection Agreement and the transactions contemplated thereunder.

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 joint venture arrangement in respect of the JV Company, being a single purpose vehicle to develop the Land and the Development Project for sale, was, among other things, made 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 ratios under Rule 14.07 of the Listing Rules in respect of the Deemed Disposal exceeds 25% but all applicable percentage ratios are below 75%, the Deemed Disposal constitutes a major transaction for the Company subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Deemed Disposal. As such, the Deemed Disposal may be approved by written Shareholders' approval in accordance with Rule 14.44 of the Listing Rules. June Glory, being a controlling shareholder which owns 2,071,095,506 Shares representing approximately 61.88% of the issued share capital of the Company as at the date of this announcement, has granted its written approval to the Company for the Deemed Disposal.

A circular containing, among other things, further particulars of the Deemed Disposal will be despatched to the Shareholders on or before 23 October 2020.

DEFINITIONS

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

“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, details of which are set out in the Announcement;
“Announcement”	the Company's announcement dated 2 March 2020 in relation to, among other things, the Agreement of Intent and the Cooperation Framework Agreement;
“Board”	the board of Directors;
“Capital Increase Certificate”	has the meaning ascribed to it under the sub-section headed “First Capital Injection” in this announcement;
“Capital Injection Agreement”	the capital injection agreement dated 30 September 2020 entered into among Shengshi Guangye, the Investor and the JV Company in relation to the Deemed Disposal and as part of the transactions contemplated under the Cooperation Framework Agreement;
“Company”	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;

“connected person(s)” , “controlling shareholder” and “subsidiary(ies)”	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 Deemed Disposal, the details of which are set out in the Announcement;
“Deemed Disposal”	the admission of the Investor to contribute 49% of the registered capital of the JV Company;
“Development Project”	the residential development to be constructed on the Land;
“Director(s)”	the director(s) of the Company;
“First Capital Injection”	has the meaning ascribed to it under the sub-section headed “First Capital Injection” 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;
“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 and an indirect wholly-owned subsidiary of China Resources Land Limited;
“June Glory”	June Glory International Limited, a company incorporated in the British Virgin Islands with limited liability, and the Company’s immediate controlling shareholder holding approximately 61.88% of the Shares as at the date of this announcement;
“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;
“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;
“Second Capital Injection”	has the meaning ascribed to it under the sub-section headed “Second Capital Injection” in this announcement;

“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“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; and
“%”	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this announcement is based on the exchange rate of RMB1.00 to HK\$1.1297. 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, 30 September 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 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.