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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 TRANSACTIONS**

#### **DISPOSAL OF 45% OF THE ENTIRE EQUITY INTEREST AND THE SHAREHOLDER'S LOAN IN A SUBSIDIARY**

**AND**

#### **PROVISION OF LOANS BY THE TARGET COMPANY**

Reference is made to the announcement of the Company dated 3 December 2021 in relation to the Cooperation Agreement and the Funding Agreement. Pursuant to the terms of the Cooperation Agreement, the Purchaser shall, if identified as the successful tenderer to participate in the Disposal, acquire the Sale Shares and the Shareholder's Loan at an estimated consideration of approximately RMB1,021.6 million (equivalent to approximately HK\$1,246.4 million) in aggregate.

#### **SHARE TRANSFER AGREEMENT**

The Board is pleased to announce that the Purchaser has been identified as the successful tenderer to participate in the Disposal and on 30 December 2021, the Vendor, the Purchaser and the Target Company entered into the Share Transfer Agreement, pursuant to which the Vendor has agreed to sell by way of open tender and the Purchaser has agreed to acquire the Sale Shares and the Shareholder's Loan at the Consideration of approximately RMB1,021.6 million (equivalent to approximately HK\$1,246.4 million) in aggregate, which comprises (a) approximately RMB2.7 million (equivalent to approximately HK\$3.3 million), being the consideration for the Sale Shares; and (b) approximately RMB1,018.9 million (equivalent to approximately HK\$1,243.1 million), being the consideration for the assignment of the Shareholder's Loan.

Upon completion of the Disposal, the Target Company will be owned as to 55% and 45% by the Vendor and the Purchaser respectively. The Target Company will remain as a subsidiary of the Company and will continue to be accounted for on a consolidated basis in the financial statements of the Group.

#### **LOAN FRAMEWORK AGREEMENT**

On the same day, in order to facilitate the utilization of the idle cash to be held by the Target Company from the sales of the Development Project, the Vendor, the Target Company and the Purchaser entered into the Loan Framework Agreement, pursuant to which the Target Company will advance its idle cash from time to time of not more than RMB2,700 million (equivalent to approximately HK\$3,294 million) in aggregate to the Vendor and the Purchaser or their respective direct holding companies or designated fellow subsidiaries in the PRC based on the same terms and conditions and in proportion to their respective shareholdings in the Target Company for a term of not more than three years from 1 January 2022 to 31 December 2024 on an unsecured interest-free basis.

#### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in relation to each of the Consideration payable by the Purchaser under the Share Transfer Agreement and the maximum amount of loans that may be provided by the Target Company to the Purchaser at any time during the term of the Loan Framework Agreement exceeds 25% but all applicable percentage ratios are below 75%, each of the transactions contemplated under the Agreements would constitute a major transaction for the Company subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Upon completion of the Disposal, the Purchaser will be interested in 45% of the entire equity interest in the Target Company, the Purchaser will then be a substantial shareholder of the Target Company. As the Target Company is a newly established company, based on the management accounts of the Target Company prepared in accordance with generally accepted accounting principles in the PRC, the Target Company has not recorded any revenue and profits since its establishment. The total assets, profits and revenue of the Target Company as compared to that of the Group are all less than 10% and accordingly, the Target Company is an insignificant subsidiary of the Company. Notwithstanding the Purchaser being the substantial shareholder of the Target Company upon completion of the Disposal, the Purchaser is not regarded as a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules and the transaction contemplated under the Loan Framework Agreement would not constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any material interest in the Agreements and is required to abstain from voting if the Company were to convene a general meeting for the approval of the Agreements. As at the date of this announcement, June Glory, the immediate controlling shareholder of the Company, holds 2,071,095,506 Shares, representing approximately 61.88% of the issued share capital of the Company. Accordingly, the Company has obtained the written approval from June Glory, no extraordinary general meeting of the Company will be convened for the purpose of approving the entering into of the Agreements and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among others, further details of the Agreements and other information as required under the Listing Rules, shall be despatched to the Shareholders on or before 20 January 2022, which is within 15 business days after the publication of this announcement.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 3 December 2021 in relation to the Cooperation Agreement and the Funding Agreement. Pursuant to the terms of the Cooperation Agreement, the Purchaser shall, if identified as the successful tenderer to participate in the Disposal, acquire the Sale Shares and the Shareholder's Loan at an estimated consideration of approximately RMB1,021.6 million (equivalent to approximately HK\$1,246.4 million) in aggregate.

The Board is pleased to announce that the Purchaser has been identified as the successful tenderer to participate in the Disposal and on 30 December 2021, the Vendor, the Purchaser and the Target Company entered into the Share Transfer Agreement, pursuant to which the Vendor has agreed to sell by way of open tender and the Purchaser has agreed to acquire the Sale Shares and the Shareholder's Loan at the Consideration of approximately RMB1,021.6 million (equivalent to approximately HK\$1,246.4 million) in aggregate, which comprises (a) approximately RMB2.7 million (equivalent to approximately HK\$3.3 million), being the consideration for the Sale Shares; and (b) approximately RMB1,018.9 million (equivalent to approximately HK\$1,243.1 million), being the consideration for the assignment of the Shareholder's Loan.

On the same day, in order to facilitate the utilization of the idle cash to be held by the Target Company from the sales of the Development Project, the Vendor, the Target Company and the Purchaser entered into the Loan Framework Agreement, pursuant to which the Target Company will advance its idle cash from time to time of not more than RMB2,700 million (equivalent to approximately HK\$3,294 million) in aggregate to the Vendor and the Purchaser or their respective direct holding companies or designated fellow subsidiaries in the PRC based on the same terms and conditions and in proportion to their respective shareholdings in the Target Company for a term of not more than three years from 1 January 2022 to 31 December 2024 on an unsecured interest-free basis.

## **SHARE TRANSFER AGREEMENT**

Summarized below are the principal terms of the Share Transfer Agreement:

- Date** : 30 December 2021
- Parties** : (a) the Vendor, an indirect wholly-owned subsidiary of the Company;
- (b) the Target Company, a direct wholly-owned subsidiary of the Vendor, which in turn is an indirect wholly-owned subsidiary of the Company as at the date of this announcement; and
- (c) the Purchaser.

### **Nature of the transaction and assets to be disposed of**

Pursuant to the Share Transfer Agreement, the Vendor has agreed to sell by way of open tender and the Purchaser has agreed to acquire the Sale Shares and the Shareholder's Loan. The Sale Shares represent 45% of the entire equity interest of the Target Company and the Shareholder's Loan represents 45% of the total shareholder's loan of RMB2,264.3 million (equivalent to approximately HK\$2,762.4 million) due and owing by the Target Company to the Vendor, the amount of which as at 3 November 2021 was approximately RMB1,018.9 million (equivalent to approximately HK\$1,243.1 million).

## **Consideration**

The Consideration of approximately RMB1,021.6 million (equivalent to approximately HK\$1,246.4 million) in aggregate which shall be payable by the Purchaser to the designated bank account of the Vendor comprises:

- (a) approximately RMB2.7 million (equivalent to approximately HK\$3.3 million), being the consideration for the Sale Shares; and
- (b) approximately RMB1,018.9 million (equivalent to approximately HK\$1,243.1 million), being the consideration for the assignment of the Shareholder's Loan.

The Consideration is arrived at after arm's length negotiations between the Vendor and the Purchaser taking into account, among others, the land premium of approximately RMB2,197.3 million (equivalent to approximately HK\$2,680.6 million) of the Land and the estimated development cost of the Development Project.

## **Completion**

Completion shall commence on the day following the date of the Share Transfer Agreement and shall take place when, among others, the registration with the competent authority for industry and commerce in relation to the transfer of the Sale Shares and the inspection of the documents and materials of the Target Company have been completed. Upon completion of the transfer of the Sale Shares and the assignment of the Shareholder's Loan, the Target Company will be owned as to 55% and 45% by the Vendor and the Purchaser respectively. The Target Company will remain as a subsidiary of the Company and will continue to be accounted for on a consolidated basis in the financial statements of the Group.

Within 10 business days after the date of completion of the Disposal, the registered capital of the Target Company shall be increased from RMB1,200 million (equivalent to approximately HK\$1,464 million) to approximately RMB2,197.3 million (equivalent to approximately HK\$2,680.6 million). Each of the Vendor and the Purchaser will subscribe and contribute its capital in proportion to their respective shareholdings in the Target Company by converting an equivalent amount of the shareholder's loan previously provided by the Vendor to the Target Company and an equivalent amount payable by the Purchaser under the Disposal into the registered capital of the Target Company, respectively. The remaining amount of the shareholder's loan previously provided by the Vendor to the Target Company and the amount payable by the Purchaser under the Disposal in excess of its portion of the registered capital will be treated as the shareholder's loan due and owing by the Target Company to the Vendor and the Purchaser respectively.

## LOAN FRAMEWORK AGREEMENT

Summarized below are the principal terms of the Loan Framework Agreement:

- Date** : 30 December 2021
- Parties** : (a) the Vendor, an indirect wholly-owned subsidiary of the Company;
- (b) the Target Company, a direct wholly-owned subsidiary of the Vendor, which in turn is an indirect wholly-owned subsidiary of the Company as at the date of this announcement; and
- (c) the Purchaser.
- Availability period** : A term of not more than three years from 1 January 2022 to 31 December 2024
- Aggregate loan principal amount** : The maximum principal amount of the loan under the Loan Framework Agreement is RMB2,700 million (equivalent to approximately HK\$3,294 million) in aggregate. An amount of not more than RMB1,485 million (equivalent to approximately HK\$1,811.7 million) and RMB1,215 million (equivalent to approximately HK\$1,482.3 million) will be provided by the Target Company to the Vendor and the Purchaser or their respective direct holding companies or designated fellow subsidiaries in the PRC respectively in proportion to their respective shareholdings in the Target Company.
- The Directors have considered the following key factors in determining the above maximum amounts:
- (a) the idle cash balance that the Target Company may have available for use and the development progress of the Development Project and its planned sales scale during the term of the Loan Framework Agreement; and
- (b) the development and the capital needs of the Target Company during the term of the Loan Framework Agreement.
- Interest rate** : The loans to be provided to the Vendor and the Purchaser or their respective direct holding companies or designated fellow subsidiaries in the PRC shall be interest-free.

**Repayment** : The loans shall be repaid in one lump sum upon maturity. In order to maintain its normal business operations or meet its capital needs, the Target Company is entitled to request early repayment upon serving 30 business days' prior written notice to the Vendor and the Purchaser or their respective direct holding companies or designated fellow subsidiaries in the PRC, which shall repay all or part of the loans in proportion to their respective shareholdings in the Target Company.

## **FURTHER INFORMATION ON THE TARGET COMPANY AND FINANCIAL IMPACT ON THE GROUP**

The Target Company was established in September 2021 by the Vendor for the sole purpose of owning the Land and carrying out the investment in, development, operation and management of the Development Project. As at the date of this announcement, the registered capital of the Target Company amounted to RMB1,200 million (equivalent to approximately HK\$1,464 million), none of which has been paid up.

As the Target Company is a newly established company, no financial information or past performance of the Target Company is available for disclosure in this announcement. Based on the management accounts of the Target Company prepared in accordance with generally accepted accounting principles in the PRC, the unaudited net asset value of the Target Company as at 3 November 2021 was nil. The Target Company has not recorded any net profits (before or after taxation) since its establishment.

Upon completion of the Disposal, the Target Company will be owned as to 55% and 45% by the Vendor and the Purchaser respectively. The Target Company shall comprise three directors and two supervisors. The Vendor shall be entitled to appoint two directors, one supervisor and the general manager and the Purchaser shall be entitled to appoint one director, one supervisor and the vice general manager. The Target Company will remain as a subsidiary of the Company and will continue to be accounted for on a consolidated basis in the financial statements of the Group. It is expected that no material gain or loss will accrue to the Group's consolidated statement of comprehensive income as a result of the Disposal.

The net proceeds from the Disposal will be used as general working capital of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE TRANSFER AGREEMENT AND THE LOAN FRAMEWORK AGREEMENT**

The Group is principally engaged in the business of real estate development, specialised construction, property investment and securities investment. Since Road King and its subsidiaries are also principally engaged in the business of property development and investment, the Board believes that the Group will be able to enjoy the synergy effect to be brought by the Disposal. This will hence improve the Target Company's capital efficiency and strengthen its financial position.

It is expected that the Target Company will be able to generate steady income from its future sales of the Development Project. Since the Loan Framework Agreement provides that the Target Company is entitled to request for early repayment from the Vendor and the Purchaser or their respective direct holding companies or designated fellow subsidiaries in the PRC when the Target Company faces liquidity issues, the entering into of the Loan Framework Agreement provides a flexibility for the Group to better utilize the idle cash of the Target Company without adversely affecting the Target Company's liquidity and financial performance and enhance the working capital of the Group as a whole.

The Directors (including the independent non-executive Directors) are of the view that the Agreements have been entered into in the ordinary and usual course of business of the Company 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 Agreements and none of them is required to abstain, or has abstained, from voting on the relevant board resolutions approving the transactions contemplated under the Agreements.

#### **INFORMATION ON THE LAND**

The Land is a parcel of land numbered 2021-WG-49 and situated in Suzhou City, Jiangsu Province, the PRC. The site area of the Land is approximately 55,903 square meters, with a plot ratio of not more than 2.0. The Land is permitted for residential development and the term of grant is 70 years.

In September 2021, the Vendor acquired the land use rights of the Land through public auction at a purchase price of approximately RMB2,197.3 million (equivalent to approximately HK\$2,680.6 million), which has been settled in full as at the date of this announcement. On 12 October 2021, the land use rights of the Land was transferred from the Vendor to the Target Company.

#### **INFORMATION ON THE GROUP AND THE VENDOR**

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

The Vendor is an indirect wholly-owned subsidiary of the Company and is principally engaged in the business of real estate development.



## **INFORMATION ON THE PURCHASER**

The Purchaser is a company established under the laws of the PRC with limited liability and is indirectly wholly owned by Road King, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1098). The Purchaser is principally engaged in investment holding.

Road King and its subsidiaries are principally engaged in property development and investment in the PRC and Hong Kong, with a focus on residential developments, investment and asset management businesses, and development, operation and management of toll roads through the infrastructure joint ventures in the PRC and Indonesia.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is an Independent Third Party as at the date of this announcement.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in relation to each of the Consideration payable by the Purchaser under the Share Transfer Agreement and the maximum amount of loans that may be provided by the Target Company to the Purchaser at any time during the term of the Loan Framework Agreement exceeds 25% but all applicable percentage ratios are below 75%, each of the transactions contemplated under the Agreements would constitute a major transaction for the Company subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Upon completion of the Disposal, the Purchaser will be interested in 45% of the entire equity interest in the Target Company, the Purchaser will then be a substantial shareholder of the Target Company. As the Target Company is a newly established company, based on the management accounts of the Target Company prepared in accordance with generally accepted accounting principles in the PRC, the Target Company has not recorded any revenue and profits since its establishment. The total assets, profits and revenue of the Target Company as compared to that of the Group are all less than 10% and accordingly, the Target Company is an insignificant subsidiary of the Company. Notwithstanding the Purchaser being the substantial shareholder of the Target Company upon completion of the Disposal, the Purchaser is not regarded as a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules and the transaction contemplated under the Loan Framework Agreement would not constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any material interest in the Agreements and is required to abstain from voting if the Company were to convene a general meeting for the approval of the Agreements. As at the date of this announcement, June Glory, the immediate controlling shareholder of the Company, holds 2,071,095,506 Shares, representing approximately 61.88% of the issued share capital of the Company. Accordingly, the Company has obtained the written approval from June Glory, no extraordinary general meeting of the Company will be convened for the purpose of approving the entering into of the Agreements and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among others, further details of the Agreements and other information as required under the Listing Rules, shall be despatched to the Shareholders on or before 20 January 2022, which is within 15 business days after the publication of this announcement.

## **DEFINITIONS**

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

“Agreements”	collectively, the Share Transfer Agreement and the Loan Framework Agreement
“Board”	the board of Directors
“Company”	Minmetals Land Limited (五礦地產有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 230)
“connected person(s)”, “controlling shareholder”, “insignificant subsidiary”, “percentage ratio”, “subsidiary(ies)” and “substantial shareholder”	each has the meaning ascribed to it under the Listing Rules
“Consideration”	approximately RMB1,021.6 million (equivalent to approximately HK\$1,246.4 million), being the consideration of the disposal of the Sale Shares and the Shareholder's Loan in aggregate

“Cooperation Agreement”	the cooperation agreement dated 3 December 2021 entered into between the Vendor, the Purchaser and the Target Company in respect of, among others, the possible disposal by the Vendor to the Purchaser of the Sale Shares and the Shareholder’s Loan by way of open tender
“Development Project”	the residential development project to be constructed on the Land
“Director(s)”	director(s) of the Company
“Disposal”	the disposal by the Vendor to the Purchaser of the Sale Shares and the Shareholder’s Loan by way of open tender as contemplated under the Share Transfer Agreement
“Funding Agreement”	the funding agreement dated 3 December 2021 entered into between the Vendor, the Target Company, Shengshi Guangye and the Purchaser in relation to the funding arrangement of the Vendor and the Purchaser in the Target 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 Third Party(ies)”	a party(ies) who is/are not connected person(s) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons of the Company
“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 issued share capital of the Company as at the date of this announcement
“Land”	the land parcel numbered 2021-WG-49 and situated in Suzhou City, Jiangsu Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“Loan Framework Agreement”	the loan agreement dated 30 December 2021 entered into between the Target Company as lender and the Vendor and the Purchaser as borrowers in respect of the maximum principal amount of loan of RMB2,700 million (equivalent to approximately HK\$3,294 million) in aggregate to be advanced by the Target Company to the Vendor and the Purchaser or their respective direct holding companies or designated fellow subsidiaries in the PRC in proportion to their respective shareholdings in the Target Company
“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)
“Purchaser”	Suzhou RK Real Estate Co., Ltd.* (蘇州路勁置業有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Road King
“RMB”	Renminbi, the lawful currency of the PRC
“Road King”	Road King Infrastructure Limited (路勁基建有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1098)
“Sale Shares”	45% of the entire equity interest in the Target Company, which is beneficially owned by the Vendor as at the date of this announcement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Transfer Agreement”	the share transfer agreement dated 30 December 2021 entered into between the Vendor, the Purchaser and the Target Company in respect of, among others, the Disposal
“Shareholder(s)”	holder(s) of the Shares
“Shareholder’s Loan”	45% of the total shareholder’s loan of RMB2,264.3 million (equivalent to approximately HK\$2,762.4 million) due and owing by the Target Company to the Vendor, the amount of which as at 3 November 2021 was approximately RMB1,018.9 million (equivalent to approximately HK\$1,243.1 million)

“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
“Target Company”	Kuangjin Property Development (Suzhou) Co., Ltd.* (礦勁地產(蘇州)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 as at the date of this announcement
“Vendor”	Kuangmei Property Development Nanjing Co., Ltd.* (礦美地產南京有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By the order of the Board  
**Minmetals Land Limited**  
**He Jianbo**  
*Chairman*

Hong Kong, 30 December 2021

\* *All of the English titles or names of the PRC entities, as well as certain items contained in this announcement have been included for identification purpose only. If there is any inconsistency, the Chinese titles or names shall prevail.*

# *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\$1.22. 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.*

*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.*