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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

MEMORANDUM OF INTENT

POSSIBLE DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

AND

FORMATION OF JOINT VENTURE IN RELATION TO

THE DEVELOPMENT OF THE LAND IN CHANGLINGJU, HUANGPU DISTRICT, GUANGZHOU, THE PRC

The Board is pleased to announce that on 28 March 2019, Shengshi Guangye (an indirect wholly-owned subsidiary of the Company), the JV Company (a wholly-owned subsidiary of Shengshi Guangye) and the Investor entered into the Memorandum of Intent, pursuant to which, among other things:

- (i) the Investor shall pay an earnest money to the JV Company as loan in the amount of approximately RMB1.15 billion (equivalent to approximately HK\$1.34 billion) and a loan to the JV Company in the amount of approximately RMB24.12 million (equivalent to approximately HK\$28.02 million), representing (a) 49% of the consideration paid for the acquisition of the land use rights of the Land, (b) 49% of the costs and tax of such acquisition, (c) 49% of the start-up capital required for operating the JV Company, and (d) 49% of the interest accrued on the Existing Shareholder's Loan (i.e. the "**Investor's Loan Injection**"). A portion of such loan will be used to repay 49% of the Existing Shareholder's Loan provided by Shengshi Guangye to the JV Company;
- (ii) at the same time the Investor pays the earnest money described in paragraph (i) above to the JV Company, Shengshi Guangye shall provide a shareholder's loan to the JV Company in the amount of approximately RMB78.51 million (equivalent to approximately HK\$91.21 million), representing (a) 51% of the costs and tax of acquisition of the land use rights of the Land, (b) 51% of the start-up capital required for operating the JV Company, and (c) 51% of the interest accrued on the Existing Shareholder's Loan such that effectively, each of Shengshi Guangye and the Investor shall bear the consideration and the related tax and costs of acquisition of the Land and the

start-up capital of the JV Company in proportion to their respective shareholdings in the JV Company of 51% and 49% respectively; and

- (iii) the Investor shall subscribe and pay for 49% equity capital in the JV Company for an amount of RMB19,215,686 (equivalent to approximately HK\$22,324,784) (i.e. the "**Initial Capital Injection**") at the same time Shengshi Guangye pays for its 51% share of the equity capital in the JV Company in the amount of RMB20.00 million (equivalent to approximately HK\$23.24 million).

If the Initial Capital Injection materializes, the JV Company will remain a subsidiary of the Company to be accounted for on a consolidated basis in the accounts of the Company.

The JV Company is the owner of the Land and is formed as a single purpose vehicle to develop the Land for residential purpose for sale. The joint venture arrangement, if materializes, among other things, will be 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 one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the admission of the Investor to contribute 49% of the registered capital of the JV Company (i.e. 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.

If and after Shengshi Guangye reaches agreement with the Investor on the valuation of the JV Company and the Investor is selected as the successful tenderer to participate in the Initial Capital Injection, the parties will enter into definitive agreement in relation to the Initial Capital Injection and further announcement will be made and the Company will 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 Memorandum of Intent, including the agreement by the parties on the valuation of the JV Company, 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 28 March 2019, Shengshi Guangye (an indirect wholly-owned subsidiary of the Company), the JV Company (a wholly-owned subsidiary of Shengshi Guangye) and the Investor entered into the Memorandum of Intent pursuant to which the Investor may be admitted as an investor into the JV Company.

MEMORANDUM OF INTENT

Date

28 March 2019

Parties

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

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Investor and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

Subject

Pursuant to the Memorandum of Intent:

- (i) the Investor shall pay an earnest money to the JV Company as loan in the amount of approximately RMB1.15 billion (equivalent to approximately HK\$1.34 billion) and a loan to the JV Company in the amount of approximately RMB24.12 million (equivalent to approximately HK\$28.02 million), representing (a) 49% of the consideration paid for the acquisition of the land use rights of the Land, (b) 49% of the costs and tax of such acquisition, (c) 49% of the start-up capital required for operating the JV Company, and (d) 49% of the interest accrued on the Existing Shareholder's Loan (i.e. the "**Investor's Loan Injection**"). A portion of such loan will be used to repay 49% of the Existing Shareholder's Loan provided by Shengshi Guangye to the JV Company;
- (ii) at the same time the Investor pays the earnest money described in paragraph (i) above to the JV Company, Shengshi Guangye shall provide a shareholder's loan to the JV Company in the amount of approximately RMB78.51 million (equivalent to approximately HK\$91.21 million), representing (a) 51% of the costs and tax of acquisition of the land use rights of the Land, (b) 51% of the start-up capital required for operating the JV Company, and (c) 51% of the interest accrued on the Existing Shareholder's Loan, such that effectively, each of Shengshi Guangye and the Investor shall bear the consideration and the related tax and costs of acquisition of the Land and the start-up capital of the JV Company in proportion to their respective shareholdings in the JV Company of 51% and 49% respectively; and
- (iii) the Investor shall subscribe and pay for 49% equity capital in the JV Company for an amount of RMB19,215,686 (equivalent to approximately HK\$22,324,784) (i.e. the "**Initial Capital Injection**") at the same time Shengshi Guangye pays for its 51% share of the equity capital in the JV Company in the amount of RMB20.00 million (equivalent to approximately HK\$23.24 million).

Part of the loans provided by the Investor and by Shengshi Guangye to the JV Company will be converted into equity capital of the JV Company as described below and under the section headed "*Increase in registered capital of the JV Company and future funding*" below.

The final total commitment of Shengshi Guangye and the Investor in the JV Company is accordingly an amount of approximately RMB1.24 billion (equivalent to approximately HK\$1.44 billion) and approximately RMB1.20 billion (equivalent to approximately HK\$1.39 billion) respectively. Shengshi Guangye has funded and shall continue to fund its share of the commitment in the JV Company from its internal resources.

The parties' obligations under the Memorandum of Intent are also subject to compliance with the Listing Rules.

Conditions

Conditions precedent to payment of the Investor's Loan Injection

Payment of the Investor's Loan Injection is conditional upon the fulfilment (or waiver) of the following conditions by 31 March 2019 (which is extendable to 30 April 2019 by the Investor):

- (1) all the parties having obtained all necessary internal approval(s) required under the applicable laws and constitutional documents;
- (2) Shengshi Guangye's fellow subsidiary, namely, Minmetals Land Investment Management (Beijing) Co., Ltd., having issued a comfort letter in respect of the JV Company's obligation to refund the Investor's Loan Injection amount to the Investor in the event that the Memorandum of Intent is terminated; and
- (3) the Investor having completed its due diligence exercise in relation to Shengshi Guangye, the JV Company, the Land and the Development Project.

Completion of the Investor's Loan Injection will take place within 10 days after the signing of the Memorandum of Intent. In the event that the Memorandum of Intent is terminated in accordance with the terms thereof, including where the Initial Capital Injection is not carried out, such earnest money shall be returned to the Investor at an interest rate of 8.5% per annum.

Conditions precedent to the Initial Capital Injection

The Initial Capital Injection is conditional upon the fulfilment of the following within 365 days from the date of the Memorandum of Intent:

- (1) Shengshi Guangye and the Investor agreeing on the valuation of the JV Company;
- (2) all parties having obtained internal approval for the Initial Capital Injection;
- (3) the listing of the Initial Capital Injection for tender on an equity exchange approved by the PRC state-owned assets regulatory authorities;
- (4) the Investor being selected as the successful tenderer to participate in the Initial Capital Injection;
- (5) the parties entering into definitive agreement in relation to the Initial Capital Injection;
- (6) there being no material adverse change to Shengshi Guangye, the JV Company or the Development Project after the signing of the Memorandum of Intent; and
- (7) there being no breach by or in respect of Shengshi Guangye, the JV Company or the Development Project under the Memorandum of Intent, transfer documents in respect of the Land, memorandum and articles of association of the JV Company, and other documents entered into by the parties pursuant to the Memorandum of Intent, and no event having occurred that may prejudice the Investor's rights under any of such documents.

The parties' obligations under the Memorandum of Intent are also subject to compliance with the Listing Rules.

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. The parties' obligations under the Memorandum of Intent are also subject to the compliance of the Listing Rules.

FURTHER INFORMATION ON THE JV COMPANY AND THE JOINT VENTURE

The JV Company was established in December 2018 by Shengshi Guangye for the sole purpose of owning the Land and carrying out the Development Project.

Following the Possible Deemed Disposal, the JV Company will remain a subsidiary of the Company and will 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.

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 28 February 2019 was nil.

Increase in registered capital of the JV Company and future funding

As at the date of this announcement, the registered capital of the JV Company amounted to RMB20.00 million (equivalent to approximately HK\$23.24 million), which has not been paid up.

The maximum investment funds required for the Development Project is estimated to be RMB4.50 billion (equivalent to approximately HK\$5.23 billion). Under the terms of the Memorandum of Intent, provided that all the conditions precedent to the Possible Deemed Disposal are fulfilled (or, where applicable, waived), the parties shall increase the registered capital of the JV Company further to RMB2.40 billion (equivalent to approximately HK\$2.79 billion) following the completion of the Initial Capital Injection. Each of Shengshi Guangye and the Investor will contribute its respective share of the increased registered capital (namely as to RMB1.20 billion (equivalent to approximately HK\$1.39 billion) by Shengshi Guangye and RMB1.16 billion (equivalent to approximately HK\$1.35 billion) by the Investor) by converting its then outstanding shareholder's loans to the JV Company into equity.

After such conversions, the remaining balance of the shareholder's loans owed to Shengshi Guangye and the Investor are expected to be approximately RMB20.48 million (equivalent to approximately HK\$23.79 million) and RMB19.69 million (equivalent to approximately HK\$22.88 million) respectively, which shall bear interest at an interest rate of 6% per annum.

Any additional funding required by the JV Company beyond its total registered capital as increased above will be sourced by way of bank loan on a non-recourse basis. The Company has no intention nor expectation to provide additional funding beyond its above-mentioned commitment to the registered capital of the JV Company.

The amount of commitment of the parties in the JV Company was arrived at after arm's length negotiation among the parties to the Memorandum of Intent with reference to the funding needs of the JV Company and the value of the land use rights of the Land.

Management of the JV Company

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 nominated by Shengshi Guangye and the other by the Investor.

INVESTOR'S EXIT

In the event that the sold area in respect of the Development Project reaches 95% of the total saleable area offered by the Development Project, the Investor shall be entitled to request Shengshi Guangye to take up the entire equity interests then owned by the Investor at the fair value to be agreed between Shengshi Guangye and the Investor with reference to the valuation of the equity interests in the JV Company to be conducted in accordance with the Memorandum of Intent.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MEMORANDUM OF INTENT

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) considered that the Memorandum of Intent, which has been entered into after arm's length negotiation between the parties, is 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 Memorandum of Intent and none of them is required to abstain, or has abstained, from voting on the relevant board resolutions approving the transactions contemplated under the Memorandum of Intent.

INFORMATION ON THE LAND

The JV Company is the owner of the Land, a parcel of land numbered CPPQ-A-3 located in Changlingju, Huangpu District, Guangzhou City, Guangdong Province, the PRC. The site area of the Land is approximately 72,000 square meters, with a plot ratio of 1.0 to 2.5. The Land is permitted for residential development and the term of grant is 70 years.

The Land was acquired through public auction at a purchase price of approximately RMB2.25 billion (equivalent to approximately HK\$2.61 billion) in December 2018, which has been fully settled.

INFORMATION ON THE GROUP AND SHENGSHI GUANGYE

The Group is principally engaged in the businesses 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.

INFORMATION ON THE INVESTOR

The Investor is a company incorporated under the laws of the PRC with limited liability and principally engaged in real estate investment consultancy, real estate sales agency and property management businesses.

LISTING RULES IMPLICATIONS

The JV Company is the owner of the Land and is formed as a single purpose vehicle to develop the Land for residential purpose for sale. The joint venture arrangement, if materializes, among other things, will be 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 one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to 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.

If and after Shengshi Guangye reaches agreement with the Investor on the valuation of the JV Company and the Investor is selected as the successful tenderer to participate in the Initial Capital Injection, the parties will enter into definitive agreement in relation to the Initial Capital Injection and further announcement will be made and the Company will 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 Memorandum of Intent, including the agreement by the parties on the valuation of the JV Company, 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.

GENERAL

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.

DEFINITIONS

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

"Board"	the board of Directors;
"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;
"Development Project"	the residential development to be constructed on the Land;
"Director(s)"	directors of the Company;
"Existing Shareholder's Loan"	the existing shareholder's loan owing by the JV Company to Shengshi Guangye at an interest rate of 8.5% per annum for the amount of approximately RMB2.25 billion (equivalent to approximately HK\$2.61 billion) as at the date of this announcement and representing the consideration paid for the acquisition of the Land;
"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;
"Initial Capital Injection"	the possible subscription and payment by the Investor for 49% equity capital in the JV Company;
"Investor's Loan Injection"	the possible payment of an earnest money to the JV Company as loan by the Investor;
"Investor"	寧波市鄞州協豐房產投資諮詢有限公司, a company established under the laws of the PRC with limited liability;
"JV Company"	廣州市礦茂房地產開發有限公司(Guangzhou Kuangmao 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 CPPQ-A-3 situated in Changlingju, Huangpu District, Guangzhou City, Guangdong Province, the PRC;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Memorandum of Intent"	the Memorandum of Intent dated 28 March 2019 entered into by Shengshi Guangye, the Investor and the JV Company in respect of, among other things, the Possible Deemed Disposal;
"Possible Deemed Disposal"	the admission of the Investor to contribute 49% of the registered capital of the JV Company for a total sum of up to RMB1.18 billion (equivalent to approximately HK\$1.37 billion);
"PRC"	the People's Republic of China;
"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;
"Shengshi Guangye"	北京盛世廣業投資管理有限公司(Beijing Shengshi Guangye Investment Management 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.

By order of the Board
Minmetals Land Limited
He Jianbo
Chairman

Hong Kong, 28 March 2019

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\$1.1618. 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*