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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 DISCLOSEABLE TRANSACTION

AGREEMENT OF INTENT

POSSIBLE DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

AND

FORMATION OF JOINT VENTURE

IN RELATION TO

**THE DEVELOPMENT OF THE LAND AT MAOGANG ROAD, HUANGPU DISTRICT,
GUANGZHOU, THE PRC**

The Board is pleased to announce that on 11 April 2019, (i) the Company, the JV Company (an indirect wholly-owned subsidiary of the Company) and the Investor entered into the Earnest Money Agreement pursuant to which the Investor shall pay the Earnest Money to the JV Company; and (ii) Shengshi Guangye (an indirect wholly-owned subsidiary of the Company), the JV Company and the Investor entered into the Agreement of Intent pursuant to which the Investor may be admitted as an investor into the JV Company.

Pursuant to the Earnest Money Agreement and subject to the terms and conditions thereof, within five business days after the signing of the Agreement of Intent, the Investor shall pay an earnest money to the JV Company as loan in the amount of approximately RMB548.91 million (equivalent to approximately HK\$637.72 million) ("**Earnest Money**"), representing 49% of the costs and certain tax of acquisition of the land use rights of the Land already paid for by the JV Company using the Existing Shareholder's Loan from Shengshi Guangye, and 49% of the start-up capital required for operating the JV Company.

Pursuant to the Agreement of Intent and subject to the terms and conditions thereof:

- (1) at the same time the Investor pays the Earnest Money to the JV Company, Shengshi Guangye shall provide a shareholder's loan to the JV Company in the amount of RMB15.30 million (equivalent to approximately HK\$17.78 million), representing 51% of the start-up capital of the JV Company;

- (2) the Investor shall subscribe for 49% equity capital in the JV Company for an amount of RMB490.00 million (equivalent to approximately HK\$569.28 million)(i.e. the "**Possible Deemed Disposal**") by converting an equivalent sum of the Earnest Money into equity and Shengshi Guangye shall contribute to 51% equity capital in the JV Company for an amount of RMB510.00 million (equivalent to approximately HK\$592.52 million) by converting an equivalent sum of the shareholder's loans provided to the JV Company (following partial repayment by the JV Company with the Earnest Money received from the Investor) into equity; and
- (3) Shengshi Guangye and the Investor shall each contribute to the outstanding tax payable in connection with the acquisition of land use rights of the Land in the aggregate amount of approximately RMB32.71 million (equivalent to approximately HK\$38.00 million) in proportion to their respective shareholdings in the JV Company of 51% and 49% respectively.

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 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 the joint venture will be exempt from reporting, announcement and/or shareholders' approval requirements under Rule 14.04(1)(f) of the Listing Rules.

As some of the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the Possible Deemed Disposal exceeds 5% but all applicable percentage ratios are below 25%, the Possible Deemed Disposal, if materializes, will constitute a discloseable transaction for the Company subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

If and after the parties enter into definitive agreement in relation to the Possible Deemed Disposal, 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 Agreement 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 11 April 2019, (i) the Company, the JV Company (an indirect wholly-owned subsidiary of the Company) and the Investor entered into the Earnest Money Agreement pursuant to which the Investor shall pay the Earnest Money to the JV Company; and (ii) Shengshi Guangye (an indirect wholly-owned subsidiary of the Company), the JV Company and the Investor entered into the Agreement of Intent pursuant to which the Investor may be admitted as an investor into the JV Company.

EARNEST MONEY AGREEMENT

Date

11 April 2019

Parties

- (1) 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

Subject to the terms and conditions of the Earnest Money Agreement, within five business days after the signing of the Agreement of Intent, the Investor shall pay an earnest money to the JV Company as loan in the amount of approximately RMB548.91 million (equivalent to approximately HK\$637.72 million)("Earnest Money"), representing 49% of the costs and certain tax of acquisition of the land use rights of the Land already paid for by the JV Company using the Existing Shareholder's Loan from Shengshi Guangye, and 49% of the start-up capital required for operating the JV Company.

In the event that, among other things, the Agreement of Intent or the Earnest Money Agreement is terminated in accordance with the terms thereof prior to the Possible Deemed Disposal, the Earnest Money shall be refunded to the Investor within ten business days after such termination at an interest rate of 6% per annum. The JV Company's obligation to refund the Earnest Money prior to the Possible Deemed Disposal is guaranteed by the Company.

AGREEMENT OF INTENT

Date

11 April 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 its connected persons.

Subject

Subject to the terms and conditions as set out in the Agreement of Intent, including, among other things, the agreement on the valuation of the JV Company and the entering into of the definitive agreement by the parties:

- (1) at the same time the Investor pays the Earnest Money to the JV Company, Shengshi Guangye shall provide a shareholder's loan to the JV Company in the amount of RMB15.30 million (equivalent to approximately HK\$17.78 million), representing 51% of the start-up capital of the JV Company;
- (2) the Investor shall subscribe for 49% equity capital in the JV Company for an amount of RMB490.00 million (equivalent to approximately HK\$569.28 million)(i.e. the "**Possible Deemed Disposal**") by converting an equivalent sum of the Earnest Money into equity and Shengshi Guangye shall contribute to 51% equity capital in the JV Company for an amount of RMB510.00 million (equivalent to approximately HK\$592.52 million) by converting an equivalent sum of the shareholder's loans provided to the JV Company (following partial repayment by the JV Company with the Earnest Money received from the Investor) into equity; and
- (3) Shengshi Guangye and the Investor shall each contribute to the outstanding tax payable in connection with the acquisition of the land use rights of the Land in the aggregate amount of approximately RMB32.71 million (equivalent to approximately HK\$38.00 million) in proportion to their respective shareholdings in the JV Company of 51% and 49% respectively.

After the conversions of loans into equity capital of the JV Company as stated in paragraph (2) above, the remaining balance of the shareholder's loans owed by the JV Company to Shengshi Guangye and the Investor are expected to be approximately RMB78.00 million (equivalent to approximately HK\$90.62 million) and RMB74.94 million (equivalent to approximately HK\$87.07 million) respectively, which shall continue to bear interest at an interest rate of 6% per annum.

The final total commitments of Shengshi Guangye and the Investor in the JV Company are accordingly approximately RMB588.00 million (equivalent to approximately HK\$683.14 million) and approximately RMB564.94 million (equivalent to approximately HK\$656.35 million) respectively. Shengshi Guangye has funded and will continue to fund its share of the commitment in the JV Company from its internal resources.

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

Conditions precedent

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

- (1) the consideration payable for the acquisition of the land use rights of the Land, being RMB1,090,230,000 (equivalent to approximately HK\$1,266,629,214), having been fully paid;
- (2) Shengshi Guangye, the JV Company and the relevant authority having entered into an amendment agreement in respect of the Land;
- (3) save for the Existing Shareholder's Loan and debts incurred by the JV Company in its ordinary course of business for the purposes of developing the Land, the JV Company having no other indebtedness;
- (4) the Investor having completed its financial and legal due diligence exercise in relation to the JV Company;
- (5) Shengshi Guangye and the Investor agreeing on the valuation of the JV Company;

- (6) the listing of the Possible Deemed Disposal for tender on an equity exchange approved by the PRC state-owned assets regulatory authorities within 300 days of the date of the Agreement of Intent, which in turn is subject to Shengshi Guangye and the Investor agreeing on the valuation of the JV Company;
- (7) the Investor being identified as the successful tenderer to participate in the Possible Deemed Disposal; and
- (8) the parties entering into definitive agreement in relation to the Possible Deemed Disposal.

As at the date of this announcement, conditions (1) and (2) have been fulfilled.

USE OF FUNDS

Upon receipt of the Earnest Money by the JV Company, a portion of the Earnest Money will be used to repay 49% of the Existing Shareholder's Loan from Shengshi Guangye, the interest incurred thereon and certain tax paid in connection with the acquisition of the Land, with the remaining portion to be used as part of the start-up capital of the JV Company.

Effectively, each of Shengshi Guangye and the Investor shall bear the consideration and other 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.

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. As at the date of this announcement, the registered capital of the JV Company amounted to RMB2.00 million (equivalent to approximately HK\$2.32 million), which has not been paid up.

Following the Possible Deemed Disposal, 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. 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.

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, either Shengshi Guangye or the Investor may elect to divest from the JV Company subject to the exit mechanism to be agreed to by the parties and the applicable laws and regulations.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EARNEST MONEY AGREEMENT AND THE AGREEMENT OF INTENT

The Group is principally engaged in the business of real estate development, specialised construction, property investment and securities investment. The Investor is principally engaged in property development and sales of property in the PRC. Accordingly, the Possible Deemed Disposal will bring in investor and hence strengthen the JV Company's financial conditions and capital efficiency.

The Directors (including the independent non-executive Directors) considered that the Earnest Money Agreement and the Agreement of Intent, which 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 Earnest Money Agreement and the Agreement 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 Earnest Money Agreement and the Agreement of Intent.

INFORMATION ON THE LAND

The JV Company is the owner of the Land, a parcel of land situated at Maogang Road, Huangpu District, Guangzhou City, Guangdong Province, the PRC. The site area of the Land is approximately 13,802 square meters, with a plot ratio of 1.0 to 3.8. 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 RMB1.09 billion (equivalent to approximately HK\$1.27 billion) in November 2018, which has been fully settled save for certain outstanding tax payable.

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.

INFORMATION ON THE INVESTOR

The Investor is a company established under the laws of the PRC with limited liability and principally engaged in property development and sales of property in the PRC. It is an indirect wholly-owned subsidiary of China Merchants Land Limited whose shares are listed on the Stock Exchange.

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 the joint venture will be exempt from reporting, announcement and/or shareholders' approval requirements under Rule 14.04(1)(f) of the Listing Rules.

As some of the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the Possible Deemed Disposal exceeds 5% but all applicable percentage ratios are below 25%, the Possible

Deemed Disposal, if materializes, will constitute a discloseable transaction for the Company subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

If and after the parties enter into definitive agreement in relation to the Possible Deemed Disposal, 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 Agreement 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:

"Agreement of Intent"	the agreement of intent dated 11 April 2019 entered into by Shengshi Guangye, the Investor and the JV Company in respect of, among other things, the Possible Deemed Disposal;
"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;
"Earnest Money Agreement"	the earnest money agreement dated 11 April 2019 entered into by the Company, the Investor and the JV Company in respect of, among other things, the payment of the Earnest Money;
"Existing Shareholder's Loan"	the existing shareholder's loan owing by the JV Company to Shengshi Guangye at an interest rate of 8% per annum for the amount of approximately RMB1.09 billion (equivalent to approximately HK\$1.27 billion) as at the date of this announcement and representing the consideration and certain tax 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;
"Investor"	廣州招商房地產有限公司 (Guangzhou Merchants Property Development Limited*), a company established under the laws of the PRC with limited liability;
"JV Company"	廣州礦業房地產開發有限公司 (Guangzhou Kuangrong 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 situated at Maogang Road, Huangpu District, Guangzhou City, Guangdong Province, the PRC;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Possible Deemed Disposal"	the admission of the Investor to contribute 49% of the registered capital of the JV Company for a total sum up to RMB490.00 million (equivalent to approximately HK\$569.28 million);
"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, 11 April 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*