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五礦地產有限公司
MINMETALS LAND LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 230)

**(1) MAJOR ACQUISITION AND CONNECTED TRANSACTIONS
IN RELATION TO
(I) ACQUISITION OF 49% EQUITY INTERESTS IN TIANJIN YIJIAHE;
(II) CAPITAL INJECTION IN MINMETALS LAND HUNAN;
AND
(2) CONTINUING CONNECTED TRANSACTIONS**

Sole Financial Adviser to the Company



BNP PARIBAS

THE EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 18 June 2020 (after trading hours), Minmetals Shengshi (being an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Vendor pursuant to which the Vendor has conditionally agreed to sell, and Minmetals Shengshi has conditionally agreed to acquire, the Sale Interests (representing 49% of and the entire equity interest held by the Vendor in Tianjin Yijiahe) at a consideration of RMB1,475.45 million (approximately HK\$1,620.34 million).

Tianjin Yijiahe is principally engaged in the development of a mega scale residential estate, namely Neo-Metropolis, in Tianjin, PRC with a total gross floor area of approximately 2.04 million sq.m.. As at 30 April 2020, the gross floor area of the remaining land bank of the entire project is approximately 1.81 million sq.m..

As at the date of this announcement, Tianjin Yijiahe is directly owned as to 49% by the Vendor and 51% by the JV Partner. Upon completion of the Acquisition, Tianjin Yijiahe will be indirectly owned as to 49% by the Company and its financial results will be accounted for using equity method and will not be consolidated into the financial statements of the Group.

THE CAPITAL INJECTION AGREEMENT

On the same date, Minmetals Shengshi entered into the Capital Injection Agreement with Minmetals Land Hunan and 23rd Metallurgical pursuant to which Minmetals Shengshi has conditionally agreed to inject RMB1,327.32 million (approximately HK\$1,457.66 million) into Minmetals Land Hunan.

Minmetals Land Hunan Group is principally engaged in property development in the PRC with a total gross floor area of approximately 3.32 million sq.m. as well as property management in the PRC. As at 30 April 2020, the gross floor area of the remaining land bank of such property portfolio is approximately 1.21 million sq.m..

Upon completion of the Capital Injection, Minmetals Shengshi will hold 51% equity interests of Minmetals Land Hunan and Minmetals Land Hunan will become an indirect non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

CONNECTED TRANSACTIONS FOLLOWING COMPLETION OF THE CAPITAL INJECTION

Construction works

Members of the China Minmetals Group have been undertaking construction works for certain members of Minmetals Land Hunan Group. It is expected that members of Minmetals Land Hunan Group may continue to engage members of the China Minmetals Group to undertake construction works following completion of the Capital Injection.

Property management services

Minmetals Properties Service Hunan, a direct wholly-owned subsidiary of Minmetals Land Hunan, has been providing property management services for 23rd Metallurgical as well as Hunan Dongrun, which is currently a direct wholly-owned subsidiary of Minmetals Land Hunan but which will be disposed by way of distribution to 23rd Metallurgical to satisfy one of the condition precedents to the Capital Injection Agreement. It is expected that Minmetals Properties Service Hunan will continue to provide property management services for 23rd Metallurgical and Hunan Dongrun following completion of the Capital Injection.

THE LISTING RULES IMPLICATIONS

The Transactions

The Vendor, 23rd Metallurgical and Minmetals Land Hunan are indirect non-wholly owned subsidiaries of China Minmetals, which is the ultimate controlling shareholder of the Company holding approximately 61.88% of the issued share capital of the Company as at the date of this announcement. Therefore, each of the Vendor, 23rd Metallurgical and Minmetals Land Hunan is a connected person of the Company and accordingly, the Acquisition and the Capital Injection each constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Equity Transfer Agreement and the Capital Injection Agreement are inter-conditional. As the highest applicable percentage ratio in respect of the Acquisition and the Capital Injection in aggregate exceeds 25% but all of the percentage ratios are less than 100%, the Transactions also constitute major transactions for the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Equity Transfer Agreement, the Capital Injection Agreement and the transactions contemplated thereunder. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Connected transactions following completion of the Capital Injection

Construction works

As Minmetals Land Hunan will, following completion of the Capital Injection, become an indirect non-wholly owned subsidiary of the Company, the engagement of the members of China Minmetals Group to undertake construction works for Minmetals Land Hunan Group following completion of the Capital Injection will constitute connected transactions for the Company.

The Company and China Minmetals have on 17 April 2020 entered into a framework agreement in relation to the engagement of member(s) of the China Minmetals Group as construction contractor(s) (subject to successful tender) in respect of the real estate development projects of the Group in Mainland China and Hong Kong for the three years from 19 April 2020 to 18 April 2023 (i.e. the 2020 Framework Agreement). Details are set out in the announcement and circular of the Company dated 17 April 2020 and 12 May 2020 respectively. Any subsequent undertaking of construction works for new projects of Minmetals Land Hunan Group by members of the China Minmetals Group following completion of the Capital Injection will be undertaken under the 2020 Framework Agreement under the annual caps approved by the independent Shareholders on 28 May 2020.

Property management services

As Minmetals Land Hunan will complete the disposal of the entire issued capital of Hunan Dongrun to 23rd Metallurgical to satisfy one of the condition precedents to the Capital Injection Agreement, the continued provision of property management services by Minmetals Properties Service Hunan to 23rd Metallurgical and Hunan Dongrun following completion of the Capital Injection under the Existing Property Management Services Agreements will constitute continuing connected transactions for the Company.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with all applicable annual review and disclosure requirements but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the Existing Property Management Services Agreements. The Company will comply with the applicable requirements under Chapter 14A of the Listing Rules if and when the Existing Property Management Services Agreements are amended or renewed.

SGM

A SGM will be convened to consider and, if thought fit, to approve the Transactions. A circular containing, among other things, further details of the Transactions including a property valuation report, accountants' reports, recommendations of the Independent Board Committee, a letter of advice from Somerley, and a notice convening the SGM will be despatched to the Shareholders on or before 24 July 2020, as additional time is required to prepare, among other things, the financial information to be included in the circular.

As completion of the Transactions are subject to fulfilment of the conditions precedent to the Equity Transfer Agreement and Capital Injection Agreement, respectively, the Transactions may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

(I) THE ACQUISITION

The Board is pleased to announce that on 18 June 2020 (after trading hours), Minmetals Shengshi (being an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Vendor pursuant to which the Vendor has conditionally agreed to sell, and Minmetals Shengshi has conditionally agreed to acquire, the Sale Interests (representing 49% of and the entire equity interest held by the Vendor in Tianjin Yijiahe) at a consideration of RMB1,475.45 million (approximately HK\$1,620.34 million).

EQUITY TRANSFER AGREEMENT

Date

18 June 2020

Parties

- (1) Minmetals Shengshi (an indirect wholly-owned subsidiary of the Company); and
- (2) the Vendor (an indirect non-wholly owned subsidiary of China Minmetals).

Subject matter

The Vendor has conditionally agreed to sell, and Minmetals Shengshi has conditionally agreed to acquire, the Sale Interests (representing 49% of and the entire equity interest held by the Vendor in Tianjin Yijiahe).

Consideration

The consideration for the Sale Interests is RMB1,475.45 million (approximately HK\$1,620.34 million), which is determined based on arm's length negotiations between the parties with reference to 49% of the adjusted net asset value of Tianjin Yijiahe of approximately RMB1,526.95 million (approximately HK\$1,676.90). Such adjusted net asset value was arrived at based on the unaudited negative net assets value of Tianjin

Yijiahe as at 30 April 2020 of RMB1,025.79 million (approximately HK\$1,126.52 million), adjusted with the revaluation surplus arising from a preliminary valuation of the property development project held by Tianjin Yijiahe by an independent valuer as at 30 April 2020, net of estimated deferred tax associated with the revaluation surplus. The consideration represents a discount of approximately 3.4% to the adjusted net asset value attributable to the Sale Interests as at 30 April 2020. The consideration shall be satisfied by internal financial resources of the Group or bank borrowings, and the Group has no immediate plan to carry out any equity fund raising exercise.

The consideration shall be paid by Minmetals Shengshi to the Vendor in the following manner:

- (1) a sum of approximately RMB737.73 million (approximately HK\$810.17 million) shall be paid within 15 business days after the conditions set out below have been satisfied:
 - (a) all the conditions precedent to the Equity Transfer Agreement having been fulfilled (details of which are set out in the section headed “Conditions precedents” below);
 - (b) the constitutional document(s) of Tianjin Yijiahe having been duly executed by Minmetals Shengshi and the JV Partner;
 - (c) the Shareholders’ Agreement in respect of Tianjin Yijiahe having been duly executed by Minmetals Shengshi and the JV Partner and having taken effect;
 - (d) the Acquisition Completion Agreement having been entered into between the parties upon completion of all the necessary completion procedures in respect of the Acquisition; and
 - (e) all persons nominated by Minmetals Shengshi pursuant to the Equity Transfer Agreement having been elected or appointed as directors, supervisors and senior management of Tianjin Yijiahe (as the case may be) and all relevant registration and filings having been made with the SAMR upon completion of all relevant equity transfer registration with the SAMR.
- (2) the remaining balance of approximately RMB737.73 million (approximately HK\$810.17 million) shall be paid in two equal installments on 30 September 2021 and 2022, respectively.

Condition precedents

Completion of the Acquisition is subject to and conditional upon the following conditions having been fulfilled:

- (a) all necessary approvals and consents required from all relevant PRC governmental authorities and any other third party as may be necessary to give effect to the transactions contemplated under the Equity Transfer Agreement having been obtained;

- (b) the JV Partner having waived its pre-emptive right in relation to the Sale Interests;
- (c) the Independent Shareholders having approved the Equity Transfer Agreement and the Acquisition;
- (d) all the conditions precedent to the Capital Injection Agreement having been fulfilled;
- (e) all the representations and warranties given by the Vendor in the Equity Transfer Agreement remaining true, accurate, complete and not misleading in all material aspects as at completion of the Acquisition; and
- (f) Tianjin Yijiahe has not and shall not commit any material violations of relevant laws and/or regulations.

Compensation

In the event Tianjin Yijiahe is unable to, among other things, complete the acceptance examination and obtain the outstanding real estate title certificate in respect of a commercial house and obtain the land use rights certificates in respect of certain land parcel(s) within Neo-Metropolis, Minmetals Shengshi can demand compensation from the Vendor. For further details, refer to the paragraph headed “Further Information on Tianjin Yijiahe - Resettlement work of Tianjin Yijiahe” below.

Completion

Pursuant to the Equity Transfer Agreement, Minmetals Shengshi shall work with the Vendor to complete the equity transfer registration with the SAMR within 15 business days after fulfillment of all the conditions precedent to the Equity Transfer Agreement. Upon completion of all necessary completion procedures, the parties shall enter into the Acquisition Completion Agreement. The completion date of the Acquisition shall be the day on which the equity transfer registration with the SAMR has been completed.

Upon completion of the Acquisition, Tianjin Yijiahe will be indirectly owned by the Company as to 49% of its equity interest and its financial results will be accounted for using equity method and will not be consolidated into the financial statements of the Group.

Pursuant to the Equity Transfer Agreement, the Vendor shall ensure that during the period between 30 April 2020 and the completion of the Acquisition, Tianjin Yijiahe shall not declare nor distribute any dividend without Minmetals Shengshi’s written consent and that there are no material changes in Tianjin Yijiahe’s financial position.

SHAREHOLDERS’ AGREEMENT

Incidental to completion of the Acquisition, Minmetals Shengshi and the JV Partner shall enter into the Shareholders’ Agreement setting out the terms of the operations of Tianjin Yijiahe, including:

Board composition

The board of directors of Tianjin Yijiahe shall consist of five directors, of which two shall be nominated by Minmetals Shengshi and three shall be nominated by the JV Partner. The chairman of the board of directors of Tianjin Yijiahe shall be a director nominated by Minmetals Shengshi. In addition, each of Minmetals Shengshi and the JV Partner shall nominate a supervisor of Tianjin Yijiahe.

Funding

Tianjin Yijiahe will finance its operation as required firstly by bank borrowings based on its own assets, failing which and subject to the agreement of Minmetals Shengshi and the JV Partner, by shareholders' loan from Minmetals Shengshi and the JV Partner on a pro-rata basis.

Restriction on transfer of equity interest

Except with the written consent of the other shareholder, none of the shareholders of Tianjin Yijiahe shall sell, transfer or otherwise dispose of any of its equity interest in Tianjin Yijiahe other than to the other shareholder.

Each party shall have a right of first offer to acquire the equity interests in Tianjin Yijiahe to be sold by the other party in accordance with the Shareholders' Agreement.

INFORMATION ON THE PARTIES

The Group and Minmetals Shengshi

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

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

The Vendor

The Vendor is an indirect non-wholly owned subsidiary of China Minmetals principally engaged in real estate development and operation, construction, property management, real estate agency, real estate advertising and exhibition and other real estate related business.

China Minmetals

China Minmetals is a state-owned enterprise in the PRC and the ultimate controlling shareholder of the Company. It is principally engaged in the business of exploration, mining, smelting, processing and trading for metals and minerals, finance, real estate, and mining and metallurgic technology.

The JV Partner

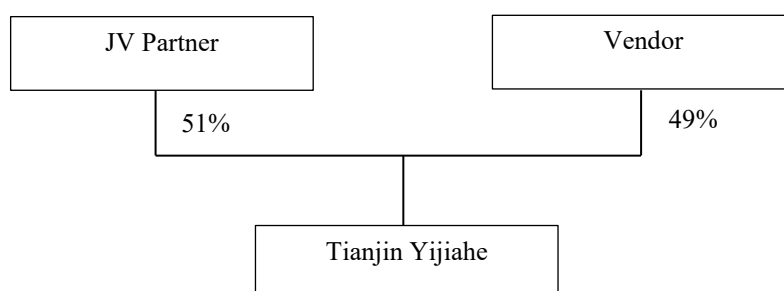
The JV Partner was established under the laws of the PRC with limited liability and is the holder of 51% of the equity interests of Tianjin Yijiahe as at the date of this

announcement. The JV Partner is principally engaged in property development in the PRC and is a wholly-owned subsidiary of Sino-Ocean Group Holding Limited (stock code: 3377), which in turn is principally engaged in real estate development. Both the JV Partner and Sino-Ocean Group Holding Limited are independent third parties.

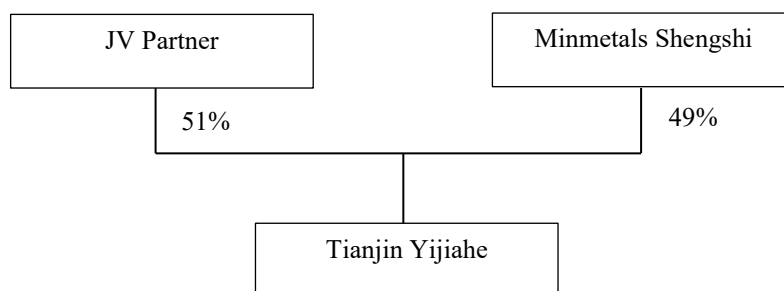
Tianjin Yijiahe

Tianjin Yijiahe was established under the laws of the PRC with limited liability and is principally engaged in development of a mega scale residential estate, namely Neo-Metropolis, in Tianjin, PRC. As at the date of this announcement, Tianjin Yijiahe is directly owned as to 49% by the Vendor and as to 51% by the JV Partner and has a fully paid up registered capital of RMB80,000,000. The Vendor’s interest in Tianjin Yijiahe is managed by the Group pursuant to certain entrusted management agreements entered into between the Group and the China Minmetals Group. For further details on such arrangements, please refer to the paragraph headed “Reasons for and benefits of the Transactions – To reinforce the Company’s position as the primary listed platform of China Minmetals Group for its property development business” below.

A shareholding structure chart of Tianjin Yijiahe immediately before completion of the Acquisition is set out below:



A shareholding structure chart of Tianjin Yijiahe immediately after completion of the Acquisition is set out below:



FURTHER INFORMATION ON TIANJIN YIJIAHE

Property project of Tianjin Yijiahe

As at the date of this announcement, the property interest of Tianjin Yijiahe comprises solely its interest in Neo-Metropolis, a mega scale residential estate development project undertaken by Tianjin Yijiahe located in Bei Chen District, Tianjin, PRC. Neo-Metropolis is highly accessible as it is close to the Beijing-Tianjin-Tangshan expressway

and is also accessible by 2 subway lines, of which 4 subway stops are located in Neo-Metropolis. It occupies a total site area of approximately 1.12 million sq.m., in which it is expected to provide a total gross floor area of approximately 2.04 million sq.m.. As at 30 April 2020, the gross floor area of the remaining land bank of the entire project is approximately 1.81 million sq.m.. It is intended to be developed into various medium and high-rise residential buildings with ancillary commercial portion and basement car parks. The ancillary commercial portion will comprise a low-rise community shopping arcade as well as retail and commercial podium. The construction of the Neo-Metropolis project commenced in November 2012 with pre-sales beginning in the first quarter of 2013 and the development is carried out in phases with the construction of the whole project expected to be completed in 2027. In 2019, this project achieved a total contracted sales of approximately RMB3,846.52 million (approximately HK\$4,224.25 million) whilst the gross floor area contracted for sale was 185,259 sq.m. with an average selling price (“ASP”) of RMB20,763 (approximately HK\$22,802) per sq.m.. For the 4 months ended 30 April 2020, this project achieved a total contracted sales of approximately RMB800.69 million (approximately HK\$879.32 million) whilst the gross floor area contracted for sale was 40,002 sq.m. with an ASP of RMB20,016 (approximately HK\$21,982) per sq.m..

Tianjin Yijiahe's property project as at 30 April 2020 (subject to the Acquisition)

Project	Project address	Property type ¹	Tianjin Yijiahe's shareholding	Total site area (in sq.m.) ²	Total gross floor area (in sq.m.) ^{2,3}	Land bank (based on 100% basis)				Financial year ended 31 December 2019 ("FY2019") contracted sales ASP (per sq.m.)
						Completed unsold and sold but undelivered gross floor area (in sq.m.) ⁴ (a)	Gross floor area under construction (in sq.m.) ⁴ (b)	Planned gross floor area ² (in sq.m.) (c)	Total land bank (in sq.m.) (a+b+c)	
1. 天津未來城 Neo-Metropolis	Bei Chen District, Tianjin, the PRC	R+C	100%	1,115,476	2,042,750	-	723,717	1,090,111	1,813,828	RMB20,763 (approximately HK\$22,802)

- Notes:
- (1) Property type includes residential ("R") and commercial ("C").
 - (2) A total site area of 584,237 sq.m. with a corresponding total gross floor area of 1,090,111 sq.m. is pending land use rights.
 - (3) The total gross floor area represents floor area that is accountable for plot ratio calculation, excluding floor area such as air defence basement and basement car parking space, and also represents the maximum total gross floor area permitted under the agreement dated 14 November 2007 entered into between Tianjin Yijiahe and the Tianjin Municipal Administration of State Land, Resources and Housing (天津市國土資源和房屋管理局) supplemental to the land use rights contract in respect of Neo-Metropolis dated 18 October 2004 with reference to the total site area of 1,115,476 sq.m..
 - (4) The properties referred to here are only those properties with full legal titles available for sale. Accordingly, completed unsold property with gross floor area of approximately 2,953 sq.m, being a commercial house where the real estate title certificate is still pending, and completed unsold and sold but undelivered property and/or property under construction comprising of 7,172 car parking space, where no full legal titles can be obtained and Tianjin Yijiahe will only have the right to use and lease, will not be included.

The following table sets forth the breakdown of land bank (including land pending land use rights certificates, on 100% basis) by property type as at 30 April 2020:

Type	Land bank (in sq.m.)	Percentage
Residential	1,445,061	79.7%
Ancillary commercial	368,767	20.3%
Total	1,813,828	100.0%

Financial information of Tianjin Yijiahe

Set out below are the financial information of Tianjin Yijiahe based on the unaudited financial statements of Tianjin Yijiahe for the two years ended 31 December 2018 and 2019 prepared under the HKFRS and the same accounting policies of the Group:

	For the year ended 31 December	
	2018	2019
	(unaudited)	(unaudited)
Revenue	RMB53.35 million (approximately HK\$58.59 million)	RMB78.93 million (approximately HK\$86.68 million)
Loss before tax	RMB445.08 million (approximately HK\$488.79 million)	RMB177.77 million (approximately HK\$195.23 million)
Loss after tax	RMB440.02 million (approximately HK\$483.23 million)	RMB198.64 million (approximately HK\$218.15 million)

The unaudited negative net assets value of Tianjin Yijiahe as at 30 April 2020 was RMB1,025.79 million (approximately HK\$1,126.52 million). Tianjin Yijiahe has a negative net asset value as of 30 April 2020 because its property project is still at an early stage of its development cycle, whereby approximately 89% of its total gross floor areas has not been completed and delivered to property buyers.

Tianjin Yijiahe began pre-sales of its properties in 2013 and the unaudited contract liabilities arising from sales of properties was RMB6,417.75 million (approximately HK\$7,047.97 million) as of 30 April 2020. Such amount represented the considerations received in advance from sales of properties to customers and would not be recognised as revenue until the relevant properties were delivered to the customers.

The original acquisition cost of the Sale Interests of Tianjin Yijiahe by the Vendor was RMB1,176.40 million (approximately HK\$1,291.92 million).

Resettlement work of Tianjin Yijiahe

Neo-Metropolis is a mega scale resettlement project with a total gross floor area of approximately 2.04 million sq.m. and land titles are to be obtained in phases. As at 30 April 2020, Tianjin Yijiahe has obtained land use rights for a total gross floor area of 952,639 sq.m., representing 46.6% by total gross floor area. Out of the project's total site area of 1,115,476 sq.m., 584,237 sq.m. with a corresponding 1,090,111 sq.m. gross floor area is still pending land use rights and more than 99% of the residing residents in this area have been relocated.

Pursuant to the Equity Transfer Agreement, if after final payment of the consideration, the land use rights certificates of land within Neo-Metropolis with an aggregate site area exceeding 2,000 sq.m. remains outstanding, Minmetals Shengshi can demand compensation from the Vendor for a proportional amount of the consideration of the Equity Transfer based on the proportion of the total aggregate site area which the land use rights certificates remain outstanding to the total site area of 1,115,476 sq.m. of Neo-Metropolis.

Pursuant to the Equity Transfer Agreement, Minmetals Shengshi can also demand compensation from the Vendor for any loss suffered by Tianjin Yijiahe and Minmetals Shengshi if Tianjin Yijiahe fails to complete the acceptance examination and obtain the real estate title certificate of a commercial house within Neo-Metropolis.

Pursuant to the Resettlement Agreement between Tianjin Yijiahe, the Bei Chen District People's Government of Tianjin and the Yixingbu Government dated 8 March 2007 (as supplemented), Tianjin Yijiahe is required to pay Resettlement Costs to the Yixingbu Government in relation to the resettlement works for the Yixingbu Land, the Yixingbu Town Old Village located at Yixingbu Town, Bei Chen District, Tianjin, PRC constituting part of the Neo-Metropolis to be developed by Tianjin Yijiahe. The Resettlement Costs will be settled by stages based on the progress of obtaining the land use rights certificate for certain parcels of land pursuant to the Resettlement Agreement. The resettlement work was originally intended to be completed by 31 December 2020 whereupon the Resettlement Costs will have to be settled. It is expected that the Resettlement Costs will not exceed RMB14,900 million in total. The amount of Resettlement Costs to be borne by Tianjin Yijiahe will not exceed RMB14,900 million in accordance with the Resettlement Agreement. The Directors believe that in the event Tianjin Yijiahe is required to pay the full Resettlement Cost by 31 December 2020, Tianjin Yijiahe will be capable of funding the Resettlement Costs by internal resources and third party nonrecourse funding.

As mentioned above, the Resettlement Cost will be settled based on the progress of the resettlement work. Tianjin Yijiahe works closely with Yixingbu Government in managing the resettlement work and based on the latest progress of the resettlement work, the Directors believe that the probability of having to settle the Resettlement Costs by 31 December 2020 is minimal and expects that there will be a 3 to 5 years delay in completion of the resettlement work.

As at 30 April 2020, an aggregate of approximately RMB5,900 million Resettlement Costs has been paid over the course of 7 years since the project commenced development in November 2012, which was funded by the internal resource and third party nonrecourse funding from Tianjin Yijiahe.

(II) THE CAPITAL INJECTION

The Board is also pleased to announce that on 18 June 2020 (after trading hours), Minmetals Shengshi entered into the Capital Injection Agreement with Minmetals Land Hunan and 23rd Metallurgical pursuant to which Minmetals Shengshi has conditionally agreed to inject RMB1,327.32 million (approximately HK\$1,457.66 million) into Minmetals Land Hunan.

CAPITAL INJECTION AGREEMENT

Date

18 June 2020

Parties

- (1) Minmetals Shengshi (an indirect wholly-owned subsidiary of the Company);
- (2) 23rd Metallurgical (an indirect non-wholly owned subsidiary of China Minmetals); and
- (3) Minmetals Land Hunan (an indirect non-wholly owned subsidiary of China Minmetals).

Subject matter

Minmetals Shengshi has conditionally agreed to inject RMB1,327.32 million (approximately HK\$1,457.66 million) into Minmetals Land Hunan.

Capital injection amount

The Capital Injection of RMB1,327.32 million (approximately HK\$1,457.66 million) is determined based on arm's length negotiations between the parties with reference to 51% of the adjusted net asset value attributable to owners of Minmetals Land Hunan (after taking in account the proceeds of the Capital Injection) of approximately RMB1,486.63 million (approximately HK\$1,632.62 million). Such adjusted net asset value was arrived at based on the unaudited consolidated net asset value attributable to owners of Minmetals Land Hunan as at 30 April 2020 (including the amount of the Capital Injection) adjusted to exclude Hunan Dongrun, which will be disposed by way of distribution to 23rd Metallurgical at nil consideration to satisfy one of the conditions precedent to completion of the Capital Injection, and further adjusted with the revaluation surplus arising from a preliminary valuation of the property development projects held by Minmetals Land Hunan (excluding Hunan Dongrun) by an independent valuer as at 30 April 2020, net of estimated deferred tax associated with the revaluation surplus. The capital injection amount represents a discount of approximately 10.7% to the adjusted net asset value attributable to 51% of the equity interests of Minmetals Land Hunan (excluding Hunan Dongrun) as at 30 April 2020 and after taking into account the proceeds from the Capital Injection.

The Capital Injection would be used by Minmetals Land Hunan as general working capital and shall be satisfied by internal financial resources of the Group or bank borrowings, and the Group has no immediate plan to carry out any equity fund raising exercise.

The Capital Injection shall be paid by Minmetals Shengshi to Minmetals Land Hunan in the following manner:

- (a) an aggregate sum of approximately RMB1,061.86 million (approximately HK\$1,166.13 million) shall be paid within 15 business days after the following conditions have been satisfied (the "**First Installment Conditions**"):
 - (i) all the conditions precedent to the Capital Injection Agreement having been fulfilled (details of which are set out in the section headed "Condition precedents" below);

- (ii) the constitutional document(s) of Minmetals Land Hunan having been amended and duly executed by Minmetals Shengshi and 23rd Metallurgical;
 - (iii) the Capital Injection Completion Agreement having been entered into between the parties upon completion of all the necessary completion procedures in respect of the Capital Injection; and
 - (iv) all persons nominated by Minmetals Shengshi pursuant to the Capital Injection Agreement having been elected or appointed as directors, supervisors or senior management of Minmetals Land Hunan and all relevant registration and filings having been made with the SAMR upon completion of all relevant capital injection registration with the SAMR;
- (b) an aggregate sum of approximately RMB265.46 million (approximately HK\$291.53 million) shall be paid within 15 business days after the following conditions have been satisfied (the “**Second Installment Conditions**”):
- (i) all the First Installment Conditions having been fulfilled;
 - (ii) there have not been certain events referred to in the Capital Injection Agreement within 6 months from the day following the date of completion of the Capital Injection resulting in Minmetals Land Hunan suffering economic loss; and
 - (iii) there has not been any breach of the Capital Injection Agreement by 23rd Metallurgical (including any that have been resolved but of which the associated cost or loss was borne by the Vendor) within 6 months from the day following the date of completion of the Capital Injection.

According to the PRC legal adviser of the Company, any non-payment of the second installment as a result of any non-fulfillment of the Second Installment Conditions would not affect the completion of the Capital Injection and registration of Minmetals Land Hunan with the SAMR by Minmetals Shengshi as holder of 51% equity interest of Minmetals Land Hunan and the increase in registered paid up capital of Minmetals Land Hunan.

Condition precedents

Completion of the Capital Injection is subject to and conditional upon, the following conditions having been fulfilled:

- (a) all necessary approvals and consents required from all relevant PRC governmental authorities and any other third party as may be necessary to give effect to the transactions contemplated under the Capital Injection Agreement having been obtained;
- (b) the Independent Shareholders having approved the Capital Injection Agreement and the Capital Injection;
- (c) all the conditions precedent to the Equity Transfer Agreement having been fulfilled;

- (d) Minmetals Land Hunan has, in accordance with relevant laws, completed the disposal of the entire issued capital of Hunan Dongrun (being its wholly-owned subsidiary as at the date of this announcement) and completed the relevant registration and filings with the SAMR;
- (e) all the representations and warranties given by Minmetals Land Hunan and 23rd Metallurgical in the Capital Injection Agreement remaining true, accurate, complete and not misleading in all material aspects as at completion of the Capital Injection; and
- (f) Minmetals Land Hunan Group has not and shall not commit any material violations of relevant laws and/or regulations.

Completion

Pursuant to the Capital Injection Agreement, Minmetals Shengshi shall work with 23rd Metallurgical to complete the capital injection registration with the SAMR within 15 business days after fulfillment of all the conditions precedent to the Capital Injection Agreement. Upon completion of all necessary completion procedures, the parties shall enter into the Capital Injection Completion Agreement. The completion date of the Capital Injection shall be the day on which the capital injection registration with the SAMR has been completed.

Upon completion of the Capital Injection, the registered paid up capital of Minmetals Land Hunan will be increased from RMB300 million (approximately HK\$329.46 million) to approximately RMB612.24 million (approximately HK\$672.36 million). Minmetals Shengshi will hold 51% of the equity interests of Minmetals Land Hunan and Minmetals Land Hunan will become an indirect non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

Pursuant to the Capital Injection Agreement, 23rd Metallurgical shall ensure that during the period between 30 April 2020 and the completion of the Capital Injection, Minmetals Land Hunan Group shall not, other than the disposal of Hunan Dongrun by way of distribution, declare nor distribute any dividend without Minmetals Shengshi's written consent and that there are no material changes in Minmetals Land Hunan Group's financial position.

SHAREHOLDERS' ARRANGEMENTS

Board composition

The board of directors of Minmetals Land Hunan shall consist of five directors, of which four are shareholders' representatives, subject to election at general meeting, and one employee representative as elected by the employees of Minmetals Land Hunan. Minmetals Shengshi shall nominate three shareholders' representatives and 23rd Metallurgical shall nominate one shareholders' representatives. The chairman of the board of directors of Minmetals Land Hunan shall be a director nominated by Minmetals Shengshi.

Funding

Minmetals Land Hunan will finance its operation as required firstly by bank borrowings based on its own assets, failing which and subject to the agreement of Minmetals Shengshi and 23rd Metallurgical, by shareholders' loan from Minmetals Shengshi and 23rd Metallurgical on a pro-rata basis.

INFORMATION ON THE PARTIES

23rd Metallurgical

23rd Metallurgical is an indirect non-wholly owned subsidiary of China Minmetals principally engaged in the business of mining development and operations, construction engineering and real estate development.

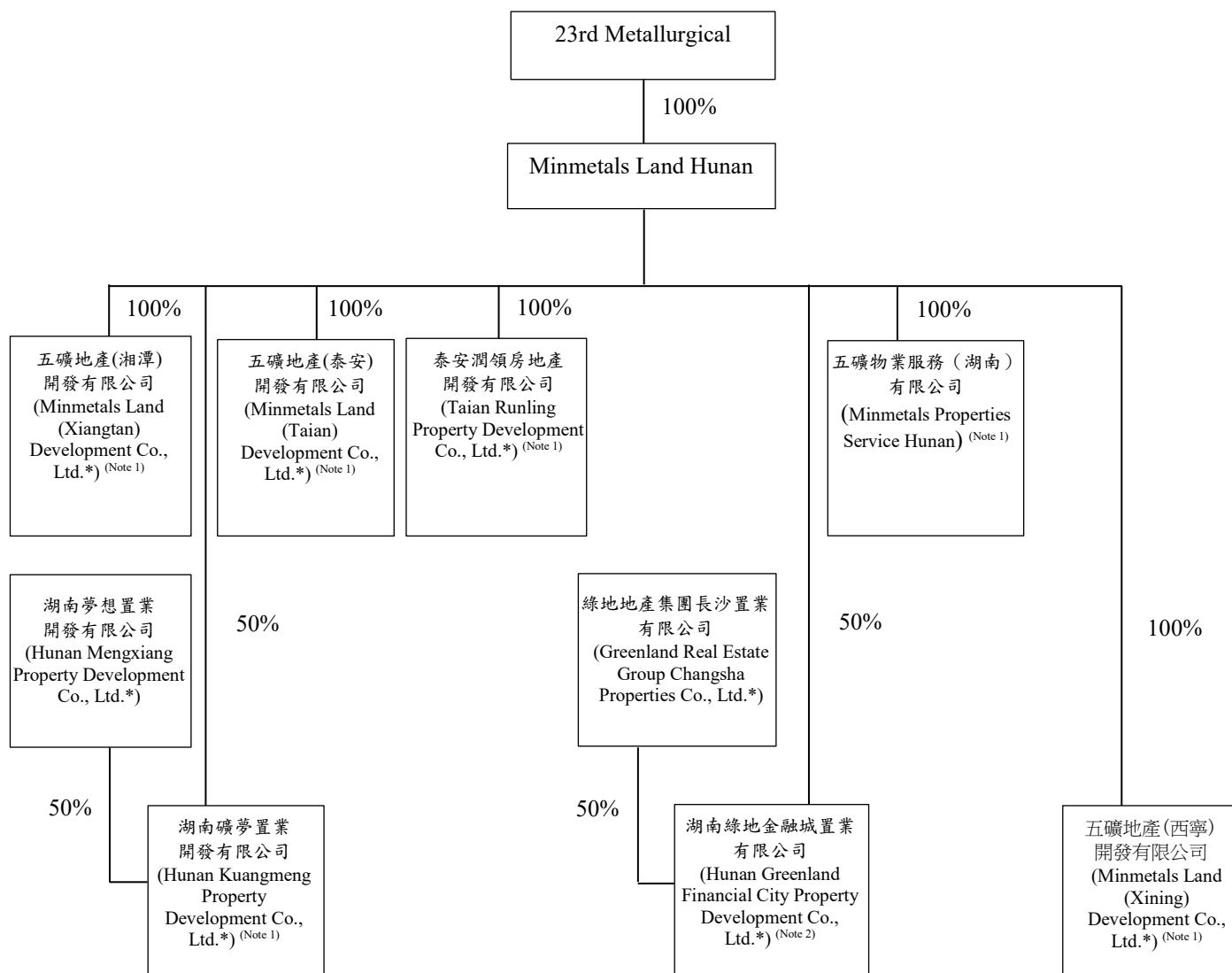
Minmetals Land Hunan Group

Minmetals Land Hunan Group is principally engaged in property development and property management in the PRC.

Minmetals Land Hunan was established under the laws of the PRC with limited liability and is principally engaged in investment holding of companies involved in property development and property management in the PRC. As at the date of this announcement, Minmetals Land Hunan is a direct wholly-owned subsidiary of 23rd Metallurgical and has a fully paid-up registered capital of RMB300 million (approximately HK\$329.46 million). 23rd Metallurgical's interest in Minmetals Land Hunan is managed by the Group pursuant to certain entrusted management agreements entered into between the Group and the China Minmetals Group. For further details on such arrangements, please refer to the paragraph headed "Reasons for and benefits of the Transactions – To reinforce the Company's position as the primary listed platform of China Minmetals Group for its property development business" below.

To satisfy one of the conditions precedent to completion of the Capital Injection, Minmetals Land Hunan shall complete the disposal of the entire issued capital of Hunan Dongrun (being its wholly-owned subsidiary as at the date of this announcement) to 23rd Metallurgical at nil consideration. 23rd Metallurgical does not intend to dispose any of its equity interest in Hunan Dongrun as the headquarter of 23rd Metallurgical is located in a building owned by Hunan Dongrun.

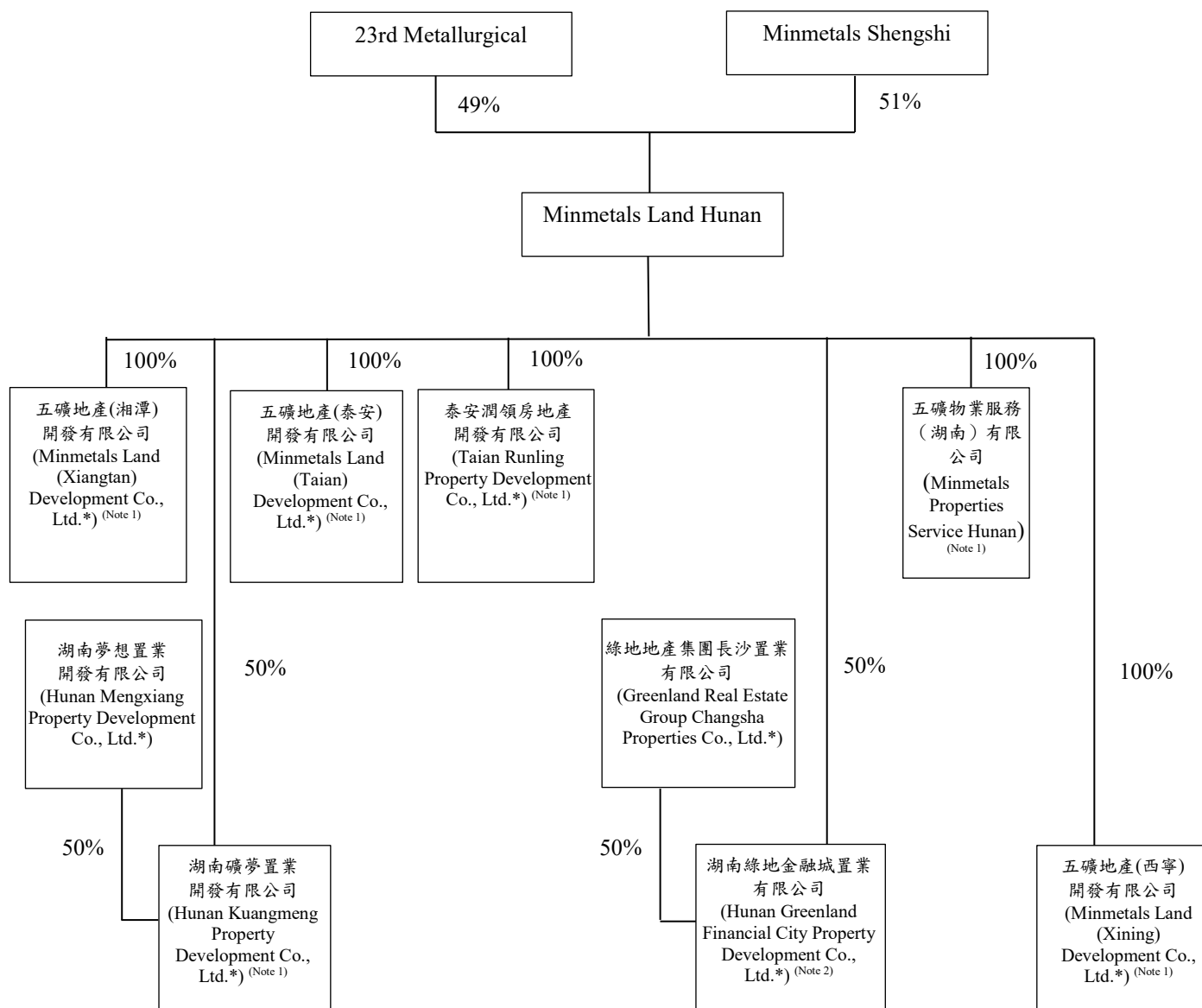
A simplified shareholding structure chart of the major operating members of Minmetals Land Hunan Group upon completion of the disposal of the entire issued capital of Hunan Dongrun and immediately before completion of the Capital Injection is set out below:



Notes:

- (1) Accounted for as a subsidiary of Minmetals Land Hunan
- (2) Accounted for as an associate of Minmetals Land Hunan

A simplified shareholding structure chart of the major operating members of Minmetals Land Hunan Group immediately after completion of the Capital Injection is set out below:



Notes:

- (1) Accounted for as a subsidiary of Minmetals Land Hunan
- (2) Accounted for as an associate of Minmetals Land Hunan

FURTHER INFORMATION ON MINMETALS LAND HUNAN GROUP

Property portfolio of Minmetals Land Hunan Group

As at the date of this announcement, Minmetals Land Hunan Group (excluding Hunan Dongrun) has interest in a property portfolio of 10 properties in various major cities in the PRC including Changsha, Xiang Tan, Tai'an and Xining. As at 30 April 2020, the gross floor area of the remaining land bank of Minmetals Land Hunan Group's property portfolio is approximately 1.21 million sq.m.. In 2019, it achieved a total contracted sales of approximately RMB1,774.63 million (approximately HK\$1,948.90 million) whilst the gross floor area contracted for sale was 208,286 sq.m. with an ASP of RMB8,520 (approximately HK\$9,357) per sq.m.. In the 4 months ended 30 April 2020, it achieved a total contracted sales of approximately RMB189.97 million (approximately HK\$208.63 million) whilst the gross floor area contracted for sale was 20,345 sq.m. with an ASP of RMB9,337 (approximately HK\$10,254) per sq.m.. The approximate geographical composition of the property portfolio of Minmetals Land Hunan Group as at 30 April 2020 are set out as follows:

Minmetals Land Hunan Group's property portfolio as at 30 April 2020 (subject to the Capital Injection)

Project	Project address	Property type ¹	Minmetals Land Hunan's shareholding	Total site area (in sq.m.)	Total gross floor area (in sq.m.) ⁵	Land bank (Based on 100% basis)				FY2019 contracted sales ASP (per sq.m.)
						Completed unsold and sold but undelivered gross floor area (in sq.m.) ⁶ (a)	Gross floor area under construction (in sq.m.) ⁶ (b)	Planned gross floor area ^{2,6} (in sq.m.) (c)	Total land bank (in sq.m.) (a+b+c)	
Changsha										
1. 萬境瀟湘 Realm of Landscape	Kai Fu District, Changsha Hunan Province, the PRC	R	50%	87,011	308,341	0	249,554	0	249,554	RMB11,979 (approximately HK\$13,155)
2. 綠地中心 Changsha Greenland Centre	Kai Fu District, Changsha, Hunan Province, the PRC	C	50%	23,071	258,579	69,000	0	0	69,000	RMB17,106 (approximately HK\$18,786)
3. 嘉盛國際廣場 Jiasheng International Square	Tian Xin District, Changsha, Hunan Province, the PRC	R	100%	8,836	75,146	0	0	0	0	— ⁽³⁾
4. 嘉盛奧美城 Jiasheng Aomei City	Tian Xin District, Hunan Province, the PRC	R	100%	6,075	58,928	1,792	0	0	1,792	— ⁽³⁾
5. 嘉盛華庭 Jiasheng Huating	Yu Hua District, Changsha, Hunan Province, the PRC	R	100%	38,674	251,201	452	0	0	452	— ⁽³⁾
Xiang Tan										
6. 湘潭·萬境水岸 Xiangtan Scenery Cove	Xiang Tan, Hunan Province, the PRC	R	100%	367,272	900,259	9,251	222,229	200,957	432,437	RMB6,248 (approximately HK\$6,862)
7. 五礦地產尊城項目 Minmetals Zuncheng Project	Xiang Tan, Hunan Province, the PRC	R	100%	69,095	178,898	1,745	0	0	1,745	— ⁽³⁾
Tai'an										
8. 五礦萬境廣場 Taian Scenery Centre	Zhangchen Road, Gaoxin District, Tai'an, Shandong Province, the PRC	C	100%	50,692	147,597	1,455	137,787	0	139,242	— ⁽⁴⁾
9. 泰安·萬境水岸 Taian Scenery Cove	Zhangchen Road, Gaoxin District, Tai'an, Shandong Province, the PRC	R	100%	270,109	680,711	7,018	262,614	0	269,632	RMB8,616 (approximately HK\$9,462)
Xining										
10. 五礦柴達木廣場 Minmetals Chai Da Mu Plaza	Wu Si Road West, Hai Hu New District, Xining, Qinghai Province, the PRC	C	100%	151,654	464,225	50,443	0	0	50,443	RMB15,266 (approximately HK\$16,765)
Total				1,072,489	3,323,885	141,156	872,184	200,957	1,214,297	—

Notes:

- Property type includes residential ("R") and commercial ("C").
- All projects have obtained land use rights.
- No contracted sales was recorded for these projects in FY2019 as these are very mature projects.
- No contracted sales was recorded in FY2019, which is in line with project development cycle and sales launch schedule.
- The total gross floor area represents floor area that is accountable for plot ratio calculation, excluding floor area such as air defence basement and basement car parking space where no full legal titles can be obtained.
- The properties referred to here are those properties with full legal titles available for sale. Accordingly, completed unsold and sold but undelivered properties and properties under construction with an aggregate gross floor area of 33,880.82 sq.m and 7,693 car parking space, where no full legal titles can be obtained and the relevant companies will only have the right to use and lease, are not included.

The following table sets forth the breakdown of land bank (on 100% basis) by property type as at 30 April 2020:

Type	Land bank (in sq.m.)	Percentage
Residential	717,635	59.10%
Commercial	496,662	40.90%
Total	1,214,297	100.0%

Property management operations

Minmetals Properties Service Hunan was established under the laws of the PRC with limited liability and is principally engaged in the provision of property management services and is a direct wholly-owned subsidiary of Minmetals Land Hunan. Its clients include certain subsidiaries of the Company, subsidiaries of China Minmetals and other independent third parties. As at 31 December 2019, the total contracted gross floor area of the properties which Minmetals Properties Service Hunan provided property management services to was approximately 4.67 million sq.m..

Financial information of the segments to be acquired from Minmetals Land Hunan Group

In March 2020, Minmetals Land Hunan completed its disposal of the entire equity interest and shareholder's loan of Minmetals Laiwu (being a wholly-owned subsidiary of Minmetals Land Hunan for the two years ended 31 December 2019 and up to its disposal by Minmetals Land Hunan) held by Minmetals Land Hunan to an independent third party at a consideration of RMB84.132 million (approximately HK\$92.394 million), and to satisfy a condition precedent to completion of the Capital Injection, Minmetals Land Hunan Group will dispose of its interest in Hunan Dongrun by way of distribution to 23rd Metallurgical at nil consideration. Set out below is the relevant segmental information extracted from the unaudited consolidated financial statements of Minmetals Land Hunan Group for the two years ended 31 December 2018 and 2019, which effectively did not take into account the contributions from Minmetals Laiwu and Hunan Dongrun, under the HKFRS and the same accounting policies of the Group:

	For the year ended 31 December	
	2018	2019
	(unaudited)	(unaudited)
Revenue	RMB801.03 million (approximately HK\$879.69 million)	RMB1,275.67 million (approximately HK\$1,400.94 million)
Profit before tax	RMB92.08 million (approximately HK\$101.12 million)	RMB394.08 million (approximately HK\$432.78 million)
Profit after tax	RMB54.02 million (approximately HK\$59.32 million)	RMB273.92 million (approximately HK\$300.82 million)

The unaudited net asset value of the segments to be acquired from Minmetals Land Hunan Group (excluding Hunan Dongrun) as at 30 April 2020 was approximately RMB1,017.14 million (approximately HK\$1,117.02 million).

As of the date of this announcement, the investment cost of Minmetals Land Hunan by the 23rd Metallurgical Group was approximately RMB300 million (approximately HK\$329.46 million).

CONNECTED TRANSACTIONS FOLLOWING COMPLETION OF THE CAPITAL INJECTION

CONSTRUCTION WORKS

Members of the China Minmetals Group have been undertaking construction works for certain members of Minmetals Land Hunan Group. As Minmetals Land Hunan will, following completion of the Capital Injection, become an indirect non-wholly owned subsidiary of the Company, the engagement of members of the China Minmetals Group to undertake construction works for Minmetals Land Hunan Group following completion of the Capital Injection will constitute connected transactions for the Company.

The Company and China Minmetals have on 17 April 2020 entered into the 2020 Framework Agreement in relation to the engagement of member(s) of the China Minmetals Group as construction contractor(s) (subject to successful tender) in respect of real estate development projects of the Group in Mainland China and Hong Kong for the three years from 19 April 2020 to 18 April 2023 (i.e. the 2020 Framework Agreement). Details are set out in the announcement and circular of the Company dated 17 April 2020 and 12 May 2020 respectively. Any subsequent undertaking of construction works for new projects of Minmetals Land Hunan Group by members of the China Minmetals Group following completion of the Capital Injection will be undertaken under the 2020 Framework Agreement under the annual caps as approved by the independent Shareholders.

PROPERTY MANAGEMENT SERVICES

Minmetals Properties Service Hunan, a direct wholly-owned subsidiary of Minmetals Land Hunan, has been providing property management services for property projects for 23rd Metallurgical and Hunan Dongrun, which is currently a direct wholly-owned subsidiary of Minmetals Land Hunan as at the date of this announcement but which will be disposed by way of distribution to 23rd Metallurgical to satisfy one of the condition precedents to the Capital Injection Agreement. Accordingly, Hunan Dongrun will, incidental to the Capital Injection, remain as a subsidiary of 23rd Metallurgical, and Minmetals Land Hunan will become an indirect non-wholly owned subsidiary of the Company. It is expected that Minmetals Properties Service Hunan will continue to provide property management services to 23rd Metallurgical and Hunan Dongrun following completion of the Capital Injection, which will constitute continuing connected transactions for the Company. The details are set out below:

Existing Property Management Services Agreements

Minmetals Properties Service Hunan is currently providing property management services to 23rd Metallurgical and Hunan Dongrun in relation to 4 properties located in Changsha. Pursuant to the terms of the existing service contracts entered into by Minmetals Properties Service Hunan with 23rd Metallurgical and Hunan Dongrun, respectively (the “**Existing Property Management Services Agreements**”), Minmetals Properties Service Hunan will provide property management services to such projects for terms expiring between 31 December 2020 and 31 December 2022. The management service fees payable by 23rd Metallurgical and Hunan Dongrun was determined with reference to factors such as the type of property, property area and government guidance prices, and property management market rate for the properties of comparable size, location and facilities in the nearby vicinity. The management service fees are payable

upon receipt of the relevant mutually agreed invoice from Minmetals Properties Service Hunan.

To the best of the Directors' knowledge, information and belief, the fees charged under the Existing Property Management Services Agreements were arrived at based on arm's length negotiations and on terms no less favourable than those charged by Minmetals Properties Service Hunan against other independent third parties. The annual aggregate amount of management service fees receivable under the Existing Property Management Services Agreements is expected to be approximately RMB5.28 million (approximately HK\$5.80 million).

The Directors (including the independent non-executive Directors) consider that the Existing Property Management Services Agreements have been entered into on normal commercial terms and in the ordinary and usual course of business of Minmetals Properties Service Hunan, and the terms therein are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The reasons for and benefits of the Transactions are as follows:

- *To reinforce the Company's position as the primary listed platform of China Minmetals Group for its property development business*

The Group has been providing entrusted management service to China Minmetals Group since 2016 pursuant to certain entrusted management service agreements entered into between the Group and China Minmetals Group, pursuant to which China Minmetals Group entrusted the Company with the management of non-listed assets within its real estate development and construction division. The entrusted assets include real estate development and management projects in Beijing, Tianjin, Shenyang, Liaoning, Shandong, Qinghai, Jiangsu, Hunan and Guangdong. All the non-listed projects currently subject to the Transactions, namely the property portfolios of Tianjin Yijiahe and Minmetals Land Hunan Group, are covered by the aforementioned entrusted management service agreements, representing the majority of the property development projects currently held by China Minmetals Group and its related group companies in the PRC.

The Transactions would have the benefits of transferring China Minmetals Group's non-listed property development operations to the Company to further strengthen the Company's position as the primary listed platform of China Minmetals Group for its property development business. China Minmetals Group, as the controlling shareholder, will leverage on its own resources to continue providing dedicated and full support to the Company in the future.

- *Diversified and multi-pronged land acquisition strategy to replenish land bank in major second-tier cities for the Group's sustainable development in the future*

The Group has been adhering to a diversified and multi-pronged land acquisition strategy, enhancing internal and external cooperation and expanding investment channels for its strategic acquisition of high-quality land sites. The Transactions can contribute additional land bank of approximately 3.03 million sq.m, of which 71% is located in major second-tier cities (Tianjin and Changsha) in the PRC that are

strategically important to the Group's long-term business development. Tianjin and Changsha are the regions where the Group has already established a solid footprint and the Transactions will further advance the Group's leading position. As the demand for quality residential property continues to increase, the Group is confident in the prospects of the real estate market in the PRC, and believes that its market share in promising second-tier cities will be effectively enhanced.

Upon completion of the Transactions, the land bank of the Group will substantially increase by approximately 70%, and the number of property projects of the Group will increase from 27 to 38, while the number of cities entered will increase from 13 to 16, including the expansion of its presence in Shandong Province. The enlarged land bank following the Transactions can further deepen the Group's regional exposure in Pan Bohai Rim and Central China Area, with enhanced brand penetration, expanded operational scale and optimised internal resource allocation, and is expected to drive the Group's sustainable rapid growth in the coming years.

- *Immediate and stable contribution to contracted sales and revenue growth*

The Transactions will provide the Group with new growth drivers for its strategic expansion with immediate and stable contribution to its contracted sales that enhances revenue and profit visibility, as well as contribution to the Group's saleable resources to support future contracted sales, cash flows, revenue and profit growth. For the year ended 31 December 2019, the property portfolios subject to the Transactions had a total contracted sales of RMB5,622 million. For the four months ended 30 April 2020, the property portfolios subject to the Transactions had a total contracted sales of RMB990.66 million (approximately HK\$1,087.94 million).

The table below sets out the contracted sales of the Group, Tianjin Yijiahe and Minmetals Land Hunan:

	For the year ended 31 December 2019			For the 4 months ended 30 April 2020		
	RMB million	sq.m.	ASP (RMB/sq. m.)	RMB million	sq.m.	ASP (RMB/sq.m.)
Contracted sales of the Group	8,645.02	459,299	18,822	1,871.13	100,003	18,711
Contribution from Tianjin Yijiahe's property project	3,846.52	185,259	20,763	800.69	40,002	20,016
Contribution from Minmetals Land Hunan's property portfolio	1,774.63	208,286	8,520	189.97	20,345	9,337
Total	14,266.17	852,844	16,728	2,861.79	160,350	17,847

Note: Consistent with standard market practice, the above contracted sales figures are quoted based on 100% ownership

- *Promote brand name and enhance brand image by acceleration of strategic upgrade to an “Urban Operator”*

Leveraging on the industrial resources and urban construction track record of the China Minmetals Group, the Group has been participating actively in a number of urban development projects since 2019. In 2020, the Group intends to accelerate its strategic upgrade from a “property developer” to an “urban operator” in pursuit of a differentiated and quality-oriented growth model, as witnessed by the acquisition of the first batch of land in the Chengdu Dayi Future Eco-City in February 2020, which is a successful showcase of the Industrial City Development strategy, a strategy that is replicable and of lasting significance. The Group intends to further promote the “urban operator” strategy by the acquisition of 49% equity interest in Tianjin Yijiahe, which has a mega property project with total gross floor area of approximately 2.04 million sq.m.. Taking advantage of the tremendous size, the Group plans to build an innovative neo-metropolis in Tianjin via the integration of residential, commercial, cultural and ecological modern community, creating sustainable synergy and further strengthening the “Minmetals Land” brand name.

- *Reduce entrusted management services provided to China Minmetals Group to diminish internal competition and strengthen corporate governance*

As mentioned above, the Group has been providing entrusted management service to China Minmetals Group since 2016 pursuant to certain entrusted management service arrangements between the Group and China Minmetals Group. Upon completion of the Transactions, the majority of the real estate development projects of the China Minmetals Group will be transferred to the Group, which can largely reduce the entrusted management services provided to China Minmetals Group. The Transactions on one hand can further consolidate real estate resources within China Minmetals Group to diminish internal competition between the Group and other non-listed property development entities of China Minmetals Group, and hence strengthen corporate governance. On the other hand, the Group’s knowledge on the entrusted assets can enhance the visibility of the projects, facilitate the post-acquisition transition and maximise benefits of the Transactions.

- *Expand service network to deliver value-added services covering complete customer lifecycle and enhance the Group’s revenue stability*

The Group intends to leverage the operational strength and capability of Minmetals Properties Service Hunan to expand service network of its property management business to deliver value-added services to more tenants and communities covering full customer lifecycle. The acquisition of Minmetals Properties Service Hunan is expected to expand the breadth of service offering and the depth of geographic coverage in relation to the Group’s property management business, creating operational synergies from economies of scale and reputational synergies with the Group’s property development business by covering complete customer lifecycle.

With the enlarged property management business following completion of the Transactions, the Group is able to maintain a more diversified and complementary portfolio of product and service offerings, including real estate development, specialised construction and property investment, and property management

services, contributing to enhanced revenue stability, reduced operational risk and more sustainable growth.

The Transactions illustrated a concrete and committed intention of China Minmetals Group to support the Group's growth as their sole Hong Kong-listed real estate flagship, and the Group considers the Transactions a good opportunity to expand its operations, portfolio and foothold in the PRC.

The Directors (other than the independent non-executive Directors whose opinion will be provided after reviewing the advice of Somerley, the independent financial adviser of the Company) consider that each of the Equity Transfer Agreement and the Capital Injection Agreement have been negotiated on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms therein are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

THE LISTING RULES IMPLICATIONS

THE TRANSACTIONS

The Vendor, 23rd Metallurgical and Minmetals Land Hunan are indirect non-wholly owned subsidiaries of China Minmetals, which is the ultimate controlling shareholder of the Company holding approximately 61.88% of the issued share capital of the Company as at the date of this announcement. Therefore, each of the Vendor, 23rd Metallurgical and Minmetals Land Hunan is a connected person of the Company and accordingly, the Acquisition and the Capital Injection each constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Equity Transfer Agreement and the Capital Injection Agreement are inter-conditional. As the highest applicable percentage ratio of the Acquisition and the Capital Injection in aggregate exceeds 25% but all of the percentage ratios are less than 100%, the Transactions also constitute major transactions for the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive directors has been formed to advise the Independent Shareholders in respect of the Equity Transfer Agreement, the Capital Injection Agreement and the transactions contemplated thereunder. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company considers that Tianjin Yijiahe has sufficient internal resources and will be able to obtain third party nonrecourse funding to satisfy the Resettlement Costs. In the event that Minmetals Shengshi has to provide funding to Tianjin Yijiahe to satisfy the Resettlement Costs, the Company will comply with the applicable requirements under the Listing Rules accordingly.

CONNECTED TRANSACTIONS FOLLOWING COMPLETION OF THE CAPITAL INJECTION

Construction works

As Minmetals Land Hunan will, following completion of the Capital Injection, become an indirect non-wholly owned subsidiary of the Company, the engagement of the members of the China Minmetals Group to undertake construction works for Minmetals Land Hunan Group following completion of the Capital Injection will constitute connected transactions for the Company.

The Company and China Minmetals have on 17 April 2020 entered into a framework agreement in relation to the engagement of member(s) of the China Minmetals Group as construction contractor(s) (subject to successful tender) in respect of the real estate development projects of the Group in Mainland China and Hong Kong for the three years from 19 April 2020 to 18 April 2023 (i.e. the 2020 Framework Agreement). Details are set out in the announcement and circular of the Company dated 17 April 2020 and 12 May 2020 respectively. Any subsequent undertaking of construction works for new projects of Minmetals Land Hunan Group by members of the China Minmetals Group following completion of the Capital Injection will be undertaken under the 2020 Framework Agreement under the annual caps as approved by the independent Shareholders.

Property management services

As Hunan Dongrun will become a subsidiary of 23rd Metallurgical upon or immediately before completion of the Capital Injection and Minmetals Land Hunan will become an indirect non-wholly owned subsidiary of the Company following completion of the Capital Injection, the continued provision of property management services by Minmetals Properties Service Hunan to 23rd Metallurgical and Hunan Dongrun following completion of the Capital Injection under the Existing Property Management Services Agreements will constitute continuing connected transactions for the Company.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with all applicable annual review and disclosure requirements but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the Existing Property Management Services Agreements. The Company will comply with the applicable requirements under Chapter 14A of the Listing Rules if and when the Existing Property Management Services Agreements are amended or renewed.

SGM

A SGM will be convened to consider and, if thought fit, to approve the Transactions. A circular containing, among other things, further details of the Transactions including a property valuation report, recommendations of the Independent Board Committee, a letter of advice from Somerley, and a notice convening the SGM will be despatched to the Shareholders on or before 24 July 2020, as additional time is required to prepare, among other things, the financial information to be included in the circular.

As completion of the Acquisition and Capital Injection are subject to fulfilment of the conditions precedent to the Equity Transfer Agreement and Capital Injection Agreement, respectively, the Acquisition and Capital Injection may or may not

proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

DEFINITIONS

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

“2020 Framework Agreement”	the agreement dated 17 April 2020 entered into by the Company and China Minmetals in relation to the engagement of member(s) of the China Minmetals Group as construction contractor(s) (subject to successful tender) in respect of the Group’s existing and future real estate development projects in Mainland China and Hong Kong for the three years from 19 April 2020 to 18 April 2023;
“23rd Metallurgical”	五礦二十三冶建設集團有限公司 The 23rd Metallurgical Construction Group Co., Ltd of Minmetals*, a company established under the laws of the PRC with limited liability, is an indirect non-wholly owned subsidiary of China Minmetals and the holder of 100% of the equity interests of Minmetals Land Hunan as at the date of this announcement;
“23rd Metallurgical Group”	23rd Metallurgical and its subsidiaries other than Minmetals Land Hunan Group;
“Acquisition”	the acquisition of the Sale Interests by Minmetals Shengshi from the Vendor pursuant to the Equity Transfer Agreement;
“Acquisition Completion Agreement”	a completion agreement to be entered into between Minmetals Shengshi and the Vendor to record the completion of the Acquisition;
“associate(s)”, “connected person”, “controlling shareholder”, “percentage ratio” and “subsidiary”	each shall have the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Capital Injection”	the injection of RMB1,327.32 million (approximately HK\$1,457.66 million) by Minmetals Shengshi into Minmetals Land Hunan pursuant to the Capital Injection Agreement;
“Capital Injection Agreement”	the conditional capital injection agreement dated 18 June 2020 entered into between 23rd Metallurgical,

	Minmetals Shengshi and Minmetals Land Hunan in relation to the Capital Injection;
“Capital Injection Completion Agreement”	a completion agreement to be entered into between Minmetals Shengshi and 23rd Metallurgical to record the completion of the Capital Injection;
“China Minmetals”	China Minmetals Corporation, a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder of the Company as at the date of this announcement;
“China Minmetals Group”	China Minmetals and its subsidiaries;
“Company”	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange;
“Director(s)”	Director(s) (including independent non-executive director(s)) of the Company;
“Equity Transfer Agreement”	the conditional equity transfer agreement dated 18 June 2020 entered into between Minmetals Shengshi and the Vendor in relation to the Acquisition;
“Existing Property Management Services Agreements”	existing property management services agreements entered into by Minmetals Property Service Hunan with 23rd Metallurgical and Hunan Dongrun as more particularly described and defined in the paragraph headed “Connected transactions following completion of the Capital Injection – Property management services – Existing Property Management Services Agreements” in this announcement;
“First Installment Conditions”	has the meaning ascribed to it in the paragraph headed “Capital Injection Agreement – Capital injection amount” in this announcement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKFRS”	Hong Kong Financial Reporting Standard;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hunan Dongrun”	湖南東潤房地產開發有限責任公司 Hunan Dongrun Property Development Co., Ltd*, a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of

	Minmetals Land Hunan as at the date of this announcement, which will be disposed by way of distribution to 23rd Metallurgical at nil consideration before completion of the Capital Injection;
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, which has been formed by the Board to advise the Independent Shareholders in respect of the Equity Transfer Agreement, the Capital Injection Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholder(s) other than June Glory and its associates, and any Shareholder who has a material interest in the Transactions;
“June Glory”	June Glory International Limited, a company incorporated in the British Virgin Islands with limited liability and the immediate controlling shareholder of the Company holding approximately 61.88% of the issued share capital of the Company as at the date of this announcement;
“JV Partner”	北京遠坤房地產開發有限公司 Beijing Yuankun Real Estate Development Company, Limited, a company established under the laws of the PRC with limited liability and the holder of 51% of the equity interests of Tianjin Yijiahe as at the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Mainland China” or “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);
“Minmetals Laiwu”	五礦地產(萊蕪)開發有限公司 Minmetals Land (Laiwu) Development Co., Ltd.*, a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of Minmetals Land Hunan prior to its disposal in March 2020;
“Minmetals Land Hunan”	五礦地產湖南開發有限公司 Minmetals Land Hunan Development Co., Ltd.*, a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of 23rd Metallurgical as at the date of this announcement;
“Minmetals Land Hunan Group”	Minmetals Land Hunan and its subsidiaries;

“Minmetals Properties Service Hunan”	五礦物業服務（湖南）有限公司 Minmetals Properties Service (Hunan) Co., Ltd.*, a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of Minmetals Land Hunan;
“Minmetals Shengshi”	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;
“Neo-Metropolis”	the Neo-Metropolis development project (未來城項目), a mega scale residential estate development project undertaken by Tianjin Yijiahe in Bei Chen District, Tianjin, PRC;
“Resettlement Agreement”	the agreement dated 8 March 2007 (as supplemented) entered into between Bei Chen District People’s Government of Tianjin, the Yixingbu Government and Tianjin Yijiahe in relation to the resettlement of residents in Yixingbu Land at the Resettlement Costs payable by Tianjin Yijiahe to Yixingbu Government;
“Resettlement Costs”	an amount not exceeding RMB14,900 million;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Interests”	49% of the equity interests of Tianjin Yijiahe;
“SAMR”	the State Administration for Market Regulation of the PRC;
“SGM”	a special general meeting of the Company to be convened to consider and approve the Transactions;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into between Minmetals Shengshi and the JV Partner in relation to Tianjin Yijiahe;
“Somerley”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to

advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement, the Capital Injection Agreement and the transactions contemplated thereunder;

“sq.m.”	square meters;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tianjin Yijiahe”	天津市億嘉合置業有限公司 Tianjin Yijiahe Real Estate Company Limited*, a company established under the laws of the PRC with limited liability and directly owned as to 49% by the Vendor and 51% by the JV Partner as at the date of this announcement;
“Transactions”	collectively, the Acquisition and the Capital Injection;
“Vendor”	五礦置業有限公司 Minmetals Real Estate Co., Ltd.*, a company established under the laws of the PRC with limited liability, is a non-wholly owned subsidiary of China Minmetals and the holder of 49% of the equity interest of Tianjin Yijiahe as at the date of this announcement;
“Yixingbu Government”	People’s Government of Yixingbu Town of Bei Chen District of Tianjin;
“Yixingbu Land”	Yixingbu Town Old Village located at Yixingbu Town Bei Chen District, Tianjin, PRC, which constitutes part of the Neo-Metropolis to be developed by Tianjin Yijiahe; and
“%”	per cent.

For the purpose of illustration only and unless otherwise stated, conversions of Renminbi into Hong Kong dollars in this announcement is calculated at the exchange rate of RMB1.00 to HK\$1.0982. 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.

By order of the Board
Minmetals Land Limited
He Jianbo
Chairman

Hong Kong, 18 June 2020

** For identification purpose only*

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.