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## **五礦地產有限公司** **MINMETALS LAND LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 230)**

### **POSSIBLE MAJOR TRANSACTION**

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

The Board is pleased to announce that on 3 December 2021, the Vendor, an indirect wholly-owned subsidiary of the Company, the Target Company, an indirect wholly-owned subsidiary of the Company and the Potential Purchaser entered into the Cooperation Agreement in relation to the Possible Disposal, pursuant to which the Vendor has conditionally agreed to sell by way of open tender and the Potential Purchaser has conditionally agreed to acquire the Sale Shares and the Shareholder's Loan at an estimated consideration of approximately RMB1,021.6 million (equivalent to approximately HK\$1,246.4 million) in aggregate, which comprises (a) approximately RMB2.7 million (equivalent to approximately HK\$3.3 million), being the estimated consideration for the Sale Shares; and (b) approximately RMB1,018.9 million (equivalent to approximately HK\$1,243.1 million), being the consideration for the assignment of the Shareholder's Loan, in cash should the Potential Purchaser be identified as the successful tenderer to participate in the Possible Disposal.

On the same day, in connection with the Possible Disposal, the Vendor, the Target Company, Shengshi Guangye, an indirect wholly-owned subsidiary of the Company, and the Potential Purchaser entered into the Funding Agreement which sets out the funding arrangement of the Vendor and the Potential Purchaser in the Target Company.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in relation to the Consideration payable by the Potential Purchaser in the Possible Disposal exceeds 25% but all applicable percentage ratios are below 75%, the Possible Disposal, if materializes, will constitute a major transaction for the Company subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Possible Disposal is subject to, among others, the results of the open tender, the Vendor and the Potential Purchaser having agreed on the valuation of the Target Company and the Potential Purchaser being identified as the successful tenderer to participate in the Possible Disposal.

As at the date of this announcement, the Tender Notice was published by the Company on the website of SUAEX in accordance with the regulations of the PRC concerning the disposal of state-owned property right. If and when the successful tenderer is identified and the Possible Disposal materializes, the parties will enter into definitive agreement(s). The Company will then make further announcement and comply with all the applicable requirements under the Listing Rules as required.

**As the Possible Disposal is subject to a number of conditions set out in the Cooperation Agreement as mentioned in this announcement, the Possible 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 3 December 2021, the Vendor, an indirect wholly-owned subsidiary of the Company, the Target Company, an indirect wholly-owned subsidiary of the Company and the Potential Purchaser entered into the Cooperation Agreement in relation to the Possible Disposal, pursuant to which the Vendor has conditionally agreed to sell by way of open tender and the Potential Purchaser has conditionally agreed to acquire the Sale Shares and the Shareholder's Loan at an estimated consideration of approximately RMB1,021.6 million (equivalent to approximately HK\$1,246.4 million) in aggregate, which comprises (a) approximately RMB2.7 million (equivalent to approximately HK\$3.3 million), being the estimated consideration for the Sale Shares; and (b) approximately RMB1,018.9 million (equivalent to approximately HK\$1,243.1 million), being the consideration for the assignment of the Shareholder's Loan, in cash should the Potential Purchaser be identified as the successful tenderer to participate in the Possible Disposal.

On the same day, in connection with the Possible Disposal, the Vendor, the Target Company, Shengshi Guangye, an indirect wholly-owned subsidiary of the Company, and the Potential Purchaser entered into the Funding Agreement which sets out the funding arrangement of the Vendor and the Potential Purchaser in the Target Company.

## **COOPERATION AGREEMENT**

Summarised below are the principal terms of the Cooperation Agreement:

**Date** : 3 December 2021

**Parties** : (a) the Vendor, an indirect wholly-owned subsidiary of the Company;

(b) the Target Company, a direct wholly-owned subsidiary of the Vendor, which in turn is an indirect wholly-owned subsidiary of the Company as at the date of this announcement; and

(c) the Potential Purchaser.

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

Pursuant to the Cooperation Agreement in relation to the Possible Disposal, the Vendor has conditionally agreed to sell by way of open tender and the Potential Purchaser has conditionally agreed to acquire the Sale Shares and the Shareholder's Loan should the Potential Purchaser be identified as the successful tenderer to participate in the Possible Disposal. The Sale Shares represent 45% of the entire equity interest of the Target Company and the Shareholder's Loan represents 45% of the shareholder's loan of RMB2,264.3 million (equivalent to approximately HK\$2,762.4 million) due and owing by the Target Company to the Vendor, the amount of which as at 3 November 2021 was approximately RMB1,018.9 million (equivalent to approximately HK\$1,243.1 million).

### **Consideration**

It is estimated that the Consideration payable by the Potential Purchaser shall be approximately RMB1,021.6 million (equivalent to approximately HK\$1,246.4 million) in aggregate, which comprises:

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

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

The final Consideration is yet to be agreed between the Vendor and the Potential Purchaser. Shareholders should note that the final Consideration shall be subject to the bidding process.

## **Conditions precedent**

The Possible Disposal is conditional upon the fulfilment of, among others, the following conditions:

- (a) the Vendor and the Potential Purchaser having agreed on the valuation of the Target Company;
- (b) the Potential Purchaser being identified as the successful tenderer to participate in the Possible Disposal;
- (c) the Company having obtained the Shareholders' approval for the Possible Disposal pursuant to the Listing Rules as and when required; and
- (d) the parties entering into definitive agreement(s) in relation to the Possible Disposal.

## **Completion**

If the Possible Disposal materializes and the Potential Purchaser is identified as the successful tenderer, completion shall commence on the day following the date of the definitive agreement(s) in relation to the Possible Disposal to be entered into between the Vendor, the Potential Purchaser and the Target Company and shall take place when, among others, the registration with the competent authority for industry and commerce in relation to the transfer of the Sale Shares and the inspection of the documents and materials of the Target Company have been completed. Upon completion of the transfer of the Sale Shares and the assignment of the Shareholder's Loan, if the Possible Disposal materializes, the Target Company will remain a subsidiary of the Company and will continue to be accounted for on a consolidated basis in the financial statements of the Group.

## **FUNDING AGREEMENT**

Summarised below are the principal terms of the Funding Agreement:

**Date** : 3 December 2021

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

## **Subject matter**

Subject to the terms and conditions set out in the Funding Agreement, within 10 business days upon signing of the Cooperation Agreement, the Potential Purchaser has agreed to pay to Shengshi Guangye:

- (a) a sum of approximately RMB1,018.9 million (equivalent to approximately HK\$1,243.1 million), representing the Potential Purchaser's pro rata share of the shareholder's loans provided by the Vendor to the Target Company of approximately RMB2,264.3 million (equivalent to approximately HK\$2,762.4 million); and
- (b) a sum of approximately RMB10.0 million (equivalent to approximately HK\$12.2 million), representing the Potential Purchaser's pro rata share of the funds and costs of approximately RMB22.2 million (equivalent to approximately HK\$27.1 million) previously provided or incurred by the Vendor in connection with, among others, the development and operations of the Target Company and the settlement of the land premium of the Land.

After payment of the above sums by the Potential Purchaser and prior to the completion of transfer of the Sale Shares and the assignment of the Shareholder's Loan, the Vendor and the Potential Purchaser shall, on the date of payment of the above sums by the Potential Purchaser, provide an initial start-up capital to the Target Company in cash in an amount of RMB55 million (equivalent to approximately HK\$67.1 million) and RMB45 million (equivalent to approximately HK\$54.9 million) respectively in proportion to their respective shareholdings in the Target Company. In the event that the initial start-up capital and other financing methods are not able to meet the operation needs of the Target Company, the Vendor and the Potential Purchaser shall further provide an aggregate amount of up to RMB100 million (equivalent to approximately HK\$122 million) of subsequent capital contribution to the Target Company in cash in proportion to their respective shareholdings in the Target Company.

The above funds provided by the Vendor and the Potential Purchaser shall be interest-free. The Vendor will fund its share of the above payments by the internal resources of the Group.

In the event that the Cooperation Agreement is terminated by reason as stipulated therein, the Target Company and the Vendor shall repay all funds provided by the Potential Purchaser at an interest rate of 6% per annum to the Potential Purchaser within 10 business days from the date of termination of the Cooperation Agreement.

## **Use of funds**

All funds and capital injected by both parties into the Target Company shall be used to fund the operation of the Target Company and the construction of the Development Project.

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

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

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

If the Possible Disposal materializes and upon completion of the Possible Disposal, the Target Company will be owned as to 55% and 45% by the Vendor and the Potential Purchaser respectively. The Target Company will remain a subsidiary of the Company and will continue to be accounted for on a consolidated basis in the financial statements of the Group. It is expected that no material gain or loss will accrue to the Group's consolidated statement of comprehensive income as a result of the Possible Disposal.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT AND THE FUNDING AGREEMENT**

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

The Directors (including the independent non-executive Directors) are of the view that the Cooperation Agreement and the Funding Agreement 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 Cooperation Agreement and the Funding Agreement and none of them is required to abstain, or has abstained, from voting on the relevant board resolutions approving the transactions contemplated under the Cooperation Agreement and the Funding Agreement.



## **INFORMATION ON THE LAND**

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

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

## **INFORMATION ON THE GROUP, THE VENDOR AND SHENGSHI GUANGYE**

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

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

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

## **INFORMATION ON THE POTENTIAL PURCHASER**

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

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

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

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in relation to the Consideration payable by the Potential Purchaser in the Possible Disposal exceeds 25% but all applicable percentage ratios are below 75%, the Possible Disposal, if

materializes, will constitute a major transaction for the Company subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Possible Disposal is subject to, among others, the results of the open tender, the Vendor and the Potential Purchaser having agreed on the valuation of the Target Company and the Potential Purchaser being identified as the successful tenderer to participate in the Possible Disposal.

As at the date of this announcement, the Tender Notice was published by the Company on the website of SUAEX in accordance with the regulations of the PRC concerning the disposal of state-owned property right. If and when the successful tenderer is identified and the Possible Disposal materializes, the parties will enter into definitive agreement(s). The Company will then make further announcement and comply with all the applicable requirements under the Listing Rules as required.

**As the Possible Disposal is subject to a number of conditions set out in the Cooperation Agreement as mentioned in this announcement, the Possible Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Minmetals Land Limited (五礦地產有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 230)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	approximately RMB1,021.6 million (equivalent to approximately HK\$1,246.4 million), being the estimated consideration of the disposal of the Sale Shares and the assignment of the Shareholder's Loan in aggregate
“Cooperation Agreement”	the cooperation agreement dated 3 December 2021 entered into between the Vendor, the Potential Purchaser and the Target Company in respect of, among others, the Possible Disposal
“Development Project”	the residential development project to be constructed on the Land



“Director(s)”	director(s) of the Company
“Funding Agreement”	the funding agreement dated 3 December 2021 entered into between the Vendor, the Target Company, Shengshi Guangye and the Potential Purchaser in relation to the funding arrangement of the Vendor and the Potential Purchaser in the Target Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party(ies) who is/are not connected person(s) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons of the Company
“Land”	the land parcel numbered 2021-WG-49 and situated in Suzhou City, Jiangsu Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Possible Disposal”	the possible disposal by the Vendor to the Potential Purchaser of the Sale Shares and the Shareholder’s Loan by way of open tender as contemplated under the Cooperation Agreement
“Potential Purchaser”	Suzhou RK Real Estate Co., Ltd.* (蘇州路勁置業有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Road King
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Road King”	Road King Infrastructure Limited (路勁基建有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1098)
“Sale Shares”	45% of the entire equity interest in the Target Company, which is beneficially owned by the Vendor as at the date of this announcement

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholder’s Loan”	45% of the shareholder’s loan of RMB2,264.3 million (equivalent to approximately HK\$2,762.4 million) due and owing by the Target Company to the Vendor, the amount of which as at 3 November 2021 was approximately RMB1,018.9 million (equivalent to approximately HK\$1,243.1 million)
“Shengshi Guangye”	Minmetals Shengshi Guangye (Beijing) Co., Ltd.* (五礦盛世廣業(北京)有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUAEX”	Shanghai United Assets and Equity Exchange* (上海聯合產權交易所有限公司), a qualified property right exchange approved to be established by the Shanghai Municipal People’s Government
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Kuangjin Property Development (Suzhou) Co., Ltd.* (礦勁地產(蘇州)有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Tender Notice”	the tender notice containing details and terms of the disposal of the Sale Shares and the Shareholder’s Loan, the tender period of which commenced on 1 December 2021
“Vendor”	Kuangmei Property Development Nanjing Co., Ltd.* (礦美地產南京有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 3 December 2021

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

# *For the purpose of illustration only and unless otherwise stated, conversion of Renminbi into Hong Kong dollars in this announcement is based on the exchange rate of RMB1.00 to HK\$1.22. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.*

*As at the date of this announcement, the Board comprises eight Directors, namely Mr. He Jianbo as the Chairman and an executive Director, Mr. Liu Bo, Mr. Chen Xingwu and Mr. Yang Shangping as executive Directors, Ms. He Xiaoli as a non-executive Director, and Mr. Selwyn Mar, Mr. Lam Chung Lun, Billy and Ms. Law Fan Chiu Fun, Fanny as independent non-executive Directors.*