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CHINA MERCHANTS LAND LIMITED

招商局置地有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 978)

**DISCLOSEABLE AND CONNECTED TRANSACTION:
JOINT VENTURE ARRANGEMENT IN RESPECT OF
ACQUISITION OF LAND**

COOPERATION AGREEMENT

The Board is pleased to announce that on 28 June 2018, Guangzhou Merchants entered into the Cooperation Agreement with Guangzhou Jindi and Beijing Yuandong for the development of the Zengcheng Land through the JV Company. Pursuant to the Cooperation Agreement, among other things, Guangzhou Jindi has agreed to transfer 20% of the registered capital of the JV Company to Beijing Yuandong at nominal value and Guangzhou Merchants, Guangzhou Jindi and Beijing Yuandong has agreed to provide shareholders' loans in the respective amounts of RMB190,300,000, RMB11,380,000 and RMB76,120,000 to the JV Company. Upon completion of the Cooperation Agreement, Guangzhou Merchants, Guangzhou Jindi and Beijing Yuandong will hold 50%, 30% and 20% of the registered capital of the JV Company, respectively.

MEMORANDUM OF UNDERSTANDING TO THE COOPERATION AGREEMENT

Subsequently, on 28 June 2018, Guangzhou Merchants entered into the MOU with Guangzhou Jindi and Beijing Yuandong pursuant to which the parties have conditionally agreed to change the shareholdings in the JV Company and the change of management structure. Conditional upon the completion of the Registration Procedures, the respective shareholding of Guangzhou Merchants, Guangzhou Jindi and Beijing Yuandong in the JV Company shall be changed to 30%, 30% and 40%, respectively.

In consideration of Beijing Yuandong's increased interest in the JV Company, Beijing Yuandong shall provide a shareholder's loan to the JV Company in the amount of RMB178,920,000 which shall be used to repay the shareholder's loan previously advanced by Guangzhou Merchants and pay the related fund possession fee to Guangzhou Merchants.

LISTING RULES IMPLICATIONS

Poly Jiangsu, a substantial shareholder of the Company's subsidiary, Nanjing Shanjieyi Property Development Company Limited* (南京善杰義房地產開發有限公司), is a connected person of the Company at subsidiary level. Guangzhou Jindi and Poly Jiangsu are fellow subsidiaries under the control of Poly Real Estate (Group) Co., Ltd.* (保利房地產(集團)股份有限公司). Guangzhou Jindi, therefore, is an associate of connected person of the Company at subsidiary level pursuant to Rule 14A.13(1) of the Listing Rules. Accordingly, the entering into of the Cooperation Agreement and the MOU constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Cooperation Agreement, the MOU and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms thereof are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Cooperation Agreement and the MOU shall only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Cooperation Agreement exceed 5% but are less than 25%, the entering into of the Cooperation Agreement and the MOU and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that completion of the transactions contemplated under the MOU is subject to the satisfaction of the conditions precedent therein. As the transactions may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 28 April 2018, Guangzhou Jindi and Guangzhou Merchants jointly won a bidding in respect of the land use right of the Zengcheng Land at the Land Price of RMB1,491,000,000. On 17 May 2018, the JV Company was established in the PRC by Guangzhou Jindi and Guangzhou Merchants as a limited liability company for the sole purpose of property development of the Zengcheng Land with a view to introduce partners to the JV Company. The JV Company had an initial registered capital of RMB10,000,000, which shall be contributed as to 50% by Guangzhou Merchants and 50% by Guangzhou Jindi, respectively. A land use right grant contract has been signed by the JV Company and Guangzhou Land Bureau in respect of Zengcheng Land.

COOPERATION AGREEMENT

On 28 June 2018, Guangzhou Merchants entered into the Cooperation Agreement with Guangzhou Jindi and Beijing Yuandong for the development of the Zengcheng Land through the JV Company, the principal terms of which are set out below.

Date: 28 June 2018

Parties:

- (a) Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company;
- (b) Guangzhou Jindi, which is indirectly controlled by Poly Real Estate (Group) Co., Ltd.* (保利房地產(集團)股份有限公司), and a connected person of the Company at subsidiary level; and
- (c) Beijing Yuandong, a company established in the PRC with limited liability.

To the best of the Director's knowledge, information and belief and having made all reasonable enquiries, Beijing Yuandong and its ultimate beneficial owners are Independent Third Parties.

Basic information of the Zengcheng Land

Land location:	Lot No. 83003210A17025, Feng Gang Cun, Zhucun Street, Zengcheng District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市增城區朱村街鳳崗村83003210A17025地塊)
Total site area:	approximately 51,498.1 sq.m.
Gross floor area:	not more than 99,418.2 sq.m.
Usage of land use rights:	the second category of residential land
Permitted plot ratio:	not more than 2.8
Land Price:	RMB1,491,000,000, which shall be payable in the following manner: (1) the first instalment RMB894,600,000 payable on or before 15 June 2018; (2) the second instalment of RMB596,400,000 payable in cash on or before 15 December 2018.

Subject matter

Pursuant to the Cooperation Agreement, Guangzhou Jindi has agreed to transfer 20% of the registered capital of the JV Company to Beijing Yuandong at nominal value and Beijing Yuandong has agreed to bear the Deposit of RMB514,000,000 (which had been paid by Guangzhou Merchants and Guangzhou Jindi on a 50:50 basis) in proportion to its proposed shareholding in the JV Company by way of a shareholder's loan in the amount of RMB102,800,000, and the related fund possession fee at an agreed rate from the date on which Guangzhou Jindi and Guangzhou Merchants jointly won the bidding of the Zengcheng Land, i.e. 28 April 2018, to the date of reimbursement by Beijing Yuandong.

Shareholders' loans commitment

Taking into consideration of the respective proposed shareholding percentage of the parties to the Cooperation Agreement in the JV Company and after setting off the Deposit paid by Guangzhou Merchants and Guangzhou Jindi, Guangzhou Merchants, Guangzhou Jindi and Beijing Yuandong has agreed under the Cooperation Agreement to provide shareholders' loans in the respective amounts of RMB190,300,000, RMB11,380,000 and RMB76,120,000 to the JV Company.

Upon completion of the Cooperation Agreement, Guangzhou Merchants, Guangzhou Jindi and Beijing Yuandong will hold 50%, 30% and 20% of the registered capital of the JV Company, respectively.

The Group's estimated share of total investment is approximately RMB796,998,000, including the shareholder's loan commitment to be made by Guangzhou Merchants to the JV Company, which shall be funded by the Group's internal resources.

Management of the JV Company

Significant matters of the JV Company (including but not limited to increase or reduction in capital, amendments to the memorandum and articles of association, mergers, demergers and liquidation) shall be unanimously approved by all the shareholders of the JV Company at the general meeting.

The board of directors of the JV Company shall consist of five directors. Guangzhou Merchants shall nominate three directors and each of Guangzhou Jindi and Beijing Yuandong shall nominate one director. The chairman of the board of directors of the JV Company shall be a director nominated by Guangzhou Merchants and shall act as the legal representative of the JV Company.

The general manager shall be responsible for the management of the JV Company and such person shall be nominated by Guangzhou Jindi and appointed by the board of directors of the JV Company. The deputy general manager and finance manager shall be appointed by Guangzhou Merchants and the financial controller shall be appointed by Beijing Yuandong. Each of Guangzhou Merchants, Guangzhou Jindi and Beijing Yuandong shall appoint 1 supervisor.

Profit distribution arrangement

Pursuant to the Cooperation Agreement, Guangzhou Merchants, Guangzhou Jindi and Beijing Yuandong shall share the profits of the JV Company in proportion to their respective shareholdings in the JV Company.

MEMORANDUM OF UNDERSTANDING TO THE COOPERATION AGREEMENT

Subsequently, on 28 June 2018, Guangzhou Merchants entered into the legally binding MOU with Guangzhou Jindi and Beijing Yuandong for the change of shareholdings in the JV Company and the change of management structure.

Subject matter

Conditional upon the completion of the Registration Procedures:

- (i) the respective shareholding of Guangzhou Merchants, Guangzhou Jindi and Beijing Yuandong in the JV Company shall be changed to 30%, 30% and 40%, respectively. The five directors in the board of directors of the JV Company shall consist of three directors nominated by Beijing Yuandong, one director nominated by Guangzhou Jindi and one director nominated by Guangzhou Merchants. The chairman of the board of directors of the JV Company shall be a director nominated by Beijing Yuandong and shall act as the legal representative of the JV Company.
- (ii) the registered capital of the JV Company shall be paid up by Guangzhou Merchants, Guangzhou Jindi and Beijing Yuandong in the proportion of 30%, 30% and 40%, respectively.

In consideration of Beijing Yuandong's increased interest in the JV Company,

- (a) Beijing Yuandong shall provide a shareholder's loan to the JV Company in the amount of RMB178,920,000, which shall be used to repay the shareholder's loan previously advanced by Guangzhou Merchants;
- (b) Beijing Yuandong shall pay the fund possession fee to Guangzhou Merchants at an agreed rate depending on the actual fund possession period.

FINANCIAL IMPACT

Since Guangzhou Merchants does not have the right to appoint a majority of the board of directors of the JV Company and has no control over the voting rights in the shareholder's meeting of the JV Company, the JV Company shall not become a subsidiary of Guangzhou Merchants after the completion of the Cooperation Agreement and the MOU. As a result, the financial results, assets and liabilities of the JV Company shall not be consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF THE COOPERATIVE ARRANGEMENT

The Group is principally engaged in the development, sale, lease, investment and management of properties in the PRC and the sales of electronic and electrical related products and sales of building related materials and equipment.

Each of the parties would benefit from the cooperation in order to exert their strengths, grasp market opportunities and enhance their investment portfolio in the property market in the PRC, which would improve the capital efficiency and effectiveness and reduce the investment risks and thus a greater return could be created for the Shareholders.

The terms of the Cooperation Agreement and the MOU have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Cooperation Agreement and the MOU and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

PARTICULARS OF THE PARTIES

Guangzhou Merchants, a company established in the PRC with limited liability, is principally engaged in property development and sales of property.

Guangzhou Jindi, a company established in the PRC with limited liability, is principally engaged in property development.

Beijing Yuandong is a company established in the PRC, which is principally engaged in property development.

LISTING RULES IMPLICATIONS

Poly Jiangsu, a substantial shareholder of the Company's subsidiary, Nanjing Shanjieyi Property Development Company Limited* (南京善杰義房地產開發有限公司), is a connected person of the Company at subsidiary level. Guangzhou Jindi and Poly Jiangsu are fellow subsidiaries under the control of Poly Real Estate (Group) Co., Ltd.* (保利房地產(集團)股份有限公司). Guangzhou Jindi, therefore, is an associate of connected person of the Company at subsidiary level pursuant to Rule 14A.13(1) of the Listing Rules. Accordingly, the entering into of the Cooperation Agreement and the MOU constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Cooperation Agreement, the MOU and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms thereof are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Cooperation Agreement and the MOU shall only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Cooperation Agreement exceed 5% but are less than 25%, the entering into of the Cooperation Agreement and the MOU and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that completion of the transactions contemplated under the MOU is subject to the satisfaction of the conditions precedent therein. As the transactions 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 expressions have the following meanings:

“associate(s)”	has the meaning ascribed hereto in the Listing Rules
“Beijing Yuandong”	北京遠東新地置業有限公司 (Beijing Yuandong Xindi Property Limited*), a company established in the PRC with limited liability

“Board”	the board of Directors
“Company”	China Merchants Land Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 978)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 28 June 2018 entered into between Guangzhou Merchants, Guangzhou Jindi and Beijing Yuandong for the development of the Zengcheng Land through the JV Company
“Deposit”	the deposit of RMB514,000,000 which had been paid by Guangzhou Merchants and Guangzhou Jindi on a 50:50 basis and shall form part of the first instalment of the Land Price
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Jindi”	廣州金地房地產開發有限公司 (Guangzhou Jindi Property Development Limited*), a company established in the PRC with limited liability
“Guangzhou Land Bureau”	廣州市增城區國土資源和規劃局 (The Land Resources and Planning Bureau of Zengcheng District, Guangzhou City*), an Independent Third Party
“Guangzhou Merchants”	廣州招商房地產有限公司 (Guangzhou Merchants Property Development Limited*), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company
“Independent Third Party(ies)”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules

“JV Company”	廣州潤嘉置業有限公司 (Guangzhou Runjia Real Estate Co., Ltd.*), a company established in the PRC with limited liability on 17 May 2018 by Guangzhou Merchants and Guangzhou Jindi for the sole purpose of property development
“Land Price”	RMB1,491,000,000, being the aggregate consideration payable for acquisition of the Zengcheng Land to the Guangzhou Land Bureau
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“MOU”	the memorandum of understanding subsequent to the entering into of the Cooperation Agreement dated 28 June 2018 entered into between Guangzhou Merchants, Guangzhou Jindi and Beijing Yuandong for the change of shareholdings in the JV Company and the change of management structure
“Poly Jiangsu”	保利江蘇房地產發展有限公司 (Poly Jiangsu Real Estate Development Co., Limited*), a company established in the PRC, being a substantial shareholder of the Company’s subsidiary, 南京善杰義房地產開發有限公司 (Nanjing Shanjieyi Property Development Company Limited*) and hence a connected person of the Company at subsidiary level
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Registration Procedures”	the registration procedures by the relevant Administration for Industry and Commerce and by the relevant governmental or regulatory authorities under the laws and regulations governing the transactions of state-owned assets of enterprises
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zengcheng Land”	a piece of land situated at Lot No. 83003210A17025, Feng Gang Cun, Zhucun Street, Zengcheng District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市增城區朱村街鳳崗村83003210A17025地塊) with a total site area of approximately 51,498.1 sq.m.

By order of the Board
China Merchants Land Limited
XU Yongjun
Chairman

Hong Kong, 28 June 2018

As at the date of this announcement, the Board comprises Mr. XU Yongjun, Mr. HUANG Junlong, Dr. YAN Chengda and Ms. LIU Ning as non-executive Directors; Dr. SO Shu Fai, Mr. YU Zhiliang and Mr. WONG King Yuen as executive Directors and Dr. WONG Wing Kuen, Albert, Ms. CHEN Yanping, Dr. SHI Xiping and Mr. HE Qi as independent nonexecutive Directors.

* *Unofficial English translation denotes for identification purposes only*