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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
DEVELOPMENT OF CONGHUA LAND**

On 28 June 2018, Guangzhou Jindi won the bidding in respect of the land use right of the Conghua Land and subsequently established the Project Company for the sole purpose of developing the Conghua Land.

COOPERATION AGREEMENT

On 29 July 2018, Guangzhou Merchants entered into the Cooperation Agreement with Guangzhou Jindi, Jinmao Tianjin and the Project Company for the development of the Conghua Land through the Project Company.

Pursuant to the Cooperation Agreement, Guangzhou Merchants, Guangzhou Jindi and Jinmao Tianjin shall bear the Land Price of RMB2,344,240,000 and the Start-up Fund of RMB10,000,000 in proportion to their respective Final Shareholdings in the Project Company of 25%, 50% and 25%.

As at the date of the Cooperation Agreement, the registered capital of the Project Company is RMB10,000,000, which was contributed by Guangzhou Jindi. Upon completion of the Cooperation Agreement, the registered capital of the Project Company shall increase to RMB840,000,000, which shall be contributed and held by each of the JV Partners according to their respective Final Shareholdings in the Project Company.

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. As the Project Company is the wholly-owned subsidiary of Guangzhou Jindi as at the date of the Cooperation Agreement, the Project Company is a connected person of the Company at the subsidiary level. Accordingly, the entering into of the Cooperation Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Cooperation Agreement 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 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 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 transaction contemplated under the Cooperation Agreement is subject to the satisfaction of the conditions precedent therein. As the transaction may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

Guangzhou Jindi won the bidding in respect of the land use right of the Conghua Land at the Land Price of RMB2,344,240,000. On 2 July 2018, the Project Company was established in the PRC by Guangzhou Jindi as a limited liability company for the sole purpose of developing the Conghua Land.

COOPERATION AGREEMENT

On 29 July 2018, Guangzhou Merchants entered into the Cooperation Agreement with Guangzhou Jindi, Jinmao Tianjin and the Project Company for the development of the Conghua Land through the Project Company, the principal terms of which are set out below.

Date: 29 July 2018

Parties:

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

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Jinmao Tianjin and its ultimate beneficial owners are Independent Third Parties.

Basic information of the Conghua Land

Land location:	Lot No. 1, 2, 3 and 4 of the northeast side of Xining Primary School, Wangcheng District, Jiekou Street, Conghua District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市從化區街口街旺城片區西寧小學東北側地塊一、二、三、四塊)
Total site area:	approximately 123,918 sq.m.
Gross floor area:	not more than 309,094 sq.m.
Term and usage of land use rights:	second category of residential land
Land Price:	RMB2,344,240,000 comprising: (1) the Deposit of RMB1,172,000,000 which has been paid by Guangzhou Jindi on 15 June 2018; and (2) the remaining Land Price of RMB1,172,240,000 payable on or before 8 August 2018.

Capital contribution and shareholder's loan

Pursuant to the Cooperation Agreement,

- (a) the JV Partners shall develop the Conghua Land through the Project Company, which shall be the sole beneficiary and developer of the Conghua Land;
- (b) the JV Partners shall bear the Land Price, Start-up Fund, tax, expenses, management fees and total investment amount in connection to the development of the Conghua Land in proportion to their respective Final Shareholdings;
- (c) the initial registered capital of the Project Company is RMB10,000,000 which shall be contributed by Guangzhou Jindi;
- (d) the Deposit of RMB1,172,000,000 shall be converted as a shareholder's loan made by Guangzhou Jindi to the Project Company;

- (e) within two working days after signing the Cooperation Agreement and the Prepaid Investment Agreement I,
 - (i) each of Guangzhou Merchants and Jinmao Tianjin shall contribute RMB293,000,000 to the Project Company (the “**First Contribution**”) for partial repayment of the shareholder’s loan by the Project Company in (d) above; and
 - (ii) Guangzhou Merchants, Guangzhou Jindi and Jinmao Tianjin shall contribute RMB2,500,000, RMB5,000,000 and RMB2,500,000, respectively to the Project Company as the Start-up Fund;
- (f) within two working days before the payment date stipulated under the land use rights grant contract of the Conghua Land, Guangzhou Jindi shall provide a shareholder’s loan of RMB586,120,000 to the Project Company for the payment of the remaining Land Price;
- (g) after signing the Prepaid Investment Agreement II, each of Guangzhou Merchants and Jinmao Tianjin shall contribute RMB293,060,000 to the Project Company (the “**Second Contribution**”) as their contribution to the remaining Land Price;
- (h) Guangzhou Jindi or its affiliated company shall enter into the Prepaid Investment Agreements with Guangzhou Merchants and Jinmao Tianjin, pursuant to which:
 - (i) Guangzhou Jindi or its affiliated company undertakes to be liable for the First Contribution and the Second Contribution in the event that Guangzhou Merchants and Jinmao Tianjin fail to become the shareholders of the Project Company; and
 - (ii) the First Contribution and the Second Contribution shall be deemed as shareholder’s loans provided by Guangzhou Merchants and Jinmao Tianjin to the Project Company once they become the shareholders of the Project Company;
- (i) within sixty working days after the First Contribution, the JV Partners shall cooperate to complete the registration and filing procedures with the relevant governmental authorities for an increase in the registered capital of the Project Company in the amount of RMB830,000,000, which shall be contributed by Guangzhou Merchants, Guangzhou Jindi and Jinmao Tianjin as to RMB210,000,000, RMB410,000,000 and RMB210,000,000, respectively.
- (j) each of Guangzhou Merchants and Jinmao Tianjin agree to pay Guangzhou Jindi an interest for the prepaid investment, which, at the election by the parties, may be calculated based on an agreed rate and the actual prepaid investment period or based on an agreed formula.

The amount of capital and loan contribution of each of the JV Partners was determined after arm's length negotiations with reference to the capital requirements of the Project Company and the development cost of the Conghua Land. The Group's estimated share of total investment is approximately RMB1,228,765,000 which shall be funded by the internal resources of the Group.

Conditions Precedent

Completion of the transaction contemplated under the Cooperation Agreement is conditional upon the relevant approval from the State-owned Assets Supervision and Administration Commission having been obtained by the JV Partners.

Management of the Project Company

Significant matters of the Project 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 Project Company at the general meeting.

The board of directors of the Project Company shall consist of three directors. Each of the JV Partners shall nominate one director. The chairman of the board of directors of the Project Company shall be the director appointed by Jinmao Tianjin.

The general manager shall be responsible for the management of the Project Company and such person shall be nominated by Guangzhou Jindi and appointed by the board of directors of the Project Company and shall be the legal representative of the Project Company. The executive general manager shall be responsible for the design and construction and such person shall be nominated by Guangzhou Merchants. The joint general manager shall be responsible for cost control and bidding procurement and such person shall be nominated by Jinmao Tianjin.

Profit distribution arrangement

Pursuant to the Cooperation Agreement, the JV Partners shall share the profits of the Project Company in proportion to their respective shareholdings in the Project Company.

FINANCIAL IMPACT

Since Guangzhou Merchants does not have the right to appoint a majority of the board of directors of the Project Company and has no control over the voting rights in the shareholder's meeting of the Project Company, the Project Company shall not become a subsidiary of Guangzhou Merchants. As a result, the financial results, assets and liabilities of the Project 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 sales of building related materials and equipment.

Each of the JV Partners 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 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 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.

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

The Project Company, a company established in the PRC with limited liability, is principally engaged in property development of the Conghua Land.

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. As the Project Company is the wholly-owned subsidiary of Guangzhou Jindi as at the date of the Cooperation Agreement, the Project Company is a connected person of the Company at the subsidiary level. Accordingly, the entering into of the Cooperation Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Cooperation Agreement 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 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.

None of the Directors has any material interest in the Cooperation Agreement and the transactions contemplated thereunder, and none of the Directors has abstained from voting on the board resolution approving the Cooperation Agreement and the transactions contemplated thereunder.

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 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 transaction contemplated under the Cooperation Agreement is subject to the satisfaction of the conditions precedent therein. As the transaction 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
“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)

“Conghua Land”	a piece of land situated at Lot No. 1, 2, 3 and 4 of the northeast side of Xining Primary School, Wangcheng District, Jiekou Street, Conghua District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市從化區街口街旺城片區西寧小學東北側地塊一、二、三、四塊) with a total site area of approximately 123,918 sq.m.
“connected person”	has the meaning ascribed to it in the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 29 July 2018 entered into between the JV Partners and the Project Company for the development of the Conghua Land through the Project Company
“Deposit”	the bidding deposit of RMB1,172,000,000 which has been paid by Guangzhou Jindi on 15 June 2018 and shall form part of the Land Price
“Directors”	the directors of the Company
“Final Shareholdings”	the final shareholding structure of the Project Company where each of Guangzhou Merchants, Guangzhou Jindi and Jinmao Tianjin shall hold 25%, 50% and 25% of the equity interests in the Project Company, respectively
“Group”	the Company and its subsidiaries
“Guangzhou Jindi”	Guangzhou Jindi Property Development Limited* (廣州金地房地產開發有限公司), a company established in the PRC with limited liability which is a connected person of the Company at subsidiary level
“Guangzhou Merchants”	Guangzhou Merchants Property Development Limited* (廣州招商房地產有限公司), 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
“Jinmao Tianjin”	Jinmao Investment Management (Tianjin) Co., Ltd.* (金茂投資管理(天津)有限公司), a company established in the PRC with limited liability
“JV Partners”	Guangzhou Jindi, Guangzhou Merchants and Jinmao Tianjin
“Land Price”	RMB2,344,240,000, being the aggregate consideration payable for acquisition of the Conghua Land
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Poly Jiangsu”	Poly Jiangsu Real Estate Development Co., Limited* (保利江蘇房地產發展有限公司), a company established in the PRC, being a substantial shareholder of the Company’s subsidiary, Nanjing Shanjiyei Property Development Company Limited* (南京善杰義房地產開發有限公司) 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)
“Prepaid Investment Agreement I”	a prepaid investment agreement to be entered into by Guangzhou Jindi or its affiliated company separately with Guangzhou Merchants and Jinmao Tianjin, pursuant to which Guangzhou Jindi or its affiliated company undertakes to be liable for the First Contribution

“Prepaid Investment Agreement II”	a prepaid investment agreement to be entered into by Guangzhou Jindi or its affiliated company separately with Guangzhou Merchants and Jinmao Tianjin, pursuant to which Guangzhou Jindi or its affiliated company undertakes to be liable for the Second Contribution
“Prepaid Investment Agreements”	Prepaid Investment Agreement I and Prepaid Investment Agreement II
“Project Company”	Guangzhou Chengpin Real Estate Co., Ltd.* (廣州誠品置業有限公司), a company established in the PRC with limited liability on 2 July 2018 by Guangzhou Jindi for the sole purpose of property development
“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
“Shareholder’s Loan”	the shareholder’s loan provided by Guangzhou Jindi to the Project Company in respect of the Deposit and Start-up Fund paid by Guangzhou Jindi on behalf of the Project Company
“sq. m.”	square metre
“Start-up Fund”	the aggregate start-up fund of RMB10,000,000 payable by the JV Partners for daily operations of the Project Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 29 July 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 Xinping and Mr. HE Qi as independent non-executive Directors.

** Unofficial English translation denotes for identification purposes only*