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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 YUHUATAI LAND**

On 1 August 2018, Chongqing Yi Yun (an indirect wholly-owned subsidiary of the Company) won the bidding in respect of the land use rights of the Yuhuatai Land and subsequently established the Project Company for the sole purpose of obtaining the land use rights of and developing the Yuhuatai Land.

**COOPERATION AGREEMENT**

On 30 August 2018, Chongqing Yi Yun entered into the Cooperation Agreement with Nanjing Zhengshan, Qingdao Haixin, Nanjing Tianjian and Nanjing Qiancheng for obtaining the land use rights of and developing the Yuhuatai Land through the Project Company.

Pursuant to the Cooperation Agreement, Chongqing Yi Yun, Nanjing Zhengshan, Qingdao Haixin, Nanjing Tianjian and Nanjing Qiancheng shall bear the Land Price of RMB1,140,000,000 in proportion to their respective Final Shareholdings in the Project Company of 20%, 20.5%, 20%, 19.75% and 19.75%.

As at the date of the Cooperation Agreement, the registered capital of the Project Company is RMB50,000,000, which was contributed by each of the JV Partners in proportion to their respective Initial Shareholdings in the Project Company. Pursuant to the Cooperation Agreement, the registered capital of the Project Company shall increase to RMB900,000,000 before 20 December 2018, the amount of 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**

Nanjing Zhengshan is an indirect wholly-owned subsidiary of Zhenro Group. Nanjing Zhenro Zhengsheng is also an indirect wholly-owned subsidiary of Zhenro Group. Since Nanjing Zhenro Zhengsheng is a connected person of the Company at the subsidiary level, Nanjing Zhengshan is therefore an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(1) of the Listing Rules. Accordingly, entering into the Cooperation Agreement constitutes a connected transaction with connected person 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 all less than 25%, the entering into the Cooperation Agreement and the transactions contemplated 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**

On 1 August 2018, Chongqing Yi Yun won a bidding in respect of the land use rights of the Yuhuatai Land at the Land Price of RMB1,140,000,000. On 21 August 2018, the Project Company was established in the PRC by the JV Partners as a limited liability company for the sole purpose of obtaining the land use rights of and developing the Yuhuatai Land.

## **COOPERATION AGREEMENT**

On 30 August 2018, Chongqing Yi Yun entered into the Cooperation Agreement with Nanjing Zhengshan, Qingdao Haixin, Nanjing Tianjian and Nanjing Qiancheng for obtaining the land use rights of and developing the Yuhuatai Land through the Project Company. The principal terms of the Cooperation Agreement are set out below:

**Date:** 30 August 2018

### **Parties**

- (a) Chongqing Yi Yun, an indirect wholly-owned subsidiary of the Company;
- (b) Nanjing Zhengshan, a fellow subsidiary of Zhenro Group with Nanjing Zhenro Zhengsheng, which is a connected person of the Company at the subsidiary level;
- (c) Qingdao Haixin, a company established in the PRC with limited liability;
- (d) Nanjing Tianjian, a company established in the PRC with limited liability; and
- (e) Nanjing Qiancheng, 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, Qingdao Haixin, Nanjing Tianjian, Nanjing Qiancheng and their respective ultimate beneficial owners are Independent Third Parties.

### **Basic Information of the Yuhuatai Land**

Land Location: Lot No. 3, Daishan, Xishanqiao Street, Yuhuatai District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市雨花台區西善橋街道岱山03號地塊)

Total Site Area: approximately 26,828.82 sq.m.

Usage of Land Use Rights:	commercial and residential usage with a term of 40 years and 70 years, respectively
Permitted Plot Ratio:	not more than 3.0
Land Price:	RMB1,140,000,000 comprising: <ul style="list-style-type: none"> <li>(1) the Deposit of RMB565,000,000 which has been paid by Chongqing Yi Yun on 31 July 2018; and</li> <li>(2) the remaining Land Price of RMB575,000,000 payable before 3 September 2018.</li> </ul>

### **Capital Contribution and Shareholder's Loan**

Pursuant to the Cooperation Agreement,

- (a) Chongqing Yi Yun has made an application with Nanjing Land Bureau on 22 August 2018, to procure the Project Company to enter into a land use right grants contract regarding the Yuhuatai Land with Nanjing Land Bureau so that the Project Company shall become the sole beneficiary and developer of the Yuhuatai Land;
- (b) the JV Partners shall develop the Yuhuatai Land through the Project Company, which shall be the sole beneficiary and developer of the Yuhuatai Land;
- (c) the JV Partners shall bear the Land Price, tax, expenses and total investment amount in connection to the development of the Yuhuatai Land in proportion to their respective Final Shareholdings;
- (d) the initial registered capital of the Project Company is RMB50,000,000 which shall be contributed by each of the JV Partners in proportion to their respective Initial Shareholdings;
- (e) the Deposit of RMB565,000,000 shall be converted as a Shareholder's Loan made by Chongqing Yi Yun to the Project Company;
- (f) a Prepaid Agreement was signed between the JV Partners on 7 August 2018, pursuant to which each of Nanjing Zhengshan, Qingdao Haixin, Nanjing Tianjian and Nanjing Qiancheng has already contributed RMB115,825,000, RMB113,000,000, RMB111,587,500 and RMB111,587,500 for repayment of the Shareholder's Loan by the Project Company in (e) above;

- (g) each of the JV Partners shall inject money into the bank account of the Project Company by 12:00 noon on 31 August 2018 in proportion to their respective Final Shareholdings for the payment of the remaining Land Price, of which:-
- (i) Chongqing Yi Yun shall contribute RMB115,000,000;
  - (ii) Nanjing Zhengshan shall contribute RMB117,875,000;
  - (iii) Qingdao Haixin shall contribute RMB115,000,000;
  - (iv) Nanjing Tianjian shall contribute RMB113,562,500; and
  - (v) Nanjing Qiancheng shall contribute RMB113,562,500.
- (h) until the payment of the remaining Land Price, Chongqing Yi Yun shall pledge part of its shareholding in the Project Company to each of Nanjing Zhengshan, Qingdao Haixin, Nanjing Tianjian and Nanjing Qiancheng, of which:-
- (i) 8.25% of shareholding shall be pledged to Nanjing Zhengshan;
  - (ii) 7.75% of shareholding shall be pledged to Qingdao Haixin;
  - (iii) 7.5% of shareholding shall be pledged to Nanjing Tianjian; and
  - (iv) 7.5% of shareholding shall be pledged to Nanjing Qiancheng.
- (i) the pledge in (h) above shall be released upon the completion of 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 RMB850,000,000 before 20 December 2018, the amount of which shall be contributed by each of the JV Partners in proportion to their Final Shareholdings.

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 Yuhuatai Land. The Group's share of the total estimated investment is approximately RMB371,050,000 which shall be funded by the Group's internal resources.

## **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**

Unless matters that must be approved by shareholders representing more than two-third of voting rights of the Project Company under relevant law and regulations, remaining matters shall be approved by shareholders representing more than one half of voting rights of the Project Company at the general meetings.

The board of directors of the Project Company shall consist of nine directors. Nanjing Zhengshan shall nominate five directors and each of Chongqing Yi Yun, Qingdao Haixin, Nanjing Tianjian and Nanjing Qiancheng shall nominate one director. The chairman of the board of directors of the Project Company shall be a director nominated by Nanjing Zhengshan and shall act as the legal representative of the Project Company.

The general manager shall be responsible for the management of the Project Company and such person shall be nominated by Chongqing Yi Yun. There shall be one joint general manager and such person shall be nominated by Nanjing Zhengshan. Each of the general manager and joint general manger shall be appointed by the board of directors of the Project Company upon nomination.

## **Profit Distribution Arrangement**

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

## **FINANCIAL IMPACT**

Since Chongqing Yi Yun 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 Chongqing Yi Yun. 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 the sales of electronic and electrical related products 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**

Chongqing Yi Yun, a company established in the PRC with limited liability, is principally engaged in property development and sales of property.

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

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

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

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

## LISTING RULES IMPLICATIONS

Nanjing Zhengshan is an indirect wholly-owned subsidiary of Zhenro Group. Nanjing Zhenro Zhengsheng is also an indirect wholly-owned subsidiary of Zhenro Group. Since Nanjing Zhenro Zhengsheng is a connected person of the Company at the subsidiary level, Nanjing Zhengshan is therefore an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(1) of the Listing Rules. Accordingly, entering into the Cooperation Agreement constitutes a connected transaction with connected person 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 all less than 25%, the entering into the Cooperation Agreement and the transactions contemplated 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
“Chongqing Yi Yun”	Chongqing Merchants Yi Yun Property Development Limited* (重慶招商依雲房地產有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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 30 August 2018 entered into between Chongqing Yi Yun, Nanjing Zhengshan, Qingdao Haixin, Nanjing Tianjian and Nanjing Qiancheng for the sole purpose of obtaining the land use rights of and developing the Yuhuatai Land through the Project Company
“Deposit”	the bidding deposit of RMB565,000,000 which has been paid by Chongqing Yi Yun on 31 July 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 Chongqing Yi Yun, Nanjing Zhengshan, Qingdao Haixin, Nanjing Tianjian and Nanjing Qiancheng shall hold 20%, 20.5%, 20%, 19.75% and 19.75% of the equity interests in the Project Company, respectively
“Group”	the Company and its subsidiaries

“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
“Initial Shareholdings”	the initial shareholding structure of the Project Company where each of Chongqing Yi Yun, Nanjing Zhengshan, Qingdao Haixin, Nanjing Tianjian and Nanjing Qiancheng shall hold 51%, 12.25%, 12.25%, 12.25% and 12.25% of the equity interests in the Project Company, respectively
“JV Partners”	Chongqing Yi Yun, Nanjing Zhengshan, Qingdao Haixin, Nanjing Tianjian and Nanjing Qiancheng
“Land Price”	RMB1,140,000,000, being the aggregate consideration payable for acquisition of the Yuhuatai Land
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Nanjing Land Bureau”	The Land Resources Bureau of Nanjing City* (南京市國土資源局), an Independent Third Party
“Nanjing Qiancheng”	Nanjing Qiancheng Property Development Limited* (南京乾程置業有限公司), a company established in the PRC with limited liability and an Independent Third Party
“Nanjing Tianjian”	Nanjing Tianjian Property Development Limited* (南京天建房地產開發有限公司), a company established in the PRC with limited liability and an Independent Third Party
“Nanjing Zhenro Zhengsheng”	Nanjing Zhenro Zhengsheng Property Development Limited* (南京正榮正升置業發展有限公司), a company established in the PRC with limited liability and a connected person of the Company at the subsidiary level

“Nanjing Zhengshan”	Nanjing Zhengshan Property Development Limited* (南京正善置業發展有限公司), a company established in the PRC with limited liability and a connected person of the Company at the 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 Agreement”	the Prepaid Agreement entered into between the JV Partners on 7 August 2018, under which each of Nanjing Zhengshan, Qingdao Haixin, Nanjing Tianjian and Nanjing Qiancheng undertook to contribute RMB115,825,000, RMB113,000,000, RMB111,587,500 and RMB111,587,500 for repayment of the Shareholder’s Loan by 8 August 2018
“Project Company”	Nanjing Shansheng Property Development Limited* (南京善盛房地產開發有限公司), a company established in the PRC with limited liability on 21 August 2018 by the JV Partners for the sole purpose of obtaining the land use rights of and developing the Yuhuatai Land
“Qingdao Haixin”	Qingdao Haixin Property Development Limited* (青島海信房地產股份有限公司), a company established in the PRC with limited liability and an Independent Third Party
“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 Chongqing Yi Yun to the Project Company in respect of the Deposit
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary”	has the meaning ascribed to it in the Listing Rules
“Yuhuatai Land”	a piece of land situated at Lot No. 3, Daishan, Xishanqiao Street, Yuhuatai District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市雨花台區西善橋街道岱山03號地塊) with a total site area of approximately 26,828.82 sq.m.
“Zhenro Group”	Zhenro Properties Group Limited (正榮地產集團有限公司), 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: 6158), and the holding company of both Nanjing Zhengshan and Nanjing Zhenro Zhengsheng
“%”	per cent

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

Hong Kong, 30 August 2018

*As at the date of this announcement, the Board comprises Mr. XU Yongjun, Mr. HUANG Junlong 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*