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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)

**ANNOUNCEMENT
CONNECTED TRANSACTION:
AMENDED AND RESTATED NON-COMPETITION DEED**

AMENDED AND RESTATED NON-COMPETITION DEED

We refer to the Non-Competition Deed entered into by CMPD and the Company on 19 June 2013 (as amended and supplemented on 4 October 2013). We also refer to the Company's announcement dated 26 February 2016 which disclosed, among other things, that the Company, CMPD and CMSK entered into a deed of amendment and novation on 30 December 2015, pursuant to which all the obligations, undertakings, interests and benefits of CMPD under the Non-Competition Deed were novated to and undertaken by CMSK in replacement of CMPD as if CMSK has been a party to the Non-Competition Deed in substitution of CMPD with effect from 30 December 2015.

Pursuant to the Non-Competition Deed, the businesses of the CMSK Group and the Group are delineated by geographical delineation. The CMSK Group carries on Property Business in the CMSK Cities exclusively, and the Group carries on Property Business in the CML Cities exclusively.

To proactively adapt to changes in the property market trends, the Company intends to gradually develop asset-light property businesses without geographic restriction, while retaining the geographic protections for its core asset-heavy property development business. In line with such strategy and to further delineate the business operation between the Group and CMSK Group, the Company and CMSK entered into the Amended and Restated Non-Competition Deed on 17 December 2018, which is conditional upon the approval of the Shareholders and will supersede and replace in its entirety the Non-Competition Deed.

Pursuant to the Amended and Restated Non-Competition Deed, the Group will have the rights to participate in the Non-Controlling Investment Arrangement across the PRC (including the CMSK Cities). The Group will also be entitled to conduct the Asset Management Business for office premises in Beijing and Shanghai exclusively, subject to completion of the Proposed Transfer I.

With respect to Chongqing and Xi'an, the Company is considering to cease to conduct Property Business (other than the Non-Controlling Investment Arrangement) in and exit from such two cities in due course after the Amended and Restated Non-Competition Deed comes into effect, depending on the results of an annual review process. Once the Group ceases to conduct Property Business (other than the Non-Controlling Investment Arrangement) in either of such two cities, the CMSK Group will be entitled to conduct Property Business in the relevant city should market condition permits.

FURTHER PLAN ON ASSET MANAGEMENT BUSINESS FOR OFFICE PREMISES

After the implementation of the Proposed Transfer I, it is CMSK's intention to further transfer its Asset Management Business for office premises in Shenzhen to the Company. It is expected that the Proposed Transfer II will take place after completion of the Proposed Transfer I and would be implemented through further amendments to the Amended and Restated Non-Competition Deed subject to the Independent Shareholders' approval. After completion of the Proposed Transfer II, the Company would acquire all the Asset Management Business for office premises operated by CMSK in the PRC. In addition, CMSK is prepared to undertake then that it will not engage in any Asset Management Business for office premises in the PRC and the Company shall have the exclusive right to conduct the Asset Management Business for office premises in all the cities in the PRC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CMSK held approximately 74.35% of the Company's issued shares and is therefore a controlling shareholder and connected person of the Company under the Listing Rules.

The Amended and Restated Non-Competition Deed constitutes a connected transaction of the Company, which is subject to the requirements of reporting, announcement and approval by the Independent Shareholders.

GENERAL

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Amended and Restated Non-Competition Deed.

A circular containing, among other things, (i) details of the Amended and Restated Non-Competition Deed; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Advisor, and (iv) a notice to convene the EGM, is expected to be despatched to the Shareholders on or before 10 January 2019.

A. THE AMENDED AND RESTATED NON-COMPETITION DEED

The Existing Non-Competition Deed

We refer to the Non-Competition Deed entered into by CMPD and the Company on 19 June 2013 (as amended and supplemented on 4 October 2013). We also refer to the Company's announcement dated 26 February 2016 which disclosed, among other things, that the Company, CMPD and CMSK had entered into a deed of amendment and novation on 30 December 2015, pursuant to which all the obligations, undertakings, interests and benefits of CMPD under the Non-Competition Deed were novated to and undertaken by CMSK in replacement of CMPD as if CMSK has been a party to the Non-Competition Deed in substitution of CMPD with effect from 30 December 2015.

Pursuant to the Non-Competition Deed, the businesses of the CMSK Group and the Group are delineated by geographical delineation. The CMSK Group carries on Property Business in the CMSK Cities exclusively, and the Group carries on Property Business in the CML Cities exclusively.

CMSK has undertaken to the Company (for itself and on behalf of each of its subsidiaries) that during the Relevant Period, when the Group conducts Property Business in any of the CML Cities, CMSK (i) shall not, and (ii) shall procure its subsidiaries (excluding the Group) shall not, and (iii) shall use its best endeavours to procure that its associates shall not, solely or jointly, or through the representation of any person, enterprise or company:

- (a) hold and/or be interested, directly or indirectly, in any shares or other securities or interest in any company, partnership, trust or other business entity, which engages or is involved in, directly or indirectly, any Property Business in any of the CML Cities; or
- (b) otherwise, directly or indirectly, engage or be involved or participate or invest in, or provide other support, financial or otherwise, to any Property Business in any of the CML Cities.

Similarly, the Company has undertaken to CMSK (for itself and on behalf of each of its subsidiaries) that during the Relevant Period, when the CMSK Group conducts Property Business in any of the CMSK Cities, the Company (i) shall not, and (ii) shall procure its subsidiaries shall not, and (iii) shall use its best endeavours to procure that its associates shall not, solely or jointly, or through the representation of any person, enterprise or company:

- (a) hold and/or be interested, directly or indirectly, in any shares or other securities or interest in any company, partnership, trust or other business entity, which engages or is involved in, directly or indirectly, any Property Business in any of the CMSK Cities; or
- (b) otherwise, directly or indirectly, engage or be involved or participate or invest in, or provide other support, financial or otherwise, to any Property Business in any of the CMSK Cities.

For other Unoccupied Cities, the Company has a perpetual right of first refusal (the ***Right of First Refusal***) to conduct Property Business.

As at the date of this announcement, the Company was conducting Property Business in the CML Cities with 32 property projects in its portfolio.

Background of the Amended and Restated Non-Competition Deed

Since completion of the Reverse Takeover in 2013, the Company has been focusing on property development in the CML Cities. The PRC property market has expanded rapidly in the past 20 years and may enter a mature stage in the coming 10 to 20 years. It is expected that the future growth rate of property development will be limited, especially in third to fourth tier cities in the PRC due to their geographical conditions, market demand and regulatory requirements. On the other hand, demand for property-related services, such as property operations and management services, especially in serviced apartment and office space in tier-1 cities, is expected to remain high following the construction focused property market in the past 10 years.

The strict geographic delineation currently imposed by the Non-Competition Deed limits the scope of operations of the Company to a narrow range that imposes uncertainty as the PRC property market develops. In light of the above development, the Company intends to gradually develop asset-light property businesses without geographic restriction, while retaining the geographic protections for its asset-heavy property development business. This would involve re-positioning the Company's business models and marketing strategies, with an aim to diversify and optimise the Company's business, and to adapt to the potential changes in market trends by allocating more resources on asset-light property-related businesses.

The Company and CMSK have therefore agreed to revise the Non-Competition Deed to enable the Group to gain rights to certain asset-light property businesses without geographic restriction. Immediately after the Amended and Restated Non-Competition Deed becoming effective, the Company will become a property developer focusing on Foshan, Guangzhou, Nanjing and Jurong, an office premises asset manager focusing on Beijing, Shanghai and Hong Kong (for the avoidance of any doubt, Hong Kong is not within the scope of the Non-competition Deed, the same for the below), and a service apartment operator in Hong Kong:

- (a) The Company's asset-heavy development business will continue to operate in Guangzhou, Foshan, Nanjing and Jurong, being areas that had significant contribution to the Company's revenue and profit historically. Its revenue and profits would continue to be generated from the property development activities from such CML Cities. The Company is considering to cease to conduct Property Business in and exit from Chongqing and Xi'an in due course after the Amended and Restated Non-Competition Deed comes into effect depending on the results of an annual review process.

- (b) The Company's asset-light property business will focus on developing the asset management platform for office premises and service apartments:
- (i) the Company intends to commence its Asset Management Business for office premises in Beijing and Shanghai, subject to the completion of the Proposed Transfer I (as defined below), and further in Shenzhen and potentially other cities in China subject to the completion of the Proposed Transfer II (as defined below) in the future;
 - (ii) the Company intends to further expand its service apartment platform in Hong Kong. The Company currently operates CM+ Service Apartments in Sheung Wan, Hong Kong. The Company will proactively seek for opportunities to manage service apartments owned by third parties as well as suitable serviced apartments owned by CMSK to develop the "CM+" brand; and
 - (iii) through minority co-investments, the Company is able to more effectively acquire the manager role of property portfolios, better align the interest as an asset manager, and benefit from capital appreciation. Under the strong support from CMSK, the Company will acquire minority stakes of the selected property portfolios currently owned by the CMSK Group and provide asset management and value adding services to the assets.

The Amended and Restated Non-Competition Deed

The Company and CMSK entered into an amended and restated non-competition deed on 17 December 2018, which is subject to the approval of the Independent Shareholders and will supersede and replace in its entirety the Non-Competition Deed (the *Amended and Restated Non-Competition Deed*). The Amended and Restated Non-Competition Deed is conditional upon the approval of the Independent Shareholders at the EGM.

Pursuant to the Amended and Restated Non-Competition Deed:

Property Business in the CML Cities

CMSK's non-competition undertakings in relation to Guangzhou, Foshan, Nanjing and Jurong

With respect to the Four CML Cities, CMSK irrevocably undertakes to, and for the benefit of, the Company (for itself and on behalf of each of its subsidiaries) that during the New Relevant Period it (i) shall not, and (ii) shall procure that its subsidiaries (excluding the Group) shall not, and (iii) shall use its best endeavours to procure that its associates (excluding its subsidiaries and the Group) shall not, solely or jointly, or through the representation of any person, enterprise or company:

- (a) hold and/or be interested, directly or indirectly, in any shares or other securities or interest in any company, partnership, trust or other business entity, which engages or is involved in, directly or indirectly, any Property Business in any of the Four CML Cities; or
- (b) otherwise, directly or indirectly, engage or be involved or participate or invest in, or provide other support, financial or otherwise, to any Property Business in any of the Four CML Cities.

For the restriction sets out above, it does not apply when CMSK provides financial assistance to the Group in connection with its business development.

CMSK's non-competition undertakings in relation to Chongqing and Xi'an

With respect to Chongqing and Xi'an,

- (a) The Company will conduct an annual review of the portfolio of its Property Business (other than the Non-Controlling Investment Arrangement) in each of such two cities, the financial resources available to the Group at the relevant time and the relevant market conditions, and consider and determine whether to exit from the relevant city, the exit option available and the relevant timeline. The Company is considering to cease to conduct Property Business (other than the Non-Controlling Investment Arrangement) in and exit from such two cities in due course after the Amended and Restated Non-Competition Deed comes into effect. The Company will comply with the then applicable requirements under Chapters 14 and 14A of the Listing Rules (as applicable) if it determines to exit from the relevant city by disposing of its property projects in such city.

(b) CMSK irrevocably undertakes to, and for the benefit of, the Company (for itself and on behalf of each of its subsidiaries) that during the New Relevant Period, to the extent the Company or any of its subsidiaries conducts Property Business (other than the Non-Controlling Investment Arrangement) in either of Chongqing or Xi'an, that it (i) shall not, and (ii) shall procure that its subsidiaries (excluding the Group) shall not, and (iii) shall use its best endeavours to procure that its associates (excluding its subsidiaries and the Group) shall not, solely or jointly, or through the representation of any person, enterprise or company:

(i) hold and/or be interested, directly or indirectly, in any shares or other securities or interest in any company, partnership, trust or other business entity, which engages or is involved in, directly or indirectly, any Property Business in the relevant city; or

(ii) otherwise, directly or indirectly, engage or be involved or participate or invest in, or provide other support, financial or otherwise, to any Property Business in the relevant city, and

for the avoidance of doubt, the above undertakings will cease to apply to the CMSK Group with respect to the relevant city as soon as the Group ceases to conduct any Property Business (other than the Non-Controlling Investment Arrangement) in such city.

Exceptions to CMSK's non-competition undertakings in relation to the CML Cities

Notwithstanding the undertakings from CMSK above, during the New Relevant Period and when the Company or any of its subsidiaries conducts Property Business in any of the CML Cities, CMSK, any of its subsidiaries (excluding the Group) and/or any of its associates may:

(a) hold or be interested in, directly or indirectly, any shares or securities or interest in the Company or, through the Company, in any shares or other securities or interest in any of its subsidiaries;

(b) hold and/or be interested, directly or indirectly, in shares or other securities or interests in any company which engages or is involved in, directly or indirectly, any Property Business in any of the CML Cities, if

(i) such company is listed on a Recognised Stock Exchange;

- (ii) such shares or securities or interests do not exceed 5% of such company's issued and outstanding share capital;
 - (iii) CMSK, any of its subsidiaries and/or any of its associates are not entitled to appoint a majority of the directors of such company; and
 - (iv) such company shall at all relevant times have at least one other shareholder which (together, where appropriate, with its associates) holds and/or is interested, directly or indirectly, in a larger percentage of shares and securities or other interests in such company than CMSK, any of its subsidiaries (excluding the Group) and/or any of its associates which does not act in concert with CMSK, any of its subsidiaries (excluding the Group) and/or any of its associates in relation to its shares and securities or other interests in such company; and/or
- (c) have interests in properties acquired and held for their own use provided that such activities do not involve any property development.

Property Business in the CMSK Cities

The Company irrevocably undertakes to, and for the benefit of, CMSK (for itself and on behalf of each of its subsidiaries (excluding the Group)) that during the New Relevant Period, it (i) shall not, and (ii) shall procure that its subsidiaries shall not, and (iii) shall use its best endeavours to procure that its associates (excluding its subsidiaries and the CMSK Group) shall not, solely or jointly, or through the representation of any person, enterprise or company:

- (a) hold and/or be interested, directly or indirectly, in any shares or other securities or interests in any company, partnership, trust or other business entity, which engages or is involved in, directly or indirectly, any Property Business in the CMSK Cities; or
- (b) otherwise, directly or indirectly, engage or be involved or participate or invest in, or provide other support, financial or otherwise, to any Property Business in the CMSK Cities.

Notwithstanding the undertakings from the Company above, during the New Relevant Period, the Company, any of its subsidiaries and/or any of its associates (excluding the CMSK Group) may:

- (a) participate in Non-Controlling Investment Arrangement in the CMSK Cities;
- (b) hold and/or be interested, directly or indirectly, in shares or other securities or interests in any company which engages or is involved in, directly or indirectly, any Property Business in the CMSK Cities, if
 - (i) such company is listed on a Recognised Stock Exchange;
 - (ii) such shares or securities or interests do not exceed 5% of such company's issued and outstanding share capital;
 - (iii) the Company, any of its subsidiaries and/or any of its associates (excluding the CMSK Group) are not entitled to appoint a majority of the directors of such company; and
 - (iv) such company shall at all relevant times have at least one other shareholder which (together, where appropriate, with its associates) holds and/or is interested, directly or indirectly, in a larger percentage of shares and securities or other interests in such company than the Company, any of its subsidiaries and/or any of its associates (excluding the CMSK Group) which does not act in concert with the Company, any of its subsidiaries and/or any of its associates (excluding the CMSK Group) in relation to its shares and securities or other interests in such company; and/or
- (c) have interests in properties acquired and held for their own use provided that such activities do not involve any property development.

Asset Management Business for Office Premises in Beijing and Shanghai

Subject to the duly transfer of all equity interest of CMSK Group in Asset Management Business for office premises in Beijing and Shanghai to the Group (the ***Proposed Transfer I***), the Group is entitled to engage in the Asset Management Business for office premises in Beijing and Shanghai on an exclusive basis. With respect to the Asset Management Business for office premises in Beijing and Shanghai, CMSK hereby irrevocably undertakes to, and for the benefit of, the Company (for itself and on behalf of each of its subsidiaries) that, conditional upon the completion of the Proposed Transfer I, during the New Relevant Period it (i) shall not, and (ii) shall

procure that its subsidiaries (excluding the Group) shall not, and (iii) shall use its best endeavours to procure that its associates (excluding its subsidiaries and the Group) shall not, solely or jointly, or through the representation of any person, enterprise or company:

- (a) hold and/or be interested, directly or indirectly, in any shares or other securities or interest in any company, partnership, trust or other business entity, which engages or is involved in, directly or indirectly, any Asset Management Business for office premises in Beijing and Shanghai; or
- (b) otherwise, directly or indirectly, engage or be involved or participate or invest in, or provide other support, financial or otherwise, to any Asset Management Business for office premises in Beijing and Shanghai.

The equity interests held by CMSK Group to be transferred under the Proposed Transfer I consists of the 51% equity interest held by CMSK Group in a joint venture established by it and an independent third party of the Company in late 2017, which engaged in the Asset Management Business for three office premises in Beijing and Shanghai. It is acknowledged by CMSK and the Company that the Proposed Transfer I is subject to the negotiation between the parties, entering into definitive agreement(s) and compliance with other applicable rules and regulations (including, if applicable, approval by the shareholders of CMSK and/or the Company). As such, the Proposed Transfer I may or may not materialise.

Non-Controlling Investment Arrangement

The Company is entitled to participate in property-related investments on a minority basis across the PRC (including the CMSK Cities) (the ***Non-Controlling Investment Arrangement***).

To the extent the Non-Controlling Investment Arrangement is by way of forming a joint venture, the Company will comply with the following restrictions:

- (a) it will only hold up to 30% equity interest in the relevant joint venture entity;
- (b) it will not have the right to nominate the majority of the board of directors of the joint venture entity;

- (c) it will not consolidate the financial statements of the joint venture entity in its own financial statements, and the relevant joint venture entity will be accounted for as (i) interests in associate or joint venture if the Company has significant influence over the investments or (ii) fair value through profit or loss if the investment is held for trading or (iii) fair value through other comprehensive income if the investment is not held for trading provided that the Company do not have significant influence over the investments, in accordance with the applicable Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants; and
- (d) it will not be involved in day-to-day management of the joint venture entity, and will have no veto rights over the management, strategy or operations of the joint venture entity.

To the extent the Non-Controlling Investment Arrangement is by way of establishing a fund in the form of a limited partnership, the Company will comply with the following restrictions:

- (a) it will hold not more than 30% equity interest in the general partner of the relevant fund;
- (b) it will contribute not more than 30% of the total capital contributions from all the limited partners of the relevant fund;
- (c) it will not control the general partner of the fund;
- (d) it will not consolidate the financial statements of the fund on its own financial statements; and
- (e) it will not be involved in day-to-day management of and will have no veto rights over the management, strategy or operations of the fund.

To the extent the Company participates in the Non-Controlling Investment Arrangement with the CMSK Group, each of such Non-Controlling Investment Arrangement will constitute a connected transaction of the Company, and the Company will comply with the then applicable requirements under Chapter 14A of the Listing Rules.

The Company further undertakes to limit the overall proportion of its asset value arising from the Non-Controlling Investment Arrangement with the CMSK Group (the *Asset Value*) to 30% of its total assets as shown in its latest published audited accounts or its latest published interim report (whichever is later) (the *30% Threshold*).

Ancillary to the connected Non-Controlling Investment Arrangement with the CMSK Group, the Company also expects, only if beneficial and desirable to the Group, to provide financial assistance to the connected investment entity under such Non-Controlling Investment Arrangement with the CMSK Group. The Company will comply with the then applicable requirements under Chapter 14A of the Listing Rules, and will include any outstanding balance of the amount of such financial assistance in the Asset Value for the purpose of calculating the 30% Threshold.

Corporate Measures in relation to the Implementation of the Amended and Restated Non-Competition Deed

Corporate measures in relation to the Non-Controlling Investment Arrangement

The Company and CMSK acknowledge and agree that the finance department of the Company will be in charge of monitoring the 30% Threshold, and the Company will adopt the following control mechanism:

- (a) the finance department will record the Group's investment amount for each Non-Controlling Investment Arrangement with the CMSK Group on a designated ledger;
- (b) the finance department will calculate and record the relevant ratio (taking into account the carrying value of the associates) on a monthly basis, based on the monthly management account prepared by the Company;
- (c) the finance department will report to the senior management team as soon as possible if the ratio reaches 20% or more; and
- (d) before the Company enters into any proposed new Non-Controlling Investment Arrangement with the CMSK Group, the finance department will review the then existing ratio immediately before any proposed new Non-Controlling Investment Arrangement, and assess whether the ratio is likely to be kept below the 30% Threshold after the proposed new investment. Any proposed new Non-Controlling Investment Arrangement will be subject to the finance department's approval with respect to the 30% Threshold.

The Board shall review the above control mechanism and its compliance on an annual basis, and will make any adjustment if necessary.

The Company undertakes that, if the 30% Threshold is exceeded, it will sell or otherwise dispose of the exceeded portion of the relevant investment as soon as practicable within 6 months after the date on which the 30% Threshold is exceeded.

Independent directors' review and public disclosure

The Independent Board Committee will review, on a semi-annual basis, the extent to which the terms of the Amended and Restated Non-Competition Deed (including the restrictions applicable on the Company under the Non-Controlling Investment Arrangement) have been complied with by the CMSK Group and the Group.

A report in relation to the implementation of, and the compliance with, the Amended and Restated Non-Competition Deed by the CMSK Group and the Group, including the Independent Board Committee's confirmation on such compliance (including the Company's compliance with the restrictions under the Non-Controlling Investment Arrangement) shall be published in the interim and annual report of the Company.

Termination of the Right of First Refusal

The Company will no longer have the Right of First Refusal pursuant to the Amended and Restated Non-Competition Deed. The participation of the Group in the Non-Controlling Investment Arrangements in the Unoccupied Cities do not restrict CMSK in any aspect from conducting its Property Business in these cities.

Termination Date of the Amended and Restated Non-Competition Deed

The Amended and Restated Non-Competition Deed shall automatically terminate upon the earlier of:

- (a) the date on which CMSK ceases to be a controlling shareholder of the Company; and
- (b) the date on which the Shares cease to be listed on the Stock Exchange.




Business Delineation Pursuant to the Amended and Restated Non-Competition Deed

For illustration purpose, the business delineation between the Company and CMSK pursuant to the Amended and Restated Non-Competition Deed and after the completion of the Proposed Transfer I is set out below:

		Non-Controlling Investment Arrangement	Other Property Business	Asset Management Business for Office Premises
CML Cities	Chongqing (重慶) ^{Note 1}	Company ^{Note 2}	CMSK	Company
	Xi'an (西安) ^{Note 1}			
	Guangzhou (廣州)	Company	Company	Company
	Foshan (佛山)			
	Nanjing (南京)			
	Jurong (句容)			

		Non-Controlling Investment Arrangement	Other Property Business	Asset Management Business for Office Premises		
	Beijing (北京)	Company ^{Note 2}	CMSK	Company		
	Tianjin (天津)			CMSK		
	Shenzhen (深圳)			Company		
	Shanghai (上海)					
	Changzhou (常州)					
	Zhuhai (珠海)					
	Suzhou (蘇州)					
	Zhenjiang (鎮江)					
	Qingdao (青島)					
	Chengdu (成都)					
	Wuhan (武漢)					
	Xiamen (廈門)					
	Zhangzhou (漳州)					
	Bijie (畢節)					
	Qionghai (瓊海)					
	Dalian (大連)					
	Kunming (昆明)					
	Harbin (哈爾濱)					
	Ningbo (寧波)					
	Nanning (南寧)					
	Hangzhou (杭州)					
	Shenyang (瀋陽)					
CMSK Cities	Nantong (南通)					
	Kunshan (昆山)					
	Jiashan (嘉善)					
	Jiaxing (嘉興)					CMSK
	Wuxi (無錫)					
	Yantai (煙臺)					
	Rizhao (日照)					
	Changshu (常熟)					
	Hefei (合肥)					
	Zhengzhou (鄭州)					
	Dongguan (東莞)					
	Taicang (太倉)					
	Ganzhou (贛州)					
	Zhongshan (中山)					
	Jinan (濟南)					
	Huangngag (黃岡)					
	Yichang (宜昌)					
	Shiyan (十堰)					
	Tongxiang (桐鄉)					
	Cixi (慈溪)					
	Chun'an (淳安)					
	Xuzhou (徐州)					
	Fuzhou (福州)					
Unoccupied Cities	Nanchang (南昌)					

Notes:

-  indicates that the Company shall be entitled to conduct the relevant business exclusively
-  indicates that CMSK shall be entitled to conduct the relevant business exclusively
-  indicates the Non-Controlling Investment Arrangement

1. In consideration of CMSK agreeing to allowing the Company to engage in asset-light property business, the Company is considering to exit from and release Chongqing and Xi'an from the geographical restrictions imposed by the Non-Competition Deed.
2. The Non-Controlling Investment Arrangements do not restrict CMSK in any aspect from conducting its Property Business in these cities.

Reasons for and Benefits of the Amended and Restated Non-Competition Deed

As disclosed above, the strict geographic delineation imposed by the Non-Competition Deed limits the scope of the Company's operations to a narrow range that imposes uncertainty as the PRC property market develops. The Company, in particular, is not permitted to provide any development, sale, lease, management or investment services in the CMSK Cities. This would potentially restrict the Company's ability to maximise return to its Shareholders.

The Directors (excluding the independent non-executive Directors, who will give their opinion based on the recommendation of the Independent Financial Advisor) are of the view that the Amended and Restated Non-Competition Deed will benefit the Company in the following ways:

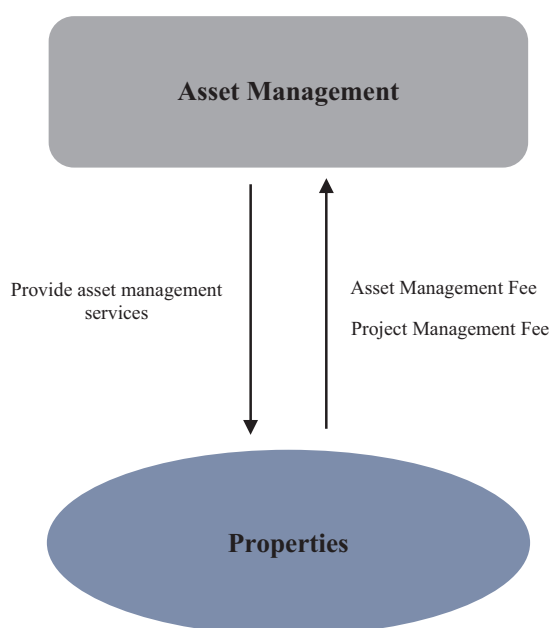
Enlarged scope of operations while retaining geographic protections for the CML Cities

The Amended and Restated Non-Competition Deed allows the Company to develop asset-light property businesses, namely at the initial stage the Non-Controlling Investment Arrangement, across the PRC without geographic restriction, while, subject to the Company's plan to exit from Chongqing and Xi'an, retaining the geographic protections for its core asset-heavy property development business in the CML Cities.

As disclosed above, the Company expects to focus on the Non-Controlling Investment Arrangement at the initial stage of the strategic change to the Company's business model, because this would allow the Company to allocate its financial and human resources on a focused area and to rapidly grow its property operation capability.

The Non-controlling Investment Arrangement allows the Company to participate in the development of high-quality projects in all other cities and share investment interests. Meanwhile, it will also enable the Company's asset management company to have preferential access to the asset management part in the industry value chain, which would renovate and upgrade high-quality office space, improve and release the value of the property. In addition to the increase in rent, the Company will also enjoy the appreciation of the property value during such process.

A brief illustration of the Asset Management Business is set out as below:



The asset-light property business of the Company will focus on the Asset Management Business for office premises in Beijing, Shanghai and Hong Kong as well as the operation of service apartment in Hong Kong, so as to seize the opportunities in the first-tier city with high growth rate and lay a solid foundation for the future business expansion. Beijing and Shanghai are the political and economic centres of the PRC and the two largest cities in terms of the GDP benchmark. Vast business opportunities promote the demand for high-quality office properties in these two cities. Being a mature market, the prices of office premises in Beijing and Shanghai maintained a steady growth. According to statistics from Jones Lang LaSalle, the central business districts of Beijing and Shanghai recorded an average compound annual growth rate of 5.8% and 5.0% with the price of RMB91,093 and RMB70,417 per square meter gross floor area, respectively, and a total inventory area increase of 8.7% and 44.0% in the past five years, respectively.

Hong Kong is an international financial centre with a large number of overseas enterprises' employees or professionals working and living here, providing a long-term growth base for the sustainable development of high-quality office and service apartment. According to statistics from Jones Lang LaSalle, the residential and office property prices in Hong Kong recorded an average compound annual growth rate of 5.6% and 8.2%, a current property price of HK\$39,866 and HK\$33,817 per square feet net floor area and a total inventory area increase of 5.7% and 7.4% in the past five years, respectively.

The Non-Controlling Investment Arrangement would have a positive commercial impact on and is complementary to the other potential asset-light property business of the Company which may be conducted in the future, as it will help to increase the Company's opportunities to be selected and engaged as the provider of such services. Subject to the completion of the Proposed Transfer I, the Asset Management Business for office premises in Beijing and Shanghai would serve as pilot schemes for the Company to conduct such business with potentially a wider scope of geographical coverage and is in line with the Company's strategy to develop asset-light property business without geographic restrictions. On the other hand, the Group's traditional property development business in the CML Cities is expected to continue to generate the majority of the Company's revenue for the foreseeable future. This revenue will continue to be protected from competition with CMSK through the strict geographic restriction imposed on CMSK (subject to the Company's plan to exit from Chongqing and Xi'an).

Reason for the plan to exit from Chongqing and Xi'an

As disclosed above, the Company is considering to, depending on the results of an annual review process, cease to conduct Property Business (other than the Non-Controlling Investment Arrangement, as defined above) in and exit from Chongqing and Xi'an in due course after the Amended and Restated Non-Competition Deed comes into effect. Once the Group ceases to conduct Property Business (other than the Non-Controlling Investment Arrangement) in either of such two cities, the CMSK Group will be entitled to conduct Property Business in the relevant city should market condition permits.

The Company considers that the Amended and Restated Non-Competition Deed shall be an arm's length transaction with CMSK, and the planned exit from Chongqing and Xi'an in due course is the consideration for CMSK to grant the Company the ability to make investments in property-related projects across the PRC (including in the CMSK Cities) through the Non-Controlling Investment Arrangement.

Furthermore, for the past three consecutive financial years, among the six CML Cities, each of Chongqing and Xi'an generated a relatively small amount of revenue, respectively. The majority of the land bank in these two cities are either projects being constructed or land bank being held for future development. In light of the Company's proposed strategy to gradually allocate more resources on asset-light property businesses, the Company considers that it is commercially reasonable to keep the other more profitable CML Cities and to gradually exit from and release Chongqing and Xi'an, which are the two less profitable CML Cities, from the geographic restrictions imposed on CMSK under the Amended and Restated Non-Competition Deed.

As disclosed above, the Company's exit plan and timetable with respect to Chongqing and Xi'an will depend on the results of the annual review process of the portfolio of the Group's Property Business (other than the Non-Controlling Investment Arrangement) in each of such two cities, the financial resources available to the Group at the relevant time and the relevant market conditions.

Clearer business delineation

Pursuant to the Amended and Restated Non-Competition Deed, to achieve a long term business success, the Company will re-position its business models and marketing strategies, which will lead to a clear delineation from CMSK's business.

The non-competition arrangement between the Company and CMSK under the Amended and Restated Non-Competition Deed are designed to facilitate the future growth of the Company as an asset-light property operator. The businesses of the Company and CMSK will no longer be delineated solely by geographical delineation, but also by types of property business.

Going forward, CMSK will continue to focus on traditional asset-heavy property development, being one of CMSK's core businesses, while the Company will gradually transform into an asset-light property operator, while continue to operate its traditional property development business in the CML Cities (subject to the Company's plan to exit from Chongqing and Xi'an). The Company will benefit from the relaxation of the solely geographic basis for delineation by the ability to participate in the Non-Controlling Investment Arrangement across the PRC without any geographical restriction. The Asset Management Business is a long established segment of asset-light property business which the Company sees great potential in development in the PRC.

Based on the above factors, the Directors (excluding the independent non-executive Directors, who will give their opinion based on the recommendation of the Independent Financial Advisor) are of the view that the arrangements under the Amended and Restated Non-Competition Deed will help diversify and optimise the Group's businesses, provide the Group's with the opportunities to tap into the asset-light property businesses and enhance the Group's competitiveness, and the terms of the Amended and Restated Non-Competition Deed are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

B. FURTHER PLAN ON ASSET MANAGEMENT BUSINESS FOR OFFICE PREMISES

As at the date of this announcement, CMSK engages in the Asset Management Business for office premises in Beijing, Shanghai and Shenzhen in the PRC. As disclosed above in this announcement, pursuant to the Amended and Restated Non-Competition Deed, CMSK has undertaken that the Company shall be entitled to conducted the Asset Management Business for office premises in Beijing and Shanghai on an exclusive basis, subject to the completion of the Proposed Transfer I.

For Shenzhen, CMSK's Asset Management Business for office premises needs more time to be separated and integrated as currently it is operated together with the asset-heavy property development business of CMSK. It is expected that CMSK's Asset Management Business for office premises in Shenzhen will be transferred to the Company after the completion of the Proposed Transfer I (the *Proposed Transfer II*), and would be implemented through further amendments to the Amended and Restated Non-Competition Deed subject the Independent Shareholders' approval. After completion of the Proposed Transfer II, the Company would acquire all the Asset Management Business for office premises operated by CMSK in the PRC. In addition, CMSK is prepared to undertake then that it will not engage in any Asset Management Business for office premises in the PRC and the Company shall have the exclusive right to conduct the Asset Management Business for office premises in all the cities in the PRC. The Company will then put forward such further amendments to the Amended and Restated Non-Competition Deed to the Independent Shareholders for consideration.

C. LISTING RULES IMPLICATIONS

As at the date of this announcement, CMSK held approximately 74.35% of the Company's issued shares and is therefore a controlling shareholder and connected person of the Company under the Listing Rules. The Amended and Restated Non-Competition Deed therefore constitutes a connected transaction of the Company, which is subject to the requirements of reporting, announcement and approval by the Independent Shareholders.

D. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

The Independent Board Committee has been formed to consider and advise the Independent Shareholders as to whether the terms of the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

E. INFORMATION ABOUT THE PARTIES

The Company's principal activity is investment holding. Its subsidiaries are engaged in (i) development, sale, lease, investment and management of properties; and (ii) sales of electronic and electrical related products and sales of building related materials and equipment.

CMSK is principally engaged in the development and operation of industrial parks, development of residential and commercial properties, and cruise business. It is currently the real estate flagship of CMG, which is the controlling shareholder of CMSK and currently holds approximately 71.29% of the total issued share capital of CMSK. CMG is a state-owned conglomerate regulated by the national State-Owned Assets Supervision and Administration Commission.

As at the date of this announcement, CMSK indirectly held approximately 74.35% of the issued shares in the Company.

F. GENERAL

As Mr. XU Yongjun, Mr. HUANG Junlong and Ms. LIU Ning, each a non-executive Director, hold positions in CMSK and Mr. WONG King Yuen, an executive Director, hold positions in CMSK and/or its associates, in order to avoid any actual or potential conflict of interest, each of them had abstained from voting at the relevant Board meeting on the relevant Board resolution approving the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder.

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder.

As at the date of this announcement, CMSK, being the controlling shareholder of the Company, has material interests in the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder. CMSK and its associates shall therefore abstain from voting on the resolution in relation to each of the above matters at the EGM.

A circular containing, among other things, (i) details of the Amended and Restated Non-Competition Deed; (ii) a letter from the Independent Board Committee, which sets out the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Advisor, which sets out the opinions and recommendations of the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in relation to the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder; and (iv) a notice to convene the EGM, is expected to be despatched to the Shareholders on or before 10 January 2019.

DEFINITIONS

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

“30% Threshold”	has the meaning given to it under the section headed “A. THE AMENDED AND RESTATED NON-COMPETITION DEED – The Amended and Restated Non-Competition Deed – Non-Controlling Investment Arrangement” in this announcement;
“Amended and Restated Non-Competition Deed”	has the meaning given to it under the section headed “A. THE AMENDED AND RESTATED NON-COMPETITION DEED – The Amended and Restated Non-Competition Deed” in this announcement;

“Asset Management Business”	a service model, under which the Company will have full discretion to deal with the operational matters of the underlying properties subject to the asset management services, including but not limited to, strategic positioning, project design management, materials and services procurement, recruitment, building up management team, promotion and marketing, leasing and business solicitation;
“Asset Value”	has the meaning given to it under the section headed “A. THE AMENDED AND RESTATED NON-COMPETITION DEED – The Amended and Restated Non-Competition Deed – Non-Controlling Investment Arrangement” in this announcement;
“associate”	has the meaning given to it under the Listing Rules;
“Board”	The board of directors of the Company;
“CMG”	China Merchants Group Co., Ltd., being the controlling shareholder of CMSK and currently holds approximately 71.29% of the total issued share capital of CMSK;
“CML Cities”	Foshan, Guangzhou, Nanjing, Jurong, Chongqing and Xi’an;
“CMPD”	China Merchants Property Development Co., Ltd. (招商局地產控股股份有限公司), a company established in the PRC with limited liability and used to be the controlling shareholder of the Company, and was subsequently deregistered on 27 September 2016;
“CMSK”	China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司), a company established in the PRC with limited liability, whose shares are listed on the Shenzhen Stock Exchange (stock code: 001979), being the controlling shareholder of the Company and held approximately 74.35% of the total issued share capital of the Company as at the date of this announcement;

“CMSK Cities”	Beijing, Tianjin, Shenzhen, Shanghai, Changzhou, Zhuhai, Suzhou, Zhenjiang, Qingdao, Chengdu, Wuhan, Xiamen, Zhangzhou, Bijie, Qionghai, Dalian, Kunming, Harbin, Ningbo, Nanning, Hangzhou, Shenyang, Nantong, Kunshan, Jianshan, Jiaxing, Wuxi, Yantai, Rizhao, Changshu, Hefei, Zhengzhou, Dongguan, Taicang, Ganzhou, Zhongshan, Jinan, Huangnag, Yichang, Shiyan, Tongxiang, Cixi, Chun’an, Xuzhou, Fuzhou and Nanchang;
“CMSK Group”	CMSK and its subsidiaries (excluding the Group);
“Company”	China Merchants Land Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 0978);
“connected person”	has the meaning given to it under the Listing Rules;
“controlling shareholder”	has the meaning given to it under the Listing Rules;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to approve, among others, the Amended and Restated Non-Competition Deed;
“Four CML Cities”	has the meaning given to it under the section headed “A. THE AMENDED AND RESTATED NON-COMPETITION DEED – The Amended and Restated Non-Competition Deed – Property Business in the CML Cities” in this announcement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors of the Company;

“Independent Financial Adviser”	Altus Capital Limited, a licensed corporation to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the entering into of the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders except for CMSK, its associates and those who are required to abstain from voting at the EGM to be convened to approve, among other things, the Amended and Restated Non-Competition Deed;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“New Relevant Period”	the period from the effective date of the Amended and Restated Non-Competition Deed to the termination date of the Amended and Restated Non-Competition Deed (both dates inclusive);
“Non-Competition Deed”	the non-competition deed entered into between the Company and CMPD on 19 June 2013 (as amended and supplemented on 4 October 2013);
“Non-Controlling Investment Arrangement”	has the meaning given to it under the section headed “A. THE AMENDED AND RESTATED NON-COMPETITION DEED – The Amended and Restated Non-Competition Deed – Non-Controlling Investment Arrangement” in this announcement;
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Property Business”	development, sale, lease, investment and management of properties;

“Recognised Stock Exchange”	means the Stock Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange or Singapore Stock Exchange;
“Relevant Period”	the period from the effective date of the Non-Competition Deed to the termination date of the Non-Competition Deed (both dates inclusive);
“Reverse Takeover”	a reverse takeover undertaken and completed by the Company on 1 November 2013;
“RMB”	Renminbi, being the lawful currency of the PRC;
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning given to it under the Listing Rules; and
“Unoccupied Cities”	cities in the PRC in which neither the Group nor the CMSK Group has an Property Business as at the date of the Non-Competition Deed.

On behalf of the Board
China Merchants Land Limited
Xu Yongjun
Chairman

Hong Kong, 17 December 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.