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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 TRANSACTION  
COOPERATION AGREEMENT**

The Board is pleased to announce that on 29 December 2018, Merchants Nanjing, an indirect non wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Nanjing Changmao pursuant to which, among other things, Merchants Nanjing and Nanjing Changmao shall jointly develop the 2018G52 Land through the Project Company. Upon completion of the capital contribution by Merchants Nanjing and Nanjing Changmao in accordance with the terms of the Cooperation Agreement, the Project Company shall be held as to 60% and 40% by Merchants Nanjing and Nanjing Changmao, respectively.

Merchants Nanjing and Nanjing Changmao have agreed to bear the Land Consideration and related development, operating and investment fees in proportion to their ultimate shareholding in the Project Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of the transactions as contemplated under the Cooperation Agreement exceed 5% but are less than 25%, the entering into of the Cooperation Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirement but exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **BACKGROUND**

On 18 December 2018, Nanjing Changmao had successfully won a bidding in respect of the land use rights of the 2018G52 Land at a price of RMB670 million. On 19 December 2018, Nanjing Changmao entered into the Confirmation of the Public Transfer of State-owned Construction Land Use Rights with the Nanjing Municipal Bureau of Land and Resources in relation to the Acquisition.

## **THE COOPERATION AGREEMENT**

On 29 December 2018, Merchants Nanjing, an indirect non wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Nanjing Changmao, pursuant to which Nanjing Changmao agreed to invest in the Project Company with Merchants Nanjing for developing the 2018G52 Land through the Project Company.

The principal terms of the Cooperation Agreement are summarized as follows:

### **Date**

29 December 2018

### **Parties**

- (a) Merchants Nanjing, an indirect non wholly-owned subsidiary of the Company; and
- (b) Nanjing Changmao, a company established in the PRC with limited liability.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Nanjing Changmao and their respective ultimate beneficial owners are Independent Third Parties.

## **Basic Information of the 2018G52 Land**

Land Location:	East of Tianyou Road, south of Tianyuan Road, west of Runqi Road, North of Tianhuan Road, Jiangning District, Nanjing City, Jiangsu Province, the PRC* (中國江蘇省南京市江寧區東至天佑路，南至天元路，西至潤麒路，北至天環路)
Total site area:	21,682.86 sq.m.
Usage of land use rights:	Residential usage with a term of 70 years
Permitted plot ratio:	Not more than 2.5
Land Price:	RMB670 million

In view of the location and the designated use of the 2018G52 Land, the Directors consider that entering into the Cooperation Agreement is in line with the business development strategy and plan of the Group. The Directors (including independent non-executive Directors) consider that entering into the Cooperation Agreement is a transaction of revenue nature and is carried out in the ordinary and usual course of business and are on normal commercial terms which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

None of the Directors has a material interest in the Acquisition and the Cooperation Agreement, and none of them is required to abstain from voting on the relevant board resolution(s).

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

Pursuant to the Cooperation Agreement:

- (a) Merchants Nanjing and Nanjing Changmao shall jointly make an application with Nanjing Municipal Bureau of Land and Resources before 8 January 2019 to transfer the title of land use right of the 2018G52 Land to the Project Company, subject to the approval for the change of beneficiary of the 2018G52 Land;
- (b) Merchants Nanjing and Nanjing Changmao shall develop the 2018G52 Land through the Project Company, which shall be the sole beneficiary and developer of the 2018G52 Land;

- (c) The initial registered capital of the Project Company shall be RMB100 million and held as to 51% and 49% by Nanjing Changmao and Merchants Nanjing, respectively. Subject to relevant approval from State-owned Assets and Supervision and Administration Commission having been obtained by the Company, the registered capital of the Project Company shall be increased to RMB200 million (“Capital Increase”), which shall be contributed as to 60% and 40% by Merchants Nanjing and Nanjing Changmao, respectively;
- (d) The parties shall provide shareholders’ loan in accordance with the proposed ultimate shareholdings. In case the Capital Increase is not successful, any excessive amount of contribution made by Merchants Nanjing based on the shareholdings after the Capital Increase is confirmed to be unsuccessful shall be returned by the Project Company and Nanjing Changmao accordingly, subject to an interest rate to be charged for the relevant period.
- (e) Merchants Nanjing and Nanjing Changmao shall bear the Land Price, tax, expenses and total investment amount in connection to the development of the 2018G52 Land in proportion to their ultimate shareholdings in the Project Company;
- (f) Upon signing of the Cooperation Agreement, Merchants Nanjing shall pay an amount of RMB120.6 million Deposit paid by Nanjing Changmao which is determined with reference to the proportion of shareholdings of Merchant Nanjing in the Project Company. When such payment is made by Merchants Nanjing, a related party of Nanjing Changmao shall provide a guarantee letter in favour of Merchants Nanjing to guarantee the interest of Merchants Nanjing in the 2018G52 Land. Upon receiving the approval from Nanjing Municipal Bureau of Land and Resources for the transfer of the 2018G52 Land to the Project Company, the guarantee letter shall be terminated and replaced by a share mortgage of 11% equity interests in the Project Company granted by Nanjing Changmao in favour of Merchants Nanjing. After the completion of the change in industry and commercial registration for the application of Capital Increase, the share mortgage shall be released.

The amount of capital and loan contribution of each of Merchants Nanjing and Nanjing Changmao was determined after arm’s length negotiations with reference to the capital requirements of the Project Company and the development cost of the 2018G52 Land. The Group’s share of the total estimated investment is approximately RMB694 million which shall be funded by the Group’s internal resources.

## **Management of the Project Company**

Upon completion of the capital increase to the effect that the Project Company is owned as to 60% by Merchants Nanjing and 40% by Nanjing Changmao:

- (i) 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 require the approval of the shareholders representing more than half of voting rights of the Project Company at the general meeting, except for matters that are required by law to be voted on by shareholders representing more than two-thirds of the voting rights of the Project Company at the general meetings shall be approved by shareholders representing more than two-thirds of voting rights of the Project Company at the general meetings; and
- (ii) the board of directors of the Project Company shall consist of five directors. Merchants Nanjing and Nanjing Changmao shall nominate three directors and two directors, respectively.

If the capital increase to the effect that the Project Company is owned as to 60% by Merchants Nanjing and 40% by Nanjing Changmao is not completed:

- (i) 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 require unanimous consent of all joint venture partners; and
- (ii) The board of directors of the Project Company shall consist of three directors. Merchants Nanjing and Nanjing Changmao shall nominate two directors and one director, respectively.

## **Profit Distribution Arrangement of the Project Company**

Pursuant to the Cooperation Agreement, Merchants Nanjing and Nanjing Changmao shall share the profits of the Project Company in proportion to their respective shareholdings in the Project Company.

## **FINANCIAL IMPACT**

Upon completion of the Capital Increase to the ultimate shareholding, the Project Company will be consolidated into the accounts of the Group.

The financial results, assets and liabilities of the Project Company will, however, not be consolidated into the accounts of the Group if the Capital Increase is not successful.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

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 Merchants Nanjing and Nanjing Changmao 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, 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 Acquisition and the terms of the Cooperation Agreement (including the financing and profit distribution arrangements) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

## **PARTICULARS OF THE PARTIES**

Merchants Nanjing is a company established in the PRC and an indirect non wholly-owned subsidiary of the Company. It is principally engaged in property development in the PRC.

Nanjing Changmao is a company established in the PRC and is principally engaged in property development in the PRC.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions as contemplated under the Cooperation Agreement exceed 5% but are less than 25%, the entering into of the Cooperation Agreement constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirement but exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“2018G52 Land”	a piece of land situated at East of Tianyou Road, south of Tianyuan Road, west of Runqi Road, North of Tianhuan Road, Jiangning District, Nanjing City, Jiangsu Province, the PRC* (中國江蘇省南京市江寧區東至天佑路，南至天元路，西至潤麒路，北至天環路), with a total site area of approximately 21,682.86 sq.m.
“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)
“Confirmation of the Public Transfer of State-owned Construction Land Use Rights”	the confirmation of the public transfer of state-owned construction land use rights (國有建設用地使用權公開出讓成交確認書) entered into between Nanjing Changmao and the Nanjing Municipal Bureau of Land and Resources on 19 December 2018
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Cooperation Agreement”	the cooperation agreement dated 29 December 2018 entered into between Merchants Nanjing and Nanjing Changmao in relation to the joint investment in the Project Company for the sole purpose of obtaining the land use rights of and developing the 2018G52 Land through the Project Company
“Deposit”	the bidding deposit of RMB201 million which has been paid by Nanjing Changmao on 17 December 2018 and shall form part of the Land Price
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Land Price”	RMB670 million, being the aggregate consideration payable for the Acquisition pursuant to the Cooperation Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Merchants Nanjing”	China Merchants Property (Nanjing) Limited* (招商局地產(南京)有限公司) a company established in the PRC with limited liability, an indirect non wholly-owned subsidiary of the Company, and a party to the Cooperation Agreement
“Nanjing Changmao”	Nanjing Changmao Real Estate Limited* (南京昌茂置業有限公司), a company established in the PRC with limited liability and a party to the Cooperation Agreement



“Nanjing Municipal Bureau of Land and Resources”	Jiangning branch of the municipal bureau of land and resources of the district of Nanjing City* (南京市國土資源局江寧分局)
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Project Company”	a company to be established in the PRC with limited liability by Merchants Nanjing and Nanjing Changmao for the sole purpose of obtaining the land use rights of and developing the 2018G52 Land pursuant to the Cooperation Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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

Hong Kong, 29 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.*

*If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.*

*\* Unofficial English translation denotes for identification purposes only*