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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in China Merchants Land Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**CONNECTED TRANSACTION:  
AMENDED AND RESTATED NON-COMPETITION DEED  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**

**ALTUS CAPITAL LIMITED**

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A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 25 to 26 of this circular. A letter from Altus, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 27 to 37 of this circular.

A notice convening an extraordinary general meeting of China Merchants Land Limited to be held at CM+ Hotels and Serviced Apartments, 3/E, South Tower, 16 Connaught Road West, Hong Kong on Tuesday, 29 January 2019 at 11:00 a.m. is set out on pages 42 to 44 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://ir.cmland.hk>).

Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the forthcoming extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

10 January 2019

<b>CONTENTS</b>
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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	5
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	25
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	27
<b>APPENDIX – GENERAL INFORMATION</b> .....	38
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	42

## DEFINITIONS

*In this circular, unless the context otherwise requires, the following terms and expression have the meanings set forth below:*

“30% Threshold”	has the meaning given to it under the section headed “II. THE AMENDED AND RESTATED NON-COMPETITION DEED — The Amended and Restated Non-Competition Deed — Non-Controlling Investment Arrangement” in this circular
“Amended and Restated Non-Competition Deed”	has the meaning given to it under the section headed “II. THE AMENDED AND RESTATED NON-COMPETITION DEED — The Amended and Restated Non-Competition Deed” in this circular
“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 “II. THE AMENDED AND RESTATED NON-COMPETITION DEED — The Amended and Restated Non-Competition Deed — Non-Controlling Investment Arrangement” in this circular
“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 as at the Latest Practicable Date
“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

## DEFINITIONS

“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 Shanghai 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 Latest Practicable Date
“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 “II. THE AMENDED AND RESTATED NON-COMPETITION DEED — The Amended and Restated Non-Competition Deed — Property Business in the CML Cities” in this circular
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

## DEFINITIONS

“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” or “Altus”	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
“Latest Practicable Date”	4 January 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“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 terminate 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 “II. THE AMENDED AND RESTATED NON-COMPETITION DEED — The Amended and Restated Non-Competition Deed — Non-Controlling Investment Arrangement” in this circular
“PRC” or “China”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

## DEFINITIONS

“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“Unoccupied Cities”	cities in the PRC in which neither the Group nor the CMSK Group has a Property Business as at the date of the Non-Competition Deed
“%”	per cent



**招商局置地有限公司**  
CHINA MERCHANTS LAND LIMITED

**CHINA MERCHANTS LAND LIMITED**

**招商局置地有限公司**

*(Incorporated with limited liability in the Cayman Islands)*

**(Stock Code: 978)**

*Non-executive Directors:*

XU Yongjun (*Chairman*)

HUANG Junlong

LIU Ning

*Executive Directors:*

SO Shu Fai

YU Zhiliang

WONG King Yuen

*Independent Non-executive Directors:*

WONG Wing Kuen, Albert

CHEN Yanping

SHI Xinping

HE Qi

*Registered Office:*

P.O. Box 309,

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*Principal Place of Business:*

Room 2603 to 2606, 26/F,

China Merchants Tower,

Shun Tak Centre,

Nos. 168-200 Connaught Road Central,

Hong Kong

10 January 2019

*To the Shareholders*

Dear Sir/Madam,

**CONNECTED TRANSACTION:  
AMENDED AND RESTATED NON-COMPETITION DEED  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

We refer to the announcement issued by the Company on 17 December 2018 in relation to the Amended and Restated Non-Competition Deed entered into between the Company and CMSK. The purpose of this circular is to provide the Shareholders with information reasonably necessary to enable you to make a decision on whether to vote for or against the resolutions to be proposed at the EGM for the approval of, among other matters, the Amend and Restated Non-Competition Deed.

## LETTER FROM THE BOARD

### II. 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 and the mutual understanding of CMSK and the Company, 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 Chongqing, Guangzhou, Foshan and Nanjing exclusively. For other Unoccupied Cities, the Company has a perpetual right of first refusal (the "**Right of First Refusal**") to conduct Property Business. The Company exercised the Right of First Refusal in 2014 with respect to Xi'an and Jurong, which are CML Cities as at the Latest Practicable Date.

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



## LETTER FROM THE BOARD

- (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.

As at the Latest Practicable Date, 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

## LETTER FROM THE BOARD

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.

## LETTER FROM THE BOARD

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.

## LETTER FROM THE BOARD

- (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

## LETTER FROM THE BOARD

- (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;

## LETTER FROM THE BOARD

- (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

## LETTER FROM THE BOARD

- (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 interest 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.

## LETTER FROM THE BOARD

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.



## LETTER FROM THE BOARD

### *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.

## LETTER FROM THE BOARD

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*

In light of the new business delineation arrangements, the Right of First Refusal is no longer necessary as the Company will increasingly focus more on the asset-light property businesses while continue to operate its traditional property development business in the Four CML Cities. As such, 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.

The Company obtained the business opportunities in Xi'an and Jurong in 2014 pursuant to the Right of First Refusal.

### *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) <sup>Note 1</sup> Xi'an (西安) <sup>Note 1</sup>	Guangzhou (廣州) Foshan (佛山) Nanjing (南京) Jurong (句容)	<table style="width: 100%; height: 100%; border: none;"> <tr> <td style="width: 33%; background-color: #FFD700; text-align: center; vertical-align: middle;">Company<sup>Note 2</sup></td> <td style="width: 33%; background-color: #0056B3; color: white; text-align: center; vertical-align: middle;">CMSK</td> <td style="width: 33%; background-color: #8B0000; color: white; text-align: center; vertical-align: middle;">Company</td> </tr> <tr> <td style="background-color: #8B0000; color: white; text-align: center; vertical-align: middle;">Company</td> <td style="background-color: #8B0000; color: white; text-align: center; vertical-align: middle;">Company</td> <td style="background-color: #8B0000; color: white; text-align: center; vertical-align: middle;">Company</td> </tr> </table>	Company <sup>Note 2</sup>	CMSK	Company	Company	Company	Company
Company <sup>Note 2</sup>	CMSK	Company							
Company	Company	Company							



## LETTER FROM THE BOARD

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*

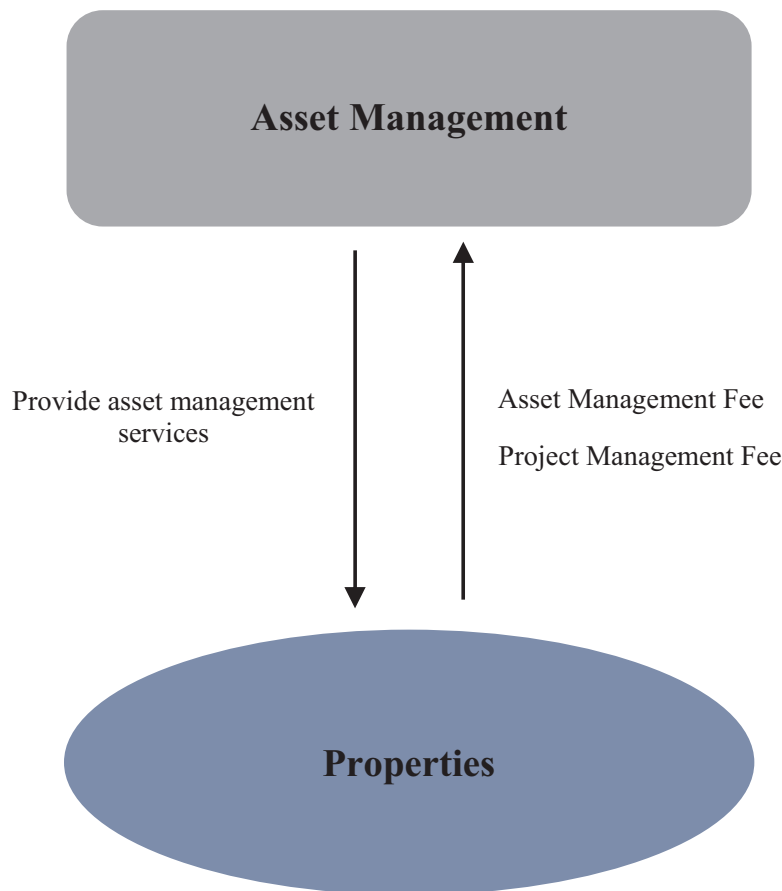
The Amended and Restated Non-Competition Deed allows the Company to develop asset-light property businesses, namely at the initial stage the Non-Controlling Investment Arrangement, across the PRC without geographic restriction, while, subject to the Company's plan to exit from Chongqing and Xi'an, retaining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

## LETTER FROM THE BOARD

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.

## LETTER FROM THE BOARD

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 Asset Management Business for office premises, 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).

Other than the service apartment business in Hong Kong and the Asset Management Business for office premises as mentioned in this circular, the Company currently has no other intention to tap into any other asset management business, while the Company is and will be open to consider other business opportunities in line with its strategy to develop asset-light property businesses (for example, property management and asset management for other types of properties).

### *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.

## LETTER FROM THE BOARD

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.

## LETTER FROM THE BOARD

### III. FURTHER PLAN ON ASSET MANAGEMENT BUSINESS FOR OFFICE PREMISES

As at the Latest Practicable Date, CMSK engages in the Asset Management Business for office premises in Beijing, Shanghai and Shenzhen in the PRC. As disclosed above in this circular, 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.

Considering the relative size of the Assets Management Business for Office Premises in Beijing, Shanghai and Shenzhen of CMSK to be transferred to the Company, the injection of such business will not have a material impact on the current business operation of the Company.

### IV. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, 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.

### V. 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, communities 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.



## LETTER FROM THE BOARD

As at the Latest Practicable Date, CMSK indirectly held approximately 74.35% of the issued shares in the Company.

### VI. EGM

The voting at the EGM will be taken by a poll. The Company will make an announcement of the poll results in accordance with the relevant requirements under the Listing Rules as soon as possible.

As at the Latest Practicable Date, 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, being interested in 3,646,889,329 Shares, representing approximately 74.35% of the total issued share capital of the Company as at the Latest Practicable Date, shall therefore abstain from voting on the resolution in relation to the Amended and Restated Non-Competition Deed at the EGM. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his Shares to a third party, either generally or on a case-by-case basis.

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, being 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.

A notice convening the EGM to be held at CM+ Hotels and Serviced Apartments, 3/F, South Tower, 16 Connaught Road West, Hong Kong on Tuesday, 29 January 2019 at 11:00 a.m. is set out on pages 42 to 44 of this circular. A form of proxy for the EGM is also enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the branch share registrar of the Company, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM. The completion of a form of proxy will not preclude you from attending and voting at the EGM in person.

## LETTER FROM THE BOARD

### VII. RECOMMENDATIONS

The Board (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the Independent Financial Adviser) considers that it is in the best interests of the Company and the Shareholders as a whole to enter into the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder; the terms of the Amended and Restated Non-Competition Deed are fair and reasonable; and entering into of the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder, although not in the ordinary and usual course of business of the Group, are on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolution for approving the Amended and Restated Non-Competition Deed to be proposed at the EGM.

### VIII. OTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully  
On behalf of the Board  
**China Merchants Land Limited**  
**XU Yongjun**  
*Chairman*



**CHINA MERCHANTS LAND LIMITED**

**招商局置地有限公司**

*(Incorporated with limited liability in the Cayman Islands)*

**(Stock Code: 978)**

10 January 2019

*To the Independent Shareholders*

Dear Sir/Madam,

**CONNECTED TRANSACTION:  
AMENDED AND RESTATED NON-COMPETITION DEED  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular dated 10 January 2019 (the “Circular”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder as set out in the Circular. Altus has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out on pages 27 to 37 of the Circular. We wish to draw your attention to the Letter from the Board and the Letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder. Your attention is also drawn to the additional information set out in the appendix to the Circular. Having considered the terms of the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder, the advice of the Independent Financial Adviser and the relevant information contained in the Letter from the Board, we consider that (i) the

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Amended and Restated Non-Competition Deed, although not entered into in the ordinary and usual course of business of the Group, is on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Amended and Restated Non-Competition Deed are also fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution for approving the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,  
The Independent Board Committee of  
**China Merchants Land Limited**

**Dr. WONG Wing Kuen, Albert**  
*Independent non-executive Director*

**Ms. CHEN Yanping**  
*Independent non-executive Director*

**Dr. SHI Xinping**  
*Independent non-executive Director*

**Mr. HE Qi**  
*Independent non-executive Director*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders in relation to the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder, which has been prepared for the purpose of incorporation in the Circular.*

**ALTUS**  
**Altus Capital Limited**  
21 Wing Wo Street Central  
Hong Kong

10 January 2019

*To the Independent Board Committee and  
the Independent Shareholders*

**China Merchants Land Limited**  
Room 2603-2606  
26th Floor  
China Merchants Tower  
Shun Tak Centre  
Nos. 168-200 Connaught Road Central  
Hong Kong

Dear Sirs,

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

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder. Details of the Amended and Restated Non-Competition Deed are set out in the “Letter from the Board” contained in the circular of the Company dated 10 January 2019 (the “**Circular**”), of which this letter forms part of. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

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.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Non-Competition Deed and the mutual understanding of CMSK and the Company, the businesses of the CMSK Group and the Group are delineated by geographical delineation. The Group carries on Property Business in Chongqing, Guangzhou, Foshan and Nanjing exclusively. For other Unoccupied Cities, the Company has a perpetual right of first refusal (the “**Right of First Refusal**”) to conduct Property Business. The Company exercised the Right of First Refusal in 2014 with respect to Xi’an and Jurong, which are CML Cities as at the Latest Practicable Date.

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 Non-Controlling Investment Arrangement across the PRC (including the CMSK Cities).

### LISTING RULES IMPLICATION

As at the Latest Practicable Date, 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.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Dr. Wong Wing Kuen, Albert, Ms. Chen Yanping, Dr. Shi Xinping and Mr. He Qi, has been established to consider the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder and to give advice and recommendation to the Independent Shareholders as to (i) whether the entering into of the Amended and Restated Non-Competition Deed is in the ordinary and usual course of business of the Group and is on normal commercial terms; and (ii) whether the terms of the Amended and Restated Non-Competition Deed are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution relating to the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder to be proposed at the EGM.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the entering into of the Amended and Restated Non-Competition Deed is in the ordinary and usual course of business of the Group and is on normal commercial terms; (ii) whether the terms of the Amended and Restated Non-Competition Deed are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution relating to the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder to be proposed at the EGM.

Altus has previously acted as the independent financial adviser to the Company with regards to (i) a continuing connected transaction; (ii) the adjustment to the conversion price of the convertible bonds as a result of a distribution; (iii) a major and connected transaction; and (iv) the adjustment to the conversion price of the convertible bonds as a result of a distribution. Detail of the aforesaid matters of the Company are set out in (i) an announcement dated 7 April 2017; (ii) an announcement dated 20 June 2017; (iii) a circular dated 4 December 2017; and (iv) an announcement dated 1 June 2018 respectively. Save for the aforesaid matters, we have not acted as an independent financial adviser or financial adviser for other transactions of the Group in the last two years from the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Amended and Restated Non-Competition Deed is at market level and not conditional upon successful passing of the resolution to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

### BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the Company's annual report for the year ended 31 December 2017 (the "**2017 Annual Report**") and the interim report for the six months ended 30 June 2018 (the "**2018 Interim Report**"); (ii) the Amended and Restated Non-Competition Deed; and (iii) other information as set out in the Circular. We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular are accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Management have been reasonably made after due and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

#### 1. Information of the Group and CMSK

##### 1.1 *Principal business of the Group and its business outlook*

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.

As at 30 June 2018, the Group's portfolio of property development projects consisted of 31 projects in Foshan, Guangzhou, Chongqing, Nanjing, Jurong and Xi'an.

According to the 2018 Interim Report, the Group expects the Chinese government to increase efforts on stabilising housing prices by imposing more stringent property control policies. In this regard, the Group aims to leverage on the abundant inventory resources of CMG and CMSK, and fully capitalise on the advantages of overseas listing in order to expedite transformation and develop more asset-light business for the Group.

##### 1.2 *Principal businesses of CMSK*

CMSK is the controlling shareholder of the Company and held approximately 74.35% of the total issued share capital of the Company as at the Latest Practicable Date.

CMSK is principally engaged in the development and operation of industrial parks, communities 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.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 2. Principal terms of the Amended and Restated Non-Competition Deed

Pursuant to the Amended and Restated Non-Competition Deed, it is noted that:

*For the Property Business in the CML Cities*

- (i) CMSK undertakes that during the New Relevant Period, it shall not engage in the Property Business in the CML Cities (but the undertaking does not apply when CMSK provides financial assistance to the Group in connection with its business development).
- (ii) CMSK undertakes that during the New Relevant Period, it shall not engage in the Property Business in Chongqing and Xi'an (unless the Group ceases to conduct any Property Business (other than the Non-Controlling Investment Arrangement) in such cities).
- (iii) Notwithstanding the undertakings from CMSK as summarised 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 may enjoy some exceptions, such as (a) holding shares of the Company; or (b) holding no more than 5% interest of a company listed on a Recognised Stock Exchange and engaged in the Property Business; or (c) have interests in properties acquired and held for their own use provided that such activities do not involve any property development.

*For the Property Business in the CMSK Cities*

- (i) The Company undertakes that during the New Relevant Period, it shall not engage in the Property Business in the CMSK Cities.
- (ii) Notwithstanding the above undertaking from the Company, during the New Relevant Period, the Company may (a) participate in Non-Controlling Investment Arrangement in the CMSK Cities; or (b) holding no more than 5% interest of a company listed on a Recognised Stock Exchange and engaged in the Property Business in the CMSK Cities; or (c) have interests in properties acquired and held for their own use provided that such activities do not involve any property development.

*For the Asset Management Business for office premises in Beijing, Shanghai and Shenzhen*

Subject to the duly transfer of all equity interests of CMSK Group in Assets 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 the office premises in Beijing and Shanghai on an exclusive basis.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With respect to the Assets Management Business for office premises in Beijing and Shanghai, CMSK undertakes that, conditional upon completion of the Proposed Transfer I, during the New Relevant Period it shall not hold any shares of a company engages in Assets Management Business for office premises in Beijing and Shanghai; or provide support to any Assets Management Business for office premises in Beijing and Shanghai.

As for CMSK's Asset Management Business in Shenzhen, it will be transferred to the Company after the completion of the Proposed Transfer I (the "**Proposed Transfer II**"), and expected to be implemented through further amendments to the Amended and Restated Non-Competition Deed subject to independent Shareholders' approval. Following the Proposed Transfer II, CMSK is prepared to undertake to the Company not to engage in any Asset Management Business for office premises in the PRC, while the Company will conduct the Asset Management Business for office premises exclusively across all cities in the PRC.

### *For the 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). To the extent the Non-Controlling Investment Arrangement is by way of forming a joint venture or establishing a fund in the form of a limited partnership, the Company will comply with the following restrictions:

- (a) it will only hold up to 30% equity interest in the relevant joint venture entity and/or 30% equity interest in the general partner of the relevant fund;
- (b) it will not have the right to nominate the majority of the board of directors of the joint venture entity and/or 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 joint venture entity/the fund in its own financial statements, and the relevant joint venture entity will be accounted for as an associate or fair value through profit or loss/fair value through other comprehensive income in accordance with the applicable Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants; and
- (e) 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 and/or be involved in day-to-day management of and will have no veto rights over the management, strategy or operations of the fund.

Further details of the Amended and Restated Non-Competition Deed are set out in the "Letter from the Board" of the Circular.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

When considering the fairness and reasonableness of the terms of the Amended and Restated Non-Competition Deed, we have taken into account the following factors:

### *2.1 Enlarged scope of operations while retaining geographic protection for the CML Cities*

Under the Amended and Restated Non-Competition Deed, the Company will be able (i) to continue its Property Business in four CML Cities (namely Guangzhou, Foshan, Nanjing and Jurong) exclusively; (ii) to continue to conduct Property Business in the remaining two CML Cities (namely Chongqing and Xi'an) until the Group ceases to conduct any Property Business (other than the Non-Controlling Investment Arrangement) in such cities; and (iii) to conduct or participate Property Business through the Non-Controlling Investment Arrangement in 46 CMSK Cities, of which four are tier-1 cities (namely Beijing, Tianjin, Shenzhen and Shanghai). Accordingly, we concur with the Management that this allows the Group to adhere to its stated strategy by developing "asset-light" property business across the PRC, while maintaining geographical protection for the "asset-heavy" property business in the CML Cities, which is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to the Amended and Restated Non-Competition Deed, CMSK has undertaken that the Company shall be entitled to conduct the Asset Management Business for office premises as in Beijing and Shanghai on an exclusive basis, subject to the completion of the Proposed Transfer I. Given that (i) the Asset Management Business adheres to the asset-light strategy of the Group; (ii) such new business may widen the revenue stream of the Group; and (iii) the opportunity to tap into the tier-1 cities like Beijing and Shanghai may help the Group to be quickly recognised in the asset management market for its future expansion as and when appropriate, we are of the view that the inclusion of the Asset Management Business for office premises in the Amended and Restated Non-Competition Deed is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

### *2.2 Forego the Right of First Refusal will not have any adverse impact to the Group*

Notwithstanding that the Company will no longer have the Right of First Refusal in the Unoccupied Cities pursuant to the Amended and Restated Non-Competition Deed, the Group can continue to participate Property Business in the Unoccupied Cities through the Non-Controlling Investment Arrangement. Given the Company's stated strategy to develop "asset-light" property business, the limited financial resources of the Group and the Company had not identified any Unoccupied Cities to develop any Property Business, we concur with the Management that the potential benefits and flexibility arising from the right to participate Property Business across the PRC (i.e. among the CML Cities, the 46 CMSK Cities and/or other Unoccupied Cities) pursuant to the Amended and Restated Non-Competition Deed exceed the potential benefits arising from the Right of First Refusal. In addition, such amendment to the Existing

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Non-Competition Deed is not expected to have any adverse impact to the business and performance of the Group. Hence, we are of the view that this amendment is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### *2.3 Aligning the Group's asset-light strategy and enabling flexibility to reallocate the Group's resources*

According to the 2017 Annual Report, project in Xi'an contributed approximately 9% of the Group's revenue for the year ended 31 December 2017 and approximately 6% of the Group's total land bank (i.e. saleable gross floor area ("GFA") of the properties comprising the projects which had not been sold or presold as at 31 December 2017 (the "Land Bank")) was held under one project in this city.

Also disclosed in the 2017 Annual Report, projects in Chongqing contributed approximately 18% of the Group's revenue for the year ended 31 December 2017 and approximately 49% of the Group's Land Bank was held under four projects in this city. Among the four projects in Chongqing, two projects each had saleable GFA over 1,000,000 square metres, which is significantly larger than the Group's projects in other four CML Cities (Foshan, Guangzhou, Nanjing and Jurong) with an average saleable GFA of approximately 104,000 square metres.

Based on the data published by the National Bureau of Statistics of China (中國國家統計局), (i) Xi'an's gross domestic product ("GDP") for the year ended 31 December 2017 was approximately RMB720.6 billion, representing an increase of approximately 7.8% as compared to the previous year; and (ii) Chongqing's GDP for the year ended 31 December 2017 was approximately RMB1,953 billion, representing an increase of approximately 9.5% as compared to the previous year.

Taking into account the abovementioned statistics and the development led by the Belt-Road Initiatives in the western part of the PRC, the Management believes that there is development potential in these two cities. However, in view of the size of the projects in Chongqing, the amount of investment required will be substantial and the duration required to develop the projects in Chongqing and Xi'an, the Management believes and we concur that the Amended and Restated Non-Competition Deed will provide the Group (i) an opportunity to align its asset-light strategy; (ii) the possibility to exit from Chongqing and Xi'an; and (iii) the flexibility to reallocate the Group's resources to Property Business and Asset Management Business for office premises, subject to completion of the Proposed Transfer I and Proposed Transfer II, across the PRC.

With reference to the latest available information on the scale of the Asset Management Business for Office Premises in Beijing, Shanghai and Shenzhen of CMSK to be transferred to the Company, it is noted that the size is relatively small as compared to the existing business operation of the Group. Accordingly, the Management believes and we concur that the injection of such business to the Group will not have a material impact on the current business operations of the Group.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We note that the Company intends to proceed with its asset-light strategy and the Company is considering to cease to conduct Property Business in and gradually exit from Xi'an and Chongqing after the Amended and Restated Non-Competition Deed comes into effect depending on the results of an annual review process. However, in view of the scale of the Property Business in Xi'an and Chongqing, we have discussed with the Management and noted that any decisions to be made by the Group to cease to conduct Property Business in and exit from the abovementioned two cities will be reviewed annually after taking into account, among other things, the development progress of the projects on hand, the market condition and the Group's financial performance and position. Accordingly, the Management believes that even after the Amended and Restated Non-Competition Deed comes into effect, the Group will continue to conduct Property Business in Xi'an and Chongqing (i.e. to retain the geographical protections for its core asset-heavy Property Business) in order to execute those property projects on hand and to allow time for the Management to implement its asset-light strategy as well as to develop the Asset Management Business for office premises.

Taking into account the above, we are of the view that this arrangement for the Property Business in Xi'an and Chongqing provides flexibility to the Group, even after the Amended and Restated Non-Competition Deed comes into effect, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### *2.4 Section summary*

Taking into account the above, although the entering into the Amended and Restated Non-Competition Deed is not in the usual and ordinary course of business of the Group, we are of the view that the terms of which are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **3. Reasons for and benefits of entering into the Amended and Restated Non-Competition Deed with CMSK**

As set out in the "Letter from the Board" of the Circular, the Management are of the opinion that the strict geographic delineation imposed by the Non-Competition Deed limits the scope of the Company's operations to a narrow range that imposes risks as the PRC property market develops while the Group is not permitted to provide any development, sale, lease, management or investment services across the PRC (including the CMSK Cities).

Given that the Central Government has showed their strong determination to maintain the stability of its domestic property prices amid the trade issues with the US, the Management believes and we concur that the Amended and Restated Non-Competition Deed helps to strike a balance between restricting undue competition between the Company and its controlling shareholder on the one hand, and providing flexibility in pursuing new business opportunities for the Company in future.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

By entering into the Amended and Restated Non-Competition Deed, it is expected to provide a clearer business delineation of the Group from CMSK's business, in which CMSK will continue to focus on asset-heavy property development, whilst the Company will gradually transform into an asset-light property operator, and 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). Hence, we believe this will facilitate the Company to develop its stated strategy of being asset-light and enhance the Group's competitiveness.

In view of the above, we concur with the Director's view that the Amended and Restated Non-Competition Deed is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

#### **4. Internal control measure following the implementation of the Amended and Restated Non-Competition Deed**

As described in the "Letter from the Board" of the Circular, both the Company and CMSK acknowledge and agree that the finance department of the Company (the "**Finance Department**") will be in charge of monitoring the 30% Threshold, and the Company will adopt the following internal 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 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.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given the above and having reviewed the internal control policy, we consider that there exist proper internal control measures to ensure that any future transactions will be conducted in accordance with the terms of the Amended and Restated Non-Competition Deed.

With regards to the 30% Threshold under the Non-Controlling Investment Arrangement, we have discussed with the Management and noted that when determining the threshold, the Management has taken into account the Group's financial resources and also made reference to the definition of "control" as prescribed under the Listing Rules and the Code on Takeovers and Mergers respectively. Given (i) the Company's asset-light strategy; (ii) the financial resources of the Group to participate in multiple property projects upon the Amended and Restated Non-Competition Deed comes into effect; and (iii) the general concept of attaining control by owning 30%, we are of the view that the 30% Threshold under the Non-Controlling Investment Arrangement is fair and reasonable.

### RECOMMENDATION

In view of the above principal factors and reasons, we are of the view that although the entering into the Amended and Restated Non-Competition Deed is not in the ordinary and usual course of business of the Group, the terms and conditions of the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Amended and Restated Non-Competition Deed and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Altus Capital Limited**  
**Jeanny Leung**  
*Executive Director*

*Ms. Jeanny Leung ("Ms. Leung") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has about 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading

## 2. DISCLOSURE OF INTERESTS

### Interests and Short Positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares or underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### Long positions in Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage (%) in the issued share capital of the Company
So Shu Fai	Interest of controlled corporations (Note)	32,054,066	0.65%

*Note:* These shares were directly held by Skill China Limited (“Skill China”) which is controlled by Dr. SO Shu Fai, an executive Director of the Company. Hence, by virtue of Part XV of the SFO, Dr. SO Shu Fai is deemed to be interested in the shares directly held by Skill China. Skill China is a company incorporated in the British Virgin Islands with limited liability.



**Long positions in underlying Shares of associated corporation**

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of underlying shares involved</b> <i>(Note)</i>	<b>Approximate percentage (%) in the associated corporation</b>
XU Yongjun	Beneficial owner	704,000	0.00%
HUANG Junlong	Beneficial owner	372,000	0.00%
LIU Ning	Beneficial owner	372,000	0.00%
YU Zhiliang	Beneficial owner	200,000	0.00%

*Note:* These are the underlying Shares involved in the share options granted by CMSK (an intermediate controlling shareholder indirectly holding 3,646,889,329 Shares, representing approximately 74.35% of the issued share capital of the Company) to Mr. XU Yongjun, Mr. HUANG Junlong, Ms. LIU Ning and Mr. YU Zhiliang.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

**3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER**

As at the Latest Practicable Date, each of the following Directors is a director or employee in the following companies, each of which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- a. Mr. XU Yongjun, a non-executive Director, is a director and general manager of CMSK;
- b. Mr. HUANG Junlong, a non-executive Director, is the chief financial officer of CMSK;
- c. Ms. LIU Ning, a non-executive Director, is the board secretary of CMSK;
- d. Mr. WONG King Yuen, an executive Director, is the director and general manager of China Merchants Properties Development Limited and China Merchants Property Agency Limited, wholly-owned subsidiaries of CMSK.

#### 4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there is no contract or arrangement entered into by a related party subsisting in which a Director is materially interested and significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has, directly or indirectly, any interest in any assets which have since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### 5. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or controlling shareholders (as defined in the Listing Rules) and their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

#### 6. SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

#### 7. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has been named in this circular:

<b>Name</b>	<b>Qualifications</b>
Altus	a corporation licensed by the Securities and Futures Commission of Hong Kong to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

Altus has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, Altus did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, Altus did not have any interest, direct or indirect, in any assets which since 31 December 2017, the date to which the latest published audited financial statements of the Company were made up, had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The letter from the Independent Financial Adviser dated 10 January 2019 is set out on pages 27 to 37 in this circular and was given for incorporation in this circular.

#### **8. NO MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Company since 31 December 2017, the date to which the latest published audited consolidated financial statements of the Group have been made up.

#### **9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. at the head office and principal place of business of the Company at Room 2603, 26/F, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong, from the date of this circular up to and including 24 January 2019:

- a. the Amended and Restated Non-Competition Deed;
- b. the letter from the Board dated 10 January 2019, the text of which is set out on pages 5 to 24 this circular;
- c. the letter from the Independent Board Committee dated 10 January 2019, the text of which is set out on pages 25 to 26 of this circular;
- d. the letter from the Independent Financial Adviser dated 10 January 2019, the text of which is set out on pages 27 to 37 of this circular;
- e. the consent letter referred to in the section headed "Expert and Consent" in this Appendix; and
- f. a copy of this circular.



**CHINA MERCHANTS LAND LIMITED**

**招商局置地有限公司**

*(Incorporated with limited liability in the Cayman Islands)*

**(Stock Code: 978)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“EGM”) of China Merchants Land Limited (the “Company”) will be held at CM+ Hotels and Serviced Apartments, 3/F, South Tower, 16 Connaught Road West, Hong Kong on Tuesday, 29 January 2019 at 11:00 a.m. for the following purposes:

**ORDINARY RESOLUTION**

To consider and, if thought fit, to pass with or without modification the following ordinary resolution:

1. **“THAT:**
  - (a) the amended and restated non-competition deed entered into between the Company and China Merchants Shekou Industrial Zone Holdings Co., Ltd. and the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and
  - (b) any director(s) of the Company be and is/are hereby authorised, for and on behalf of the Company, to enter into any agreement, deed or instrument and/or to execute and deliver all such documents and/or do all such acts on behalf of the Company as he/she may consider necessary, desirable or expedient for the purpose of, or in connection with the implementations and completion of the amended and restated non-competition deed and transactions contemplated thereunder.”

On behalf of the Board  
**China Merchants Land Limited**  
**XU Yongjun**  
*Chairman*

Hong Kong, 10 January 2019

## NOTICE OF EXTRAORDINARY GENERAL MEETING

*Registered Office:*

P.O. Box 309,  
Ugland House,  
Grand Cayman,  
KY1-1104,  
Cayman Islands

*Principal Place of Business:*

Room 2603 to 2606, 26/F,  
China Merchants Tower,  
Shun Tak Centre,  
Nos. 168-200 Connaught Road Central,  
Hong Kong

*As at the date of this notice, 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.*

## NOTICE OF EXTRAORDINARY GENERAL MEETING

*Notes:*

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
3. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any shares, any one of such joint holders may vote, either in person or by proxy in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.
5. In order to determine members who are entitled to attend the EGM to be held on Tuesday, 29 January 2019, the register of members of the Company will be closed from 24 January 2019 to 29 January 2019, both days inclusive, during which period no transfer of shares can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 23 January 2019.
6. All the resolutions at the meeting will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.