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## **China Merchants Land Proposes Amendment to Non-Competition Deed To Realise Business Geographical Expansion; To Seize Market Opportunities via Both Asset Light and Heavy Models**

China Merchants Land Limited (“China Merchants Land” or “the Company”, stock code: 00978) and its subsidiaries (the “Group”) announced the entering into the amended and restated non-competition deed (“Amended Non-Competition Deed”) with its controlling shareholder China Merchants Shekou Industrial Zone Holdings Co., Ltd. (“CMSK”). According to the Amended Non-Competition Deed, CMSK and China Merchants Land will have a clearer differentiation of strategic positioning. China Merchants Land will have the rights to participate in certain asset-light property business without geographical restriction and will become a property developer focusing on Guangzhou, Foshan, Nanjing and Jurong, and at the same time participate in non-controlling investments in property business in all other cities including Qianhai, Shenzhen across China. In addition, the Company will become an office premises asset manager focusing on Beijing and Shanghai and a service apartment operator in Hong Kong.

According to the existing Non-Competition Deed, the businesses of China Merchants Land and controlling shareholder CMSK are delineated by geographical delineation, which, to a certain extent, limits the scope of operations of the Company. According to the Amended Non-Competition Deed by both parties, it would allow China Merchants Land to gradually develop “asset-light” property operation and management business without geographical restriction, while retaining the geographic protections for its “asset-heavy” property development business in Greater Guangzhou (including Foshan) and Greater Nanjing (including Jurong).

The “asset-light” asset management business of the Company will focus on developing the asset management platform for office premises and service apartments. After the completion of the transfer of CMSK’s equity interests in assets management business in Beijing and Shanghai to China Merchants Land, China Merchants Land will engage in the asset management business for the office premises in Beijing and Shanghai on an exclusive basis. The Company intends to further expand its service apartment platform in Hong Kong. Apart from the CM+ Service Apartment in Sheung Wan, Hong Kong, the Company will proactively identify opportunities for investment in the management of suitable service apartment projects owned by third parties and CMSK, so as to consolidate the “CM+” brand.

Moreover, with the strong support from CMSK, the Company will acquire minority stakes of the selected property portfolios currently owned by CMSK and provide asset management and value adding services to the said projects. After the completion of the transfer of assets management business for office premises in Beijing and Shanghai to China Merchants Land, CMSK intends to further transfer the asset management business for office premises in Shenzhen to China

Merchants Land. After the completion of the above-mentioned transfers, China Merchants Land would acquire other asset management businesses for office premises operated by CMSK in China. The Company shall have the exclusive right to conduct the assets management business for office premises in all the cities in China, while CMSK will undertake that it will not engage in any assets management business for office premises in China

In addition, according to the Amended Non-Competition Deed, China Merchants Land is entitled to participate in property-related investments on a minority basis (shareholding of not more than 30 per cent) across China including the CMSK cities.

Non-controlling investments allows the Company to participate in the development of high-quality projects in all other cities and share investment gains. At the same time, the Company is given preferential access to the asset management part along the property industry value chain, which would renovate and upgrade high-quality office and service apartment space, with an aim to enhance and realise the property value; during the process, not only could rental income be increased, but the property value would also appreciate. With the parent company CMSK's enormous and diversify resources and high-quality assets, there will be numerous "asset-light" business opportunities for the Group in the future, thereby providing strong support for the Company's business transformation.

China Merchants Land will continue to operate asset-heavy property development business in Guangzhou, Foshan, Nanjing and Jurong, being areas that had significant contribution to the Company's revenue and profit. The Company will conduct annual review to its business in Chongqing and Xi'an and, depending on the results of the annual review, will consider whether it should cease to conduct property business in and exit from Chongqing and Xi'an in due course, as these two cities had contributed a relatively small amount of revenue to the Company in the past, and the Company's proposed strategy is to allocate more resources on asset-light property business.

Mr Yu Zhiliang, executive director and general manager of the Company, said: "The Amended Non-Competition Deed will achieve a win-win situation for CMSK and China Merchants Land. CMSK will clearly define the strategic positioning of its dual-platform, fully leverage the advantages of domestic and overseas listed platforms, and help the two platforms' interaction to achieve synergy and win-win development. China Merchants Land will realize the transformation of its business structure. China Merchants Land will transform from a company driven by traditional asset-heavy property development into one led by a dual driver of "asset-light" and "asset-heavy" models, further enhancing CM+ branded apartments to accelerate asset-light development."

### **About China Merchants Land Limited**

China Merchants Land Limited is a holding company with comprehensive capabilities of property development, operation and management. Its property portfolio spans across Guangzhou, Foshan, Nanjing, Jurong, Chongqing and Xi'an. China Merchants Shekou Industrial Zone Holdings Co., Ltd. indirectly owns a 74.35 per cent equity interest in the Company.

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