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## **REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 29 December 2015 in relation to, among other things, the Property Management Master Agreement entered into between the Company and Merchants Property Management.

### **REVISION OF THE ANNUAL CAPS**

On 24 May 2017, the Company and Merchants Property Management entered into the Supplemental Property Management Master Agreement proposed to increase the annual caps of the property management fees payable by the Group under the Property Management Master Agreement for the financial years ending 31 December 2017 and 2018.

### **IMPLICATIONS UNDER THE LISTING RULES**

In accordance with the Property Management Master Agreement, property management services shall be provided by Merchants Property Management to the Group. Merchants Property Management was a wholly-owned subsidiary of CMPD, which was the former intermediate controlling shareholder of the Company. CMPD had merged with CMSK on 30 December 2015, after which CMSK became the Company's intermediate controlling shareholder. As at the date of this announcement, CMSK indirectly holds approximately 74.35% of the issued share capital of the Company and Merchants Property Management is a wholly-owned subsidiary of CMSK. Since CMSK is the indirect controlling shareholder of the Company and thus a connected person of the Company by virtue of Rule 14A.07(1) of the Listing Rules, Merchants Property Management is also a connected person of the Company. Accordingly, the transactions contemplated under the Property Management Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company should re-comply with the applicable requirements under Chapter 14A of the Listing Rules before the annual cap is exceeded. As one or more of the applicable percentage ratios in respect of the Revised Annual Caps exceed 0.1% but all the applicable percentage ratios are less than 5%, the Revised Annual Caps are exempt from the independent shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 29 December 2015 in relation to, among other things, the Property Management Master Agreement entered into between the Company and Merchants Property Management.

### **Property Management Master Agreement**

#### **Date**

29 December 2015

#### **Parties**

(a) The Company;

and

(b) Merchants Property Management, a wholly-owned subsidiary of CMSK and principally engaged in the provision of property management services.

#### **Duration of the Property Management Master Agreement**

A fixed term of 3 years commencing from 1 January 2016 up to 31 December 2018 (both days inclusive) which may be early terminated by either party by giving not less than 3 months' written notice to the other party.

#### **Subject matter**

In accordance with the Property Management Master Agreement, the property management services to be provided to the Group shall include:

- (i) general property management services, including security, cleaning services, maintenance of the public area of the building and the maintenance of the equipment, as well as management of the parking lot, etc.;
- (ii) sales-related property management services, including reception services and the management of the sample apartments, etc.; and

- (iii) procuring and administering the supply and installation of property intelligent system and devices.

The property management fees for each transaction under the Property Management Master Agreement shall be paid on a monthly basis in cash.

## **REVISION OF THE ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS**

### **Historical transaction amounts**

The Group has been receiving property management services from Merchants Property Management in the ordinary and usual course of business of the Group since 1 November 2013. The aggregate amounts of such property management services provided by Merchants Property Management to the Group were approximately RMB2,476,000 from 1 November 2013 to 31 December 2013, approximately RMB69,577,000 for the year ended 31 December 2014, approximately RMB70,702,000 for the year ended 31 December 2015, approximately RMB107,657,000 for the year ended 31 December 2016, and approximately RMB36,532,000 for the first fourth months of 2017.

The actual transaction amounts of the Continuing Connected Transactions for the two months from 1 November 2013 to 31 December 2013 and for the three years ended 31 December 2014, 2015 and 2016 had not exceeded the respective annual caps of the relevant year. The actual transaction amounts of the Continuing Connected Transactions during the first fourth months of 2017 had not exceeded the respective annual cap for the year ending 31 December 2017.

### **Reasons for the revision of annual caps and the basis of determination**

As the actual transaction amounts of the property management services under the Property Management Master Agreement for the year ended 2016 were very close to the stated annual cap for the year ended 31 December 2016, the Directors expect that the annual property management fees payable by the Group to Merchants Property Management may exceed the Original Annual Caps for the two years ending 31 December 2017 and 2018 if the demand continue to increase.

Accordingly, on 24 May 2017, the Company and Merchants Property Management entered into the Supplemental Property Management Master Agreement proposed to increase the annual caps of the property management fees payable by the Group under the Property Management Master Agreement for the financial years ending 31 December 2017 and 2018 as follows:

	<b>Original Annual Caps (financial year ending) (RMB' million)</b>	<b>Revised Annual Caps (financial year ending) (RMB' million)</b>
31 December 2017	110	153
31 December 2018	110	153

The property management fees payable by the Group under the Supplemental Property Management Master Agreement for the two years ending 31 December 2017 and 2018 were determined after arm's length negotiation between the Company and Merchants Property Management, with reference to the market price.

In addition to the basis for determination of the Original Annual Caps as disclosed in the announcement of the Company dated 29 December 2015, the Revised Annual Caps have been determined by the Board based on the expected increased demand for property management services by the Group's PRC operating subsidiaries for the coming two years, taking into account of the following factors:

- (i) historical growth rates of the demand of the Group's PRC operating subsidiaries for property management services;
- (ii) projected growth in the demand of the Group's PRC operating subsidiaries for property management services as determined by the Board; and
- (iii) the recent transaction amounts of the Continuing Connected Transactions during the current financial year.

Save for the revision to the annual caps for the two years ending 31 December 2017 and 2018, all other terms of the Property Management Master Agreement remain unchanged.

## **PARTICULARS OF THE GROUP AND MERCHANTS PROPERTY MANAGEMENT**

The Company is an investment holding company incorporated in the Cayman Islands. Its subsidiaries are principally engaged in (i) the development, sale, lease, investment and management of properties; and (ii) the sales of electronic and electrical related products and sales of building related materials and equipment.

Merchants Property Management is established in the PRC and is principally engaged in the provision of property management services. As at the date of this announcement, Merchants Property Management is a wholly-owned subsidiary of CMSK.

## **IMPLICATIONS UNDER THE LISTING RULES**

In accordance with the Property Management Master Agreement, property management services shall be provided by Merchants Property Management to the Group. Merchants Property Management was a wholly-owned subsidiary of CMPD, which was the former intermediate controlling shareholder of the Company. CMPD had merged with CMSK on 30 December 2015, after which CMSK became the Company's intermediate controlling shareholder. As at the date of this announcement, CMSK indirectly holds approximately 74.35% of the issued share capital of the Company and Merchants Property Management is a wholly-owned subsidiary of CMSK. Since CMSK is the indirect controlling shareholder of the Company and thus a connected person of the Company by virtue of Rule 14A.07(1) of the Listing Rules, Merchants Property Management is also a connected person of the Company. Accordingly, the transactions contemplated under the Property Management Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company should re-comply with the applicable requirements under Chapter 14A of the Listing Rules before the annual cap is exceeded. As one or more of the applicable percentage ratios in respect of the Revised Annual Caps exceed 0.1% but all the applicable percentage ratios are less than 5%, the Revised Annual Caps are exempt from the independent shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Supplemental Property Management Master Agreement and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the board resolution approving the Supplemental Property Management Master Agreement.

The Directors (including the independent non-executive Directors) consider that the transactions under the Supplemental Property Management Master Agreement are entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of such transactions and the respective Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **DEFINITIONS**

In this announcement, unless otherwise defined or the context requires otherwise, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“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 and was the former intermediate controlling shareholder of the Company, which had merged with CMSK on 30 December 2015 and ceased to have any shareholding interest in the Company since 31 May 2016
“CMSK”	China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司), a company established in the PRC and is the intermediate controlling shareholder of the Company, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 001979.SZ)
“Company”	China Merchants Land Limited (招商局置地有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 978)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Property Management Master Agreement
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Merchants Property Management”	Merchants Property Management Co., Ltd. (招商局物業管理有限公司), a company established in the PRC and is wholly owned by CMSK as at the date of this announcement
“Original Annual Caps”	the original annual caps of RMB110,000,000 for the two financial years ending 31 December 2017 and 2018 in respect of the maximum aggregate annual transaction amounts under the Continuing Connected Transactions
“PRC”	the People’s Republic of China
“Property Management Master Agreement”	the property management agreement dated 29 December 2015 entered into between the Company and Merchants Property Management, in respect of, among other things, the provision of certain property management services by Merchants Property Management to the Group for a fixed term of 3 years commencing from 1 January 2016 until 31 December 2018 (both days inclusive)
“Revised Annual Caps”	the revised annual caps of RMB153,000,000 in respect of the maximum aggregate annual transaction amounts of the Continuing Connected Transactions for the two financial years ending 31 December 2017 and 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Property Management Master Agreement”	the supplemental agreement dated 24 May 2017 entered into between the Company and Merchants Property Management in relation to the revision of the annual caps for the provision of certain property management services by Merchants Property Management contemplated under the Property Management Master Agreement
“%”	per cent

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

Hong Kong, 24 May 2017

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