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招商局置地有限公司

CHINA MERCHANTS LAND LIMITED

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招商局置地有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 978)

**ANNOUNCEMENT
DISCLOSEABLE AND CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE FOR
ACQUISITION OF LAND IN CHONGQING**

ACQUISITION OF THE CHONGQING LAND

On 30 August 2017, Chongqing Merchants and Chongqing Hanzhi jointly won a bidding in respect of the land use rights of the Chongqing Land at a price of RMB1,305,920,000.

SHAREHOLDERS' AGREEMENT

Following the successful bidding of the Chongqing Land, Chongqing Merchants and Chongqing Hanzhi entered into the Shareholders' Agreement on 16 November 2017, pursuant to which Chongqing Merchants and Chongqing Hanzhi shall form the JV Company to jointly develop the Chongqing Land. The total investment value is estimated at approximately RMB2,360,000,000.

IMPLICATIONS UNDER THE LISTING RULES

Century Lord Limited (世霸有限公司) is a substantial shareholder of Pride Oasis Limited, an indirect non wholly-owned subsidiary of the Company established in the British Virgin Islands. Century Lord Limited (世霸有限公司) is a company indirectly controlled by Hongkong Land Holdings which indirectly controls Chongqing Hanzhi. Accordingly, Chongqing Hanzhi is a connected person of the Company at subsidiary level. Therefore, the entering into of the Shareholders' Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Shareholders' Agreement and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms thereof are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Shareholders' Agreement shall only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition and the formation of the JV Company under the Shareholders' Agreement exceed 5% but are less than 25%, the entering into of the Shareholders' Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

ACQUISITION OF THE CHONGQING LAND

On 30 August 2017, Chongqing Merchants and Chongqing Hanzhi jointly won a bidding in respect of the land use rights of the Chongqing Land at a price of RMB1,305,920,000. On the same date, Chongqing Land Management Bureau, which is a PRC Governmental Body and an Independent Third Party, issued the Land Transfer Confirmation to Chongqing Merchants and Chongqing Hanzhi. On 9 October 2017, Chongqing Merchants and Chongqing Hanzhi entered into the Land Use Right Grant Contract with Chongqing Land Bureau in relation to the Acquisition.

Basic information of the Chongqing Land

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| Land location: | District A23-7/06, Liangjiang New District Lijia Group A, Chongqing City, the PRC (中國重慶市兩江新區禮嘉組團A標準分區A23-7/06號宗地) |
| Total site area: | approximately 94,631.2 sq.m. |
| Gross Floor Area: | not more than 113,557.4 sq.m. |
| Usage of land use rights: | the second category of residential land |
| Land Price: | RMB1,305,920,000 |

SHAREHOLDERS' AGREEMENT

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Date of Shareholders' Agreement

16 November 2017

Parties

- i. Chongqing Merchants, an indirect wholly-owned subsidiary of the Company; and
- ii. Chongqing Hanzhi, a company indirectly controlled by Hongkong Land Holdings, and is a connected person of the Company at the subsidiary level.

Shareholding structure and capital contribution to the JV Company

Under the Shareholders' Agreement, the parties agreed, among other things, that:

- a) the registered capital of the JV Company shall be RMB20,000,000, which shall be contributed by Chongqing Merchants and Chongqing Hanzhi in the amount of RMB10,000,000 and RMB10,000,000, respectively according to their respective shareholdings in the JV Company in cash before 30 December 2018;
- b) the interests of Chongqing Merchants and Chongqing Hanzhi in the registered capital of the JV Company shall be 50% and 50%, respectively;
- c) the security deposit of RMB482,620,000 for the Acquisition has been paid by Chongqing Merchants and Chongqing Hanzhi on a 50:50 basis before 30 August 2017;
- d) the security deposit, after deducting initial expenses in relation to the Acquisition, shall be RMB482,148,816 and shall form part of the Land Consideration;
- e) Chongqing Merchants and Chongqing Hanzhi shall bear the Land Consideration amounting to RMB1,305,920,000 in proportion to their respective shareholdings in the JV Company, which shall be paid before 13 September 2017;
- f) Chongqing Merchants and Chongqing Hanzhi shall pay the tax expenses in relation to the Acquisition in proportion to their respective shareholdings in the JV Company;
- g) in the event that the Land Consideration has been fully paid, if the JV Company requires additional funding for its operation, such funding shall be financed by way of bank loans or other financial resources to be obtained by the JV Company. For such third-party financing, Chongqing Merchants and Chongqing Hanzhi may be required to provide guarantee in proportion to their respective shareholdings in the JV Company; and

- h) to the extent that the capital required by the JV Company is not covered by its own bank loan or other financial resources, Chongqing Merchants and Chongqing Hanzhi shall provide shareholders' loan to the JV Company in proportion to their respective shareholdings in the JV Company.

Profit Distribution Arrangement of the JV Company

Pursuant to the Shareholders' Agreement, Chongqing Merchants and Chongqing Hanzhi shall share the profits of the JV Company in proportion to their respective shareholdings in the JV Company.

Management of the JV Company

Significant matters of the JV Company (including but not limited to increase or reduction in capital, amendments to the memorandum and articles of association, mergers, demergers and liquidation) shall be unanimously approved by all the shareholders of the JV Company at the general meeting.

The board of directors of the JV Company shall consist of 6 directors. Chongqing Merchants and Chongqing Hanzhi shall each nominate 3 directors. The chairman of the board of directors of the JV Company (i.e. the legal representative) shall be a director nominated by Chongqing Hanzhi.

The management committee shall be responsible for the daily operation of the JV Company and report to the board of directors. The management committee shall comprise 6 members. Each of Chongqing Merchants and Chongqing Hanzhi shall nominate 3 members.

Each of Chongqing Merchants and Chongqing Hanzhi shall appoint 1 supervisor.

Scope of Business of the JV Company

Pursuant to the Shareholders' Agreement, the business scope of the JV Company shall be the acquisition, construction, development, operation, leasing and property management of the Chongqing Land.

FINANCIAL EFFECTS OF THE TRANSACTIONS

The JV Company shall not become a subsidiary of Chongqing Merchants and shall be accounted for as a joint venture entity in the accounts of the Group. Accordingly, the investment in and the financial results, assets and liabilities of the JV Company will not be consolidated into the accounts of the Group.

Based on the current estimation, the total investment in the JV Company will be approximately RMB2,360,000,000 and Chongqing Merchants' total financial commitment in the JV Company is approximately RMB1,180,000,000. The financial commitment in the JV Company to be made by Chongqing Merchants shall be funded by the Group's internal resources, and is not expected to have any material impact on the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE FORMATION OF THE JV COMPANY

The Group is principally engaged in the development, sale, lease, investment and management of properties in the PRC and the sales of electronic and electrical related products and sales of building related materials and equipment.

According to the Shareholders' Agreement, where the JV Company is in need of capital for its operating requirements, Chongqing Merchants and Chongqing Hanzhi shall provide funding to the JV Company in proportion to their shareholdings in the JV Company. Given such financing arrangements under the Shareholders' Agreement, the Directors consider that the formation of the JV Company could facilitate the development of the Chongqing Land when the demand for capital increases. Since any costs and funding needs arising from the acquisition and development of the Chongqing Land could be shared between Chongqing Merchants and Chongqing Hanzhi in proportion to their respective shareholdings in the JV Company, the capital commitment required on the part of the Company would be lowered and without such financial constraint, the Company can engage in more real estate projects to expand the property development and investment portfolio of the Group. As such, the Company considers that it is in the interest of the Company to acquire and develop the Chongqing Land with Chongqing Hanzhi on a joint basis via the JV Company.

The terms of the Shareholders' Agreement have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Shareholders' Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

PARTICULARS OF THE PARTIES

Chongqing Merchants, a company established in the PRC with limited liability, is principally engaged in property development and sales of property.

Chongqing Hanzhi is principally engaged in the wholesale and retail of construction materials, corporate management services, corporate planning services and property design services. To the best of the Director's knowledge after due enquiries, Chongqing Hanzhi is an indirect subsidiary of Hongkong Land Holdings Limited, which has a standard listing on the London Stock Exchange with a secondary listing on the Bermuda Stock Exchange and Singapore Exchange Securities Trading Limited.

IMPLICATIONS UNDER THE LISTING RULES

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As the Board has approved the Shareholders' Agreement and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms thereof are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Shareholders' Agreement shall only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

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DEFINITIONS

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

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| “Acquisition” | the acquisition of land use rights of the Chongqing Land through public bidding process |
| “Auction” | the public auction held by Chongqing Land Management Bureau at which the Chongqing Land was offered for sale |
| “Board” | the board of Directors |
| “Chongqing Hanzhi” | Chongqing Hanzhi Beixiang Enterprise Management Consultancy Company Limited* (重慶瀚置北翔企業管理顧問有限公司), a company established in the PRC with limited liability |
| “Chongqing Land” | a piece of land situated at District A23-7/06, Liangjiang New District Lijia Group A, Chongqing City, the PRC* (中國重慶市兩江新區禮嘉組團A標準分區A23-7/06號宗地) with a total site area of approximately 94,631.2 sq. m., designated for the second category of residential land |

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| “Chongqing Land Bureau” | Land Resources and Housing Management Bureau of Chongqing City* (重慶市國土資源和房屋管理局) |
| “Chongqing Land Management Bureau” | Land and Resources Trading Centre, Chongqing City* (重慶聯合產權交易所集團股份有限公司土地和資源交易分中心) |
| “Chongqing Merchants” | Chongqing Merchants Yicheng Property Development Company Limited* (重慶招商依城房地產開發有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Company” | China Merchants Land Limited, 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: 0978) |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hongkong Land Holdings” | Hongkong Land Holdings Limited, a company incorporated in Bermuda with limited liability, being a connected person of the Company at the subsidiary level |
| “Independent Third Party” | an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules |
| “JV Company” | the joint venture company to be established in the PRC with limited liability and, upon its establishment, shall be owned as to 50% and 50% by Chongqing Merchants and Chongqing Hanzhi respectively pursuant to the Shareholders’ Agreement |
| “Land Consideration” | RMB1,305,920,000, being the aggregate consideration payable for acquisition of land use rights of the Chongqing Land pursuant to the Shareholders’ Agreement |
| “Land Transfer Confirmation” | the confirmation notice (土地成交確認書) dated 30 August 2017 issued by Chongqing Land Management Bureau to Chongqing Merchants and Chongqing Hanzhi confirming the successful bidding of the Chongqing Land |

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| “Land Use Right Grant Contract” | the land use rights grant contract (國有建設用地使用權出讓合同) entered into between Chongqing Merchants, Chongqing Hanzhi and Chongqing Land Bureau on 9 October 2017 |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time |
| “PRC” | the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “PRC Governmental Body” | has the meaning ascribed to it under the Listing Rules |
| “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) |
| “Shareholders’ Agreement” | an agreement dated 16 November 2017 entered into between Chongqing Merchants and Chongqing Hanzhi in relation to the formation of the JV Company |
| “sq. m.” | square meter |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary” | has the meaning ascribed to it under the Listing Rules |
| “%” | per cent |

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

Hong Kong, 17 November 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.

* *Unofficial English translation denotes for identification purposes only*