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CHINA MERCHANTS LAND LIMITED

招商局置地有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 978)

**MAJOR TRANSACTION:
JOINT VENTURE ARRANGEMENT IN RESPECT OF
DEVELOPMENT OF QINHUAI LAND**

On 29 April 2020, Nanjing Huade won a bidding in respect of the land use rights of the Qinhuai Land and subsequently established the Project Company for the sole purpose of developing the Qinhuai Land.

COOPERATION AGREEMENT

On 16 June 2020, Merchants Nanjing (an indirect non-wholly owned subsidiary of the Company) entered into the Cooperation Agreement with Nanjing Huade and the Project Company for the development of the Qinhuai Land through the Project Company.

Pursuant to the Cooperation Agreement, Merchants Nanjing and Nanjing Huade shall bear the Land Price of RMB6,910,000,000 in proportion to their respective shareholdings in the Project Company of 45% and 55%.

As at the date of the Cooperation Agreement, the registered capital of the Project Company is RMB20,000,000. Upon completion of the Cooperation Agreement, the registered capital of the Project Company shall be increased to RMB4,000,000,000, which shall be contributed and held by each of Merchants Nanjing and Nanjing Huade according to their respective shareholdings in the Project Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Cooperation Agreement exceed 25%, but are all less than 100%, the entering into of the Cooperation Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written Shareholders' approval without the need of convening a general meeting. So far as the Company is aware, none of the Shareholders is materially interested in the Cooperation Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting if a general meeting is to be convened to approve the Cooperation Agreement and the transactions contemplated thereunder. As at the date of this announcement, Success Well directly holds 3,646,889,329 Shares (representing approximately 74.35% of the total issued Shares). As the Company has obtained the Written Approval from Success Well, no extraordinary general meeting of the Company will be convened for the purpose of approving the Cooperation Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Cooperation Agreement and the transactions contemplated thereunder will be despatched to the Shareholders in accordance with the Listing Rules for information purposes only on or before 9 July 2020.

INTRODUCTION

On 29 April 2020, Nanjing Huade won a bidding in respect of the land use rights of the Qinhuai Land at the Land Price of RMB6,910,000,000. On 15 May 2020, the Project Company was established in the PRC by Nanjing Huade as a limited liability company for the sole purpose of developing the Qinhuai Land. Nanjing Huade subsequently entered into a land use right grant contract with the Nanjing Bureau on 26 May 2020 to become the sole beneficiary and developer of the Qinhuai Land.

COOPERATION AGREEMENT

On 16 June 2020, Merchants Nanjing entered into the Cooperation Agreement with Nanjing Huade for the development of the Qinhuai Land through the Project Company.

The principal terms of the Cooperation Agreement are set out below:

Date: 16 June 2020

Parties

- (a) Merchants Nanjing, an indirect non-wholly owned subsidiary of the Company;
- (b) Nanjing Huade, a company established in the PRC with limited liability; and
- (c) the Project Company, a direct wholly-owned subsidiary of Nanjing Huade as at the date of the Cooperation Agreement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Nanjing Huade is a wholly-owned subsidiary of Zhuhai Huafa Industrial Co., Ltd.* (珠海華發實業股份有限公司, "**Huafa Industrial**"), a joint stock company established in the PRC with limited liability and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 600325). The largest shareholder holding approximately 24.2% of the total number of A shares issued by Huafa Industrial is Zhuhai Huafa Group Co., Ltd.* (珠海華發集團有限公司), the entire equity interest of which is held by the State-owned Assets Supervision and Administration Commission of Zhuhai Municipal People's Government* (珠海市人民政府國有資產監督管理委員會).

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

Basic Information of the Qinhuai Land

Land Location:	South of Ningwu Railway, West of Youyihe Road, North of Guanghua Road, Qinhuai District (秦淮區南至寧蕪鐵路、西至友誼河路、北至光華路)
Total Site Area:	approximately 92,687.54 sq.m.
Usage of Land Use Rights:	commercial and residential usage (mixed)

Permitted Plot Ratio: not more than 2.5

Land Price: RMB6,910,000,000 comprising:

- (1) the Deposit of RMB1,306,000,000 which has been paid by Nanjing Huade on 28 April 2020;
- (2) the first instalment of RMB3,455,000,000 which has been paid by Nanjing Huade on 28 May 2020 (part of which is formed by the Deposit) (the “**First Instalment**”); and
- (3) the second instalment of RMB3,455,000,000 payable before 29 October 2020 (the “**Second Instalment**”).

Capital Contribution

Pursuant to the Cooperation Agreement,

- (a) Nanjing Huade shall transfer 45% of the equity interest in the Project Company to Merchants Nanjing without premium, upon which the Project Company shall be held by Merchants Nanjing and Nanjing Huade as to 45% and 55%, respectively;
- (b) Merchants Nanjing and Nanjing Huade shall develop the Qinhuai Land through the Project Company, which shall be the sole beneficiary and developer of the Qinhuai Land;
- (c) Merchants Nanjing and Nanjing Huade shall bear the Land Price, tax, expenses and total investment amount in connection to the development of the Qinhuai Land in proportion to their respective shareholdings in the Project Company of 45% and 55%, respectively;
- (d) the initial registered capital of the Project Company of RMB20,000,000 shall be increased to RMB4,000,000,000, which shall be contributed and held by each of Merchants Nanjing and Nanjing Huade according to their respective shareholdings in the Project Company of 45% and 55%, respectively;

- (e) Merchants Nanjing shall inject RMB1,554,750,000 into a designated bank account of Nanjing Huade for the payment of the First Instalment before 19 June 2020, conditional upon:
- (i) Merchants Nanjing receiving a liquidity support letter issued by Nanjing Huade or its affiliated companies;
 - (ii) Merchants Nanjing receiving payment notice from the Project Company; and
 - (iii) Nanjing Huade charging 45% of the equity interest in the Project Company in favour of Merchants Nanjing as security for the capital contribution by Merchants Nanjing to the Project Company (the “**Share Charge**”). Merchants Nanjing agrees to release the Share Charge after completion of the registration procedures with the relevant government authorities for the transfer of 45% of the equity interest in the Project Company from Nanjing Huade to Merchants Nanjing.
- (f) Merchants Nanjing shall pay a fund possession fee in relation to the Deposit, First Instalment, tax and other expenses to Nanjing Huade at an agreed rate depending on the actual fund possession period; and
- (g) Merchants Nanjing and Nanjing Huade shall cooperate to complete the registration procedures with the relevant government authorities for the transfer of 45% of the equity interest in the Project Company from Nanjing Huade to Merchants Nanjing before 9 November 2020, and within 10 working days upon which Merchants Nanjing and Nanjing Huade shall further cooperate to complete the registration procedures with the relevant government authorities for the increase of registered capital of the Project Company from RMB20,000,000 to RMB4,000,000,000, which shall be contributed and held by each of Merchants Nanjing and Nanjing Huade according to their respective shareholdings in the Project Company of 45% and 55%.

The amount of capital contribution of each of Merchants Nanjing and Nanjing Huade was determined after arm’s length negotiations with reference to the capital requirements of the Project Company and the development cost of the Qinhuai Land. The Group’s share of the total investment is approximately RMB4,234,890,000, which shall be funded by the Group’s internal resources.

Management of the Project Company

Significant matters of the Project Company (including but not limited to increase or reduction in capital, amendments to the memorandum and articles of association, mergers, demergers and liquidation) shall be approved by shareholders' unanimous consent.

The board of directors of the Project Company shall consist of three directors. Merchants Nanjing and Nanjing Huade shall nominate one director and two directors respectively. The chairman of the board of directors of the Project Company (i.e. the legal representative) shall be a director nominated by Nanjing Huade.

The general manager and joint general manager shall be responsible for the management of the Project Company and such persons shall be nominated by Nanjing Huade and Merchants Nanjing respectively.

Profit Distribution Arrangement

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

FINANCIAL IMPACT

Upon completion of the Cooperation Agreement, Merchants Nanjing does not have right to appoint a majority of the board of directors of the Project Company and has no control over the voting rights in the shareholders' meetings of the Project Company, and therefore the Project Company shall not become a subsidiary of Merchants Nanjing. As a result, the financial results, assets and liabilities of the Project Company will not be consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF THE COOPERATION ARRANGEMENT

The Group is engaged in, among others, (i) development, sale, lease, investment and management of properties; and (ii) asset management business.

Each of Merchants Nanjing and Nanjing Huade would benefit from the cooperation in order to exert their strengths, grasp market opportunities and enhance their investment portfolio in the property market in the PRC, which would improve the capital efficiency and effectiveness and reduce the investment risks and thus a greater return could be created for the Shareholders.

The terms of the Cooperation Agreement have been arrived at after arm's length negotiations between the parties to the Cooperation Agreement. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Cooperation 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

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

Nanjing Huade, a company established in the PRC with limited liability, is principally engaged in property development in the PRC.

The Project Company, a company established in the PRC with limited liability, is principally engaged in property development of the Qinhuai Land.

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed hereto in the Listing Rules
“Board”	the board of Directors
“Company”	China Merchants Land Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 978)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 16 June 2020 entered into between Merchants Nanjing, Nanjing Huade and the Project Company for the sole purpose of development of the Qinhuai Land through the Project Company
“Deposit”	the bidding deposit of RMB1,306,000,000 which has been paid by Nanjing Huade on 28 April 2020 and shall form part of the Land Price
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules
“Land Price”	RMB6,910,000,000, being the aggregate consideration payable for acquisition of the Qinhuai Land
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time

“Merchants Nanjing”	China Merchants Property (Nanjing) Limited* (招商局地產(南京)有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Nanjing Bureau”	Nanjing Municipal Planning and Natural Resources Bureau (南京市規劃和自然資源局), an Independent Third Party
“Nanjing Huade”	Nanjing Huade Real Estate Co., Limited* (南京鐸得房地產開發有限公司), a company established in the PRC with limited liability, which is principally engaged in property development in the PRC
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Project Company”	Nanjing Huayao Real Estate Co., Ltd.* (南京鐸耀房地產開發有限公司), a company established in the PRC with limited liability on 15 May 2020 by Nanjing Huade for the sole purpose of developing the Qinhuai Land
“Qinhuai Land”	a piece of land situated at South of Ningwu Railway, West of Youyihe Road, North of Guanghua Road, Qinhuai District with a total site area of approximately 92,687.54 sq.m.
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	shareholders of the Company
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules

“Success Well”	Success Well Investments Limited, a limited liability company incorporated in the British Virgin Islands and the controlling shareholder of the Company which directly owns an aggregate of 3,646,889,329 Shares, representing approximately 74.35% of the issued share capital of the Company as at the date of this announcement
“Written Approval”	the written approval of the Cooperation Agreement and the transactions contemplated thereunder by Success Well dated 16 June 2020
“%”	per cent

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

Hong Kong, 16 June 2020

As at the date of this announcement, the Board comprises Mr. XU Yongjun, Mr. HUANG Junlong and Ms. LIU Ning as non-executive Directors; Dr. SO Shu Fai, Mr. YU Zhiliang and Mr. WONG King Yuen as executive Directors and Dr. WONG Wing Kuen, Albert, Ms. CHEN Yanping, Dr. SHI Xinping and Mr. HE Qi as independent non-executive Directors.

* *Unofficial English translation denotes for identification purposes only*