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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)**

**CONNECTED TRANSACTION  
JOINT VENTURE ARRANGEMENT IN RESPECT OF  
DEVELOPMENT OF 2020G15 NANJING LAND**

**COOPERATION AGREEMENT**

On 23 November 2020, Merchants Nanjing (an indirect non-wholly owned subsidiary of the Company) entered into the Cooperation Agreement with Sichuan Guida, Jiangsu Poly, Wuhan Sanxing and Nanjing New Hope for the development of the 2020G15 Land through the Project Company.

Pursuant to the Cooperation Agreement, Merchants Nanjing, Jiangsu Poly, Wuhan Sanxing and Sichuan Guida shall bear the Land Price in proportion to their proposed respective shareholdings in the Project Company, being 25% each, respectively.

According to the Cooperation Agreement, the initial registered capital of the Project Company is RMB30 million, which shall be increased to RMB79.5 million and further increased to RMB318 million upon completion of the Cooperation Agreement, which shall be contributed and held by each of Merchants Nanjing, Jiangsu Poly, Wuhan Sanxing and Sichuan Guida according to their respective shareholdings in the Project Company. The Group's share of the total estimated investment is approximately RMB371.87 million.

## **LISTING RULES IMPLICATIONS**

As (a) the sole purpose of the Project Company is to develop the 2020G15 Land which is a project of a revenue nature in the ordinary and usual course of business of the Company; (b) the project/transactions contemplated under the Cooperation Agreement are on an arm's length basis and on normal commercial terms; and (c) the Project Company, may not, without the unanimous consent of the JV Partners, change the nature and scope of its business or enter into any transactions which are not on an arm's length basis, the transactions contemplated under the Cooperation Agreement do not constitute notifiable transactions of the Company pursuant to Rule 14.04(1)(f) of the Listing Rules.

Poly Jiangsu Real Estate, a substantial shareholder of the Company's non wholly-owned subsidiary, Nanjing Shanjiyei, is a connected person of the Company at the subsidiary level. Jiangsu Poly is a subsidiary of Poly Jiangsu Real Estate, and therefore, is an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(1) of the Listing Rules. Accordingly, the entering into of the Cooperation Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Cooperation 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 Cooperation 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.

## **THE COOPERATION AGREEMENT**

The principal terms of the Cooperation Agreement are summarized as follows:

### **Date**

23 November 2020

### **Parties**

- (a) Merchants Nanjing, an indirect non wholly-owned subsidiary of the Company;
- (b) Sichuan Guida, a company established in the PRC with limited liability;
- (c) Jiangsu Poly, a company established in the PRC with limited liability;

- (d) Wuhan Sanxing, a company established in the PRC with limited liability; and
- (e) Nanjing New Hope, a company established in the PRC with limited liability.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Sichuan Guida, Wuhan Sanxing and Nanjing New Hope and their respective ultimate beneficial owners are Independent Third Parties. Poly Jiangsu Real Estate, a substantial shareholder of the Company's non wholly-owned subsidiary, Nanjing Shanjiyei, is a connected person of the Company at the subsidiary level. Jiangsu Poly is a subsidiary of Poly Jiangsu Real Estate, and therefore, is an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(1) of the Listing Rules.

### **Basic Information of the 2020G15 Land**

Land Location:	Jiangbei New District, east of the road as planned, west of Xinpu Road, south of Jiangyuan Road and north of current border
Total site area:	22,518.45 sq.m
Usage of Land Use Rights:	Residential usage with a term of 70 years
Land Price:	RMB1,060 million

### **Capital Commitment**

Pursuant to the Cooperation Agreement:

- (a) The initial registered capital of the Project Company in the amount of RMB30 million shall be contributed by each of Merchants Nanjing, Sichuan Guida and Wuhan Sanxing as to 24% by Merchants Nanjing, 51% by Sichuan Guida, and 25% by Wuhan Sanxing;
- (b) each of Merchants Nanjing, Sichuan Guida, Jiangsu Poly and Wuhan Sanxing shall, by way of capital injection, endeavor to increase the registered capital of the Project Company from RMB30 million to RMB79.5 million, and upon completion, the shareholding of the Project Company are as to the following shareholding proportions:
  - i. 24% by Merchants Nanjing;
  - ii. 26% by Sichuan Guida;
  - iii. 25% by Jiangsu Poly; and

- iv. 25% by Wuhan Sanxing;
- (c) each of Merchants Nanjing, Sichuan Guida, Jiangsu Poly and Wuhan Sanxing shall, by way of further capital injection, endeavor to increase the registered capital of the Project Company from RMB79.5 million to RMB318 million, and upon completion, the shareholding of the Project Company are as to the following shareholding proportions:
- i. 25% by Merchants Nanjing;
  - ii. 25% by Sichuan Guida;
  - iii. 25% by Jiangsu Poly; and
  - iv. 25% by Wuhan Sanxing;
- (d) the Project Company shall become the sole beneficiary and developer of the 2020G15 Land; and
- (e) Merchants Nanjing, Sichuan Guida, Jiangsu Poly and Wuhan Sanxing shall bear the Land Price, tax, expenses and total investment amount in connection to the development of the 2020G15 Land in proportion to their proposed respective shareholdings in the Project Company.

Sichuan Guida may subsequently assign its rights in the Project Company to Nanjing New Hope.

The amount of capital commitment of each of Merchants Nanjing, Sichuan Guida, Jiangsu Poly and Wuhan Sanxing was determined after arm's length negotiations with reference to the capital requirements of the Project Company and the estimated development cost of the 2020G15 Land. The Group's share of the total estimated investment is approximately RMB371.87 million which shall be funded by the Group's internal resources.

### **Management of the Project Company**

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 require the approval of all shareholders of the Project Company at the general meeting.

The board of directors of the Project Company shall consist of 5 directors. Merchants Nanjing, Sichuan Guida, Jiangsu Poly and Wuhan Sanxing shall nominate one director, two directors, one director and one director, respectively.

One general manager and 3 associate general managers shall be responsible for the management of the Project Company. The associate manager shall be nominated by Sichuan Guida and each of Merchants Nanjing, Jiangsu Poly and Wuhan Sanxing shall nominate 1 associate general manager.

### **Profit Distribution Arrangement of the Project Company**

Pursuant to the Cooperation Agreement, Merchants Nanjing, Sichuan Guida, Jiangsu Poly and Wuhan Sanxing 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 TRANSACTION**

The Group is principally engaged in the development, sale, lease, investment and management of properties and assets management.

Each of Merchants Nanjing, Sichuan Guida, Jiangsu Poly and Wuhan Sanxing would benefit from the cooperation in order to exert their strengths, generate synergistic effect and enhance their investment portfolio in the property market in the PRC, which would improve the capital efficiency and effectiveness, 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. The Directors (including the independent non-executive Directors) have confirmed that the Acquisition and the terms of the Cooperation Agreement (including the financing and profit distribution arrangements) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

None of the Directors has any material interest in the Cooperation Agreement and the transactions contemplated thereunder, and none of the Directors has abstained from voting on the board resolutions approving the Cooperation Agreement and the transactions contemplated thereunder.

## **PARTICULARS OF THE PARTIES**

Merchants Nanjing is a company established in the PRC and an indirect non wholly-owned subsidiary of the Company. It is principally engaged in property development in the PRC.

Sichuan Guida is a company established in the PRC and is principally engaged in property development in the PRC, and is an indirect non wholly-owned subsidiary of Sichuan New Hope Property Development Ltd.\* (四川新希望房地產開發有限公司).

Jiangsu Poly is a company established in the PRC and is principally engaged in property development in the PRC, and is an indirect wholly-owned subsidiary of Poly Development Holding Group Limited\* (保利發展控股集團股份有限公司), a listed company in Shanghai Stock Exchange with stock code 600048.

Wuhan Sanxing is a company established in the PRC and is principally engaged in property development in the PRC, and is an indirect wholly-owned subsidiary of Langold Real Estate Co., Ltd.\* (南國置業股份有限公司), a listed company in Shenzhen Stock Exchange with stock code 002305.

Nanjing New Hope is a company established in the PRC and is principally engaged in property development in the PRC, and is an indirect wholly-owned subsidiary of Sichuan New Hope Property Development Ltd.\* (四川新希望房地產開發有限公司).

## **LISTING RULES IMPLICATIONS**

As (a) the sole purpose of the Project Company is to develop the 2020G15 Land which is a project of a revenue nature in the ordinary and usual course of business of the Company; (b) the project/transactions contemplated under the Cooperation Agreement are on an arm's length basis and on normal commercial terms; and (c) the Project Company, may not, without the unanimous consent of the JV Partners, change the nature and scope of its business or enter into any transactions which are not on an arm's length basis, the transactions contemplated under the Cooperation Agreement do not constitute notifiable transactions of the Company pursuant to Rule 14.04(1)(f) of the Listing Rules.

Poly Jiangsu Real Estate, a substantial shareholder of the Company's non wholly-owned subsidiary, Nanjing Shanjieyi, is a connected person of the Company at the subsidiary level. Jiangsu Poly is a subsidiary of Poly Jiangsu Real Estate, and therefore, is an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(1) of the Listing Rules. Accordingly, the entering into of the Cooperation Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Cooperation 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 Cooperation 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.

## DEFINITIONS

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

“2020G15 Land”	a piece of land situated at Jiangbei New District, east of the road as planned, west of Xinpu Road, south of Jiangyuan Road and north of current border (江北新區, 東至規劃道路, 西至新浦路, 南至江苑路, 北至現狀), with a total site area of approximately 22,518.45 sq.m
“Acquisition”	the acquisition of land use rights of the 2020G15 Land through public bidding process
“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(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 23 November 2020 entered into between China Merchants Nanjing, Sichuan Guida, Jiangsu Poly, Wuhan Sanxing and Nanjing New Hope in relation to the joint investment in the Project Company for the sole purpose of obtaining the land use rights of and developing the 2020G15 Land through the Project Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC



“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
“Jiangsu Poly”	Jiangsu Poly Ningsheng Real Estate Development Co., Limited* (江蘇保利寧晟房地產開發有限公司), a company established in the PRC with limited liability and a party to the Cooperation Agreement
“JV Partners”	contracting parties of the Cooperation Agreement
“Land Price”	the aggregate consideration payable for the Acquisition pursuant to the Cooperation Agreement
“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, an indirect non wholly-owned subsidiary of the Company, and a party to the Cooperation Agreement
“Nanjing New Hope”	Nanjing New Hope Real Estate Co., Ltd* (南京新希望置業有限公司), a company established in the PRC with limited liability and a party to the Cooperation Agreement
“Nanjing Shanjieyi”	Nanjing Shanjieyi Property Development Company Limited* (南京善杰義房地產開發有限公司), a company established in the PRC with limited liability and an indirectly non wholly-owned subsidiary of the Company

“Poly Jiangsu Real Estate”	Poly Jiangsu Real Estate Development Co., Limited* (保利江蘇房地產發展有限公司), a company established in the PRC with limited liability and a connected person of the Company at the subsidiary level
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Project Company”	Nanjing Jinhua Real Estate Co., Ltd.* (南京錦華置業有限公司), a company established in the PRC with limited liability by Merchants Nanjing, Sichuan Guida, Jiangsu Poly and Wuhan Sanxing for the sole purpose of obtaining the land use rights of and developing the 2020G15 Land pursuant to the Cooperation Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sichuan Guida”	Sichuan Guida Industrial Co., Limited* (四川貴達實業有限公司), a company established in the PRC with limited liability and a party to the Cooperation Agreement
“sq.m”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules

“Wuhan Sanxing”

Wuhan Sanxing Enterprise Management Consulting Co., Ltd\* (武漢三型企業諮詢管理有限公司), a company established in the PRC with limited liability and a party to the Cooperation Agreement

“%”

per cent.

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

Hong Kong, 23 November 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.*

*If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.*

\* *Unofficial English translation denotes for identification purposes only*