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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 PAZHOU LAND**

COOPERATION AGREEMENT

On 16 December 2020, Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Poly Urban Development and the Project Company for the development of the Land through the Project Company.

Pursuant to the Cooperation Agreement, Guangzhou Merchants and Poly Urban Development shall bear the Land Price, the Initial Contribution, tax, expenses and total investment amount in connection to the development of the Land in proportion to their respective shareholdings in the Project Company of 50% and 50%.

According to the Cooperation Agreement, the initial registered capital of the Project Company is RMB10,000,000. 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 Guangzhou Merchants and Poly Urban Development according to their respective shareholdings in the Project Company of 50% and 50%.

LISTING RULES IMPLICATIONS

As (a) the sole purpose of the Project Company is to develop the Land which is a project of a revenue nature in the ordinary and usual course of business of the Company; (b) the 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, a substantial shareholder of the Company's subsidiary, Nanjing Shanjieyi, is a connected person of the Company at the subsidiary level. Poly Urban Development and Poly Jiangsu are fellow subsidiaries under the control of Poly Development Holding Group Limited* (保利發展控股集團股份有限公司). Poly Urban Development, therefore, is an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(1) of the Listing Rules. The Project Company is a subsidiary of Poly Urban Development as at the date of the Cooperation Agreement, and therefore, also an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(3) 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.

On 26 October 2020, Poly Urban Development won a bidding in respect of the land use rights of the Land at the Land Price of RMB4,689,780,000. A land use right grant contract was entered into on 17 November 2020.

On 5 November 2020, the Project Company was established in the PRC as a limited liability company for the sole purpose of property development of the Land. On 4 December 2020, an amendment agreement to the land use right grant contract was entered into, pursuant to which the Project Company became the sole beneficiary and developer of the Land.

COOPERATION AGREEMENT

On 16 December 2020, Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Poly Urban Development and the Project Company for the development of the Land through the Project Company.

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

Date: 16 December 2020

Parties:

- (a) Poly Urban Development, a fellow subsidiary of Poly Development Holding Group Limited* (保利發展控股集團股份有限公司) with Poly Jiangsu, and an associate of a connected person of the Company at the subsidiary level;
- (b) Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company; and
- (c) the Project Company, a company established in the PRC with limited liability and a subsidiary of Poly Urban Development as at the date of the Cooperation Agreement, and an associate of a connected person of the Company at the subsidiary level.

Basic information of the Land

Land location: Lot AH041405 (Pazhou East District), No. 2437 Xingang East Road, Haizhu District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市海珠區新港東路2437號AH041405(琶洲東區)地塊)

Total site area: approximately 17,382 sq.m

Usage of land use rights: commercial and residential usage (mixed)

Permitted plot ratio: not more than 5.9

Land Price: RMB4,689,780,000 comprising:

- (1) the Bidding Deposit of RMB726,000,000 which has been paid by Poly Urban Development on 14 October 2020; and
- (2) the remaining Land Price of RMB3,963,780,000 payable within 30 days after the entering into of the land use right grant contract.

Capital contribution

Pursuant to the Cooperation Agreement,

- (a) Guangzhou Merchants and Poly Urban Development shall bear the Land Price, the Initial Contribution, tax, expenses and total investment amount in connection to the development of the Land in proportion to their respective shareholdings in the Project Company of 50% and 50%;
- (b) the initial registered capital of the Project Company of RMB10,000,000 shall be increased to RMB4,000,000,000, which shall be contributed and held by each of Guangzhou Merchants and Poly Urban Development according to their respective shareholdings in the Project Company of 50% and 50%;
- (c) Guangzhou Merchants has contributed RMB363,000,000 for the repayment of the Bidding Deposit paid by Poly Urban Development in respect of the proportion borne by Guangzhou Merchants according to its shareholding in the Project Company;
- (d) Guangzhou Merchants shall pay a fund possession fee in relation to the Bidding Deposit to Poly Urban Development at an agreed rate depending on the actual fund possession period;
- (e) the JV Partners shall make the Initial Contribution of RMB40,000,000 according to their respective shareholdings in the Project Company for the daily operations of the Project Company on the day of payment of the remaining Land Price of RMB3,963,780,000; and
- (f) the JV Partners shall pay the remaining Land Price of RMB3,963,780,000 and tax and expenses according to their respective shareholdings in the Project Company of 50% and 50%.

The amount of capital contribution of each of the JV Partners was determined after arm's length negotiations with reference to the capital requirements of the Project Company and the development cost of the Land. The Group's share of the estimated total investment amount is approximately RMB3,182,965,000, which shall be funded by the Group's internal resources and/or external 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 and change in the nature and scope of business of the Project Company) shall be unanimously approved by all the shareholders of the Project Company at the general meeting.

The board of directors of the Project Company shall consist of three directors. Poly Urban Development shall nominate one director and Guangzhou Merchants shall nominate two directors. The chairman of the board of directors of the Project Company shall be a director appointed by Poly Urban Development.

The general manager shall be responsible for the management of the Project Company and such person shall be nominated by Guangzhou Merchants and appointed by the board of directors of the Project Company.

Profit distribution arrangement

Pursuant to the Cooperation Agreement, each of Poly Urban Development and Guangzhou Merchants shall share the profits of the Project Company in proportion to their respective shareholdings in the Project Company.

FINANCIAL IMPACT

Since Guangzhou Merchants has the right to appoint a majority of the board of directors of the Project Company and has control over the voting rights in the shareholder's meeting of the Project Company, the Project Company shall become a subsidiary of Guangzhou Merchants after the completion of the Cooperation Agreement. As a result, the financial results, assets and liabilities of the Project Company shall be consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF THE COOPERATION ARRANGEMENT

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

Each of Poly Urban Development and Guangzhou Merchants 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 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. 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 ordinary and usual course of business of the Group, 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

Poly Urban Development, a company established in the PRC with limited liability, is principally engaged in property development and management, and is a direct 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.

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

The Project Company, a company established in the PRC with limited liability, is principally engaged in property development of the Land, and is a direct wholly-owned subsidiary of Poly Urban Development as at the date of the Cooperation Agreement.

LISTING RULES IMPLICATIONS

As (a) the sole purpose of the Project Company is to develop the Land which is a project of a revenue nature in the ordinary and usual course of business of the Company; (b) the 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, a substantial shareholder of the Company's subsidiary, Nanjing Shanjiyei, is a connected person of the Company at the subsidiary level. Poly Urban Development and Poly Jiangsu are fellow subsidiaries under the control of Poly Development Holding Group Limited* (保利發展控股集團股份有限公司). Poly Urban Development, therefore, is an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(1) of the Listing Rules. The Project Company is a subsidiary of Poly Urban Development as at the date of the Cooperation Agreement, and therefore, also an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(3) 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:

“associate(s)”	has the meaning ascribed hereto in the Listing Rules
“Bidding Deposit”	the bidding deposit of RMB726,000,000 which has been paid on 14 October 2020 and shall form part of the Land Price

“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 December 2020 entered into between Poly Urban Development, Guangzhou Merchants and the Project Company in relation to the joint venture arrangement for the sole purpose of development of the Land through the Project Company
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Merchants”	Guangzhou Merchants Property Development Limited* (廣州招商房地產有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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
“Initial Contribution”	the initial contribution of RMB40,000,000 payable by the JV Partners for the daily operations of the Project Company
“JV Partners”	Poly Urban Development and Guangzhou Merchants

“Land”	a piece of land situated at Lot AH041405 (Pazhou East District), No. 2437 Xingang East Road, Haizhu District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市海珠區新港東路2437號AH041405 (琶洲東區) 地塊) with a total site area of approximately 17,382 sq.m
“Land Price”	RMB4,689,780,000, being the aggregate consideration payable for acquisition of the Land
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“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”	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
“Poly Urban Development”	Guangdong Poly Urban Development Co., Ltd.* (廣東保利城市發展有限公司), a company established in the PRC with limited liability and an associate of a connected person of the Company at the subsidiary level
“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”	Guangzhou Baosui Real Estate Co., Ltd.* (廣州保穗置業有限公司), a company established in the PRC with limited liability on 5 November 2020 for the sole purpose of property development of the Land
“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
“%”	per cent

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

Hong Kong, 16 December 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*