



Independent Financial Adviser Concurs with China Merchants Land's Proposed Amendment to Non-Competition Deed To Seize Market Opportunities via Both Asset Light and Heavy Models

10 January 2019 -- With regard to China Merchants Land Limited's ("China Merchants Land" or "the Company", stock code: 00978) and its subsidiaries (the "Group") entering into the amended and restated non-competition deed ("Amended Non-Competition Deed") with its controlling shareholder China Merchants Shekou Industrial Zone Holdings Co., Ltd. ("CMSK"), Altus Capital Limited, being the independent financial adviser (the "Independent Financial Adviser"), is of the view that the Amended Non-Competition Deed and the transactions contemplated thereunder are in the interests of the Company and its shareholders as a whole. Accordingly, the Independent Financial Adviser recommends the independent shareholders, as well as the Independent Board Committee to advise the independent shareholders, to vote in favour of the resolution to be proposed at the extraordinary general meeting ("EGM") to approve the Amended Non-Competition Deed and the transactions contemplated thereunder.

According to the Amended Non-Competition Deed by both parties, it would allow China Merchants Land to gradually develop "asset-light" property operation and management business without geographical restriction, while retaining the geographic protections for its "asset-heavy" property development business in Greater Guangzhou (including Foshan) and Greater Nanjing (including Jurong). The Independent Financial Adviser is of the view that the Amended Non-Competition Deed helps to strike a balance between restricting undue competition between the Company and CMSK on the one hand, and providing the Company flexibility in pursuing new business opportunities in future. The Amended Non-Competition Deed is subject to consideration and approval by the independent shareholders at the EGM to be held on 29 January.

The Independent Financial Adviser is also of view that pursuant to the Amended Non-Competition Deed, there will be a clearer delineation of CMSK' strategic positioning from that of the Company; CMSK will continue to focus on asset-heavy property development, whilst the Company will gradually transform into an asset-light property operator and continue to operate its traditional property development business in China Merchants Land's cities, thereby facilitating the Company to develop its stated strategy of being asset-light and enhancing the Group' competitiveness. As such, the Independent Financial Adviser is of the view that the Amended Non-Competition Deed is fair and reasonable and in the interests of the Company and the shareholders as a whole.

The “asset-light” asset management business of China Merchants Land will focus on developing the asset management platform for office premises and service apartments. After the completion of the transfer of CMSK’s equity interests in assets management business in Beijing and Shanghai to China Merchants Land, China Merchants Land will engage in the asset management business for the office premises in Beijing and Shanghai on an exclusive basis. After the completion of the transfer of assets management business for office premises in Beijing and Shanghai to China Merchants Land, CMSK intends to further transfer the asset management business for office premises in Shenzhen to China Merchants Land. After the completion of the above-mentioned transfers, China Merchants Land would acquire other asset management businesses for office premises operated by CMSK in China. The Company shall have the exclusive right to conduct the assets management business for office premises in all the cities in China, while CMSK will undertake that it will not engage in any assets management business for office premises in China.

The Company also intends to further expand its service apartment platform in Hong Kong. Apart from the CM+ Service Apartment in Sheung Wan, Hong Kong, the Company will proactively identify opportunities for investment in the management of suitable service apartment projects owned by third parties and CMSK, so as to consolidate the “CM+” brand.

In addition, according to the Amended Non-Competition Deed, China Merchants Land is entitled to participate in property-related investments on a minority basis (shareholding of not more than 30 per cent) across China including the CMSK’s cities. Non-controlling investments allows the Company to participate in the development of high-quality projects in all other cities and share investment gains.

About China Merchants Land Limited

China Merchants Land Limited is a holding company with comprehensive capabilities of property development, operation and management. Its property portfolio spans across Guangzhou, Foshan, Nanjing, Jurong, Chongqing and Xi’an. China Merchants Shekou Industrial Zone Holdings Co., Ltd. indirectly owns a 74.35 per cent equity interest in the Company.

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