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## **CONNECTED TRANSACTION FORMATION OF A JOINT VENTURE COMPANY**

### **FORMATION OF THE JOINT VENTURE COMPANY**

On 28 January 2015, Guan Hua Gang and Shenzhen Lianxin have entered into the Cooperation Agreement to form a JV Company for the purpose of developing and managing property projects jointly selected by them, either through entities wholly-owned by the JV Company or joint venture entities to be established by the JV Company and other prospective joint venture partners.

Pursuant to the terms of the Cooperation Agreement, Guan Hua Gang and Shenzhen Lianxin have agreed to form a JV Company to be owned as to 51% and 49% by Guan Hua Gang and Shenzhen Lianxin respectively. The registered capital of the JV Company is initially set at RMB100 million. The capital commitment to be made by Guan Hua Gang and Shenzhen Lianxin into the JV Company is expected to be RMB51 million and RMB49 million respectively and will be borne on a pro-rata basis with reference to their prospective percentage of equity interest in the JV Company to be established.

### **LISTING RULES IMPLICATIONS**

Shenzhen Lianxin is a substantial shareholder of an indirect non wholly-owned subsidiary of the Company and Shenzhen Lianxin is indirectly controlled by Ping An Real Estate, which indirectly controls certain substantial shareholders (including Shenzhen Lianxin) of several subsidiaries of the Company in addition to the JV Company. Accordingly, Shenzhen Lianxin is a connected person of the Company at the subsidiary level under the Listing Rules. As the relevant percentage ratios for the formation of the JV Company and the transactions contemplated under the Cooperation Agreement are less than 5%, pursuant to Rule 14A.76 of the Listing Rules, the Cooperation Agreement and the related arrangements will constitute connected transaction of the Company subject only to the reporting and announcement requirements, but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 resolution approving the Cooperation Agreement and the transactions contemplated thereunder.

## **FORMATION OF THE JOINT VENTURE COMPANY**

On 28 January 2015, Guan Hua Gang (a wholly-owned subsidiary of the Company) and Shenzhen Lianxin have entered into the Cooperation Agreement to form a JV Company for the purpose of developing and managing property projects jointly selected by them (“**Projects**”), either through entities wholly-owned by the JV Company or joint venture entities to be established by the JV Company and other prospective joint venture partners (such entities shall be referred to as the “**Project Companies**”). The material terms of the Cooperation Agreement are set out below.

### **Cooperation Agreement**

Date: 28 January 2015

Parties:

- (1) Guan Hua Gang, a wholly-owned subsidiary of the Company; and
- (2) Shenzhen Lianxin, a company indirectly controlled by Ping An Real Estate, and a connected person at the subsidiary level of the Company.

### **Ownership of the JV Company**

Pursuant to the terms of the Cooperation Agreement, Guan Hua Gang and Shenzhen Lianxin have agreed to form a JV Company to be owned as to 51% and 49% by Guan Hua Gang and Shenzhen Lianxin respectively.

### **Registered capital and capital commitment**

The registered capital of the JV Company is initially set at RMB100 million pursuant to the Cooperation Agreement. The capital commitment to be made by Guan Hua Gang and Shenzhen Lianxin into the JV Company is expected to be RMB51 million and RMB49 million respectively and will be borne on a pro-rata basis with reference to their prospective percentage of equity interest in the JV Company to be established.

The amount of the total capital commitment for each party was arrived at after arm’s length negotiation among Guan Hua Gang and Shenzhen Lianxin with reference to the initial registered capital amount of the JV Company. It is expected that the capital contribution will be used to finance the operations of the JV Company.

Pursuant to the terms of the Cooperation Agreement, the total amount to be contributed in cash by Guan Hua Gang is RMB51 million, which will be financed by internal resources of the Group.

## **Management structure of the JV Company**

Pursuant to the Cooperation Agreement, the board of directors of the JV Company shall consist of five members, of which Guan Hua Gang is entitled to nominate three directors and Shenzhen Lianxin is entitled to nominate two directors. The chairman of the board of directors of the JV Company, who shall also be the legal representative of the Company, will be a director of the JV Company nominated by Guan Hua Gang. The JV Company will have a vice chairman, who will be a director of the JV Company nominated by Shenzhen Lianxin.

## **INFORMATION ON THE COMPANY AND THE COUNTERPARTIES**

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. Guan Hua Gang is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company. The Group is principally engaged in the development, sale, lease, investment and management of properties in the PRC and the sales of electronic related products and sales of building related materials and equipment.

Shenzhen Lianxin is a company established in the PRC with limited liability, a substantial shareholder of 廣州依雲房地產有限公司 (Guangzhou Yi Yun Property Development Limited\*), an indirect non wholly-owned subsidiary of the Company established in the PRC and engaged in property development project in Guangzhou, the PRC and it is indirectly controlled by Ping An Real Estate. Ping An Real Estate indirectly controls certain substantial shareholders (including Shenzhen Lianxin) of subsidiaries of the Company. Accordingly, Shenzhen Lianxin is a connected person of the Company at subsidiary level. The principal business of Shenzhen Lianxin is investment management.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE COMPANY**

Each of the parties would be benefited from the cooperation in order to exert their strength, grasp the market opportunities and enhance its 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 Guan Hua Gang and Shenzhen Lianxin. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Cooperation Agreement and the transactions contemplated thereunder are on normal commercial terms or better in the ordinary course of business of the Group, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Shenzhen Lianxin is a company established in the PRC with limited liability, a substantial shareholder of 廣州依雲房地產有限公司 (Guangzhou Yi Yun Property Development Limited\*), an indirect non wholly-owned subsidiary of the Company established in the PRC and engaged in property development project in Guangzhou, the PRC and it is indirectly controlled by Ping An Real Estate. Ping An Real Estate indirectly controls certain substantial

shareholders (including Shenzhen Lianxin) of subsidiaries of the Company. Accordingly, Shenzhen Lianxin is a connected person of the Company at subsidiary level under the Listing Rules. As the relevant percentage ratios for the formation of the JV Company and the transactions contemplated under the Cooperation Agreement are less than 5%, pursuant to Rule 14A.76 of the Listing Rules, the Cooperation Agreement and the related arrangements will constitute connected transaction of the Company subject only to the reporting and announcement requirements, but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 resolution approving the Cooperation Agreement and the transactions contemplated thereunder.

## DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors 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: 978)
“connected person”	has the meaning as ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 28 January 2015 entered into among Guan Hua Gang and Shenzhen Lianxin
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guan Hua Gang”	冠華港貿易(深圳)有限公司 (Guan Hua Gang Trading (Shenzhen) Company Limited*), a company established in the PRC and a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	the joint venture company to be set up by Guan Hua Gang and Shenzhen Lianxin under the Cooperation Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Ping An Real Estate”	平安不動產有限公司 (Ping An Real Estate Company Limited), a company established in the PRC with limited liability and a connected person of the Company at the subsidiary level which indirectly controls Shenzhen Lianxin
“PRC”	the People’s Republic of China which, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shenzhen Lianxin”	深圳聯新投資管理有限公司 (Shenzhen Lianxin Investment and Management Company Limited*), a company established in the PRC which is indirectly controlled by Ping An Real Estate, and is a connected person of the Company at subsidiary level
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent.

By order of the Board of Directors of  
**China Merchants Land Limited**  
**Mr. He Jianya**  
*Chairman*

Hong Kong, 28 January 2015

*As at the date of this announcement, the Board comprises Dr. So Shu Fai, Mr. Xian Yaoqiang, Mr. Liu Zhuogen and Mr. Yu Zhiliang as Executive Directors; Mr. He Jianya, Ms. Wu Zhenqin and Ms. Liu Ning as Non-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*