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**SUPPLEMENTAL AGREEMENT IN RELATION TO
THE MAJOR TRANSACTION INVOLVING
FORMATION OF A JOINT VENTURE COMPANY; AND
CONNECTED TRANSACTION**

On 23 September 2016, after further negotiations, Merchants Nanjing and Poly Jiangsu entered into the Fund Settlement Agreement to agree on the arrangements in relation to, among other matters, the form of contribution to be made by Poly Jiangsu to the remaining balance of the Nanjing 2016G01 Land Consideration.

Reference is made to the announcement of the Company dated 30 June 2016 (“**Announcement**”) regarding, among other things, the major transaction regarding the formation of the JV Company contemplated under the Nanjing 2016G01 Land Cooperation Agreement entered into between Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu.

Capitalised terms in this announcement shall have the same meanings as they were defined in the Announcement, unless otherwise specified herein.

As at the date of this announcement, each of Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu has paid up their respective capital contributions to the JV Company in cash equal to the aggregate amount of RMB1,000 million in the proportion of 51%, 33% and 16%. Pursuant to the Nanjing 2016G01 Land Cooperation Agreement, each of Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu shall subscribe to the increase in registered capital of the JV Company from RMB1,000 million to RMB1,500 million so that their respective percentage of equity interest in the JV Company shall become 36%, 33% and 31% respectively and contribute to the remaining balance of the Nanjing 2016G01 Land Consideration according to such proportion by 27 September 2016.

On 1 July 2016, the State-owned Assets Supervision and Administration of the State Council of the PRC and Ministry of Finance of the PRC jointly issued Order Number 32 entitled Enterprise State-owned Assets Transaction Supervision and Management Regulations* (企業國有資產交易監督管理辦法) (“**Order No. 32**”), which required that the increase of registered capital for State-owned Enterprises shall in principle be implemented openly through the public property rights market. In view of the new requirements under Order No.32, the shareholding adjustment between Merchants Nanjing and Poly Jiangsu from 51%:16% to 36%:31% may be required to be implemented openly through the public property rights market. As a result, it is anticipated that longer time will be required for the Group to ascertain whether the requirement under Order No. 32 is applicable to the capital increase of the JV Company and, if applicable, to complete the procedures and obtain governmental approval for the increase of registered capital of the JV Company. Despite that, the JV Shareholders are required to pay their respective contributions to the JV Company for settling the remainder of the Nanjing 2016G01 Land Consideration by 27 September 2016.

As a result, on 23 September 2016, after further negotiations, Merchants Nanjing and Poly Jiangsu entered into the fund settlement agreement to agree on the arrangements in relation to, among other matters, the form of contribution to be made by Poly Jiangsu to the remaining balance of the Nanjing 2016G01 Land Consideration (“**Fund Settlement Agreement**”).

A summary of the principal terms of the Fund Settlement Agreement are as follows:

Date

23 September 2016

Parties

- (a) Merchants Nanjing, an indirect non-wholly owned subsidiary of the Company; and
- (b) Poly Jiangsu, a company established in the PRC with limited liability. The principal business of Poly Jiangsu is property development. As at the date of this announcement, Poly Jiangsu is the holder of 16% equity interest of the JV Company which is a subsidiary of the Company, therefore, Poly Jiangsu is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

Contribution by Poly Jiangsu

Despite the current percentage of equity interests in the JV Company held by each of Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu being 51%, 33% and 16%, each of Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu shall adhere to the deadline for paying their respective contributions to the remaining balance of the Nanjing 2016G01 Land Consideration by 27 September 2016 in accordance with the proportion of 36%, 33% and 31% respectively. On that basis and after taking into account the payments already made by Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu, the respective amounts payable by each of them by 27 September 2016 are RMB506.1 million, RMB795.3 million and RMB1,108.6 million, respectively and the contribution of Poly Jiangsu in excess of its current shareholding of 16% shall be treated as a loan bearing the prevailing benchmark bank lending interest rate quoted by the People's Bank of China to the JV Company from Poly Jiangsu which amounted to RMB723 million (equal to 15% of the Nanjing 2016G01 Land Consideration). After Poly Jiangsu has made the said contribution, Merchants Nanjing shall, within 15 PRC Working Days thereafter, charge 15% of its equity interest of the JV Company to Poly Jiangsu and complete the registration of the charge with the relevant government authorities, failing which Poly Jiangsu shall have the right to require Merchants Nanjing to provide sufficient funding to the JV Company for it to repay Poly Jiangsu the RMB723 million and to charge a funding cost on Merchants Nanjing at 1% on top of the prevailing benchmark bank lending interest rate quoted by the People's Bank of China (not less than one-year term) per annum until the full amount has been repaid to Poly Jiangsu.

In the event that Poly Jiangsu successfully subscribes for the further 15% equity interest of the JV Company so that the shareholding of Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu becomes in the proportion of 36%, 33% and 31%, the loan of RMB723 million provided by Poly Jiangsu as mentioned above shall be treated as its contribution to the Nanjing 2016G01 Land Consideration under the Nanjing 2016G01 Land Cooperation Agreement. In the event that Order No. 32 requirement is applicable but Poly Jiangsu is not able to subscribe for the further 15% equity interest of the JV Company through the open market, Merchants Nanjing and Poly Jiangsu shall further negotiate on alternative ways to adjust their shareholding in the JV Company.

As Poly Jiangsu is a substantial shareholder of the JV Company which is a subsidiary of the Company, Poly Jiangsu is a connected person of the Company at the subsidiary level, the provision of the interest bearing loan of RMB723 million by Poly Jiangsu to the JV Company secured by a charge of 15% equity interest of the JV Company provided by Merchants Nanjing in favour of Poly Jiangsu as contemplated under the Fund Settlement Agreement constitutes a financial assistance received by the Group and hence a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) have approved the Fund Settlement Agreement and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Fund Settlement Agreement 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. By reason of the aforesaid, pursuant to rule 14A.101 of the Listing Rules, the Fund Settlement Agreement and the transactions contemplated thereunder will only be subject 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 Fund Settlement Agreement and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the board resolution approving the Fund Settlement Agreement and the transactions contemplated thereunder.

As disclosed in the announcement of the Company dated 22 September 2016, the Company has applied for and the Stock Exchange has granted to the Company a second waiver from strict compliance with Rule 14.41(a) of the Listing Rules, which allows the despatch date of the circular to be further postponed to a date falling on or before 31 October 2016. As such, the details regarding the Nanjing 2016G01 Land Cooperation Agreement (as modified by the Fund Settlement Agreement) will be provided in the circular to be despatched by the Company to the Shareholders on or before 31 October 2016.

On behalf of the Board
China Merchants Land Limited
Xu Yongjun
Chairman

Hong Kong, 23 September 2016

As at the date of this announcement, the Board comprises Mr. Xu Yongjun, Mr. Huang Junlong, Mr. Yan Chengda 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*