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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)

**DISCLOSEABLE TRANSACTION
COOPERATION AGREEMENT**

The Board is pleased to announce that on 17 January 2019, Merchants Foshan, an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Foshan Hongtai pursuant to which, among other things, Merchants Foshan and Foshan Hongtai shall jointly develop the WG0035 Land through the Project Company. Merchants Foshan has conditionally agreed to contribute an amount of RMB50.2 million in the registered capital of the Project Company. Upon completion of the capital contribution by Merchants Foshan, the Project Company shall be held as to 49.9% by Foshan Hongtai and as to 50.1% by Merchants Foshan.

Merchants Foshan and Foshan Hongtai have agreed to bear the consideration for the WG0035 Land and related development, operating and investment fees in proportion to their proposed shareholding in the Project Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the transactions as contemplated under the Cooperation Agreement exceed 5% but are less than 25%, the entering into of the Cooperation Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirement but exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

BACKGROUND

On 10 December 2018, Foshan Hongtai had successfully won a bidding in respect of the land use rights of the WG0035 Land at a price of RMB988.37 million. On 28 December 2018, Foshan Hongtai entered into the Land Use Right Grant Contract with the Foshan Municipal Bureau of Land and Resources in relation to the Acquisition.

THE COOPERATION AGREEMENT

On 17 January 2019, Merchants Foshan, an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Foshan Hongtai, pursuant to which Merchants Foshan agreed to invest in the Project Company with Foshan Hongtai for developing the WG0035 Land through the Project Company.

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

Date

17 January 2019

Parties

- (a) Merchants Foshan, a wholly-owned subsidiary of the Company; and
- (b) Foshan Hongtai, a company established in the PRC with limited liability.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Foshan Hongtai and their respective ultimate beneficial owners are Independent Third Parties.

Basic Information of the WG0035 Land

Land Location:	Taiping Industrial Zone, Taiping Avenue, Dali Town, Nanhai District, Foshan City, PRC
Total site area:	43,518 sq.m
Usage of Land Use Rights:	Residential and carpark usage with a term of 70 years. Business and entertainment usage with a term of 40 years

Permitted plot ratio: Not more than 3.0 for Area A and not more than 2.5 for Area B

Land Price: RMB988.37 million

In view of the location and the designated use of the WG0035 Land, the Directors consider that the Acquisition is in line with the business development strategy and plan of the Group. The Directors (including independent non-executive Directors) consider that the Acquisition is a transaction of revenue nature and is carried out in the ordinary and usual course of business and are on normal commercial terms which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

None of the Directors has a material interest in the Acquisition and the Cooperation Agreement, and none of them is required to abstain from voting on the relevant board resolution(s).

Capital Contribution and Shareholder's Loan

Pursuant to the Cooperation Agreement:

- (a) Merchants Foshan and Foshan Hongtai shall develop the WG0035 Land through the Project Company, which shall be the sole beneficiary and developer of the WG0035 Land;
- (b) Merchants Foshan and Foshan Hongtai shall bear the consideration of the WG0035 Land (the "**Land Price**"), tax, expenses and total investment amount in connection to the development of the WG0035 Land in proportion to their respective proposed shareholdings in the Project Company;
- (c) Upon the satisfaction of the conditions that (i) the Project Company has been duly incorporated and the registered capital of RMB50 million has been paid up; and (ii) the Project Company has entered into the supplemental land transfer contract for the assignment of the rights and obligations of the land transfer contract, the registered capital of the Company shall be increased to RMB100,200,000, of which RMB50,000,000 and RMB50,200,000 shall be payable by Foshan Hongtai and Merchants Foshan, respectively. Upon completion of the capital contribution by Merchants Foshan, the Project Company shall be held as to 49.9% and 50.1% by Foshan Hongtai and Merchants Foshan, respectively;

- (d) On or before 23 January 2019, Merchants Foshan shall provide to the Project Company a payment of RMB30,855,000, being the balance of the first payment of the Land Price (the “**Loan**”); and
- (e) If Merchants Foshan is unable to complete the capital increase to the Project Company before such payment is made, Foshan Hongtai shall provide a guarantee letter to guarantee the repayment obligation of the Investment Pre-Payment. Foshan Hongtai shall also create a mortgage over the entire registered capital of the Project Company in favor of Merchants Foshan and complete relevant registration procedure. Such guarantee letter shall be terminated and such share mortgage shall be released upon Merchants Foshan becoming a shareholder of the Project Company according to industry and commercial registration.

The amount of capital and loan contribution of each of Merchants Foshan and Foshan Hongtai was determined after arm’s length negotiations with reference to the capital requirements of the Project Company and the development cost of the WG0035 Land. The Group’s share of the total estimated investment is approximately RMB929,961,210 which shall be funded by the Group’s internal 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) shall require the unanimous consent of all shareholders representing all voting rights of the Project Company at the general meeting. The remaining matters shall be approved by shareholders representing more than one half of voting rights of the Project Company at the general meetings.

The board of directors of the Project Company shall consist of five directors. Merchants Foshan and Foshan Hongtai shall nominate three directors and two directors, respectively. All matters to be passed by the board of directors of the Project Company shall be approved by one-half of the board of directors of the Project Company.

The Project Company shall have 2 supervisors. Merchants Foshan and Foshan Hongtai shall each nominate one supervisor. Both supervisors shall be in charge of the daily management and operations of the Project Company.

The Project Company shall have 1 financial director, which shall be nominated by Merchants Foshan, and 1 assistant financial director, which shall be nominated by Foshan Hongtai.

Profit Distribution Arrangement of the Project Company

Pursuant to the Cooperation Agreement, Merchants Foshan and Foshan Hongtai shall share the profits of the Project Company in proportion to their respective proposed shareholdings in the Project Company.

FINANCIAL IMPACT

Upon completion of the capital increase to the effect that the Project Company is owned as to 50.1% by Merchants Foshan and 49.9% by Foshan Hongtai, the Project Company becomes a subsidiary of Merchants Foshan. As a result, the financial results, assets and liabilities of the Project Company will 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 in the PRC and the sales of electronic and electrical related products and sales of building related materials and equipment.

Each of the Merchants Foshan and Foshan Hongtai would benefit from the cooperation in order to exert their strengths, grasp market opportunities 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.

PARTICULARS OF THE PARTIES

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

Foshan Hongtai is a company established in the PRC and is principally engaged in property development in the PRC.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions as contemplated under the Cooperation Agreement exceed 5% but are less than 25%, the entering into of the Cooperation Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirement but exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of land use rights of the WG0035 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 17 January 2019 entered into between Merchants Foshan and Foshan Hongtai in relation to the joint investment in the Project Company for the sole purpose of obtaining the land use rights of and developing the WG0035 Land through the Project Company
“Director(s)”	the director(s) of the Company
“Foshan Hongtai”	Foshan Times Hongtai Investment Limited* (佛山市時代鴻泰投資有限公司), a company established in the PRC with limited liability and a party to the Cooperation Agreement
“Foshan Municipal Bureau of Land and Resources”	The municipal bureau of land and resources of the district of Foshan City* (佛山市國土資源和城鄉規劃局)
“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

“Land Price”	RMB988.37 million, being the aggregate consideration payable for the Acquisition pursuant to the Cooperation Agreement
“Land Use Right Grant”	the confirmation of the public transfer of state-owned construction land use rights (國有建設用地使用權公開出讓成交確認書) entered into between Foshan Hongtai and the Foshan Municipal Bureau of Land and Resources on 19 December 2018
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Merchants Foshan”	Foshan China Merchants Property Limited* (佛山招商房地產有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of the Company, and a party to the Cooperation Agreement
“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”	Foshan City Times Guan hong Real Estate Development Limited* (佛山市時代冠鴻房地產開發有限公司) a company established in the PRC with limited liability by Foshan Hongtai for the sole purpose of obtaining the land use rights of and developing the WG0035 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)
“sq.m”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary”	has the meaning ascribed to it under the Listing Rules
“WG0035 Land”	a piece of land situated at Taiping Industrial Zone, Taiping Avenue, Dali Town, Nanhai District, Foshan City, PRC* (佛山市南海區大瀝鎮太平大道太平工業區), with a total site area of approximately 43,518 sq.m
“%”	per cent.

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

Hong Kong, 17 January 2019

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*