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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:
JOINT VENTURE ARRANGEMENT IN RESPECT OF
DEVELOPMENT OF HUANGPU LAND**

On 22 November 2018, Beijing Shengshi (an indirectly wholly-owned subsidiary of Minmetals Land) won the bidding in respect of the land use right of the Huangpu Land and subsequently established the Project Company for the sole purpose of developing the Huangpu Land.

COOPERATION AGREEMENT

On 11 April 2019, Guangzhou Merchants (an indirect wholly-owned subsidiary of the Company) entered into the Cooperation Agreement with Beijing Shengshi and the Project Company for the development of the Huangpu Land through the Project Company.

Pursuant to the Cooperation Agreement, Guangzhou Merchants and Beijing Shengshi shall bear the Land Price of RMB1,090,230,000 and the Initial Contribution of RMB30,000,000 in proportion to their respective shareholdings in the Project Company of 49% and 51%.

As at the date of the Cooperation Agreement, the registered capital of the Project Company is RMB2,000,000, which has not yet been paid by Beijing Shengshi. Upon completion of the Cooperation Agreement, the registered capital of the Project Company shall be increased to RMB1,000,000,000, which shall be contributed and held by Guangzhou Merchants and Beijing Shengshi according to their respective shareholdings in the Project Company of 49% and 51%.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Cooperation Agreement exceed 5%, but are all less than 25%, the entering into the Cooperation Agreement and the transactions contemplated constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

On 22 November 2018, Beijing Shengshi (an indirectly wholly-owned subsidiary of Minmetals Land) won a bidding in respect of the land use rights of the Huangpu Land at the Land Price of RMB1,090,230,000, and subsequently entered into a land use right grant contract with Guangzhou Land Bureau on 4 December 2018. On 6 December 2018, the Project Company was established in the PRC by Beijing Shengshi as a limited liability company for the sole purpose of developing the Huangpu Land, and subsequently entered into an amendment to land use right grant contract with Guangzhou Land Bureau on 7 January 2019 to become the sole beneficiary and developer of the Huangpu Land.

COOPERATION AGREEMENT

On 11 April 2019, Guangzhou Merchants entered into the Cooperation Agreement with Beijing Shengshi and the Project Company for the development of the Huangpu Land through the Project Company.

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

Date: 11 April 2019

Parties

- (a) Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company;
- (b) Beijing Shengshi, an indirect wholly-owned subsidiary of Minmetals Land; and
- (c) the Project Company, a direct wholly-owned subsidiary of Beijing Shengshi as at the date of the Cooperation Agreement;

To the best of the Director's knowledge, information and belief and having made all reasonable enquiries, Beijing Shengshi, the Project Company and their respective ultimate beneficial owners are Independent Third Parties.

Basic Information of the Huangpu Land

Land Location:	The east side of Maogang Road and the north side of Kengtian Road, Huangpu District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市黃埔區茅崗路以東、坑田路以北)
Total Site Area:	approximately 13,802 sq.m.
Usage of Land Use Rights:	second category of residential land with a term of 70 years
Permitted Plot Ratio:	not more than 3.8
Land Price:	RMB1,090,230,000 comprising: (1) the Deposit of RMB218,050,000 which has been paid by Beijing Shengshi on 12 November 2018; and (2) the remaining Land Price of RMB872,180,000 which has also been paid by Beijing Shengshi on 20 December 2018.

Capital Contribution

Pursuant to the Cooperation Agreement,

- (a) Guangzhou Merchants and Beijing Shengshi shall develop the Huangpu Land through the Project Company, which shall be the sole beneficiary and developer of the Huangpu Land;
- (b) Guangzhou Merchants and Beijing Shengshi shall bear the Land Price, Initial Contribution, tax, expenses and total investment amount in connection to the development of the Huangpu Land in proportion to their respective shareholdings in the Project Company of 49% and 51%;
- (c) the initial registered capital of the Project Company of RMB2,000,000 has not yet been paid by Beijing Shengshi;
- (d) the Stamp Duty of RMB545,100 in relation to acquisition of the land use right of Huangpu Land has been paid by Beijing Shengshi on 21 December 2018;

- (e) the Deposit of RMB218,050,000, the remaining Land Price of RMB872,180,000 and the Stamp Duty shall be converted as a shareholder's loan made by Beijing Shengshi to the Project Company (the "**Shareholder's Loan**"), and the interest of which shall be calculated based on an annual interest rate of 8% and until the actual repayment date;
- (f) within five working days after signing the Cooperation Agreement and the Earnest Money Agreement,
 - (i) Guangzhou Merchants shall contribute RMB534,212,700 to the Project Company for partial repayment of the Shareholder's Loan in (e) above (the "**Contribution**"); and
 - (ii) Guangzhou Merchants and Beijing Shengshi shall contribute RMB14,700,000 and RMB15,300,000 to the Project Company as the Initial Contribution respectively, for repayment of the Stamp Duty and the interest of Shareholder's Loan and daily operations of the Project Company;
- (g) Beijing Shengshi or its affiliated company shall enter into the Earnest Money Agreement with Guangzhou Merchants, pursuant to which:
 - (i) Beijing Shengshi or its affiliated company undertakes to be liable for the Contribution and the Initial Contribution in the event that Guangzhou Merchants fail to become the shareholder of the Project Company; and
 - (ii) the interest of the Contribution provided by Guangzhou Merchants to the Project Company, the interest of the Initial Contribution and the interest of the remaining amount of Shareholder's Loan amounting to RMB556,017,300 provided by Beijing Shengshi to the Project Company shall be calculated based on an annual interest rate of 6%; and
- (h) upon the completion of registration and filing procedures with the relevant governmental authorities, the registered capital of the Project Company will be increased from RMB2,000,000 to RMB1,000,000,000, which shall be contributed and held by Guangzhou Merchants and Beijing Shengshi according to their respective shareholdings in the Project Company of 49% and 51%, i.e. as to RMB490,000,000 and RMB510,000,000 respectively.

The amount of capital contribution of each of Guangzhou Merchants and Beijing Shengshi was determined after arm's length negotiations with reference to the capital requirements of the Project Company and the development cost of the Huangpu Land. The Group's share of the total investment is approximately RMB807,007,803, which shall be funded by the Group's internal resources.

Conditions Precedent

Completion of the transaction contemplated under the Cooperation Agreement is conditional upon:

- (a) the Land Price having been fully paid;
- (b) the entering into of an amendment to land use right grant contract between the Project Company and Guangzhou Land Bureau, so that the Project Company shall become the sole beneficiary and developer of the Huangpu Land; and
- (c) the Project Company has no indebtedness other than the Shareholder's Loan and debts incurred from ordinary course of business for the purpose of developing the Huangpu Land.

Upon the fulfilment of conditions (a) to (c), among others,

- (i) Beijing Shengshi shall engage an assessment agency to issue valuation report in relation to the Project Company, upon which Beijing Shengshi and Guangzhou Merchants shall agree on the valuation of the Project Company, and the failure to agree on the valuation will automatically render termination of the Cooperation Agreement;
- (ii) Guangzhou Merchants shall complete its financial and legal due diligence exercise in relation to the Project Company and upon which Beijing Shengshi and Guangzhou Merchants shall agree on how to deal with risks disclosed in due diligence reports; and
- (iii) Beijing Shengshi shall initiate public listing in relation to the transaction contemplated under the Cooperation Agreement within 20 working days after it has completed its internal approval procedures.
- (iv) In the events that (1) the public listing fails to be initiated within 300 days after the Cooperation Agreement is entered into, without the default of any parties of the agreement ; or (2) the registration and filing procedures with the relevant governmental authorities fail to complete due to state-owned assets supervision and administration regulations or procedural reason, the parties shall have the right to terminate the Cooperation Agreement.

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 be approved by shareholders representing not less than two third of the voting rights of the Project Company.

The board of directors of the Project Company shall consist of three directors. Beijing Shengshi and Guangzhou Merchants shall nominate two directors and one director respectively. The chairman of the board of directors of the Project Company (i.e. the legal representative) shall be a director nominated by Beijing Shengshi.

Profit Distribution Arrangement

Pursuant to the Cooperation Agreement, Guangzhou Merchants and Beijing Shengshi shall share the profits of the Project Company in proportion to their respective shareholdings in the Project Company.

FINANCIAL IMPACT

Since Guangzhou Merchants does not have the right to appoint a majority of the board of directors of the Project Company and has no control over the voting rights in the shareholder's meeting of the Project Company, the Project Company shall not become a subsidiary of Guangzhou Merchants. As a result, the financial results, assets and liabilities of the Project Company shall not be consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF THE COOPERATIVE ARRANGEMENT

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 Guangzhou Merchants and Beijing Shengshi 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 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 interests of the Company and its Shareholders as a whole.

PARTICULARS OF THE PARTIES

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

Beijing Shengshi, a company established in the PRC with limited liability, is principally engaged in property development in the PRC.

The Project Company, a company established in the PRC with limited liability, is principally engaged in property development of the Huangpu Land.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Cooperation Agreement exceed 5%, but are all less than 25%, the entering into the Cooperation Agreement and the transactions contemplated constitute a discloseable transaction of the Company under Chapter 14 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
“Beijing Shengshi”	Beijing Shengshi Guangye Investment Management Limited* (北京盛世廣業投資管理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Minmetals Land
“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

“Contribution”	The amount of RMB534,212,700 Guangzhou Merchants undertakes to contribute to the Project Company under the Cooperation Agreement for partial repayment of the Shareholder’s Loan
“Cooperation Agreement”	the cooperation agreement dated 11 April 2019 entered into between Guangzhou Merchants, Beijing Shengshi and the Project Company for the sole purpose of development of the Huangpu Land through the Project Company
“Deposit”	the bidding deposit of RMB218,050,000 which has been paid by Beijing Shengshi on 12 November 2018 and shall form part of the Land Price
“Directors”	the directors of the Company
“Earnest Money Agreement”	An earnest money agreement to be entered into by Beijing Shengshi or its affiliated company separately with Guangzhou Merchants, pursuant to which Beijing Shengshi or its affiliated company undertakes to be liable for the Contribution and the Initial Contribution
“Group”	the Company and its subsidiaries
“Guangzhou Land Bureau”	The Land Resources and Planning Bureau of Guangzhou City* (廣州市國土資源和規劃委員會), an Independent Third Party
“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
“Huangpu Land”	a piece of land situated at the east side of Maogang Road and the north side of Kengtian Road, Huangpu District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市黃埔區茅崗路以東、坑田路以北) with a total site area of approximately 13,802 sq.m.

“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 RMB30,000,000 payable by Guangzhou Merchants and Beijing Shengshi for repayment of the Stamp Duty and the interest of Shareholder’s Loan and daily operations of the Project Company
“Land Price”	RMB1,090,230,000, being the aggregate consideration payable for acquisition of the land use right of Huangpu Land
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Minmetals Land”	Minmetals Land Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 230)
“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 Kuangrong Property Development Limited* (廣州礦榮房地產開發有限公司), a company established in the PRC with limited liability on 6 December 2018 by Beijing Shengshi for the sole purpose of developing the Huangpu 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
“Shareholder’s Loan”	the shareholder’s loan provided by Beijing Shengshi to the Project Company in respect of the Deposit, the remaining Land Price of RMB872,180,000 and the Stamp Duty

“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, 11 April 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.

* *Unofficial English translation denotes for identification purposes only*