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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:  
INVESTMENT IN RUI'AN JIAMAO REAL ESTATE CO., LTD.\***

**SUBSCRIPTION OF SHARES IN THE TARGET COMPANY**

On 27 May 2019, Champion Apex (a direct wholly-owned subsidiary of the Company), China Jinmao, Liangheng Investment, the Target Company, Brilliant Friend and the Project Company entered into the Cooperation Agreement for the development of the Land through the Project Company.

As at the date of the Cooperation Agreement, the Target Company holds 100% of the issued share capital in Brilliant Friend and Brilliant Friend holds 100% of the equity interest in the Project Company, which holds the land use right in respect of the Land.

Pursuant to the Cooperation Agreement, the share capital increase of USD86,900,000 shall be made to the Target Company and Champion Apex has agreed to subscribe shares in the Target Company representing 24.5% of the total issued shares of the Target Company at an aggregate consideration of (i) USD21,290,500 or (ii), the value of such shares according to the State-owned Assets Supervision and Administration Commission (tentatively on 31 March 2019), whichever higher. Champion Apex shall provide Shareholders' Loan to the Target Company in an amount of approximately RMB227,164,976. Upon completion of the Cooperation Agreement, the shareholding of China Jinmao, Champion Apex and Liangheng Investment in the Target Company shall be 51%, 24.5% and 24.5%, respectively and the Target Company shall continue to hold 100% equity interest of the Project Company.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions 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.

### **INTRODUCTION**

On 28 January 2019, Brilliant Friend won a bidding in respect of the land use right of the Land. On 1 February 2019, the Project Company was established in the PRC with limited liability by Brilliant Friend for the sole purpose of developing the Land. The Project Company has a registered capital of USD86,900,000.

On 18 February 2019, a land use right grant contract has been signed between Brilliant Friend and Rui'an Land Bureau in respect of the Land. Subsequently, a supplemental agreement to the land use right grant contract has been signed between the Project Company and Rui'an Land Bureau on the same date, upon which the Project Company shall become the sole beneficiary and developer of the Land.

### **COOPERATION AGREEMENT**

On 27 May 2019, Champion Apex, China Jinmao, Liangheng Investment, the Target Company, Brilliant Friend and the Project Company entered into the Cooperation Agreement for the development of the Land through the Project Company.

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

**Date**

27 May 2019

**Parties**

- (a) Champion Apex, a direct wholly-owned subsidiary of the Company;
- (b) China Jinmao, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 817);
- (c) Liangheng Investment, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of Zhongliang Holdings;
- (d) the Target Company, a direct wholly-owned subsidiary of China Jinmao;
- (e) Brilliant Friend, a direct wholly-owned subsidiary of the Target Company; and
- (f) the Project Company, a direct wholly-owned subsidiary of Brilliant Friend.

To the best of the Director's knowledge, information and belief and having made all reasonable enquiries, China Jinmao, Liangheng Investment, the Target Company, Brilliant Friend and the Project Company, and their respective ultimate beneficial owners are Independent Third Parties.

**Subject matter**

As at the date of the Cooperation Agreement, the Target Company holds 100% of the issued share capital in Brilliant Friend and Brilliant Friend holds 100% of the equity interest in the Project Company, which holds the land use right in respect of the Land.

Pursuant to the Cooperation Agreement, the share capital increase of USD86,900,000 shall be made to the Target Company and Champion Apex has agreed to subscribe shares in the Target Company representing 24.5% of the total issued shares of the Target Company at an aggregate consideration of (i) USD21,290,500 or (ii), the value of such shares according to the State-owned Assets Supervision and Administration Commission (tentatively on 31 March 2019), whichever higher. Champion Apex shall provide shareholders' loan to the

Target Company in an amount of approximately RMB227,164,976. Upon completion of the Cooperation Agreement, the shareholding of China Jinmao, Champion Apex and Liangheng Investment in the Target Company shall be 51%, 24.5% and 24.5%, respectively and the Target Company shall continue to hold 100% equity interest of the Project Company.

### **Capital contributions**

Pursuant to the Cooperation Agreement, Champion Apex shall subscribe 24.5% of the total issued shares of the Target Company at an aggregate consideration of (i) USD21,290,500 or (ii), the value of such shares according to the State-owned Assets Supervision and Administration Commission (tentatively on 31 March 2019), whichever higher. The subscription shall be completed within 7 working days upon notification from China Jinmao and in any event no later than 31 December 2019.

The total amount of shareholders' loan to be provided by Champion Apex shall be approximately RMB227,164,976 (the "**Shareholders' Loan**"), which comprises:

- (a) RMB207,564,976 shall be provided to the Target Company within 3 working days after the signing of the Cooperation Agreement for its respective payable amount for the bidding guarantee, Land Price, performance deposit and other expenses payable by the Project Company; and
- (b) RMB19,600,000, being the initial contributions by Champion Apex and shall be provided to the Project Company within 3 working days after the signing of the Cooperation Agreement.

An affiliate of China Jinmao shall enter into separate undertakings with Champion Apex or its affiliate, pursuant to which the affiliate of China Jinmao undertakes to be liable for the contributions required to be made by Champion Apex until the Target Company has allotted new shares as set out in the paragraph headed "Subject matter" above.

China Jinmao has the right to deregister the Target Company in the future, and upon which each of China Jinmao, Champion Apex and Liangheng Investment will directly hold Brilliant Friend as to 51%, 24.5% and 24.5%, respectively and hence remains indirectly holding the Project Company as to 51%, 24.5% and 24.5%, respectively.

The amount of capital contributions of each of China Jinmao, Champion Apex and Liangheng Investment was determined after arm's length negotiations with reference to the land premium and associated cost of the Land, as well as the proportion of equity interest in the Project Company to be indirectly held by each party after completion of the Share Subscription. The Group's share of the total estimated investment is approximately RMB682,393,600 which shall be funded by the Group's internal resources.

## **Loan repayment arrangements**

Upon receiving the Shareholders' Loan from Champion Apex and loan from the other shareholder, the Project Company shall repay China Jinmao in the amount of approximately RMB284,593,005.97 which represents partial repayment of the shareholder's loan or loan provided by China Jinmao and/or its affiliate to Brilliant Friend, which in turn constitutes the shareholder's loan provided by Brilliant Friend to the Project Company for the Land Price, performance deposit, development cost and other expenses incurred by the Project Company as of the date of the Cooperation Agreement. Earlier capital contribution paid by China Jinmao shall be subject to interests at a rate of 10% to be payable by Champion Apex when such Shareholders' Loan is made by Champion Apex.

## **Shareholders' voting rights**

Significant matters of the Target 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 more than two-third of voting rights of the Target Company.

The sole shareholder of each of Brilliant Friend and the Project Company shall exercise its voting rights in accordance with the articles of association of each of Brilliant Friend and the Project Company.

## **Management of the Target Company, Brilliant Friend and the Project Company**

The board of directors of each of the Target Company, Brilliant Friend and the Project Company shall consist of five directors. China Jinmao shall nominate three directors and each of Champion Apex and Liangheng Investment shall nominate one director. The chairman of the board of directors of each of the Target Company, Brilliant Friend and the Project Company shall be a director nominated by China Jinmao.

All matters relevant to the development of the Land shall be managed by the board of directors of the Project Company. The board of directors of the Target Company and Brilliant Friend would not directly participate in the matters relevant to the development of the Land.

## **Profit distribution arrangement of the Target Company, Brilliant Friend and the Project Company**

Pursuant to the Cooperation Agreement, China Jinmao, Champion Apex and Liangheng Investment shall share the profits of each of the Target Company, Brilliant Friend and the Project Company in proportion to their respective shareholdings in each of the three companies.

## **PARTICULARS OF THE TARGET COMPANY, BRILLIANT FRIEND AND THE PROJECT COMPANY**

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 3 January 2018 with one issued share of USD1 each, and is principally engaged in investment holding, which indirectly holds 100% of the equity interests in the Project Company through Brilliant Friend. The Project Company is a company incorporated in the PRC with limited liability on 1 February 2019 and is principally engaged in the development of the Land located at the north side of 5 Ciwei Road and the two sides of 31 Zhijing Road, Feiyun Street, Rui'an City, Zhejiang Province, the PRC\* (中國浙江省瑞安市飛雲街道，次緯五路以北、支經三十一路兩側). The Land has a total site area of approximately 114,285 sq.m., designated for residential usage with a term of 70 years and commercial usage with a term of 40 years.

Set out below is a summary of the consolidated financial information of the Target Company for the period from 3 January 2018 (being the date of incorporation) to 31 December 2018, and for the three months ended 31 March 2019, prepared in accordance with the applicable financial reporting standards in the PRC:

	<b>For the three months ended 31 March 2019 (audited) RMB</b>	<b>From 3 January 2018 to 31 December 2018 (unaudited) RMB</b>
Revenue	0	0
Net profit/(loss) before taxation	(4,249,785.28)	0.28
Net profit/(loss) after taxation	(3,182,135.04)	0.28

The audited consolidated total asset value and net liabilities value of the Target Company as at 31 March 2019 was approximately RMB432,705,552.90 and RMB1,674,674.02, respectively.

## **FINANCIAL IMPACT**

Since Champion Apex does not have the right to appoint a majority of the board of directors of each of the Target Company, Brilliant Friend and the Project Company, and has no control over the voting rights in the shareholder's meeting of each of the three companies, the three companies shall not become subsidiaries of Champion Apex. As a result, the financial results, assets and liabilities of the three companies shall not 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 China Jinmao, Champion Apex and Liangheng Investment 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 Share Subscription and the terms of the Cooperation 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.

## **PARTICULARS OF THE PARTIES**

Champion Apex, a company incorporated in Hong Kong with limited liability, is principally engaged in investment holding.

China Jinmao, a company incorporated in Hong Kong with limited liability, is principally engaged in property development in the PRC.

Liangheng Investment, a company incorporated in the British Virgin Islands with limited liability, is principally engaged in investment holding.

The Target Company, a company incorporated in the British Virgin Islands with limited liability, is principally engaged in investment holding.

Brilliant Friend, a company incorporated in Hong Kong with limited liability, is principally engaged in investment holding.

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

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions 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.

## **DEFINITIONS**

“associate(s)”	has the meaning ascribed hereto in the Listing Rules
“Board”	the board of Directors
“Brilliant Friend”	Brilliant Friend Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
“Champion Apex”	Champion Apex Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“China Jinmao”	China Jinmao Holdings Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 817)
“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
“Cooperation Agreement”	the cooperation agreement dated 27 May 2019 entered into between China Jinmao, Champion Apex, Liangheng Investment, the Target Company, Brilliant Friend and the Project Company for the development of the Land through the Project Company



“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“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”	a piece of land situated at the north side of 5 Ciwei Road and the two sides of 31 Zhijing Road, Feiyun Street, Rui’an City, Zhejiang Province, the PRC* (中國浙江省瑞安市飛雲街道，次緯五路以北、支經三十一路兩側) with a total site area of approximately 114,285 sq.m.
“Land Price”	RMB793,370,000, being the aggregate consideration for acquisition of the land use right of the Land
“Liangheng Investment”	Liangheng Investment Company Limited* (梁恒投資有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Zhongliang Holdings
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“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”	Rui’an Jiamao Real Estate Co., Ltd.* (瑞安佳茂置業有限公司), a company established in the PRC with limited liability on 1 February 2019 by Brilliant Friend for the sole purpose of developing the Land
“RMB”	Renminbi, the lawful currency of the PRC
“Rui’an Land Bureau”	The Natural Resources and Planning Bureau of Rui’an City* (瑞安市自然資源和規劃局), an Independent Third Party

“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Subscription”	the share subscription in the Target Company, subject to and in accordance with the terms and conditions of the Cooperation Agreement and the MOU
“Shareholder(s)”	shareholders of the Company
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“Target Company”	Plenty Thrive Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of China Jinmao
“USD”	United States dollars, the lawful currency of the United States
“Zhongliang Holdings”	Zhongliang Holdings Group Company Limited, a company incorporated in Cayman Islands with limited liability
“%”	per cent

By order of the Board  
**China Merchants Land Limited**  
**XU Yongjun**  
*Chairman*

Hong Kong, 27 May 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*