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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 BAIYUN LAND**

On 16 May 2019, Guangzhou Juntang won a bidding in respect of the land use rights of the Baiyun Land and subsequently established the Project Company for the sole purpose of developing the Baiyun Land.

COOPERATION AGREEMENT

On 1 July 2019, Guangzhou Merchants (an indirect wholly-owned subsidiary of the Company) entered into the Cooperation Agreement with Guangzhou Juntang and the Project Company for the development of the Baiyun Land through the Project Company.

Pursuant to the Cooperation Agreement, Guangzhou Merchants and Guangzhou Juntang shall bear the Land Price of RMB1,486,610,000 and the Initial Contribution of RMB20,000,000 in proportion to their respective shareholdings in the Project Company of 50.1% and 49.9%.

As at the date of the Cooperation Agreement, the registered capital of the Project Company is RMB10,000,000. Upon completion of the Cooperation Agreement, the registered capital of the Project Company shall be increased to RMB650,000,000, which shall be contributed and held by each of Guangzhou Merchants and Guangzhou Juntang according to their respective shareholdings in the Project Company.

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 of the Cooperation Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

On 16 May 2019, Guangzhou Juntang won a bidding in respect of the land use rights of the Baiyun Land at the Land Price of RMB1,486,610,000. On 22 May 2019, the Project Company was established in the PRC by Guangzhou Juntang as a limited liability company for the sole purpose of developing the Baiyun Land. Guangzhou Juntang subsequently entered into a land use right grant contract with the Guangzhou Bureau on 3 June 2019.

COOPERATION AGREEMENT

On 1 July 2019, Guangzhou Merchants entered into the Cooperation Agreement with Guangzhou Juntang for the development of the Baiyun Land through the Project Company.

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

Date: 1 July 2019

Parties

- (a) Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company;
- (b) Guangzhou Juntang, a company established in the PRC with limited liability; and
- (c) the Project Company, a direct wholly-owned subsidiary of Guangzhou Juntang as at the date of the Cooperation Agreement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Guangzhou Juntang, the Project Company and their ultimate beneficial owners are Independent Third Parties.

Basic Information of the Baiyun Land

Land Location:	Huangshi West Road, Baiyun District
Total Site Area:	approximately 10,610 sq.m.
Usage of Land Use Rights:	second category of residential land
Permitted Plot Ratio:	not more than 4.3
Land Price:	RMB1,486,610,000 comprising: <ol style="list-style-type: none">(1) the Deposit of RMB223,500,000 which has been paid by Guangzhou Juntang on 6 May 2019;(2) the first instalment of RMB519,805,000 payable before 3 July 2019 (the “First Instalment”); and(3) the second instalment of RMB743,305,000 and interest payable before 3 December 2019 (the “Second Instalment”).

Capital Contribution and Shareholder’s Loan

Pursuant to the Cooperation Agreement,

- (a) A supplemental agreement to the land use right grant contract (the “**Supplemental Land Use Right Grant Contract**”) shall be entered into between the Guangzhou Bureau, Guangzhou Juntang and the Project Company, pursuant to which the Project Company shall become the sole beneficiary and developer of the Baiyun Land;
- (b) Guangzhou Merchants and Guangzhou Juntang shall develop the Baiyun Land through the Project Company, which shall be the sole beneficiary and developer of the Baiyun Land;
- (c) Guangzhou Merchants and Guangzhou Juntang shall bear the Land Price, the Initial Contribution, tax, expenses and total investment amount in connection to the development of the Baiyun Land in proportion to their respective shareholdings in the Project Company of 50.1% and 49.9%, respectively;

- (d) the initial registered capital of the Project Company of RMB1,000,000 shall be increased to RMB650,000,000, which shall be contributed and held by each of Guangzhou Merchants and Guangzhou Juntang according to their respective shareholdings in the Project Company of 50.1% and 49.9%, respectively;
- (e) after signing the Cooperation Agreement and the Prepaid Investment Agreement and before 2 July 2019,
 - (i) Guangzhou Merchants shall inject RMB382,415,805 into the bank account of the Project Company, of which RMB372,395,805 shall be contributed for the payment of the First Instalment and RMB10,020,000 shall be contributed as the Initial Contribution; and
 - (ii) Guangzhou Juntang shall provide a shareholder's loan of RMB157,389,195 to the Project Company, of which RMB147,409,195 shall be contributed for the payment of the First Instalment and RMB9,980,000 shall be contributed as the Initial Contribution;
- (f) within fifteen days after signing the Cooperation Agreement, Guangzhou Juntang (i) shall charge 50.1% of the equity interest in the Project Company in favour of Guangzhou Merchants and (ii) shall undertake that Guangzhou Mingyuecheng shall charge 50.1% of the equity interest in Guangzhou Juntang in favour of Guangzhou Merchants as security for the capital contribution by Guangzhou Merchants to the Project Company (collectively, the "**Share Charge**"). Guangzhou Merchants agree to release the Share Charge after the signing of the Supplemental Land Use Right Grant Contract and when Guangzhou Merchants and Guangzhou Juntang are undergoing the registration procedures with the relevant government authorities in accordance with (i) below;
- (g) Guangzhou Merchants shall pay a fund possession fee in relation to the Deposit to Guangzhou Juntang at an agreed rate depending on the actual fund possession period;
- (h) Guangzhou Merchants and Guangzhou Juntang shall pay the Second Instalment and interest to the Project Company before 2 December 2019 in proportion to their respective shareholdings in the Project Company of 50.1% and 49.9%, respectively;
- (i) within thirty working days after the payment of the capital contribution and shareholder's loan and the Second Instalment and interest by the Project Company in accordance with (e) above, Guangzhou Merchants and Guangzhou Juntang shall cooperate to complete the registration procedures with the relevant government authorities for the increase in the registered capital of the Project Company from RMB10,000,000 to RMB650,000,000; and

- (j) Guangzhou Merchants, Guangzhou Juntang, the Project Company and Chongqing Longhu shall enter into the Prepaid Investment Agreement, pursuant to which Chongqing Longhu undertakes to be jointly and severally liable for the capital contribution by Guangzhou Merchants before Guangzhou Merchants becomes the shareholder of the Project Company.

The amount of capital contribution of each of Guangzhou Merchants and Guangzhou Juntang was determined after arm's length negotiations with reference to the capital requirements of the Project Company and the development cost of the Baiyun Land. The Group's share of the total investment is approximately RMB1,033,859,400, 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 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. Guangzhou Juntang and Guangzhou Merchants shall nominate one director and two directors respectively. The chairman of the board of directors of the Project Company (i.e. the legal representative) shall be a director nominated by Guangzhou Juntang.

The general manager shall be responsible for the management of the Project Company and such person shall be nominated by Guangzhou Merchants.

Profit Distribution Arrangement

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

FINANCIAL IMPACT

Upon completion of the Cooperation Agreement, Guangzhou Merchants controls the majority of the board of directors and the voting rights in the shareholders' meetings of the Project Company and therefore the Project Company becomes a subsidiary of Guangzhou Merchants. 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 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 Guangzhou Juntang 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 to the Cooperation Agreement. 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.

Guangzhou Juntang, 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 Baiyun 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 of the Cooperation Agreement and the transactions contemplated thereunder 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
“Baiyun Land”	a piece of land situated at Huangshi West Road, Baiyun District with a total site area of approximately 10,610 sq.m.
“Board”	the board of Directors
“Chongqing Longhu”	Chongqing Longhu Enterprise Development Co., Ltd.* (重慶龍湖企業拓展有限公司), a company established in the PRC with limited liability
“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 1 July 2019 entered into between Guangzhou Merchants, Guangzhou Juntang and the Project Company for the sole purpose of development of the Baiyun Land through the Project Company
“Deposit”	the bidding deposit of RMB223,500,000 which has been paid by Guangzhou Juntang on 6 May 2019 and shall form part of the Land Price
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“Guangzhou Bureau”	Guangzhou Municipal Planning and Natural Resources Bureau (廣州市規劃和自然資源局), an Independent Third Party
“Guangzhou Juntang”	Guangzhou Juntang Real Estate Co., Limited* (廣州市君堂房地產有限公司), a company established in the PRC with limited liability, which is principally engaged in property development in the PRC
“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
“Guangzhou Mingyuecheng”	Guangzhou Mingyuecheng Real Estate Co., Ltd.* (廣州市銘岳城房地產有限公司), a company established in the PRC with limited liability
“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 RMB20,000,000 payable by Guangzhou Merchants and Guangzhou Juntang for the daily operations of the Project Company
“Land Price”	RMB1,486,610,000, being the aggregate consideration payable for acquisition of the Baiyun Land
“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)

“Prepaid Investment Agreement”	a prepaid investment agreement to be entered into by Guangzhou Merchants, Guangzhou Juntang, the Project Company and Chongqing Longhu, pursuant to which Chongqing Longhu undertakes to be jointly and severally liable for the capital contribution by Guangzhou Merchants
“Project Company”	Guangzhou Junyao Real Estate Co., Ltd.* (廣州市君耀房地產有限公司), a company established in the PRC with limited liability on 22 May 2019 by Guangzhou Juntang for the sole purpose of developing the Baiyun 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
“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, 1 July 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*