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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)

**CONNECTED TRANSACTION:
JOINT VENTURE ARRANGEMENT IN RESPECT OF DEVELOPMENT
OF LAND**

COOPERATION AGREEMENT

On 20 July 2019, Guangzhou Merchants (an indirect wholly-owned subsidiary of the Company) entered into the Cooperation Agreement with Guangdong Poly, Jinmao Guangdong, China Railway (South China) and the Project Company for the development of the Land through the Project Company.

Pursuant to the Cooperation Agreement, Guangzhou Merchants, Guangdong Poly, Jinmao Guangdong and China Railway (South China) shall bear the Land Price of RMB4,115,730,000 and the Initial Contribution of RMB40,000,000 in proportion to their respective shareholdings in the Project Company of 25%, 25%, 25% and 25%.

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 RMB40,000,000, which shall be contributed and held by each of Guangzhou Merchants, Guangdong Poly, Jinmao Guangdong and China Railway (South China) according to their respective shareholdings in the Project Company.

LISTING RULES IMPLICATIONS

As (a) the sole purpose of the Project Company is to develop the Land which is a project of a revenue nature in the ordinary and usual course of business of the Company; (b) the transactions contemplated under the Cooperation Agreement are on an arm's length basis and on normal commercial terms; and (c) the Project Company, may not, without the unanimous consent of the JV Partners, change the nature and scope of its business or enter into any transactions which are not on an arm's length basis, the transactions contemplated under the Cooperation Agreement do not constitute notifiable transactions of the Company pursuant to Rule 14.04(1)(f) of the Listing Rules.

Poly Jiangsu, a substantial shareholder of the Company's subsidiary Nanjing Shanjieyi, is a connected person of the Company at the subsidiary level. Guangdong Poly and Poly Jiangsu are fellow subsidiaries under the control of Poly Development Holding Group Limited* (保利發展控股集團股份有限公司). Guangdong Poly, therefore, is an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(1) of the Listing Rules. The Project Company is a company to be used to develop the Land by each of the JV Partners, and is a subsidiary of Guangdong Poly as at the date of the Cooperation Agreement, and therefore, also an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(3) of the Listing Rules. Accordingly, the entering into of the Cooperation Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Cooperation Agreement and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms thereof are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Cooperation Agreement shall only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

INTRODUCTION

On 27 June 2019, Guangzhou Bureau granted the land use rights of the Land at the Land Price of RMB4,115,730,000 by way of bidding. On 1 July 2019, the Project Company was established in the PRC as a limited liability company for the sole purpose of developing the Land. A land use right grant contract was entered into on 4 July 2019.

COOPERATION AGREEMENT

On 20 July 2019, Guangzhou Merchants entered into the Cooperation Agreement with Guangdong Poly, Jinmao Guangdong, China Railway (South China) and the Project Company for the development of the Land through the JV Company.

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

Date: 20 July 2019

Parties:

- (a) Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company;
- (b) Guangdong Poly, a fellow subsidiary of Poly Development Holding Group Limited* (保利發展控股集團股份有限公司) with Poly Jiangsu, which is a connected person of the Company at the subsidiary level;
- (c) Jinmao Guangdong, a company established in the PRC with limited liability;
- (d) China Railway (South China), an indirect wholly-owned subsidiary of China Railway Construction; and
- (e) the Project Company, a subsidiary of Guangdong Poly as at the date of the Cooperation Agreement, which is a connected person of the Company at the subsidiary level;

To the best of the Director's knowledge, information and belief and having made all reasonable enquiries, Jinmao Guangdong, China Railway (South China) and their ultimate beneficial owners are Independent Third Parties.

Basic information of the Land

Land location:	Wulonggang Village, Zhongluotan Town, Baiyun District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市白雲區鐘落潭鎮五龍崗村)
Total site area:	approximately 169,697 sq.m.
Usage of land use rights:	second category of residential land
Land Price:	RMB4,115,730,000, which shall be payable in the following manner: (1) the Deposit of RMB687,150,000 which has been paid on 17 June 2019; and (2) the remaining Land Price of RMB3,428,580,000 payable before 2 August 2019.

Capital contribution

Pursuant to the Cooperation Agreement,

- (a) the Project Company shall enter into a supplemental agreement to land use right grant contract with Guangzhou Bureau and become the sole beneficiary and developer of the Land;
- (b) Guangzhou Merchants, Guangdong Poly, Jinmao Guangdong and China Railway (South China) shall bear the Land Price, the Initial Contribution, tax, expenses and total investment amount in connection to the development of the Land in proportion to their respective shareholdings in the Project Company of 25%, 25%, 25% and 25%;
- (c) the initial registered capital of the Project Company of RMB10,000,000 shall be increased to RMB40,000,000, which shall be contributed and held by each of Guangzhou Merchants, Guangdong Poly, Jinmao Guangdong and China Railway (South China) according to their respective shareholdings in the Project Company of 25%, 25%, 25% and 25%;

- (d) within three working days after signing the Cooperation Agreement and the Prepaid Investment Agreement I, Guangzhou Merchants shall inject RMB171,787,500 into a bank account specified by the Project Company (the “**First Contribution**”) for partial repayment of the Deposit paid by Guangdong Poly;
- (e) at least one day before the remaining Land Price of RMB3,428,580,000 becoming due, Guangzhou Merchants shall inject RMB867,145,000 into the Project Company (the “**Second Contribution**”), of which RMB857,145,000 shall be contributed for the payment of the remaining Land Price and RMB10,000,000 shall be contributed as the Initial Contribution;
- (f) Guangdong Poly or its affiliated company shall enter into the Prepaid Investment Agreements with Guangzhou Merchants, pursuant to which Guangdong Poly or its affiliated company undertakes to be liable for the First Contribution and Second Contribution in the event that Guangzhou Merchants fails to become the shareholder of the Project Company;

The amount of capital contribution of each of the JV Partners was determined after arm’s length negotiations with reference to the capital requirements of the Project Company and the development cost of the Land. The Group’s share of the total investment is approximately RMB1,833,115,000, 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 unanimously approved by all the shareholders of the Project Company at the general meeting.

The board of directors of the Project Company shall consist of four directors. Each of the JV Partners shall nominate one director. The chairman of the board of directors of the Project Company shall be a director nominated by Jinmao Guangdong.

The general manager (i.e. the legal representative) shall be responsible for the management of the Project Company and such person shall be nominated by Guangdong Poly and appointed by the board of directors of the Project Company.

Profit distribution arrangement

Pursuant to the Cooperation Agreement, the JV Partners 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 after the completion of the Cooperation Agreement. 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 the JV Partners 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.

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

Jinmao Guangdong, a company established in the PRC with limited liability, is principally engaged in project investments in the PRC.

China Railway (South China), 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 Land.

LISTING RULES IMPLICATIONS

As (a) the sole purpose of the Project Company is to develop the Land which is a project of a revenue nature in the ordinary and usual course of business of the Company; (b) the transactions contemplated under the Cooperation Agreement are on an arm's length basis and on normal commercial terms; and (c) the Project Company, may not, without the unanimous consent of the JV Partners, change the nature and scope of its business or enter into any transactions which are not on an arm's length basis, the transactions contemplated under the Cooperation Agreement do not constitute notifiable transactions of the Company pursuant to Rule 14.04(1)(f) of the Listing Rules.

Poly Jiangsu, a substantial shareholder of the Company's subsidiary Nanjing Shanjiayi, is a connected person of the Company at the subsidiary level. Guangdong Poly and Poly Jiangsu are fellow subsidiaries under the control of Poly Development Holding Group Limited* (保利發展控股集團股份有限公司). Guangdong Poly, therefore, is an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(1) of the Listing Rules. The Project Company is a company to be used to develop the Land by each of the JV Partners, and is a subsidiary of Guangdong Poly as at the date of the Cooperation Agreement, and therefore, also an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(3) of the Listing Rules. Accordingly, the entering into of the Cooperation Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Cooperation Agreement and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms thereof are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Cooperation Agreement shall only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements by virtue of Rule 14A.101 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
“Board”	the board of Directors
“China Railway Construction”	China Railway Construction Corporation Limited, a joint stock limited company incorporated in the PRC with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1186)
“China Railway (South China)”	China Railway Real Estate Group Co., Ltd. South China* (中鐵房地產集團華南有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of China Railway Construction
“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 20 July 2019 entered into between Guangzhou Merchants, Guangdong Poly, Jinmao Guangdong, China Railway (South China) and the Project Company for the sole purpose of development of the Land through the Project Company

“Deposit”	the bidding deposit of RMB687,150,000 which had been paid on 17 June 2019 and shall form part of the Land Price
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guangdong Poly”	Guangdong Poly Property Development Limited* (廣東保利房地產開發有限公司), a company established in the PRC with limited liability and a connected person of the Company at the subsidiary level
“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 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 indirectly wholly-owned subsidiary of the Company
“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 RMB40,000,000 payable by the JV Partners for the daily operations of the Project Company
“Jinmao Guangdong”	Jinmao Investment (Guangdong) Limited* (金茂投資(廣東)有限公司), a company established in the PRC with limited liability and an Independent Third Party
“JV Partners”	Guangzhou Merchants, Guangdong Poly, Jinmao Guangdong and China Railway (South China)

“Land”	a piece of land situated at Wulonggang Village, Zhongluotan Town, Baiyun District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市白雲區鐘落潭鎮五龍崗村) with a total site area of approximately 169,697 sq.m.
“Land Price”	RMB4,115,730,000, being the aggregate consideration payable for acquisition of the Land
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Nanjing Shanjieyi”	Nanjing Shanjieyi Property Development Company Limited* (南京善杰義房地產開發有限公司), a company established in the PRC with limited liability and an indirectly non-wholly owned subsidiary of the Company
“Poly Jiangsu”	Poly Jiangsu Real Estate Development Co., Limited* (保利江蘇房地產發展有限公司), a company established in the PRC with limited liability and a connected person of the Company at the subsidiary level
“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 I”	A prepaid investment agreement to be entered into by Guangdong Poly or its affiliated company separately with Guangzhou Merchants, pursuant to which Guangdong Poly or its affiliated company undertakes to be liable for the First Contribution
“Prepaid Investment Agreement II”	A prepaid investment agreement to be entered into by Guangdong Poly or its affiliated company separately with Guangzhou Merchants, pursuant to which Guangdong Poly or its affiliated company undertakes to be liable for the Second Contribution
“Prepaid Investment Agreements”	Prepaid Investment Agreement I and Prepaid Investment Agreement II

“Project Company”	Guangzhou City Suiyun Property Limited* (廣州市穗雲置業有限公司), a company established in the PRC with limited liability on 1 July 2019 for the sole purpose of development of the 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 20 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 Xiping and Mr. HE Qi as independent non-executive Directors.

* *Unofficial English translation denotes for identification purposes only*