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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 31 December 2019, Merchants Nanjing (an indirect non wholly-owned subsidiary of the Company) entered into the Cooperation Agreement with Poly Jiangsu and Zhangzhou Xuanyue for the development of the Land through the Project Company.

Pursuant to the Cooperation Agreement, Merchants Nanjing, Poly Jiangsu and Zhangzhou Xuanyue shall bear the Land Price of RMB2,040,000,000 in proportion to their respective shareholdings in the Project Company being 33%, 33% and 34%, respectively.

As of the date of this Cooperation Agreement, the registered capital of the Project Company is RMB50,000,000, which has been contributed and held by each of the JV Partners in proportion to their respective shareholdings in the Project Company being 33%, 33% and 34%, respectively. The Group's share of the total investment is approximately RMB916,690,000.

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. 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 18 June 2019, Nanjing Bureau granted the land use rights of the Land at the Land Price of RMB2,040,000,000 by way of bidding. A land use right grant contract was entered into on 2 July 2019. On 8 July 2019, the Project Company was established in the PRC as a limited liability company for the sole purpose of developing the Land. On 18 July 2019, the Nanjing Bureau granted an approval in relation to change of the transferee of the Land, upon which the Project Company has become the sole beneficiary and developer of the Land.

COOPERATION AGREEMENT

On 31 December 2019, Merchants Nanjing entered into the Cooperation Agreement with Poly Jiangsu and Zhangzhou Xuanyue for the development of the Land through the Project Company.

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

Date: 31 December 2019

Parties:

- (a) Merchants Nanjing, an indirect non wholly-owned subsidiary of the Company;
- (b) Poly Jiangsu, substantial shareholder of the Company's subsidiary Nanjing Shanjieyi and a connected person of the Company at the subsidiary level; and
- (c) Zhangzhou Xuanyue, a company established in the PRC with limited liability.

To the best of the Director's knowledge, information and belief and having made all reasonable enquiries, Zhangzhou Xuanyue and its ultimate beneficial owners are Independent Third Parties.

Basic information of the Land

Land location:	New Town Science Park, Jianye District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市建鄴區新城科技園)
Total site area:	approximately 24,437.6 sq.m.
Usage of land use rights:	residential land (mixed) and community centres
Land Price:	RMB2,040,000,000

Capital contribution

Pursuant to the Cooperation Agreement,

- (a) Merchants Nanjing, Poly Jiangsu and Zhangzhou Xuanyue shall bear the Land Price, 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 33%, 33% and 34%;
- (b) the registered capital of the Project Company of RMB50,000,000 has been contributed and held by each of the JV Partners according to their respective shareholdings in the Project Company being 33%, 33% and 34%, respectively;
- (c) Merchants Nanjing has already contributed RMB164,340,000 for partial repayment of the Deposit paid by Poly Jiangsu; and
- (d) RMB522,000,000, being the remaining amount of the first instalment and RMB1,020,000,000, being the second instalment of the Land Price, have already been separately contributed by the JV Partners in proportion to their respective shareholdings in the Project Company being 33%, 33% and 34%, respectively.

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 RMB916,690,000, 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 five directors. Each of Merchants Nanjing, Poly Jiangsu and Zhangzhou Xuanyue shall nominate one director, one director and three directors, respectively. The chairman of the board of directors (i.e. the legal representative) of the Project Company shall be a director nominated by Zhangzhou Xuanyue.

The general manager shall be responsible for the management of the Project Company and such person shall be nominated by Merchants Nanjing 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 Merchants Nanjing 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 Merchants Nanjing 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 engaged in, among others, (i) development, sale, lease, investment and management of properties; (ii) sale of electronics and products related to electrical appliances and sale of construction materials and equipment; and (iii) REIT Management Business.

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.

None of the Directors has any material interest in the Cooperation Agreement and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the board resolutions approving the Cooperation Agreement and the transactions contemplated thereunder.

PARTICULARS OF THE PARTIES

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

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

Zhangzhou Xuanyue, a company established in the PRC with limited liability, is principally engaged in corporate management consultancy services in the PRC.

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 Shanjiyei, is a connected person of the Company at the subsidiary level. 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
“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 31 December 2019 entered into between Merchants Nanjing, Poly Jiangsu and Zhangzhou Xuanyue for the sole purpose of development of the Land through the Project Company
“Deposit”	the bidding deposit of RMB498,000,000 which had been paid on 17 June 2019 and shall form part of the first instalment of the Land Price
“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

“JV Partners”	Merchants Nanjing, Poly Jiangsu and Zhangzhou Xuanyue
“Land”	a piece of land situated at New Town Science Park, Jianye District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市建鄴區新城科技園) with a total site area of approximately 24,437.6 sq.m.
“Land Price”	RMB2,040,000,000, 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
“Merchants Nanjing”	Merchants Nanjing Real Estate Co., Ltd* (招商局地產(南京)有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“Nanjing Bureau”	Nanjing Municipal Planning and Natural Resources Bureau (南京市規劃和自然資源局), an Independent Third Party
“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
“Project Company”	Nanjing Yuening Property Development Limited* (南京悅寧房地產開發有限公司), a company established in the PRC with limited liability on 8 July 2019 for the sole purpose of development of the Land
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)

“REITs”	schemes constituted as real estate investment trusts authorised by the SFC in accordance with the REIT Code
“REIT Code”	means Hong Kong Code on Real Estate Investment Trust
“REIT Management Business”	services provided to REITs by management companies acceptable to the SFC and their respective subsidiaries in accordance with the REIT Code
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“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
“Zhangzhou Xuanyue”	Zhangzhou Xuanyue Corporate Management Consultancy Limited* (漳州軒悅企業管理諮詢有限公司), a company established in the PRC with limited liability and an Independent Third Party

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

Hong Kong, 31 December 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*