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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)

**CONTINUING CONNECTED TRANSACTION
CAR PARKING SPACES SALES FRAMEWORK AGREEMENT**

On 22 December 2023, the Company entered into the Car Parking Spaces Sales Framework Agreement with SZ CML Real Estate Consulting, pursuant to which (a) SZ CML Real Estate Consulting (and its subsidiaries and branches) shall exclusively manage the sale of the Car Parking Spaces owned by the Company or its subsidiaries during the Effective Period; and (b) the Company shall pay the premium of the selling price of the relevant Car Parking Spaces over their respective Selling Base Price and a commission agency fee to SZ CML Real Estate Consulting in accordance with the terms and conditions under the individual agreements.

LISTING RULES IMPLICATIONS

SZ CML Real Estate Consulting is an indirect non-wholly owned subsidiary of CMSK, the controlling shareholder of the Company indirectly holding approximately 74.35% of the total issued share capital of the Company. SZ CML Real Estate Consulting, therefore, is an associate of CMSK and accordingly a connected person of the Company pursuant to Rule 14A.13(1) of the Listing Rules. Accordingly, the entering into of the Car Parking Spaces Sales Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the maximum proposed annual cap under the Car Parking Spaces Sales Framework Agreement is more than 0.1% but less than 5%, the Car Parking Spaces Sales Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

CAR PARKING SPACES SALES FRAMEWORK AGREEMENT

The principal terms of the Car Parking Spaces Sales Framework Agreement are set out below:

Date: 22 December 2023

Parties: (a) the Company; and
(b) SZ CML Real Estate Consulting, an indirect non-wholly owned subsidiary of CMSK.

Effective Period: 22 December 2023 to 21 December 2026

Extension of Effective Period: The Company has the right to extend the Effective Period to 31 December 2028 provided that (i) SZ CML Real Estate Consulting does not object to such extension; and (ii) the requirements under the relevant laws, regulations and the Listing Rules are complied with.

Subject matter

Pursuant to the Car Parking Spaces Sales Framework Agreement, (a) SZ CML Real Estate Consulting (and its subsidiaries and branches) shall exclusively manage the sale of the Car Parking Spaces owned by the Company or its subsidiaries during the Effective Period; and (b) the Company shall pay the premium of the selling price of the relevant Car Parking Spaces over their respective Selling Base Price and a commission agency fee to SZ CML Real Estate Consulting in accordance with the terms and conditions under the individual agreements.

The Parties will enter into individual agreements under the Car Parking Spaces Sales Framework Agreement to stipulate the details, including the location, project name, use, nature, quantity and the Selling Base Price of the Car Parking Spaces.

Pricing policy

The Selling Base Price shall be determined through arm's length negotiations by the Parties and based on normal commercial terms after comprehensive consideration of the location, use, nature of the Car Parking Spaces and the existing demand of car parking spaces with reference to the relevant cost. The relevant cost refers to any avoidable costs relevant to the Company's decision to engage SZ CML Real Estate Consulting to manage the sale of the Car Parking Spaces instead of directly selling the Car Parking Spaces to end customers, and such costs would be the selling and marketing expenses related to the Car Parking Spaces, including but not limited to the salaries and wages, and the training fees of the salespersons and related administrative staff, commissions of the salespersons, advertising expenses and other promotional expenses (the "**Relevant Costs**").

The commission agency fee rates shall be determined through arm's length negotiations by the Parties and based on normal commercial terms with reference to (a) the comparable commission agency fee rates charged by Independent Third Parties for providing similar services; and (b) the historical commission agency fee rates charged by SZ CML Real Estate Consulting.

Before determining the Selling Base Price and the commission agency fee rates under any individual agreement, the Company will refer to the historical selling price of car parking spaces offered to Independent Third Parties (to the extent available), the historical underwriting price of car parking spaces offered to SZ CML Real Estate Consulting under the Car Parking Spaces Underwriting Framework Agreement 2022 and the historical commission agency fee rates charged by SZ CML Real Estate Consulting. The Company will collect information of the prevailing market price of car parking spaces and the Relevant Costs with reference to the location, use and nature of the relevant Car Parking Spaces; and the prevailing market commission agency fee rates charged for managing the sale of car parking spaces in the relevant cities in the PRC (to the extent available). The Company will also consider the demand and supply of car parking spaces in the relevant cities in the PRC at the relevant time. In addition, the Company is required to consider and comply with applicable local government policies.

With reference to the above information, the management of the Company will review and assess the specific terms of the individual agreements and determine the Selling Base Price and the commission agency fee rate and ensure that (a) the individual agreements would be in accordance with the terms of the Car Parking Spaces Sales Framework Agreement and the pricing policies of the Company; and (b) the overall terms of the individual agreements are no less favourable to the Company than those offered by the Company to Independent Third Parties in comparable transactions of the same period.

Historical amounts

The historical transaction amounts with SZ CML Real Estate Consulting under the Car Parking Spaces Underwriting Framework Agreement 2022 amounted to approximately RMB9,647,000 for the period from 6 May 2022 to 31 December 2022 and no more than RMB6,000,000 for the period from 1 January 2023 to 5 May 2023 (subject to auditor's review), respectively.

Proposed annual caps

The proposed annual caps for the transactions contemplated under the Car Parking Spaces Sales Framework Agreement are set out as follows:

		For the period from		
	22 December 2023 to 31 December 2023 <i>RMB (million)</i>	1 January 2024 to 31 December 2024 <i>RMB (million)</i>	1 January 2025 to 31 December 2025 <i>RMB (million)</i>	1 January 2026 to 21 December 2026 <i>RMB (million)</i>
Maximum transaction amounts to be paid by the Company under the Car Parking Spaces Sales Framework Agreement	6	60	60	57.5

The proposed annual caps for the transactions contemplated under the Car Parking Spaces Sales Framework Agreement as set out above is determined with reference to (a) the quantity of Car Parking Spaces expected to be sold in such periods; (b) the expected selling price and the Selling Base Price of the Car Parking Spaces after comprehensive consideration of the location, use, nature of the Car Parking Spaces and the existing demand of car parking spaces in cities including Nanjing, Xi'an, Guangzhou, Chongqing and Foshan; and (c) the historical commission agency fee rates charged by SZ CML Real Estate Consulting.

INTERNAL CONTROL MEASURES

The Company has also established the following internal control measures to ensure that the pricing mechanism and the terms of the transactions contemplated under the Car Parking Spaces Sales Framework Agreement are fair and reasonable and no less favourable to the Company than those offered to the Company from the Independent Third Parties:

- (a) The management of the Company will discuss and consider the terms and conditions and the pricing mechanism of each transaction contemplated under the Car Parking Spaces Sales Framework Agreement before entering into such transactions to ensure that they are on normal commercial terms;

- (b) The finance department of the Company is responsible for reviewing the relevant transactions on a quarterly basis to ensure compliance with the pricing policies of the Company and that the relevant transactions are conducted in accordance with the Car Parking Spaces Sales Framework Agreement and the annual cap is not exceeded. If the actual transaction amount reaches approximately 85% of the annual cap at any time of the year, the finance department of the Company will report to the senior management of the Company, and the Board will consider taking appropriate measures to revise the annual cap and comply with the relevant announcement and/or shareholders' approval requirements in accordance with the Listing Rules; and
- (c) The auditors of the Company and the independent non-executive Directors will conduct annual review on the transactions entered into under the Car Parking Spaces Sales Framework Agreement in accordance with the Listing Rules.

As the Company has adopted sufficient procedures and policies to determine the Selling Base Price and the commission agency fee and internal control procedures to supervise the continuing connected transactions of the Company, the Directors consider that the pricing policies and internal control procedures adopted by the Company as set out above are able to ensure the transactions contemplated under the Car Parking Spaces Sales Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

REASONS FOR AND BENEFITS OF THE CAR PARKING SPACES SALES FRAMEWORK AGREEMENT

The Group is principally engaged in the development, sale, lease, investment and management of properties and assets management.

In view of the location of the Car Parking Spaces, the Directors is of the view that outsourcing to SZ CML Real Estate Consulting can save the Company's sales resources and ensure a stable sales revenue. Each of the Company and SZ CML Real Estate Consulting would benefit from the cooperation in order to exert their strengths and grasp market opportunities to de-stock from the sales of the Car Parking Spaces as soon as possible, which would improve the capital efficiency and effectiveness and thus a greater return could be created for the Shareholders.

The terms of the Car Parking Spaces Sales Framework 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 Car Parking Spaces Sales Framework Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and in the interests of the Company and its Shareholders as a whole.

Since (i) Mr. JIANG Tiefeng and Mr. HUANG Junlong, each a non-executive Director, hold positions in CMSK and (ii) Mr. LI Yao, a non-executive Director, and Mr. WONG King Yuen and Ms. CHEN Yan, each an executive Director, hold positions in CMSK's associates, in order to avoid any actual or potential conflict of interest, each of them had abstained from voting at the relevant board meeting on the board resolutions approving the Car Parking Spaces Sales Framework Agreement and the transactions contemplated thereunder.

PARTICULARS OF SZ CML REAL ESTATE CONSULTING

SZ CML Real Estate Consulting is a company established in the PRC with limited liability and its principal business is real estate investment, development and operation. SZ CML Real Estate Consulting is an indirect non-wholly owned subsidiary of CMSK, a company established in the PRC with limited liability, whose shares are listed on the Shenzhen Stock Exchange (stock code: 001979 (A share)), and its controlling shareholder, CMG, which holds more than 58% of the total issued share capital of CMSK and is a state-owned conglomerate regulated by the national State-Owned Assets Supervision and Administration Commission of the State Council.

LISTING RULES IMPLICATIONS

SZ CML Real Estate Consulting is an indirect non-wholly owned subsidiary of CMSK, the controlling shareholder of the Company indirectly holding approximately 74.35% of the total issued share capital of the Company. SZ CML Real Estate Consulting, therefore, is an associate of CMSK and accordingly a connected person of the Company pursuant to Rule 14A.13(1) of the Listing Rules. Accordingly, the entering into of the Car Parking Spaces Sales Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the maximum proposed annual cap under the Car Parking Spaces Sales Framework Agreement is more than 0.1% but less than 5%, the Car Parking Spaces Sales Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2) 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
“CMG”	China Merchants Group Limited (招商局集團有限公司), a PRC enterprise regulated and directly managed by the State-owned Assets Supervision and Administration Commission of the State Council, being the immediate controlling shareholder of CMSK holding more than 58% of the total issued share capital of CMSK
“CMSK”	China Merchants Shekou Industrial Zone Holdings Company Limited (招商局蛇口工業區控股股份有限公司), a company established in the PRC with limited liability, whose shares are listed on the Shenzhen Stock Exchange (stock code: 001979 (A share)), being the intermediate controlling shareholder of the Company and indirectly holds approximately 74.35% of the total issued share capital of the Company as at the date of this announcement
“Car Parking Spaces”	the car parking spaces located in cities, including but not limited to, Nanjing, Xi'an, Guangzhou, Chongqing and Foshan owned by the Company or its subsidiaries

“Car Parking Spaces Sales Framework Agreement”	the Car Parking Spaces Sales Framework Agreement dated 22 December 2023 entered into by the Parties
“Car Parking Spaces Underwriting Framework Agreement 2022”	the car parking spaces underwriting framework agreement dated 6 May 2022 entered into by the Parties with an effective period from 6 May 2022 to 5 May 2023
“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
“Directors”	the directors of the Company
“Effective Period”	the effective period of the Car Parking Spaces Sales Framework Agreement, being 22 December 2023 to 21 December 2026, which may be extended by the Company to 31 December 2028 provided that (i) SZ CML Real Estate Consulting does not object to such extension; and (ii) the requirements under the relevant laws, regulations and the Listing Rules are complied with
“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
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Parties”	collectively, the Company and SZ CML Real Estate Consulting

“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Selling Base Price”	the selling base price of each of the Car Parking Spaces to be determined by the Parties under the individual agreements to be entered into by the Parties
“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
“SZ CML Real Estate Consulting”	Shenzhen China Merchants Real Estate Consulting Co., Ltd. (深圳市招商置業顧問有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CMSK
“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
JIANG Tiefeng
Chairman

Hong Kong, 22 December 2023

As at the date of this announcement, the Board comprises Mr. JIANG Tiefeng, Mr. HUANG Junlong and Mr. LI Yao as non-executive Directors; Dr. SO Shu Fai, Mr. WONG King Yuen and Ms. CHEN Yan as executive Directors and Dr. WONG Wing Kuen, Albert, Ms. CHEN Yanping, Dr. SHI Xinping and Mr. IP Man Ki, Ryan as independent non-executive Directors.