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**MAJOR AND CONNECTED TRANSACTION:  
FORMATION OF A JOINT VENTURE COMPANY  
AND  
FINANCIAL ASSISTANCE FROM CONNECTED PERSON**

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28 October 2016

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## DEFINITIONS

*In this circular, the following terms and expressions shall have the following respective meanings unless the context otherwise requires:*

“Announcements”	the announcement of the Company dated 30 June 2016 in relation to the Nanjing 2016G01 Land Cooperation Agreement and the announcement of the Company dated 23 September 2016 in relation to the Fund Settlement Agreement
“Board”	the board of Directors
“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 controlling shareholder of the Company and indirectly holds approximately 74.35% of the total issued share capital of the Company as at the Latest Practicable Date
“Company”	China Merchants Land Limited, an exempted 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: 0978)
“Director(s)”	director(s) of the Company
“Fund Settlement Agreement”	the Fund Settlement agreement dated 23 September 2016 in relation to the Nanjing 2016G01 Land Cooperation Agreement and entered into between Merchants Nanjing and Poly Jiangsu
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“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
“JV Company”	Nanjing Shanjiyei Property Development Company Limited* (南京善杰義房地產開發有限公司), a joint venture company established by the JV Shareholders in the PRC on 2 August 2016 pursuant to the Nanjing 2016G01 Land Cooperation Agreement

## DEFINITIONS

“JV Shareholders”	Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu
“Latest Practicable Date”	24 October 2016, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified 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, a party to the Nanjing 2016G01 Land Cooperation Agreement and the Fund Settlement Agreement
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“Nanjing 2016G01 Land”	a piece of land known as Nanjing 2016G01 situated from Jiangjiayuan in the east to South Rehe Road in the west, from Chaha'er Road in the south to Nanjing No. 52 Middle School in the north, Gulou District, Nanjing City, Jiangsu Province* (江蘇省南京市鼓樓區，東至姜家園，南至察哈爾路，西至熱河南路，北至南京市第五十二中學) with a total site area of 62,728.1 sq. m.
“Nanjing 2016G01 Land Consideration”	RMB4,820 million, being the aggregate consideration payable for the transfer of land use rights for the Nanjing 2016G01 Land
“Nanjing 2016G01 Land Cooperation Agreement”	a cooperation agreement dated 30 June 2016 entered into between the JV Shareholders
“Nanjing Renyuan”	Nanjing Renyuan Investment Co., Ltd.* (南京仁遠投資有限公司), a company established in the PRC and a party to the Nanjing 2016G01 Land Cooperation Agreement
“Poly Jiangsu”	Poly Jiangsu Real Estate Development Co., Ltd.* (保利江蘇房地產發展有限公司), a company established in the PRC and a party to the Nanjing 2016G01 Land Cooperation Agreement and the Fund Settlement Agreement

## DEFINITIONS

“PRC”	the People’s Republic of China which, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Working Day(s)”	a day when banks in the PRC are generally open for normal business in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration of the State Council of the PRC (國務院國有資產監督管理委員會)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success Well”	Success Well Investments Limited, a limited liability company incorporated in the British Virgin Islands and a controlling Shareholder of the Company which directly owns an aggregate of 3,646,889,329 Shares, representing approximately 74.35% of the issued share capital of the Company as at the Latest Practicable Date
“Written Approval”	the written approval of the Nanjing 2016G01 Land Cooperation Agreement and the transactions contemplated thereunder by Success Well dated 30 June 2016 together with the written approval of the Fund Settlement Agreement and the transactions contemplated thereunder by Success Well dated 23 September 2016
“%”	per cent

\* *The English names of companies incorporated in the PRC and cities of the PRC are translations of their Chinese names and are included for identification purposes only.*

## DEFINITIONS

*In this circular, the terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

*Certain amounts and percentage figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*



**CHINA MERCHANTS LAND LIMITED**

**招商局置地有限公司**

*(Incorporated with limited liability in the Cayman Islands)*

**(Stock Code: 978)**

***Board of Directors:***

***Non-executive Directors:***

XU Yongjun  
HUANG Junlong  
YAN Chengda  
LIU Ning

***Executive Directors:***

SO Shu Fai  
YU Zhiliang  
WONG King Yuen

***Independent non-executive Directors:***

WONG Wing Kuen, Albert  
CHEN Yanping  
SHI Xinping  
HE Qi

***Company secretary:***

CHAN Wing Yan

***Registered office:***

P.O. Box 309, Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

***Head office and place of business***

***in Hong Kong:***

Room 2603-2606, 26/F  
China Merchants Tower  
Shun Tak Centre  
Nos. 168–200 Connaught Road Central  
Hong Kong

28 October 2016

*To the Shareholders*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION:  
FORMATION OF A JOINT VENTURE COMPANY  
AND  
FINANCIAL ASSISTANCE FROM CONNECTED PERSON**

On 30 June 2016, Merchants Nanjing, an indirect non-wholly owned subsidiary of the Company entered into the Nanjing 2016G01 Land Cooperation Agreement with Nanjing Renyuan and Poly Jiangsu pursuant to which, among other things, the JV Company was established in the PRC on 2 August 2016 specifically to engage in the development of the Nanjing 2016G01 Land.

## LETTER FROM THE BOARD

On 1 July 2016, the State-owned Assets Supervision and Administration of the State Council of the PRC and Ministry of Finance of the PRC jointly issued Order Number 32 entitled Enterprise State-owned Assets Transaction Supervision and Management Regulations\* (企業國有資產交易監督管理辦法) (“**Order No. 32**”), which required that the increase of registered capital for State-owned Enterprises shall in principle be implemented openly through the public property rights market. In view of the new requirements under Order No. 32, the shareholding adjustment between Merchants Nanjing and Poly Jiangsu from 51%:16% to 36%:31% may be required to be implemented openly through the public property rights market. As a result, it is anticipated that longer time will be required for the Group to ascertain whether the requirement under Order No. 32 is applicable to the capital increase of the JV Company and, if applicable, to complete the procedures and obtain governmental approval for the increase of registered capital of the JV Company. Despite that, the JV Shareholders are required to pay their respective contributions to the JV Company for settling the remainder of the Nanjing 2016G01 Land Consideration by 27 September 2016.

As a result, on 23 September 2016, after further negotiations, Merchants Nanjing and Poly Jiangsu entered into the Fund Settlement Agreement to agree on the arrangements in relation to, among other matters, the form of contribution to be made by Poly Jiangsu to the remaining balance of the Nanjing 2016G01 Land Consideration.

The main purpose of this circular is to provide you with information relating to (i) the formation of the JV Company; (ii) financial assistance from connected person; and (iii) the financial information relating to the Group.

Details of the Nanjing 2016G01 Land Cooperation Agreement and the Fund Settlement Agreement are summarized below.

### **Date of Nanjing 2016G01 Land Cooperation Agreement**

30 June 2016

### **Date of the Fund Settlement Agreement**

23 September 2016

### **Parties**

- (a) Merchants Nanjing, an indirect non-wholly owned subsidiary of the Company;
- (b) (party to the Nanjing 2016G01 Land Cooperation Agreement only) Nanjing Renyuan, a company established in the PRC with limited liability. The principal business of Nanjing Renyuan is management of investment. To the best of the Directors’ knowledge after due enquiry, Nanjing Renyuan is wholly-owned by Yanlord Investment (Nanjing) Co., Ltd. and their ultimate beneficial owners are all Independent Third Parties; and



## LETTER FROM THE BOARD

- (c) Poly Jiangsu, a company established in the PRC with limited liability. The principal business of Poly Jiangsu is property development. To the best of the Directors' knowledge after due enquiry, Poly Jiangsu is wholly-owned by Poly Real Estate Group Co., Ltd. which shares are listed on the Shanghai Stock Exchange (stock code: 600048). As at the Latest Practicable Date, Poly Jiangsu is the holder of 16% equity interest of the JV Company which is a subsidiary of the Company, therefore, Poly Jiangsu is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

### Shareholding structure and capital contribution to the JV Company

The JV Company is a limited liability company established in the PRC, which is owned as to 51% by Merchants Nanjing, 33% by Nanjing Renyuan and 16% by Poly Jiangsu and will become ultimately owned as to 36% by Merchants Nanjing, 33% by Nanjing Renyuan and 31% by Poly Jiangsu upon completion of the increase of registered capital of the JV Company to RMB1,500 million. The principal activities of the JV Company shall be development of the Nanjing 2016G01 Land for residential and commercial usage.

Under the Nanjing 2016G01 Land Cooperation Agreement (in light of the Fund Settlement Agreement), the JV Shareholders agreed, among other things, that:

- (a) upon the establishment of the JV Company, Merchants Nanjing will apply to the relevant governmental authorities of Nanjing for the JV Company to take up the land use rights of the Nanjing 2016G01 Land, upon which the JV Company will be responsible to pay the Nanjing 2016G01 Land Consideration, which will be financed by the JV Shareholders according to their percentage of shareholding in the JV Company. The land use rights of the Nanjing 2016G01 Land has been transferred to the JV Company on 16 August 2016;
- (b) the capital and loan contributions from the JV Shareholders to the JV Company shall be paid in stages:
- (1) within five PRC Working Days after the date of establishment of the JV Company, each of Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu will pay up their respective capital contributions to the JV Company in cash equal to the aggregate amount of RMB1,000 million in the proportion of 51%, 33% and 16% respectively. Payment has already been made as at the Latest Practicable Date;
  - (2) within five PRC Working Days after the date when the land use rights of the Nanjing 2016G01 Land changes to the JV Company, each of Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu will bear 50% ("First Instalment") of the Nanjing 2016G01 Land Consideration in the proportion of 51%, 33% and 16% respectively;

## LETTER FROM THE BOARD

- (3) within fifteen PRC Working Days after the JV Company takes up the land use rights of the Nanjing 2016G01 Land, the JV Company shall engage an independent valuer to appraise the value of the Nanjing 2016G01 Land (“**Valuation**”), and the JV Shareholders shall approve the Valuation. The JV Company has appointed Jones Lang LaSalle Corporate Appraisal and Advisory Limited as the independent valuer to prepare the valuation report which has been approved by the JV Shareholders, the text of which is set out in Appendix I to this circular;
  - (4) the registered capital of the JV Company shall be increased to RMB1,500 million and held as to 36% by Merchants Nanjing, 33% by Nanjing Renyuan and 31% by Poly Jiangsu; and
  - (5) despite the percentage of equity interests in the JV Company held by each of Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu being 51%, 33% and 16% before the increase of registered capital of the JV Company, each of Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu shall adhere to the deadline for paying their respective contributions to the remaining balance of the Nanjing 2016G01 Land Consideration by 27 September 2016 in accordance with the proportion of 36%, 33% and 31% respectively. On that basis and after taking into account the payments already made by Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu, the respective amounts payable by each of them by 27 September 2016 are RMB506.1 million, RMB795.3 million and RMB1,108.6 million, respectively. As at the Latest Practicable Date, each of Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu had fully paid the aforesaid amounts to the JV Company;
- (c) as at the Latest Practicable Date, 100% of the Nanjing 2016G01 Land Consideration, namely, RMB4,820 million, has been paid to the relevant government department of Nanjing City funded by Merchants Nanjing, Nanjing Renjuan and Poly Jiangsu in the proportion of 36%, 33% and 31% respectively;
  - (d) the contribution of Poly Jiangsu in excess of its current shareholding of 16% which amounted to RMB723 million (equal to 15% of the Nanjing 2016G01 Land Consideration) shall be treated as a loan bearing the prevailing benchmark bank lending interest rate quoted by the People’s Bank of China to the JV Company from Poly Jiangsu. After Poly Jiangsu has made the said contribution, Merchants Nanjing shall, within fifteen PRC Working Days thereafter, charge 15% of its equity interest of the JV Company to Poly Jiangsu and complete the registration of the charge with the relevant government authorities, failing which Poly Jiangsu shall have the right to require Merchants Nanjing to provide sufficient funding to the JV Company for it to repay Poly Jiangsu the RMB723 million and to charge a funding cost on Merchants Nanjing at 1% on top of the prevailing benchmark bank lending interest rate quoted by the People’s Bank of China (not less than one year term) per annum until the full amount has been repaid to Poly Jiangsu; and

## LETTER FROM THE BOARD

- (e) In the event that Poly Jiangsu successfully subscribes for the further 15% equity interest of the JV Company so that the shareholding of Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu becomes in the proportion of 36%, 33% and 31%, the loan of RMB723 million provided by Poly Jiangsu as mentioned above shall be treated as its contribution to the Nanjing 2016G01 Land Consideration under the Nanjing 2016G01 Land Cooperation Agreement. In the event that Order No. 32 requirement is applicable but Poly Jiangsu is not able to subscribe for the further 15% equity interest of the JV Company through the open market, Merchants Nanjing and Poly Jiangsu shall further negotiate on alternative ways to adjust their shareholding in the JV Company.

The timing and amount of capital and loan contributions for each of the JV Shareholders to the JV Company were determined after arm's length negotiation between the parties to the Nanjing 2016G01 Land Cooperation Agreement and the Fund Settlement Agreement with reference to the initial capital requirement of the JV Company and the Nanjing 2016G01 Land Consideration. Merchants Nanjing's capital and loan contributions of RMB2,275.2 million to the JV Company were funded by the internal resources of the Group.

### **Basic information of the Nanjing 2016G01 Land**

Merchants Nanjing had on 18 March 2016 successfully bided the Nanjing 2016G01 Land, a piece of land situated from Jiangjiayuan in the east to South Rehe Road in the west, from Chaha'er Road in the south to Nanjing No. 52 Middle School in the north, Gulou District, Nanjing City, Jiangsu Province\* (江蘇省南京市鼓樓區，東至姜家園，南至察哈爾路，西至熱河南路，北至南京市第五十二中學), for a total consideration of RMB4,820 million. The land has a total site area of 62,728.1 sq. m., its permitted plot ratio is 2.57 and is designated for commercial and residential usage with a term of 70 years and 40 years for residential land usage and commercial land usage, respectively. The text of the valuation report of an independent property valuer, Jones Lang Lasalle Corporate Appraisal & Advisory Limited, in respect of its valuation of the Nanjing 2016G01 Land as at 31 July 2016 is set out in Appendix I to this circular.

### **Management of the JV Company**

The board of directors of the JV Company will consist of 5 directors. Merchants Nanjing shall nominate 3 directors, Nanjing Renyuan shall nominate 1 director and Poly Jiangsu shall nominate 1 director. The chairman of the board of directors of the JV Company shall be a director nominated by Merchants Nanjing.

According to the Nanjing 2016G01 Land Cooperation Agreement, in the shareholders' meetings of the JV Company, Merchants Nanjing, Nanjing Renyuan and Poly Jiangsu have voting rights of 51%, 25% and 24%, respectively.

## LETTER FROM THE BOARD

### REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

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 parties 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 Fund Settlement Agreement provides transitional arrangements for Poly Jiangsu to contribute to the Nanjing 2016G01 Land Consideration by 27 September 2016 by way of an interest-bearing loan to the JV Company while more time is required for the parties to ascertain whether the requirement under Order No. 32 is applicable to the capital increase of the JV Company and, if applicable, to complete the procedures and obtain governmental approval for the increase of registered capital of the JV Company.

The terms of the Nanjing 2016G01 Land Cooperation Agreement and the Fund Settlement Agreement have been arrived at after arm's length negotiations between the respective parties. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Nanjing 2016G01 Land Cooperation Agreement and the Fund Settlement 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.

### FINANCIAL IMPACT

Upon establishment of the JV Company and despite that Merchants Nanjing's shareholding in the JV Company will ultimately be reduced to 36% after completion of the capital increase in the JV Company, Merchants Nanjing will still control the majority of the board of directors and the voting rights in the shareholders' meetings of the JV Company and therefore the JV Company will become a 36% owned subsidiary of Merchants Nanjing. As a result, the Company will consolidate the financial results of the JV Company by reference to the percentage of equity interest of the JV Company to be held by Merchants Nanjing. As the Group is optimistic towards the Nanjing property market and the expected performance return of the properties to be constructed on the Nanjing 2016G01 Land, the Group would like Merchants Nanjing to maintain control of the JV Company to ensure that operations of the JV Company and the future construction projects are to be conducted in accordance with the decisions of the management of the JV Company. Due to the other JV Shareholders' interest to jointly invest in the development of the Nanjing 2016G01 Land which was successfully bid by Merchants Nanjing and bearing in mind the inherent market and financial risks associated with their investment into the Nanjing 2016G01 Land and the future construction costs, the JV Shareholders have, through arm's length commercial negotiation among them, agreed to share the risks and contribute the agreed amount of capital into the JV Company in accordance with their respective proportions of equity interest and agreed that Merchants Nanjing will control the majority of the board of directors and the voting rights in shareholders meetings of the JV Company.

## LETTER FROM THE BOARD

As the Company can control 51% of the voting rights of the JV Company at the general meetings, it can direct the relevant activities of the JV Company, hence the JV Company is considered as a subsidiary of the Company in accordance with HKFRS 10. However, as the Company holds only 36% equity interest in the JV Company, the assets, liabilities and financial results of the JV Company will be fully consolidated by the Company with 64% of which to be allocated to non-controlling interests. The above consolidation basis had been agreed by the auditors of the Company.

### LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the contributions by Merchants Nanjing under the Nanjing 2016G01 Land Cooperation Agreement exceed 25% but less than 100%, the entering into of the Nanjing 2016G01 Land Cooperation Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements.

As Poly Jiangsu is a substantial shareholder of the JV Company which is a subsidiary of the Company, Poly Jiangsu is a connected person of the Company at the subsidiary level, the provision of the interest bearing loan of RMB723 million by Poly Jiangsu to the JV Company secured by a charge of 15% equity interest of the JV Company provided by Merchants Nanjing in favour of Poly Jiangsu as contemplated under the Fund Settlement Agreement constitutes a financial assistance received by the Group and hence a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) have approved the Fund Settlement Agreement and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Fund Settlement 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. By reason of the aforesaid, pursuant to rule 14A.101 of the Listing Rules, the Fund Settlement Agreement and the transactions contemplated thereunder will only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

## LETTER FROM THE BOARD

### WRITTEN APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written Shareholders' approval without the need of convening a general meeting. So far as the Company is aware, none of the Shareholders is materially interested in the Nanjing 2016G01 Land Cooperation Agreement and the Fund Settlement Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting if a general meeting is to be convened to approve the Nanjing 2016G01 Land Cooperation Agreement and the Fund Settlement Agreement. As at the respective dates of the Announcements and the Latest Practicable Date, Success Well was interested in 3,646,889,329 Shares (representing approximately 74.35% of the total issued Shares). As the Company has obtained the Written Approval from Success Well, no extraordinary general meeting of the Company will be convened for the purpose of approving the Nanjing 2016G01 Land Cooperation Agreement and the Fund Settlement Agreement pursuant to Rule 14.44 of the Listing Rules.

Yours faithfully,  
On behalf of the Board  
**China Merchants Land Limited**  
**Xu Yongjun**  
*Chairman*

*The following is the text of a letter and a valuation certificate, prepared for the purpose of incorporation in this Circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer and consultant, in connection with its valuation as at 31 July 2016 of the property interest contracted to be acquired by Merchants Nanjing Real Estate Co., Ltd.*



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited  
6/F Three Pacific Place 1 Queen's Road East Hong Kong  
tel +852 2846 5000 fax +852 2169 6001  
Licence No.: C-030171

28 October 2016

The Board of Directors  
**China Merchants Land Limited**  
Room 2603 to 2606, 26/F,  
China Merchants Tower,  
Shun Tak Centre,  
Nos. 168–200 Connaught Road Central,  
Hong Kong

Dear Sirs,

On 30 June 2016, Merchants Nanjing Real Estate Co., Ltd., ("**Merchants Nanjing**"), an indirect non-wholly owned subsidiary of the China Merchants Land Limited (the "**Company**"), entered into the Nanjing 2016G01 Land Cooperation Agreement with Nanjing Renyuan Investment Co., Ltd. ("**Nanjing Renyuan**") and Poly Jiangsu Real Estate Development Co., Ltd. ("**Poly Jiangsu**") pursuant to which, among other things, a JV Company will be set up in the People's Republic of China ("**PRC**") specifically to engage in the development of the Nanjing 2016G01 Land.

In accordance with your instructions to value the property interest contracted to be acquired by Merchants Nanjing in the PRC, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 July 2016 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the property interest by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. For the property interest contracted to be acquired by Merchants Nanjing, since Merchants Nanjing has not yet obtained the State-owned Land Use Rights Certificates and/or the payment of the land premium has not yet been fully settled as at the valuation date, we have attributed no commercial value to the property interest.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Company and Merchants Nanjing and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, and particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of State-owned Land Use Rights Grant Contract relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest. We have relied considerably on the advice given by the Merchants Nanjing and JV Company's PRC legal adviser – Jiangsu FD Yongheng Law Firm, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

The site inspection was carried out in August 2016 by Mr. Tony Xu who has obtained the bachelor degree in real estate appraisal and has 3 years' experience in the real estate industry of the PRC and Mr. Jerry Shen who is a China Real Estate Appraiser. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and Merchants Nanjing. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.



Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached.

Yours faithfully,  
for and on behalf of  
**Jones Lang LaSalle Corporate Appraisal and Advisory Limited**  
**Eddie T. W. Yiu**  
*MRICS MHKIS RPS (GP)*  
*Director*

*Note:* Eddie T.W. Yiu is a Chartered Surveyor who has 22 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

## VALUATION CERTIFICATE

## Property interest contracted to be acquired by Merchants Nanjing in the PRC

Property	Description and tenure	Particulars of occupancy	Market value												
			in existing state as at 31 July 2016 RMB												
A parcel of land known as Nanjing 2016G01 situated from Jiangjiayuan in the east to South Rehe Road in the west, from Chaha'er Road in the south to Nanjing No. 52 Middle School in the north, Gulou District, Nanjing City, Jiangsu Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 62,728.1 sq.m. which will be development into a residential/commercial project.</p> <p>The property faces South Rehe Road to the west and Jiangjiayuan Road to the east. The locality of the property is situated in the business center of Gulou District (formerly Xiaguan District) with various public amenities and various public traffic transportation means around.</p> <p>As advised by Merchants Nanjing, the proposed development scheme is as follows:</p>	The property is a bare land as at the valuation date	No commercial value (refer to Note 3)												
	<table border="1"> <thead> <tr> <th>Use</th> <th>Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>136,670</td> </tr> <tr> <td>Commercial</td> <td>21,750</td> </tr> <tr> <td>Others</td> <td>11,566</td> </tr> <tr> <td>Car Park</td> <td>56,860</td> </tr> <tr> <td><b>Total:</b></td> <td><b>226,846</b></td> </tr> </tbody> </table>	Use	Planned Gross Floor Area (sq.m.)	Residential	136,670	Commercial	21,750	Others	11,566	Car Park	56,860	<b>Total:</b>	<b>226,846</b>		
Use	Planned Gross Floor Area (sq.m.)														
Residential	136,670														
Commercial	21,750														
Others	11,566														
Car Park	56,860														
<b>Total:</b>	<b>226,846</b>														

## Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 11 April 2016 entered into between Nanjing State-owned Land Resources Administration Bureau and Merchants Nanjing, the land use rights of the property were contracted to be acquired by Merchants Nanjing with the particulars as follows:

Site Area	:	62,728.1 sq.m. (exclude Zone B*)
Land Use	:	Residential and commercial
Plot Ratio	:	2.57 (composite plot ratio)
		>1 and ≤ 2.0 (Zone A with site area approximately of 10,220.21 sq.m.)
		>1 and ≤ 2.6 (Zone C with site area approximately of 22,560.92 sq.m.)
		>1 and ≤ 2.9 (Zone D with site area approximately of 29,946.97 sq.m.)
Land Premium	:	RMB4,820,000,000

\* As Zone B is an allocated land granted by the government of which a kindergarten will be built thereon by the grantee ("Merchants Nanjing") and then transferred to the government after completion without compensation, it will not be covered in the total site area of the property.

2. Pursuant to a Ratification – Ning Guo Tu Zi (2016) No. 314 issued by Nanjing State-owned Land Resources Administration Bureau on 16 August 2016, the transferee of the subject land parcel has been changed from Merchants Nanjing to Nanjing Shanjieyi Property Development Co., Ltd. ("JV Company" 南京善杰义房地产开发有限公司), which is a joint venture co-founded by Merchants Nanjing, Nanjing Renyuan and Poly Jianguo.
3. For the property interest contracted to be acquired by JV Company, since it has not yet obtained the State-owned Land Use Rights Certificate and/or the payment of the land premium has not yet been fully settled as at the valuation date, we have attributed no commercial value to the property interest. However, for reference purpose, we are of the opinion that the market value of the property would be RMB4,826,000,000 as at the valuation date, assuming that the Land Use Rights Certificate has been obtained and the property could be freely transferred in accordance with the terms of the State-owned Land Use Rights Grant Contract mentioned in note 1.
4. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The accommodation value of these comparables range from RMB22,000/sq.m. to RMB37,000/sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed accommodation value of RMB29,082/sq.m. for the property.
5. We have been provided with a legal opinion regarding the property interest by the Merchants Nanjing and JV Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. JV Company will have rights to legally occupy, lease, transfer and mortgage the property after the land premium is fully paid off in compliance with the State-owned Land Use Rights Grant Contract and obtaining the State-owned Land Use Rights Certificate.
6. As at the Latest Practicable Date a summary of major certificates/approvals is shown as follows:
- |    |   |     |
|----|---|-----|
| a. | State-owned Land Use Rights Certificate                       | No  |
| b. | Construction Land Planning Permit                             | N/A |
| c. | Construction Work Planning Permit                             | N/A |
| d. | Construction Work Commencement Permit                         | N/A |
| e. | Pre-sales Permit  | N/A |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A |

The property was in vacant land status as at the valuation date. The "N/A" mentioned in b to f in note 6 stand for not available in current development stage of the property. As advised by Merchants Nanjing, the Construction Land Planning Permit and State-owned Land Use Rights Certificate are scheduled to be obtained in November 2016.

## 1. INDEBTEDNESS STATEMENT

**Borrowings**

As at the close of business on 31 August 2016, being the most recent practicable date for the purpose of the statement of indebtedness, the borrowings and loans of the Group were shown as below:

	<b>31 August 2016</b> <i>RMB'000</i>
Bank and other borrowings	5,567,540
Bonds payable	3,294,497
Convertible bonds	1,614,397
Loans from an intermediate holding company	203,420
Loans from non-controlling equity holders of subsidiaries of the Group	<u>1,230,952</u>
<b>Total</b>	<b><u>11,910,806</u></b>
Secured	837,000
Unsecured	<u>11,073,806</u>
<b>Total</b>	<b><u>11,910,806</u></b>
Carrying amounts repayable:	
Within one year or on demand, disclosed as current liabilities	1,408,121
More than one year, but not exceeding two years, disclosed as non-current liabilities	4,062,730
More than two years, but not exceeding five years, disclosed as non-current liabilities	<u>6,439,955</u>
<b>Total</b>	<b><u>11,910,806</u></b>

**Contingent Liabilities**

As at 31 August 2016, the Group had outstanding guarantees for mortgage loans of its customers in the amount of approximately RMB3,455 million and court proceedings involving approximately RMB29 million.

The court proceedings is related to a subsidiary of the Company which was a defendant in a legal action involving the alleged failure of the subsidiary to settle a sum payable to a contractor in accordance with the terms of contract. The Directors

believe, based on legal advice, that the action can be successfully defended and no losses (including claims for costs) will be incurred.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, dividend payable and normal trade payables in the normal course of business at the close of business on 31 August 2016, the Group did not have any other outstanding bank or other borrowings, mortgages, charges, debentures or other loan capital or other similar indebtedness, guarantee, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase or other finance lease commitments, indemnities or other material contingent liabilities.

As at 31 August 2016, the Group had cash and bank balances of RMB5,515 million. The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in RMB, US\$ and HK\$. The Group maintains a prudent strategy in its foreign exchange risk management, where foreign exchange risks are minimised via balancing the monetary assets versus monetary liabilities. As the convertible bonds and the bond were denominated in US\$, while the Group conducts its sales, receivables, payables and expenditures in RMB for its PRC property development business, the management will closely monitor the volatility between RMB and US\$ exchange rates and might consider hedging should the need arises.

As at 31 August 2016, the capital structure of the Group consists of net debts, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, share premium and various reserves.

As at the Latest Practicable Date, the Directors have confirmed that there has been no material change in the indebtedness or any contingent liabilities of the Group since 1 August 2016.

#### **Pledge of Assets**

Save for properties for sale in Chongqing and Guangzhou with carrying values of approximately RMB2,079 million having been pledged to secure bank borrowings amounting to RMB837 million granted to the Group as at 31 August 2016, the Group did not have any changes in pledge or change on its assets including property, plant and equipment or properties under development for sale.

## **2. WORKING CAPITAL**

Taking into account the present internal financial resources available to the Group, including cash and bank balances as well as the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

## **3. EFFECTS ON EARNINGS AND LIABILITIES OF THE GROUP**

Upon establishment of the JV Company, Merchants Nanjing will control the majority of the board of directors and the voting rights in the shareholders' meetings of

the JV Company and therefore the JV Company will become a subsidiary of Merchants Nanjing. As a result, the financial results, assets and liabilities of the JV Company will be consolidated into the accounts of the Group.

#### **4. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

Looking forward to the second half of the year, as the overall real estate industry in China has significantly picked up, it is unlikely that the central government will further introduce national relaxation policies as a matter of urgency, while destocking would be more reliant on the relevant policies of each region in satisfaction of local needs. It is expected the real estate development investment in the second half of the year would experience a slow growth. The market may enter into an adjustment period, evidenced by the continuous trend of differentiation in regions and cities and more frequent acquisitions and mergers and reorganization activities in the industry.

The Group will closely monitor market dynamics as usual, and make efforts in achieving the sales and profit targets. Meanwhile, benefited from the resources of CMG and CMSK, we will progressively expand into overseas markets and continue to carry forward our light-assets business model in order to transition into the best property investment operator.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Interests and Short Positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares or underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### Long positions in Shares

Name of Director	Nature of interest	Number of Shares held	Approximately percentage (%) in the issued share capital of the Company
So Shu Fai	Interest of controlled corporations ( <i>Note</i> )	32,054,066 (L)	0.65%

*Note:* These shares were directly held by Skill China Limited (“Skill China”). Skill China is wholly-owned by Fortune Alliance Group Limited. Joint Profit Limited owned 90% equity interest in Fortune Alliance Group Limited. Fortune Alliance Group Limited is in turn controlled for the purpose of Part XV of the SFO by Joint Profit Limited, which is beneficially wholly-owned by Dr. So Shu Fai, an executive Director of the Company. Hence, by virtue of Part XV of the SFO, Dr. So Shu Fai is deemed to be interested in the shares directly held by Skill China. Skill China, Fortune Alliance Group Limited and Joint Profit Limited are companies incorporated in the British Virgin Islands with limited liability.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

### **3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER**

As at the Latest Practicable Date, the following Directors is a director or employee in the following companies, each of which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- (a) Mr. Xu Yongjun, a non-executive Director, is a director and general manager of CMSK;
- (b) Mr. Huang Junlong, a non-executive Director, is the chief financial officer of CMSK;
- (c) Mr. Yan Chengda, a non-executive Director, is the senior consultant of CMSK;
- (d) Ms. Liu Ning, a non-executive Director, is the board secretary of CMSK;
- (e) Mr. Wong King Yuen, an executive Director, is the director and general manager of China Merchants Properties Development Limited and China Merchants Property Agency Limited, wholly-owned subsidiaries of CMSK.

### **4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date, there is no contract or arrangement entered into by a related party subsisting in which a Director is materially interested and significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has, directly or indirectly, any interest in any assets which have since 31 December 2015 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.



## 5. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or controlling Shareholders (as defined in the Listing Rules) and their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

## 6. LITIGATION

A subsidiary of the Company was a defendant in a legal action involving the alleged failure of the subsidiary to settle the amount payable to a contractor in accordance with the terms of contract. The directors believe, based on legal advice, that the action can be successfully defended and no losses (including claims for costs) will be incurred.

As at the Latest Practicable Date, saved as disclosed above, the Group was not engaged in any litigation or claim of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against the Group.

## 7. SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## 8. EXPERT AND CONSENT

The following sets out the qualifications of the expert who have been named in this circular:

<b>Name</b>	<b>Qualifications</b>
Jones Lang Lasalle Corporate Appraisal & Advisory Limited	Independent property valuer

Jones Lang Lasalle Corporate Appraisal & Advisory Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, Jones Lang Lasalle Corporate Appraisal & Advisory Limited did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, Jones Lang Lasalle Corporate Appraisal & Advisory Limited did not have any interest, direct or indirect, in any assets which since 31 December 2015, the date to which the latest published audited financial statements of the Company were made up, had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 9. GENERAL

- (a) The English text of this circular and the enclosed proxy form shall prevail over the Chinese text.
- (b) The company secretary of the Company is Ms. Chan Wing Yan. Ms. Chan graduated from The City University of Hong Kong with a bachelor's degree in accounting in July 2002. She has been a member of the Hong Kong Institute of Certified Public Accountants since December 2008 and a member of the Association of Chartered Certified Accountants of the United Kingdom since August 2006.
- (c) The registered office of the Company is situated at P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The head office and principal place of business of the Company is at Room 2603-2606, 26/F, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong.
- (d) The branch share registrar and transfer office of the Company is Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

## 10. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Group) have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

- (a) Nanjing 2016G01 Land Cooperation Agreement and the Fund Settlement Agreement;
- (b) a subscription agreement dated 8 April 2016 entered into between Cosmos Harvest Development Limited ("**Cosmos Harvest**"), an indirect wholly-owned subsidiary of the Company, Maxwell Investment and Development Pte. Ltd. ("**Maxwell Investment**") and Poly Field International Investments Limited ("**Poly Field**") as the target company, pursuant to which, among other things, Cosmos Harvest will subscribe for new ordinary shares in Poly Field at the aggregate consideration of approximately RMB437 million in cash, upon completion of the transactions thereunder, Poly Field would be held by Cosmos Harvest as to 60% and Maxwell Investment as to 40%. For details please refer to the announcement of the Company dated 8 April 2016;

- (c) a cooperation agreement dated 18 September 2015 entered into between Nanjing Zhao Ping Li Sheng Investment Co., Ltd (“**Nanjing Zhao Ping Li Sheng**”), an indirect non wholly-owned subsidiary of the Company, 深圳聯新投資管理有限公司 (Shenzhen Lianxin Investment and Management Company Limited\*) (“**Shenzhen Lianxin**”) and 南京弘洋置業有限公司 (Nanjing Hong Yang Real Estate Co., Ltd.\*) (“**Nanjing Hong Yang**”), among other things, Nanjing Zhao Ping Li Sheng, Shenzhen Lianxin and Nanjing Hong Yang will jointly establish a project company in the PRC specifically to engage in the construction and development of a real estate project on a land situated in Nanjing City, the PRC, and each of Nanjing Zhao Ping Li Sheng, Shenzhen Lianxin and Nanjing Hong Yang shall contribute the respective amounts of RMB9.224 million, RMB5.280 million and RMB5.496 million to the registered capital of the project company, and provide shareholders loans in the respective amounts of approximately RMB753.4 million, RMB451.15 million and RMB469.55 million respective to the project company. For details please refer to the announcement of the Company dated 18 September 2015;
- (d) a cooperation agreement dated 11 September 2015 entered into between Nanjing Zhao Ping Li Sheng and 葛洲壩南京房地產開發有限公司 (Gezhouba Nanjing Real Estate Development Co., Ltd.\*) (“**Nanjing Gezhouba**”), pursuant to which, among other things, both parties shall provide shareholders’ loans to the project company to be jointly established by Nanjing Zhao Ping Li Sheng and Nanjing Gezhouba in proportion to their percentage shareholding of 30% and 70% respectively. The total shareholder’s loan commitment of Nanjing Zhao Ping Li Sheng was at least RMB969 million for contributing to the acquisition consideration of the Project Land. For details please refer to the announcement of the Company dated 11 September 2015;
- (e) the trust deed dated 23 June 2015 entered into between the Company as the guarantor, Cosmos Boom Investment Limited (“**Cosmos Boom**”), a wholly owned subsidiary of the Company, as the issuer and The Hongkong and Shanghai Banking Corporation as the trustee in connection with the credit enhanced convertible bonds in an aggregate principal amount of US\$290,000,000 bearing a coupon rate of 0.5% per annum due 2020 issued by Cosmos Boom;
- (f) the agency agreement dated 23 June 2015 between the Company as the guarantor, Cosmos Boom as the issuer and The Hongkong and Shanghai Banking Corporation as the trustee, the registrar, the transfer agent, the principal paying agent, the pre-funding account bank and the LC proceeds account bank in connection with the credit enhanced convertible bonds in an aggregate principal amount of US\$290,000,000 bearing a coupon rate of 0.5% per annum due 2020 issued by Cosmos Boom;

- (g) the subscription agreement dated 2 June 2015 between the Company as the guarantor, Cosmos Boom as the issuer and Merrill Lynch Far East Limited, CCB International Capital Limited, China Merchants Securities (HK) Co., Limited and DBS Bank Ltd., as the joint lead managers in connection with the credit enhanced convertible bonds in an aggregate principal amount of US\$290,000,000 bearing a coupon rate of 0.5% per annum due 2020 issued by Cosmos Boom. For details of this subscription agreement, the agency agreement and the trust deed mentioned in items (e) and (f) above, please refer to the announcement of the Company dated 2 June 2016;
- (h) a cooperation framework agreement dated 5 May 2016 entered into between 冠華港貿易(深圳)有限公司 (Guan Hua Gang Trading (Shenzhen) Co., Ltd.\*) (“**Guan Hua Gang**”), an indirect wholly owned subsidiary of the Company, Shenzhen Lianxin, 華潤置地一二三四(深圳)商業營運管理有限公司 (Huarun Zhidi One Two Three Four (Shenzhen) Commercial Operation Management Company Limited\*) (“**CR Land Shenzhen**”) and 廣州聯洲房地產有限公司 (Guangzhou Lianzhou Real Estate Company Limited\*) (“**Guangzhou Lianzhou**”), a project company established specifically for the construction and development of a real estate project on a land situated in Guangzhou, the PRC, pursuant to which, among other things, (i) Guan Hua Gang, Shenzhen Lianxin and CR Land Shenzhen shall subscribe in cash for the capital increase in the registered capital of Guangzhou Lianzhou in the respective amounts of RMB68 million, RMB66 million and RMB66 million; and (ii) upon completion of the capital increase in Guangzhou Lianzhou, Guan Hua Gang, Shenzhen Lianxin and CR Land Shenzhen shall provide shareholders’ loans to Guangzhou Lianzhou in proportion to their shareholding percentage in Guangzhou Lianzhou and the shareholder’s loan to be provided by Guan Hua Gang was approximately RMB331 million plus a reimbursement of funding cost to Shenzhen Lianxin. For details of please refer to the announcement of the Company dated 5 May 2016;
- (i) a cooperation framework agreement dated 5 May 2016 entered into between Guan Hua Gang, Shenzhen Lianxin, CR Land Shenzhen and Guangzhou Liansen, a project company established specifically for the construction and development of a real estate project on another land situated in Guangzhou, the PRC, pursuant to which, among other things, Guan Hua Gang, Shenzhen Lianxin and CR Land Shenzhen subscribed in cash for the capital increase in the registered capital of Guangzhou Liansen in the respective amounts of RMB68 million, RMB66 million and RMB66 million and the shareholder’s loan to be provided by Guan Hua Gang was approximately RMB391 million plus a reimbursement of funding cost to Shenzhen Lianxin. For details of please refer to the announcement of the Company dated 5 May 2016;
- (j) a cooperation agreement dated 25 March 2015 entered into between 招商局地產(南京)有限公司 (Merchants Nanjing Real Estate Co., Ltd.\*) (“**Merchants Nanjing**”), an indirect non-wholly owned subsidiary of the Company, and 上

海景時股權投資基金管理有限公司 (Shanghai Jingshi Equity Investment and Fund Management Company Limited\*) (“**Shanghai Jingshi**”) pursuant to which, among other things, Merchants Nanjing and Shanghai Jingshi subscribed for their respective portions of the capital increase in the registered capital of Nanjing Zhaosheng and Shanghai Jingshi provided a shareholder’s loan of RMB210.7 million to 南京招商招盛房地產有限公司 (Nanjing Merchants Zhaosheng Property Development Limited\*) (“**Nanjing Zhaosheng**”) for the purpose of repaying part of the shareholder’s loan previously made by Merchants Nanjing. Subsequently, on 13 November 2015, Merchants Nanjing, Shanghai Jingshi, Shanghai Jingshi Ruipu Investment Center (Limited Partnership)\* (上海景時銳浦投資中心(有限合夥)) (“**Shanghai Jingshi Ruipu**”) and Nanjing Zhaosheng entered into a termination agreement pursuant to which the parties agreed to (i) terminate the cooperation agreement entered into on 25 March 2015 since 30 September 2015; and (ii) Shanghai Jingshi Ruipu would transfer the 49% equity interest held by it in Nanjing Zhaosheng to Merchants Nanjing at the total consideration of RMB93 million. For details of please refer to the announcements of the Company dated 25 March 2015 and 13 November 2015 respectively;

- (k) a cooperation agreement dated 23 March 2015 entered into between Merchants Nanjing and 上海瓊宇投資管理有限公司 (Shanghai Qiongyu Investment and Management Company Limited\*) (“**Shanghai Qiongyu**”) pursuant to which, among other things, Merchants Nanjing and Shanghai Qiongyu jointly set up a project company in the PRC specifically to engage in the construction and development of a real estate project on a land situated in Nanjing City, the PRC and each of Merchants Nanjing and Shanghai Qiongyu contributed the respective amounts of RMB14.7 million and RMB15.3 million to the registered capital of the project company, as a result of which each of Merchants Nanjing and Shanghai Qiongyu own 49% and 51% of equity interest of the project company. For details please refer to the announcement of the Company dated 23 March 2015;
- (l) a cooperation agreement dated 30 January 2015 entered into between Merchants Nanjing, 南京奧和房地產開發有限公司 (Nanjing Aohe Property Development Company Limited\*) (“**Nanjing Aohe**”), Shenzhen Lianxin and 南京博之鑫投資管理有限公司 (Nanjing Bozhixin Investment Management Company Limited\*) (“**Nanjing Bozhixin**”) for the formation of a joint venture company to develop on three parcels of land situated at Hexi Nanbu, Nanjing City, Jiangsu Province, the PRC, pursuant to which Nanjing Aohe, Shenzhen Lianxin, Nanjing Bozhixin and Merchants Nanjing agreed to contribute to the registered capital of the joint venture company in the respective amounts of RMB51 million, RMB30 million, RMB12.97 million and RMB6.03 million in cash and each of Nanjing Aohe, Shenzhen Lianxin, Nanjing Bozhixin and Merchants Nanjing will have contributed approximately RMB1,634 million, approximately RMB961 million, approximately RMB416 million and approximately RMB193 million in cash. For details please refer to the announcement of the Company dated 30 January 2015; and

- (m) a cooperation agreement dated 28 January 2015 entered into between Guan Hua Gang and Shenzhen Lianxin to form a joint venture company (“**JV Company**”) to be owned as to 51% and 49% by Guan Hua Gang and Shenzhen Lianxin respectively for the purpose of developing and managing property projects jointly selected by them. The registered capital of the JV Company was initially RMB100 million to be contributed by Guan Hua Gang and Shenzhen Lianxin as to RMB51 million and RMB49 million respectively. For details please refer to the announcement of the Company dated 28 January 2015.

#### 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. at the head office and principal place of business of the Company at Room 2603, 26/F, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong, from the date of this circular up to and including 10 November 2016:

- (a) the memorandum and articles of association of the Company;
- (b) the Nanjing 2016G01 Land Cooperation Agreement and the Fund Settlement Agreement;
- (c) the letter from the Board dated 28 October 2016, the text of which is set out on pages 5 to 12 of this circular;
- (d) the annual reports of the Company for the years ended 31 December 2013, 31 December 2014 and 2015;
- (e) the material contracts referred to in the section headed “Material contracts” in this appendix;
- (f) a copy of this circular;
- (g) a copy of the circular of the Company dated 15 September 2016;
- (h) the valuation report of Jones Lang Lasalle Corporate Appraisal & Advisory Limited dated 28 October 2016, the text of which is set out on pages 13 to 17 of this circular; and
- (i) the letter of consent from Jones Lang Lasalle Corporate Appraisal & Advisory Limited dated 28 October 2016 referred to in the above paragraph headed “8. Expert and consent” in this appendix.