

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



華潤置地有限公司

China Resources Land Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1109)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE PROPOSED ACQUISITION OF
INTERESTS IN THE SHENZHEN BAY PROJECT
AND THE CAR PARK PROJECTS FROM
CHINA RESOURCES (HOLDINGS) COMPANY LIMITED**

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**



SOMERLEY CAPITAL LIMITED

**PROPOSED ACQUISITION OF INTERESTS IN THE SHENZHEN BAY PROJECT
AND THE CAR PARK PROJECTS FROM CRH**

On 26 August 2016 (after morning session of the trading hours), the Company and Hugeluck entered into the Acquisition Agreement pursuant to which the Company has conditionally agreed to acquire and Hugeluck has conditionally agreed to dispose of the Sale Shares, representing the entire issued share capital of Shining Jade, for the Consideration of RMB6,236 million (equivalent to approximately HK\$7,296 million).

Shining Jade is an investment holding company and the principal asset of the Target Group is the entire interest in the Shenzhen Bay Project (深圳灣項目). The Target Group also owns majority stakes in the Car Park Projects. All of the Project Sites are located in the PRC with Owned Properties, Operating Rights and/or Management Rights.

The Consideration has been determined after arm's length negotiations between the Company and Hugeluck having considered (i) the synergy of adding the Project Sites to the Group; (ii) the estimated development schedules of the relevant Project Sites; (iii) the business prospects from the ownership of the Operating Rights and/or Management Rights; and (iv) with reference to the adjusted NAV of the Target Group. The Consideration shall be satisfied by cash or cash equivalents at any time within one year after the Completion Date, and interest will be payable thereon at a rate of 3.14% per annum. The payments will be funded by internal resources of the Group.

DISCLOSEABLE AND CONNECTED TRANSACTION

As at the date of this announcement, Hugeluck is a wholly-owned subsidiary of CRH which is the controlling Shareholder of the Company. As such, Hugeluck is a connected person of the Company within the meaning of the Listing Rules and therefore, the entering into of the Acquisition Agreement constitutes a connected transaction of the Company. As certain of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but all applicable percentage ratios are less than 25% and the Consideration exceeds HK\$10 million, the Acquisition as a connected transaction is subject to the reporting, announcement and Independent Shareholders' approval requirements set out in Chapter 14A of the Listing Rules. Further, based on the relevant percentage ratios, the Acquisition also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Acquisition Agreement and the transactions contemplated thereunder. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

The Company proposes to convene the EGM to consider, and if thought fit, to approve the Acquisition. Each of CRH, Hugeluck and their respective associates, being connected persons of the Company and having material interests in the Acquisition (which are different from those of the Independent Shareholders), will abstain from voting at the EGM. The votes of the Independent Shareholders regarding the resolution for approval of the Acquisition Agreement and the transactions contemplated thereunder will be taken by way of poll at the EGM.

GENERAL

A circular containing, among other things, (i) further information on the Acquisition and the Target Group; (ii) the advice of Somerley regarding the Acquisition; (iii) the recommendation of the Independent Board Committee regarding the Acquisition; (iv) the property valuation report on the Owned Properties; and (v) the notice convening the EGM and a proxy form will be despatched to the Shareholders on or before 15 September 2016.

(I) PROPOSED ACQUISITION OF INTERESTS IN THE SHENZHEN BAY PROJECT AND THE CAR PARK PROJECTS FROM CRH

(a) The Acquisition Agreement

Date 26 August 2016 (after morning session of the trading hours)

Parties (1) Vendor : Hugeluck, a wholly-owned subsidiary of CRH and is principally engaged in investment holding

(2) Purchaser : the Company

Subject Matter

The Company has conditionally agreed to acquire and Hugeluck has conditionally agreed to dispose of the Sale Shares (being two ordinary shares of US\$1.00 each in the share capital of Shining Jade, representing the entire issued share capital of Shining Jade as at the date of the Acquisition Agreement which is registered in the name of and beneficially owned by Hugeluck, and such additional shares as may be issued by Shining Jade prior to Completion (if any)).

The Consideration and Payment Terms

The Consideration for the sale and purchase of the Sale Shares, being RMB6,236 million (equivalent to approximately HK\$7,296 million), shall be satisfied by cash or cash equivalents at any time within one year after the Completion Date, and interest will be payable thereon at a rate of 3.14% per annum. The payments will be funded by internal resources of the Group.

Condition Precedent

Completion is subject to the condition that the Independent Shareholders having approved the Acquisition Agreement and the transactions contemplated thereunder by way of poll at the EGM.

The condition precedent above shall not be waived in any event. If the condition precedent above has not been fulfilled by 30 November 2016 (or such other date as the parties to the Acquisition Agreement may agree in writing), the Acquisition Agreement shall thereupon become null and void ab initio.

Completion

Completion will take place on or before the fifteenth (15th) Business Day after the condition precedent has been fulfilled in accordance with the Acquisition Agreement (or such other date as the parties to the Acquisition Agreement may agree).

Deed of Indemnity

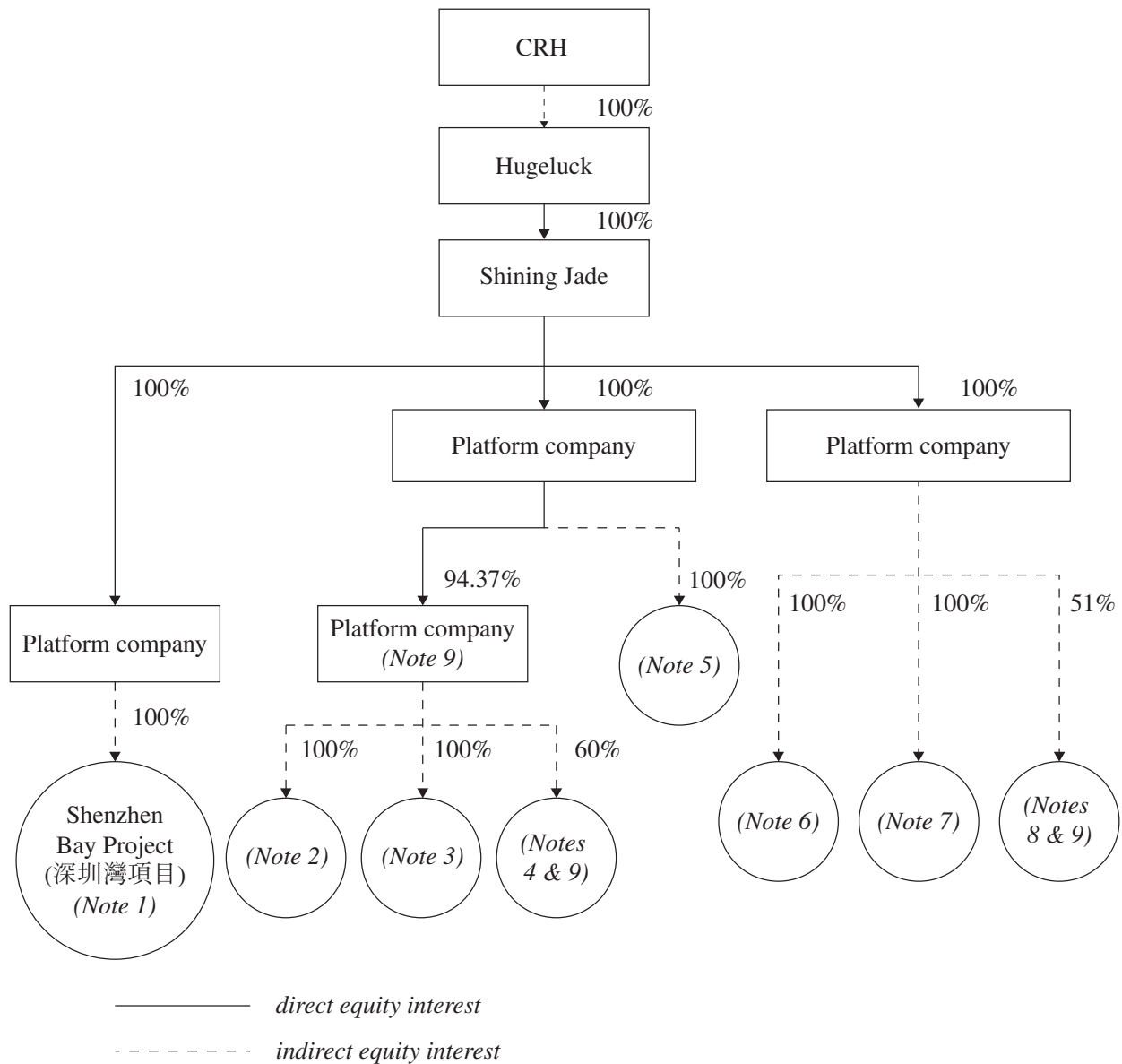
On Completion, the Company and Hugeluck will enter into the Deed of Indemnity. Subject to the limitations stated in the Deed of Indemnity, Hugeluck shall indemnify the Company from and against certain liabilities of the Target Group Companies for an amount equal to the percentage of the direct or (as the case may be) indirect equity interest in the relevant Target Group Company that the Company purchased from Hugeluck based on Hugeluck's proportionate equity interest therein, including any tax liabilities in relation to the business activities of the Target Group prior to Completion, claims from third parties and related court sealing measures on the land in relation to a Car Park Project in Shenyang (Liaoning), the PRC, together with the potential land forfeiture for not having commenced development of a Car Park Project in Tangshan (Hebei), the PRC, within the statutory time limit.

(b) Information about the Target Group

Target Group Structure

Shining Jade is an investment holding company and the principal asset of the Target Group is the entire interest in the Shenzhen Bay Project (深圳灣項目). The Target Group also owns majority stakes in the Car Park Projects. All of the Project Sites are located in the PRC with Owned Properties, Operating Rights and/or Management Rights.

The following diagram illustrates the simplified shareholding structure of the Target Group as at the date of this announcement:



Notes:

1. A mixed-use integrated development project with Owned Properties.
2. Seven Car Park Projects with Operating Rights and/or Management Rights situated in Jinan (Shandong), Shenyang (Liaoning), Zhengzhou (Henan) and Chongqing, the PRC.
3. Seven Car Park Projects with Owned Properties situated in Chengdu (Sichuan) and Tianjin, the PRC.
4. A Car Park Project with Owned Property situated in Tangshan (Hebei), the PRC.
5. A Car Park Project with Owned Property situated in Chongqing, the PRC.
6. Three Car Park Projects with Operating Rights situated in Chengdu (Sichuan) and Chongqing, the PRC.
7. Three Car Park Projects with Owned Properties situated in Shenyang (Liaoning), Chengdu (Sichuan), and Nanjing (Jiangsu), the PRC. The legal title of the land for the project located in Nanjing (Jiangsu), the PRC, is expected to be transferred by the landlord to the Target Group after construction is completed. The total GFA of the aforesaid project is expected to amount to approximately 105,000 sq.m. after construction is completed, which is currently expected to be in around late 2016 to 2018.
8. A Car Park Project with Owned Property situated in Shenyang (Liaoning), the PRC.
9. The minority shareholders in the Target Group Companies are independent from the Company and its connected persons save for their respective interests in the relevant Target Group Companies.

Financial Information

For the purposes of this announcement, assuming the Target Group had been formed since 1 January 2014, set out below are certain unaudited combined financial information of the Target Group for each of the year ended 31 December 2014 and 2015, prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2014		For the year ended 31 December 2015	
	<i>Approximately RMB million</i>	<i>Equivalent to approximately HK\$ million</i>	<i>Approximately RMB million</i>	<i>Equivalent to approximately HK\$ million</i>
Combined profit/ (loss) before taxation	36	42	(103)	(121)
Combined loss after taxation	(2)	(2)	(111)	(130)

As at 30 June 2016, the unaudited net book value of the Target Group attributable to the shareholder of Shining Jade was RMB3,741 million (equivalent to approximately HK\$4,377 million). The outstanding amount of the Related Parties' Loans owed by the Target Group Companies to Hugeluck was approximately RMB2,564 million (equivalent to approximately HK\$3,000 million) as at 30 June 2016. The Related Parties' Loans are unsecured, bearing an interest rate of 3.14% per annum effective from 1 July 2016, provided on normal commercial terms and payable on or before 31 December 2017.

Shenzhen Bay Project

The Shenzhen Bay Project is a mixed-use integrated development project located within the Nanshan District of Shenzhen, which is the designated new central business district of the city. The headquarters of well-known technology companies are located in the Hi-Tech Park in Nanshan District.

The Shenzhen Bay Project will be developed into four high-rise residential buildings, a stylish hotel operated under the "Andaz" brand, luxury serviced apartments, and a modern shopping mall located immediately next to the Shenzhen Bay Sports Center. The GFA of the saleable residential development, saleable serviced apartments, hotel, shopping mall and car park will be approximately 149,000 sq.m.¹, 50,000 sq.m., 40,000 sq.m., 58,000 sq.m. and 109,000 sq.m., respectively. The saleable residential development began pre-sales in late 2015 and has recorded contracted sales of over RMB4,200 million (equivalent to approximately HK\$4,914 million) in respect of around 37,000 sq.m. up to 30 June 2016, with revenues to be recognized up until 2020. It is expected to be delivered in 2018. The serviced apartments are expected to be delivered in 2020. The shopping mall and the hotel are expected to open in 2018 and 2019, respectively.

The Appraised Value of the Shenzhen Bay Project in existing state as at 30 June 2016 provided by Colliers International amounted to approximately RMB14,025 million (equivalent to approximately HK\$16,410 million), representing approximately 90.5% of the total Appraised Value of the Owned Properties in existing state as at 30 June 2016 attributable to the Target Company provided by Colliers International.

Car Park Projects

The Car Park Projects consist of 23 projects in relation to the management and operation of car parks and, to a small extent, the ownership of ancillary properties for commercial and other uses across the PRC. Among which, 13 projects have Owned Properties together with the right to manage or operate the car parks thereon, whilst the remaining ten projects have Operating Rights and/or Management Rights entitling the grantees of the rights to certain percentage of income and/or management fees. Total GFA of the Owned Properties of the Car

¹ The Shenzhen Bay Project includes an additional 20,000 sq.m. of residential development which, pursuant to the land use rights contract, is required to be transferred to the relevant PRC government authorities at nil consideration after completion of construction.

Park Projects is approximately 379,000 sq.m., including the land for a project located in Nanjing (Jiangsu), the PRC to be transferred to the Target Group after completion of construction thereon in around late 2016 to 2018, while the total GFA of Car Park Projects with Operating Rights and/or Management Rights is approximately 294,000 sq.m.. There is a total of over 13,300 car parking spaces in the Car Park Projects. The Car Park Projects are located mainly in certain provincial capitals in China.

(c) Basis of the Consideration

The Consideration, being RMB6,236 million (equivalent to approximately HK\$7,296 million), payable within one year after the Completion Date at an interest rate of 3.14% per annum, has been determined after arm's length negotiations between the Company and Hugeluck having considered (i) the synergy of adding the Project Sites to the Group; (ii) the estimated development schedules of the relevant Project Sites; (iii) the business prospects from the ownership of the Operating Rights and/or Management Rights; and (iv) with reference to the adjusted NAV of the Target Group calculated as follows:

Information as at 30 June 2016	<i>RMB million</i>	<i>Equivalent to approximately HK\$ million</i>
Unaudited net book value of the Target Group	3,741	4,377
Increase in value of the Project Sites (net of potential deferred taxation)	5,204	6,089
The adjusted NAV of the Target Group	8,945	10,466
Consideration	6,236	7,296
Discount	30.3%	

The aggregate Appraised Value of the Owned Properties of RMB15,489 million (equivalent to approximately HK\$18,123 million) is prepared by Colliers International, an independent property valuer, on the basis of market value of the properties in existing state as at 30 June 2016 attributable to the Target Company. The valuation of the Owned Properties represents its market value in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

The total historical investment costs of the Target Group made by Hugeluck as at 30 June 2016 was RMB6,526 million (equivalent to approximately HK\$7,636 million).

The Directors (excluding the independent non-executive Directors whose opinion will be set out in the circular to be despatched to the Shareholders after taking into account the advice of Somerley) consider that the basis of the Consideration is fair and reasonable.

(d) Reasons for and Benefits of the Acquisition

The principal business activities of the Group are property investment, development and management in the PRC.

It has always been the Group's strategy to develop, operate and manage high quality properties and replenish land bank in the strategically important regions in the PRC. While the Shenzhen Bay Project is located in Shenzhen (Guangdong), the PRC, the Car Park Projects are located mainly in provincial capitals in China. The Directors believe the Acquisition represents a good opportunity for the Group to increase its land bank located mainly in the first tier cities and provincial capitals in China. Following completion of the Acquisition, the land bank of the Group (in terms of total gross floor area) will be increased by approximately 740,000 sq.m. (including underground areas).

The Shenzhen Bay Project in particular is strategically important to the Group's long-term development as the Directors believe that the demand for high quality properties in Shenzhen will continue to increase in the future as a result of its continuous economic development. As the Shenzhen Bay Project has commenced pre-sales, the Acquisition is expected to provide immediate and stable contribution to the contracted sales and cashflow of the Group.

Injection of the Car Park Projects also enables business diversification and tapping into new income stream for the Group. It is believed that there are strong growth potential in demand for car parks in major provincial capitals in China including the cities where the Car Park Projects are located.

Upon Completion, Shining Jade will become a wholly-owned subsidiary of the Company and, accordingly, the financial results of Shining Jade will be consolidated into the financial statements of the Group.

The Directors (excluding the independent non-executive Directors whose opinion will be set out in the circular to be despatched to the Shareholders after taking into account the advice of Somerley) are of the view that the Acquisition Agreement is on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors is considered to have a material interest in the Acquisition Agreement.

(II) DISCLOSEABLE AND CONNECTED TRANSACTION

As at the date of this announcement, Hugeluck is a wholly-owned subsidiary of CRH which is the controlling Shareholder. As such, Hugeluck is a connected person of the Company within the meaning of the Listing Rules and therefore, the entering into of the Acquisition Agreement constitutes a connected transaction of the Company. As certain of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in

respect of the Acquisition exceed 5% but all applicable percentage ratios are less than 25% and the Consideration exceeds HK\$10 million, the Acquisition as a connected transaction is subject to the reporting, announcement and Independent Shareholders' approval requirements set out in Chapter 14A of the Listing Rules. Further, based on the relevant percentage ratios, the Acquisition also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

In relation to the Related Parties' Loans, given they were provided on normal commercial terms for the benefit of the Target Group where no security over the assets of the Target Group or the Group is granted in respect of the Related Parties' Loans, pursuant to Rule 14A.90 of the Listing Rules, such financial assistance is exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Acquisition Agreement and the transactions contemplated thereunder. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

The Company proposes to convene the EGM to consider, and if thought fit, to approve the Acquisition. Each of CRH, Hugeluck and their respective associates, being the connected persons of the Company and having material interests in the Acquisition (which are different from those of the Independent Shareholders), will abstain from voting at the EGM. The votes of the Independent Shareholders regarding the resolution for approval of the Acquisition Agreement and the transactions contemplated thereunder will be taken by way of a poll at the EGM.

(III) GENERAL

A circular containing, among other things, (i) further information on the Acquisition and the Target Group; (ii) the advice of Somerley regarding the Acquisition; (iii) the recommendation of the Independent Board Committee regarding the Acquisition; (iv) the property valuation report on the Owned Properties; and (v) the notice convening the EGM and a proxy form will be despatched to the Shareholders on or before 15 September 2016.

(IV) DEFINITIONS

“Acquisition”	the purchase of the entire issued share capital of Shining Jade under the Acquisition Agreement and the transactions contemplated thereunder
“Acquisition Agreement”	the conditional sale and purchase agreement dated 26 August 2016 entered into between the Company and Hugeluck in respect of, among other things, the sale and purchase of the Sale Shares

“Appraised Value”	the appraised value of the Owned Properties prepared by Colliers International on the basis of the market value of the properties in existing state as at 30 June 2016 attributable to the Target Company
“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, a Sunday and a public holiday) on which banks in Hong Kong are generally open for business
“Car Park Project(s)”	car park projects with Owned Property, Operating Rights and/or Management Rights in Chengdu (Sichuan), Jinan (Shandong), Nanjing (Jiangsu), Shenyang (Liaoning), Tangshan (Hebei), Zhengzhou (Henan), Chongqing and Tianjin in the PRC; and as described in the section headed “Proposed Acquisition of Interests in the Shenzhen Bay Project and the Car Park Projects from CRH — Information about the Target Group — Car Park Projects” in this announcement
“Colliers International”	Colliers International (Hong Kong) Limited, the independent property valuer appointed by the Company to appraise the value of the Owned Properties
“Company”	China Resources Land Limited (華潤置地有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase in accordance with the provisions of the Acquisition Agreement
“Completion Date”	the day on which Completion takes place in accordance with the terms of the Acquisition Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration for the acquisition of the Sale Shares pursuant to the Acquisition Agreement
“controlling Shareholder”	has the meaning ascribed thereto in the Listing Rules
“CRH”	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability
“Deed of Indemnity”	the deed of indemnity to be executed between the Company and Hugeluck on Completion in relation to tax and other liabilities of the Target Group

“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Acquisition Agreement and the transactions contemplated thereunder
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hugeluck”	Hugeluck Enterprises Limited (宏祥企業有限公司), a limited liability company incorporated under the laws of the British Virgin Islands
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Wang Shi, Mr. Ho Hin Ngai, Bosco, Mr. Andrew Y. Yan, Mr. Wan Kam To, Peter and Mr. Ma Weihua, being all the independent non-executive Directors, established to give recommendations to the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders (other than CRH, Hugeluck and their respective associates) who are not required to abstain from voting at the EGM under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Rights”	the rights granted to the Target Group Companies to manage the Car Park Projects in Jinan (Shandong), and Zhengzhou (Henan) in the PRC pursuant to agreements entered into by the Target Group Companies
“NAV”	net asset value
“Operating Rights”	the rights granted to the Target Group Companies to operate the Car Park Projects in Chengdu (Sichuan), Jinan (Shandong), Shenyang (Liaoning), Zhengzhou (Henan) and Chongqing in the PRC pursuant to agreements entered into by the Target Group Companies

“Owned Property/(ies)”	the properties owned or to be owned by the Target Group Companies, including the Shenzhen Bay Project (深圳灣項目) in Shenzhen (Guangdong) and certain Car Park Projects in Chengdu (Sichuan), Nanjing (Jiangsu), Shenyang (Liaoning), Tangshan (Hebei), Tianjin and Chongqing in the PRC
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Project Sites”	Shenzhen Bay Project (深圳灣項目) and the Car Park Projects
“Related Parties’ Loans”	the related parties’ loans and the interests thereon due from the Target Group Companies to Hugeluck which will remain outstanding as at the Completion Date. The total outstanding amount of such related parties’ loans and the interests thereon is RMB2,564 million (equivalent to approximately HK\$3,000 million) as at 30 June 2016
“RMB”	Renminbi, the lawful currency of the PRC from time to time
“Sale Shares”	two ordinary shares of US\$1.00 each in the share capital of Shining Jade, representing the entire issued share capital of Shining Jade as at the date of this announcement which is registered in the name of and beneficially owned by Hugeluck and such additional shares as may be issued by Shining Jade prior to Completion (if any)
“Shareholders”	the holder(s) of the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shenzhen Bay Project”	a Project Site as described in the section headed “Proposed Acquisition of Interests in the Shenzhen Bay Project and the Car Park Projects from CRH — Information about the Target Group — Shenzhen Bay Project” in this announcement
“Shining Jade”	Shining Jade Enterprises Limited (明翠企業有限公司), a company incorporated under the laws of the British Virgin Islands
“Somerley”	Somerley Capital Limited, a corporation licensed by Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance), the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Acquisition Agreement and the transactions contemplated thereunder

“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary/(ies)” or “Holding Company”	shall have the respective meanings assigned to those expressions by sections 13 to 15 of the Companies Ordinance (Cap 622 of the Laws of Hong Kong), save that any reference therein to a company shall be deemed to include a reference to a body corporate incorporated or established outside Hong Kong or under any other ordinances of the Laws of Hong Kong and to any unincorporated body of persons
“Target Group” or “Target Group Company/(ies)”	collectively, Shining Jade and its Subsidiaries as at the date hereof and “Target Group Company” means any of them individually
“%”	per cent.

For the purposes of this announcement and illustration purposes only, conversions of RMB into HK\$ are based on the approximate exchange rates of RMB1.00000 to HK\$1.17004. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rates or at any other rates.

By Order of the Board
China Resources Land Limited
TANG Yong
Vice Chairman

Hong Kong, 26 August 2016

As at the date of this announcement, the executive directors of the Company are Mr. Wu Xiangdong, Mr. Tang Yong and Mr. Yu Jian; the non-executive directors of the Company are Mr. Yan Biao, Mr. Du Wenmin, Mr. Ding Jiemin, Mr. Wei Bin, Mr. Chen Ying and Mr. Wang Yan; and the independent non-executive directors of the Company are Mr. Wang Shi, Mr. Ho Hin Ngai, Bosco, Mr. Andrew Y. Yan, Mr. Wan Kam To, Peter and Mr. Ma Weihua.