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**華潤置地有限公司**

**China Resources Land Limited**

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

**(Stock Code: 1109)**

**CONNECTED TRANSACTION  
COMPENSATION AGREEMENT IN RELATION TO  
THE RELOCATION UNDER THE URBAN RENEWAL PLAN  
OF SANJIU HOTEL  
IN LUOHU DISTRICT, SHENZHEN**

On 28 March 2018, China Resources Land Shen Nan Development (Shenzhen) Company Limited\* (華潤置地深南發展(深圳)有限公司 (a project company (“**Project Company**”)) and Shenzhen Sanjiu Travel Hotel Company Limited\* (深圳市三九旅遊酒店有限公司 (“**Sanjiu Travel**”)) entered into a compensation agreement (“**Compensation Agreement**”) in relation to the relocation under the urban renewal plan of Sanjiu Hotel in Luohu District, Shenzhen.

The Project Company is a joint venture established by China Resources Land Limited (the “**Company**”) and Shenzhen An Run Investment Company Limited\* (深圳市安潤投資有限公司) (“**An Run Investment**”), whereby the Company owns 51% equity interests and An Run Investment owns 49% equity interests.

Sanjiu Travel is a wholly-owned subsidiary of China Resources (Holdings) Company Limited (“**CRH**”), while CRH is a controlling Shareholder of the Company. As such, Sanjiu Travel is a connected person of the Company under the Listing Rules. Therefore, the Compensation Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company within the meaning of the Listing Rules.

As the applicable percentage ratios as defined under the Listing Rules in respect of the compensation from the Project Company under the Compensation Agreement exceed 0.1% but are less than 5%, the transaction is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempted from the Company’s independent Shareholders’ approval requirements.

## BACKGROUND

On 28 March 2018, China Resources Land Shen Nan Development Company Limited\* (華潤置地深南發展(深圳)有限公司 (“**Project Company**”)) and Shenzhen Sanjiu Travel Hotel Company Limited\* (深圳市三九旅遊酒店有限公司) (“**Sanjiu Travel**”) entered into a compensation agreement (“**Compensation Agreement**”) in relation to the relocation under the urban renewal plan of Sanjiu Hotel in Luohu District, Shenzhen.

The Project Company is a joint venture established by the Company and Shenzhen An Run Investment Company Limited\* (深圳市安潤投資有限公司) (“**An Run Investment**”), whereby the Company owns 51% equity interests and An Run Investment owns 49% equity interests.

The summary of major terms of the Compensation Agreement is as follows:

Date: 28 March 2018

Parties: (i) Project Company  
(ii) Sanjiu Travel

### Scope of Relocation

The relocation will involve buildings which are owned by Sanjiu Travel free from ownership dispute, which will include permanent and temporary structures. The total gross floor area of the buildings to be relocated is 27,374 square meters.

### Compensation

The Project Company has agreed to pay an amount of RMB1,013,457,496.30 (equivalent to approximately HK\$1,266,521,071.62) to Sanjiu Travel as compensation for the relocation.

### Payment Arrangement

**First payment:** The Project Company shall pay 50% of the total compensation under the Compensation Agreement, i.e. RMB506,728,748.15 (equivalent to approximately HK\$633,260,535.81) to Sanjiu Travel before 30 June 2018, provided that the Project Company and Sanjiu Travel have entered into the Delivery Confirmation of Relocated Buildings (《被搬遷房屋交付確認書》) upon the completion of delivery of relocated buildings.

**Second payment:** The Project Company shall pay the remaining 50% of the total compensation under the Compensation Agreement, i.e. RMB506,728,748.15 (equivalent to approximately HK\$633,260,535.81) to Sanjiu Travel before 20 December 2018, provided that the Project Company and Sanjiu Travel have fulfilled their respective obligations on the deregistration of property ownership certificates (房地產權屬證書) of the relocated buildings.

The compensation will be paid by the Project Company, which will be borne by its two shareholders on a pro rata basis according to their respective shareholdings.

The compensation amount was arrived at after negotiation on an arm's length basis taking into account the current market rate of compensation for demolished buildings, the actual costs of employee severance and existing tenant payments. The approximate value of the building erected on the land as valued by an independent PRC valuer using the valuation report for the year 2016 is RMB529,105,800 (equivalent to approximately HK\$661,225,209.01).

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE COMPENSATION AGREEMENT**

The Compensation Agreement is a necessary action and arrangement for facilitating and implementing the urban renewal project of Sanjiu Hotel in the Luohu District, Shenzhen, which is beneficial for the Group in seizing the opportunities of urban development and renewal, realizing the commercial value of existing resources in a timely manner, and improving the overall corporate efficiency and return for the Shareholders. The Board is of the view that, the Compensation Agreement is a feasible investment which is in line with the Group's set decisions and will be beneficial to the future long-term benefits of the Group and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the Compensation Agreement was entered into in the ordinary and usual course of business of the Company, on normal commercial terms which are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. On the Board meeting held on 20 December 2017 for approving, among others, matters contemplated under the Compensation Agreement, Mr. Tang Yong and Mr. Yu Jian had abstained from voting on the resolution for matters as contemplated under the Compensation Agreement due to their respective position in Sanjiu Travel as a director. Save as disclosed, none of the other Directors have any material interest in matters as contemplated under the Compensation Agreement.

## **INFORMATION ON THE GROUP, SANJIU TRAVEL AND THE PROJECT COMPANY**

The Group is principally engaged in the development and sales of developed properties, property investments and management, hotel operations and provision of construction, renovation and other services related to property development.

Sanjiu Travel is a company established in the PRC with limited liability and a subsidiary wholly-owned by CRH. Sanjiu Travel is principally engaged in the operation and management of hotels. The Project Company is a company established in the PRC with limited liability, and is jointly established by the Company and An Run Investment, and its equity interest is owned as to 51% by the Company and 49% by An Run Investment. The Project Company is principally engaged in real estate development and operations, property management and leasing and real estate information consultation.

## IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, as Sanjiu Travel is a wholly-owned subsidiary of CRH and CRH is a controlling Shareholder of the Company, therefore Sanjiu Travel is the Company's connected person as defined in Chapter 14A of the Listing Rules. Accordingly, the Compensation Agreement constitutes a connected transaction of the Company and is subject to the requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under the Listing Rules in respect of the compensation from the Project Company under the Compensation Agreement exceed 0.1% but are less than 5%, the transaction is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the Company's independent Shareholders' approval requirements.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meaning:

“An Run Investment”	Shenzhen An Run Investment Company Limited* (深圳市安潤投資有限公司), a company established in the PRC with limited liability and holding 49% interest in the Project Company
“Board”	the board of Directors
“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 Main Board of the Stock Exchange
“Compensation Agreement”	the compensation agreement entered into between Sanjiu Travel and the Project Company on 28 March 2018 in respect of the relocation under the urban renewal plan of Sanjiu Hotel in Luohu District, Shenzhen
“connected person(s)”	as 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, indirectly holding 61.27% Shares in the Company as at the date of this announcement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 Company”	China Resources Land Shen Nan Development (Shenzhen) Company Limited* (華潤置地深南發展(深圳)有限公司), a company established in the PRC with limited liability and a 51% owned subsidiary of the Company; the remaining 49% interest is held by An Run Investment.
“RMB”	Renminbi, the lawful currency of the PRC
“Sanjiu Travel	Shenzhen Sanjiu Travel Hotel Company Limited* (深圳市三九旅遊酒店有限公司), a company established in the PRC with limited liability and wholly-owned by CRH
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

PRC, 28 March 2018

*As at the date of this announcement, the executive directors of the Company are Mr. Wu Xiangdong, Mr. Tang Yong, Mr. Yu Jian, Mr. Zhang Dawei, Mr. Li Xin and Mr. Xie Ji; the non-executive directors of the Company are Mr. Yan Biao, Mr. Chen Ying, Mr. Wang Yan and Mr. Chen Rong; and the independent non-executive directors of the Company are Mr. Andrew Y. Yan, Mr. Ho Hin Ngai, Bosco, Mr. Wan Kam To, Peter, Mr. Zhong Wei and Mr. Sun Zhe.*

*For the purpose of this announcement, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.25 for the purposes of illustration only. No representation is made that any amount of HK\$ or RMB could have been or could be converted at the above rate or at any other rates.*

\* For identification purposes only