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**CHINA MERCHANTS LAND LIMITED**

**招商局置地有限公司**

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

**(Stock Code: 978)**

**MAJOR TRANSACTION:  
JOINT VENTURE ARRANGEMENT IN RESPECT OF  
DEVELOPMENT OF NANJING 2018G43 LAND**

**THE COOPERATION AGREEMENT**

On 8 October 2018, Chongqing Yi Yun (an indirect wholly-owned subsidiary of the Company) entered into the Cooperation Agreement with Nanjing Jiaotong to jointly invest in the Project Company for obtaining the land use rights of and developing the Nanjing 2018G43 Land, the land use rights of which has been won by Chongqing Yi Yun in bidding.

Pursuant to the Cooperation Agreement, Chongqing Yi Yun and Nanjing Jiaotong shall bear the Land Price of RMB3,350,000,000 in proportion to their respective Final Shareholdings in the Project Company of 51% and 49%. Chongqing Yi Yun and Nanjing Jiaotong shall also bear the registered capital of the Project Company in the amount of RMB1,500,000,000 in proportion to their respective Final Shareholdings in the Project Company.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the contributions by Chongqing Yi Yun under the Cooperation Agreement exceed 25% but are less than 100%, the entering into of the Cooperation Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules as the Acquisition involves an acquisition of governmental land(s) from a PRC Governmental Body through an auction governed by the PRC law, which is undertaken by the Group on a sole basis in its ordinary and usual course of business. The Directors (including the independent non-executive Directors) have confirmed that the Acquisition is in the Company's ordinary and usual course of business; and that the Acquisition and the Cooperation Agreement, including its financing and profit distribution arrangements, are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Acquisition, the Cooperation Agreement and the transactions contemplated thereunder therefore, is subject to reporting and announcement requirements but is exempt from Shareholders' approval requirements pursuant to Rule 14.33A of the Listing Rules.

A circular containing, among other things, further details of the Acquisition, the Cooperation Agreement and the transactions contemplated thereunder will be despatched to the Shareholders in accordance with the Listing Rules for information purposes only on or before 30 October 2018.

## **BACKGROUND**

On 7 September 2018, Chongqing Yi Yun (an indirect wholly-owned subsidiary of the Company) had successfully won a bidding in respect of the land use rights of the Nanjing 2018G43 Land at a price of RMB3,350,000,000. On 21 September 2018, Chongqing Yi Yun entered into the Land Use Right Grant Contract with Nanjing Land Bureau in relation to the Acquisition.

On 25 September 2018, Chongqing Yi Yun and Nanjing Jiaotong established the Project Company in the PRC as a limited liability company for the sole purpose of obtaining the land use rights of and developing the Nanjing 2018G43 Land which is of a revenue nature in the ordinary and usual course of business of the Company. The joint venture arrangement is on an arm's length basis and on normal commercial terms. No change of business scope shall be allowed except with unanimous consent of all joint venture partners.

## **THE COOPERATION AGREEMENT**

On 8 October 2018, Chongqing Yi Yun entered into the Cooperation Agreement with Nanjing Jiaotong, pursuant to which Nanjing Jiaotong agreed to invest in the Project Company with Chongqing Yi Yun for obtaining the land use rights of and developing the Nanjing 2018G43 Land through the Project Company.

The principal terms of the Cooperation Agreement are summarized as follows:

### **Date**

8 October 2018

### **Parties**

- (a) Chongqing Yi Yun, an indirect wholly-owned subsidiary of the Company; and
- (b) Nanjing Jiaotong, a company established in the PRC with limited liability.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Nanjing Jiaotong and their respective ultimate beneficial owners are Independent Third Parties.

### **Basic Information of the Nanjing 2018G43 Land**

Land Location:	The west side of Jiangpu Street and Yushan Xi Road, and the south side of Guangdian Road, Pukou District, Nanjing City, Jiangsu Province, the PRC* (中國江蘇省南京市浦口區江浦街道雨山西路以西、廣電路以南地塊)
Total Site Area:	Approximately 107,820.01 sq.m.
Usage of Land Use Rights:	residential usage with a term of 70 years
Permitted Plot Ratio:	Not more than 2.2

Land Price: RMB3,350,000,000 comprising:

- (1) The Deposit of RMB1,675,000,000 which has been paid by Chongqing Yi Yun on 6 September 2018; and
- (2) The remaining Land Price of RMB1,675,000,000 payable before 12 October 2018.

In view of the location and the designated use of the Nanjing 2018G43 Land, the Directors consider that the Acquisition is in line with the business development strategy and plan of the Group. The Directors (including independent non-executive Directors) consider that the Acquisition is a transaction of revenue nature and is carried out in the ordinary and usual course of business and are on normal commercial terms which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

None of the Directors has a material interest in the Acquisition and the Cooperation Agreement, and none of them is required to abstain from voting on the relevant board resolution(s).

### **Capital Contribution and Shareholder's Loan**

Pursuant to the Cooperation Agreement,

- (a) Chongqing Yi Yun shall make an application with Nanjing Land Bureau before 29 September 2018, to transfer the title of land use right of the Nanjing 2018G43 Land to the Project Company so that the Project Company shall become the sole beneficiary and developer of the Nanjing 2018G43 Land;
- (b) Chongqing Yi Yun and Nanjing Jiaotong shall develop the Nanjing 2018G43 Land through the Project Company, which shall be the sole beneficiary and developer of the Nanjing 2018G43 Land;
- (c) Chongqing Yi Yun and Nanjing Jiaotong shall bear the Land Price, tax, expenses and total investment amount in connection to the development of the Nanjing 2018G43 Land in proportion to their respective Final Shareholdings;
- (d) the registered capital of the Project Company in the amount of RMB1,500,000,000 shall be contributed by each of Chongqing Yi Yun and Nanjing Jiaotong in proportion to their respective Final Shareholdings;
- (e) the Deposit of RMB1,675,000,000 shall be converted as a shareholder's loan made by Chongqing Yi Yun to the Project Company;

- (f) a Prepaid Agreement was signed between Chongqing Yi Yun and Nanjing Jiaotong on 14 September 2018, pursuant to which Nanjing Jiaotong has already contributed RMB820,750,000 for repayment of the shareholder's loan provided by Chongqing Yi Yun in (e) above;
- (g) each of Chongqing Yi Yun and Nanjing Jiaotong shall inject money into the bank account of the Project Company by 12:00 noon on 11 October 2018 in proportion to their respective Final Shareholdings for the payment of the remaining Land Price, of which:
  - (i) Chongqing Yi Yun shall contribute RMB854,250,000; and
  - (ii) Nanjing Jiaotong shall contribute RMB820,750,000.

The amount of capital and loan contribution of each of Chongqing Yi Yun and Nanjing Jiaotong was determined after arm's length negotiations with reference to the capital requirements of the Project Company and the development cost of the Nanjing 2018G43 Land. The Group's share of the total estimated investment is approximately RMB2,929,174,800 which shall be funded by the Group's internal resources.

### **Management of the Project Company**

Significant matters of the Project Company (including but not limited to increase or reduction in capital, amendments to the memorandum and articles of association, mergers, demergers and liquidation) shall require the approval of the shareholders representing more than two-third of voting rights of the Project Company at the general meeting. The remaining matters shall be approved by shareholders representing more than one half of voting rights of the Project Company at the general meetings. As Chongqing Yi Yun and Nanjing Jiaotong holds 51% and 49% of voting rights of the Project Company respectively, unanimous consent of all joint venture partners will be needed for all significant matters.

The board of directors of the Project Company shall consist of five directors. Chongqing Yi Yun and Nanjing Jiaotong shall nominate three directors and two directors, respectively. The chairman of the board of directors of the Project Company shall be a director nominated by Nanjing Jiaotong.

The general manager (i.e. the legal representative) shall be responsible for the management of the Project Company. Such general manager shall be nominated by Chongqing Yi Yun and appointed or dismissed by the board of directors of the Project Company.

## **Profit Distribution Arrangement of the Project Company**

Pursuant to the Cooperation Agreement, Chongqing Yi Yun and Nanjing Jiaotong shall share the profits of the Project Company in proportion to their respective shareholdings in the Project Company.

## **FINANCIAL IMPACT**

Upon establishment of the Project Company, Chongqing Yi Yun controls the majority of the board of directors and the voting rights in the shareholders' meetings of the Project Company and therefore the Project Company becomes a subsidiary of Chongqing Yi Yun. As a result, the financial results, assets and liabilities of the Project Company will be consolidated into the accounts of the Group.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

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 Chongqing Yi Yun and Nanjing Jiaotong 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, reduce the investment risks and thus a greater return could be created for the Shareholders.

The terms of the Cooperation Agreement have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) have confirmed that the Acquisition and the terms of the Cooperation Agreement (including the financing and profit distribution arrangements) 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.

## **PARTICULARS OF THE PARTIES**

Chongqing Yi Yun is a company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in property development in the PRC.

Nanjing Jiaotong is a company established in the PRC and is principally engaged in property development in the PRC.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the contributions by Chongqing Yi Yun under the Cooperation Agreement exceed 25% but are less than 100%, the entering into of the Cooperation Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules as the Acquisition involves an acquisition of governmental land(s) from a PRC Governmental Body through an auction governed by the PRC law, which is undertaken by the Group on a sole basis in its ordinary and usual course of business. The Directors (including the independent non-executive Directors) have confirmed that the Acquisition is in the Company's ordinary and usual course of business; and that the Acquisition and the Cooperation Agreement, including its financing and profit distribution arrangements, are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Acquisition, the Cooperation Agreement and the transactions contemplated thereunder therefore, is subject to reporting and announcement requirements but is exempt from Shareholders' approval requirements pursuant to Rule 14.33A of the Listing Rules.

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## **DEFINITIONS**

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

“Acquisition”	the acquisition of land use rights of the Nanjing 2018G43 Land through public bidding process
“Board”	the board of Directors
“Chongqing Yi Yun”	Chongqing Merchants Yi Yun Property Development Limited* (重慶招商依雲房地產有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Company”	China Merchants Land Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 978)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 8 October 2018 entered into between Chongqing Yi Yun and Nanjing Jiaotong in relation to the joint investment in the Project Company for the sole purpose of obtaining the land use rights of and developing the Nanjing 2018G43 Land through the Project Company
“Deposit”	the bidding deposit of RMB1,675,000,000 which has been paid by Chongqing Yi Yun on 6 September 2018 and shall form part of the Land Price
“Director(s)”	the director(s) of the Company
“Final Shareholdings”	the final shareholding structure of the Project Company where each of Chongqing Yi Yun and Nanjing Jiaotong shall hold 51% and 49% of the equity interests in the Project Company, respectively
“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 within the meaning of the Listing Rules
“Land Price”	RMB3,350,000,000, being the aggregate consideration payable for the Acquisition pursuant to the Cooperation Agreement



“Land Use Right Grant Contract”	the land use right grant contract (國有建設用地使用權出讓合同) entered into between Chongqing Yi Yun and Nanjing Land Bureau on 21 September 2018
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Nanjing 2018G43 Land”	a piece of land situated at the west side of Jiangpu Street and Yushan Xi Road, and the south side of Guangdian Road, Pukou District, Nanjing City, Jiangsu Province, the PRC* (中國江蘇省南京市浦口區江浦街道雨山西路以西、廣電路以南地塊), with a total site area of approximately 107,820.01 sq.m.
“Nanjing Jiaotong”	Nanjing Jiaotong Investment and Property Development Limited* (南京交通投資置業有限公司), a company established in the PRC with limited liability and a party to the Cooperation Agreement
“Nanjing Land Bureau”	The Land Resources Bureau of Pukou District of Nanjing City* (南京市國土資源局浦口分局)
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“PRC Governmental Body”	has the meaning ascribed to it under the Listing Rules
“Prepaid Agreement”	the Prepaid Agreement entered into between Chongqing Yi Yun and Nanjing Jiaotong on 14 September 2018, under which Nanjing Jiaotong undertook to contribute RMB820,750,000 for repayment of the shareholder’s loan provided by Changqing Yi Yun to the Project Company (i.e. the Deposit of RMB1,675,000,000) by 18 September 2018

“Project Company”	Nanjing Shengtong Property Development Limited* (南京盛通房地產開發有限公司), a company established in the PRC with limited liability on 25 September 2018 by Chongqing Yi Yun and Nanjing Jiaotong for the sole purpose of obtaining the land use rights of and developing the Nanjing 2018G43 Land
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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

Hong Kong, 8 October 2018

*As at the date of this announcement, the Board comprises Mr. XU Yongjun, Mr. HUANG Junlong and Ms. LIU Ning as non-executive Directors; Dr. SO Shu Fai, Mr. YU Zhiliang and Mr. WONG King Yuen as executive Directors and Dr. WONG Wing Kuen, Albert, Ms. CHEN Yanping, Dr. SHI Xinping and Mr. HE Qi as independent non-executive Directors.*

\* *Unofficial English translation denotes for identification purposes only*