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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 CAPITAL INCREASE AGREEMENT

CAPITAL INCREASE AGREEMENT

On 21 December 2017, CR Construction (a wholly-owned subsidiary of the Company) entered into the Capital Increase Agreement with CR Network and the Target Company, pursuant to which CR Construction and CR Network have agreed to make a capital contribution of RMB50,000,000 and RMB50,000,000 in cash, respectively, to the registered capital of the Target Company, which are in proportion to their respective holding of equity interests of 50% and 50% in the Target Company as at the date of this announcement. The holding of equity interests in the Target Company by CR Construction and CR Network shall remain unchanged upon completion of the Capital Increase.

IMPLICATIONS UNDER THE LISTING RULES

CRC holds approximately 61.27% of the entire issued Shares and therefore is a controlling shareholder of the Company. CR Network is a wholly-owned subsidiary of CRC. The equity interest of the Target Company is owned as to 50% by CR Network. Therefore, each of CR Network and the Target Company is an associate of CRC and a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. The Capital Increase and the transactions contemplated under the Capital Increase Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the Capital Increase under the Listing Rules, when aggregated with the Initial Capital Contribution, is more than 0.1% but less than 5%, the Capital Increase and the transactions contemplated under the Capital Increase Agreement are subject to, among other things, the reporting and announcement requirements under Chapter 14A of the Listing Rules and exempt from independent shareholders' approval requirement.

INTRODUCTION

On 29 March 2017, CR Construction (a wholly-owned subsidiary of the Company) and CR Network entered into a joint venture agreement, pursuant to which CR Construction and CR Network had agreed to establish the Target Company. The initial capital contribution by CR Construction and CR Network to the Target Company was RMB100,000,000 and RMB100,000,000 respectively. As at the date of this announcement, the equity interest of the Target Company was held as to 50% and 50% by CR Construction and CR Network respectively.

On 21 December 2017, CR Construction entered into the Capital Increase Agreement with CR Network and the Target Company, pursuant to which CR Construction and CR Network have agreed to make a capital contribution of RMB50,000,000 and RMB50,000,000 in cash, respectively, to the registered capital of the Target Company, which are in proportion to their respective holding of equity interests of 50% and 50% in the Target Company as at the date of this announcement.

Principal terms of the Capital Increase Agreement are summarised as follows:

CAPITAL INCREASE AGREEMENT

Date:

21 December 2017

Parties:

- (i) CR Construction;
- (ii) CR Network; and
- (iii) the Target Company.

Capital Increase

Pursuant to the terms of the Capital Increase Agreement, CR Construction and CR Network agreed to make capital contribution in the total sum of RMB100,000,000 to the Target Company, among which, CR Construction agreed to make capital contribution in cash in the sum of RMB50,000,000 and CR Network agreed to make capital contribution in cash in the sum of RMB50,000,000.

Set out below is a summary of the equity holding structure and the registered capital of the Target Company before and after the Capital Increase:

Name of shareholder	As at the date of this announcement and prior to completion of the Capital Increase			Upon completion of the Capital Increase	
	Registered capital of the Target Company (RMB)	Equity holding	Capital injected contemplated under the Capital Increase (RMB)	Total registered capital (RMB)	Equity holding
CR Construction	100,000,000	50%	50,000,000	150,000,000	50%
CR Network	100,000,000	50%	50,000,000	150,000,000	50%
Total	200,000,000	100%	100,000,000	300,000,000	100%

The holding of equity interests in the Target Company by CR Construction and CR Network shall remain unchanged upon completion of the Capital Increase.

CR Construction and CR Network shall make their respective capital contribution in cash to the Target Company within 20 business days after the signing of the Capital Increase Agreement.

The amount of capital contribution under the Capital Increase Agreement was arrived at after arm's length negotiation between CR Construction and CR Network and determined with reference to the operation needs of the Target Company and their respective holding of equity interests in the Target Company. The Company intends to fund its capital contribution by internal resources.

The Capital Increase Agreement shall take effect upon the parties having duly signed the Capital Increase Agreement.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

Since the trial operation of the Target Company in the end of August 2017, leveraging on the advantages of CR Group in terms of data, market prospect and customers resources, the amount of loans provided by the Target Company has been maintaining a steady growth pace. As at 3 December 2017, the accumulated loan amount (which mainly consisted of consumption loans of employees (員工消費貸)) provided by the Target Company had exceeded RMB126 millions. Pursuant to the business expansion plan of the Target Company, new products such as members consumption loans (會員消費貸) and owners consumption loans (業主消費貸) will be launched in December 2017 and it is expected that the increase in the amount of new loans will exceed RMB100 million. Pursuant to the "Administration Measures for Micro-credit Companies of Guangdong Province"* (《廣東省小額貸款公司管理辦法》) and the "Regulatory Guidelines of Internet Micro-credit Companies of Shantou"* (《汕頭市互聯網小額貸款公司監管指引》), micro-credit companies

can only operate its business with its own capital during the first year after the date of establishment. Therefore, the Target Company is facing a gap in capital for its continuous business expansion and seeks further capital increase from its shareholders.

In light of the above, the Directors (including the independent non-executive Directors) consider that, although the Capital Increase is not in the ordinary and usual course of business of the Company, the terms of the Capital Increase and the transactions contemplated under the Capital Increase Agreement are fair and reasonable and on normal commercial terms and that the entering into of the Capital Increase Agreement and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

At the Board meeting held on 20 December 2017 for approving, among others, the matters contemplated under the Capital Increase Agreement, Mr. Chen Rong, a non-executive Director, had abstained from voting on the resolution for the matters as contemplated under the Capital Increase Agreement due to his position in CR Network as a director. Save as disclosed above, none of the other Directors have any material interest in matters as contemplated under the Capital Increase Agreement.

INFORMATION OF THE GROUP

The principal activities of the Group are development of properties for sale, property investments and management, hotel operations and the provision of construction, decoration services and other property development-related services in the PRC. CR Construction is a wholly-owned subsidiary of the Company.

INFORMATION OF CR NETWORK

CR Network is a company established in the PRC with limited liability and is principally engaged in the development of the technology of business information system, technology advisory, technology transfer, technology services; computer system analysis; provision of technology services of computers; computer programming; design of computer software; advertising business (other than those which require the advertising operation approval as required under the laws and regulations of the PRC and by the State Council); investment advisory (excluding restricted projects), business information advisory, corporate management advisory, corporate image planning, planning of marketing, investment information advisory, planning of investment projects, financial advisory and economic information advisory.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and is principally engaged in the provision of micro-credit loans and other businesses as approved by the regulatory bodies.

According to the unaudited financial statements of the Target Company, the total assets and the net assets of the Target Company as at 30 November 2017 were RMB201.93 million and RMB199.46 million respectively, and the losses before and after tax of the Target Company for the period from 20 July 2017 (being the date of establishment of the Target Company) to 30 November 2017 were as follows:

	<i>RMB million</i>
Losses before tax	0.51
Losses after tax	0.54

IMPLICATIONS UNDER THE LISTING RULES

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As one of the applicable percentage ratios in respect of the Capital Increase under the Listing Rules, when aggregated with the Initial Capital Contribution, is more than 0.1% but less than 5%, the Capital Increase and the transactions contemplated under the Capital Increase Agreement are subject to, among other things, the reporting and announcement requirements under Chapter 14A of the Listing Rules and exempt from independent shareholders' approval requirement.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Capital Increase”	the proposed capital increase of an aggregate of RMB100,000,000 in cash to the registered capital of the Target Company by CR Construction and CR Network as contemplated under the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 21 December 2017 entered into among CR Construction, CR Network and the Target Company in relation to the Capital Increase
“CRC”	China Resources Co., Limited* (華潤股份有限公司), a company established in the PRC with limited liability and a controlling shareholder of the Company

“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“CR Construction”	China Resources Construction Company Limited* (華潤建築有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“CR Group”	collectively, the Group, the controlling shareholders of the Company and its holding companies and associates
“CR Network”	China Resources Network Holdings (Shenzhen) Company Limited* (華潤網路控股(深圳)有限公司), a company established in the PRC with limited liability
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Initial Capital Contribution”	the initial capital contribution by CR Construction in the amount of RMB100,000,000 to the Target Company pursuant to the joint venture agreement entered into between CR Construction and CR Network dated 29 March 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the prevailing lawful currency of the PRC
“Share(s)”	share(s) of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company” Run Xin (Shantou Overseas Chinese Trial Zone) Internet Small Loans Company Limited* (潤信 (汕頭華僑試驗區) 互聯網小額貸款有限公司), a company jointly established by CR Construction and CR Network pursuant to the joint venture agreement dated 29 March 2017

“%” per cent.

* *If there is any inconsistency between the Chinese names of PRC entities, departments, facilities or titles mentioned in this announcement and their English translations, the Chinese version shall prevail.*

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

PRC, 21 December 2017

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