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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)**

**CONNECTED TRANSACTION:  
RE-AMENDED AND RESTATED NON-COMPETITION DEED**

To proactively adapt to changes in the property market trends, the Company intends to continuously develop asset-light property businesses without geographic restriction, while retaining the geographic protections for its core asset-heavy property development business. In line with such strategy and to further delineate the business operation between the Group and CMSK Group, the Company and CMSK entered into the Re-Amended and Restated Non-Competition Deed on 21 October 2019, which is conditional upon the approval of the Shareholders and will supersede and replace in its entirety the Amended and Restated Non-Competition Deed.

Pursuant to the Re-Amended and Restated Non-Competition Deed, the Group will have the rights to participate in the REIT Management Business for REITs with underlying properties permitted to be situated in or come from all over the PRC on an exclusive basis. In return, the Company (by itself or through its subsidiaries) are entitled to receive cash and/or units in the REITs.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CMSK held approximately 74.35% of the Company's issued shares and is therefore a controlling shareholder and connected person of the Company under the Listing Rules.

The Re-Amended and Restated Non-Competition Deed constitutes a connected transaction of the Company, which is subject to the requirements of reporting, announcement and approval by the Independent Shareholders.

## **GENERAL**

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Re-Amended and Restated Non-Competition Deed.

A circular containing, among other things, (i) details of the Re-Amended and Restated Non-Competition Deed; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Advisor; and (iv) a notice to convene the EGM, shall be despatched to the Shareholders on 21 October 2019.

## A. THE RE-AMENDED AND RESTATED NON-COMPETITION DEED

### The Existing Amended and Restated Non-Competition Deed

We refer to the Non-Competition Deed entered into by CMPD and the Company on 19 June 2013 (as amended and supplemented on 4 October 2013). We also refer to the Company's announcement dated 26 February 2016 which disclosed, among other things, that the Company, CMPD and CMSK had entered into a deed of amendment and novation on 30 December 2015, pursuant to which all the obligations, undertakings, interests and benefits of CMPD under the Non-Competition Deed were novated to and undertaken by CMSK in replacement of CMPD as if CMSK has been a party to the Non-Competition Deed in substitution of CMPD with effect from 30 December 2015.

We also refer to the Company's announcement dated 17 December 2018 which disclosed, among other things, that CMSK and the Company had entered into an amended and restated non-competition deed (the "**Amended and Restated Non-Competition Deed**") which superseded and replaced in its entirety the Non-Competition Deed to amend the business delineation between the Group and the CMSK Group.

Pursuant to the existing Amended and Restated Non-Competition Deed:

#### *Property Business in the CML Cities*

CMSK's non-competition undertakings in relation to Guangzhou, Foshan, Nanjing and Jurong.

With respect to Guangzhou, Foshan, Nanjing and Jurong (the "**Four CML Cities**"), CMSK has irrevocably undertaken to, and for the benefit of, the Company (for itself and on behalf of each of its subsidiaries) that during the Relevant Period it (i) shall not, and (ii) shall procure that its subsidiaries (excluding the Group) shall not, and (iii) shall use its best endeavours to procure that its associates (excluding its subsidiaries and the Group) shall not, solely or jointly, or through the representation of any person, enterprise or company:

- (a) hold and/or be interested, directly or indirectly, in any shares or other securities or interest in any company, partnership, trust or other business entity, which engages or is involved in, directly or indirectly, any Property Business in any of the Four CML Cities; or

- (b) otherwise, directly or indirectly, engage or be involved or participate or invest in, or provide other support, financial or otherwise, to any Property Business in any of the Four CML Cities.

For the restriction sets out above, it does not apply when CMSK provides financial assistance to the Group in connection with its business development.

CMSK's non-competition undertakings in relation to Chongqing and Xi'an

With respect to Chongqing and Xi'an,

- (a) The Company will conduct an annual review of the portfolio of its Property Business (other than the Non-Controlling Investment Arrangement) in each of such two cities, the financial resources available to the Group at the relevant time and the relevant market conditions, and consider and determine whether to exit from the relevant city, the exit option available and the relevant timeline. The Company is considering to cease to conduct Property Business (other than the Non-Controlling Investment Arrangement) in and exit from such two cities in due course. The Company will comply with the then applicable requirements under Chapters 14 and 14A of the Listing Rules (as applicable) if it determines to exit from the relevant city by disposing of its property projects in such city.
- (b) CMSK has irrevocably undertaken to, and for the benefit of, the Company (for itself and on behalf of each of its subsidiaries) that during the Relevant Period, to the extent the Company or any of its subsidiaries conducts Property Business (other than the Non-Controlling Investment Arrangement) in either of Chongqing or Xi'an, that it (i) shall not, and (ii) shall procure that its subsidiaries (excluding the Group) shall not, and (iii) shall use its best endeavours to procure that its associates (excluding its subsidiaries and the Group) shall not, solely or jointly, or through the representation of any person, enterprise or company:
  - (i) hold and/or be interested, directly or indirectly, in any shares or other securities or interest in any company, partnership, trust or other business entity, which engages or is involved in, directly or indirectly, any Property Business in the relevant city; or
  - (ii) otherwise, directly or indirectly, engage or be involved or participate or invest in, or provide other support, financial or otherwise, to any Property Business in the relevant city, and

for the avoidance of doubt, the above undertakings will cease to apply to the CMSK Group with respect to the relevant city as soon as the Group ceases to conduct any Property Business (other than the Non-Controlling Investment Arrangement) in such city.

#### Exceptions to CMSK's non-competition undertakings in relation to the CML Cities

Notwithstanding the undertakings from CMSK above, during the Relevant Period and when the Company or any of its subsidiaries conducts Property Business in any of the CML Cities, CMSK, any of its subsidiaries (excluding the Group) and/or any of its associates may:

- (a) hold or be interested in, directly or indirectly, any shares or securities or interest in the Company or, through the Company, in any shares or other securities or interest in any of its subsidiaries;
- (b) hold and/or be interested, directly or indirectly, in shares or other securities or interests in any company which engages or is involved in, directly or indirectly, any Property Business in any of the CML Cities, if
  - (i) such company is listed on a Recognised Stock Exchange;
  - (ii) such shares or securities or interests do not exceed 5% of such company's issued and outstanding share capital;
  - (iii) CMSK, any of its subsidiaries and/or any of its associates are not entitled to appoint a majority of the directors of such company; and
  - (iv) such company shall at all relevant times have at least one other shareholder which (together, where appropriate, with its associates) holds and/or is interested, directly or indirectly, in a larger percentage of shares and securities or other interests in such company than CMSK, any of its subsidiaries (excluding the Group) and/or any of its associates which does not act in concert with CMSK, any of its subsidiaries (excluding the Group) and/or any of its associates in relation to its shares and securities or other interests in such company; and/or
- (c) have interests in properties acquired and held for their own use provided that such activities do not involve any property development.

*Property Business in the CMSK Cities*

The Company has irrevocably undertaken to, and for the benefit of, CMSK (for itself and on behalf of each of its subsidiaries (excluding the Group)) that during the Relevant Period, it (i) shall not, and (ii) shall procure that its subsidiaries shall not, and (iii) shall use its best endeavours to procure that its associates (excluding its subsidiaries and the CMSK Group) shall not, solely or jointly, or through the representation of any person, enterprise or company:

- (a) hold and/or be interested, directly or indirectly, in any shares or other securities or interests in any company, partnership, trust or other business entity, which engages or is involved in, directly or indirectly, any Property Business in the CMSK Cities; or
- (b) otherwise, directly or indirectly, engage or be involved or participate or invest in, or provide other support, financial or otherwise, to any Property Business in the CMSK Cities.

Notwithstanding the undertakings from the Company above, during the Relevant Period, the Company, any of its subsidiaries and/or any of its associates (excluding the CMSK Group) may:

- (a) participate in Non-Controlling Investment Arrangement in the CMSK Cities;
- (b) hold and/or be interested, directly or indirectly, in shares or other securities or interests in any company which engages or is involved in, directly or indirectly, any Property Business in the CMSK Cities, if
  - (i) such company is listed on a Recognised Stock Exchange;
  - (ii) such shares or securities or interests do not exceed 5% of such company's issued and outstanding share capital;
  - (iii) the Company, any of its subsidiaries and/or any of its associates (excluding the CMSK Group) are not entitled to appoint a majority of the directors of such company; and

- (iv) such company shall at all relevant times have at least one other shareholder which (together, where appropriate, with its associates) holds and/or is interested, directly or indirectly, in a larger percentage of shares and securities or other interests in such company than the Company, any of its subsidiaries and/or any of its associates (excluding the CMSK Group) which does not act in concert with the Company, any of its subsidiaries and/or any of its associates (excluding the CMSK Group) in relation to its shares and securities or other interests in such company; and/or
- (c) have interests in properties acquired and held for their own use provided that such activities do not involve any property development.

*Asset Management Business for Office Premises in Beijing and Shanghai*

Subject to the Proposed Transfer I, the Group is entitled to engage in the Asset Management Business for office premises in Beijing and Shanghai on an exclusive basis.

With respect to the Asset Management Business for office premises in Beijing and Shanghai, CMSK has irrevocably undertaken to, and for the benefit of, the Company (for itself and on behalf of each of its subsidiaries) that, conditional upon the completion of the Proposed Transfer I, during the Relevant Period it (i) shall not, and (ii) shall procure that its subsidiaries (excluding the Group) shall not, and (iii) shall use its best endeavours to procure that its associates (excluding its subsidiaries and the Group) shall not, solely or jointly, or through the representation of any person, enterprise or company:

- (a) hold and/or be interested, directly or indirectly, in any shares or other securities or interest in any company, partnership, trust or other business entity, which engages or is involved in, directly or indirectly, any Asset Management Business for office premises in Beijing and Shanghai; or
- (b) otherwise, directly or indirectly, engage or be involved or participate or invest in, or provide other support, financial or otherwise, to any Asset Management Business for office premises in Beijing and Shanghai.

It is acknowledged by CMSK and the Company that the Proposed Transfers are subject to the negotiation between the parties, entering into definitive agreement(s) and compliance with other applicable rules and regulations (including, if applicable, approval by the shareholders of CMSK and/or the Company). As such, the Proposed Transfers may or may not materialise.

### *Non-Controlling Investment Arrangement*

The Company is entitled to participate in property-related investments on a minority basis across the PRC (including the CMSK Cities) (the “**Non-Controlling Investment Arrangement**”).

To the extent the Non-Controlling Investment Arrangement is by way of forming a joint venture, the Company will comply with the following restrictions:

- (a) it will only hold up to 30% equity interest in the relevant joint venture entity;
- (b) it will not have the right to nominate the majority of the board of directors of the joint venture entity;
- (c) it will not consolidate the financial statements of the joint venture entity in its own financial statements, and the relevant joint venture entity will be accounted for as (i) interests in associate or joint venture if the Company has significant influence over the investments or (ii) fair value through profit or loss if the investment is held for trading or (iii) fair value through other comprehensive income if the investment is not held for trading provided that the Company do not have significant influence over the investments, in accordance with the applicable Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants; and
- (d) it will not be involved in day-to-day management of the joint venture entity, and will have no veto rights over the management, strategy or operations of the joint venture entity.

To the extent the Non-Controlling Investment Arrangement is by way of establishing a fund in the form of a limited partnership, the Company will comply with the following restrictions:

- (a) it will hold not more than 30% equity interest in the general partner of the relevant fund;
- (b) it will contribute not more than 30% of the total capital contributions from all the limited partners of the relevant fund;



- (c) it will not control the general partner of the fund;
- (d) it will not consolidate the financial statements of the fund on its own financial statements; and
- (e) it will not be involved in day-to-day management of and will have no veto rights over the management, strategy or operations of the fund.

To the extent the Company participates in the Non-Controlling Investment Arrangement with the CMSK Group, each of such Non-Controlling Investment Arrangement will constitute a connected transaction of the Company, and the Company will comply with the then applicable requirements under Chapter 14A of the Listing Rules.


The Company further undertakes to limit the overall proportion of its asset value arising from the Non-Controlling Investment Arrangement with the CMSK Group (the “**Asset Value**”) to 30% of its total assets as shown in its latest published audited accounts or its latest published interim report (whichever is later) (the “**30% Threshold**”).


Ancillary to the connected Non-Controlling Investment Arrangement with the CMSK Group, the Company also expects, only if beneficial and desirable to the Group, to provide financial assistance to the connected investment entity under such Non-Controlling Investment Arrangement with the CMSK Group. The Company will comply with the then applicable requirements under Chapter 14A of the Listing Rules, and will include any outstanding balance of the amount of such financial assistance in the Asset Value for the purpose of calculating the 30% Threshold.

The existing business arrangement between the Company and the CMSK pursuant to the Amended and Restated Non-Competition Deed are set out as follows:

		<b>Non-Controlling Investment Arrangement</b>	<b>Property Business</b>	<b>Assets Management Business for Office Premises</b>
CML Cities	Chongqing (重慶) <sup>Note 1</sup> Xi'an (西安) <sup>Note 1</sup> Guangzhou (廣州) Foshan (佛山) Nanjing (南京) Jurong (句容)	Company	Company	Company

		Non-Controlling Investment Arrangement	Property Business	Assets Management Business for Office Premises
	Beijing (北京)			Company
	Tianjin (天津)			CMSK
	Shenzhen (深圳)			
	Shanghai (上海)			Company
	Changzhou (常州)			
	Zhuhai (珠海)			
	Suzhou (蘇州)			
	Zhenjiang (鎮江)			
	Qingdao (青島)			
	Chengdu (成都)			
	Wuhan (武漢)			
	Xiamen (廈門)			
	Zhangzhou (漳州)			
	Bijie (畢節)			
	Qionghai (瓊海)			
	Dalian (大連)			
	Kunming (昆明)			
	Harbin (哈爾濱)			
	Ningbo (寧波)			
	Nanning (南寧)			
	Hangzhou (杭州)			
	Shenyang (瀋陽)			
CMSK Cities	Nantong (南通)			
	Kunshan (昆山)	Company <sup>Note 2</sup>	CMSK	CMSK
	Jiashan (嘉善)			
	Jiaxing (嘉興)			
	Wuxi (無錫)			
	Yantai (煙台)			
	Rizhao (日照)			
	Changshu (常熟)			
	Hefei (合肥)			
	Zhengzhou (鄭州)			
	Dongguan (東莞)			
	Taicang (太倉)			
	Ganzhou (贛州)			
	Zhongshan (中山)			
	Jinan (濟南)			
	Huangnag (黃岡)			
	Yichang (宜昌)			
	Shiyan (十堰)			
	Tongxiang (桐鄉)			
	Cixi (慈溪)			
	Chun'an (淳安)			
	Xuzhou (徐州)			
	Fuzhou (福州)			
Unoccupied Cities	Nanchang (南昌)			

 indicates that the Company shall be entitled to conduct the relevant business exclusively

 indicates that CMSK shall be entitled to conduct the relevant business exclusively

 indicates the Non-Controlling Investment Arrangement

1. The Company is considering to exit from and release Chongqing and Xi'an from the geographical restrictions imposed by the Non-Competition Deed.
2. The Non-Controlling Investment Arrangements do not restrict CMSK in any aspect from conducting its Property Business in these cities.

Furthermore, as disclosed in the circular of the Company dated 10 January 2019, subject to the duly transfer of all equity interests of CMSK Group in Assets Management Business for office premises in Shenzhen to the Group (the “**Proposed Transfer II**”), the Company would acquire all the Asset Management Business for office premises operated by CMSK in the PRC. CMSK is prepared to undertake then that it will not engage in any Asset Management Business for office premises in the PRC and the Company shall have the exclusive right to conduct the Asset Management Business for office premises in all the cities in the PRC. The Company will then put forward such further amendments to the Amended and Restated Non-Competition Deed to the Independent Shareholders for consideration.

### **Background of the Re-Amended and Restated Non-Competition Deed**

CMSK is an asset-heavy property developer focusing on property development and associated management.

The Company was also an asset-heavy property developer focusing on property development and associated management.

The businesses of the Company and CMSK were delineated by geography where the Company is entitled to conduct Property Business in CML Cities and CMSK is entitled to conduct Property Business in CMSK Cities. Property Business refers to development, sale, lease, investment in and management of properties.

*Expansion of the business of the Company and further amendments to the Amended and Restated Non- Competition Deed*

The Company has been implementing the strategy of development of asset-light property business and pursuant to the Amended and Restated Non-Competition Deed, among other things, the Company could conduct:

- (a) **Non-Controlling Investment Arrangement** across the PRC;
- (b) **Asset Management Business for Office Premises** in CML Cities plus Beijing and Shanghai exclusively (which are CMSK Cities) in addition to its entitlement to conduct such business in the CML Cities; and
- (c) **Property Business** in CML Cities.

The Company and CMSK have agreed to revise the Amended and Restated Non-Competition Deed to further implement the strategy of developing asset-light property business.

The Company conducted arm's length discussions with CMSK with respect of the potential business opportunities to expand the scope of asset-light property business where the Company would be able to carry out REIT Management Business in all cities across the PRC while CMSK would still be able to conduct its property management business. REITs are distinctive products regulated by the Hong Kong regulators and are well recognized by global investors. The REIT Management Business presents an unique opportunity for the Company to further develop its asset light business and become a leading REITs service provider.

In light of the above, on 2 September 2019, China Merchants Land Asset Management Co., Limited (formerly known as FAIR WINNER ENTERPRISES LIMITED), a subsidiary of the Company submitted an application to the SFC for the authorisation of China Merchants Commercial Real Estate Investment Trust. For details, please refer to the Company's announcement dated 2 September 2019.

## **The Re-Amended and Restated Non-Competition Deed**

The Company and CMSK entered into a re-amended and restated non-competition deed (the “**Re-Amended and Restated Non-Competition Deed**”) on 21 October 2019, which is subject to the approval of the Independent Shareholders and will supersede and replace in its entirety the Amended and Restated Non-Competition Deed. The Re-Amended and Restated Non-Competition Deed is conditional upon the approval of the Independent Shareholders at the EGM.

Pursuant to the Re-Amended and Restated Non-Competition Deed:

### *REIT Management Business in PRC*

The Group is entitled to engage in the REIT Management Business for REITs with underlying properties permitted to be situated in or come from all over the PRC on an exclusive basis. In return, the Company (by itself or through its subsidiaries) are entitled to receive cash and/or units in the REITs.

With respect to the REIT Management Business, subject to the provisions set out above, CMSK irrevocably undertakes to, and for the benefit of, the Company (for itself and on behalf of each of its subsidiaries) that during the New Relevant Period it (i) shall not, and (ii) shall procure that its subsidiaries (excluding the Group) shall not, and (iii) shall use its best endeavours to procure that its associates (excluding its subsidiaries and the Group) shall not, solely or jointly, or through the representation of any person, enterprise or company:

- (a) hold and/or be interested, directly or indirectly, in any shares or other securities or interest in any company, partnership, trust or other business entity, which engages or is involved in, directly or indirectly, any REIT Management Business in any of the cities in PRC; or
- (b) otherwise, directly or indirectly, engage or be involved or participate or invest in, or provide other support, financial or otherwise, to any REIT Management Business in any of the cities in PRC.

For the restriction sets out above, it does not prohibit CMSK from providing property management services for the properties in CMSK cities under the REITs or own any units or other interest in such REITs.

The Re-Amended and Restated Non-Competition Deed is merely to add a new product – REIT Management Business to the business delineation arrangement between the Company and CMSK where the Company is entitled to conduct the REIT Management Business exclusively for REITs in Hong Kong with underlying properties permitted to come from all over the PRC. In return, the Company (by itself or through its subsidiaries) will receive cash and/or units in the REITs which is a standard and customary practice for REITs listed in Hong Kong. Other than the inclusion of the REIT Management Business, the principles underlying the business delineation between the Company and CMSK remain unchanged and are not being altered by the amendment to the Amended and Restated Non-Competition Deed.

Neither the Company nor CMSK has conducted the REIT Management Business before. The proposed amendment to the Amended and Restated Non-Competition Deed, which is subject to the approval of the Independent Shareholders of the Company, will simply reflect the above to enable the Company to further expand its business and implement its strategy of development of asset light property business. CMSK will have no additional rights from the proposed amendment.

*Asset Management Business for Office Premises in Beijing and Shanghai*

The Group is entitled to engage in the Asset Management Business for office premises in Beijing and Shanghai on an exclusive basis.

With respect to the Asset Management Business for office premises in Beijing and Shanghai, CMSK has irrevocably undertaken to, and for the benefit of, the Company (for itself and on behalf of each of its subsidiaries) that, during the New Relevant Period it (i) shall not, and (ii) shall procure that its subsidiaries (excluding the Group) shall not, and (iii) shall use its best endeavours to procure that its associates (excluding its subsidiaries and the Group) shall not, solely or jointly, or through the representation of any person, enterprise or company:

- (a) hold and/or be interested, directly or indirectly, in any shares or other securities or interest in any company, partnership, trust or other business entity, which engages or is involved in, directly or indirectly, any Asset Management Business for office premises in Beijing and Shanghai; or
- (b) otherwise, directly or indirectly, engage or be involved or participate or invest in, or provide other support, financial or otherwise, to any Asset Management Business for office premises in Beijing and Shanghai.

## Termination Date of the Re-Amended and Restated Non-Competition Deed

The Re-Amended and Restated Non-Competition Deed shall automatically terminate upon the earlier of:

- (a) the date on which CMSK ceases to be a controlling shareholder of the Company; and
- (b) the date on which the Shares cease to be listed on the Stock Exchange.

## Other terms of the Re-Amended and Restated Non-Competition Deed

Other than the inclusion of the REIT Management Business and the updates to the terms with respect to the Asset Management Business for Office Premises in Beijing and Shanghai in order to reflect the situation at the time of the completion of the Proposed Transfer I, the other terms with respect to the (a) Non-Controlling Investment Arrangement; (b) Asset Management Business for Office Premises in CML Cities plus Beijing and Shanghai; and (c) Property Business of the Re-Amended and Restated Non-Competition Deed remain unchanged compared to the Amended and Restated Non-Competition Deed.


## Business Delineation Pursuant to the Re-Amended and Restated Non-Competition Deed


For illustration purpose, the business delineation between the Company and CMSK pursuant to the Re-Amended and Restated Non-Competition Deed is set out below:

		Non-Controlling Investment Arrangement	REIT Management Business	Property Business	Assets Management Business for Office Premises
CML Cities	Chongqing (重慶) <sup>Note 1</sup> Xi'an (西安) <sup>Note 1</sup> Guangzhou (廣州) Foshan (佛山) Nanjing (南京) Jurong (句容)	Company	Company	Company	Company

	Non-Controlling Investment Arrangement	REIT Management Business	Property Business	Assets Management Business for Office Premises			
Beijing (北京)	Company	Company	Company	Company			
Tianjin (天津)				CMSK			
Shenzhen (深圳)				Company			
Shanghai (上海)							
Changzhou (常州)							
Zhuhai (珠海)							
Suzhou (蘇州)							
Zhenjiang (鎮江)							
Qingdao (青島)							
Chengdu (成都)							
Wuhan (武漢)							
Xiamen (廈門)							
Zhangzhou (漳州)							
Bijie (畢節)							
Qionghai (瓊海)							
Dalian (大連)							
Kunming (昆明)							
Harbin (哈爾濱)							
Ningbo (寧波)							
Nanning (南寧)							
Hangzhou (杭州)							
Shenyang (瀋陽)							
Nantong (南通)							
Kunshan (昆山)				Company <sup>Note 2</sup>	Company	CMSK	CMSK
Jiashan (嘉善)							
Jiaxing (嘉興)							
Wuxi (無錫)							
Yantai (煙台)							
Rizhao (日照)							
Changshu (常熟)							
Hefei (合肥)							
Zhengzhou (鄭州)							
Dongguan (東莞)							
Taicang (太倉)							
Ganzhou (贛州)							
Zhongshan (中山)							
Jinan (濟南)							
Huangngnag (黃岡)							
Yichang (宜昌)							
Shiyan (十堰)							
Tongxiang (桐鄉)							
Cixi (慈溪)							
Chun'an (淳安)							
Xuzhou (徐州)							
Fuzhou (福州)							
Nanchang (南昌)							
Unoccupied Cities							



 indicates that the Company shall be entitled to conduct the relevant business exclusively

 indicates that CMSK shall be entitled to conduct the relevant business exclusively

 indicates the Non-Controlling Investment Arrangement

1. The Company is considering to exit from and release Chongqing and Xi'an from the geographical restrictions imposed by the Amended and Restated Non-Competition Deed.
2. The Non-Controlling Investment Arrangements do not restrict CMSK in any aspect from conducting its Property Business in these cities.

Furthermore, subject to the Proposed Transfer II through which all equity interests of CMSK Group in Assets Management Businesses for office premises in Shenzhen shall be duly transferred to the Group, the Company would acquire all the Asset Management Business for office premises operated by CMSK in the PRC. CMSK is prepared to undertake then that it will not engage in any Asset Management Business for office premises in the PRC and the Company shall have the exclusive right to conduct the Asset Management Business for office premises in all the cities in the PRC. The Company will then put forward such further amendments to the Re-Amended and Restated Non-Competition Deed to the Independent Shareholders for consideration.

## **Operation Models of the REIT Management Business and Property Management Business**

### *REIT Management Business*

#### Services rendered under the REIT Management Business

The REIT Management Business of the Company is formed to primarily serve the REITs which own and invest in high quality income-generating commercial properties in the PRC. Under the REITs Management Business, the Company (through its SFC licensed subsidiaries) acts as the REIT manager (the “**REIT Manager**”) whose key investment objectives are to provide unitholders with stable distributions, sustainable and long-term distribution growth, and enhancement in the value of the properties involved. The REIT Manager shall be licensed by the SFC to conduct the regulated activity of asset management, as required by the REIT Code.

The REIT Manager has the general power of management over the assets of the REITs and the REIT Manager’s main responsibility is to manage the assets of the REIT for the benefit of the unitholders. Each REIT Manager is dedicated to serve one REIT.

The REIT Manager will set the strategic direction and risk management policies of the REITs and give instructions to the trustee of the REITs with respect to the acquisition and divestment of assets of the REITs in accordance with its stated investment strategy and with respect to borrowings and guarantees for the account of the REITs. The REIT Manager will manage the assets of the REITs in accordance with the REIT Manager's investment strategy and in accordance with the provisions of the trust deed and the compliance procedures of the REITs.

The REIT Manager will focus on improving the value of the properties, fund raising, financial and compliance management.

Under the REITs, the REIT Manager will provide management services and will receive management fees from the REITs. The operations manager will provide certain dedicated property management services in respect of the properties including, among other things, leasing, marketing and tenancy management services, and will receive operations management fee from the PRC property companies. The property manager will provide shared property management services such as, among other things, daily maintenance, cleaning and security services in respect of the properties, and will receive property management fee from the PRC property companies.

#### Type and nature of properties involved

Properties involved under the REITs are primarily high quality income-generating (mostly commercial) properties, which are usually at late stage of development. Such properties are elected in accordance with relevant investment strategies as regulated by the REIT Code, the compliance manual of the REITs and trust deed of the REITs. The interest of these properties are targeted to be securitized and listed in Hong Kong through the listing of REITs. In summary, the properties involved under the REITs have the following features:

- (a) the properties are strategically located and have a diverse and quality tenant base;
- (b) the portfolio has strong growth potential and can be further augmented through asset enhancement initiatives and future acquisitions; and
- (c) the properties will be managed by highly experienced and committed management team with a proven track record.

### *Property Management Business*

#### Services rendered under the property management business

The property management refers to the supportive services provided to property owners or asset managers, typically including, among other things, (a) security, cleaning, greening and gardening and repairs and maintenance services (building management); and (b) other operation support provided to property owners or asset managers such as assistance on (subject to the discretion and supervision of the asset manager) leasing services, marketing services, tenancy development, advisory services, financial services and others (operation management). As such, the REIT Management Business is clearly different from the property management business in respect of services rendered.

#### Type and nature of properties involved

Compared to the properties selected under the REITs, there is no specific restrictions on type and nature of properties involved under the property management business.

### *Analysis on Competition between the REIT Management Business and the Property Management Business*

The REIT Management Business will not compete with the property management business of CMSK give, among other things:

- (a) The REIT Managers do not carry out the work of the property managers. As elaborated above, the REIT Manager is focused on asset management including, improving the value of the properties, fund raising, financial and compliance management. The REIT Manager does not seek to conduct the property management business. This is the standard market practice and is the case for almost all REITs listed in Hong Kong.
- (b) The REIT Manager always work with property managers. The property manager executes the instructions and strategies at the building management and operation management levels. This is also the standard market practice and is the case for almost all REITs listed in Hong Kong.

In summary, the REIT Management Business and the property management business are not competitors – they are complementary to each other under the REITs structure.

The Company, through its SFC licensed subsidiaries, will provide services under the REIT Management Business while subsidiaries of CMSK or other third parties will provide property management services. For the avoidance of doubt, the Property Management services are split into two parts, one is building management (with teams from CMSK or other third parties which can provide such services to other buildings) and another is operation management (with dedicated teams from CMSK or other third parties for the relevant properties), and both are part of the property management services provided by CMSK or other third parties.

### **Market Positioning of the REIT Management Business and Other Asset Management Business or Property Management Business**

Under the REIT Management Business, services are provided by the REIT Manager to a listed scheme targeting public investors and unitholders. Besides, the properties, whose interests are targeted to be securitized and listed in Hong Kong through the listing of REITs, are selected to be injected to the REITs in accordance with relevant investment strategies as regulated by the REIT Code, the compliance manual of the REITs and trust deed of the REITs.

While under the Asset Management Business or the property management business, the asset manager or the property manager typically serve a limited number of investors/owners of the properties based on private arrangements.

### **Reasons for and Benefits of the Re-Amended and Restated Non-Competition Deed**

The Company considers that the proposed inclusion of the REIT Management Business is commercially desirable and in the interest of the Company and its Shareholders taken as a whole with clear business delineation between the Company and CMSK given:

- (a) As elaborated above, the REIT Management Business is a distinctive product of the Company and there is no competition between the REIT Management Business with other asset or property management services provided by CMSK in CMSK Cities considering:
  - (i) the rigorous regulations on the application and duration of the lifespan of the REITs as well as all the regulations under the REIT Code that the REIT Management Business is subject to;

- (ii) the particular recipient of the services i.e. REITs authorised by the SFC under the REIT Code; and
- (iii) the market positioning of REITs as an authorised investment product compared with other property companies.

In other words, a given property in a CMSK City as a matter of business reality would not face a question of whether it should choose the REIT management services provided by the Company (through its licensed subsidiaries or their respective onshore subsidiaries) or the asset management services provided by CMSK or other third parties.

- (b) The REIT Management Business presents an unique opportunity for the Company to further develop its asset light business and become a leading REITs service provider given its advantages of:
  - (i) strong local functions and personnel in Hong Kong as a Hong Kong-based property company (as compared with CMSK);
  - (ii) strong access to the properties in the PRC given the Company's substantive operations in the PRC which would strengthen the business plan of the Company to engage in REIT Management Business with underlying properties in all cities in the PRC on an exclusive basis. The REIT Management Business of the Company is managed by the REIT Manager, which has delegated: (i) some operation functions such as rental and marketing to the operations manager; and (ii) the property management function to the property manager. The REIT Manager is wholly-owned by the Company, and the operations manager and the property manager are wholly-owned by CMSK or other third parties. As a result, they can benefit from CMSK and the Company's large resource base, experienced management team, proven track record as well as brand name and recognition in the PRC. Furthermore, the board and the senior executives of the REIT Manager would have extensive experience in property investment and property management. The management team's experience and insight, complemented by their familiarity with the market practice and economic dynamics of the PRC property market, will enable the REIT Management Business of the Company to capitalize on market growth and achieve optimal operational results; and

(iii) synergy derived from the strong portfolio of properties of CMSK in the PRC and the Company's positioning as the only provider of the REIT Management Business within the China Merchant Group's property sector. The Company's REIT Management Business is expected to collaborate with CMSK, a reputable state-owned enterprise listed on the Shenzhen Stock Exchange and one of the flagship subsidiaries of CMG. CMSK has been actively developing, selling and managing various types of properties in the PRC. As at 31 December 2018, CMSK (i) had investment in properties valued at RMB39.8 billion and had 28 composite development projects and 9 commercial development projects; (ii) had nearly 10 million sq.m. of premium land in Shenzhen, including the Sea World, Prince Bay, Qianhai Ma Bay and Shenzhen International Convention and Exhibition Centre in Shenzhen Bao'an International Airport; and (iii) held 95% or more ownership interests in six composite development and commercial development projects. It is experienced in property development and operation and has in-depth knowledge of the market and the Company's REIT Management Business's existing tenants and portfolio. As a result, the Company's REIT Management Business may leverage the extensive industry experience and expertise of CMSK to assess suitable potential acquisition opportunities.

(c) Any potential connected transactions of the Company will be conducted in compliance with the Listing Rules (as in force or otherwise waived): given CMSK is likely to be a source of the underlying properties for the real estate investment trusts and will be interested in such trusts, the services provided by the Group under REIT Management Business to such trusts which are associates of CMSK will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Such connected transactions of the Company will be conducted in compliance with the Listing Rules (as in force or otherwise waived).

## **B. LISTING RULES IMPLICATIONS**

As at the date of this announcement, CMSK held approximately 74.35% of the Company's issued shares and is therefore a controlling shareholder and connected person of the Company under the Listing Rules. The Re-Amended and Restated Non-Competition Deed therefore constitutes a connected transaction of the Company, which is subject to the requirements of reporting, announcement and approval by the Independent Shareholders.

## **C. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR**

The Independent Board Committee has been formed to consider and advise the Independent Shareholders as to whether the terms of the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **D. INFORMATION ABOUT THE PARTIES**

The Company's principal activity is investment holding. Its subsidiaries are engaged in (i) development, sale, lease, investment and management of properties; and (ii) sales of electronic and electrical related products and sales of building related materials and equipment.

CMSK is principally engaged in the development and operation of industrial parks, communities and cruise business. It is currently the real estate flagship of CMG, which is the controlling shareholder of CMSK and currently holds approximately 64.46% of the total issued share capital of CMSK. CMG is a state-owned conglomerate regulated by the national State-Owned Assets Supervision and Administration Commission.

As at the date of this announcement, CMSK indirectly held approximately 74.35% of the issued shares in the Company.

## **E. GENERAL**

As Mr. XU Yongjun, Mr. HUANG Junlong and Ms. LIU Ning, each a non-executive Director, hold positions in CMSK and Mr. WONG King Yuen, an executive Director, hold positions in CMSK and/or its associates, in order to avoid any actual or potential conflict of interest, each of them had abstained from voting at the relevant Board meeting on the relevant Board resolution approving the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder.

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder.

As at the date of this announcement, the number of issued shares of the Company was 4,905,257,860 shares, of which the total number of shares entitling the holders to attend and vote for or against the proposed resolutions at the EGM would be 1,258,368,531 Shares. As at the date of this announcement, 3,646,889,329 Shares are directly held by Success Well Investments Limited (“**Success Well**”). Success Well is 20% and 80% owned by Good Ease Holdings Limited (“**Good Ease**”) and Eureka Investment Company Limited (“**Eureka**”) respectively. Good Ease is wholly-owned by Eureka, which is in turn wholly-owned by CMSK. CMG directly or indirectly owned 63.39% of CMSK, and also owned 1.07% of CMSK through a non wholly-owned subsidiary. Pursuant to the Listing Rules, CMSK, being the controlling shareholder of the Company, has material interests in the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder. CMSK and its associates shall therefore abstain from voting on the resolution in relation to each of the above matters at the EGM.

A circular containing, among other things, (i) details of the Re-Amended and Restated Non-Competition Deed; (ii) a letter from the Independent Board Committee, which sets out the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Advisor, which sets out the opinions and recommendations of the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in relation to the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder; and (iv) a notice to convene the EGM, shall be despatched to the Shareholders on 21 October 2019.

## **DEFINITIONS**

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

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|---|--|
| “30% Threshold”                             | has the meaning given to it under the section headed “A. THE RE-AMENDED AND RESTATED NON-COMPETITION DEED – The Existing Amended and Restated Non-Competition Deed – Non-Controlling Investment Arrangement” in this announcement; |
| “Amended and Restated Non-Competition Deed” | has the meaning given to it under the section headed “A. THE RE-AMENDED AND RESTATED NON-COMPETITION DEED – The Existing Amended and Restated Non-Competition Deed” in this announcement;  |



“Asset Management Business”	a service model, under which the Company will have full discretion to deal with the operational matters of the underlying properties subject to the asset management services, including but not limited to, strategic positioning, project design management, materials and services procurement, recruitment, building up management team, promotion and marketing, leasing and business solicitation;
“Asset Value”	has the meaning given to it under the section headed “A. THE RE-AMENDED AND RESTATED NON-COMPETITION DEED – The Existing Amended and Restated Non-Competition Deed – Non-Controlling Investment Arrangement” in this announcement;
“associate”	has the meaning given to it under the Listing Rules;
“Board”	The board of directors of the Company;
“CMG”	China Merchants Group Co., Ltd., being the controlling shareholder of CMSK and currently holds approximately 64.46% of the total issued share capital of CMSK;
“CML Cities”	Foshan, Guangzhou, Nanjing, Jurong, Chongqing and Xi’an;
“CMPD”	China Merchants Property Development Co., Ltd. (招商局地產控股股份有限公司), a company established in the PRC with limited liability and used to be the controlling shareholder of the Company, and was subsequently deregistered on 27 September 2016;
“CMSK”	China Merchants Shekou Industrial Zone Holdings Co., Ltd. (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. SZ), being the controlling shareholder of the Company and held approximately 74.35% of the total issued share capital of the Company as at the date of this announcement;

“CMSK Cities”	Beijing, Tianjin, Shenzhen, Shanghai, Changzhou, Zhuhai, Suzhou, Zhenjiang, Qingdao, Chengdu, Wuhan, Xiamen, Zhangzhou, Bijie, Qionghai, Dalian, Kunming, Harbin, Ningbo, Nanning, Hangzhou, Shenyang, Nantong, Kunshan, Jianshan, Jiaxing, Wuxi, Yantai, Rizhao, Changshu, Hefei, Zhengzhou, Dongguan, Taicang, Ganzhou, Zhongshan, Jinan, Huangnag, Yichang, Shiyan, Tongxiang, Cixi, Chun’an, Xuzhou, Fuzhou and Nanchang;
“CMSK Group”	CMSK and its subsidiaries (excluding the Group);
“Company”	China Merchants Land Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 0978);
“connected person”	has the meaning given to it under the Listing Rules;
“controlling shareholder”	has the meaning given to it under the Listing Rules;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to approve, among others, the Re-Amended and Restated Non-Competition Deed;
“Four CML Cities”	has the meaning given to it under the section headed “A. THE RE-AMENDED AND RESTATED NON-COMPETITION DEED – The Existing Amended and Restated Non-Competition Deed – Property Business in the CML Cities” in this announcement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors of the Company;

“Independent Financial Adviser”	Altus Capital Limited, a licensed corporation to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the entering into of the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders except for CMSK, its associates and those who are required to abstain from voting at the EGM to be convened to approve, among other things, the Re-Amended and Restated Non-Competition Deed;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“New Relevant Period”	the period from the effective date of the Re-Amended and Restated Non-Competition Deed to the termination date of the Re-Amended and Restated Non-Competition Deed (both dates inclusive);
“Non-Competition Deed”	the non-competition deed entered into between the Company and CMPD on 19 June 2013 (as amended and supplemented on 4 October 2013);
“Non-Controlling Investment Arrangement”	has the meaning given to it under the section headed “A. THE RE-AMENDED AND RESTATED NON-COMPETITION DEED – The Existing Amended and Restated Non-Competition Deed – Non-Controlling Investment Arrangement” in this announcement;
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Property Business”	development, sale, lease, investment in and management of properties;

“Proposed Transfer I”	duly transfer of all equity interests of CMSK Group in Assets Management Business for office premises in Beijing and Shanghai to the Group;
“Proposed Transfer II”	duly transfer of all equity interests of CMSK Group in Assets Management Business for office premises in Shenzhen to the Group;
“Proposed Transfers”	Proposed Transfer I and Proposed Transfer II
“Recognised Stock Exchange”	the Stock Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange or Singapore Stock Exchange;
“REITs”	schemes constituted as real estate investment trusts authorised by the SFC in accordance with the REIT Code;
“REIT Code”	means Hong Kong Code on Real Estate Investment Trust;
“REIT Management Business”	services provided to REITs by management companies acceptable to the SFC and their respective subsidiaries in accordance with the REIT Code;
“Relevant Period”	the period from the effective date of the Amended and Restated Non-Competition Deed to the termination date of the Amended and Restated Non-Competition Deed (both dates inclusive);
“Re-Amended and Restated Non-Competition Deed”	has the meaning given to it under the section headed “A. THE RE-AMENDED AND RESTATED NON-COMPETITION DEED – The Re-Amended and Restated Non-Competition Deed” in this announcement;
“Reverse Takeover”	a reverse takeover undertaken and completed by the Company on 1 November 2013;
“RMB”	Renminbi, being the lawful currency of the PRC;
“SFC”	the Securities and Futures Commission of Hong Kong;

“SFO”	the Securities and Futures Ordinance (Cap. 571 of Laws of Hong Kong);
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning given to it under the Listing Rules;
“Unoccupied Cities”	cities in the PRC in which neither the Group nor the CMSK Group has a Property Business as at the date of the Non-Competition Deed.

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

Hong Kong, 21 October 2019

*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.*