

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in China Merchants Land Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**CONNECTED TRANSACTION:  
RE-AMENDED AND RESTATED NON-COMPETITION DEED  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and  
the Independent Shareholders**

**ALTUS CAPITAL LIMITED**

A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 28 to 29 of this circular. A letter from Altus, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 30 to 41 of this circular.

A notice convening an extraordinary general meeting of China Merchants Land Limited to be held at CM+ Hotels and Serviced Apartments, 3/F, South Tower, 16 Connaught Road West, Hong Kong on Friday, 8 November 2019 at 11:00 a.m. is set out on pages 46 to 47 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://ir.cmland.hk>).

Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the forthcoming extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

21 October 2019

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## DEFINITIONS

*In this circular, unless the context otherwise requires, the following terms and expression have the meanings set forth below:*

“30% Threshold”	has the meaning given to it under the section headed “II. THE RE-AMENDED AND RESTATED NON-COMPETITION DEED — The Existing Amended and Restated Non-Competition Deed — Non-Controlling Investment Arrangement” in this circular
“Amended and Restated Non-Competition Deed”	has the meaning given to it under the section headed “II. THE RE-AMENDED AND RESTATED NON-COMPETITION DEED — The Existing Amended and Restated Non-Competition Deed” in this circular
“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 “II. THE RE-AMENDED AND RESTATED NON-COMPETITION DEED — The Existing Amended and Restated Non-Competition Deed — Non-Controlling Investment Arrangement” in this circular
“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 as at the Latest Practicable Date
“CML Cities”	Foshan, Guangzhou, Nanjing, Jurong, Chongqing and Xi’an

## DEFINITIONS

“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 Latest Practicable Date
“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, Jiaying, 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, the Re-Amended and Restated Non-Competition Deed

## DEFINITIONS

“Four CML Cities”	has the meaning given to it under the section headed “II. THE RE-AMENDED AND RESTATED NON-COMPETITION DEED — The Existing Amended and Restated Non-Competition Deed — Property Business in the CML Cities” in this circular
“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” or “Altus”	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 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, the Re-Amended and Restated Non-Competition Deed
“Latest Practicable Date”	18 October 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“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 terminate 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)

## DEFINITIONS

“Non-Controlling Investment Arrangement”	has the meaning given to it under the section headed “II. THE RE-AMENDED AND RESTATED NON-COMPETITION DEED — The Existing Amended and Restated Non-Competition Deed — Non-Controlling Investment Arrangement” in this circular
“PRC” or “China”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property Business”	development, sale, lease and management of and investment in 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”	means 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

## DEFINITIONS

“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 “II. THE RE-AMENDED AND RESTATED NON-COMPETITION DEED — The Re-Amended and Restated Non-Competition Deed” in this circular
“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 (Chapter 571 of the 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



**招商局置地有限公司**  
**CHINA MERCHANTS LAND LIMITED**

**CHINA MERCHANTS LAND LIMITED**

**招商局置地有限公司**

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

**(Stock Code: 978)**

*Non-executive Directors:*

XU Yongjun (*Chairman*)

HUANG Junlong

LIU Ning

*Executive Directors:*

SO Shu Fai

YU Zhiliang

WONG King Yuen

*Independent Non-executive Directors:*

WONG Wing Kuen, Albert

CHEN Yanping

SHI Xinping

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Nos. 168-200 Connaught Road Central,

Hong Kong

21 October 2019

*To the Shareholders*

Dear Sir/Madam,

**CONNECTED TRANSACTION:  
RE-AMENDED AND RESTATED NON-COMPETITION DEED  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

We refer to the announcement issued by the Company on 21 October 2019 in relation to the Re-Amended and Restated Non-Competition Deed entered into between the Company and CMSK. The purpose of this circular is to provide the Shareholders with information reasonably necessary to enable you to make a decision on whether to vote for or against the resolution to be proposed at the EGM for the approval of the Re-Amend and Restated Non-Competition Deed.



## LETTER FROM THE BOARD

### II. 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

## LETTER FROM THE BOARD

- (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

## LETTER FROM THE BOARD

- (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

## LETTER FROM THE BOARD

- (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

## LETTER FROM THE BOARD

- (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.

## LETTER FROM THE BOARD

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;

## LETTER FROM THE BOARD

- (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:




		Non-Controlling Investment Arrangement	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





## LETTER FROM THE BOARD

*Note:*

-  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.

## LETTER FROM THE BOARD

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 a 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 in 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

## LETTER FROM THE BOARD

- (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, 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

## LETTER FROM THE BOARD

- (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	Company	Company	Company	Company
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)				

## LETTER FROM THE BOARD

		Non-Controlling Investment Arrangement	REIT Management Business	Property Business	Assets Management Business for Office Premises			
	Beijing (北京)				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)							
CMSK Cities	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)							
	Huangngag (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)							

## LETTER FROM THE BOARD

*Note:*

-  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 REIT Management Business, the Company (through its SFC licensed subsidiaries) acts as the REITs 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 REITs for the benefit of the unitholders. Each REIT Manager is dedicated to serve one REITs.

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

## LETTER FROM THE BOARD

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 REIT 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.

## LETTER FROM THE BOARD

### *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 Manager 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. 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.

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.

### **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.



## LETTER FROM THE BOARD

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 product compared with other property companies.

## LETTER FROM THE BOARD

In other words, a given property in a CMSK Cities as a matter of business reality would not face a question of whether it should choose the REITs 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 REIT 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 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,

## LETTER FROM THE BOARD

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).

### III. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, 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.

### IV. 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 Latest Practicable Date, CMSK indirectly held approximately 74.35% of the issued shares in the Company.

## LETTER FROM THE BOARD

### V. EGM

The voting at the EGM will be taken by a poll. The Company will make an announcement of the poll results in accordance with the relevant requirements under the Listing Rules as soon as possible.

As at the Latest Practicable Date, 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 resolution at the EGM would be 1,258,368,531 Shares. As at the Latest Practicable Date, 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, being interested in 3,646,889,329 Shares, representing approximately 74.35% of the total issued share capital of the Company as at the Latest Practicable Date, shall therefore abstain from voting on the resolution in relation to the Re-Amended and Restated Non-Competition Deed at the EGM.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his Shares to a third party, either generally or on a case-by-case basis.

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, being 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.

A notice convening the EGM to be held at CM+ Hotels and Serviced Apartments, 3/F, South Tower, 16 Connaught Road West, Hong Kong on Friday, 8 November 2019 at 11:00 a.m. is set out on pages 46 to 47 of this circular. A form of proxy for the EGM is also enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the branch share registrar of the Company, Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM. The completion of a form of proxy will not preclude you from attending and voting at the EGM in person.

## LETTER FROM THE BOARD

### VI. RECOMMENDATIONS

The Board (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the Independent Financial Adviser) considers that it is in the best interests of the Company and the Shareholders as a whole to enter into the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder; the terms of the Re-Amended and Restated Non-Competition Deed are fair and reasonable; and entering into of the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder, although not in the ordinary and usual course of business of the Group, are on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolution for approving the Re-Amended and Restated Non-Competition Deed to be proposed at the EGM.

### VII. OTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully  
On behalf of the Board  
**China Merchants Land Limited**  
**XU Yongjun**  
*Chairman*



**CHINA MERCHANTS LAND LIMITED**

**招商局置地有限公司**

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

**(Stock Code: 978)**

21 October 2019

*To the Independent Shareholders*

Dear Sir/Madam,

**CONNECTED TRANSACTION:  
RE-AMENDED AND RESTATED NON-COMPETITION DEED  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular dated 21 October 2019 (the “Circular”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder as set out in the Circular. Altus has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out on pages 30 to 41 of the Circular. We wish to draw your attention to the Letter from the Board and the Letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Re-Amended

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

and Restated Non-Competition Deed and the transactions contemplated thereunder. Your attention is also drawn to the additional information set out in the appendix to the Circular. Having considered the terms of the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder, the advice of the Independent Financial Adviser and the relevant information contained in the Letter from the Board, we consider that (i) the Re-Amended and Restated Non-Competition Deed, although not entered into in the ordinary and usual course of business of the Group, is on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Re-Amended and Restated Non-Competition Deed are also fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution for approving the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,  
The Independent Board Committee of  
**China Merchants Land Limited**

**Dr. WONG Wing Kuen, Albert**  
*Independent non-executive Director*

**Ms. CHEN Yanping**  
*Independent non-executive Director*

**Dr. SHI Xinping**  
*Independent non-executive Director*

**Mr. HE Qi**  
*Independent non-executive Director*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser, 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, which has been prepared for the purpose of incorporation in the Circular.*

# ALTUS

**Altus Capital Limited**

21 Wing Wo Street

Central

Hong Kong

21 October 2019

*To the Independent Board Committee and  
the Independent Shareholders*

**China Merchants Land Limited**

Room 2603-2606

26th Floor

China Merchants Tower

Shun Tak Centre

Nos. 168-200 Connaught Road Central

Hong Kong

Dear Sirs,

## CONNECTED TRANSACTION RE-AMENDED AND RESTATED NON-COMPETITION DEED

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder. Details of the Re-Amended and Restated Non-Competition Deed are set out in the “Letter from the Board” contained in the circular of the Company dated 21 October 2019 (the “**Circular**”), of which this letter forms part of. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reference is made to the Non-Competition Deed entered into by CMPD and the Company on 19 June 2013 (as amended and supplemented on 4 October 2013) and 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.

Reference is also made to the Company's circular dated 10 January 2019 which disclosed, among other things, that CMSK and the Company had entered into an Amended and Restated Non-Competition Deed which superseded and replaced in its entirety the Non-Competition Deed, to (i) amend the business delineation between the Group and the CMSK Group to diversify the Company; (ii) formalise the principles for managing the potential competition between the Group and the CMSK Group; and (iii) enhance the corporate governance of the Company.

To proactively adapt to changes in the property market trends, the Company intends to continue to develop the 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.

### LISTING RULES IMPLICATION

As at the Latest Practicable Date, 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.

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, being interested in 3,646,889,329 Shares, representing approximately 74.35% of the total issued share capital of the Company as at the Latest Practicable Date, shall therefore abstain from voting on the resolution in relation to the Re-Amended and Restated Non-Competition Deed at the EGM.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Dr. WONG Wing Kuen, Albert, Ms. CHEN Yanping, Dr. SHI Xinping and Mr. HE Qi, has been established to consider the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder and to give advice and recommendation to the Independent Shareholders as to (i) whether the entering into the Re-Amended and Restated Non-Competition Deed is in the ordinary and usual course of business of the Group and is on normal commercial terms; (ii) whether the terms of the Re-Amended and Restated Non-Competition Deed are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution relating to the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder to be proposed at the EGM.

### THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the entering into the Re-Amended and Restated Non-Competition Deed is in the ordinary and usual course of business of the Group and is on normal commercial terms; (ii) whether the terms of the Re-Amended and Restated Non-Competition Deed are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution relating to the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder to be proposed at the EGM.

Altus has previously acted as the independent financial adviser to the Company with regards to (i) a major and connected transaction in relation to additional capital contribution to a connected subsidiary; (ii) the adjustment to the conversion price of the convertible bonds as a result of a distribution; (iii) a connected transaction in relation to the Amended and Restated Non-Competition Deed; and (iv) a discloseable and connected transaction in relation to the acquisition of limited partnership interest in a fund. Detail of the aforesaid matters of the Company are set out in (i) a circular dated 4 December 2017; (ii) an announcement dated 1 June 2018; (iii) a circular dated 10 January 2019; and (iv) a circular dated 17 May 2019, respectively. Save for the aforesaid matters, we have not acted as an independent financial adviser or financial adviser for other transactions of the Group in the last two years from the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Re-Amended and Restated Non-Competition Deed is at market level and not conditional upon successful passing of the resolution to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the Company's annual report for the year ended 31 December 2018 (the "2018 Annual Report") and the interim report for the six months ended 30 June 2019 (the "2019 Interim Report"); (ii) the Re-Amended and Restated Non-Competition Deed; and (iii) other information as set out in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the "Management"). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular are accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Management have been reasonably made after due and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

#### 1. Information of the Group and CMSK

##### 1.1 *Principal business of the Group and its business outlook*

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.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 30 June 2019, the Group's portfolio of property development projects consisted of 30 projects in Foshan, Guangzhou, Chongqing, Nanjing, Jurong and Xi'an, with a primary focus on the development of residential properties, as well as residential and commercial complex properties, products types including apartments, villas, offices and retail shops, etc.

According to the 2019 Interim Report, facing the downside risk of economy, the Group expects the central government will continue to maintain its steady development pace, and make efforts to achieve steady growth, promote reform, adjust structure, benefit people's livelihood, manage risk and maintain stability so as to facilitate a sustainable and healthy development. In this regard, the Group intends to maintain stable and cautious financial strategies, optimise financial structure, implement business plans effectively and deploy new businesses at a faster pace, such that the Group will effectively grasp market opportunities and be able to flexibly respond to the ever changing business environment.

### **1.2 Principal businesses of CMSK**

CMSK is the controlling Shareholder of the Company and held approximately 74.35% of the total issued share capital of the Company as at the Latest Practicable Date.

CMSK is principally engaged in the development and operation of industrial parks, development of residential and commercial properties, 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.

### **1.3 Background of China Merchants Land Asset Management Co., Limited (Formerly known as FAIR WINNER ENTERPRISES LIMITED) (the "REIT Manager") and China Merchants Commercial Real Estate Investment Trust (the "CMC REIT")**

#### *1.3.1 REIT Manager*

The REIT Manager was incorporated in Hong Kong on 22 June 2019 for the sole purpose of managing the assets of CMC REIT. The REIT Manager is an indirect wholly-owned subsidiary of the Company.

#### *1.3.2 CMC REIT*

CMC REIT is a Hong Kong collective investment scheme constituted as a unit trust and to be authorised/listed under section 104 of the SFO. CMC REIT is a REIT formed to primarily own and invest in high quality income-generating commercial properties in the PRC (including Hong Kong and Macao but excluding the CML Cities). It will initially focus on: (i) the Greater Bay Area (other than Foshan and Guangzhou, being two of the CML Cities), which is where the initial five properties under the CMC REIT are situated; and (ii) Beijing and Shanghai.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Further details of the REIT Manager and CMC REIT are set out in the application proof of prospectus of the CMC REIT (the “**Application Proof**”) published on the Stock Exchange’s website on 2 September 2019.

### 2. Principal terms of the Re-Amended and Restated Non-Competition Deed

Pursuant to the Re-Amended and Restated Non-Competition Deed, the REIT Management Business is added to the business delineation arrangement between the Company and CMSK as follows:

#### *REIT Management Business in PRC*

Subject to the approval of the Re-Amended and Restated Non-Competition Deed, the Group will be 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, (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 REIT Management Business in any of the cities in PRC; or
- (ii) 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.

It is noted that 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 to reflect the situation at the time of the completion of the Proposed Transfer I, 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.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Further details of the Re-Amended and Restated Non-Competition Deed are set out in the “Letter from the Board” of the Circular.

When considering the fairness and reasonableness of the terms of the Re-Amended and Restated Non-Competition Deed, we have taken into account the following factors:

2.1 *Expand the Group’s scope of business while retaining the existing asset-light property business and geographic protections for its core asset-heavy property development business*

Under the Re-Amended and Restated Non-Competition Deed, the Company will be able to engage in REIT Management Business with underlying properties of the REITs permitted to situate in or come from all over the PRC on an exclusive basis in addition to its existing business in (i) the Non-Controlling Investment Arrangement across the PRC including CMSK Cities; (ii) the Asset Management Business for office premises in CML Cities, Beijing and Shanghai; and (iii) Other Property Business in CML Cities.

It is noted that the Re-Amended and Restated Non-Competition Deed will not alter any terms (other than updates to reflect the situation at the time of the completion of the Proposed Transfer I) in relation to the existing arrangements and merely includes the REIT Management Business as the new item. The Group can therefore expand its scope of business without altering the Group’s existing asset-light property business and retain geographic protections for its asset-heavy property development business. In addition, the REIT Management Business, which includes (i) handling the asset management and operational aspects of the REIT’s underlying properties; (ii) overseeing the property maintenance and the asset improvement aspects of the properties and conducting guide diligence on properties proposed to be acquired; and (iii) formulating and implementing the investment management plans, also matches the Group’s asset-light business strategy as the REIT Management Business does not involve capital intensive assets. Accordingly, we concur with the Management that the Re-Amended and Restated Non-Competition Deed allows the Group to adhere to its stated business strategy to develop asset-light property business across the PRC, while maintaining geographical protection for the asset-heavy property business in CML Cities, which is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2.2 *Release the Group from the restrictions imposed by the Amended and Restated Non-Competition Deed when pursuing new business*

Under the Amended and Restated Non-Competition Deed, the Group shall not engage or be involved in, directly or indirectly, any Property Business in any CMSK Cities (except for the Non-controlling Investment Arrangement across the PRC and the Asset Management Business for office premises in Beijing and Shanghai). Therefore, the existing Amended and Restated Non-Competition Deed does not allow the REIT Management Business to involve any properties in CMSK Cities as the underlying assets of a REIT.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As mentioned in the Application Proof, CMC REIT is a REIT formed to primarily own and invest in high quality income-generating commercial properties in the PRC (including Hong Kong and Macao but excluding CML Cities). CMC REIT will initially focus on: (i) the Greater Bay Area (other than Foshan and Guangzhou, being two CML Cities), which is where the initial five properties under the CMC REIT are situated; and (ii) Beijing and Shanghai, all of which are CMSK Cities. Given CMSK is the real estate flagship of CMG and has extensive presence in the PRC especially in the traditional property development business (as evidenced by more than 40 CMSK Cities), upon approval of the Re-Amended and Restated Non-Competition Deed and the successful listing of CMC REIT in Hong Kong, the REIT Manager (i.e. an indirect wholly-owned subsidiary of the Company) will be entitled to engage in the REIT Management Business in all cities in the PRC on an exclusive basis. Hence, we are of the view that the Re-Amended and Restated Non-Competition Deed will release the Group from the restrictions imposed by the Amended and Restated Non-Competition Deed and facilitate the Group to pursue new business opportunity, which is fair and reasonable and in the interests of the Company and Shareholders as a whole.

### 2.3 *No potential competition between the Company and CMSK arising from the Re-Amended and Restated Non-Competition Deed*

#### 2.3.1 Scope of service

We noted the scope of service of REIT Management Business bears certain similarity of the traditional asset management business. According to the REIT Code, a management company shall be licensed under Part V of the SFO and approved by the Hong Kong Securities and Futures Commission to manage the scheme. As CMSK Group does not possess any qualification in managing REITs listed in Hong Kong, it cannot participate in any REIT Management Business. In addition, following the approval of the Re-Amended and Restated Non-Competition Deed at the EGM, CMSK Group cannot involve in REIT Management Business, either directly or indirectly. Hence, we concur with the Management that the REIT Management Business is a distinctive product. For a given property which is subject to a REIT arrangement, it can only choose a REIT Management service provider, but not a traditional asset management service provider (unless such service provider is also qualified for REIT Management Business).

As for the difference between REIT Management Business and property management business, we noted from the Management that (i) REIT managers focus on asset management including improving the value of the properties, fund raising, financial and compliance management; (ii) property managers execute instructions and provide supportive services to asset managers at the building management and operation management levels; and (iii) REIT managers do not carry out the work of the property managers and in fact REIT managers always work with property managers. We also noted that such function of REIT managers and property managers are common among REITs listed in Hong Kong. As mentioned above, CMSK cannot participate in REIT

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Management Business. Further, under the Amended and Restated Non-Competition Deed, the Group cannot participate in Other Property Business (including property management business) in CMSK Cities. In this regard, we concur with the Management's view that the Group's REIT Management Business and CMSK's property management business are clearly delineated and CMSK's property management business will not lead to potential competition with the Company's REIT Management Business.

### 2.3.2 Geographical coverage

The REIT Management Business covers properties within the PRC, while CMSK Group is not allowed to carry out the REIT Management Business.

For Asset Management Business for office premises, the Group covers Beijing, Shanghai and CML Cities, while CMSK Group covers CMSK Cities other than Beijing and Shanghai.

For Other Property Business, the Group and CMSK Group covers CML Cities and CMSK Cities, respectively.

We noted that the cities under REIT Management Business of the Group may overlap with some CMSK Cities. However, given the REIT Management Business is distinctive from Asset Management Business for office premises and Other Property Business and that CMSK is not allowed to carry out REIT Management Business, we are of the view that the overlapped geographic coverage would not cause competition between the Group and CMSK.

### 2.3.3 Other factors

We have also considered other factors such as type and nature of properties involved, services rendered, expertise required, management discretion and positioning of services provided among REIT Management Business, Asset Management Business for office premises and Other Property Business. In particular, we noted that generally the abovementioned aspects of the REIT Management Business shall be strictly dealt with in accordance to the REIT Code, whereas there are usually no specific requirements for those of Asset Management Business for office premises and Other Property Business.

Under the REIT Code, for services rendered under REIT Management Business, the REIT manager is required to ensure the financial and economic aspects of the assets of the scheme are professionally managed for the sole interest of the holders, including (i) setting strategic direction and risk management policies; and (ii) giving instructions with respect to the acquisition and divestment of assets in accordance with stated investment strategy and with respect to borrowings and guarantees for the account. The REIT Code also requires that the REIT manager to have expertise in managing a listed scheme in Hong Kong and to discharge the obligations required by the



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

REIT Code, the trust deed and compliance manual. On the other hand, there are no specific requirements to conduct Asset Management Business for office premises and Other Property Business as compared to the factors mentioned above for REIT Management Business.

### 2.3.4 Section summary

Having considered that (i) there is distinctive difference among REIT Management Business, traditional asset management business and property management business; (ii) the geographical coverage of different businesses of the Group and CMSK Group is clearly defined under the Re-Amended and Restated Non-Competition Deed; and (iii) the REIT Management Business shall be strictly dealt with in accordance with the REIT Code whereas there are no specific requirements on Asset Management Business for office premises and Other Property Business, we concur with the Management that there will be no potential competition between the Company and CMSK arising from the Re-Amended and Restated Non-Competition Deed.

### 2.4 Section summary

Taking into account the above, although the entering into the Re-Amended and Restated Non-Competition Deed is not in the usual and ordinary course of business of the Group, we are of the view that the terms of which are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **3. Reasons for and benefits of entering into the Re-Amended and Restated Non-Competition Deed with CMSK**

As set out in the “Letter from the Board” of the Circular, the Management are of the view that the proposed inclusion of REIT Management Business is commercially desirable and in the interests of the Company and its Shareholders.

Given that the central government has continued to maintain a steady development pace for the economy, it is expected that the property development market in PRC will remain stable. Accordingly, the Management believes and we concur that the Re-Amended and Restated Non-Competition Deed will help to strike a balance between restricting undue competition between the Company and its controlling Shareholder on the one hand, and provide flexibility in pursuing new business opportunity for the Group.

With the Company being the only overseas listing entity within CMG, in order to streamline the corporate structure and achieve better resources allocation, it is reasonable and understandable for CMG to propose the Group’s subsidiary to act as the REIT Manager, which also further supports the Group’s asset-light business strategy. The Group is equipped with qualified and experienced personnel to carry out such REIT Management Business. For example, the executive director (also being the chief investment and asset management officer) of the REIT Manager has extensive experience in the real estate and financial industry. Some of the directors and senior officers of the REIT Manager are also management of CMSK or the Company, who are familiar with properties of CMSK Group or the Group.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that (i) the Company is listed in Hong Kong and the Group has advantages in terms of local function and personnel; (ii) the Group's strong presence in the property market in the PRC provides expertise in managing a REIT with PRC properties as underlying assets; and (iii) cooperation between the Group and CMSK Group will create synergy such as reduced administrative process and property related services support, we concur with the Management that the REIT Management Business is commercially desirable and in the interests of the Company and its Shareholders.

In view of the above, we are of the view that the Re-Amended and Restated Non-Competition Deed is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

#### **4. Internal control measure following the implementation of the Re-Amended and Restated Non-Competition Deed**

We noted the corporate measures in relation to the implementation of the deed remain unchanged in the Re-Amended and Restated Non-Competition Deed. According to the Re-Amended and Restated Non-Competition Deed, the Independent Board Committee will review, on a semi-annual basis, the extent to which the terms of the Re-Amended and Restated Non-Competition Deed (including the restrictions applicable on the Company under the Non-Controlling Investment Arrangement) have been complied with by the CMSK Group and the Group. A report in relation to the implementation of, and the compliance with the Re-Amended and Restated Non-Competition Deed by CMSK Group and the Group, including the Independent Board Committee's confirmation on such compliance shall be published in the interim and annual report of the Company.

As 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 from the REIT Management Business to be provided to such trusts which are associates of CMSK will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Such potential connected transactions on the part of the Company will be conducted in compliance with the Listing Rules (as in force or otherwise waived). It should be noted that the REIT Code and the SFC also regulate connected party transactions under the REIT Code. Hence, going forward, we are of the view that the regulatory requirements will enable the Company and CMSK to act fairly and properly in the interests of the Company and the Shareholders.

Given the above and having reviewed the internal control policy and the confirmation from the Independent Board Committee in the previous annual and interim reports of the Company, we consider that the corporate measures have been properly adhered to and that there exist proper internal control measures to ensure that any future transactions will be conducted in accordance with the terms of the Re-Amended and Restated Non-Competition Deed.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### RECOMMENDATION

In view of the above principal factors and reasons, we are of the view that although the entering into the Re-Amended and Restated Non-Competition Deed is not in the ordinary and usual course of business of the Group, the terms and conditions of the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Re-Amended and Restated Non-Competition Deed and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Altus Capital Limited**  
**Jeanny Leung**  
*Executive Director*

*Ms. Jeanny Leung (“Ms. Leung”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has about 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading

## 2. DISCLOSURE OF INTERESTS

### Interests and Short Positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As disclosed in the 2019 Interim Report, the interests and short positions of each Director and chief executive of the Company in the shares or underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### Long positions in Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage (%) in the issued share capital of the Company
So Shu Fai	Interest of controlled corporations <sup>(Note)</sup>	32,054,066	0.65%

*Note:* These shares were directly held by Skill China Limited (“Skill China”) which is controlled by Dr. SO Shu Fai, an executive Director of the Company. Hence, by virtue of Part XV of the SFO, Dr. SO Shu Fai is deemed to be interested in the shares directly held by Skill China. Skill China is a company incorporated in the British Virgin Islands with limited liability.

## Long positions in underlying Shares of associated corporation

Name of Director	Nature of interest	Number of underlying shares involved (Note)	Approximate percentage (%) in the associated corporation
XU Yongjun	Beneficial owner	704,000 <sup>1</sup>	0.00%
		124,800 <sup>2</sup>	0.00%
HUANG Junlong	Beneficial owner	372,000 <sup>1</sup>	0.00%
LIU Ning	Beneficial owner	372,000 <sup>1</sup>	0.00%
		24,601 <sup>2</sup>	0.00%
YU Zhiliang	Beneficial owner	133,334 <sup>1</sup>	0.00%
		66,666 <sup>2</sup>	0.00%

Note:

1. These are the underlying Shares involved in the share options granted by CMSK (an intermediate controlling shareholder indirectly holding 3,646,889,329 Shares, representing approximately 74.35% of the issued share capital of the Company) to Mr. XU Yongjun, Mr. HUANG Junlong, Ms. LIU Ning and Mr. YU Zhiliang.
2. These are the shares of CMSK, an intermediate controlling shareholder.

Save as disclosed above, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

### 3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, each of the following Directors is a director or employee in the following companies, each of which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- a. Mr. XU Yongjun, a non-executive Director, is a director, Chairman and general manager of CMSK;
- b. Mr. HUANG Junlong, a non-executive Director, is the chief financial officer of CMSK;

- c. Ms. LIU Ning, a non-executive Director, is the board secretary of CMSK;
- d. Mr. WONG King Yuen, an executive Director, is the director and general manager of China Merchants Properties Development Limited and China Merchants Property Agency Limited, wholly-owned subsidiaries of CMSK.

#### 4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there is no contract or arrangement entered into by a related party subsisting in which a Director is materially interested and significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has, directly or indirectly, any interest in any assets which have since 31 December 2018 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### 5. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or controlling shareholders (as defined in the Listing Rules) and their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

#### 6. SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

#### 7. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has been named in this circular:

<b>Name</b>	<b>Qualifications</b>
Altus	a corporation licensed by the Securities and Futures Commission of Hong Kong to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

Altus has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, Altus did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, Altus did not have any interest, direct or indirect, in any assets which since 31 December 2018, the date to which the latest published audited financial statements of the Company were made up, had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The letter from the Independent Financial Adviser dated 21 October 2019 is set out on pages 30 to 41 in this circular and was given for incorporation in this circular.

#### **8. NO MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Company since 31 December 2018, the date to which the latest published audited consolidated financial statements of the Group have been made up.

#### **9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. at the head office and principal place of business of the Company at Room 2603, 26/F, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong, from the date of this circular up to and including 8 November 2019:

- a. the Re-Amended and Restated Non-Competition Deed;
- b. the letter from the Board dated 21 October 2019, the text of which is set out on pages 6 to 27 this circular;
- c. the letter from the Independent Board Committee dated 21 October 2019, the text of which is set out on pages 28 to 29 of this circular;
- d. the letter from the Independent Financial Adviser dated 21 October 2019, the text of which is set out on pages 30 to 41 of this circular;
- e. the consent letter referred to in the section headed "Expert and Consent" in this Appendix; and
- f. a copy of this circular.



**CHINA MERCHANTS LAND LIMITED**

**招商局置地有限公司**

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

**(Stock Code: 978)**

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of China Merchants Land Limited (the “Company”) will be held at CM+ Hotels and Serviced Apartments, 3/F, South Tower, 16 Connaught Road West, Hong Kong on Friday, 8 November 2019 at 11:00 a.m. for the following purposes:

**ORDINARY RESOLUTION**

To consider and, if thought fit, to pass with or without modification the following ordinary resolution:

1. “**THAT:**
  - (a) the re-amended and restated non-competition deed entered into between the Company and China Merchants Shekou Industrial Zone Holdings Co., Ltd. and the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and
  - (b) any director(s) of the Company be and is/are hereby authorised, for and on behalf of the Company, to enter into any agreement, deed or instrument and/or to execute and deliver all such documents and/or do all such acts on behalf of the Company as he/she may consider necessary, desirable or expedient for the purpose of, or in connection with the implementations and completion of the re-amended and restated non-competition deed and transactions contemplated thereunder.”

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

Hong Kong, 21 October 2019



## NOTICE OF EXTRAORDINARY GENERAL MEETING

*Registered Office:*

P.O. Box 309,  
Ugland House,  
Grand Cayman,  
KY1-1104,  
Cayman Islands

*Principal Place of Business:*

Room 2603 to 2606, 26/F,  
China Merchants Tower,  
Shun Tak Centre,  
Nos. 168-200 Connaught Road Central,  
Hong Kong

*As at the date of this notice, 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.*

*Notes:*

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
3. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any shares, any one of such joint holders may vote, either in person or by proxy in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.
5. In order to determine members who are entitled to attend the EGM to be held on Friday, 8 November 2019, the register of members of the Company will be closed from 5 November 2019 to 8 November 2019, both days inclusive, during which period no transfer of shares can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 4 November 2019.
6. All the resolutions at the meeting will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.