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**CHINA MERCHANTS LAND LIMITED**

**招商局置地有限公司**

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

**(Stock Code: 978)**

**DISCLOSEABLE TRANSACTION:  
COOPERATION AGREEMENT  
IN RESPECT OF FORMATION OF JV COMPANY**

**COOPERATION AGREEMENT**

On 8 April 2022, Shenzhen Merchants, an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Shenzhen Heng Chuang in relation to, among other things, the formation of the JV Company.

According to the Cooperation Agreement, the initial registered capital of the JV Company shall be RMB10,000,000, which shall be contributed by Shenzhen Merchants and Shenzhen Heng Chuang in the amount of RMB5,100,000 and RMB4,900,000, respectively, according to their respective shareholding in the JV Company of 51% and 49%.

Pursuant to the Cooperation Agreement, the JV Company is proposed to be set up for the purpose of providing asset management services for the Underlying Project and providing credit enhancement to the ABS Scheme and it shall not carry out any other business without the unanimous approval of its shareholders at the general meeting.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Cooperation Agreement exceed 5% but are less than 25%, the entering into of the Cooperation Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **BACKGROUND**

Runray Holdings (an indirect wholly-owned subsidiary of the Company) and Fujin Investment (a fellow subsidiary of Shenzhen Heng Chuang) hold indirectly as to 51% and 49% equity interests in the Project Company, respectively. The Project Company is a company established in the PRC specifically for construction and development of real estate project on a land in Nanjing.

The ABS Scheme is proposed to be set up to issue asset-backed securities backed by the Underlying Project. Shenzhen Merchants (an indirect wholly-owned subsidiary of the Company) and Shenzhen Heng Chuang will set up the JV Company for the purpose of providing asset management services for the Underlying Project and providing credit enhancement to the ABS Scheme.

## **COOPERATION AGREEMENT**

On 8 April 2022, Shenzhen Merchants, an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Shenzhen Heng Chuang in relation to, among other things, the formation of the JV Company.

The principal terms of the Cooperation Agreement are set out below:

**Date:** 8 April 2022

**Parties:**

- (a) Shenzhen Merchants, an indirect wholly-owned subsidiary of the Company; and
- (b) Shenzhen Heng Chuang, a company established in the PRC with limited liability.

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

### **Subject matter**

Pursuant to the Cooperation Agreement,

- (i) Shenzhen Merchants and Shenzhen Heng Chuang proposed to set up the JV Company within 60 days after entering into the Cooperation Agreement with shareholding proportion of 51% by Shenzhen Merchants and 49% by Shenzhen Heng Chuang, respectively;
- (ii) the initial registered capital of the JV Company shall be RMB10,000,000, which shall be contributed by Shenzhen Merchants and Shenzhen Heng Chuang in the amount of RMB5,100,000 and RMB4,900,000, respectively, according to their respective shareholding in the JV Company;
- (iii) the JV Company is proposed to be set up for the purpose of providing asset management services for the Underlying Project and providing credit enhancement to the ABS Scheme and it shall not carry out any other business without the unanimous approval of its shareholders at the general meeting;
- (iv) the JV Company will sign an asset management service agreement with the Project Company in relation to the asset management services to be provided by the JV Company for the Underlying Project;
- (v) the JV Company will sign agreements with relevant entities in relation to the credit enhancement matters for the ABS Scheme, including the ABS Scheme Documents, pursuant to which, among other things, the JV Company will (1) pay a maintenance fee; (2) have a shortfall funding obligation in relation to the recovery of the investment principal and the realisation of an expected return of holders of the senior asset-back securities under the ABS Scheme; (3) provide liquidity support to the senior asset-back securities under the ABS Scheme; and (4) have an obligation to acquire a specific target in the event of a rating downgrade or a repurchase event, provided that the specific credit enhancement measures shall be subject to the provisions of the final ABS Scheme Documents; and
- (vi) when the JV Company is required to perform the relevant credit enhancement obligations under the ABS Scheme Documents, Shenzhen Merchants and Shenzhen Heng Chuang shall provide shareholders' loans or make capital contributions to the JV Company according to their respective shareholding in the JV Company.

The amount of capital contribution of each of Shenzhen Merchants and Shenzhen Heng Chuang was determined after arm's length negotiations with reference to the payment obligations under the ABS Scheme Documents, the proposed initial registered capital of the JV Company, as well as the proportion of equity interest in the JV Company to be held by each party. The Group's share of the estimated total investment amount is approximately RMB263,000,000, which shall be funded by the Group's internal resources and/or external resources.

### **Management of the JV Company**

Significant matters of the Project Company (including but not limited to increase or reduction in capital, amendments to the memorandum and articles of association, mergers, demergers and liquidation) shall require the unanimous approval of the shareholders of the JV Company at the general meeting.

The board of directors of the JV Company shall consist of three directors. Shenzhen Merchants shall nominate two directors and Shenzhen Heng Chuang shall nominate one director. The chairman of the board of directors of the JV Company shall be a director appointed by Shenzhen Merchants.

The general manager shall be responsible for the management of the JV Company and such person shall be nominated by Shenzhen Merchants and appointed by the board of directors of the JV Company.

### **Profit distribution arrangement**

Pursuant to the Cooperation Agreement, each of Shenzhen Merchants and Shenzhen Heng Chuang shall share the profits of the JV Company in proportion to their respective shareholdings in the JV Company.

## **Termination and exit mechanism**

Pursuant to the Cooperation Agreement, upon termination of the ABS Scheme or any event giving rise to dissolution of the JV Company as stipulated in laws and regulations or the articles of association of the JV Company, either Shenzhen Merchants or Shenzhen Heng Chuang may request for exit and the parties shall negotiate on the exit plan and liquidation of the JV Company.

## **FINANCIAL EFFECTS OF THE TRANSACTION**

Since Shenzhen Merchants controls the majority of the board of directors of the JV Company, and the voting rights in the shareholders' meeting of the JV Company, the JV Company shall become a subsidiary of Shenzhen Merchants. As a result, the financial results, assets and liabilities of the JV Company shall be consolidated into the accounts of the Group.

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

The Group is principally engaged in the development, sale, lease, investment and management of properties and assets management.

The purpose of establishing the JV Company is mainly in line with the subsequent launch of the ABS Scheme, which aims to revitalize the stock asset by converting fixed assets into cash assets with higher liquidity through the process of securitizing the Company's assets.

The terms of the Cooperation Agreement have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

## **PARTICULARS OF THE PARTIES**

Shenzhen Merchants, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, is principally engaged in investment holding.

Shenzhen Heng Chuang, a company established in the PRC with limited liability, is principally engaged in investment management, and its ultimate beneficial owner is Ping An Insurance (Group) Company of China, Ltd. and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601318) and the H shares of which are listed on the Stock Exchange (stock code: 02318).

## **LISTING RULES IMPLICATIONS**

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## **DEFINITIONS**

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

“ABS Scheme”	an asset-backed special scheme in the pipeline which will issue asset-backed securities backed by the Underlying Project and to be subscribed by investors
“ABS Scheme Documents”	a shortfall funding agreement, a rating downgrade and repurchase agreement, a liquidity support agreement and an pre-emption agreement
“associate(s)”	has the meaning ascribed hereto in the Listing Rules
“Board”	the board of Directors
“Company”	China Merchants Land Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 978)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 8 April 2022 entered into between Shenzhen Merchants and Shenzhen Heng Chuang in relation to the formation of the JV Company
“Directors”	the directors of the Company

“Fujin Investment”	Fujin Investment Management Limited (富錦投資管理有限公司), a company incorporated in the British Virgin Islands with limited liability
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules
“JV Company”	a joint venture company proposed to be named as Nanjing Zhaoping Zhisheng Commercial Management Co., Ltd.* (南京招平置盛商業管理有限公司) and to be set up by Shenzhen Merchants and Shenzhen Heng Chuang pursuant to the Cooperation Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Project Company”	Nanjing Merchants Qisheng Property Development Limited* (南京招商啟盛房地產有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Runray Holdings”	Runray Holdings Limited (威榮控股有限公司), a company incorporated in the British Virgin Islands with limited liability, which indirectly holds 51% equity interests of the Project Company
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	shareholders of the Company

“Shenzhen Heng Chuang”	Shenzhen Heng Chuang Investment Management Co., Ltd.* (深圳恆創投資管理有限公司) , a company established in the PRC with limited liability and a party to the Cooperation Agreement
“Shenzhen Merchants”	China Merchants Land (Shenzhen) Limited* (招商局置地(深圳)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“sq. m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“Underlying Project”	the property development project of a land in Nanjing, the land use right of which is held by the Project Company
“%”	per cent

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

Hong Kong, 8 April 2022

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

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