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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)

**CONTINUING CONNECTED TRANSACTION
OFFICE PROPERTY MANAGEMENT AGREEMENTS**

On 30 June 2022, Shanghai Bangxin, an indirect wholly-owned subsidiary of the Company, entered into the Office Property Management Agreement A with CM Plaza and Office Property Management Agreement B with CM Building, respectively, pursuant to which Shanghai Bangxin shall be the exclusive manager of the Projects providing services of, among others, business management, leasing promotion, leasing management system authorization and human resources respectively to CM Plaza and CM Building during the Operation Period.

LISTING RULES IMPLICATIONS

Each of CM Plaza and CM Building is an indirect non-wholly owned subsidiary of CMSK, the controlling shareholder of the Company indirectly holding approximately 74.35% of the total issued share capital of the Company. Both CM Plaza and CM Building, therefore, are associates of CMSK pursuant to Rule 14A.13(1) of the Listing Rules and accordingly connected persons of the Company under the Listing Rules. Accordingly, the entering into of the Office Property Management Agreements constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregated proposed annual cap under the Office Property Management Agreements is more than 0.1% but less than 5% on an annual basis, the Office Property Management Agreements and the transactions contemplated thereunder are subject to reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

OFFICE PROPERTY MANAGEMENT AGREEMENTS

On 30 June 2022, Shanghai Bangxin, an indirect wholly-owned subsidiary of the Company, entered into the Office Property Management Agreement A with CM Plaza and the Office Property Management Agreement B with CM Building, respectively, and the principal terms of the Office Property Management Agreements are set out below:

	Office Property Management Agreement A	Office Property Management Agreement B
Date:	30 June 2022	30 June 2022
Parties:	(a) Shanghai Bangxin; and (b) CM Plaza, an indirect non-wholly owned subsidiary of CMSK.	(a) Shanghai Bangxin; and (b) CM Building, an indirect non-wholly owned subsidiary of CMSK.
Effective Period:	30 June 2022 to 29 June 2025	30 June 2022 to 29 June 2025
Projects to be managed:	Shanghai China Merchants Plaza* (上海招商局廣場)	Shanghai China Merchants Building* (上海招商局大廈)
Location:	No.333, Chengdu North Road, Jing'an District, Shanghai	No.161, Lujiazui East Road, Pudong New District, Shanghai
Area of the Projects to be managed:	59,438.94 square meters	27,153.09 square meters
Usage:	Integrated Office Building	Integrated Office Building

Subject matter

Pursuant to the Office Property Management Agreements, (a) Shanghai Bangxin shall be the exclusive manager of the Projects providing services of, among others, business management, leasing promotion, leasing management system authorization and human resources respectively to CM Plaza and CM Building during the Operation Period and (b) Shanghai Bangxin shall receive the Service Fees for return.

THE SERVICE FEES AND PRICING POLICY

Business Management Fee

According to the Office Property Management Agreements, Shanghai Bangxin shall be entitled to receive a business management fee from each of CM Plaza and CM Building in the following manner:

- (a) The business management fee shall be equal to 2% of the operating income of CM Plaza or CM Building (as the case may be) for the relevant month plus 2% of the EBITDA of CM Plaza or CM Building (as the case may be) for the relevant month.
- (b) The business management fee for the previous month shall be settled in full by the 15th business day of each month.

Leasing Promotion Agency Fee

According to the Office Property Management Agreements, Shanghai Bangxin shall be entitled to receive a leasing promotion agency fee from each of CM Plaza and CM Building as follows: (i) for tenants who pay fixed rent and tenants who pay the higher of fixed rent and turnover rent, an amount of 2.5 times of the monthly rent (including tax) payable by the tenant for the first full month of rent accrual; or (ii) for tenants who pay turnover rent, an amount of 2.5 times of the average monthly rent (including tax) calculated on the basis of the turnover of the tenant for three full months of normal operation (excluding the trial operation period) after the opening date of the tenant.

Management System License Fee and Management System Operation and Maintenance Fee

Pursuant to the Office Property Management Agreements, Shanghai Bangxin is entitled to receive (i) a management system license fee of RMB300,000 per annum (inclusive of tax) and (ii) a management system operation and maintenance fee of RMB30,000 per annum (inclusive of tax) from each of CM Plaza and CM Building.

The terms and conditions under the Office Property Management Agreements (including the Services Fees) were determined through arm's length negotiations by the parties based on normal commercial terms, taking into account (i) the estimated costs and a proper level of profits for providing such services; (ii) rates and fees charged to other Independent Third Parties by the Group for providing similar services; and (iii) internal threshold and requirements for conducting asset management business.

Historical amounts

There were no similar transactions as those under the Office Property Management Agreements in the past conducted by the Group with CM Building and CM Plaza. Therefore, there is no historical amount for the transactions under the Office Property Management Agreements.

PROPOSED ANNUAL CAPS

The aggregated proposed annual cap for the transactions contemplated under the Office Property Management Agreements are set out as follows:

	For the period from			
	30 June 2022 to 31 December 2022	1 January 2023 to 31 December 2023	1 January 2024 to 31 December 2024	1 January 2025 to 29 June 2025
	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>
Maximum aggregate annual transaction amounts to be received by Shanghai Bangxin (approximate amount in RMB)	10	10	10	10

The aggregated proposed annual cap for the transactions contemplated under the Office Property Management Agreements as set out above is determined with reference to (a) current rental unit price and rentable area, adjusted for foreseeable future market conditions (e.g. expected increase in rental unit price and occupancy rate); and (b) the frequency of leasing promotion activities.

REASONS FOR AND BENEFITS OF THE OFFICE PROPERTY MANAGEMENT AGREEMENTS

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

In view of the re-amended and restated non-competition deed dated 21 October 2019 entered into between the Company and CMSK, the Group is entitled to exclusively operate the asset management business of the commercial office projects located in Shanghai and Beijing. The Company believes that entering into the Office Property Management Agreements is beneficial to the Group in further enriching its asset management business as well as increasing its revenue and profit and thus a greater return could be created for the Shareholders.

The terms of the Office Property Management Agreements 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 Office Property Management Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and in the interests of the Company and its Shareholders as a whole.

Since Mr. XU Yongjun, Mr. HUANG Junlong and Ms. LIU Ning, each a non-executive Director, hold positions in CMSK and Mr. YU Zhiliang and Mr. WONG King Yuen, each 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 board resolutions approving the Office Property Management Agreements and the transactions contemplated thereunder.

INTERNAL CONTROL MEASURES

The Company has also established the following internal control measures to ensure that the pricing mechanism and the terms of the transactions contemplated under the Office Property Management Agreements are fair and reasonable and no less favourable to the Company than those offered to the Independent Third Parties:

- (a) The finance department of the Company is responsible for reviewing the relevant transactions on a quarterly basis to ensure compliance with the pricing policies of the Company and that the relevant transactions are conducted in accordance with the Office Property Management Agreements and the aggregated annual cap is not exceeded. If the actual transaction amount reaches approximately 85% of the annual cap at any time of the year, the finance department of the Company will report to the senior

management of the Company, and the Board will consider taking appropriate measures to revise the annual cap and comply with the relevant announcement and/or shareholders' approval requirements in accordance with the Listing Rules; and

- (b) The auditors of the Company and the independent non-executive Directors will conduct annual review on the transactions entered into under the Office Property Management Agreements in accordance with the Listing Rules.

As the Company has adopted sufficient internal control procedures to supervise the continuing connected transactions of the Company, the Directors consider that the pricing policies and internal control procedures adopted by the Company as set out above are able to ensure the transactions contemplated under the Office Property Management Agreements will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

PARTICULARS OF THE PARTIES

Each of CM Building and CM Plaza is a company established in the PRC with limited liability and the principal business of them is real estate investment. Both CM Building and CM Plaza are indirect non-wholly owned subsidiaries of CMSK, a company established in the PRC with limited liability, whose shares are listed on the Shenzhen Stock Exchange (stock code: 001979 (A share)), and its controlling shareholder, CMG, which holds more than 63% of the total issued share capital of CMSK and is a state-owned conglomerate regulated by the national State-Owned Assets Supervision and Administration Commission of the State Council.

LISTING RULES IMPLICATIONS

Each of CM Plaza and CM Building is an indirect non-wholly owned subsidiary of CMSK, the controlling shareholder of the Company indirectly holding approximately 74.35% of the total issued share capital of the Company. Both CM Plaza and CM Building, therefore, are associates of CMSK pursuant to Rule 14A.13(1) of the Listing Rules and accordingly connected persons of the Company under the Listing Rules. Accordingly, the entering into of the Office Property Management Agreements constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregated proposed annual cap under the Office Property Management Agreements is more than 0.1% but less than 5% on an annual basis, the Office Property Management Agreements and the transactions contemplated thereunder are subject to reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed hereto in the Listing Rules
“Board”	the board of Directors
“CM Building”	Shanghai China Merchants Building Co. Ltd.* (上海招商局大廈有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CMSK
“CM Plaza”	Shanghai China Merchants Plaza Real Estate Co. Ltd.* (上海招商局廣場置業有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CMSK
“CMG”	China Merchants Group Limited (招商局集團有限公司), a PRC enterprise regulated and directly managed by the State-owned Assets Supervision and Administration Commission of the State Council, being the immediate controlling shareholder of CMSK holding more than 63% of the total issued share capital of CMSK

“CMSK”	China Merchants Shekou Industrial Zone Holdings Company Limited (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 (A share)), being the intermediate controlling shareholder of the Company and indirectly holds approximately 74.35% of the total issued share capital of the Company as at the date of this announcement
“Company”	China Merchants Land Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 978)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“EBITDA”	earnings before interest, tax, depreciation and amortization
“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
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Office Property Management Agreements”	collectively, the Office Property Management Agreement A and Office Property Management Agreement B
“Office Property Management Agreement A”	the office property management agreement dated 30 June 2022 entered into between the Company and CM Plaza

“Office Property Management Agreement B”	the office property management agreement dated 30 June 2022 entered into between the Company and CM Building
“Operation Period”	the operation period of the Office Property Management Agreements, being 30 June 2022 to 29 June 2025
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Projects”	collectively, the Shanghai China Merchants Plaza* (上海招商局廣場) and Shanghai China Merchants Building* (上海招商局大廈)
“RMB”	Renminbi, the lawful currency of the PRC
“Service Fees”	the service fees payable by CM Plaza and CM Building (as the case may be) under the Office Property Management Agreements, including the business management fee, the leasing promotion agency fee, the management system license fee and the management system operation and maintenance fee
“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
“Shanghai Bangxin”	Shanghai Bangxin Enterprise Management Co. Ltd.* (上海邦欣企業管理諮詢有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

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

Hong Kong, 30 June 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*