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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 AGREEMENT AND
OFFICE PROPERTY LEASING AGENCY SERVICE AGREEMENT**

OFFICE PROPERTY MANAGEMENT AGREEMENT

On 15 September 2022, Shanghai Bangxin, an indirect wholly-owned subsidiary of the Company, entered into the Office Property Management Agreement with Shanghai Pujun, pursuant to which Shanghai Bangxin shall be the exclusive manager of the Project providing services of, among others, (i) business management to Shanghai Pujun for a term commencing on 15 September 2022 and ending on 31 December 2022 and (ii) leasing promotion as further stipulated in the Office Property Leasing Agency Service Agreement.

OFFICE PROPERTY LEASING AGENCY SERVICE AGREEMENT

On 15 September 2022, Shanghai Bangxin also entered into the Office Property Leasing Agency Service Agreement with Shanghai Pujun, pursuant to which Shanghai Bangxin agreed to provide leasing agency services for the Project to Shanghai Pujun for a term commencing on 15 September 2022 and ending on 14 September 2025.

LISTING RULES IMPLICATIONS

Shanghai Pujun is beneficially held as to 60% equity interests by CMSK, the controlling shareholder of the Company indirectly holding approximately 74.35% of the total issued share capital of the Company. Shanghai Pujun, therefore, is an associate of CMSK pursuant to Rule 14A.13(3) of the Listing Rules and accordingly a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Shanghai Pujun Management Agreements constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since (i) the nature of services under the CM Plaza Management Agreement, the CM Building Management Agreement and the Shanghai Pujun Management Agreements is the same and (ii) CM Plaza, CM Building and Shanghai Pujun are connected with one another since each of CM Plaza and CM Building is a subsidiary of CMSK, which also holds 60% equity interests in Shanghai Pujun, the transactions contemplated under the CM Plaza Management Agreement, the CM Building Management Agreement and the Shanghai Pujun Management Agreements shall be aggregated in accordance with Rules 14A.82(1) and 14A.83 of the Listing Rules for the purpose of calculating the applicable ratios under Chapter 14A of the Listing Rules. Accordingly, the annual caps in respect of the CM Plaza Management Agreement, the CM Building Management Agreement and the Shanghai Pujun Management Agreements shall be aggregated, and such aggregate amounts (the “**Aggregate Annual Caps**”) are used when calculating the applicable ratios 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 Aggregate Annual Caps is more than 0.1% but less than 5% on an annual basis, the entering into of the Shanghai Pujun Management Agreements 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.

Reference is made to the announcement of the Company dated 30 June 2022 in relation to, among other things, the continuing connected transactions contemplated under the CM Plaza Management Agreement and the CM Building Management Agreement, pursuant to which Shanghai Bangxin shall provide services of business management, leasing promotion, leasing management system authorization and human resources to each of CM Plaza and CM Building, respectively.

OFFICE PROPERTY MANAGEMENT AGREEMENT

On 15 September 2022, Shanghai Bangxin, an indirect wholly-owned subsidiary of the Company, entered into the Office Property Management Agreement with Shanghai Pujun, and the principal terms of the Office Property Management Agreement are set out below:

Date:	15 September 2022
Parties:	(a) Shanghai Bangxin; and (b) Shanghai Pujun, an associate of CMSK pursuant to Rule 14A.13(3) of the Listing Rules
Term:	15 September 2022 to 31 December 2022
Project to be managed:	Shanghai Senlan Meihuan* (上海森蘭美奐)
Location:	No. 515, 519, Qifan Road, Pudong New Area, Shanghai
Area of the Project to be managed:	471,142.76 square meters
Usage:	Commercial Office Building
Subject matter:	Pursuant to the Office Property Management Agreement, (a) Shanghai Bangxin shall be the exclusive manager of the Project providing services of, among others, (i) business management to Shanghai Pujun during the term and (ii) leasing promotion as further stipulated in the Office Property Leasing Agency Service Agreement and (b) Shanghai Bangxin shall receive service fees for return.

OFFICE PROPERTY LEASING AGENCY SERVICE AGREEMENT

On 15 September 2022, Shanghai Bangxin also entered into the Office Property Leasing Agency Service Agreement with Shanghai Pujun, pursuant to which Shanghai Bangxin agreed to provide leasing agency services for the Project to Shanghai Pujun for a term commencing on 15 September 2022 and ending on 14 September 2025, which will be automatically renewed for three years upon expiration unless notified by either party to the contrary in writing 30 days prior to the expiration.

THE SERVICE FEES AND PRICING POLICY

Business Management Fee

According to the Office Property Management Agreement, Shanghai Bangxin shall be entitled to receive a business management fee from Shanghai Pujun in the following manner:

- (a) The business management fee shall be equal to 2% of the operating income of the Project plus 2% of the EBITDA of the Project, which shall be calculated by the end of the year.
- (b) The business management fee shall be settled in full within 30 business days after the confirmation by both parties on the operating results of Shanghai Pujun for the year.

Leasing Agency Fee

According to the Office Property Leasing Agency Service Agreement, Shanghai Bangxin shall be entitled to receive a leasing agency fee from Shanghai Pujun as follows:

with regard to the direct rental of office spaces in 5th Floor and 6th Floor of Block B of Senlan Meihuan,

- (i) for tenants with a lease term exceeding 3 months and less than 6 months (inclusive), an amount of 10% of the total service fees (including tax) payable by the tenant under the relevant lease agreement;

- (ii) for tenants with a lease term exceeding 6 months and less than 12 months (inclusive), an amount of 12% of the total service fees (including tax) payable by the tenant under the relevant lease agreement;
- (iii) for tenants with a lease term exceeding 12 months, an amount of 15% of the total service fees (including tax) payable by the tenant for 12 months excluding the rent-free period under the relevant lease agreement;

with regard to the tenancy of other office spaces,

- (iv) for tenants who pay fixed rent and tenants who pay the higher of fixed rent and turnover rent with a lease term exceeding 12 months, an amount of 2 times of the monthly rent (including tax) payable by the tenant for the first full month of rent accrual; or
- (v) for tenants who pay fixed rent and tenants who pay the higher of fixed rent and turnover rent with a lease term less than 12 months (inclusive), an amount of 1 times of the monthly rent (including tax) payable by the tenant for the first full month of rent accrual.

Pursuant to the Office Property Leasing Agency Service Agreement, the leasing agency fee shall be calculated every month and the leasing agency fee for the previous month shall be settled in full by Shanghai Pujun by the 15th business day of each month.

The terms and conditions under the Shanghai Pujun Management Agreements (including the service fees payable by Shanghai Pujun thereunder) 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 Shanghai Pujun Management Agreements in the past conducted by the Group with Shanghai Pujun. Therefore, there is no historical amount for the transactions under the Shanghai Pujun Management Agreements.

PROPOSED ANNUAL CAPS

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

	For the period from			
	15 September	1 January	1 January	1 January
	2022 to	2023 to	2024 to	2025 to
	31 December	31 December	31 December	14 September
	2022	2023	2024	2025
	<i>RMB (in million)</i>	<i>RMB (in million)</i>	<i>RMB (in million)</i>	<i>RMB (in million)</i>
Maximum aggregate annual transaction amounts to be received by Shanghai Bangxin	2.5	4	4.4	4.8

The aggregated proposed annual cap for the transactions contemplated under the Shanghai Pujun 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 SHANGHAI PUJUN 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 Shanghai Pujun 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 Shanghai Pujun 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 Shanghai Pujun 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 Shanghai Pujun 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 Shanghai Pujun 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 monthly basis to ensure compliance with the pricing policies of the Company and that the relevant transactions are conducted in accordance with the Shanghai Pujun 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 Shanghai Pujun 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 Shanghai Pujun 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

Shanghai Pujun is a company established in the PRC with limited liability which is principally engaged in real estate investment and management. Shanghai Pujun is beneficially held as to 60% equity interests by 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

Shanghai Pujun is beneficially held as to 60% equity interests by CMSK, the controlling shareholder of the Company indirectly holding approximately 74.35% of the total issued share capital of the Company. Shanghai Pujun, therefore, is an associate of CMSK pursuant to Rule 14A.13(3) of the Listing Rules and accordingly a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Shanghai Pujun Management Agreements constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Aggregate Annual Caps is more than 0.1% but less than 5% on an annual basis, the entering into of the Shanghai Pujun Management Agreements 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.* (上海招商局大厦有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CMSK
“CM Building Management Agreement”	the office property management agreement dated 30 June 2022 entered into between the Company and CM Building
“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
“CM Plaza Management Agreement”	the office property management agreement dated 30 June 2022 entered into between the Company and CM Plaza
“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 Leasing Agency Service Agreement”	the office property leasing agency service agreement dated 15 September 2022 entered into between Shanghai Bangxin and Shanghai Pujun
“Office Property Management Agreement”	the office property management agreement dated 15 September 2022 entered into between Shanghai Bangxin and Shanghai Pujun
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Project”	Shanghai Senlan Meihuan* (上海森蘭美奐)
“RMB”	Renminbi, the lawful currency of the PRC

“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. (上海邦欣企業管理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shanghai Pujun”	Shanghai Pujun Real Estate Development Co. Ltd.* (上海浦隽房地產開發有限公司), a company established in the PRC with limited liability which is beneficially held as to 60% equity interests by CMSK
“Shanghai Pujun Management Agreements”	collectively, the Office Property Management Agreement and the Office Property Leasing Agency Service Agreement
“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, 15 September 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*