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華潤置地有限公司 China Resources Land Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1109)

DISCLOSEABLE TRANSACTIONS ACQUISITION OF THE TARGET COMPANIES

On 28 December 2022, the Purchaser entered into the Agreement with the Sellers and the Target Companies, pursuant to which the Purchaser has agreed to acquire, and the Sellers have agreed to sell, the Equity Interests and the Debt. The Target Group is principally engaged in the development and sales of properties, property investment and property management in the PRC.

As at the date of this announcement, the Purchaser is a wholly-owned subsidiary of the Company. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Agreement exceeds 5% and all of such ratios are below 25%, the transactions contemplated under the Agreement constitute discloseable transactions of the Company and are subject to reporting and announcement requirements but exempt from the shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

THE ACQUISITION

On 28 December 2022, the Purchaser entered into the Agreement with the Sellers and the Target Companies, pursuant to which the Purchaser has agreed to acquire, and the Sellers have agreed to sell, the Equity Interests and the Debt. The Target Group is principally engaged in the development and sales of properties, property investment and property management in the PRC.

Principal terms of the Agreement are summarised as follows:

Date of agreement: 28 December 2022 (after trading hours)

Parties:

- (1) The Purchaser
- (2) The Sellers
- (3) The Target Companies

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Sellers and the Target Companies and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter: Pursuant to the Agreement:

- (1) the Purchaser has agreed to acquire, and Seller 2 has agreed to sell, the entire equity interests of Target 1 and Target 2;
- (2) the Purchaser has agreed to acquire, and Seller 3 has agreed to sell, 60% of the equity interests of Target 3;
- (3) the Purchaser has agreed to acquire, and Seller 4 has agreed to sell, the entire equity interests of Target 4; and
- (4) the Purchaser has agreed to acquire, and the Sellers have agreed to sell the Debt in respect of the Target Group.

Consideration: The total Consideration of the Acquisition is RMB12,400 million, of which:

- (1) RMB1 is for the consideration of the acquisition of Target Equity 1;
- (2) RMB1 is for the consideration of the acquisition of Target Equity 2;
- (3) RMB1 is for the consideration of the acquisition of Target Equity 3;
- (4) RMB1 is for the consideration of the acquisition of Target Equity 4; and
- (5) RMB12,399,999,996 is for the consideration of the acquisition of the Debt.

The Consideration may be subject to adjustment pursuant to the Agreement.

Basis of Consideration:

The Consideration was determined after arm's length negotiations between the Purchaser and the Sellers with reference to, among other things: (i) the appraised value of each of Target 1, Target 2, Target 3 and Target 4 as set out in the valuation reports as prepared by an independent and qualified valuer based on the market value using the asset approach and/or income approach as of the benchmark date (i.e. 30 September 2022) as the Target Companies are investment holding companies of real estate development, property investment and property management companies; (ii) the Debt owing by the Target Group to the Sellers; (iii) the economic potential and prospects of the Target Projects in Wuchang district in Wuhan City and Qinhuai district in Nanjing City; (iv) the historical financial performance of the Target Group; and (v) the benefits derived from the Group's ability to control and influence over the management and operations of the Target Companies and the Target Projects, as set out in the section headed "Reasons and Benefits of the Acquisition".

Having considered the aforesaid factors, the Directors consider that the Consideration and the terms of the Agreement are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

The Consideration is expected to be funded by the internal resources of the Group and/or bank financing.

Payment schedule:

The Consideration shall be payable by the Purchaser to the Sellers in five installments as detailed below.

- (1) The first payment of RMB4,000 million shall be payable within five business days upon satisfaction or waiver of condition precedent of the Acquisition in accordance with the Agreement, or on 31 March 2023, whichever is later (the "**First Payment**"). If Target 3 fails to obtain the relevant approvals on the height restriction, there will be a temporary deduction of RMB1,250 million to the First Payment.
- (2) The second payment of RMB2,000 million shall be payable no later than 31 December 2023 (the "**Second Payment**").
- (3) The third payment of RMB2,000 million shall be payable no later than 31 December 2024 (the "**Third Payment**").

- (4) The fourth payment of RMB2,000 million shall be payable (i) on no later than 31 December 2025, or (ii) when the Sellers fulfilled the obligations of introducing the target project industries, according to the Agreement, whichever is later (the “**Fourth Payment**”). If the Fourth Payment has not met the payment condition by 31 December 2026, the Purchaser shall have the right to temporarily withhold the relevant amounts of payment in relation to the risk arising from the obligations to introduce the target project industries in the fifth payment. Other than that, the Fourth Payment shall be payable no later than 31 December 2026.
- (5) The fifth payment of RMB2,400 million representing the remaining balance of the Consideration shall be payable no later than 31 December 2026. The amount of final payment shall subject to the fulfillment of responsibilities, obligations, the relevant payments by the Sellers, and the Purchaser based on the aforementioned conditions deducted such payments (if any), according to the Agreement.

Conditions precedent:

Completion of the Acquisition is subject to the following conditions precedent being fulfilled or waived by the Purchaser (as the case may be), among others:

- (1) the approval on the Acquisition having been obtained by parties to the Agreement from relevant governing bodies and regulatory authorities;
- (2) in respect to the Wuhan Changjiang Project, the Sellers having fulfilled the obligation of introducing the target project industries pursuant to the Agreement, or obtained the written approval of a waiver, issued by the government, for the obligation of introducing the target project industries;
- (3) the Sellers having procured Anhui Chuangkong to waive its pre-emption rights in respect of the Target Equity 3 and consent to transfer of Target Equity 3 from Seller 3 to the Purchaser, and the Sellers entered into supplemental agreement with Anhui Chuangkong in respect or Target 3; and
- (4) the Sellers to coordinate Ping An Bank Co., Ltd. Wuhan Branch* (平安银行股份有限公司武汉分行) to sign a supplemental agreement with Target 2 in respect to the Targeted Development Cooperation Agreement signed previously.

If the above conditions have not been fulfilled or waived by the Purchaser (as the case may be) by 31 March 2023, or there are any material adverse change to any Target Project or Target Group, the Purchaser and the Sellers shall engage in negotiations in respect to the Acquisition, pursuant to which a supplemental agreement shall be entered into should negotiations be successful, otherwise, either the Purchaser or the Sellers may terminate the Agreement without any liability.

Completion:

Completion shall take place when both parties implemented the closing and initiated the change of shareholding registration procedures, on the date of the First Payment has been made pursuant to terms of the Agreement.

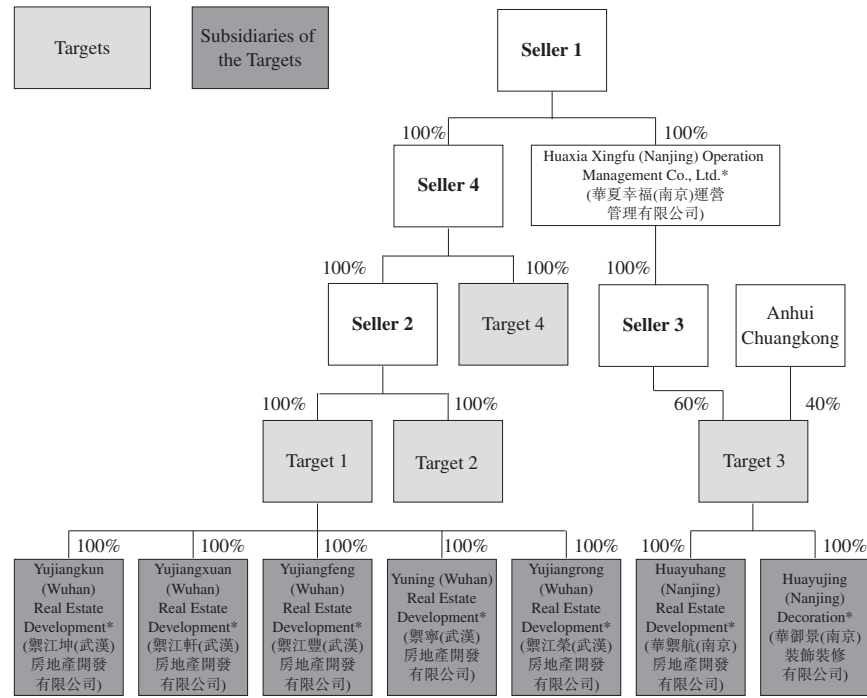
REASONS AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the development and sale of developed properties, property investments and management, hotel operation and the provision of construction, decoration and other property development related services in the PRC. The Acquisition to be in its ordinary and usual course of business. The Group perseveres with leading its investment by strategy and focusing on the key cities and core areas. The Target Projects are situated in the core areas of Wuhan and Nanjing, the provincial cities of China, which enjoys a prestigious geographical location and transportation network advantages for development potential in the long term. The Directors consider the Target Projects are in line with the Group's long term development and investment strategy, which may contribute to the consolidation and enhancement of the Group's market share and competitiveness in the PRC and consistently generates investment returns for the Group.

INFORMATION ABOUT THE TARGET GROUP

Structure of the Target Group

The shareholding structure of the Target Group is set out below:



Target 1

Target 1 is a company established in the PRC with limited liability and is wholly-owned by Seller 2. It is principally engaged in the development of properties and property investment.

Target 2

Target 2 is a company established in the PRC with limited liability and is wholly-owned by Seller 2. It is principally engaged in the development of properties.

Target 3

Target 3 is a company established in the PRC with limited liability and 60% of the shares are owned by Seller 3. It is principally engaged in the development of properties and property investment.

Target 4

Target 4 is a company established in the PRC with limited liability and is wholly-owned by Seller 4. It is principally engaged in property management.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Target Companies and their respective ultimate beneficial owner(s) are third parties independent of and not connected with the Company and/or any of its connected persons.

Set out below are certain financial information of the Target Group (based on consolidated management accounts of the Target Group prepared in accordance with the generally accepted accounting principles of China) for the year ended 31 December 2021 and 30 September 2022 respectively:

	For the year ended 31 December 2021 <i>Approximately RMB million</i>	For the nine months ended 30 September 2022 <i>Approximately RMB million</i>
Profit/(loss) before tax	(2,753)	(1,218)
Profit/(loss) after tax	(2,124)	(1,828)

Note: the profit/(loss) before and after taxation is mainly affected by the provision for impairment under the accounting principles generally accepted in the PRC.

As at 30 September 2022, the consolidated net book value of the Target Group was approximately RMB848.94 million.

INFORMATION ABOUT THE PARTIES

The Group

The Company is incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange.

The Group is principally engaged in the development and sales of developed properties, property investment and management, hotel operation and provision of construction, renovation and other services related to the property development.

Purchaser

The Purchaser, an indirectly wholly-owned subsidiary of the Company, is a company established in the PRC with limited liability and is principally engaged in the business of corporate management and commercial advisory.

Seller 1

Seller 1 is a company established in the PRC with limited liability whose issued A shares are listed on the Shanghai Stock Exchange (SSE) (stock code: 600340).

Seller 2

Seller 2 is a company established in the PRC with limited liability and is wholly owned by Seller 4 as at the date of this announcement. Its ultimate beneficial owner is Seller 1.

Seller 3

Seller 3 is a company established in the PRC with limited liability. Its ultimate beneficial owner is Seller 1.

Seller 4

Seller 4 is a company established in the PRC with limited liability and wholly owned by Seller 1 as at the date of this announcement. Its ultimate beneficial owner is Seller 1.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Purchaser is a wholly-owned subsidiary of the Company. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Agreement exceeds 5% and all of such ratios are below 25%, the transactions contemplated under the Agreement constitute discloseable transactions of the Company and are subject to reporting and announcement requirements but exempt from the shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

As the Acquisition contemplated under the Agreement is subject to satisfaction of certain conditions precedent, the Acquisition may or may not proceed and Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Equity Interests and the Debt
“Agreement”	the Agreement dated 28 December 2022 entered into among the Purchaser, the Sellers and the Target Companies in relation to the Acquisition
“Anhui Chuangkong”	Anhui Chuangkong Real Estate Co., Ltd.* (安徽創控置業有限公司), a company established in the PRC with limited liability
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors of the Company
“Company”	China Resources Land Limited (華潤置地有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1109)
“connected person(s)” and “connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the sum of RMB12,400 million to be paid by the Purchaser to the Sellers for the acquisition of the Equity Interests and part of the amounts of the Debt
“Debt”	all amounts of the debt (whether principal, interest or otherwise) owing by the Target Group to the Sellers at Completion, which will not be less than RMB14,233,394,976
“Directors”	the directors of the Company
“Equity Interests”	collectively, Target Equity 1, Target Equity 2, Target Equity 3 and Target Equity 4
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

“Nanjing Dajiaochang Project”	Nanjing Dajiaochang Project (南京大校場項目), which is located in the center of the New City of Southern Qinhuai Area, Nanjing. This project integrates residential buildings, office buildings, and shopping mall.
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	China Resources Land Holdings Company Limited* (華潤置地控股有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC or its delegate
“Seller 1”	China Fortune Land Development Co., Ltd.* (華夏幸福基業股份有限公司), a company established in the PRC with limited liability whose issued A shares are listed on the Shanghai Stock Exchange (stock code: 600340)
“Seller 2”	Huaxia Xingfu (Wuhan) Real Estate Development Co., Ltd.* (華夏幸福(武漢)房地產開發有限公司), a company established in the PRC with limited liability
“Seller 3”	Hua Yu Ning (Nanjing) Real Estate Development Co., Ltd.* (華禦寧(南京)房地產開發有限公司), a company established in the PRC with limited liability
“Seller 4”	Huaxia Xingfu (Shenzhen) Operation Management Co., Ltd.* (華夏幸福(深圳)運營管理有限公司), a company established in the PRC with limited liability
“Sellers”	collectively, Seller 1, Seller 2, Seller 3 and Seller 4
“Shareholders”	persons whose names appear on the register of members as registered holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target 1”	Huayujiang (Wuhan) Real Estate Development Co., Ltd.* (華禦江(武漢)房地產開發有限公司), a company established in the PRC with limited liability
“Target 2”	Huayuhan (Wuhan) Real Estate Development Co., Ltd.* (華禦漢(武漢)房地產開發有限公司), a company established in the PRC with limited liability

“Target 3”	Huayuyuan (Nanjing) Real Estate Development Co., Ltd.* (華禦元(南京)房地產開發有限公司), a company established in the PRC with limited liability
“Target 4”	Huayucheng (Shenzhen) Property Management Co., Ltd.* (華禦城(深圳)物業管理有限公司), a company established in the PRC with limited liability
“Target Companies”	collectively, Target 1, Target 2, Target 3 and Target 4
“Target Equity 1”	100% of the equity interest in Target 1, which is owned by Seller 2
“Target Equity 2”	100% of the equity interest in Target 2, which is owned by Seller 2
“Target Equity 3”	60% of the equity interest in Target 3, which is owned by Seller 3
“Target Equity 4”	100% of the equity interest in Target 4, which is owned by Seller 4
“Target Group”	collectively, the Target Companies and their respective subsidiaries, including Yu Ning (Wuhan) Real Estate Development Co., Ltd.* (禦寧(武漢)房地產開發有限公司), Yujiangfeng (Wuhan) Real Estate Development Co., Ltd.* (禦江豐(武漢)房地產開發有限公司), Yujiangxuan (Wuhan) Real Estate Development Co., Ltd.* (禦江軒(武漢)房地產開發有限公司), Yujiangkun (Wuhan) Real Estate Development Co., Ltd.* (禦江坤(武漢)房地產開發有限公司), Yujiangrong (Wuhan) Real Estate Development Co., Ltd.* (禦江榮(武漢)房地產開發有限公司), Huayuhang (Nanjing) Real Estate Development Co., Ltd.* (華禦航(南京)房地產開發有限公司) and Huayujing (Nanjing) Decoration Co., Ltd.* (華御景(南京)裝飾裝修有限公司)
“Target Projects”	collectively, Nanjing Dajiaochang Project, Wuhan Changjiang Project and Wuhan Zhongbei Project
“Wuhan Changjiang Project”	Wuhan Changjiang Center Project (武漢長江中心項目), which is located in the core central business district of Wuchang Binjiang, Wuhan, alongside the Changjiang East Coast. This project integrates residential buildings, office buildings, and shopping mall.

“Wuhan Zhongbei Project” Wuhan Zhongbei Road Project (武漢中北路項目), which is located in the core of the traditional business area of Wuchang district of Wuhan, near to the Shahu South Coast alongside the lake. This project integrates residential buildings and office buildings.

“%” per cent

* *for identification purpose only*

By Order of the Board
China Resources Land Limited
Li Xin
Chairman

PRC, 28 December 2022

As at the date of this announcement, the executive Directors are Mr. Li Xin, Mr. Wu Bingqi, Mr. Zhang Dawei, Mr. Xie Ji and Mr. Guo Shiqing; the non-executive Directors are Mr. Liu Xiaoyong, Mr. Dou Jian and Ms. Cheng Hong; and the independent non-executive Directors are Mr. Andrew Y. Yan, Mr. Ho Hing Ngai, Bosco, Mr. Wan Kam To, Peter, Mr. Zhong Wei and Mr. Sun Zhe.