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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)**

## **PROPOSED SPIN-OFF AND SEPARATE LISTING OF A PUBLICLY TRADED INFRASTRUCTURE SECURITIES INVESTMENT FUND ON THE SHENZHEN STOCK EXCHANGE**

### **PROPOSED SPIN-OFF**

The Board is pleased to announce that on 26 October 2023, CAMC and CITIC submitted the application materials on the registration and listing of the Public Fund to the CSRC and the Shenzhen Stock Exchange. Prior to the application for the Proposed Listing, the Company has submitted the PN15 Application and a waiver application from strict compliance with paragraph 3(f) of PN15 regarding the assured entitlement requirement to the Stock Exchange, and the Stock Exchange has granted such waiver and confirmed that the Company may proceed with the Proposed Spin-off.

The Proposed Spin-off constitutes (i) a disposal of the Project to the Infrastructure REIT, and (ii) a subscription of 30% of the Units in the Public Fund by the Group. As all applicable percentage ratios in respect of the Proposed Spin-off as calculated pursuant to Rule 14.07 of the Listing Rules is less than 5%, the Proposed Spin-off is not subject to the reporting, announcement or Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate in accordance with the requirements of the Listing Rules.

**Shareholders and potential investors should note that, the listing of the Public Fund is subject to, among other things, the review of and/or registration with the CSRC and the Shenzhen Stock Exchange. Accordingly, Shareholders and potential investors should be aware that there is no assurance that the public offering of the Public Fund will take place or as to when it may take place and are advised to exercise caution when dealing in the securities of the Company.**

## **THE PROPOSED SPIN-OFF**

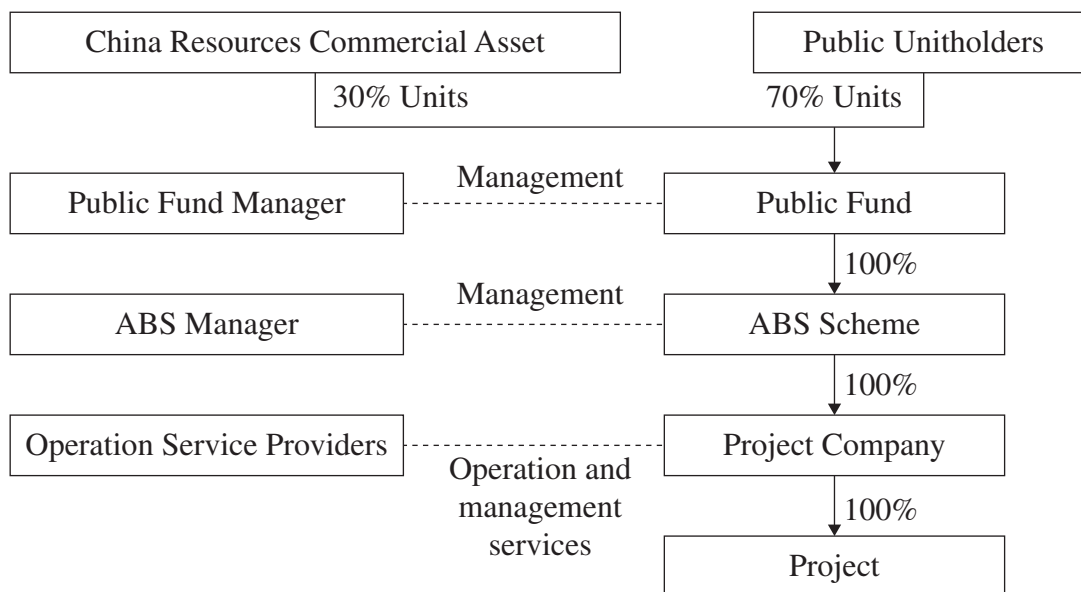
The Board is pleased to announce that on 26 October 2023, CAMC and CITIC submitted the application materials on the registration and listing of the Public Fund to the CSRC and the Shenzhen Stock Exchange.

The underlying assets of the Infrastructure REIT is a shopping mall located in No. 6 Shandong Road, City South District, Qingdao, Shandong Province, the PRC, namely, the Project, which is owned by the Project Company. As at the date of this announcement, the Project Company is a wholly owned subsidiary of the China Resources Commercial Asset, being an indirectly wholly owned subsidiary of the Company.

For the purpose of the Proposed Spin-off, CAMC, as the Public Fund Manager, will set up the Public Fund as a publicly-listed infrastructure securities investment fund. It is currently expected that the Public Fund will raise RMB6,977.7 million. At the time of the Proposed Listing, the China Resources Commercial Asset will subscribe for approximately 30% of the total number of the Units in issue as a strategic investor. For the purpose of the Proposed Spin-off and as required by the applicable PRC laws and regulations, the ABS will be set up by the ABS Manager. After the establishment of the Public Fund, the Public Fund will apply the proceeds to subscribe for the entire interest in the ABS, subsequent to which, ABS will use the subscription monies to acquire the entire interest in the Project Company from the Group. Upon completion of such acquisition, the Project Company will be 100% held by the Infrastructure REIT and will cease to be a subsidiary of the Company. After the Proposed Spin-off, the Infrastructure REIT will not be a subsidiary of the Company and will not be consolidated into the financial accounts of the Company.

The Public Fund Manager, the Project Company and the Operation Service Providers would enter into an operation management services agreement, pursuant to which the Operation Service Providers will provide operation and management services to the Project, including administrative support. The Infrastructure REIT would pay a operation and management fee for the services.

The structure of the Infrastructure REIT upon completion of the Proposed Spin-off and the Proposed Listing is set out as below:



The Company has submitted the PN15 Application to the Stock Exchange, and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off. The Proposed Spin-off is conditional upon, among other things, the approval by the CSRC and the Shenzhen Stock Exchange of the Proposed Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate in accordance with the requirements of the Listing Rules.

### **Listing Rules implications of the Proposed Spin-off**

The Proposed Spin-off constitutes (i) a disposal of the Project to the Infrastructure REIT, and (ii) a subscription of 30% of the Units in the Public Fund by the Group. As all applicable percentage ratios in respect of the Proposed Spin-off as calculated pursuant to Rule 14.07 of the Listing Rules is less than 5%, the Proposed Spin-off is not subject to the reporting, announcement or Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **Reasons for and benefits of the Proposed Spin-off**

The Directors consider that the Proposed Spin-off will be beneficial for both the Group and the Infrastructure REIT for the following reasons:

- (1) The Proposed Listing provides an alternative equity-based financing method for the Company, which will diversify the fundraising methods and platforms of the Group and reduce the reliance on traditional debt financing method. Through the Proposed Listing, the Company will be able to revitalize its infrastructure assets and avoid the adverse impact of long recovery period and low asset turnover rates in infrastructure investments. It will also enhance the Company's rolling investment capability and sustainable operation, which will be beneficial to the Company's long-term performance.
- (2) In the long term, the Company will continue to benefit from the business prospects and results of the Infrastructure REIT through stable return that it will receive in the form of distribution as a holder of the Units. After being listed, the value of the Project will be reflected by market price, which will lead to a more reasonable and authoritative evaluation of the interest held by the Company in the Project.
- (3) The Proposed Spin-off is a beneficial attempt to develop innovative financing channels for the Group, which will also improve the Group's image and reputation, thereby continuing to enhance its ability to attract strategic investors.
- (4) The Proposed Listing will provide separate fundraising platforms for the Group and the Infrastructure REIT with respect to their respective operations and future expansion. In particular, after the completion of the Proposed Spin-off and the Proposed Listing, the Infrastructure REIT will have a separate and independent listing platform in the PRC which will enable it to have a direct access to the PRC capital market and to enhance its possibility to explore new financing and fundraising channels for the development of its business.

Based on the above, the Board believes that there are clear commercial benefits to the Group under the Proposed Spin-off.

## **Waiver from strict compliance with paragraph 3(f) of PN15**

Paragraph 3(f) of PN15 requires a listed company contemplating a spin-off to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spun-off entity, either by way of a distribution in specie of existing shares in the spun-off entity or by way of preferred application in any offering of existing or new shares in the spun-off entity.

As advised by Han Kun Law Offices, the PRC legal advisers to the Company, in respect of the Proposed Spin-off, according to relevant laws and regulations of the PRC, investors subscribe for units of public funds must have RMB ordinary securities accounts, close-end fund accounts or open-end fund accounts maintained through China Securities Depository and Clearing Corporation Limited (“**CSDC Open-end Fund Accounts**”). RMB ordinary securities accounts and close-end fund accounts can only be opened by (i) qualified PRC investors, including PRC citizens over 18 years old and PRC citizens over 16 but under 18 years old whose main source of support is income from his/her own labour, foreigners with PRC permanent resident status, and ordinary PRC institutional investors; (ii) qualified foreign investors, including residents from Hong Kong, Macau and Taiwan who work and reside in the mainland of the PRC; and (iii) qualified special institutions and products, mainly including securities companies and their asset management subsidiaries, fund management companies and their subsidiaries, insurance companies, trust companies, banks and their commercial bank wealth management subsidiaries, foreign strategic investors approved by the relevant authorities in the PRC, asset management scheme of securities companies, asset management scheme of fund management companies, asset management scheme of futures companies, asset management scheme of insurance asset management companies, security investment funds, trust products, insurance products, bank asset management products, enterprise annuity schemes, professional annuity schemes, pension funds products, social security funds, private funds, qualified foreign investors and RMB qualified foreign investors. CSDC Open-end Fund Accounts can only be opened by (iv) individual investors with certain valid identification documents; and (v) other institutional and individual investors that fulfil the account opening standards of fund sales agencies institutions ((i) to (v) are collectively referred to as “**Qualified Investors**”).

As the Company is unable to ascertain the identities of the Shareholders whose shares in the Company were held by them through HKSCC Nominees Limited or further assess whether such Shareholders are Qualified Investors. Accordingly, not all, if any, of the existing Shareholders will be qualified to hold the Units following the Proposed Listing, and thus compliance with paragraph 3(f) of PN15 in relation to the Proposed Listing will not be feasible.

Furthermore, the PRC legal advisers to the Company also advised that according to the requirements of relevant laws and regulations such as the Law of the PRC on Funds for Investment in Securities (中華人民共和國證券投資基金法) and the Guidance, unless otherwise prescribed by law, the investors of the Infrastructure REITs are prohibited from being provided with a preferential allocation of the units on the ground that all investors shall be treated equally. Except for the strategic placement to the strategic investors which include the original owners of the Infrastructure REIT or their related parties under common control and the units offered to offline investors in accordance with the applicable laws and regulations, the relevant laws and regulations do not grant other specific entities the right to subscribe for a specific percentage of the units of public funds on a preferential basis. Pursuant to the applicable PRC laws and regulations, the Company is unable to ascertain the identifications of the Shareholders or further assess whether such Shareholders are qualified to participate in the preferential allocations. Accordingly, the Company is not able to provide Shareholders with assured entitlement by way of preferential allocation of the Units.

In addition, pursuant to the relevant requirements of the Guidance, the original owners of the infrastructure assets or their related parties under common control shall subscribe for not less than 20% of the total number of the Infrastructure REIT units under the strategic placement. If the original owner of the infrastructure assets holds not less than 20% of the Infrastructure REIT units, it must hold 20% of the Infrastructure REIT units for at least 60 months from the listing date of the Infrastructure REIT, whilst any units held by such original owner in excess of 20% must be held for at least 36 months from the listing date of the Infrastructure REIT. As advised by the PRC legal advisers to the Company, since it is proposed that the China Resources Commercial Asset will hold more than 20% of the Units upon completion of the Proposed Listing, the China Resources Commercial Asset will be required to hold 20% of the Units for at least 60 months and the Units in excess of 20% for at least 36 months from the date of the Proposed Listing pursuant to the Guidance. Therefore, it is impractical for the Company to transfer or distribute the Units to the Shareholders.

After due and careful consideration of the Proposed Spin-off and having taken into account the advices from the PRC legal advisers to the Company on the legal impediments in fulfilling such requirement, the Board considers that it is not feasible for the Company to comply with paragraph 3(f) of PN15 in connection with the Proposed Spin-off. Accordingly, the Board has resolved not to provide assured entitlement to the Shareholders under the Proposed Listing due to the legal restrictions in offering PRC listed units to foreign investors, including the proposed offering of the Units to the Shareholders, and considers that the Proposed Spin-off and the non-provision of the assured entitlement in relation to the Proposed Spin-off are fair and reasonable, and in the interest of the Company and the Shareholders as a whole. The Company has also applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of paragraph 3(f) of PN15.

**Shareholders and potential investors should note that the Proposed Spin-off and listing of the Public Fund is subject to, among other things, the prevailing market conditions and the review of and/or registration with the CSRC and the Shenzhen Stock Exchange. Accordingly, Shareholders and potential investors should be aware that there is no assurance that the Proposed Spin-off and public offering of the Public Fund will take place or as to when it may take place. 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 shall have the following meanings when used herein:

“ABS”	an infrastructure asset-back special purpose plan managed by the ABS Manager to securitise the Project
“Board”	the board of Directors of the Company
“CAMC” or “Public Fund Manager”	China Asset Management Company Limited* (華夏基金管理有限公司)

“China Resources Commercial Asset”	China Resources Commercial Asset Holding Co., Ltd.* (華潤商業資產控股有限公司), an indirectly wholly owned subsidiary of the Company as at the date of this announcement
“CITIC” or “ABS Manager”	CITIC Securities Company Limited* (中信証券股份有限公司)
“Company”	China Resources Land Limited (華潤置地有限公司), a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the main board of the Stock Exchange (stock code: 1109)
“CRML”	China Resources Mixc Lifestyle Services Limited (華潤萬象生活有限公司), a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the main board of the Stock Exchange (stock code: 1209)
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guidance”	the Guidance on Public Offering of Infrastructure Securities Investment Funds (Trial)* (《公開募集基礎設施證券投資基金指引(試行)》), promulgated by the CSRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Infrastructure REIT”	the real estate investment trust for infrastructure assets established under the pilot scheme initiated by the CSRC and the NDRC
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“NDRC”	the National Development and Reform Commission
“Operation Service Providers”	the China Resources Commercial Asset (which will act as the operation and management coordinator) and Runxin Beijing Branch (which will act as the operation and management implementation company)
“PN15”	Practice Note 15 of the Listing Rules
“PN15 Application”	the application of the Company to the Stock Exchange in respect of the Proposed Spin-off pursuant to PN15
“PRC”	The People’s Republic of China

“Project”	a shopping mall located in No. 6 Shandong Road, City South District, Qingdao, Shandong Province, the PRC
“Project Company”	China Resources (Shandong) Company Limited* (華潤置地(山東)有限公司), a wholly owned subsidiary of the China Resources Commercial Asset as at the date of this announcement
“Proposed Listing”	the proposed listing of the Units on the Shenzhen Stock Exchange
“Proposed Spin-off”	the spin-off and separate listing of the Project through the structure of the Infrastructure REIT on the Shenzhen Stock Exchange
“Public Fund”	a publicly offered infrastructure securities investment fund established within the structure of the Infrastructure REIT
“RMB”	Renminbi, the lawful currency of the PRC
“Runxin Beijing Branch”	Runxin Commercial Investment (Shenzhen) Company Limited Beijing Consulting Branch* (潤欣商業投資(深圳)有限公司北京諮詢分公司), a branch of a subsidiary of CRML as at the date of this announcement
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Units”	the units of the Public Fund
“%”	per cent

\* *For identification purpose only*

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

PRC, 26 October 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Li Xin, Mr. Zhang Dawei, Mr. Xie Ji and Mr. Guo Shiqing; the non-executive directors of the Company are Mr. Dou Jian, Ms. Cheng Hong and Mr. Huang Ting; and the independent non-executive directors of the Company are Mr. Zhong Wei, Mr. Sun Zhe, Mr. Frank Chan Fan, Mr. Leong Kwok-kuen, Lincoln and Ms. Qin Hong.*