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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)

CONNECTED TRANSACTION
ACQUISITION OF 49% EQUITY INTERESTS
IN A TARGET COMPANY

The Board is pleased to announce that on 4 December 2023, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor and the Target Company for the sale and purchase of the Target Equity, representing 49% of the entire registered capital of the Target Company, in connection with the Purchaser acquiring the Target Equity for a total consideration of approximately RMB1,007,007,695 (equivalent to approximately HK\$1,108,038,660, including maximum capital occupancy fee payable), subject to the terms and conditions as set out in the Equity Transfer Agreement.

As at the date of this announcement, the Purchaser is an indirect wholly-owned subsidiary of the Company. As CRI is interested in approximately 59.55% of the total issued share capital of the Company and is a controlling shareholder of the Company, CRI is a connected person of the Company. The Vendor is a subsidiary of CRI and is therefore a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Acquisition exceeds 0.1% but is less than 5%, the Acquisition is subject to the reporting and announcement requirements only but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 4 December 2023, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor and the Target Company for the sale and purchase of the Target Equity, representing 49% of the entire registered capital of the Target Company, in connection with the Purchaser acquiring the Target Equity for a total consideration of approximately RMB1,007,007,695 (equivalent to approximately HK\$1,108,038,660, including maximum capital occupancy fee payable), subject to the terms and conditions as set out in the Equity Transfer Agreement.

THE ACQUISITION

Principal terms of the Equity Transfer Agreement are summarised as follows:

- Date:** 4 December 2023
- Parties:** (1) the Purchaser,
(2) the Vendor, and
(3) the Target Company

Subject matter

Pursuant to the Equity Transfer Agreement, the Vendor conditionally agrees to sell, and the Purchaser conditionally agrees to purchase, the Target Equity, representing 49% of the entire registered capital of RMB200,000,000 of the Target Company, which was fully paid up as at the date of signing of the Equity Transfer Agreement.

Consideration

The consideration for the acquisition of the Target Equity is RMB982,940,000 (the “**Consideration**”) and the total consideration for the Acquisition (including the maximum capital occupancy fee payable under the Second Payment (as defined below)) is approximately RMB1,007,007,695, which will be financed by the internal resources of the Group and payable by the Purchaser as follows:

- (a) 30% of the Consideration (i.e. RMB294,882,000) shall be paid within 5 Working Days from the date of signing of the Equity Transfer Agreement; and
- (b) 70% of the Consideration (i.e. RMB688,058,000) shall be paid together with the capital occupancy fee for the period from the date of signing of the Equity Transfer Agreement to the date of actual payment (calculated at the one-year quoted market lending rate (i.e. one-year LPR) as announced by the People’s Bank of China, with daily interest rate = annual interest rate/360) (the “**Second Payment**”) shall be paid within 12 months from the date of signing of the Equity Transfer Agreement.

The Consideration was determined after arm’s length negotiation between the Company and the Vendor with reference to, among other things, the appraised value of the corresponding 100% equity interests in the Target Company and the market condition as a whole. According to the valuation of the Target Company conducted by Vocation (Beijing) International Asset Valuation Company Limited (沃克森(北京)國際資產評估有限公司) (the “**Independent Valuer**”), an independent qualified valuer engaged by the Vendor and confirmed by both the Purchaser and the Vendor, as at the valuation benchmark date (i.e. 30 June 2023), the value of the entire shareholders’ equity of the Target Company as appraised by the Independent Valuer using the asset-based approach on the premise that the Target Company will continue as a going concern is RMB2,077,575,200 (equivalent to approximately HK\$2,286,014,000).

In this connection, the Board (including the independent non-executive Directors) is of the view that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

On 4 December 2023, the previous investment cost in total in the Target Company spent by the Vendor is approximately RMB612,500,000 (equivalent to approximately HK\$673,950,837).

Conditions precedent

Completion is subject to the satisfaction of certain conditions precedent, including but not limited to:

- (i) all transaction documents have been signed and become effective and the Purchaser and the Vendor have completed the relevant procedures of internal approvals and external disclosure (if applicable) in accordance with their respective articles of association and the requirements of the applicable laws, in signing the aforesaid documents;
- (ii) the Vendor, being a shareholder holding 49% of the shares of the Target Company, has made a shareholder's decision document agreeing to the signing and performance of the Equity Transfer Agreement, the execution of the Equity Transfer Agreement, the dismissal of the existing directors and supervisors and the appointment of the new directors and supervisors in accordance with the terms of the Equity Transfer Agreement, the consequential amendments to the articles of association of the Target Company; and
- (iii) other conditions precedent agreed under the Equity Transfer Agreement.

Completion

The Completion date shall be the date on which the industrial and commercial changes in the Target Equity are registered. During the registration process of the change of the Target Equity, the Purchaser and the Vendor shall cooperate with the industrial and commercial authorities if other formalities are required in accordance with their requirements.

As at the date of this announcement, the Target Company is owned as to 51% and 49% by the Purchaser and the Vendor respectively. Upon the completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

INFORMATION ABOUT THE PARTIES

The Purchaser

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on the main board of the Stock Exchange. As at the date of this announcement, approximately 59.55% of the shares issued by the Company are indirectly held by CRI which in turn is ultimately owned by CRCL, a state-owned enterprise in the PRC under the supervision of the SASAC. The Group is principally engaged in development and sales of

developed properties, property investments and management, hotel operations and the provision of construction, decoration and other property development related services in the PRC.

The Purchaser, an indirect wholly-owned subsidiary of the Company, is a company incorporated in the PRC with limited liability and is principally engaged in the investment activities with own funds, venture capital investment (limited to investment in companies which are not listed) and social and economic consulting services.

The Vendor

The Vendor is a limited partnership incorporated in the PRC, with Huawei Yongsheng acting as the general partner and the managing partner while Shenzhen Mangrove Venture Capital Co., Ltd., a wholly-owned subsidiary of CR Trust, as the limited partner, which in turn is owned as to approximately 99.99% and 0.01% by Shenzhen Mangrove Venture Capital Co., Ltd. and Huawei Yongsheng respectively, and is principally engaged in the business of investment management (excluding securities, futures, insurance and other financial businesses); investment consultancy (excluding talent agency, securities, insurance, funds, financial businesses and other restricted items); investment and establishment of enterprises (specific projects to be reported otherwise).

The Target Company

The Target Company is a company incorporated in the PRC with limited liability. As at the date of this announcement, the Target Company is owned as to 51% and 49% by the China Resources Land (Taizhou) Company Limited* (華潤置地(泰州)有限公司), a wholly-owned subsidiary of the Company, and the Vendor respectively and is principally engaged in project investment, asset operation and management and property management.

Set out below are certain audited financial information of the Target Company (prepared in accordance with the generally accepted accounting principles of the PRC) for the year ended 31 December 2021 and the year ended 31 December 2022 respectively:

	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>Approximately RMB'000</i>	<i>Approximately RMB'000</i>
Profit before tax	121,406	42,237
Profit after tax	90,984	31,626

As at 30 June 2023, the audited net book value of the Target Company was approximately RMB935,340,876.06.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal business activities of the Group are property investment, development and management in the PRC. The Kunshan MIXc One project held by the Target Company is a TOD property located in the core area of Kunshan City, Jiangsu Province, the PRC. Since the opening in 2019, its operation is in good condition and has become a city-class shopping centre radiating the whole city of Kunshan with a relatively high quality of assets. The Group intends to acquire the 49% equity interests indirectly held by the partner CR Trust, so as to own the Target Company in its entirety, which could continuously bring stable rental income to the Group. Meanwhile, it is expected that the Kunshan MIXc One project, with excellent business conditions and sound operation, could serve as a high-quality resource reserve for the expansion of real estate investment trusts (REITs) in the consumer infrastructure sector in the future, further contributing to asset exit profits and cash flow for the Group.

The Board (including the independent non-executive Directors) considers that the terms of the Equity Transfer Agreement and the Acquisition are fair and reasonable and the entering into of the Equity Transfer Agreement and the Acquisition are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

At the Board meeting held on 1 December 2023 to approve, among other things, the Acquisition, Mr. Huang Ting, a non-executive Director of the Company, has abstained from voting on the resolution in respect of the Acquisition, being a director of CR Trust. Save as aforementioned, neither of the Directors has any material interest in the Acquisition or has abstained from voting on the relevant Board resolutions.

IMPLICATION UNDER THE LISTING RULES

As at the date of this announcement, the Purchaser is an indirect wholly-owned subsidiary of the Company. As CRI is interested in approximately 59.55% of the total issued share capital of the Company and is a controlling shareholder of the Company, CRI is a connected person of the Company. The Vendor is a subsidiary of CRI and is therefore a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Acquisition exceeds 0.1% but is less than 5%, the Acquisition is subject to the reporting and announcement requirements only but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Target Equity
“Board”	the board of Directors of the Company

“Company”	China Resources Land Limited, 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)
“Completion”	completion of the sale and purchase of the Target Equity in accordance with the Equity Transfer Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“CR Trust”	China Resources SZITIC Trust Co., Ltd.* (華潤深國投信託有限公司), a company incorporated in the PRC with limited liability. Its ultimate beneficial owner is CRCL, which in turn is beneficially owned by SASAC
“CRCL”	China Resources Company Limited* (中國華潤有限公司), a company incorporated in the PRC with limited liability, a state-owned enterprise under the supervision of SASAC and an ultimate holding company of the Company
“CRH”	China Resources (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and an intermediate holding company of the Company
“CRI”	China Resources Inc.* (華潤股份有限公司), a company incorporated in the PRC with limited liability and an intermediate holding company of CRH
“Director(s)”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 4 December 2023 entered into between the Purchaser, the Vendor and the Target Company in relation to the sale and purchase of the Target Equity
“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
“Huawei Yongsheng”	Shenzhen Huawei Yongsheng Enterprise Management Co., Ltd.* (深圳市華威永盛企業管理有限公司), a company incorporated in the PRC with limited liability, of which 51% and 49% equity interests are owned by China Resources Venture Capital (Tianjin) Co., Ltd.* (華潤投資創業(天津)有限公司) and Shenzhen Mangrove Venture Capital Co., Ltd.* (深圳紅樹林創業投資有限公司) respectively. Its ultimate beneficial owner is CRCL, which in turn is beneficially owned by SASAC

“Kunshan MIXc One Project”	a commercial and residential complex in Kunshan City, Jiangsu Province, the PRC developed by the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties to the Equity Transfer Agreement, i.e., the Purchaser, the Vendor and the Target Company
“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 Commercial Assets Holdings Limited * (華潤商業資產控股有限公司), a company incorporated in the PRC with limited liability and an indirect 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
“Shareholders”	persons whose names appear on the register of members as registered holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	China Resources Land (Kunshan) Development Company Limited* (華潤置地(昆山)發展有限公司), a company incorporated in the PRC with limited liability
“Target Equity”	49% equity of the registered capital of the Target Company, which was fully paid up and owned by the Vendor as at the date of signing of the Equity Transfer Agreement
“Vendor”	Shenzhen Runxin No.1 Investment Partnership Enterprise (Limited Partnership)* (深圳市潤鑫一號投資合夥企業(有限合夥)), a joint venture incorporated in the PRC with limited liability. It holds 49% of the equity interests in the Target Company as at the date of this announcement

“Working Day(s)”

any day other than Saturdays, Sundays and statutory holidays in the PRC, excluding Mondays to Fridays which have been declared by the PRC government as temporary rest days, but including Saturdays and Sundays which have been declared by the PRC government as temporary working days

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

PRC, 4 December 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.

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB0.90882 to HK\$1.00. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

* *For identification purpose only*