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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

### **Formation of Joint Venture with Beijing Xiuling Runhong Information Consulting Center (Limited Partnership)\* for the Shougang 824 Project**

On 22 June 2022, CR Land Development (a wholly-owned subsidiary of the Company), Beijing Xiuling Runhong and Beijing Runshi entered into the Cooperation Agreement, pursuant to which the parties agreed to the following: (a) if Beijing Xiuling Runhong is selected as the ultimate investor of Beijing Runshi, it shall increase the registered capital of Beijing Runshi, pursuant to which, CR Land Development and Beijing Xiuling Runhong will hold Beijing Runshi at the equity interest ratio of 51% and 49%, respectively, for the purpose of investing into Shougang 824 Project; and (b) the Cooperation Agreement shall regulate their respective rights and obligations in Beijing Runshi.

Beijing Xiuling Runhong is a subsidiary of CRI, which in turn is a controlling shareholder of the Company. Accordingly, Beijing Xiuling Runhong is a connected person of the Company and the Proposed Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated with reference to the Proposed Transaction exceed 0.1% but are less than 5%, the Proposed Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## INTRODUCTION

On 17 February 2022, CR Land Development was awarded the bid for land use rights for Lot 1612-824 of the Southeast Zone of Shougang Park in Shijingshan District, Beijing, the PRC (北京市石景山區首鋼園區東南區土地一級開發項目1612-824地塊). On 21 February 2022, CR Land Development and Beijing Municipal Commission of Planning and Natural

Resources entered into a land use rights assignment contract for the Shougang 824 Project. On 4 March 2022, CR Land Development established Beijing Runshi as its direct wholly-owned subsidiary with a registered capital of RMB100 million. CR Land Development intends to solicit investors through a public forum to increase the registered capital of Beijing Runshi. On 15 March 2022, CR Land Development, Beijing Runshi and the Beijing Municipal Commission of Planning and Natural Resources entered into a supplemental agreement to the land use rights assignment contract changing the transferee of the land use rights to Beijing Runshi, so that Beijing Runshi is responsible for the development, construction and operation of the Shougang 824 Project.

On 22 June 2022, CR Land Development (a wholly-owned subsidiary of the Company), Beijing Xiuling Runhong and Beijing Runshi entered into the Cooperation Agreement, pursuant to which the parties agreed to the following: (a) if Beijing Xiuling Runhong is selected as the ultimate investor of Beijing Runshi, it shall increase the registered capital of Beijing Runshi, pursuant to which, CR Land Development and Beijing Xiuling Runhong will hold Beijing Runshi at the equity interest ratio of 51% and 49%, respectively, for the purpose of investing into Shougang 824 Project; and (b) the Cooperation Agreement shall regulate their respective rights and obligations in Beijing Runshi.

## **COOPERATION AGREEMENT**

### **Date**

22 June 2022

### **Parties**

- (a) CR Land Development, a wholly owned subsidiary of the Company;
- (b) Beijing Xiuling Runhong, a non-wholly owned subsidiary of CRI; and
- (c) Beijing Runshi.

### **Capital increase of Beijing Runshi**

If the Proposed Transaction is consummated, CR Land Development and Beijing Xiuling Runhong shall hold 51% and 49% equity interests in Beijing Runshi, respectively. Beijing Runshi will be deemed as a joint venture of the Company.

CR Land Development and Beijing Xiuling Runhong agreed to the following major terms concerning Beijing Runshi in the Cooperation Agreement.

Capital commitment : *Increase of registered capital of Beijing Runshi*

The registered share capital of Beijing Runshi shall be increased from RMB100 million (equivalent to approximately HK\$117.0 million) to RMB2,460 million (equivalent to approximately HK\$2,877.5 million). The additional capital shall be contributed by CR Land Development and Beijing Xiuling Runhong in proportion to its respective equity interest in Beijing Runshi as follows:

CR Land Development: RMB1,154.6 million (equivalent to approximately HK\$1,350.6 million)

Beijing Xiuling Runhong: RMB1,205.4 million (equivalent to approximately HK\$1,410.0 million)

The capital contribution of CR Land Development and Beijing Xiuling Runhong to the registered capital and project capital of Beijing Runshi is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Shougang 824 Project and the parties' equity interest in Beijing Runshi.

Board composition : The board of directions of Beijing Runshi shall comprise of five (5) directors; three (3) of whom shall be nominated by CR Land Development and two (2) of whom shall be nominated by Beijing Xiuling Runhong.

The chairman of the board of directors of Beijing Runshi shall be a director nominated by Beijing Xiuling Runhong.

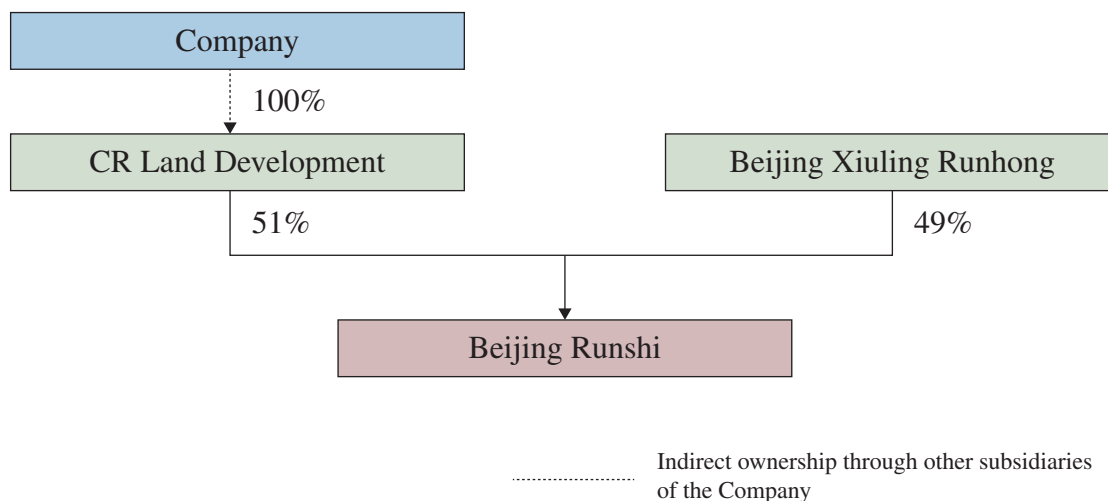
There shall be one (1) supervisor for Beijing Runshi, whom shall be nominated by CR Land Development. Notwithstanding the foregoing and in addition thereto, the supervisor shall neither be a director nor senior management of Beijing Runshi.

Decision making of Beijing Runshi : CR Land Development shall nominate a general manager whom shall also be the authorized legal representative of Beijing Runshi.

Beijing Xiuling Runhong shall nominate the finance director and CR Land Development shall nominate the deputy finance director for Beijing Runshi, and all finance expenses incurred out of or in connection with Beijing Runshi shall be jointly signed and approved by both the finance director and deputy finance director.

## OWNERSHIP STRUCTURE OF BEIJING RUNSHI

The chart below shows the ownership structure of Beijing Runshi upon the increase of registered share capital of Beijing Runshi by CR Land Development and Beijing Xiuling Runhong pursuant to the Proposed Transaction:



## INFORMATION ON BEIJING RUNSHI AND SHOUGANG 824 PROJECT

Beijing Runshi is a company formed for the purposes of acquiring land use rights specifically for the Shougang 824 Project, project financing, construction, management, operation, maintenance and seeking business opportunities in connection with the Shougang 824 Project.

The Shougang 824 Project is a new real estate project located in Shijingshan District, Beijing, the PRC. The Land involved with the Shougang 824 Project is approximately 16,392 square meters. The Shougang 824 Project involves the construction of high-rise residential buildings. The estimated timeline for completion of the Shougang 824 Project is September 2024 and for delivery is November 2024.

## REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTION

CR Trust, Beijing Kehuan and Beikejian Kerui have substantial experiences in real estate development projects. The aforementioned parties have successfully cooperated in three real estate projects in the past three (3) years and are regarded as trusted partners of the Company.

The Company believes that the Proposed Transaction will benefit the Group by minimizing the burden of capital commitment on the Group and the risks associated with real estate projects in the PRC. The Shougang 824 Project will also allow the Group and CR Trust to jointly cooperate and expand the asset management reach and reputation of the Company in the PRC.

The Directors (including the independent non-executive Directors) consider that the Proposed Transaction is in the ordinary and usual course of business of the Group, on normal commercial terms after arm's length negotiations between the parties, and the terms of the Proposed Transaction are fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the Proposed Transaction and no Director is required to abstain from voting on the Board resolution(s) approving the Proposed Transaction.

## **GENERAL**

The principal business activities of the Group are property investment, development and management in the PRC.

CR Land Development is a wholly-owned subsidiary of the Company, which is a subsidiary of CRI, which in turn is ultimately owned by CRCL, a state-owned enterprise in the PRC under the supervision of the SASAC. The Company is principally engaged in the development of properties for sale, property investments and management, and other property development related services business in Hong Kong and the PRC.

Beijing Xiuling Runhong is a limited partnership based in the PRC which is principally engaged in economics and trade consulting business. Beijing Xiuling Runhong is jointly owned by CR Trust, Beijing Kehuan and Beikeyuan Kerui.

## **LISTING RULES IMPLICATIONS**

Beijing Xiuling Runhong is a subsidiary of CRI, which in turn is a controlling shareholder of the Company. Accordingly, Beijing Xiuling Runhong is a connected person of the Company and the Proposed Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated with reference to the Proposed Transaction exceed 0.1% but are less than 5%, the Proposed Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“Beijing Kehuan”	Beijing Kehuan Information Consulting Center (Limited Partnership)* (北京科寰信息諮詢中心(有限合夥)), a limited liability partnership established in the PRC and 49.96% shareholder of Beijing Xiuling Runhong;
“Beijing Runshi”	Beijing Runshi Real Estate Co., Ltd.* (北京潤實置業有限公司), a limited liability joint venture company established in the PRC;

“Beijing Xiuling Runhong”	Beijing Xiuling Runhong Information Consulting Center (Limited Partnership)* (北京秀領潤紅信息諮詢中心(有限合夥)), a limited partnership established in the PRC and 49% shareholder of Beijing Runshi;
“Beikejian Kerui”	Beikejian Kerui Capital Management (Beijing) Co., Ltd* (北科建科睿資本管理(北京)有限公司), a limited liability company established in the PRC and 0.08% shareholder of Beijing Xiuling Runhong;
“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 whose issued shares are listed on the main board of the Stock Exchange (stock code: 1109);
“connected person(s)” and “connected transaction(s)”	each has the meaning ascribed to it in the Listing Rules;
“Cooperation Agreement”	the cooperation agreement entered into between CR Land Development and Beijing Xiuling Runhong dated 22 June 2022 in relation to the investment in the Shougang 824 Project;
“CR Land Development”	CR Land Development (Beijing) Co., Ltd.* (華潤置地開發(北京)有限公司), a limited liability established in the PRC and an indirect wholly owned subsidiary of the Company and 51% shareholder of Beijing Runshi;
“CR Trust”	China Resources Shengguotou Trust Company Limited* (華潤深國投信託有限公司), a limited liability company established in the PRC and 49.96% shareholder of the Beijing Xiuling Runhong;
“CRCL”	China Resources Company Limited* (中國華潤有限公司), a company established in the PRC with limited liability and is a state-owned enterprise under the supervision of the SASAC;
“CRI”	China Resources Inc* (華潤股份有限公司), a company incorporated in the PRC with limited liability, which is ultimately owned by CRCL and indirectly holding 59.55% Shares in the Company and 25.48% shares in Beijing Xiuling Runhong as at the date of this announcement;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“Proposed Transaction”	the entering into of the Cooperation Agreement and the proposed transactions contemplated thereunder;
“RMB”	Renminbi, the lawful currency of the PRC;
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC;
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shougang 824 Project”	the development of the residential real estate project at Lot 1612–824 of the Southeast Zone of Shougang Park in Shijingshan District, Beijing, the PRC (北京市石景山區首鋼園區東南區土地一級開發項目1612–824地塊), details of which are set out in the section headed “Information on Beijing Runshi and Shougang 824 Project” of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

\* *for identification purpose only*

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

PRC, 22 June 2022

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

*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 RMB1.00 to HK\$1.169. 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.*