

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA MERCHANTS LAND LIMITED

招商局置地有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 978)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO THE ACQUISITIONS OF ENTIRE EQUITY
INTERESTS IN AND SHAREHOLDERS' LOANS TO
COMING WEALTH AND CHEUK TAT**

Financial Adviser to the Company



China Merchants Securities (HK) Co., Limited

THE SP AGREEMENTS AND THE ACQUISITIONS

The Board is pleased to announce that on 18 August 2016, the Company and the Seller entered into (i) the Coming Wealth SP Agreement, pursuant to which, the Company has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the entire share capital of Coming Wealth and the Coming Wealth Sale Loan for a total consideration of approximately HK\$505 million (subject to adjustment but capped at HK\$506 million); and (ii) the Cheuk Tat SP Agreement, pursuant to which, the Company has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the entire share capital of Cheuk Tat and the Cheuk Tat Sale Loan for a total consideration of approximately HK\$608 million (subject to adjustment but capped at HK\$609 million). The Target Companies hold the relevant Target Properties consisting of one completed building situated in Connaught Road West, Hong Kong (CM+ Serviced Apartment North Tower) and one partly completed building situated in New Market Street, Hong Kong (CM+ Serviced Apartment South Tower). Through the Acquisitions, the Group intends to develop the Target Properties into serviced apartments and may consider developing one or both of the Target Properties into hotels in the future provided that the Group obtains a Hotel Licence to be issued to such Target Company in respect of such Target Property.

IMPLICATIONS UNDER THE LISTING RULES

As some of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisitions (by reference to the capped amount of the Coming Wealth Consideration and the Cheuk Tat Consideration) are more than 5% but less than 25%, the Acquisitions on an aggregate basis constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Seller is a wholly-owned subsidiary of CMSK. CMSK is the controlling shareholder of the Company indirectly holding approximately 74.35% of the issued share capital of the Company and hence a connected person of the Company. The Seller as an associate of CMSK is also a connected person of the Company. Therefore, the Acquisitions also constitute connected transactions under Chapter 14A of the Listing Rules.

As such, the Acquisitions are therefore also subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee has been formed to consider and advise the Independent Shareholders as to whether the terms of each of the SP Agreements and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. Altus has been appointed as the Independent Financial Adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the SP Agreements and the transactions contemplated thereunder where Success Well and its associates shall abstain from voting on the resolutions approving the SP Agreements and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the SP Agreements and the Acquisitions; (ii) recommendations of the Independent Board Committee to the Independent Shareholders regarding the SP Agreements and the Acquisitions; (iii) the letter of advice from Altus to the Independent Board Committee and the Independent Shareholders regarding the SP Agreements and the Acquisitions; (iv) financial information of the Target Companies; and (v) property valuation report of the Target Properties, together with a notice convening the EGM and a proxy form, are expected to be despatched to the Shareholders on or before 15 September 2016 as additional time is required for preparing the information in the circular.

Shareholders and potential investors should note that completion of each of the Acquisitions is subject to the fulfillment of the conditions precedent set out in the SP Agreements and therefore may or may not occur. As each of the Acquisitions may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SP AGREEMENTS AND THE ACQUISITIONS

The Board is pleased to announce that on 18 August 2016, the Company and the Seller entered into (i) the Coming Wealth SP Agreement, pursuant to which, the Company has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the entire share capital of Coming Wealth and the Coming Wealth Sale Loan; and (ii) the Cheuk Tat SP Agreement, pursuant to which, the Company has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the entire share capital of Cheuk Tat and the Cheuk Tat Sale Loan. The principal terms of the SP Agreements are set out below:

A. The Coming Wealth SP Agreement

Date: 18 August 2016

Parties:

- (1) the Company (as the purchaser); and
- (2) the Seller (as the seller).

The Seller is a company incorporated in Hong Kong with limited liability and principally engaged in the business of the provision of financing, property management and consultancy services. The Seller is a wholly-owned subsidiary of CMSK, a controlling shareholder of the Company indirectly holding approximately 74.35% of the issued share capital of the Company, which is in turn controlled by China Merchants Group Limited, a state-owned conglomerate regulated by the State-Owned Assets Supervision and Administration Commission. Accordingly, the Seller and its ultimate controllers are connected persons of the Company under Chapter 14A of the Listing Rules.

Assets to be acquired

The Company as the purchaser has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the entire share capital of Coming Wealth and the Coming Wealth Sale Loan for a total consideration of approximately HK\$505 million (subject to adjustment). The Coming Wealth Sale Loan, represents all the outstanding indebtedness, obligations and liabilities owing by Coming Wealth to the Seller as at the Coming Wealth Completion Date, which include but not limited to the construction costs undertaken on the Coming Wealth Property by the Seller. As at 31 July 2016, the Coming Wealth Sale Loan amounted to approximately HK\$283 million. Coming Wealth is the sole registered and beneficial owner of the Coming Wealth Property.

Upon Coming Wealth Completion, Coming Wealth will become a wholly-owned subsidiary of the Company and the Coming Wealth Sale Loan shall be assigned to the Company and owed by Coming Wealth to the Company. For details of the business and financial information of Coming Wealth and Coming Wealth Property, please refer to the paragraphs headed “Information of the Target Properties” and “Financial Information of the Target Companies” in this announcement.

Consideration

The aggregate consideration for the acquisition of the Coming Wealth Sale Shares and the Coming Wealth Sale Loan is HK\$505 million (“**Coming Wealth Pre-Adjustment Consideration**”), subject to the adjustment (if any) as set out below:

- (a) there shall be added to the Coming Wealth Pre-Adjustment Consideration, if the Net Current Tangible Assets Value of Coming Wealth as determined by reference to the Coming Wealth Completion Accounts is more than the Net Current Tangible Assets Value of Coming Wealth as determined by reference to the Coming Wealth Management Accounts, by an amount equals to the increment thereof; and
- (b) there shall be deducted from the Coming Wealth Pre-Adjustment Consideration, if the Net Current Tangible Assets Value of Coming Wealth as determined by reference to the Coming Wealth Completion Accounts is less than the Net Current Tangible Assets Value of Coming Wealth as determined by reference to the Coming Wealth Management Accounts, by an amount equals to the reduction thereof.

Notwithstanding the adjustment mentioned above, the maximum amount of the Coming Wealth Consideration as adjusted (if applicable) shall be capped at HK\$506 million.

The Coming Wealth Consideration shall be paid by the Company to the Seller in cash within 10 Business Days after the Coming Wealth Completion Date.

Basis of the Coming Wealth Consideration

The Coming Wealth Pre-Adjustment Consideration was determined after arm’s length negotiation between the Company and the Seller with reference to, among others, (a) the unaudited net liability value of Coming Wealth as at 31 July 2016 in an amount of approximately HK\$23.1 million; (b) difference between the recent market value of Coming Wealth Property (including the CM+ North Tower) as appraised by an independent professional valuer as at 31 July 2016 of approximately HK\$505 million and the net book value of Coming Wealth Property (including the CM+ North Tower) as at 31 July 2016; and (c) the book value of the Coming Wealth Sale Loan as at 31 July 2016.

The Coming Wealth Consideration will be funded by new banking facility of the Group which is expected to be sufficient to cover the Coming Wealth Consideration.

Conditions precedent to the Coming Wealth Acquisition

Completion of the Coming Wealth Acquisition is subject to and conditional upon the following conditions precedent being fulfilled or waived (with or without conditions) by the Company or the Seller (as the case may be):

- (a) the Company having completed its due diligence review on Coming Wealth and the Coming Wealth Property and is being satisfied with the results thereof;

- (b) the Seller having shown and proved that Coming Wealth has a good title to the Coming Wealth Property in accordance with section 13 and 13A of the CPO free from all encumbrances;
- (c) the Seller's representations and warranties remaining true and accurate and not misleading in any material respect as of the Coming Wealth Completion Date by reference to the facts and circumstances subsisting as at the Coming Wealth Completion Date;
- (d) all necessary consents and approvals, including but not limited to approval by the Independent Shareholders at the EGM in accordance with the Listing Rules and/or other applicable laws or regulations, in relation to the transactions contemplated under the Coming Wealth SP Agreement having been obtained and such consents and approvals are valid up to the Coming Wealth Completion Date;
- (e) the Company having completed its internal approval and filing procedures with China Merchants Group Limited; and
- (f) (where applicable) all necessary consents and approvals required to be obtained on the part of the Seller or the Seller's holding companies in relation to the transactions contemplated under the Coming Wealth SP Agreement having been obtained and such consents and approvals should be valid up to the Coming Wealth Completion Date.

The Seller shall use its best endeavours to ensure that the conditions set out above under items (b), (c) and (f) are fulfilled not later than the Coming Wealth Long Stop Date. The Company shall use its best endeavours to ensure that the conditions set out under items (d) and (e) are fulfilled not later than the Coming Wealth Long Stop Date.

The Company may in its absolute discretion at any time before the Coming Wealth Completion waive any of the conditions set out in items (a), (b) and (c) above by notice in writing to the Seller. For the avoidance of doubt, the conditions set out under items (d), (e) and (f) shall not be waivable by any party.

Coming Wealth Completion

Completion of the sale and purchase of the Coming Wealth Sale Shares and the Coming Wealth Sale Loan shall take place on the 10th Business Day after all the conditions precedent mentioned above have been fulfilled (or waived, as the case may be) or such other date as may be agreed by the Company and the Seller.

In the event that (i) any of the conditions precedent mentioned above is not fulfilled (or waived if such condition is waivable) on or before the Coming Wealth Long Stop Date; or (ii) the Coming Wealth Completion does not take place as a result of the sole default of the Seller, the Company shall be entitled to forthwith terminate the Coming Wealth SP Agreement by notice in writing to the Seller, whereupon the Coming Wealth SP Agreement shall lapse and no party thereto shall have any liability towards the other (without prejudice to the rights of the parties in respect of any antecedent breaches).

Undertakings of the Seller

The Seller undertakes:

- (a) to discharge all outstanding payments and liabilities in connection with the construction of the CM+ North Tower on the Coming Wealth Property and any payments and liabilities due or outstanding under any contracts in connection with the construction of the CM+ North Tower and development of the Coming Wealth Property, whether or not such contracts were entered into by or on behalf of Coming Wealth, and shall indemnify the Company and Coming Wealth against any loss, claims or liabilities arising from non-payment thereof by the Seller;
- (b) to maintain and procure to be maintained all the completed construction works of the CM+ North Tower in such conditions as may be reasonably expected for a newly completed building from the date of the Coming Wealth SP Agreement up to the Coming Wealth Completion Date and the Seller shall make good every defect at its own expense to the satisfaction of the Company during the period commencing on the Coming Wealth Completion until the expiry of the twelve months' period after the issuance of the Coming Wealth Occupation Permit; and
- (c) to indemnify and keep fully indemnified the Company and Coming Wealth against all liabilities, losses, claims, damages or compensation costs, expenses and charges whatsoever in relation to or arising out of the execution of the Main Contract and/or any subcontracts and/or orders of works in relation to the performance of the Main Contract (including all variations).

B. The Cheuk Tat SP Agreement

Date: 18 August 2016

Parties:

- (1) the Company (as the purchaser); and
- (2) the Seller (as the seller).

Assets to be acquired

The Company as the purchaser has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the entire share capital of Cheuk Tat and the Cheuk Tat Sale Loan for a total consideration of approximately HK\$608 million (subject to adjustment). The Cheuk Tat Sale Loan, represents all the outstanding indebtedness, obligations and liabilities owing by Cheuk Tat to the Seller as at the Cheuk Tat Completion Date, which include but not limited to the construction costs undertaken on the Cheuk Tat Property by the Seller. As at 31 July 2016, the Cheuk Tat Sale Loan amounted to approximately HK\$60 million. Cheuk Tat is the sole registered and beneficial owner of the Cheuk Tat Property.

Upon Cheuk Tat Completion, Cheuk Tat will become a wholly-owned subsidiary of the Company and the Cheuk Tat Sale Loan shall be assigned to the Company and owed by Cheuk Tat to the Company. For details of the business and financial information of Cheuk Tat and Cheuk Tat Property, please refer to the paragraphs headed “Information of the Target Properties” and “Financial Information of the Target Companies” in this announcement.

Consideration

The aggregate consideration for the acquisition of the Cheuk Tat Sale Shares and the Cheuk Tat Sale Loan is HK\$608 million (“**Cheuk Tat Pre-Adjustment Consideration**”), subject to the adjustment (if any) as set out below:

- (a) there shall be added to the Cheuk Tat Pre-Adjustment Consideration, if the Net Current Tangible Assets Value of Cheuk Tat as determined by reference to the Cheuk Tat Completion Accounts is more than the Net Current Tangible Assets Value of Cheuk Tat as determined by reference to the Cheuk Tat Management Accounts, by an amount equals to the increment thereof; and
- (b) there shall be deducted from the Pre-Adjustment Consideration, if the Net Current Tangible Assets Value of Cheuk Tat as determined by reference to the Cheuk Tat Completion Accounts is less than the Net Current Tangible Assets Value of Cheuk Tat as determined by reference to the Cheuk Tat Management Accounts, by an amount equals to the reduction thereof.

Notwithstanding the adjustment mentioned above, the maximum amount of the Cheuk Tat Consideration as adjusted (if applicable) shall be capped at HK\$609 million.

The Cheuk Tat Consideration shall be settled as follows:

- (a) HK\$61 million (“**Cheuk Tat Deposit**”) shall be paid by the Company to the Seller on or before 30 November 2016 as refundable deposit which shall be applied to towards the payment of the Cheuk Tat Consideration on the Cheuk Tat Completion Date; and
- (b) the remaining balance of the Cheuk Tat Consideration shall be paid by the Company to the Seller within ten Business Days after the Cheuk Tat Completion Date.

Basis of the Cheuk Tat Consideration

The Cheuk Tat Pre-Adjustment Consideration was determined after arm's length negotiation between the Company and the Seller with reference to, among others, (a) the unaudited net liability value of Cheuk Tat as at 31 July 2016 in an amount of approximately HK\$24.5 million; (b) difference between the gross development value of Cheuk Tat Property (including the CM+ South Tower) as appraised by an independent professional valuer as at 31 July 2016 of approximately HK\$603 million and the net book value of Cheuk Tat Property (including the CM+ South Tower) as at 31 July 2016; and (c) the book value of the Cheuk Tat Sale Loan as at 31 July 2016.

The Cheuk Tat Consideration is expected to be funded by new banking facility of the Group which is expected to be sufficient to cover the Cheuk Tat Consideration.

Conditions precedent to the Cheuk Tat Acquisition

Completion of the Cheuk Tat Acquisition is subject to and conditional upon the following conditions precedent being fulfilled or waived (with or without conditions) by the Company or the Seller (as the case may be):

- (a) the Company having completed its due diligence review on Cheuk Tat and the Cheuk Tat Property and is being satisfied with the results thereof;
- (b) the Seller having shown and proved that Cheuk Tat has a good title to the Cheuk Tat Property in accordance with section 13 and 13A of the CPO free from all encumbrances;
- (c) the Seller's representations and warranties remaining true and accurate and not misleading in any material respect as of the Cheuk Tat Completion Date by reference to the facts and circumstances subsisting as at the Cheuk Tat Completion Date;
- (d) all necessary consents and approvals, including but not limited to approval by the Independent Shareholders at the EGM, in accordance with the Listing Rules and/or other applicable laws or regulations in relation to the transactions contemplated under the Cheuk Tat SP Agreement having been obtained and such consents and approvals are valid up to the Cheuk Tat Completion Date;
- (e) the Company having completed its internal approval and filing procedures with China Merchants Group Limited;
- (f) (where applicable) all necessary consents and approvals required to be obtained on the part of the Seller or the Seller's holding companies in relation to the transactions contemplated under the Cheuk Tat SP Agreement having been obtained and such consents and approvals should be valid up to the Cheuk Tat Completion Date; and

- (g) the Cheuk Tat Occupation Permit (which expression does not mean or include temporary occupation permit) in respect of the CM+ South Tower has been issued by the Building Authority and presented by the Seller to the Company.

The Seller shall use its best endeavours to ensure that the conditions set out above under items (b), (c), (f) and (g) are fulfilled not later than the Cheuk Tat Long Stop Date. The Company shall use its best endeavours to ensure that the conditions set out under items (d) and (e) are fulfilled not later than the Cheuk Tat Long Stop Date.

The Company may in its absolute discretion at any time before the Cheuk Tat Completion waive any of the conditions set out in items (a), (b), (c) and (g) above by notice in writing to the Seller. For the avoidance of doubt, the conditions set out under items (d), (e) and (f) shall not be waivable by any party.

Cheuk Tat Completion

Completion of the sale and purchase of the Cheuk Tat Sale Shares and the Cheuk Tat Sale Loan shall take place on the 10th Business Day after all the conditions precedent mentioned above have been fulfilled (or waived, as the case may be) or such other date as may be agreed by the Company and the Seller.

In the event that (i) any of the conditions precedent mentioned above is not fulfilled (or waived if such condition is waivable) on or before the Cheuk Tat Long Stop Date; or (ii) the Cheuk Tat Completion does not take place as a result of the sole default of the Seller, the Company shall be entitled to forthwith terminate the Cheuk Tat SP Agreement by notice in writing to the Seller, whereupon the Seller shall forthwith refund to the Company the Cheuk Tat Deposit already paid to it in full and the Cheuk Tat SP Agreement shall lapse and no party thereto shall have any liability under them (without prejudice to the rights of the parties in respect of any antecedent breaches).

Undertakings of the Seller

The Seller undertakes:

- (a) to procure the construction of the CM+ South Tower and development of the Cheuk Tat Property to continue since the date of the Cheuk Tat SP Agreement in an expeditious manner in accordance with the approved plans in relation to the Cheuk Tat Property until the Cheuk Tat Occupation Permit is issued;
- (b) to liaise and coordinate with and prepare the documentation and handle the application with all the relevant authorities for obtaining the Cheuk Tat Occupation Permit to be issued by the Building Authority no later than 31 December 2017 or such later date as may be agreed in writing between the Company and the Seller;

- (c) to discharge all outstanding payments and liabilities in connection with the construction of the CM+ South Tower on the Cheuk Tat Property and any payments and liabilities due or outstanding under any contracts in connection with the construction of the CM+ South Tower and development of the Cheuk Tat Property, whether or not such contracts were entered into by or on behalf of Cheuk Tat, and shall indemnify the Company and Cheuk Tat against any loss, claims or liabilities arising from non-payment thereof by the Seller;
- (d) to maintain and procure to be maintained all the completed construction works of the CM+ South Tower in such conditions as may be reasonably expected for a newly completed building from the date of the Cheuk Tat SP Agreement up to the Cheuk Tat Completion Date and the Seller shall make good every defect at its own expense to the satisfaction of the Company during the twelve (12) months' period after the issuance of the Cheuk Tat Occupation Permit; and
- (e) to indemnify and keep fully indemnified the Company and Cheuk Tat against all liabilities, losses, claims, damages or compensation costs, expenses and charges whatsoever in relation to or arising out of the execution of the Main Contract and/or any subcontracts and/or orders of works in relation to the performance of the Main Contract (including all variations).

INFORMATION OF THE TARGET PROPERTIES

Each of Coming Wealth and Cheuk Tat is a company incorporated in Hong Kong primarily engaged in property development and is the registered and beneficial owner of the Coming Wealth Property and the Cheuk Tat Property respectively.

Coming Wealth Property and CM+ North Tower

Coming Wealth Property is all that piece or parcel of ground registered in the Land Registry as the Remaining Portion of Marine Lot No. 415 together with the messuages erections and buildings erected thereon known at the date hereof as No. 16 Connaught Road West, Hong Kong with a total site area of approximately 236 square meters. Based on the information provided by the Seller, as at the date of this announcement, (i) the foundation works and superstructure works undertaken on the CM+ North Tower have been completed and the Coming Wealth Occupation Permit has been issued by the Building Authority on 4 November 2015; (ii) Coming Wealth Property is free from encumbrances; and (iii) CM+ North Tower comprises the whole block of 31-storey serviced apartment building completed in 2015, with 54 guestrooms provided for domestic use with an aggregate gross floor area of approximately 3,541 square meters.

Cheuk Tat Property and CM+ South Tower

Cheuk Tat Property is all those pieces or parcels of ground respectively registered in the Land Registry as Inland Lot Nos. 6340, 6341, 6356 and 6357 together with the messuages erections and buildings erected thereon known at the date hereof as Nos. 23 and 25 Tung Loi Lane and Nos. 30 and 32 New Market Street, Hong Kong with a total site area of approximately 363 square meters. Based on the information provided by the Seller, CM+ South Tower is a partially completed building with its foundation works completed and its superstructure works commenced in around March 2016 which are expected to be completed in the third quarter of 2017. According to the approved plans approved by the Building Authority for the development of the Cheuk Tat Property, upon completion of the superstructure works thereon, the CM+ South Tower shall consist of, among other things, a 30-storey serviced apartment building with a total of 81 guest rooms for domestic use with an aggregate gross floor area of approximately 5,448 square meters.

FINANCIAL INFORMATION OF THE TARGET COMPANIES

Set out below are the audited profit/(loss) before and after taxation of each of the Target Companies for the respective years:

Coming Wealth

	For the year ended 31 December	
	2014	2015
	<i>(HK\$)</i>	<i>(HK\$)</i>
Loss before and after taxation	31,598	332,489

Cheuk Tat

	For the year ended 31 December	
	2014	2015
	<i>(HK\$)</i>	<i>(HK\$)</i>
Profit before and after taxation	935,051	693,702

The net liability value of Coming Wealth as at 31 July 2016 based on unaudited financial statements of Coming Wealth was approximately HK\$23.1 million. The net liability value of Cheuk Tat as at 31 July 2016 based on unaudited financial statements of Cheuk Tat was approximately HK\$24.5 million.

The total market value of Coming Wealth Property (including the CM+ North Tower) as at 31 July 2016 was approximately HK\$505 million based on the valuation by an independent valuer. Assuming as of 31 July 2016 Cheuk Tat has obtained the Cheuk Tat Occupation Permit and CM+ South Tower still needs to complete the interior fit-out works before it commences operation for leasing, based on the valuation by an independent valuer, the gross development value of Cheuk Tat Property (including the CM+ South Tower) as at 31 July 2016 was approximately HK\$603 million.

Based on the information provided by the Seller, the original acquisition costs of the Coming Wealth Sale Shares and the Cheuk Tat Sale Shares were HK\$2.0 and HK\$52.7 million respectively. At the time when the Seller acquired the Cheuk Tat Sale Shares, the assets of Cheuk Tat included other properties which had been disposed of by Cheuk Tat before entering into the Cheuk Tat SP Agreement. The Coming Wealth Sale Loan and the Cheuk Tat Sale Loan mainly comprise the construction costs incurred and (in respect of Cheuk Tat only) to be incurred in the construction and development of the Coming Wealth Property and the Cheuk Tat Property respectively. As CM+ North Tower and CM+ South Tower were developed by the Seller, there was no original acquisition cost of any of them to the Seller.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in the development, sale, lease, investment and management of properties in the PRC and the sales of electronic and electrical related products and sales of building related materials and equipment.

In view of that the Target Properties are located in close proximity to the prime financial and commercial districts on the Hong Kong Island as well as public transportation network, the Company intends to operate the CM+ North Tower and the CM+ South Tower (upon issuance of the Cheuk Tat Occupation Permit) as serviced apartments after completion of the Acquisitions, and establish an operation service team to tap into the long-term apartment rental market with a view to creating profit growth potential for the Group. The Directors believe that the Acquisitions represent good opportunities for the Group to diversify and expand its investment portfolio, as well as creating a new model of professional operation income, building an asset base for the transformation into the light business model of “professional operation + property finance” in the future, which are in line with the business strategy of the Group. The Company may also consider developing and operating one or both of the Target Properties as hotels in the future provided that the Group obtains a Hotel Licence to be issued to such Target Company in respect of such Target Property.

The terms of each of the SP Agreements have been arrived at after arm’s length negotiations between the parties thereto. The Directors (including the independent non-executive Directors) are of the view that the terms of each of the SP Agreements and the Acquisitions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As some of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisitions (by reference to the capped amounts of the Coming Wealth Consideration and the Cheuk Tat Consideration) are more than 5% but less than 25%, the Acquisitions on an aggregate basis constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Seller is a wholly-owned subsidiary of CMSK. CMSK is the controlling shareholder of the Company indirectly holding approximately 74.35% of the issued share capital of the Company and hence a connected person of the Company. The Seller as an associate of CMSK is also a connected person of the Company. Therefore, the Acquisitions also constitute connected transactions under Chapter 14A of the Listing Rules.

As such, the Acquisitions are therefore also subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

FINANCIAL ADVISER, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

China Merchants Securities (HK) Co., Limited has been appointed as the financial adviser to the Company in relation to the Acquisitions.

An Independent Board Committee has been formed to consider and advise the Independent Shareholders as to whether the terms of each of the SP Agreements and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. Altus has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

GENERAL

As Mr. Xu Yongjun, Mr. Huang Junlong, Mr. Yan Chengda and Ms. Liu Ning, each a non-executive Director, all hold positions in CMSK and Mr. Wong King Yuen, an executive Director, holds positions in the Seller and China Merchants Property Agency Limited, both of which are wholly-owned subsidiaries of CMSK, 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 relevant Board resolutions approving the SP Agreements and the transactions contemplated thereunder.

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the SP Agreements and the transactions contemplated thereunder where Success Well and its associates shall abstain from voting on the resolutions approving the SP Agreements and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the SP Agreements and the Acquisitions; (ii) recommendations of the Independent Board Committee to the Independent Shareholders regarding the SP Agreements and the Acquisitions; (iii) the letter of advice from Altus to the Independent Board Committee and the Independent Shareholders regarding the SP Agreements and the Acquisitions; (iv) financial information of the Target Properties; and (v) property valuation report of the Target Properties together with a notice convening the EGM and a proxy form, are expected to be despatched to the Shareholders on or before 15 September 2016 as additional time is required for preparing the information of the circular.

Shareholders and potential investors should note that completion of each of the Acquisitions is subject to the fulfillment of the conditions precedent set out in the SP Agreements and therefore may or may not occur. As each of the Acquisitions may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisitions”	Cheuk Tat Acquisition and Coming Wealth Acquisition
“Board”	the board of Directors
“Building Authority”	the Building Authority of Hong Kong
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business
“Cheuk Tat”	Cheuk Tat Development Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Seller as at the date of this announcement
“Cheuk Tat Acquisition”	the acquisition by the Company of the Cheuk Tat Sale Shares and the Cheuk Tat Sale Loan pursuant to the terms of the Cheuk Tat SP Agreement
“Cheuk Tat Completion”	completion of the Cheuk Tat Acquisition pursuant to the Cheuk Tat SP Agreement
“Cheuk Tat Completion Accounts”	the unaudited pro forma statement of financial position of Cheuk Tat as at close of business on Cheuk Tat Completion Date duly certified by a director of Cheuk Tat as true and accurate to reflect, among other things, the Net Current Tangible Assets Value of Cheuk Tat as at the Cheuk Tat Completion Date

“Cheuk Tat Completion Date”	the date of the Cheuk Tat Completion, subject to fulfillment of the conditions precedent set out in the paragraph headed “Conditions precedent to the Cheuk Tat Acquisition” in this announcement, being the 10th Business Day after the day on which the last of such conditions precedent has been fulfilled (or where applicable waived) or such other date as the Company and the Seller may agree in writing
“Cheuk Tat Consideration”	approximately HK\$608 million, subject to adjustment (if any) but capped at HK\$609 million, being the aggregate consideration for the acquisition of the Cheuk Tat Sale Shares and the Cheuk Tat Sale Loan under the Cheuk Tat SP Agreement
“Cheuk Tat Long Stop Date”	31 March 2018 or such other date as agree in writing between the Company and the Seller
“Cheuk Tat Management Accounts”	the unaudited management accounts of the Cheuk Tat comprising a statement of comprehensive income for the period from 1 January 2016 to 31 July 2016 and a statement of financial position as at 31 July 2016
“Cheuk Tat Occupation Permit”	the occupation permit in respect of the CM+ South Tower on the Cheuk Tat Property to be issued by the Building Authority after completion of construction works on the Cheuk Tat Property in accordance with the relevant approved plans approved by the Building Authority
“Cheuk Tat Property”	all those pieces or parcels of ground respectively registered in the Land Registry as Inland Lot Nos. 6340, 6341, 6356 and 6357 together with the messuages erections and buildings erected thereon known at the date hereof as Nos. 23 and 25 Tung Loi Lane and Nos. 30 and 32 New Market Street, Hong Kong
“Cheuk Tat Sale Loan”	all indebtedness, obligations and liabilities (including but not limited to the costs of construction undertaken on the Cheuk Tat Property) due or owing by Cheuk Tat to the Seller as at Cheuk Tat Completion Date, whether actual, contingent or deferred and irrespective whether or not the same are due and payable on Cheuk Tat Completion Date, which as at 31 July 2016 amounted to an aggregate of approximately HK\$60 million

“Cheuk Tat Sale Shares”	2 ordinary shares of the issued share capital of Cheuk Tat, which are legally and beneficially owned by the Seller and represents the entire issued share capital of Cheuk Tat, as at the date of this announcement and as at Cheuk Tat Completion
“Cheuk Tat SP Agreement”	the sale and purchase agreement dated 18 August 2016 entered into between the Company and the Seller in relation to, among other things, the sale and purchase of the Cheuk Tat Sale Shares and the Cheuk Tat Sale Loan by the Company from the Seller
“CM+ South Tower”	the building (now under construction) to be built on the Cheuk Tat Property and to be completed in accordance with the approved plans in relation to the development of the Cheuk Tat Property approved by the Building Authority
“CM+ North Tower”	the building now situate, built and erected on the Coming Wealth Property, together with its furniture and fittings (if any) in the premises of the Coming Wealth Property, named as CM+ Serviced Apartment
“CMSK”	China Merchants Shekou Industrial Zone Holdings Co., Ltd., a company established in the PRC, which shares are listed on the Shenzhen Stock Exchange, and a controlling shareholder of the Company
“Coming Wealth”	Coming Wealth Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Seller as at the date of this announcement
“Coming Wealth Acquisition”	the acquisition by the Company of the Coming Wealth Sale Shares and the Coming Wealth Sale Loan pursuant to the terms of the Coming Wealth SP Agreement
“Coming Wealth Completion”	completion of the Coming Wealth Acquisition pursuant to the Coming Wealth SP Agreement
“Coming Wealth Completion Accounts”	the unaudited pro forma statement of financial position of Coming Wealth as at close of business on Coming Wealth Completion Date duly certified by a director of Coming Wealth as true and accurate to reflect, among other things, the Net Current Tangible Assets Value of Coming Wealth as at the Coming Wealth Completion Date

“Coming Wealth Completion Date”	the date of the Coming Wealth Completion, subject to fulfillment of the conditions precedent set out in the paragraph headed “Conditions precedent to the Coming Wealth Acquisition” in this announcement, being the 10th Business Day after the day on which the last of such conditions precedent has been fulfilled (or where applicable waived) or such other date as the Company and the Seller may agree in writing
“Coming Wealth Consideration”	approximately HK\$505 million, subject to adjustment (if any) but capped at HK\$506 million, being the aggregate consideration for the acquisition of the Coming Wealth Sale Shares and the Coming Wealth Sale Loan under the Coming Wealth SP Agreement
“Coming Wealth Long Stop Date”	31 December 2016 or such other date as agree in writing between the Company and the Seller
“Coming Wealth Management Accounts”	the unaudited management accounts of the Coming Wealth comprising a statement of comprehensive income for the period from 1 January 2016 to 31 July 2016 and a statement of financial position as at 31 July 2016
“Coming Wealth Occupation Permit”	the occupation permit in respect of the CM+ North Tower on the Coming Wealth Property issued by the Building Authority on 4 November 2015
“Coming Wealth Property”	all that piece or parcel of ground registered in the Land Registry as the Remaining Portion of Marine Lot No. 415 together with the messuages erections and buildings erected thereon known at the date hereof as No. 16 Connaught Road West, Hong Kong
“Coming Wealth Sale Loan”	all indebtedness, obligations and liabilities (including but not limited to the costs of construction undertaken on the Coming Wealth Property) due or owing by Coming Wealth to the Seller as at the Coming Wealth Completion Date, whether actual, contingent or deferred and irrespective whether or not the same are due and payable on the Coming Wealth Completion Date, which as at 31 July 2016 amounted to an aggregate of approximately HK\$283 million
“Coming Wealth Sale Shares”	2 ordinary shares of the issued share capital of Coming Wealth, which are legally and beneficially owned by the Seller and represents the entire issued share capital of Coming Wealth, as at the date of this announcement and as at Coming Wealth Completion

“Coming Wealth SP Agreement”	the sale and purchase agreement dated 18 August 2016 entered into between the Company and the Seller in relation to, among other things, the sale and purchase of the Coming Wealth Sale Shares and the Coming Wealth Sale Loan by the Company from the Seller
“Company”	China Merchants Land Limited, an exempted 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: 0978)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CPO”	the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong)
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the SP Agreements and the Acquisitions
“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
“Hotel Licence”	licence issued by the Hotel and Guesthouse Accommodation Authority of the Government of Hong Kong under the Hotel and Guesthouse Accommodation Ordinance (Chapter 349 of the Laws of Hong Kong)
“Independent Board Committee”	the independent board committee of the Company established by all the independent non-executive Directors to advise the Independent Shareholders in respect of the SP Agreements and the Acquisitions contemplated thereunder
“Independent Financial Adviser” or “Altus”	Altus Capital Limited, a corporation licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, is the independent financial adviser appointed to advise the Independent Board Committee and Independent Shareholders in connection with the SP Agreements and the Acquisitions

“Independent Shareholder(s)”	Shareholder(s) who are not required to abstain from voting at the EGM to approve the SP Agreements and the Acquisitions contemplated thereunder
“Independent Third Party(ies)”	third party(ies) not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Main Contract”	the main contract entered into between the Seller as the project owner and the main contractor for, among other things, the superstructure works performed on the CM+ North Tower and the CM+ South Tower
“Net Current Tangible Assets Value”	in relation to a Target Company, means the aggregate value of all tangible current assets of such Target Company which are readily convertible into cash or cash equivalents (including utilities and other miscellaneous pre-paid deposits, prepaid rates and government rent, and other prepaid expenses relating to the relevant Target Property, but excluding the relevant Target Property, any intangible assets and other fixed assets and deferred tax) minus the aggregate value of all current liabilities (actual, contingent or otherwise, including deposits received by the relevant Target Company under existing tenancies (only applicable to Coming Wealth Acquisition), but excluding the Sale Loans) and provisions made by the relevant Target Company, as at a given date
“PRC”	the People’s Republic of China which, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Loans”	Coming Wealth Sale Loan and Check Tat Sale Loan collectively
“Seller”	China Merchants Properties Development Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by CMSK
“Shareholder(s)”	shareholder(s) of the Company
“SP Agreements”	Cheuk Tat SP Agreement and Coming Wealth SP Agreement

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success Well”	Success Well Investments Limited, a limited liability company incorporated in the British Virgin Islands and the controlling shareholder of the Company
“Target Companies”	Coming Wealth and Cheuk Tat, collectively, and “Target Company” means Coming Wealth or Cheuk Tat, depending on the context
“Target Properties”	Coming Wealth Property and Cheuk Tat Property, collectively, and “Target Property” means Coming Wealth Property or Cheuk Tat Property, depending on the context
“%”	per cent

On behalf of the Board
China Merchants Land Limited
Xu Yongjun
Chairman

Hong Kong, 18 August 2016

As at the date of this announcement, the Board comprises Mr. Xu Yongjun, Mr. Huang Junlong, Mr. Yan Chengda 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*