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CHINA MERCHANTS LAND LIMITED

招商局置地有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 978)

**CONNECTED TRANSACTION:
ACQUISITION OF EQUITY INTERESTS
IN A NON-WHOLLY OWNED SUBSIDIARY**

THE ACQUISITION

On 30 May 2019, Wealth Active as purchaser entered into the Sale and Purchase Agreement with DGW Jurong as vendor and Torch Investment, pursuant to which Wealth Active has conditionally agreed to acquire, and DGW Jurong has conditionally agreed to sell, the Sale Shares, representing 30% of the total issued share capital of Torch Investment, and the Sale Loan, representing the shareholder's loan owed by Torch Investment to DGW Jurong, for an aggregate consideration of approximately RMB154,969,700 (equivalent to approximately HK\$181,423,000).

LISTING RULES IMPLICATIONS

As at the date of this announcement, DGW Jurong holds 30% of the total issued share capital of Torch Investment, an indirect non-wholly owned subsidiary of the Company. Accordingly, DGW Jurong, being a substantial shareholder of Torch Investment, is a connected person of the Company at the subsidiary level. Therefore, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Sale and Purchase Agreement is more than 0.1% but less than 5%, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

The Board is pleased to announce that on 30 May 2019, Wealth Active as purchaser entered into the Sale and Purchase Agreement with DGW Jurong as vendor and Torch Investment, pursuant to which Wealth Active has conditionally agreed to acquire, and DGW Jurong has conditionally agreed to sell, the Sale Shares and the Sale Loan for an aggregate consideration of approximately RMB154,969,700 (equivalent to approximately HK\$181,423,000). Set out below are the principal terms of the Sale and Purchase Agreement.

SALE AND PURCHASE AGREEMENT

Date: 30 May 2019

Parties:

- (i) Wealth Active, an indirect wholly-owned subsidiary of the Company;
- (ii) DGW Jurong, a substantial shareholder holding 30% of the total issued share capital of Torch Investment and hence a connected person of the Company at subsidiary level;
- (iii) Torch Investment, an indirect non-wholly owned subsidiary of the Company held by Wealth Active and DGW Jurong as to 70% and 30%, respectively.

Subject Matter

Pursuant to the Sale and Purchase Agreement, Wealth Active has conditionally agreed to acquire, and DGW Jurong has conditionally agreed to sell, the Sale Shares, representing 30% of the total issued share capital of Torch Investment as of the date of this announcement, free from all encumbrances, and the Sale Loan, representing the shareholder's loan owed by Torch Investment to DGW Jurong. Upon completion of the Acquisition, Torch Investment will become a wholly-owned subsidiary of the Company.

Consideration

The aggregate consideration of the Acquisition shall be approximately RMB154,969,700 (equivalent to approximately HK\$181,423,000) which shall be apportioned as follows:

- (a) the consideration for the transfer of the Sale Shares in the amount of RMB94,945,700 (equivalent to approximately HK\$111,142,600); and
- (b) the consideration for the assignment of the Sale Loan in the amount of US\$8,970,000 (equivalent to approximately HK\$70,280,400).

The consideration of the Acquisition shall be settled by Wealth Active in cash upon completion of the Acquisition and shall be funded by the Group's internal resources. The consideration was determined on the basis of normal commercial terms and after arm's length negotiations between Wealth Active and DGW Jurong with reference to, among others, the estimation of the fair market value of Torch Investment and Zhenjiang Torch as at 31 December 2018 by an independent third party valuer in the PRC and the income tax liability and fees responsible by DGW Jurong.

Pre-completion obligations

Wealth Active, DGW Jurong and Torch Investment are required to satisfy the following pre-completion obligations, as applicable, upon signing of the Sale and Purchase Agreement:

- (a) DGW Jurong shall deliver to Wealth Active the validly executed board resolutions of DGW Jurong authorising and approving the execution, delivery and performance of the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (b) Wealth Active shall deliver to DGW Jurong the validly executed board resolutions of Wealth Active authorising and approving the execution, delivery and performance of the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (c) Wealth Active, DGW Jurong and Torch Investment shall ensure the directors appointed by them in Torch Investment sign the board resolutions of Torch Investment authorising and approving the execution, delivery and performance of the Sale and Purchase Agreement and the transactions contemplated thereunder; and
- (d) Wealth Active, DGW Jurong and Torch Investment shall execute a deed of assignment in relation to the Sale Loan.

Completion

Completion of the Acquisition shall take place on the second (2nd) Business Day after the signing of the Sale and Purchase Agreement.

INFORMATION ON PARTIES

Wealth Active

Wealth Active is a company incorporated in the British Virgin Islands with limited liability which is principally engaged in investment holding.

DGW Jurong

DGW Jurong is a company incorporated in the Cayman Islands with limited liability which is principally engaged in investment holding.

Torch Investment

Torch Investment is a company incorporated in Hong Kong with limited liability, which is owned as to 70% by Wealth Active and 30% by DGW Jurong as at the date of this announcement. The principal business of Torch Investment is holding the investment in its wholly-owned subsidiary, Zhenjiang Torch, which is principally engaged in the development of three pieces of land in Baohua Town, Jurong District, Jiangsu Province.

The table below sets forth a summary of certain audited consolidated financial information of Torch Investment for the two years ended 31 December 2017 and 31 December 2018.

	For the year ended 31 December 2017	For the year ended 31 December 2018
	<i>RMB</i>	<i>RMB</i>
Profit before taxation	58,978,376.51	307,402,304.00
Profit attributable to the shareholders of Torch Investment	47,243,361.75	204,104,498.95

The audited consolidated net asset value of Torch Investment as at 31 December 2018 was RMB 174,223,382.31.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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. After the completion of the Acquisition, Torch Investment and Zhenjiang Torch will become wholly-owned subsidiaries of the Company. The Group will have full and complete control of Torch Investment and Zhenjiang Torch which would enhance the management and operation efficiency in carrying out the Group's business decisions and development strategies.

The terms of the Sale and Purchase Agreement have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

None of the Directors has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

FINANCIAL EFFECTS OF THE ACQUISITION

Upon completion of the Acquisition, Torch Investment will become a wholly-owned subsidiary of the Company and will continue to be accounted for as a subsidiary of the Company. Accordingly, its financial results (including earnings, assets and liabilities) will continue to be consolidated into and reflected in the financial statements of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, DGW Jurong holds 30% of the total issued share capital of Torch Investment, an indirect non-wholly owned subsidiary of the Company. Accordingly, DGW Jurong, being a substantial shareholder of Torch Investment, is a connected person of the Company at the subsidiary level. Therefore, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Sale and Purchase Agreement is more than 0.1% but less than 5%, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2) 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 Sale Shares and the Sale Loan pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and Public Holiday) on which licensed banks are open for business in Hong Kong
“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: 978)
“connected person”	has the meaning ascribed to it under the Listing Rules
“DGW Jurong”	DGW Jurong Investment Alpha SP, a company incorporated in the Cayman Islands with limited liability and a connected person of the Company at subsidiary level
“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 of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 May 2019 entered into between Wealth Active, DGW Jurong and Torch Investment in respect of the Acquisition

“Sale Loan”	the shareholder’s loan owed by Torch Investment to DGW Jurong in the amount of US\$8,970,000 (equivalent to approximately HK\$70,280,400)
“Sale Shares”	30% of the total issued share capital of Torch Investment
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Torch Investment”	Torch Investment Company Limited (火炬投資有限公司), a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company
“US\$”	US dollars, the lawful currency of United States
“Wealth Active”	Wealth Active Holdings Limited (廣裕控股有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Zhenjiang Torch”	Zhenjiang Torch Zhidi Property Development Co., Ltd.* (鎮江火炬置地發展有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company

By order of the Board
China Merchants Land Limited
XU Yongjun
Chairman

Hong Kong, 30 May 2019

As at the date of this announcement, the Board comprises Mr. XU Yongjun, Mr. HUANG Junlong 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*