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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)

**DISCLOSEABLE TRANSACTION:
DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY**

THE CAPITAL INCREASE AGREEMENT

On 28 May 2020, Chongqing Yi Yun (an indirect wholly-owned subsidiary of the Company) entered into the Capital Increase Agreement with Overseas Chinese Town (Xi'an), pursuant to which Overseas Chinese Town (Xi'an) agreed to acquire 49% of the equity interest in the Project Company by way of contribution for registered capital at the consideration of RMB480,392,156.86. Upon completion of the Capital Increase, the registered capital of the Project Company will be increased from RMB500,000,000 to RMB980,392,156.86 and held as to 51% by Chongqing Yi Yun and 49% by Overseas Chinese Town (Xi'an), respectively. The Project Company will remain a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the equity interest of Chongqing Yi Yun in the Project Company will be reduced from 100% to 51% upon completion of the Capital Increase Agreement, the transactions contemplated under the Capital Increase Agreement constitute a deemed disposal of equity interest in the Project Company under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Deemed Disposal exceed 5% but are less than 25%, the entering into of the Capital Increase Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 28 May 2020, Chongqing Yi Yun (an indirect wholly-owned subsidiary of the Company) entered into the Capital Increase Agreement with Overseas Chinese Town (Xi'an), pursuant to which Overseas Chinese Town (Xi'an) agreed to acquire 49% of the equity interest in the Project Company by way of contribution for registered capital at the consideration of RMB480,392,156.86.

The principal terms of the Capital Increase Agreement are summarized as follows:

THE CAPITAL INCREASE AGREEMENT

Date

28 May 2020

Parties

- (a) Chongqing Yi Yun, an indirect wholly-owned subsidiary of the Company;
- (b) Overseas Chinese Town (Xi'an), a company established in the PRC with limited liability; and
- (c) the Project Company, a direct wholly-owned subsidiary of Chongqing Yi Yun as at the date of this announcement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Overseas Chinese Town (Xi'an) and its ultimate beneficial owners are Independent Third Parties.

Proposed Capital Increase

Pursuant to the Capital Increase Agreement, Overseas Chinese Town (Xi'an) has agreed to make a capital contribution in the respective amount of RMB480,392,156.86 and RMB59,088.24 in cash to the registered capital and the capital reserve of the Project Company, which is a direct wholly-owned subsidiary of Chongqing Yi Yun and with a registered capital of RMB500,000,000 (paid-up: nil) as at the date of this announcement. Upon completion of the Capital Increase, the registered capital of the Project Company will be increased from RMB500,000,000 to RMB980,392,156.86 and held as to 51% by Chongqing Yi Yun and 49% by Overseas Chinese Town (Xi'an), respectively. The Project Company will remain a subsidiary of the Company.

Other major terms

Within 5 working days from the next day after the Capital Increase Agreement is entered into:

- (a) Overseas Chinese Town (Xi'an) shall pay the capital contribution in the amount of RMB480,451,245.10 in cash to a designated bank account of the Project Company in respect of the Capital Increase; and
- (b) Chongqing Yi Yun shall pay the registered capital in the amount of RMB500,000,000 in cash to a designated bank account of the Project Company.

Consideration

The amount of capital contribution of RMB480,451,245.10 by Overseas Chinese Town (Xi'an) under the Capital Increase Agreement was determined on the basis of normal commercial terms and after arm's length negotiations with reference to the net asset value of the Project Company as at 30 September 2019 based on a valuation report prepared by an independent valuer in the PRC.

The capital contribution in the Project Company to be made by Chongqing Yi Yun shall be funded by the Group's internal resources.

Completion

The completion date of the transaction shall take place on which the business registration with the local Administration for Industry and Commerce concerning the Capital Increase and other relevant closing procedures are completed, which shall be conducted within 30 working days after the signing of the Capital Increase Agreement.

INFORMATION OF THE PROJECT COMPANY

The Project Company is a company established in the PRC with limited liability on 30 August 2019 for the sole purpose of development of the Land. The principal asset of the Project Company is the Land which is located at the west side of Xi San Huan Road, the north side of Ke Ji Yi Road and the east side of Yun Shui Yi Road, Gaoxin District, Xi'an, Shaanxi Province, the PRC* (中國陝西省西安市高新區西三環以西、科技一路以北、雲水一路以東). The Land has a site area of 59,104 sq.m., designated for residential usage with a term of 70 years. The Land is intended to be developed for residential properties.

The table below sets forth a summary of certain unaudited financial information of the Project Company (prepared in accordance with the applicable financial reporting standards in the PRC) for the period from 30 August 2019 to 30 April 2020:

RMB

Net loss before taxation	395,448
Net loss after taxation	305,804

The unaudited net liability value of the Project Company as at 30 April 2020 was RMB989,780.

FINANCIAL EFFECTS OF THE TRANSACTION AND USE OF PROCEEDS FROM THE TRANSACTION

As at the date of this announcement, the Project Company is a direct wholly-owned subsidiary of Chongqing Yi Yun and the Company holds, indirectly through Chongqing Yi Yun, the entire equity interest in the Project Company. Upon completion of the transaction, the Group will hold, indirectly through Chongqing Yi Yun, 51% of the equity interest in the Project Company and the Project Company will remain a subsidiary of the Company. Accordingly, no expected gain or loss will be accrued to the Company as a result of the Deemed Disposal and the financial results of the Project Company (including earnings, assets and liabilities) will continue to be consolidated into and reflected in the financial statements of the Group.

The Board estimates that the net proceeds from the Deemed Disposal, after deduction of the relevant cost and expenses, will amount to approximately RMB480,450,000, which is intended to be used for the development of the Land.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is engaged in, among others, (i) development, sale, lease, investment and management of properties; and (ii) asset management business.

The decrease in the amount of capital contribution in the Project Company as a result of Deemed Disposal is expected to increase the financial flexibility of the Group, which would enhance the Group's capability to engage in more real estate projects to expand the property development and investment portfolio of the Group. Therefore, the Company considers that the entering into of the Capital Increase Agreement and the transactions contemplated thereunder are in the interest of the Company.

The terms of the Capital Increase 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 Capital Increase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

Chongqing Yi Yun is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in property development in the PRC.

Overseas Chinese Town (Xi'an) is a company established in the PRC with limited liability and is principally engaged in property development in the PRC.

The Project Company is a company established in the PRC with limited liability and is principally engaged in property development of the Land.

LISTING RULES IMPLICATIONS

As the equity interest of Chongqing Yi Yun in the Project Company will be reduced from 100% to 51% upon completion of the Capital Increase Agreement, the transactions contemplated under the Capital Increase Agreement constitute a deemed disposal of equity interest in the Project Company under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Deemed Disposal exceed 5% but are less than 25%, the entering into of the Capital Increase Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed hereto in the Listing Rules
“Board”	the board of Directors
“Capital Increase”	the proposed capital increase in the Project Company by Overseas Chinese Town (Xi’an), subject to and in accordance with the terms and conditions of the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 28 May 2020 entered into between Chongqing Yi Yun, Overseas Chinese Town (Xi’an) and the Project Company in relation to the Capital Increase
“Chongqing Yi Yun”	Chongqing Merchants Yi Yun Property Development Limited* (重慶招商依雲房地產有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	China Merchants Land Limited, a 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)
“Deemed Disposal”	the reduction of the Group’s equity interest in the Project Company by 49% upon completion of the Capital Increase
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“Independent Third Party(ies)”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules
“Land”	a piece of land situated at the west side of Xi San Huan Road, the north side of Ke Ji Yi Road and the east side of Yun Shui Yi Road, Gaoxin District, Xi’an, Shaanxi Province, the PRC* (中國陝西省西安市高新區西三環以西、科技一路以北、雲水一路以東), with a site area of 59,104 sq.m., designated for residential usage with a term of 70 years
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Overseas Chinese Town (Xi’an)”	Overseas Chinese Town (Xi’an) Development Limited* (華僑城(西安)發展有限公司), a company established in the PRC with limited liability and a party to the Capital Increase Agreement
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Project Company”	Xi’an Merchants Jia Shi Property Development Limited* (西安招商嘉時房地產有限公司), a company established in the PRC with limited liability on 30 August 2019 by Chongqing Yi Yun and an indirect wholly-owned subsidiary of the Company as at the date of this announcement and prior to completion of the Capital Increase
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square metre

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“subsidiary” has the meaning ascribed to it in the Listing Rules

“%” per cent

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

Hong Kong, 28 May 2020

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.

** Translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purpose only and should not be regarded as the official English translation of the Chinese names.*