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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
ACQUISITION OF EQUITY INTERESTS IN PROJECT COMPANY**

EQUITY TRANSFER AGREEMENT

On 15 August 2022, Guangzhou Merchants (an indirect wholly-owned subsidiary of the Company), Guangzhou Hongyu, Wuhan Dabenying and the Project Company entered into the Equity Transfer Agreement, pursuant to which Guangzhou Hongyu agreed to sell the Sale Shares and the Sale Loan, and each of Guangzhou Merchants and Wuhan Dabenying agreed to purchase 50% of the Sale Shares and 50% of the Sale Loan, for an aggregate consideration of RMB856,812,677.90. Upon completion of the Acquisition, the Project Company will be held as to 50% by Guangzhou Merchants and 50% by Wuhan Dabenying, respectively.

LISTING RULES IMPLICATIONS

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

EQUITY TRANSFER AGREEMENT

On 15 August 2022, Guangzhou Merchants (an indirect wholly-owned subsidiary of the Company), Guangzhou Hongyu, Wuhan Dabenying and the Project Company entered into the Equity Transfer Agreement, pursuant to which Guangzhou Hongyu agreed to sell the Sale Shares and the Sale Loan, and each of Guangzhou Merchants and Wuhan Dabenying agreed to purchase 50% of the Sale Shares and 50% of the Sale Loan, for an aggregate consideration of approximately RMB856,812,677.90. The principal terms of the Equity Transfer Agreement are set out below:

Date: 15 August 2022

Parties:

- (a) Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company;
- (b) Guangzhou Hongyu, a company established in the PRC with limited liability;
- (c) Wuhan Dabenying, a company established in the PRC with limited liability; and
- (d) the Project Company, a company established in the PRC with limited liability which is held as to 33% by Guangzhou Merchants, 34% by Guangzhou Hongyu and 33% by Wuhan Dabenying as at the date of this announcement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Guangzhou Hongyu, Wuhan Dabenying and the Project Company and their ultimate beneficial owners are Independent Third Parties.

Subject Matter

Pursuant to the Equity Transfer Agreement, Guangzhou Hongyu agreed to sell the Sale Shares, representing 34% equity interests in the Project Company, and the Sale Loan, representing the shareholder's loan owed by the Project Company to Guangzhou Hongyu in the amount of RMB514,812,677.9; and each of Guangzhou Merchants and Wuhan Dabenying agreed to purchase 50% of the Sale Shares and 50% of the Sale Loan. Upon completion of the Acquisition, the Project Company will be held as to 50% by Guangzhou Merchants and 50% by Wuhan Dabenying, respectively.

Consideration

Pursuant to the Equity Transfer Agreement, the respective consideration payable by each of Guangzhou Merchants and Wuhan Dabenying shall be RMB428,406,338.95, which consists of:

- (a) the consideration for the transfer of 50% of the Sale Shares, representing 17% equity interests in the Project Company, in the amount of RMB171,000,000; and
- (b) the consideration for the assignment of 50% of the Sale Loan, in the amount of RMB257,406,338.95,

and accordingly the aggregate consideration of the Acquisition shall be RMB856,812,677.9.

Guangzhou Merchants and Wuhan Dabenying shall deposit the consideration to the escrow account confirmed by Guangzhou Merchants and Guangzhou Hongyu, and the escrow account confirmed by Wuhan Dabenying and Guangzhou Hongyu (the “**Escrow Accounts**”), respectively, within two working days after the signing of the Equity Transfer Agreement. The consideration for the Acquisition 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 with reference to, among others, the estimated valuation of the equity interests in the Project Company and the amount of the Sale Loan.

Completion

The completion of the Acquisition shall take place on which the local market supervision and administration authority issues the notice of registration of approval for the Acquisition or the Project Company obtains the new business licence. The consideration deposited in the Escrow Accounts shall be released by the escrow banks to the bank account designated by Guangzhou Hongyu after receiving instructions from Guangzhou Merchants and Wuhan Dabenying, respectively, and the instructions shall be given within one working day after the completion of the Acquisition takes place.

INFORMATION OF THE PARTIES

Guangzhou Merchants, a company established in the PRC with limited liability, is principally engaged in management of property development and sales of property in the PRC.

Guangzhou Hongyu, a company established in the PRC with limited liability, is principally engaged in property development. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owner of Guangzhou Hongyu is Redsun Properties Group Limited, the shares of which are listed on the Main Board of the Stock Exchange with stock code 1996.

Wuhan Dabenying, a company established in the PRC with limited liability, is principally engaged in management consultation and property management in the PRC, and is a direct wholly-owned subsidiary of Langold Real Estate Co., Ltd.* (南國置業股份有限公司), a listed company in Shenzhen Stock Exchange with stock code 002305.

INFORMATION OF THE PROJECT COMPANY

The Project Company is a company established in the PRC with limited liability on 7 May 2021 which is principally engaged in property development of the Land. As at the date of this announcement, the Project Company is held as to 33% by Guangzhou Merchants, 34% by Guangzhou Hongyu and 33% by Wuhan Dabenying.

The table below sets forth a summary of certain financial information of the Project Company (prepared in accordance with the applicable financial reporting standards in the PRC) for the period from 7 May 2021 (being the date of establishment of the Project Company) to 31 December 2021 and the period from 1 January 2022 to 31 July 2022:

	For the period from 7 May 2021 to 31 December 2021 RMB'000 (unaudited)	For the period from 1 January 2022 to 31 July 2022 RMB'000 (unaudited)
Net loss before taxation	3,793	3,377
Net loss after taxation	2,844	2,675

The unaudited net asset value of the Project Company as at 31 July 2022 was approximately RMB1,794,480,000.

FINANCIAL EFFECTS OF THE ACQUISITION

Since Guangzhou Merchants does not have the right to appoint a majority of the board of directors of the Project Company and has no control over the voting rights in the shareholder's meeting of the Project Company, the Project Company shall not become a subsidiary of Guangzhou Merchants after the completion of the Acquisition. As a result, the financial results, assets and liabilities of the Project Company shall not be consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the development, sale, lease, investment and management of properties and assets management.

The Company considers that the Acquisition will allow the Group to enhance its comprehensive development capability and make full use of the new opportunities arising from the accelerated development of the Guangdong-Hong Kong-Macao Greater Bay Area, and to strengthen the Group's competitiveness by deepening the development of the Greater Bay Area cities. Therefore, the Company considers that the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder are in the interest of the Company.

The terms of the Equity Transfer 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 Equity Transfer 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.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under the Listing Rules and is therefore 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:

“Acquisition”	the acquisition of the Sale Shares and the Sale Loan pursuant to the terms and conditions of the Equity Transfer Agreement
“Board”	the board of Directors
“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)
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 15 August 2022 entered into between Guangzhou Merchants, Guangzhou Hongyu, Wuhan Dabenying and the Project Company in respect of the Acquisition
“Group”	the Company and its subsidiaries
“Guangzhou Hongyu”	Guangzhou Hongyu Real Estate Development Co., Ltd* (廣州市弘裕房地產開發有限公司), a company established in the PRC with limited liability and a party to the Equity Transfer Agreement
“Guangzhou Merchants”	Guangzhou Merchants Property Development Limited* (廣州招商房地產有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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 Lot AB2401065, AB2401073 and AB2401076, Chaoyang Lianxin East Street, Shimen Street, Baiyun District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市白雲區石門街朝陽聯新東街 AB2401065, AB2401073, AB2401076地塊) with a site area of 88,941 sq.m.
“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)
“Project Company”	Guangzhou Zhaoying Real Estate Co., Ltd.* (廣州招贏房地產有限責任公司), a company established in the PRC with limited liability on 7 May 2021 which is held as to 33% by Guangzhou Merchants, 34% by Guangzhou Hongyu and 33% by Wuhan Dabenying as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	the shareholder’s loan owed by the Project Company to Guangzhou Hongyu in the amount of RMB514,812,677.9
“Sale Shares”	34% equity interests in the Project Company held by Guangzhou Hongyu as at the date of this announcement
“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
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary”	has the meaning ascribed to it in the Listing Rules
“Wuhan Dabenyong”	Wuhan Dabenyong Commercial Management Co., Ltd.* (武漢大本營商業管理有限公司), a company established in the PRC with limited liability and a party to the Equity Transfer Agreement
“%”	per cent

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

Hong Kong, 15 August 2022

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*