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**ANNOUNCEMENT**  
**MAJOR AND CONNECTED TRANSACTION**  
**ADDITIONAL CAPITAL CONTRIBUTION TO**  
**A CONNECTED SUBSIDIARY**

**CAPITAL INCREASE AGREEMENT**

On 1 November 2017, CMSK, Happy City, and Shenzhen Merchants entered into the Capital Increase Agreement, pursuant to which CMSK and Shenzhen Merchants shall make Additional Capital Contribution of RMB4,900,000,000 and RMB5,100,000,000, respectively to Nanjing Merchants. Prior to the completion of the Additional Capital Contribution, Nanjing Merchants is owned as to 49% and 51% respectively by CMSK and Happy City, an indirect wholly-owned subsidiary of the Company. Immediately after the completion of the Additional Capital Contribution, the enlarged registered capital of Nanjing Merchants shall be owned as to 49%, 9.37%, and 41.63% by CMSK, Happy City and Shenzhen Merchants, respectively. The aggregate indirect interest of the Company in Nanjing Merchants (held through Happy City and Shenzhen Merchants) shall remain unchanged at 51%.

**IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios calculated by reference to Rules 14.07 and 14.15(2) of the Listing Rules in respect of the capital commitment by Shenzhen Merchants under the Capital Increase Agreement exceed 25% but are less than 75%, the entering into of the Capital Increase Agreement and the transactions contemplated thereunder constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements.

CMSK is a controlling shareholder of the Company which holds approximately 74.35% of the total issued share capital of the Company, and therefore is a connected person of the Company at the issuer level. As Nanjing Merchants (a non wholly-owned subsidiary of the Company) is owned as to 49% by CMSK, Nanjing Merchants is a connected person of the Company at the subsidiary level and the transactions contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Capital Increase Agreement and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms thereof are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the Capital Increase Agreement and the transactions contemplated thereunder by virtue of Nanjing Merchants being a connected subsidiary shall only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

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

## **EGM**

An EGM shall be convened and held for the Shareholders to approve the Capital Increase Agreement and the transactions contemplated thereunder. As at the date of this announcement, CMSK and its associates are interested in 3,646,889,329 Shares, representing approximately 74.35% of the total issued share capital of the Company, and are required to abstain from voting on the relevant resolutions approving the Capital Increase Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has any material interest in the Capital Increase Agreement and therefore no other Shareholder is required to abstain from voting on the relevant resolutions approving the Capital Increase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Capital Increase Agreement and the transactions contemplated thereunder, the notice of EGM and other information as required under the Listing Rules, shall be despatched to the Shareholders on or around 13 November 2017.

## CAPITAL INCREASE AGREEMENT

On 1 November 2017, CMSK, Happy City, and Shenzhen Merchants entered into the Capital Increase Agreement, pursuant to which CMSK and Shenzhen Merchants shall make Additional Capital Contribution of RMB4,900,000,000 and RMB5,100,000,000, respectively to Nanjing Merchants. Prior to the completion of the Additional Capital Contribution, Nanjing Merchants is owned as to 49% and 51% respectively by CMSK and Happy City, an indirect wholly-owned subsidiary of the Company. Major terms of the Capital Increase Agreement are summarised below.

### Date of Capital Increase Agreement

1 November 2017

### Parties

- i. CMSK, a controlling shareholder of the Company;
- ii. Happy City, an indirect wholly-owned subsidiary of the Company; and
- iii. Shenzhen Merchants, an indirect wholly-owned subsidiary of the Company.

### Additional Capital Contribution to Nanjing Merchants

Pursuant to the Capital Increase Agreement, CMSK and Shenzhen Merchants shall make Additional Capital Contribution of RMB4,900,000,000 and RMB5,100,000,000 respectively to Nanjing Merchants. The Additional Capital Contribution shall be allocated to the registered capital and capital reserve of Nanjing Merchants in the following proportion:

<b>Name of shareholder</b>	<b>Registered capital (RMB)</b>	<b>Capital reserve (RMB)</b>	<b>Total (RMB)</b>
CMSK	65,294,200	4,834,705,800	4,900,000,000
Happy City	—	—	—
Shenzhen Merchants	67,959,200	5,032,040,800	5,100,000,000
	<u>133,253,400</u>	<u>9,866,746,600</u>	<u>10,000,000,000</u>

Set out below is the registered capital and capital reserve of Nanjing Merchants before and after the Additional Capital Contribution:

Name of shareholder	Before the Additional Capital Contribution		After the Additional Capital Contribution		Total (RMB)
	Registered capital (RMB)	Capital reserve (RMB)	Registered capital (RMB)	Capital reserve (RMB)	
CMSK	14,700,000	–	79,994,200	4,834,705,800	4,914,700,000
Happy City	15,300,000	–	15,300,000	–	15,300,000
Shenzhen Merchants	–	–	67,959,200	5,032,040,800	5,100,000,000
	<u>30,000,000</u>	<u>–</u>	<u>163,253,400</u>	<u>9,866,746,600</u>	<u>10,030,000,000</u>

### Shareholding structure of Nanjing Merchants

Immediately after the completion of the Additional Capital Contribution, the enlarged registered capital of Nanjing Merchants shall be owned as to 49.00%, 9.37%, and 41.63% by CMSK, Happy City and Shenzhen Merchants, respectively. The aggregate indirect interest of the Company in Nanjing Merchants (held through Happy City and Shenzhen Merchants) shall remain unchanged at 51%.

### Payment of the Additional Capital Contribution

CMSK and Shenzhen Merchants shall make payment for their respective portion of the Additional Capital Contribution to Nanjing Merchants by stages before 31 December 2018.

### Other terms

The Capital Increase Agreement (together with the transactions contemplated thereunder) shall, after being signed by the parties, be subject to the approval by the Shareholders at the EGM. Upon obtaining the relevant regulatory approval(s) and approval by the Shareholders at the EGM, the Capital Increase Agreement shall become effective and binding on the parties.

### REASONS FOR AND BENEFITS OF THE ADDITIONAL CAPITAL CONTRIBUTION

Nanjing Merchants is principally engaged in property development. The Additional Capital Contribution to be made pursuant to the Capital Increase Agreement can fund the current and any potential real estate projects undertaken by Nanjing Merchants, having regard to the Group's experience in project development work and the anticipated future funding arrangement.

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.

## **PARTICULARS OF THE PARTIES**

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.

CMSK is a company established in the PRC with limited liability. Its principal business activities include investment, development and operation of city and community, transportation and industrial manufacturing.

Happy City is a company established in Hong Kong with limited liability. It is principally engaged in investment holding.

Shenzhen Merchants is a company established in the PRC with limited liability. It is principally engaged in trading of electronic and electrical and building related materials and equipment.

Nanjing Merchants is a company established in the PRC with limited liability. It is principally engaged in property development. According to the audited accounts of Nanjing Merchants prepared in accordance with the PRC Generally Accepted Accounting Principles, Nanjing Merchants has total assets and total equity of approximately RMB6,147,526,718.83 and RMB445,928,768.19 respectively as at 31 December 2016, and its net profit (before taxation) for the two years ended 31 December 2015 and 2016 are approximately RMB5,671,509.14 and RMB121,264,784.96, respectively.

## **FINANCIAL EFFECTS OF THE ADDITIONAL CAPITAL CONTRIBUTION**

Following the completion of the Additional Capital Contribution, the registered capital of Nanjing Merchants shall increase from RMB30,000,000 to RMB163,253,400, which shall be owned as to 51% by the Company through Happy City and Shenzhen Merchants. Nanjing Merchants shall continue to be accounted for as a non-wholly owned subsidiary of the Company and its financial results shall continue to be consolidated into the accounts of the Group.

The Additional Capital Contribution of RMB5,100,000,000 to be made by Shenzhen Merchants under the Capital Increase Agreement shall be funded by the Group's internal resources. The Directors consider that the Group's contribution for the transactions contemplated under the Capital Increase Agreement shall not have any immediate material effect on the total assets, earnings and liabilities of the Group.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios calculated by reference to Rules 14.07 and 14.15(2) of the Listing Rules in respect of the capital commitment by Shenzhen Merchants under the Capital Increase Agreement exceed 25% but are less than 75%, the entering into of the Capital Increase Agreement and the transactions contemplated thereunder constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements.

CMSK is a controlling shareholder of the Company which holds approximately 74.35% of the total issued share capital of the Company, and therefore is a connected person of the Company at the issuer level. As Nanjing Merchants (a non wholly-owned subsidiary of the Company) is owned as to 49% by CMSK, Nanjing Merchants is a connected person of the Company at the subsidiary level and the transactions contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Capital Increase Agreement and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms thereof are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the Capital Increase Agreement and the transactions contemplated thereunder by virtue of Nanjing Merchants being a connected subsidiary shall only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

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

## **EGM**

An EGM shall be convened and held for the Shareholders to approve the Capital Increase Agreement and the transactions contemplated thereunder. As at the date of this announcement, CMSK and its associates are interested in 3,646,889,329 Shares, representing approximately 74.35% of the total issued share capital of the Company, and are required to abstain from voting on the relevant resolutions approving the Capital Increase Agreement and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has any material interest in the Capital Increase Agreement and therefore no other Shareholder is required to abstain from voting on the relevant resolutions approving the Capital Increase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Capital Increase Agreement and the transactions contemplated thereunder, the notice of EGM and other information as required under the Listing Rules, shall be despatched to the Shareholders on or around 13 November 2017.

## DEFINITIONS

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

“Additional Capital Contribution”	the proposed additional capital contribution of RMB4,900,000,000 and RMB5,100,000,000 to be made by CMSK and Shenzhen Merchants to Nanjing Merchants respectively pursuant to the terms of the Capital Increase Agreement
“Board”	the board of Directors
“Capital Increase Agreement”	an agreement dated 1 November 2017 entered into between CMSK, Happy City and Shenzhen Merchants
“CMSK”	China Merchants Shekou Industrial Zone Holdings Company Limited (招商局蛇口工業區控股股份有限公司), a company established in the PRC with limited liability, whose shares are listed on the Shenzhen Stock Exchange (stock code: 001979 (A share)), being the intermediate controlling shareholder of the Company and indirectly holds approximately 74.35% of the total issued share capital of the Company as at the date of this announcement
“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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected subsidiary”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Capital Increase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Happy City”	Happy City Investments Limited (樂富投資有限公司), a company established in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Nanjing Merchants”	Merchants Nanjing Real Estate Co., Ltd (招商局地產(南京)有限公司), a company established in the PRC with limited liability which is owned as to 49% and 51% by CMSK and Happy City respectively before the Additional Capital Contribution, and a non wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Merchants”	China Merchants Land (Shenzhen) Limited* (招商局置地(深圳)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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

Hong Kong, 1 November 2017

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