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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**

COOPERATION DEVELOPMENT AGREEMENT

On 10 June 2021, Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Development Agreement with Guangzhou Hongyu, Wuhan Dabenying and the Project Company, pursuant to which Wuhan Dabenying agreed to acquire an aggregate of 33% of the equity interest in the Project Company by way of transfer and contribution for the registered capital and the capital reserve of the Project Company.

As at the date of this announcement, the registered capital of the Project Company is RMB10,000,000 which is held as to 60% by Guangzhou Merchants and 40% by Guangzhou Hongyu. Upon completion of the Transfer and the Capital Increase, the registered capital of the Project Company will be increased to not less than RMB100,000,000 and will be held by Guangzhou Merchants, Guangzhou Hongyu and Wuhan Dabenying as to 33%, 34% and 33%, respectively, and the Project Company will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the percentage equity interest of Guangzhou Merchants in the Project Company will be reduced from 60% to 33% upon completion of the Capital Increase, the transactions contemplated under the Cooperation Development 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 Cooperation Development 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.

COOPERATION DEVELOPMENT AGREEMENT

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The principal terms of the Cooperation Development Agreement are set out below:

Date: 10 June 2021

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 60% by Guangzhou Merchants and 40% by Guangzhou Hongyu as at the date of the Cooperation Development Agreement.

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

Capital contribution

Pursuant to the Cooperation Development Agreement, (a) Guangzhou Hongyu shall transfer 6% of the equity interest in the Project Company to Wuhan Dabenying without premium (the “**Transfer**”); and (b) upon completion of the Transfer and obtaining the filing approval of the valuation report regarding the valuation of the Project Company issued by CMG (the “**Valuation Approval**”), Guangzhou Merchants, Guangzhou Hongyu and Wuhan Dabenying shall make a capital contribution in an aggregate amount of not less than RMB100,000,000 and RMB1,700,000,000 in cash to the registered capital and the capital reserve of the Project Company, respectively.

The final amount of the capital contributions shall be determined in accordance with the valuation report regarding the valuation of the Project Company issued by CMG and shall be paid up by Guangzhou Merchants, Guangzhou Hongyu and Wuhan Dabenying in cash in full within 15 working days upon completion of the Capital Increase.

The respective capital contributions of Guangzhou Merchants, Guangzhou Hongyu and Wuhan Dabenying under the Cooperation Development Agreement in the amount of not less than RMB594,000,000, RMB612,000,000 and RMB594,000,000, were determined on the basis of normal commercial terms and after arm’s length negotiations with reference to the proportion of equity interest in the Project Company to be held by each party after completion of the Capital Increase.

The capital contribution in the Project Company to be made by Guangzhou Merchants shall be funded by the Group’s internal and/or external resources.

Shareholding structure

As at the date of this announcement, the registered capital of the Project Company is RMB10,000,000 which is held as to 60% by Guangzhou Merchants and 40% by Guangzhou Hongyu. Upon completion of the Transfer, the Project Company will be held by Guangzhou Merchants, Guangzhou Hongyu and Wuhan Dabenying as to 60%, 34% and 6%, respectively. Upon completion of the Capital Increase, the registered capital of the Project Company will be increased from RMB10,000,000 to not less than RMB100,000,000, which will be held by Guangzhou Merchants, Guangzhou Hongyu and Wuhan Dabenying as to 33%, 34% and 33%, respectively and the Project Company will cease to be a subsidiary of the Company.

Completion

The completion of the Capital Increase 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 45 working days after the completion of the Transfer and the obtaining of the Valuation Approval.

Management of the Project Company

Significant matters of the Project Company (including but not limited to increase or reduction in capital, amendments to the memorandum and articles of association, mergers, demergers and liquidation) shall require the approval of the shareholders representing more than two-third of voting rights of the Project Company at the general meeting.

The board of directors of the Project Company shall consist of five directors. Each of Guangzhou Merchants and Wuhan Dabenying shall nominate one director and Guangzhou Hongyu shall nominate three directors. The chairman of the board of directors of the Project Company shall be a director appointed by Guangzhou Merchants.

The general manager shall be responsible for the management of the Project Company and such person shall be nominated by Guangzhou Hongyu and appointed by the board of directors of the Project Company.

Profit distribution arrangement

Pursuant to the Cooperation Development Agreement, each of Guangzhou Merchants, Guangzhou Hongyu and Wuhan Dabenying shall share the profits of the Project Company in proportion to their respective shareholdings in the Project Company.

INFORMATION OF THE PROJECT COMPANY

The Project Company is a company established by Guangzhou Merchants and Guangzhou Hongyu in the PRC with limited liability on 7 May 2021 for the sole purpose of development of the Land, which is located 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). The Land has a site area of 88,941 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 7 May 2021 (being the date of establishment of the Project Company) to 31 May 2021:

	For the period from 7 May 2021 to 31 May 2021
	<i>RMB</i>
Net loss before taxation	195
Net loss after taxation	195

The unaudited net liability value of the Project Company as at 31 May 2021 was approximately RMB195.

FINANCIAL EFFECTS OF THE TRANSACTION

As at the date of this announcement, the Project Company is a direct non-wholly owned subsidiary of Guangzhou Merchants and the Company holds, indirectly through Guangzhou Merchants, 60% of the equity interest in the Project Company. Upon completion of the Capital Increase, the Company will hold, indirectly through Guangzhou Merchants, 33% of the equity interest in the Project Company and the Project Company will cease to be a subsidiary of the Company. As a result, the financial results of the Project Company will no longer be consolidated into the financial statements of the Group. It is expected that the Deemed Disposal would not have significant impact on the Group's consolidated financial statements.

REASONS FOR AND BENEFITS OF THE DEEMED DISPOSAL

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

The Deemed Disposal allows the Group to diversify project portfolio risk, and moreover, each partner's strengths can be leveraged to create a strong alliance to increase the quality of the project to a higher level. Therefore, the Company considers that the entering into of the Cooperation Development Agreement and the transactions contemplated thereunder are in the interest of the Company.

The terms of the Cooperation Development 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 Cooperation Development 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

Guangzhou Merchants, a company established in the PRC with limited liability, is principally engaged in 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.

The Project Company, a company established in the PRC with limited liability, is principally engaged in property development of the Land. The Project Company is held as to 60% by Guangzhou Merchants and 40% by Guangzhou Hongyu as at the date of the Cooperation Development Agreement.

LISTING RULES IMPLICATIONS

As the percentage equity interest of Guangzhou Merchants in the Project Company will be reduced from 60% to 33% upon completion of the Capital Increase, the transactions contemplated under the Cooperation Development 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 Cooperation Development 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 Guangzhou Merchants, Guangzhou Hongyu and Wuhan Dabenying, subject to and in accordance with the terms and conditions of the Cooperation Development Agreement
“CMG”	China Merchants Group Limited (招商局集團有限公司), a PRC enterprise regulated and directly managed by the State-owned Assets Supervision and Administration Commission of the State Council, being the immediate controlling shareholder of CMSK holding more than 63% of the total issued share capital of CMSK

“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, 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)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Cooperation Development Agreement”	the cooperation development agreement dated 10 June 2021 entered into between Guangzhou Merchants, Guangzhou Hongyu, Wuhan Dabenying and the Project Company in relation to the joint investment in the Project Company and the Capital Increase
“Deemed Disposal”	the reduction of the Group’s equity interest in the Project Company from 60% to 33% upon completion of the Capital Increase
“Directors”	the directors of the Company
“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 Cooperation Development 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 60% by Guangzhou Merchants and 40% by Guangzhou Hongyu 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)”	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 Dabenyng”

Wuhan Dabenyng 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
Cooperation Development Agreement

“%”

per cent

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

Hong Kong, 10 June 2021

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*