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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
DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY**

EQUITY TRANSFER AGREEMENT

On 24 November 2022, Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Guangdong Xinnanda and Foshan Jincheng, pursuant to which Guangzhou Merchants agreed to sell, and Guangdong Xinnanda and Foshan Jincheng agreed to acquire the Sale Shares and the Sale Loan at an aggregate consideration of RMB408,031,808 and to pay the accrued interest of their portion of the Sale Loan to be assigned to them. Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below:

Date

24 November 2022

Parties

- (i) Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company, as vendor;
- (ii) Guangdong Xinnanda, a company established in the PRC with limited liability, as purchaser; and
- (iii) Foshan Jincheng, a company established in the PRC with limited liability, as purchaser.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Guangdong Xinnanda, Foshan Jincheng and their ultimate beneficial owners are Independent Third Parties.

Subject matter

The Disposal was conducted by way of a public tender through CQEX. In connection with the successful bid by the consortium formed by Guangdong Xinnanda and Foshan Jincheng, Guangzhou Merchants, Guangdong Xinnanda and Foshan Jincheng entered into the Equity Transfer Agreement, pursuant to which (i) Guangzhou Merchants agreed to sell the Sale Shares, representing 51% equity interests in the Target Company, and the Sale Loan, representing the shareholder's loan owed by the Target Company to Guangzhou Merchants in the amount of RMB53,031,808; (ii) Guangdong Xinnanda agreed to acquire 36.43% equity interests in the Target Company and to be assigned a shareholder's loan owed by the Target Company to Guangzhou Merchants in the principal amount of RMB37,879,863; and (iii) Foshan Jincheng agreed to acquire 14.57% equity interests in the Target Company and to be assigned a shareholder's loan owed by the Target Company to Guangzhou Merchants in the principal amount of RMB15,151,945, at an aggregate consideration of RMB408,031,808.

Guangdong Xinnanda and Foshan Jincheng shall also pay the accrued interest of their portion of the Sale Loan to be assigned to them (the “**Accrued Sale Loan Interest**”) to Guangzhou Merchants at the rate of interest equal to the 1-year LPR (i.e. 3.7%) calculated from the date of payment of the shareholder’s loan by Guangzhou Merchants to the date of actual payment of the consideration for the assignment of the Sale Loan by Guangdong Xinnanda and Foshan Jincheng, respectively. As at the date of this announcement, the total Accrued Sale Loan Interest is approximately RMB687,000.

Upon completion of the Disposal, the Target Company will be held as to 71.43% by Guangdong Xinnanda and as to 28.57% by Foshan Jincheng, respectively, and the Target Company will cease to be a subsidiary of the Company.

Consideration

Pursuant to the Equity Transfer Agreement, the aggregate consideration of the Disposal shall be RMB408,031,808, which consists of:

- (a) the consideration for the transfer of 36.43% equity interests in the Target Company in the amount of RMB253,571,429 and the assignment of the shareholder’s loan in the amount of RMB37,879,863, payable by Guangdong Xinnanda; and
- (b) the consideration for the transfer of 14.57% equity interests in the Target Company in the amount of RMB101,428,571 and the assignment of the shareholder’s loan in the amount of RMB15,151,945, payable by Foshan Jincheng.

Guangdong Xinnanda and Foshan Jincheng have paid a security deposit to CQEX in the respective amount of RMB71,428,571 and RMB28,571,429, which shall be applied to the payment of the consideration for the Disposal on the date of the Equity Transfer Agreement. The remaining consideration for the Disposal in the amount of RMB220,022,720 and RMB88,009,088 shall be paid by Guangdong Xinnanda and Foshan Jincheng, respectively, in cash in full within five working days from the date of the Equity Transfer Agreement to the designated account of CQEX, which will transfer to the designated account of Guangzhou Merchants within two working days after CQEX issues the transaction certificate.

Further, Guangdong Xinnanda and Foshan Jincheng shall pay the Accrued Sale Loan Interest within five working days from the date of the Equity Transfer Agreement to the designated account of Guangzhou Merchants.

The consideration for the Disposal was based on the final bidding price through the public tender quoted on CQEX.

Completion

Guangzhou Merchants shall procure the Target Company to complete the equity transfer registration procedures with the relevant authority within 30 working days after the payment of the remaining consideration by Guangdong Xinnanda and Foshan Jincheng, both of which shall provide necessary assistance and cooperation (including but not limited to the equity transfer registration procedures) in order to complete the closing of the Disposal.

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.

Guangdong Xinnanda, a company established in the PRC with limited liability, is principally engaged in manufacturing and operating electric wires, cables, busducts and ancillary products. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, according to the company search information obtained online, the ultimate beneficial owners of Guangdong Xinnanda are Peng Zhijiang (彭志江) and Peng Kaimei (彭凱媚), who indirectly hold 70% and 30% equity interests in Guangdong Xinnanda, respectively.

Foshan Jincheng, a company established in the PRC with limited liability, is principally engaged in food production and sales of food. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, according to the company search information obtained online, Foshan Jincheng is 90% owned by Foshan Zhujiang Catering and Food Co., Ltd.* (佛山市珠江餐飲食品有限公司) which is held by 21 individual shareholders, of which Xian Guang Sang (冼廣榮) holds approximately 15.7% equity interests and is the largest shareholder.

INFORMATON OF THE TARGET COMPANY

The Target Company is a company established on 18 October 2012 in the PRC with limited liability which is principally engaged in property development of the real estate project on the Land, China Merchants Evian Center (招商依雲置地中心). The Land is located at the intersection of Hai Qi Road and Guilan Road, Nanhai District, Foshan City, Guangdong Province, the PRC (中國廣東省佛山市南海區海七路與桂瀾路交匯處) with a total site area of 29,487 sq.m. The Land is designated for commercial usage with a term of 40 years. As at the date of this announcement, the Target Company is owned as to 51% by Guangzhou Merchants, 35% by Guangdong Xinnanda and 14% by Foshan Jincheng.

The table below sets forth a summary of certain audited financial information of the Target Company for the two years ended 31 December 2021:

	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation	9,771	18,077
Net profit after taxation	7,328	13,558

The unaudited net asset value of the Target Company as at 30 September 2022 was approximately RMB555,813,245.

FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

The net asset value of the Target Company attributable to the interest to be disposed as at 30 September 2022 amounted to approximately RMB283,464,755. Based on the consideration of RMB408,031,808 and the associated estimated direct cost and other relevant expenses in relation to the Disposal in the amount of approximately RMB1,000, the Group is expected to record a gain on the Disposal of approximately RMB124,566,053. The net proceeds of approximately RMB408,030,000 are intended to be used as the general working capital of the Group.

The exact amount of the gain on the Disposal to be recorded in the consolidated financial statements of the Group for the year ending 31 December 2022 is subject to audit. It will be calculated based on the net asset value of the Target Company as at the date of the completion of the Disposal, net of any incidental expenses, and therefore may differ from the estimated amount of the gain set out above.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

As the value of the Target Company has appreciated, the Board considers that the Disposal represents a good opportunity for the Group to realise a capital gain from its investment in the Target Company and enhance the working capital of the Group.

The Directors (including all the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement, including the consideration for the Disposal, which have been agreed after arm's length negotiations, are on normal commercial terms or better and such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company 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:

“Board”	the board of Directors
“CQEX”	Chongqing United Assets and Equity Exchange (重慶聯合產權交易所)
“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
“Disposal”	the disposal of the Sale Shares and the Sale Loan by Guangzhou Merchants to Guangdong Xinnanda and Foshan Jincheng pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into on 24 November 2022 between Guangzhou Merchants, Guangdong Xinnanda and Foshan Jincheng in respect of the Disposal
“Foshan Jincheng”	Foshan Jincheng Frozen Food Co., Ltd.* (佛山市金城速凍食品有限公司), a company established in the PRC with limited liability
“Group”	the Company and its subsidiaries

“Guangdong Xinnanda”	Guangdong Xinnanda Cable Industrial Co., Ltd.* (廣東新南達電纜實業有限公司), a company established in the PRC with limited liability
“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 located at the intersection of Hai Qi Road and Guilan Road, Nanhai District, Foshan City, Guangdong Province, the PRC (中國廣東省佛山市南海區海七路與桂瀾路交匯處) with a total site area of 29,487 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
“LPR”	the loan prime rate as promulgated by the National Interbank Funding Center under the authority of the People’s Bank of China
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	the shareholder’s loan owed by the Target Company to Guangzhou Merchants in the principal amount of RMB53,031,808
“Sale Shares”	51% equity interests in the Target Company held by Guangzhou Merchants 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
“Target Company”	Foshan Kaida City Investment Development Co., Ltd.* (佛山市凱達城投資發展有限公司), a company established on 18 October 2012 in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“%”	per cent

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

Hong Kong, 24 November 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.