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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)

**MAJOR TRANSACTION:
INVESTMENT IN NANJING DINGJIAZHANG TRADING CO., LTD.***

CAPITAL INCREASE IN THE PROJECT COMPANY

On 8 October 2018, Merchants Nanjing (an indirect non wholly-owned subsidiary of the Company) and Nanjing Zhaosheng (a wholly-owned subsidiary of Merchants Nanjing) has succeeded in the bid offer by the Public Tender. Accordingly, Merchants Nanjing, Nanjing Zhaosheng, Nanjing Dingjiazhuang Logistics Center and the Project Company entered into the Capital Increase Agreement, pursuant to which Merchants Nanjing and Nanjing Zhaosheng have agreed to invest in the Project Company by way of capital contributions in the respective amount of RMB356,560,000 and RMB178,280,000 for development of the Land through the Project Company. As at the date of the Capital Increase Agreement, Nanjing Dingjiazhuang Logistics Center holds 100% of the issued capital of the Project Company, which holds the land use right in respect of the Land. Upon completion of the Capital Increase Agreement, the shareholding of Merchants Nanjing, Nanjing Zhaosheng and Nanjing Dingjiazhuang Logistics Center in the Project Company shall be 40%, 20% and 40%, respectively.

Merchants Nanjing, Nanjing Zhaosheng, Nanjing Dingjiazhuang Logistics Center and the Project Company further entered into a Loan Repayment Agreement on 8 October 2018, pursuant to which Merchants Nanjing and Nanjing Zhaosheng shall provide shareholder's loan to the Project Company in proportion to their respective shareholdings in the Project Company after the completion of Capital Increase. The estimated total investment in the Project Company will be approximately RMB3,619,646,180. The capital commitment to be made by Merchants Nanjing and Nanjing Zhaosheng (including the contribution to the registered capital of the Project Company and the shareholders' loans) will be approximately RMB1,447,858,472 and RMB723,929,236, respectively.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Increase and the transaction documents contemplated therein (including the Capital Increase Agreement, the Loan Repayment Agreement and the Articles of Association) exceed 25% but are less than 100%, the entering into of the Capital Increase and the transaction documents contemplated therein (including the Capital Increase Agreement, the Loan Repayment Agreement and the Articles of Association) constitute a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written Shareholders' approval without the need of convening a general meeting. So far as the Company is aware, none of the Shareholders is materially interested in the Capital Increase. As such, no Shareholder is required to abstain from voting if a general meeting is to be convened to approve the Capital Increase. As at the date of this announcement, Success Well directly holds 3,646,889,329 Shares (representing approximately 74.35% of the total issued Shares). As the Company has obtained the Written Approval from Success Well, no extraordinary general meeting of the Company will be convened for the purpose of approving the Capital Increase pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Capital Increase and the transaction documents contemplated therein (including the Capital Increase Agreement, the Loan Repayment Agreement and the Articles of Association) will be despatched to the Shareholders in accordance with the Listing Rules for information purposes only on or before 30 October 2018.

CAPITAL INCREASE IN THE PROJECT COMPANY

On 8 October 2018, Merchants Nanjing (an indirect non wholly-owned subsidiary of the Company) and Nanjing Zhaosheng (a wholly-owned subsidiary of Merchants Nanjing) has succeeded in the bid offer by the Public Tender. Accordingly, Merchants Nanjing, Nanjing Zhaosheng, Nanjing Dingjiazhuang Logistics Center and the Project Company entered into the Capital Increase Agreement, pursuant to which Merchants Nanjing and Nanjing Zhaosheng have agreed to invest in the Project Company by way of capital contributions in the respective amount of RMB356,560,000 and RMB178,280,000 for development of the Land through the Project Company. As at the date of the Capital Increase Agreement, Nanjing Dingjiazhuang Logistics Center holds 100% of the issued capital of the Project Company, which holds the land use right in respect of the Land. Upon completion of the Capital Increase Agreement, the shareholding of Merchants Nanjing, Nanjing Zhaosheng and Nanjing Dingjiazhuang Logistics Center in the Project Company shall be 40%, 20% and 40%, respectively.

Capital Increase Agreement

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

Date

8 October 2018

Parties

- (a) Merchants Nanjing, an indirect non wholly-owned subsidiary of the Company;
- (b) Nanjing Zhaosheng, a wholly-owned subsidiary of Merchants Nanjing;
- (c) Nanjing Dingjiazhuang Logistics Center, a company established in the PRC with limited liability; and
- (d) the Project Company, a wholly-owned subsidiary of Nanjing Dingjiazhuang Logistics Center as at the date of the Capital Increase Agreement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Nanjing Dingjiazhuang Logistics Center, the Project Company and their respective ultimate beneficial owners are Independent Third Parties.

Subject Matter

Pursuant to the Capital Increase Agreement, Merchants Nanjing and Nanjing Zhaosheng have agreed to invest in the Project Company by way of Capital Increase in the respective amount of RMB356,560,000 and RMB178,280,000 for development of the Land through the Project Company.

As at the date of the Capital Increase Agreement, Nanjing Dingjiazhuang Logistics Center holds 100% of the issued capital of the Project Company, which holds the land use right in respect of the Land. Upon completion of the Capital Increase Agreement, the shareholding of Merchants Nanjing, Nanjing Zhaosheng and Nanjing Dingjiazhuang Logistics Center in the Project Company shall be 40%, 20% and 40%, respectively.

Capital Contributions

The total consideration payable by Merchants Nanjing and Nanjing Zhaosheng under the Capital Increase Agreement shall be approximately RMB356,560,000 and RMB178,280,000 respectively (the “**Capital Contributions**”), which comprises:

- (1) RMB40,000,000 and RMB20,000,000, being the respective capital contribution by Merchants Nanjing and Nanjing Zhaosheng to the registered capital of the Project Company, upon which the registered capital of the Project Company shall increase from RMB40,000,000 (which was contributed by Nanjing Dingjiazhuang Logistics Center) to RMB100,000,000; and
- (2) the remaining amount of RMB316,560,000 and RMB158,280,000, being the respective capital contribution by Merchants Nanjing and Nanjing Zhaosheng to the Project Company as capital reserve.

The Capital Contributions have been arrived at after arm’s length negotiations between the parties and with reference to the land premium and associated cost of the Land, as well as the proportion of equity interest in the Project Company to be held by each party after completion of the Capital Increase. Payment of the Capital Contributions will be funded by the Group’s internal resources.

Subject to the terms and conditions of the Capital Increase Agreement, payment of the Capital Contributions shall be in cash and payable within ten working days upon the effective date of the Capital Increase Agreement.

Loan Repayment Agreement

Merchants Nanjing, Nanjing Zhaosheng, Nanjing Dingjiazhuang Logistics Center and the Project Company further entered into a Loan Repayment Agreement on 8 October 2018, pursuant to which Merchants Nanjing and Nanjing Zhaosheng shall provide shareholder's loan to the Project Company in proportion to their respective shareholdings in the Project Company after the completion of Capital Increase According to the Loan Repayment Agreement, within 5 working days upon receiving the Capital Contributions from Merchants Nanjing and Nanjing Zhaosheng, the Project Company shall repay Nanjing Dingjiazhuang Logistics Center in the amount of RMB530,878,333.18 which represents the shareholder's loan provided by Nanjing Dingjiazhuang Logistics Center to the Project Company for the Land Price, taxes and expenses related to the Acquisition.

To the extent that the capital required by the Project Company is not covered by its own bank loan or other financial resources, the shareholders of the Project Company shall provide shareholders' loans to the Project Company in proportion to their respective shareholdings in the Project Company. The estimated total investment in the Project Company will be approximately RMB3,619,646,180. The capital commitment to be made by Merchants Nanjing and Nanjing Zhaosheng (including the contribution to the registered capital of the Project Company and the shareholders' loans) will be approximately RMB1,447,858,472 and RMB723,929,236 respectively, which will be funded by the Group's internal resources.

Management of the Project Company

According to the Capital Increase Agreement and the Articles of Association, the Project Company shall provide that except resolution(s) for transfer of shareholding of the Project Company requiring the unanimous consent of all shareholders at the general meeting, the remaining matters shall require the approval of 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 Merchants Nanjing, Nanjing Zhaosheng and Nanjing Dingjiazhuang Logistics Center shall nominate two directors, one director and two directors, respectively. The chairman of the board of directors of the Project Company (i.e., the legal representative) shall be a director nominated by Nanjing Dingjiazhuang Logistics Center.

The general manager shall be responsible for the management of the Project Company. Such general manager shall be nominated by Merchants Nanjing and appointed or dismissed by the board of directors of the Project Company.

Profit Distribution Arrangement of the Project Company

According to the Capital Increase Agreement and the Articles of Association, the shareholders of the Project Company shall share the profits of the Project Company in proportion to their respective shareholdings in the Project Company.

PARTICULARS OF THE PROJECT COMPANY

The Project Company is a company established in the PRC with limited liability on 14 May 2013 and is principally engaged in property development business, which involves the development and construction of the Land located at the east side of Yinchun Road, the west side of Yanxin Road, the south side of Feixue Road and the north side of Fendou Road, Qixia District, Nanjing City, Jiangsu Province, the PRC* (中國江蘇省南京市棲霞區寅春路以東、燕新路以西、飛雪路以南、奮鬥路以北之地塊). The Land has a total site area of 59,128.43 sq.m., designated for commercial usage with a term of 40 years.

No revenue and profit or loss has been recognised by the Project Company based on the audited financial information of the Project Company (prepared in accordance with the applicable financial reporting standards in the PRC) in Year 2016 and Year 2017.

The audited total asset and net asset value of the Project Company as at 31 December 2017 was approximately RMB502,377,700 and RMB40,000,000 respectively.

FINANCIAL IMPACT

The Project Company shall not become a subsidiary of either Merchants Nanjing or Nanjing Zhaosheng. 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 TRANSACTION

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.

Each of Merchants Nanjing, Nanjing Zhaosheng and Nanjing Dingjiazhuang Logistics Center would benefit from the cooperation in order to exert their strengths, grasp market opportunities and enhance their investment portfolio in the property market in the PRC, which would improve the capital efficiency and effectiveness, reduce the investment risks and thus a greater return could be created for the Shareholders.

The terms of the Capital Increase and the transaction documents contemplated therein (including the Capital Increase Agreement, the Loan Repayment Agreement and the Articles of Association) 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 and the transaction documents contemplated therein (including the Capital Increase Agreement, the Loan Repayment Agreement and the Articles of Association) are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

PARTICULARS OF THE PARTIES

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

Nanjing Zhaosheng is a company established in the PRC with limited liability and a wholly-owned subsidiary of Merchants Nanjing. It is principally engaged in property development in the PRC.

Nanjing Dingjiazhuang Logistics Center 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 one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Increase and the transaction documents contemplated therein (including the Capital Increase Agreement, the Loan Repayment Agreement and the Articles of Association) the contribution to the registered capital of the Project Company and the shareholders' loans to be provided by Merchants Nanjing and Nanjing Zhaosheng) exceed 25% but are less than 100%, the entering into of the Capital Increase and the transaction documents contemplated therein (including the Capital Increase Agreement, the Loan Repayment Agreement and the Articles of Association) constitute a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written Shareholders' approval without the need of convening a general meeting. So far as the Company is aware, none of the Shareholders is materially interested in the Capital Increase. As such, no Shareholder is required to abstain from voting if a general meeting is to be convened to approve the Capital Increase. As at the date of this announcement, Success Well directly holds 3,646,889,329 Shares (representing approximately 74.35% of the total issued Shares). As the Company has obtained the Written Approval from Success Well, no extraordinary general meeting of the Company will be convened for the purpose of approving the Capital Increase pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Capital Increase and the transaction documents contemplated therein (including the Capital Increase Agreement, the Loan Repayment Agreement and the Articles of Association) will be despatched to the Shareholders in accordance with the Listing Rules for information purposes only on or before 30 October 2018.

DEFINITIONS

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

“Acquisition”	the acquisition of land use rights of the Land through public tender process
“Articles of Association”	the Articles of Association of the Project Company entered into on 8 October 2018 between Merchants Nanjing, Nanjing Zhaosheng and Nanjing Dingjiazhuang Logistics Center
“Board”	the board of Directors
“Capital Increase”	the proposed capital increase in the Project Company by Merchants Nanjing and Nanjing Zhaosheng via Public Tender, subject to and in accordance with the terms and conditions of the Capital Increase Agreement, the Loan Repayment Agreement and the Articles of Association

“Capital Increase Agreement”	the Capital Increase Agreement dated 8 October 2018 entered into between Merchants Nanjing, Nanjing Zhaosheng, Nanjing Dingjiazhuang Logistics Center and the Project 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)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 east side of Yinchun Road, the west side of Yanxin Road, the south side of Feixue Road and the north side of Fendou Road, Qixia District, Nanjing City, Jiangsu Province, the PRC* (中國江蘇省南京市棲霞區寅春路以東、燕新路以西、飛雪路以南、奮鬥路以北之地塊) with a total site area of 59,128.43 sq.m., designated for commercial usage with a term of 40 years
“Land Price”	RMB410,000,000, being the aggregate consideration payable for the Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time

“Loan Repayment Agreement”	the loan repayment agreement dated 8 October 2018 entered into between Merchants Nanjing, Nanjing Zhaosheng, Nanjing Dingjiazhuang Logistics Center and the Project Company, pursuant to which, among others the Project Company undertakes to repay the shareholder’s loan provided by Nanjing Dingjiazhuang Logistics Center, within five working days upon receiving the Capital Contributions from Merchants Nanjing and Nanjing Zhaosheng
“Merchants Nanjing”	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 and an indirect non wholly-owned subsidiary of the Company
“Nanjing Dingjiazhuang Logistics Center”	Nanjing Dingjiazhuang Logistics Center Co., Ltd.* (南京丁家莊物流中心有限責任公司), a company established in the PRC with limited liability, an Independent Third Party
“Nanjing Zhaosheng”	Nanjing Merchants Zhaosheng Property Development Limited* (南京招商招盛房地產有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Merchants Nanjing
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Project Company”	Nanjing Dingjiazhuang Trading Co., Ltd.* (南京丁家莊商貿有限公司), a company established in the PRC with limited liability on 14 May 2013 by Nanjing Dingjiazhuang Logistics Center for the sole purpose of obtaining the land use rights of and developing the Land
“Public Tender”	the public tender process initiated by Nanjing Dingjiazhuang Logistics Center during the period of 4 July 2018 to 28 August 2018 on Nanjing Public Resources Trading Platform* (南京市公共資源交易平台), inviting equity investors to invest in the Project Company

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	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 under the Listing Rules
“Success Well”	Success Well Investments Limited, a limited liability company incorporated in the British Virgin Islands and a controlling Shareholder of the Company which directly owns an aggregate of 3,646,889,329 Shares, representing approximately 74.35% of the issued share capital of the Company as at the date of this announcement
“Written Approval”	the written approval of the Capital Increase and the transaction documents contemplated therein (including the Capital Increase Agreement, the Loan Repayment Agreement and the Articles of Association) by Success Well dated 8 October 2018
“%”	per cent.

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

Hong Kong, 8 October 2018

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*