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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 50% EQUITY INTEREST IN A SUBSIDIARY**

THE COOPERATION AGREEMENT

On 7 December 2018, Chongqing Yi Yun (an indirect wholly-owned subsidiary of the Company) entered into the Cooperation Agreement with Overseas Chinese Town (Xi'an), pursuant to which Overseas Chinese Town (Xi'an) agreed to acquire 50% of the equity interest in the Project Company by way of subscribing for registered capital at the consideration of RMB5,000,000.

Upon completion of the Capital Increase, the registered capital of the Project Company will be increased from RMB5,000,000 to RMB10,000,000 and held as to 50% by Chongqing Yi Yun and 50% by Overseas Chinese Town (Xi'an), respectively. The Project Company will cease to be a subsidiary of the Company.

The total estimated investment in the Project Company will be approximately RMB1,476,890,000, and will be borne by Chongqing Yi Yun and Overseas Chinese Town (Xi'an) in proportion to their respective shareholdings in the Project Company.

IMPLICATIONS UNDER THE LISTING RULES

As the equity interest of Chongqing Yi Yun in the Project Company will be reduced from 100% to 50%, the transactions contemplated under the Cooperation 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 Cooperation and the Deemed Disposal exceed 5% but are less than 25%, the entering into of the Cooperation 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.

INTRODUCTION

On 7 December 2018, Chongqing Yi Yun (an indirect wholly-owned subsidiary of the Company) entered into the Cooperation Agreement with Overseas Chinese Town (Xi'an), pursuant to which Overseas Chinese Town (Xi'an) agreed to acquire 50% of the equity interest in the Project Company by way of subscribing for registered capital at the consideration of RMB5,000,000.

The principal terms of the Cooperation Agreement are summarized as follows:

Date

7 December 2018

Parties

- (a) Chongqing Yi Yun, an indirect wholly-owned subsidiary of the Company; and
- (b) Overseas Chinese Town (Xi'an), a company established in the PRC with limited liability.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Overseas Chinese Town (Xi'an) and their respective ultimate beneficial owners are Independent Third Parties.

Nature of the transaction and assets to be disposed of

Pursuant to the Cooperation Agreement, Overseas Chinese Town (Xi'an) has agreed to acquire 50% of the equity interest in the Project Company by way of subscribing for registered capital at the consideration of RMB5,000,000. As at the date of this announcement, the registered capital of the Project Company is RMB5,000,000, which has been solely contributed by Chongqing Yi Yun. Upon completion of the Capital Increase, the registered capital of the Project Company will be increased from RMB5,000,000 to RMB10,000,000 and held as to 50% by Chongqing Yi Yun and 50% by Overseas Chinese Town (Xi'an), respectively. The Project Company will cease to be a subsidiary of the Company.

The total estimated investment in the Project Company will be approximately RMB1,476,890,000, and will be borne by Chongqing Yi Yun and Overseas Chinese Town (Xi'an) in proportion to their respective shareholdings in the Project Company.

The amount payable for the investment in the Project Company shall include payment for the Land Consideration, the bidding deposit of the Land Consideration, taxes, transaction fees, project expenses, stamp duties, design and related fees.

Chongqing Yi Yun shall introduce Overseas Chinese Town (Xi'an) as an equity investor to the Project Company through Public Listing within 6 months after the land use rights certificate in respect of the Land is obtained and Overseas Chinese Town (Xi'an) shall participate in the Public Listing. After winning the bid, Overseas Chinese Town (Xi'an) shall enter into the relevant capital increase agreement and articles of association to agree on the terms of payment of capital.

The total amount of the investment pursuant to the Cooperation has been arrived at after arm's length negotiations among the parties and was determined 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.

The capital contribution in the Project Company to be made by Chongqing Yi Yun shall be funded by the Group's internal resources.

Conditions Precedent

The Capital Increase is subject to the winning of bidding by Overseas Chinese Town (Xi'an) and the signing of the relevant capital increase agreement.

Completion

The completion date of the transaction shall take place on which the business registration with the local Administration for Industry and Commerce concerning the Capital Increase is completed, which shall be conducted within two months after the Public Listing.

Termination

In the event of (1) the Public Listing cannot be conducted within 6 months after obtaining the land use rights certificate regarding the Land and the parties cannot reach a consensus on the postponement; or (2) the Public Listing cannot be conducted after rescheduling, the Cooperation Agreement shall be terminated. In the event that Overseas Chinese Town (Xi'an) cannot win the bid in the Public Listing, Chongqing Yi Yun shall return payment for the cooperation already paid by Overseas Chinese Town (Xi'an) (if any) subject to an interest's rate of 6% per annum.

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 unanimous approval of the shareholders of the Project Company at the general meeting.

The board of directors of the Project Company shall consist of 3 directors. Chongqing Yi Yun and Overseas Chinese Town (Xi'an) shall nominate 1 director and 2 directors, respectively. The chairman of the board of directors of the Project Company (i.e., the legal representative) shall be a director nominated by Chongqing Yi Yun.

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

Profit Distribution Arrangement of the Project Company

Pursuant to the Cooperation Agreement, Chongqing Yi Yun and Overseas Chinese Town (Xi'an) 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 was a company established by Chongqing Yi Yun in the PRC on 2 August 2018 for the sole purpose of conducting the development of the Land. The principal asset of the Project Company is the Land which is located at the south side of Xue Yuan Wu Road, the north side of Xue Yuan Ba Road, the west side of Zhong Yang Avenue and the east side of Wen Yun Si Road, Xixian New District, Shaanxi Province, the PRC* (中國陝西省西咸新區學苑五路以南，學苑八路以北，中央大街以西，文韻四路以東). The Land has a site area of approximately 45,889.54 sq. m., designated for residential usage for a term of 70 years. The Land is intended to be developed for residential properties.

FINANCIAL EFFECTS OF THE TRANSACTION

As at the date of this announcement, the Project Company is a direct wholly-owned subsidiary of Chongqing Yi Yun and the Company holds, indirectly through Chongqing Yi Yun, the entire equity interest in the Project Company. Upon completion of the transaction, the Group will hold, indirectly through Chongqing Yi Yun, 50% of the equity interest in the Project Company, which 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 Cooperation and the Deemed Disposal would not have significant impact on the Group's consolidated financial statements.

REASONS FOR AND BENEFITS OF THE COOPERATION AND THE DEEMED DISPOSAL

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.

The decrease in the amount of capital contribution in the Project Company as a result of deemed disposal is expected to increase the financial flexibility of the Group, which would enhance the Group's capability to engage in more real estate projects to expand the property development and investment portfolio of the Group. Therefore, the Company considers that the entering into of the Cooperation Agreement and the transactions contemplated thereunder are in the interest of the Company.

The terms of the Cooperation 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 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

Chongqing Yi Yun is a company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in property development in the PRC.

Overseas Chinese Town (Xi'an) is a company established in the PRC and is principally engaged in property development in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

As the equity interest of Chongqing Yi Yun in the Project Company will be reduced from 100% to 50% upon completion of the Cooperation Agreement, the transactions contemplated under the Cooperation 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 Cooperation and the Deemed Disposal exceed 5% but are less than 25%, the entering into of the Cooperation 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:

“Board”	the board of Directors
“Capital Increase”	The proposed capital increase in the Project Company by Overseas Chinese Town (Xi’an) via Public Listing, subject to and in accordance with the terms and conditions of the Cooperation Agreement
“Chongqing Yi Yun”	Chongqing Merchants Yi Yun Property Development Limited* (重慶招商依雲房地產有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation”	the investment by Overseas Chinese Town (Xi’an) contemplated under the Cooperation Agreement
“Cooperation Agreement”	the cooperation agreement dated 7 December 2018 entered into between Chongqing Yi Yun and Overseas Chinese Town (Xi’an) in relation to the joint investment in the Project Company
“Deemed Disposal”	the reduction of the Group’s equity interest in the Project Company by 50% upon completion of the Capital Increase
“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 situated at the south side of Xue Yuan Wu Road, the north side of Xue Yuan Ba Road, the west side of Zhong Yang Avenue and the east side of Wen Yun Si Road, Xixian New District, Shaanxi Province, the PRC* (中國陝西省西咸新區學苑五路以南，學苑八路以北，中央大街以西，文韻四路以東), with a total site area of approximately 45,889.54 sq. m., designated for residential usage for a term of 70 years
“Land Consideration”	RMB630,000,000, being the aggregate consideration payable for the Acquisition pursuant to the Cooperation Agreement of the land use rights of the Land
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Overseas Chinese Town (Xi’an)”	Overseas Chinese Town (Xi’an) Development Limited* (華僑城(西安)發展有限公司), a company established in the PRC with limited liability and a party to the Cooperation Agreement
“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”	Xixian New District Wen Mao Property Development Limited* (西咸新區文茂房地產有限公司), a company established in the PRC with limited liability on 2 August 2018 by Chongqing Yi Yun and an indirect wholly-owned subsidiary of the Company as at the date of this announcement and prior to completion of the Capital Increase

“Public Listing”	public listing carried out by the relevant agency as approved by the State-owned Assets Supervision and Administration Commission* (國有資產監督管理委員會) in the PRC for the introduction of cooperation party for the capital increase of 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
“%”	per cent

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

Hong Kong, 7 December 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*