

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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招商局置地有限公司

(Incorporated with limited liability in the Cayman Islands)

(Stock Code: 978)

**DISCLOSEABLE AND CONNECTED TRANSACTION:
DISPOSAL OF PROPERTIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and
the Independent Shareholders**

ALTUS CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 11 to 12 of this circular. A letter from Altus, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 13 to 22 of this circular.

A notice convening the EGM to be held at CM+ Hotels and Serviced Apartments, 3/F, South Tower, 16 Connaught Road West, Hong Kong on Thursday, 26 November 2020 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://ir.cmland.hk>).

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

The following precautionary measures will be taken by the Company for the EGM to prevent the spread of the COVID-19 epidemic: (i) compulsory temperature checks; (ii) compulsory wearing of surgical face masks; and (iii) no provision of refreshments and/or souvenirs. Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. Shareholders are encouraged to appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the EGM in person.

6 November 2020

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DEFINITIONS

In this circular, the following terms and expressions shall have the following respective meanings unless the context otherwise requires:

“Announcement”	the announcement of the Company dated 13 September 2020 in relation to, among other things, the Disposal
“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“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 Latest Practicable Date
“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: 978)
“Cushman & Wakefield”	Cushman & Wakefield Limited
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Properties by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company established by all the independent non-executive Directors to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Altus”	Altus Capital Limited, a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) who are not required to abstain from voting at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“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
“Latest Practicable Date”	2 November 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Merchants – Colisée Senior Care”	Guangzhou China Merchants – Colisée Senior Care Services Co., Ltd.* (廣州招商高利澤養老服務有限公司), a company established under the laws of the PRC with limited liability, which is an indirect non-wholly owned subsidiary of CMSK
“PRC”	the People’s Republic of China which, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	the six properties located at Blocks 7, 8, 9, 10, 11 and 12, No. 139, Dongyi Road, Donghuan Street, Panyu District, Guangzhou City, Guangdong Province, the PRC
“Purchaser”	China Merchants RenHe Elderly Care Investment Limited* (招商局仁和養老投資有限公司), a company established in the PRC with limited liability, which is indirectly owned as to 33.33% by CMG and 66.67% by Independent Third Parties
“RenHe Life Insurance”	China Merchants RenHe Life Insurance Company Limited* (招商局仁和人壽保險股份有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CMG
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement entered into on 13 September 2020 between the Vendor and the Purchaser pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire the Properties at a consideration of RMB527,000,000
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Success Well”	Success Well Investments Limited, a limited liability company incorporated in the British Virgin Islands and the controlling shareholder of the Company which directly owns an aggregate of 3,646,889,329 Shares, representing approximately 74.35% of the total issued share capital of the Company as at the Latest Practicable Date
“Vendor”	Merchants Property Development (Guangzhou) Limited* (廣州招商房地產有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

* *Translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purpose only and should not be regarded as the official English translation of the Chinese names.*

In this circular, the terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

 **招商局置地有限公司**
CHINA MERCHANTS LAND LIMITED
CHINA MERCHANTS LAND LIMITED
招商局置地有限公司
(Incorporated with limited liability in the Cayman Islands)
(Stock Code: 978)

Board of Directors:

Non-executive Directors:

XU Yongjun (*Chairman*)

HUANG Junlong

LIU Ning

Executive Directors:

SO Shu Fai

YU Zhiliang

WONG King Yuen

Independent Non-executive Directors:

WONG Wing Kuen, Albert

CHEN Yanping

SHI Xinping

HE Qi

Registered office:

P.O. Box 309, Umland House

Grand Cayman

KY1-1104

Cayman Islands

Principal place of business

in Hong Kong:

Room 2603–2606, 26/F

China Merchants Tower

Shun Tak Centre

Nos. 168–200 Connaught Road Central

Hong Kong

6 November 2020

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION:
DISPOSAL OF PROPERTIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Reference is made to the announcement of the Company dated 13 September 2020 (the “**Announcement**”) in relation to, among other things, the Disposal.

The purpose of this circular is to provide you with, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the recommendations from the Independent Board Committee on the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) the letter of advice from the Independent Financial Adviser regarding the Sale and Purchase Agreement and the transactions contemplated thereunder; (iv) property valuation report prepared by Cushman & Wakefield; (v) general information of the Group; and (vi) a notice for convening the EGM.

LETTER FROM THE BOARD

SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

- Date** : 13 September 2020
- Parties** : (i) the Vendor, an indirect wholly-owned subsidiary of the Company; and
- (ii) the Purchaser, an indirect non-wholly owned subsidiary of CMG, and a connected person of the Company at the issuer level.

Subject matter

On 13 September 2020, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire the Properties at a consideration of RMB527,000,000.

The Properties

The Properties are located at No. 139 Dongyi Road, Donghuan Street, Panyu District, Guangzhou City, Guangdong Province, the PRC, which comprise of six blocks, namely Block 7, Block 8, Block 9, Block 10, Block 11 and Block 12 with a total gross floor area of 30,836.87 square meters and the respective basements of the six blocks, with a total gross floor area of 3,469.24 square meters. Save for Block 12, the rest of the Properties are currently vacant.

Block 12 is currently leased to Merchants – Colisée Senior Care under a tenancy agreement (the “**Tenancy Agreement**”) between the Vendor and Merchants – Colisée Senior Care for the first term of three years and is automatically renewed for another three terms. Each of the first three terms of the Tenancy Agreement will last for three years and the fourth term will last for one year, the aggregate of which will be ten years. As at the Latest Practicable Date, there is no arrangement for the transfer of the Tenancy Agreement to the Purchaser.

Merchants – Colisée Senior Care is a company established in the PRC with limited liability on 17 June 2015 and is principally engaged in, among other things, the provision of enterprise management services and elderly and disabled care services. Merchants – Colisée Senior Care is an indirect non-wholly owned subsidiary of CMSK, and is therefore a connected person of the Company under the Listing Rules.

LETTER FROM THE BOARD

Consideration

The consideration of RMB527,000,000 for the Properties is payable by the Purchaser in cash in the following manner:

- (a) RMB316,200,000, representing 60% of the consideration, shall be paid within 10 working days from the date of the Sale and Purchase Agreement; and
- (b) RMB210,800,000, representing 40% of the consideration, shall be paid within 30 working days after the Sale and Purchase Agreement takes effect.

The consideration was determined on the basis of normal commercial terms and after arm's length negotiations between the Vendor and the Purchaser with reference to the preliminary valuation of the Properties of RMB527,000,000 as at 31 August 2020 conducted by Cushman & Wakefield, an independent property valuer.

Conditions Precedent

The Sale and Purchase Agreement shall take effect upon the satisfaction of the following conditions precedent:

- (a) the publication of the Announcement by the Company and the passing of ordinary resolution(s) by the Shareholders at the EGM to be convened and held to approve the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (b) the expiration of the 30-day period after CBIRC receives the application documents relating to the Disposal, provided that during such period CBIRC does not have objection to the Disposal.

If any of the conditions precedent set out in the Sale and Purchase Agreement has not been fulfilled within 90 working days from the date of the Sale and Purchase Agreement, either party will be entitled to terminate the Sale and Purchase Agreement by written notice.

Completion

The Properties will be delivered to the Purchaser on an "as-is" basis upon completion of the Sale and Purchase Agreement, which will take place within 90 days after the Sale and Purchase Agreement takes effect and the consideration is fully settled by the Purchaser.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

The net book value of the Properties as at 6 September 2020 amounted to approximately RMB265,561,687, which is based on the original acquisition cost in 2003 of the land where the Properties is situated and other building costs of the Properties. Based on the consideration of RMB527,000,000 and the associated estimated direct cost and other relevant expenses and taxes of the Disposal of approximately RMB132,529,973, the Group is expected to record a gain on the Disposal of approximately RMB128,908,340. The net proceeds of approximately RMB394,470,027 are intended to be deployed on other property investments and 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 2020 is subject to audit. It will be calculated based on the net book value of the Properties 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.

INFORMATION ON PARTIES

The Group is engaged in, among others, (i) development, sale, lease, investment and management of properties; and (ii) asset management business.

The Vendor, a company established in the PRC with limited liability, is principally engaged in property development and sales of property in the PRC.

The Purchaser, a company established in the PRC with limited liability, is principally engaged in health management consultation and training services. The Purchaser is an indirect non-wholly owned subsidiary of CMG, which is a state-owned conglomerate regulated by the national State-Owned Assets Supervision and Administration Commission of the State Council.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the development, sale, lease, investment and management of properties and assets management. Except for Block 12, the rest of the Properties has yet to release its full potential for rental income to the Group. Since the value of the Properties has appreciated, the Board considers that the Disposal will unlock the underlying value of the Properties to realise a capital gain from the Disposal. It allows the Group to deploy the cashflow for other property investments and enhances the working capital of the Group.

Further, the Company entered into the Re-Amended and Restated Non-Competition Deed (the “**Non-Competition Deed**”) with CMSK on 21 October 2019. Pursuant to the Non-Competition Deed, CMSK, any of its subsidiaries (excluding the Group) and/or any of its associates may have interests in properties acquired and held for their own use provided that such activities do not involve any property development. Given that the Properties are acquired by the Purchaser for its own use (e.g. training and internal use) only as stated in the Sale and Purchase Agreement, the Directors are of the view that the Non-Competition Deed will be complied with after the completion of the Disposal.

LETTER FROM THE BOARD

The Directors (excluding all the independent non-executive Directors, who will give their opinion based on the recommendations from the Independent Financial Adviser) are of the view that the terms of the Sale and Purchase Agreement, 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.

CMG, the controlling shareholder of the Company, is a connected person of the Company. The Purchaser is a wholly-owned subsidiary of RenHe Life Insurance, which in turn is held as to 33.33% by CMG. Accordingly, the Purchaser is an associate of CMG and hence a connected person of the Company at issuer level pursuant to Rule 14A.13(3) of the Listing Rules. Therefore, the Disposal also constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An independent board committee of the Company comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

Altus has been appointed as the independent financial adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this respect.

GENERAL

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

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder where Success Well and its associates shall abstain from voting on the resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, based on the knowledge and information of the Directors having made all reasonable enquiries, Success Well and its associates together hold approximately 74.35% of the total issued share capital of the Company.

LETTER FROM THE BOARD

EGM

The voting at the EGM will be taken by a poll. The Company will make an announcement of the poll results in accordance with the relevant requirements under the Listing Rules as soon as possible.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his Shares to a third party, either generally or on a case-by-case basis.

A notice for convening the EGM to be held at CM+ Hotels and Serviced Apartments, 3/F, South Tower, 16 Connaught Road West, Hong Kong on Thursday, 26 November 2020 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for the EGM is also enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the branch share registrar of the Company, Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM. The completion of a form of proxy will not preclude you from attending and voting at the EGM in person.

RECOMMENDATION

The Board (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the Independent Financial Adviser) considers that the terms of the Sale and Purchase Agreement are fair and reasonable; and the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolution for approving the Sale and Purchase Agreement and the transactions contemplated thereunder to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the additional information as set out in the appendices to this circular and the notice of the EGM.

Yours faithfully,
On behalf of the Board
China Merchants Land Limited
XU Yongjun
Chairman



CHINA MERCHANTS LAND LIMITED

招商局置地有限公司

(Incorporated with limited liability in the Cayman Islands)

(Stock Code: 978)

6 November 2020

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION:
DISPOSAL OF PROPERTIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular dated 6 November 2020 (the “**Circular**”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the Sale and Purchase Agreement and the transactions contemplated thereunder as set out in the Circular. Altus has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out on pages 13 to 22 of the Circular.

We wish to draw your attention to the Letter from the Board and the Letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder. Your attention is also drawn to the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, the advice of the Independent Financial Adviser and the relevant information contained in the Letter from the Board, we consider that (i) the entering into of the Sale and Purchase Agreement is in the ordinary and usual course of business of the Company, on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Sale and Purchase Agreement are also fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution for approving the Sale and Purchase Agreement and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,
The Independent Board Committee of
China Merchants Land Limited

Dr. WONG Wing Kuen, Albert
Independent non-executive Director

Ms. CHEN Yanping
Independent non-executive Director

Dr. SHI Xinping
Independent non-executive Director

Mr. HE Qi
Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated therein, which has been prepared for the purpose of incorporation in this circular.

ALTUS

Altus Capital Limited

21 Wing Wo Street

Central

Hong Kong

6 November 2020

*To the Independent Board Committee and
the Independent Shareholders*

China Merchants Land Limited

Room 2603-2606

26th Floor

China Merchants Tower

Shun Tak Centre

Nos. 168-200 Connaught Road Central

Hong Kong

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF PROPERTIES

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated therein. Details of the Sale and Purchase Agreement and the transactions contemplated therein are set out in the "Letter from the Board" contained in the circular of the Company dated 6 November 2020 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 13 September 2020, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire the Properties at a consideration of RMB527,000,000.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES IMPLICATION

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 for the Company.

CMG, the controlling shareholder of the Company, is a connected person to the Company. The Purchaser is a wholly-owned subsidiary of RenHe Life Insurance, which in turn is held as to 33.33% by CMG. Accordingly, the Purchaser is an associate of CMG and hence a connected person of the Company at issuer level pursuant to Rule 14A.13(3) of the Listing Rules. The entering into of the Sale and Purchase Agreement between the Vendor and the Purchaser constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Dr. Wong Wing Kuen, Albert, Ms. Chen Yanping, Dr. Shi Xinping and Mr. He Qi, has been established to consider and advise the Independent Shareholders as to (i) whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable; (ii) whether the entering into the Sale and Purchase Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, and are in the interests of the Company and its Shareholders as a whole, and (iii) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the EGM, taking into account the recommendation of the Independent Financial Adviser.

INDEPENDENT FINANCIAL ADVISER

As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable; (ii) whether the entering into the Sale and Purchase Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, and are in the interests of the Company and its Shareholders as a whole, and (iii) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have previously acted as the independent financial adviser to the Company with regards to (i) a connected transaction in relation to the amended and restated non-competition deed; (ii) a discloseable and connected transaction in relation to the acquisition of limited partnership interest in a fund; (iii) a connected transaction in relation to the re-amended and restated non-competition deed; (iv) a continuing connected transaction with a term exceeding three years; and (v) a discloseable and connected transaction in relation to the acquisition of a property company. Detail of the aforesaid matters of the Company are set out in (i) the circular dated 10 January 2019; (ii) the circular dated 17 May 2019; (iii) the circular dated 21 October 2019; (iv) the announcement dated 28 November 2019; and (v) the circular dated 11 June 2020, respectively. Save for the aforesaid transactions, we have not acted as an independent financial adviser or financial adviser for other transactions of the Group in the last two years from the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Disposal and the transactions contemplated thereunder are at market level and not conditional upon successful passing of the resolution to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the Company's annual report for the year ended 31 December 2019 (the "**2019 Annual Report**"); (ii) the Company's interim report for the six months ended 30 June 2020 (the "**2020 Interim Report**"); (iii) the property valuation report on the properties held by the Vendor (the "**Properties**") as at 31 August 2020 (the "**Valuation Date**") prepared by an independent valuer (the "**Valuation Report**"); (iv) the Sale and Purchase Agreement; and (v) other information as set out in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular are accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Management have been reasonably made after due and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Background of the Group and the Properties

1.1. Background of the Group

The principal activities of the Group are (i) development, sale, lease, investment and management of properties; and (ii) asset management for office premises and shopping malls. The Group recorded revenue of approximately RMB19 billion for the year ended 31 December 2019, representing an increase of approximately 63% comparing to the previous year. For the first half of 2020, the Group achieved revenue of approximately RMB3 billion, representing an increase of approximately 3% comparing to the corresponding period in 2019 in spite of the outbreak of COVID-19. The increasing revenue of the Group was primarily due to the increase in the total gross floor area completed and delivered. Bank balances and cash of the Group decreased from approximately RMB9 billion to approximately RMB8.5 billion from 31 December 2019 to 30 June 2020.

According to the 2020 Interim Report, the Group expects that the real estate market will continue to rebound in the short to medium term, but it is unlikely to make a significant turnaround under the current policy of “housing and not speculation”. As a result of the concessionary marketing strategy adopted by property enterprises, there is no basis for a sustained overall increase in property price, and there may be a possibility of slight fluctuations.

1.2. *Background of the Properties*

As described in the “Letter from the Board” in the Circular, the Properties are located in Panyu District of Guangzhou, which comprise of six blocks (namely Block 7, Block 8, Block 9, Block 10, Block 11 and Block 12) with a total gross floor area of 30,836.87 square metres and the basements of the six blocks with a total gross floor area of 3,469.24 square metres are for car parks. Block 7 to Block 11 are for office use and Block 12 is currently leased to senior care institution under a tenancy agreement for an aggregate term of ten years. For details relating to the lease for Block 12, please refer to the announcement of the Company dated 7 April 2017. Except for Block 12, the rest of the Properties are vacant and has yet to release its full potential for rental income to the Group.

2. *Background of the Purchaser*

The Purchaser (China Merchants RenHe Elderly Care Investment Limited) is principally engaged in health management consultation and training services. The Purchaser is a wholly-owned subsidiary of RenHe Life Insurance, which in turn is held as to 33.33% by CMG. Considering the aging population and growing demand for relevant insurance in the PRC, the Purchaser has been looking for appropriate properties to establish a training centre for talent cultivation and to cope with the nation-wide expansion plan of the Purchaser.

3. *Background and principal terms of the Sale and Purchase Agreement*

3.1. *Property valuation*

When assessing the fairness of the consideration, we have in particular considered the Valuation Report. In this respect, we noted that an independent professional valuer, being Cushman & Wakefield Limited (the “**Valuer**”), has been appointed to conduct a valuation on the Properties. According to the Valuation Report, details of which are set out in Appendix I to the Circular, the market value of the Properties amounted to approximately RMB527 million as at the Valuation Date.

When assessing the fairness and reasonableness of the valuation, we have reviewed the Valuation Report and discussed with the Valuer in relation to (i) the methodology and assumptions used in performing the valuation on the Properties as well as whether such methodology and assumptions are appropriate and acceptable; (ii) their scope of work for conducting the valuation on the Properties; and (iii) their relevant professional qualifications as a property valuer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.1.1. Valuation methodology

As stated in the Valuation Report, the Valuer adopted the direct comparison approach assuming sale with the benefit of vacant possession and by making reference to comparable sales evidence as available on the market. We noted that the direct comparison approach adopted by the Valuer was making reference to comparable sales transactions available in the relevant market, subject to appropriate adjustments including but not limited to time, location, physical characteristics and other factors. According to the Valuer, the direct comparison approach is the most appropriate valuation approach for assessing the market value of the office buildings. We have conducted independent research on 13 notifiable transactions involving acquisition or disposal of (i) property assets held for sale or (ii) those companies available for sale with property assets (irrespective of the size of the transaction) published by companies listed on the Main Board of the Stock Exchange (irrespective of the market capitalisation and scale of operation of the listed companies) over a period of three months ended 13 September 2020, being the date of the Announcement. Considering that (i) recent transactions are more relevant to support the latest market practice of valuation; (ii) the selected samples represent an exhaustive list of properties held for sale or those companies available for sale with property assets transacted by companies on the Main Board of the Stock Exchange during the three months review period; and (iii) all the selected samples used similar valuation methodology for their respective properties, we are of the view that the three months review period is reasonable to assess whether direct comparison approach is an appropriate valuation approach and that the number of selected samples is exhaustive and representative for our assessment.

We have obtained from the Valuer the information of the comparable properties and discussed with the Valuer. We noted that the comparable properties are located within the surrounding area of the Properties and with similar usage. According to the Valuer, it has carried out thorough market research of available comparables and selected three comparables transacted in August 2020, which is close to the Valuation Date. We understood from the Valuer that such selection criteria were commonly used in valuation practice and were considered as fair and reasonable, as they were the most relevant comparables for the purpose of the valuation. We noted that the three comparable properties, all (i) are located within 15 kilometres to the Properties; (ii) are designated for office use; (iii) were constructed between 2019 to 2020; and (iv) were sold at a price ranging from approximately RMB18,148 to RMB19,319 per square metre (representing a mean price of approximately RMB18,661 per square metre and a median price of approximately RMB18,516 per square metre). The Valuer also identified 3 comparable basement car parks, all (i) located within 15 kilometres to the Properties; (ii) transacted in August 2020; and (iii) sold at a price ranging from approximately RMB161,700 to RMB175,400 per car park. We noted that the average price per square metre of the comparable properties identified by the Valuer is higher than that of the Properties, because the valuation of the Properties reflected adjustments on gross floor area and building age comparing to the comparable properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have conducted independent research to verify the information adopted by the Valuer by identifying comparable properties in the adjacent area of similar scale and condition (i.e. there are three comparable properties, all (i) located within 10 kilometres to the Properties; (ii) are designated for office use; and (iii) currently asking for a price ranging from approximately RMB14,659 to RMB16,400 per square metre (representing a mean price of approximately RMB15,353 per square metre and a median price of approximately RMB15,000 per square metre)) and noted the asking price per square metre of these comparable properties are similar to that of the Properties. We are of the view that the number of comparable properties is exhaustive and representative for our assessment.

In light of the above, we are of the view that the comparable properties chosen by the Valuer are appropriate for the valuation and we concur with the Valuer that the direct comparison approach is appropriate and common approach to determine the market value of the Properties.

3.1.2. Valuation basis and assumptions

We noted that the valuation of the Properties represents its market value, which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion” in accordance with the HKIS Valuation Standards 2017 published by the Hong Kong Institute of Surveyors.

We also noted that the Valuer relied on the information given by Group and the opinion of the PRC legal adviser as to PRC laws and made key assumptions in regards to the Properties such as: (i) an estimated price inflated or deflated by special terms or circumstances (including but not limited to atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser) was excluded; (ii) the transferable land use rights in respect of the Properties have been granted and that any premium has already been fully paid; (iii) the owners have enforceable title to the Properties and the free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired terms as granted and (iv) the Properties is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value. Based on our independent research, we noted that the above basis and assumptions are commonly adopted in the property valuation performed for similar properties of other listed companies on the Stock Exchange. As such, we are of the view that the basis and assumptions adopted for the valuation of the Properties are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.1.3. Valuer's scope of work and competence

Having reviewed the scope of work of the Valuer detailed in its engagement letter, we are of the view that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might adversely impact on the degree of assurance given by the Valuation Report.

We have reviewed the Valuer's qualification and experience in relation to the preparation of the Valuation Report and noted that the Valuer is a leading professional services firm that specialises in real estate with extensive experience in property valuation. In particular, the principal signing off the Valuation Report is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, a Registered Professional Surveyor (General Practice) and a Registered China Real Estate Appraiser, who has over 27 years of experience in the valuation of properties in the PRC. The valuer who performed the site inspection of the Properties is also a Registered China Real Estate Appraiser with six years' experience in property valuation. Based on our discussion with the Valuer, we noted that the Valuer has previously acted as the independent valuer to the Company with regards to (i) a major transaction in relation to investment in Nanjing Dingjiazhuang Trading Co., Ltd.; (ii) a discloseable and connected transaction in relation to acquisition of equity interest in Nanjing Xinsheng; and (iii) a discloseable and connected transaction in relation to acquisition of limited partnership interest in a fund. The Valuer is also currently acting as the independent valuer to the Company with regards to a major transaction in relation to a joint venture arrangement in respect of development of Qinhuai Land. Save for the aforesaid transactions, the Valuer confirmed that it has no current or other prior relationships with the Company, other parties to the Disposal, and core connected persons of either the Company or another party to the Disposal.

3.1.4. Summary of the property valuation

In consideration of the above, we are of the view that (i) the valuation methodology adopted by the Valuer is a common approach for valuation of the Properties; (ii) the valuation basis and assumptions adopted by the Valuer are fair and reasonable; (iii) the scope of work of the Valuer is sufficient and appropriate for performing the valuation on the Properties; and (iv) the Valuer has sufficient experience and competency to perform the valuation of the Properties. As such, we are of the view that the valuation of the Properties by the Valuer is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.2. *Consideration*

The consideration of the Properties is RMB527 million, which was determined on the basis of normal commercial terms and after arm's length negotiations between the Vendor and the Purchaser with reference to the preliminary valuation of the Properties of RMB527 million as at 31 August 2020 conducted by an independent property valuer.

Having considered that (i) the consideration of the Properties is the same as the market value of the Properties; and (ii) the valuation of the Properties conducted by the Valuer is fair and reasonable as discussed under the section headed "3.1 Properties valuation" above, we are of the view that the basis of determining the consideration and the consideration are fair and reasonable.

4. **Reasons for and benefits of entering into the Sale and Purchase Agreement**

Pursuant to the Re-amended and restated non-competition deed (the "**Deed**") entered into by the Group and CMSK dated 21 October 2019, CMSK and its subsidiaries (excluding the Group) ("**CMSK Group**") will not compete with the Group in Guangzhou. We noted from the Sale and Purchase Agreement that the Properties are acquired for training and internal use only. Since it is also included in the Sale and Purchase Agreement that the Deed will be followed and certain actions will be taken to comply with the Deed when necessary, we concur with the Management's view that the Disposal will not violate the Deed.

Considering the expiry of land use right of the Properties in 26 years and the market rent for nearby commercial properties, the aggregate rental income to be generated from the Properties before the expiry is unlikely to exceed the Consideration even with an occupancy rate of 100%, not to mention that most of the Properties have not released full potential for rental income to the Group. As such, the Management is of the view, and we concur, that the economic benefit from the Disposal is more favourable to the Group than holding the Properties until expiry of land use right if the property market remains relatively stable.

Further, since the value of the Properties has appreciated by approximately 98.4% from approximately RMB266 million, which is based on the original land acquisition cost on 23 December 2003 of approximately RMB28 million, construction costs of the Properties of approximately RMB205 million and other administrative and finance costs of approximately RMB33 million, we concur with the Management that the Disposal will unlock the underlying value of the Properties to realise a capital gain from the Disposal and enable the Group to avoid long term risks associated with the Properties in view of the uncertain market condition as mentioned in the section headed "1.1. Background of the Group" of this letter. The net proceeds from the Disposal will also allow the Group to deploy the cash flow for other property investment opportunities and enhance the working capital of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Therefore, we concur with the Management's view that entering into the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

5. Financial effects of the Disposal

The net book value of the Properties as at 6 September 2020 amounted to approximately RMB266 million, which is based on the original acquisition cost in 2003 of the land where the Properties is situated at and other building costs of the Properties. Based on the consideration of RMB527 million and the associated estimated direct cost and other relevant expenses and taxes of the Disposal of approximately RMB133 million, the Group is expected to record a gain on the Disposal of approximately RMB129 million. The net proceeds of approximately RMB394 million are intended to be deployed on other property investments and 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 2020 is subject to audit. It will be calculated based on the net book value of the Properties 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.

RECOMMENDATION

In view of the above principal factors and reasons, we are of the view that (i) the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable; and (ii) the entering into the Sale and Purchase Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, and are in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM for the approval of the Disposal.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Jeanny Leung
Executive Director

Ms. Jeanny Leung ("Ms. Leung") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market value in existing state of the Properties held by Merchants Property Development (Guangzhou) Limited (廣州招商房地產有限公司) in the PRC as at 31 August 2020.*



16/F, Jardine House
1 Connaught Place
Central
Hong Kong

6 November 2020

The Board of Directors
China Merchants Land Limited
Room 2603 to 2606, 26/F
China Merchants Tower
Shun Tak Centre
Nos. 168-200 Connaught Road Central
Hong Kong

Dear Sirs,

Re: The six properties located at Blocks 7, 8, 9, 10, 11 and 12, No. 139, Dongyi Road, Donghuan Street, Panyu District, Guangzhou City, Guangdong Province, the People's Republic of China 中國廣東省廣州市番禺區東環街東藝路139號7、8、9、10、11及12棟的六項物業 (the "Properties")

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with the instructions from China Merchants Land Limited (the "**Company**") for us to carry out the valuation of the market value of the Properties held by Merchants Property Development (Guangzhou) Limited* (廣州招商房地產有限公司) (the "**Vendor**") (an indirect wholly-owned subsidiary of the Company) in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market value of the Properties in existing state as at 31 August 2020 (the "**Valuation Date**").

* For identification only

DEFINITION OF MARKET VALUE

Our valuation of the Properties represents its Market Value which in accordance with the HKIS Valuation Standards 2017 published by the Hong Kong Institute of Surveyors (“HKIS”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION BASIS & ASSUMPTIONS

Our valuation of the Properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation of the Properties held by the Vendor in the PRC, with reference to the PRC legal opinion of the Company’s legal adviser, JunHe LLP (北京市君合律師事務所), we have prepared our valuation on the basis that transferable land use rights in respect of the Properties for its specific term at nominal annual land use fee has been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Vendor and the PRC legal opinion, dated 6 November 2020, regarding the title to the Properties and the interests in the Properties. In valuing the Properties, we have prepared our valuation on the basis that the owners have enforceable title to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired terms as granted.

No allowance has been made in our valuation for any charges, pledges or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the Properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

METHOD OF VALUATION

In valuing the Properties, which are held by the Vendor for sale in the PRC, we have adopted Direct Comparison Approach assuming sale with the benefit of vacant possession and by making reference to comparable sales evidence as available on the market.

Direct Comparison Approach is a commonly used method for properties held for sale, there are relevant comparable sales evidence for reference to arrive at the market value. This Approach rests on the wide acceptance of the market evidence as the best indicator that can be extrapolated to similar properties, subject to allowances for variable factors.

In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2017.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Vendor and the opinion of the PRC legal adviser as to PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of Properties, particulars of occupancy, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximation. We have no reason to doubt the truth and accuracy of the information provided to us by the Vendor which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided by the Vendor with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

SITE INSPECTION

Our valuer of Guangzhou office, Aileen Zhang 張枝玲 (a China Real Estate Appraiser with 6 years' of Properties valuation), has inspected the exterior of the Properties in September 2020. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor area of the Properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

CURRENCY

Unless otherwise stated, all sums stated in our valuation is in Renminbi, the official currency of the PRC.

MARKET UNCERTAINTY ALERT

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuation of the Properties is valid only at the Valuation Date and any subsequent changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

We attach herewith a valuation report.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director

Note: Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 27 years' experience in the valuation of properties in the PRC.

VALUATION REPORT

Properties held by the Vendor for sale in the PRC

Properties	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2020																														
The six properties located at Blocks 7, 8, 9, 10, 11 and 12, No. 139, Dongyi Road, Donghuan Street, Panyu District, Guangzhou City, Guangdong Province, the PRC	The Properties are located at No. 139 Dongyi Road, Donghuan Street, Panyu District, Guangzhou City which comprise of six blocks, namely Block 7, Block 8, Block 9, Block 10, Block 11 and Block 12 and the respective basements of the six blocks. The Properties were completed in 2016 with details as below:	Please see Note 7 (iv) below.	RMB527,000,000 (RENMINBI FIVE HUNDRED TWENTY SEVEN MILLION) (Inclusive of Value Added Tax basis.)																														
	<table border="1"> <thead> <tr> <th>Block</th> <th>Use/ No of Storey</th> <th>Gross Floor area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Block 7</td> <td>Office/7</td> <td>5,264.10</td> </tr> <tr> <td>Block 8</td> <td>Office/7</td> <td>4,249.63</td> </tr> <tr> <td>Block 9</td> <td>Office/7</td> <td>4,117.00</td> </tr> <tr> <td>Block 10</td> <td>Office/7</td> <td>4,106.96</td> </tr> <tr> <td>Block 11</td> <td>Office/7</td> <td>4,252.50</td> </tr> <tr> <td>Block 12</td> <td>Hotel/4</td> <td>8,846.68</td> </tr> <tr> <td colspan="2">Sub-total:</td> <td>30,836.87</td> </tr> <tr> <td colspan="2">268 basement car parks</td> <td>3,469.24</td> </tr> <tr> <td colspan="2">Grand Total:</td> <td>34,306.11</td> </tr> </tbody> </table>	Block	Use/ No of Storey	Gross Floor area (sq m)	Block 7	Office/7	5,264.10	Block 8	Office/7	4,249.63	Block 9	Office/7	4,117.00	Block 10	Office/7	4,106.96	Block 11	Office/7	4,252.50	Block 12	Hotel/4	8,846.68	Sub-total:		30,836.87	268 basement car parks		3,469.24	Grand Total:		34,306.11		
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Grand Total:		34,306.11																															

The Properties is located at Dongyi Road, Panyu District, Guangzhou, Guangdong Province. Nearby are mainly commercial and residential development. According to the Vendor, the Properties are for commercial and car parks uses; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Properties.

The land use rights of the Properties have been granted for a term of 40 years from on 2 November 2005 for commercial and financial use.

Notes:

- (1) According to Certificate for the Use of State-owned Land No. G34-000695 dated 30 September 2013, the land use rights of the land, comprising a total site area of 299,991.80 sq m, has been vested in the Vendor for a term of 40 years from 2 November 2005 for commercial and financial use.

As advised, the Properties were erected on part of the above-said site.

- (2) According to Grant Contract for State-owned Land Use Rights No. G32-000251 dated 23 December 2003 and its Supplementary Contract dated 5 August 2013:

(i)	Grantee	:	The Vendor
(ii)	Location	:	Feieling, Zhongcun Town, Shatou Street
(iii)	Site Area	:	276,036 sq m
(iv)	Land Use	:	Commercial
(v)	Plot Ratio	:	N/A
(vi)	Land Premium	:	RMB248,291,293
(vii)	Land Use Term	:	40 years

- (3) According to 7 Real Estate Initial Registration Notifications, the details are listed below:

Notification No.	Address		Gross Floor Area (sq m)	Building Use
	No. 139 Dongyi Road, Donghuan Street, Panyu District			
17DJ02666221	Block 7		5,264.10	Office
17DJ02586281	Block 8		4,249.63	Office
17DJ02586332	Block 9		4,117.00	Office
17DJ02586389	Block 10		4,106.96	Office
17DJ02666301	Block 11		4,252.50	Office
17DJ02586383	Block 12		8,846.68	Hotel
17DJ02664028	Basement of block 7-12		3,469.24	Carpark
		Total:	34,306.11	

- (4) According to Business Licence No. 914401137640486452, the Vendor was established as a limited liability company with a registered capital of RMB200,000,000 for a valid operation period from 10 August 2004 to 10 August 2024.

- (5) According to the PRC legal opinion:

- (i) The Vendor has obtained Certificate for the Use of State-owned Land;
- (ii) The Vendor has the right to possess, use, transfer, lease, mortgage or otherwise legally dispose of the land use rights it owns in accordance with the legal provisions; and
- (iii) The Vendor has obtained project registration documents, environmental assessment approval and environmental protection completion acceptance documents, fire protection design filing and completion acceptance documents for the Properties; and
- (iv) The Properties are all in the status of confirmed title and available for sale.

- (6) The status of the title and grant of major approvals and licence in accordance with the information provided by the Vendor and the opinion of the PRC legal adviser:

Certificate for the Use of State-owned Land	Yes
Grant Contract for State-owned Land Use Rights and its Supplementary Contract	Yes
Certificate of Real Estate Ownership	No*
Real Estate Initial Registration Notification	Yes
Business Licence	Yes

- * As the PRC legal opinion states that the Properties are all in the status of confirmed title and available for sale, we consider this will not affect the legal title to the Properties of the Vendor, and thus we have prepared the valuation on good title basis.

(7) We have prepared our valuation on the following basis and analysis:

Portion	Gross Floor area (sq m)	Market value in existing state as at 31 August 2020 RMB	Market value in existing state as at 31 August 2020 RMB/sq m/ car park	Remarks
Block 7 to 12	30,836.87	484,120,000	15,700	Direct Comparison Approach
268 basement car parks	3,469.24	42,880,000	160,000	Direct Comparison Approach
Grand Total:	34,306.11	527,000,000		

In our direct comparison approach of valuation, we have made reference to some sales comparable in nearby development. The unit price of these comparable properties ranges from about RMB11,200 to RMB18,300 per sq m for the Blocks and RMB157,000 to RMB167,000 per car parking space in the basement. The unit values of our valuation are consistent with the said sales comparable.

In arriving at the key assumptions, appropriate adjustments and analysis are considered to the differences in several aspects including but not limited to time, location and physical characteristics between the Properties and the comparable properties. The general basis of adjustment is if the Properties are better than the comparable Properties, an upward adjustment is made. Alternatively, if the Properties are inferior or less desirable than the comparable properties, a downward adjustment is made.

Details of the Properties:

- | | | |
|-------|--|--|
| (i) | General description of location of the Properties: | The Properties are located at No. 139 Dongyi Road, Donghuan Street, Panyu District, Guangzhou City, Guangdong Province. Developments nearby are mainly commercial, office and residential development. According to the Vendor, the Properties are for commercial, office and car parking spaces uses; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Properties. |
| (ii) | Terms of the tenure: | The land use rights of the Properties have been granted for a term of 40 years from on 2 November 2005 for commercial and financial use. |
| (iii) | Terms of any intra-group lease: | Nil |

- | | | |
|--------|---|---|
| (iv) | Details of rental: | <p>As at the Valuation Date, Blocks 7 to 11 and 268 car parking spaces were vacant.</p> <p>Block 12 was leased to a connected party for the first term of three years from 1 March 2018 and is automatically renewed for another three terms. Each of the first three terms will last for three years and the fourth term will last for one year, the aggregate of which will be ten years. The rent is RMB5,856,000 for the first year, subject to 5% growth rate per annum. We have disregarded the Tenancy Agreement and valued Block 12 on vacant possession basis.</p> |
| | | (v) to (viii) According to the Vendor: |
| (v) | Details of encumbrances, liens, pledges, mortgages against the Properties: | Nil |
| (vi) | Environmental issue: | Nil |
| (vii) | Details of notices, pending litigation, breaches of law or title defects: | Nil |
| (viii) | Future plans for construction, renovation, improvement, or development of the Properties: | Nil |

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests and Short Positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares or underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage (%) in the issued share capital of the Company
So Shu Fai	Interest of controlled corporations (<i>Note</i>)	32,054,066 (L)	0.65%

Note: These shares are directly held by Skill China Limited (“Skill China”) which is controlled by Dr. SO Shu Fai, an executive Director of the Company. Hence, by virtue of Part XV of the SFO, Dr. SO Shu Fai is deemed to be interested in the shares directly held by Skill China. Skill China is a company incorporated in the British Virgin Islands with limited liability.

Long positions in underlying Shares of associated corporation

Name of Director	Nature of interest	Number of underlying Shares involved (Note)	Approximately percentage (%) in the associated corporation
XU Yongjun	Beneficial owner	359,466 ²	0.00%
HUANG Junlong	Beneficial owner	124,000 ²	0.00%
LIU Ning	Beneficial owner	148,601 ²	0.00%
YU Zhiliang	Beneficial owner	133,334 ¹ 23,305 ²	0.00%

Notes:

1. These are the underlying Shares involved in the share options granted by CMSK (an intermediate controlling shareholder of the Company indirectly holding 3,646,889,329 Shares, representing approximately 74.35% of the issued share capital of the Company) to Mr. YU Zhiliang.
2. These are the shares of CMSK, an intermediate controlling shareholder.

Save as disclosed above, none of the Directors or chief executive of the Company had any interest or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, each of the following Directors is a director or employee in the following companies, each of which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- a. Mr. XU Yongjun, a non-executive Director, is a director and Chairman of CMSK;
- b. Mr. HUANG Junlong, a non-executive Director, is the chief financial officer of CMSK;
- c. Ms. LIU Ning, a non-executive Director, is the board secretary of CMSK; and
- d. Mr. WONG King Yuen, an executive Director, is the director and general manager of China Merchants Properties Development Limited and China Merchants Property Agency Limited, wholly-owned subsidiaries of CMSK.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there is no contract or arrangement entered into by a related party subsisting in which a Director is materially interested and significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has, directly or indirectly, any interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019 (being the date to which the latest published audited accounts of the Company were made up).

5. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or controlling shareholders (as defined in the Listing Rules) and their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

6. SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

7. EXPERTS AND CONSENTS

The following sets out the qualifications of the experts who have been named in this circular:

Name	Qualifications
Altus	a corporation licensed by the Securities and Futures Commission of Hong Kong to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Cushman & Wakefield	a registered professional surveyor and an independent property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or report (as the case may be) and references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts:

- (a) did not have any shareholding, either directly or indirectly, in any member of the Group;
- (b) did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any interest, either directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019 (the date to which the latest published audited accounts of the Company were made up).

The letter from Altus dated 6 November 2020 set out on pages 13 to 22 in this circular and the valuation report from Cushman & Wakefield dated 6 November 2020 set out in Appendix I to this circular, were given for incorporation in this circular.

8. NO MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Group were made up.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. at the head office and principal place of business of the Company at Room 2603, 26/F, China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Road Central, Hong Kong, for a period of 14 days from the date of this circular:

- (a) the Sale and Purchase Agreement;
- (b) the letter from the Board dated 6 November 2020, the text of which is set out on pages 5 to 10 of this circular;
- (c) the letter from the Independent Board Committee dated 6 November 2020, the text of which is set out on pages 11 to 12 of this circular;
- (d) the letter from the Independent Financial Adviser dated 6 November 2020, the text of which is set out on pages 13 to 22 of this circular;
- (e) the valuation report of Cushman & Wakefield dated 6 November 2020, the text of which is set out in Appendix I to this circular;
- (f) the letter of consent from the Independent Financial Adviser dated 6 November 2020 referred to in the above paragraph headed “7. Experts and Consents” in this appendix;
- (g) the letter of consent from Cushman & Wakefield dated 6 November 2020 referred to in the above paragraph headed “7. Experts and Consents” in this appendix; and
- (h) a copy of this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“EGM”) of China Merchants Land Limited (the “Company”) will be held at CM+ Hotels and Serviced Apartments, 3/F, South Tower, 16 Connaught Road West, Hong Kong on Thursday, 26 November 2020 at 11:00 a.m. for the purposes of considering and, if thought fit, passing with or without amendment, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “THAT:
 - (a) the sale and purchase agreement entered into between Merchants Property Development (Guangzhou) Limited* and China Merchants RenHe Elderly Care Investment Limited* (the “Sale and Purchase Agreement”), and the transactions contemplated thereunder be and is hereby approved, confirmed and ratified; and
 - (b) any director(s) of the Company be and is/are hereby authorised, for and on behalf of the Company, to enter into any agreement, deed or instrument and/or to execute and deliver all such documents and/or do all such acts on behalf of the Company as he/she may consider necessary, desirable or expedient for the purpose of, or in connection with (i) the implementations and completion of the Sale and Purchase Agreement and transactions contemplated thereunder; and/or (ii) any amendment, variation or modification of the Sale and Purchase Agreement and the transactions contemplated thereunder upon such terms and conditions as the board of directors of the Company may think fit.”

* Unofficial English translation denotes for identification purposes only

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

Hong Kong, 6 November 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal place of business:
Room 2603–2606, 26/F
China Merchants Tower
Shun Tak Centre
Nos. 168–200 Connaught Road Central
Hong Kong

Registered office:
P.O. Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

As at the date of this notice, 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.

Notes:

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
3. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any shares, any one of such joint holders may vote, either in person or by proxy in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.
5. In order to determine members who are entitled to attend the EGM to be held on Thursday, 26 November 2020, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 20 November 2020.
6. All the resolution at the meeting will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.