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DISCLOSEABLE TRANSACTION: DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

COOPERATION AGREEMENT

The Board is pleased to announce that on 25 March 2015, Merchants Nanjing, an indirect non wholly-owned subsidiary of the Company, entered into the Nanjing G74 Land Cooperation Agreement with Shanghai Jingshi pursuant to which, among other things, Merchants Nanjing and Shanghai Jingshi will subscribe for their respective portions of the capital increase in the registered capital of Nanjing Zhaosheng and Shanghai Jingshi will provide a shareholder's loan of RMB210.7 million to Nanjing Zhaosheng for the purpose of repaying part of the shareholder's loan previously made by Merchants Nanjing.

Nanjing Zhaosheng is wholly-owned by Merchants Nanjing as at the date of this announcement.

Upon completion of the capital increase, (i) the registered capital of Nanjing Zhaosheng will increase from RMB30 million to RMB200 million and the equity interest in Nanjing Zhaosheng will be held as to 51% by Merchants Nanjing and 49% by Shanghai Jingshi. As a result of the Deemed Disposal, there will be a net cash inflow amounted to approximately RMB308.7 million to the Group.

Upon the sold gross floor area of the properties for sale in the Nanjing G74 Land Project has in aggregate reached 95% of the total saleable gross floor area in the project, or upon the expiry of 36 months after the date of contribution to the registered capital made by Shanghai Jingshi (which may be extended to 48 months if further agreed by both parties), Merchants Nanjing shall, upon the written request of Shanghai Jingshi, acquire the equity interest of Nanjing Zhaosheng then held by Shanghai Jingshi at a consideration to be determined based on the then result of valuation of Nanjing Zhaosheng.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Nanjing Zhaosheng is wholly-owned by Merchants Nanjing. Upon completion of the Deemed Disposal, the equity interest of Merchants Nanjing in Nanjing Zhaosheng will be diluted to 51%. Therefore, the transactions contemplated under the Nanjing G74 Land Cooperation Agreement constitute a deemed disposal of the Group's equity interest in Nanjing Zhaosheng under Rule 14.29 of the Listing Rules.

Since the relevant applicable percentage ratios (as defined under the Listing Rules) exceed 5% but are less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Rule 14.34 of the Listing Rules.

Upon completion of the Deemed Disposal, Nanjing Zhaosheng will remain a subsidiary of the Company.

Based on the available information as at the date of this announcement, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules at the time of the Acquisition where appropriate.

INTRODUCTION

On 25 March 2015, Merchants Nanjing entered into the Nanjing G74 Land Cooperation Agreement with Shanghai Jingshi. The principal terms of the agreement are set out below.

NANJING G74 LAND COOPERATION AGREEMENT

Date:

25 March 2015

Parties:

- (a) Merchants Nanjing, an indirect non wholly-owned subsidiary of the Company; and
- (b) Shanghai Jingshi, a company established in the PRC with limited liability, the principal business of which is investment management. To the best of the Directors' knowledge after due enquiry, Shanghai Jingshi and its ultimate beneficial owners are all Independent Third Parties.

Basic information of Nanjing G74 Land Project and Nanjing Zhaosheng

Merchants Nanjing had successfully bidden the Nanjing G74 Land, i.e., a piece of land situated at east of Xing Huo Bei Lu and south of Yong Xin Lu, Puko Gaoxin Zone, Nanjing City, Jiangsu Province, the PRC* (中國江蘇省南京市浦口高新區星火北路以東，永新路以南) with a total site area of approximately 124,809.3 sq.m, for a total consideration of RMB860 million (“**G74 Land Consideration**”) on 17 December 2014.

The Nanjing G74 Land comprises two land parcels: (i) Land Parcel A, with a total site area of 87,309.6 sq.m. and a permitted plot ratio between 1.01 and 2.2, is designated for residential usage; and (ii) Land Parcel B, with a total site area of 37,499.7 sq.m. and a permitted plot ratio of not more than 2.0, is designated for residential community center usage. The Nanjing G74 Land has a term of usage for 70 years for residential land use, 40 years for commercial land use and 50 years for other usage.

As at 24 December 2014, 50% of the G74 Land Consideration, i.e., RMB430 million, had been paid to the relevant government department of Nanjing City which was funded by Merchants Nanjing in the form of a shareholder’s loan provided to Nanjing Zhaosheng. The remaining 50% of the G74 Land Consideration shall be paid before 24 June 2015.

Nanjing Zhaosheng is a project company specifically established in the PRC on 20 January 2015 for the construction and development of the real estate project on the Nanjing G74 Land. Nanjing Zhaosheng currently has a registered capital of RMB30 million and is wholly-owned by Merchants Nanjing.

Capital increase of Nanjing Zhaosheng

As at the date of this announcement, Nanjing Zhaosheng has not yet recorded any profit or loss since it was established in January 2015 and has not yet commenced business, and it has not yet recorded any asset since the Nanjing G74 Land has not yet been registered in the name of Nanjing Zhaosheng. The land use right of Nanjing G74 Land will be held by Nanjing Zhaosheng after the completion of the Deemed Disposal.

Pursuant to the terms of the Nanjing G74 Land Cooperation Agreement, the registered capital of Nanjing Zhaosheng will increase from RMB30 million to RMB200 million. Merchants Nanjing and Shanghai Jingshi will contribute RMB72 million and RMB98 million respectively in cash in the capital increase. The registered capital and percentage of equity interest in

Nanjing Zhaosheng before and after the capital increase are set out below:

	Capital contribution before capital increase <i>RMB</i> <i>(million)</i>	% of equity interest before completion of capital increase <i>%</i>	Contribution to the additional registered capital in cash <i>RMB</i> <i>(million)</i>	Total capital contribution after completion of capital increase <i>RMB</i> <i>(million)</i>	% of equity interest after completion of capital increase <i>%</i>
Merchants Nanjing	30	100	72	102	51
Shanghai Jingshi	–	–	98	98	49
Total	30	100	170	200	100

Upon completion of the above capital increase, the equity interest of Nanjing Zhaosheng will be held as to 51% and 49% by Merchants Nanjing and Shanghai Jingshi respectively.

Shareholders' loans to Nanjing Zhaosheng

Both parties had agreed that the G74 Land Consideration shall be contributed by both parties at the ratio based on their percentage of shareholding in Nanjing Zhaosheng by way of shareholders' loans. Merchants Nanjing and Shanghai Jingshi shall enter into a shareholder loan agreement with Nanjing Zhaosheng. Such shareholders' loans will each bear interest at PBOC Interest Rate times 110% and payable annually.

The contribution to be made by Shanghai Jingshi to the initial payment of the G74 Land Consideration is RMB210.7 million ("**Shanghai Jingshi Shareholder's Loan**"), which shall be contributed by Shanghai Jingshi in the form of shareholder's loan to Nanjing Zhaosheng within 15 working days upon the completion of the capital increase in Nanjing Zhaosheng. Upon receipt of the Shanghai Jingshi Shareholder's Loan by Nanjing Zhaosheng, the amount shall be applied to settle part of the shareholder's loan provided by Merchants Nanjing. As a result, the shareholder's loan provided by Merchants Nanjing to Nanjing Zhaosheng will be reduced from RMB430 million to RMB219.3 million.

Nanjing G74 Financing Cost Reimbursement

When Shanghai Jingshi pays the Shanghai Jingshi Shareholder's Loan, it shall also make a reimbursement of financing costs ("**Nanjing G74 Financing Reimbursement Cost**") to Merchants Nanjing which shall be calculated as follows:

"Nanjing G74 Financing Reimbursement Cost"

= Shanghai Jingshi Shareholder's Loan x (PBOC Interest Rate x 130%) x D/360

= RMB210.7 million x (PBOC Interest Rate x 130%) x D/360

“D”

= number of days commencing from and inclusive of the day of payment of the initial 50% of the G74 Land Consideration funded by Merchants Nanjing up to but exclusive of the day of repayment of the amount equivalent to Shanghai Jingshi Shareholder's Loan to Merchants Nanjing.

Conditions precedent to the Nanjing G74 Land Cooperation Agreement

Within 15 working days after the entering into of the Nanjing G74 Land Cooperation Agreement, Merchants Nanjing shall engage an independent professional valuer to carry out a valuation of the assets of Nanjing Zhaosheng. It shall be a condition precedent to the obligations of the parties under the Nanjing G74 Land Cooperation Agreement that all of them have agreed to accept the valuation results in writing. Upon the valuation results being agreed and confirmed by both parties, the capital increase of Nanjing Zhaosheng shall be completed within 15 working days thereafter.

Acquisition of equity interest held by Shanghai Jingshi in Nanjing Zhaosheng

Upon the sold gross floor area of the properties for sale in the Nanjing G74 Land Project has in aggregate reached 95% of the total saleable gross floor area in the project (based on the then aggregate contracted for sale gross floor area of the project as recorded on the 南京市網上房地產網 (Nanjing City Real Property Registration Website*)), or upon the expiry of 36 months after the date of contribution to the registered capital made by Shanghai Jingshi (which may be extended to 48 months if further agreed by both parties), Merchants Nanjing shall, upon receiving a written request from Shanghai Jingshi, acquire the equity interest of Nanjing Zhaosheng then held by Shanghai Jingshi (“**Acquisition**”). The acquisition consideration shall be determined based on the result of a valuation of the market value of Nanjing Zhaosheng which shall take into account the unsold properties, properties held for investment (if any), properties located at underground levels and other public facilities within the project, etc., to be conducted by an independent professional valuer jointly engaged by the parties.

REASONS FOR AND BENEFITS OF 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 total investment as a result of the Deemed Disposal and the cash inflow to be generated by the Nanjing G74 Land Project to the Group are expected to increase the financial flexibility of the Group, which would enhance the Group's capability in seizing future development and investment opportunities. In addition, the Board also considers that introducing Shanghai Jingshi as a co-investor would benefit the Company in establishing strategic cooperation with Shanghai Jingshi with the result that an additional channel of financing could be created to the Group and thereby strengthened the capital power of the Group and more financial coverage could be available to the Group for further development opportunities of the Group.

The terms of the Nanjing G74 Land Cooperation Agreement have been arrived at after arm's length negotiations between the parties. The Directors are of the view that the terms of the Nanjing G74 Land Cooperation Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

THE FINANCIAL IMPACT OF DEEMED DISPOSAL ON THE COMPANY

As at the date of this announcement, Nanjing Zhaosheng is wholly-owned by Merchants Nanjing. Upon completion of the Deemed Disposal, the equity interest of Merchants Nanjing in Nanjing Zhaosheng will decrease to 51% and Nanjing Zhaosheng will remain a subsidiary of the Company. Accordingly, no expected gain or loss will be accrued to the Company as a result of the Deemed Disposal.

Upon completion of this transaction, there will be a net cash inflow amounted to approximately RMB308.7 million to the Group. Besides, both parties shall provide further funding to Nanjing Zhaosheng by way of shareholders' loans in proportion to their respective shareholding in Nanjing Zhaosheng for the purpose of settling the remaining balance of the G74 Land Consideration and as working capital for the construction and development of the Nanjing G74 Land Project.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Nanjing Zhaosheng is wholly-owned by Merchants Nanjing. Upon completion of the Deemed Disposal, the equity interest of Merchants Nanjing in Nanjing Zhaosheng will be diluted to 51%. Therefore, the transactions contemplated under the Nanjing G74 Land Cooperation Agreement constitute a deemed disposal of the Group's equity interest in Nanjing Zhaosheng under Rule 14.29 of the Listing Rules.

Since the relevant applicable percentage ratios (as defined under the Listing Rules) exceed 5% but are less than 25%, the Deemed Disposal contemplated under the said agreement constitutes a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Rule 14.34 of the Listing Rules.

Based on the available information as at the date of this announcement, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules at the time of the Acquisition where appropriate.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	China Merchants Land Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 24 April 1997 and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 0978)
“Deemed Disposal”	the transactions contemplated under the Nanjing G74 Land Cooperation Agreement including the deemed disposal of 49% equity interest in Nanjing Zhaosheng to Shanghai Jingshi as a result of the capital increase, provision of the Shanghai Jingshi Shareholder’s Loan for repayment of part of the shareholder’s loan previously made by Merchants Nanjing and the payment of Nanjing G74 Financing Reimbursement Cost
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	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
“Land Parcel A”	a piece of land, being part of the Nanjing G74 Land, with a total site area of 87,309.6 sq.m.
“Land Parcel B”	a piece of land, being part of the Nanjing G74 Land, with a total site area of 37,499.7 sq.m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Merchants Nanjing”	招商局地產(南京)有限公司 (Merchants Nanjing Real Estate Co., Ltd.*), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“Nanjing G74 Land”	a piece of land situated at east of Xing Huo Bei Lu and south of Yong Xin Lu, Puko Gaoxin Zone, Nanjing City, Jiangsu Province, the PRC* (中國江蘇省南京市浦口高新區星火北路以東，永新路以南) with a total site area of approximately 124,809.3 sq.m

“Nanjing G74 Land Cooperation Agreement”	A cooperation agreement dated 25 March 2015 entered into between Nanjing Zhaosheng and Shanghai Jingshi in respect of the subscription of additional registered capital in and provision of shareholder’s loans to Nanjing Zhaosheng, as a result of which the equity interest of Nanjing Zhaosheng held by Merchants Nanjing will be reduced from 100% to 51%
“Nanjing G74 Land Project”	the real estate project to be developed on the Nanjing G74 Land by Nanjing Zhaosheng as the project company
“Nanjing Zhaosheng”	南京招商招盛房地產有限公司 (Nanjing Merchants Zhaosheng Property Development Limited*), a company established in the PRC for engaging in the construction and development of the real estate property project on the Nanjing G74 Land and wholly-owned by Merchants Nanjing as at the date of this announcement
“PBOC Interest Rate”	the benchmark bank lending interest rate quoted by the People’s Bank of China (for not less than one-year term)
“PRC”	the People’s Republic of China which, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Jingshi”	上海景時股權投資基金管理有限公司 (Shanghai Jingshi Equity Investment and Fund Management Company Limited*), a company established in the PRC and a party to the Nanjing G74 Land Cooperation Agreement
“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
“%”	per cent

By order of the Board of Directors of
China Merchants Land Limited
Mr. He Jianya
Chairman

Hong Kong, 25 March 2015

As at the date of this announcement, the Board comprises Dr. So Shu Fai, Mr. Xian Yaoqiang, Mr. Liu Zhuogen and Mr. Yu Zhiliang as Executive Directors; Mr. He Jianya, Ms. Wu Zhenqin and Ms. Liu Ning as Non-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