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**CHINA MERCHANTS LAND LIMITED**

**招商局置地有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 978)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
DISPOSAL OF PROPERTIES**

**SALE AND PURCHASE AGREEMENT**

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.

**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 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.

## **GENERAL**

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 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 Capital Limited has been appointed as the independent financial adviser to provide advice and recommendation to the independent board committee of the Company and the Independent Shareholders in this respect.

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(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, details of the Sale and Purchase Agreement and the transactions contemplated thereunder and other information as required under the Listing Rules together with the notice convening the EGM and the proxy form will be despatched to the Shareholders. As additional time is required for the Company to prepare certain information to be included in the circular, it is expected that the circular will be despatched to the Shareholders on or before 30 November 2020.

**Shareholders and potential investors of the Company should note that completion of the transaction contemplated under the Sale and Purchase Agreement is subject to the satisfaction of the conditions precedent therein. As the transaction may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

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.

## **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.

### **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.

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 will last for three years and the fourth term will last for one year, the aggregate of which will be ten years.

### **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 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 this 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.

### **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 at 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 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.

## **PARTICULARS OF THE PARTIES**

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.

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 Capital Limited has been appointed as the independent financial adviser to provide advice and recommendation to the independent board committee of the Company and the Independent Shareholders in this respect.

## **GENERAL**

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(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, details of the Sale and Purchase Agreement and the transactions contemplated thereunder and other information as required under the Listing Rules together with the notice convening the EGM and the proxy form will be despatched to the Shareholders. As additional time is required for the Company to prepare certain information to be included in the circular, it is expected that the circular will be despatched to the Shareholders on or before 30 November 2020.

**Shareholders and potential investors of the Company should note that completion of the transaction contemplated under the Sale and Purchase Agreement is subject to the satisfaction of the conditions precedent therein. As the transaction may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“associate(s)”	has the meaning ascribed hereto in the Listing Rules
“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 date of this announcement
“Company”	China Merchants Land Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 978)
“connected person”	has the meaning ascribed to it in the Listing Rules

“Directors”	the directors of the Company
“Disposal”	the disposal of the Properties by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“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
“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
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“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 (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region 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
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“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 issued share capital of the Company as at the date of this announcement

“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

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

Hong Kong, 13 September 2020

*As at the date of this announcement, the Board comprises Mr. XU Yongjun, Mr. HUANG Junlong and Ms. LIU Ning as non-executive Directors; Dr. SO Shu Fai, Mr. YU Zhiliang and Mr. WONG King Yuen as executive Directors and Dr. WONG Wing Kuen, Albert, Ms. CHEN Yanping, Dr. SHI Xinping and Mr. HE Qi as independent non-executive Directors.*

\* *Unofficial English translation denotes for identification purposes only*