

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA MERCHANTS LAND LIMITED

招商局置地有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 978)

**MAJOR AND CONNECTED TRANSACTION:
CAPITAL INCREASE AGREEMENT
IN RESPECT OF THE PROJECT COMPANY**

CAPITAL INCREASE AGREEMENT

On 24 November 2020, Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with the Project Company and Poly Southern China for the development of the Land through the Project Company and the increase in the registered capital of the Project Company from RMB50,000,000 to RMB3,250,000,000, which shall be contributed as to 50% by Guangzhou Merchants and 50% by Poly Southern China, respectively.

Pursuant to the Capital Increase Agreement, Guangzhou Merchants has agreed to make a capital contribution in the amount of RMB1,625,000,000 in cash to the registered capital of the Project Company. The Group's share of the estimated total investment is approximately RMB2,781,730,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Capital Increase Agreement exceed 25%, but are all less than 100%, the entering into of the Capital Increase Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Poly Jiangsu, a substantial shareholder of the Company's non wholly-owned subsidiary, Nanjing Shanjiyi, is a connected person of the Company at the subsidiary level. Poly Southern China and Poly Jiangsu are fellow subsidiaries under the control of Poly Development Holding Group Limited* (保利發展控股集團股份有限公司). Poly Southern China, therefore, is an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(1) of the Listing Rules. The Project Company is a direct wholly-owned subsidiary of Poly Southern China as at the date of this announcement, and therefore, also an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(3) of the Listing Rules. Accordingly, the entering into of the Capital Increase Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Capital Increase Agreement and the transactions contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms thereof are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Capital Increase Agreement shall only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

WRITTEN APPROVAL

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

A circular containing, among other things, further details of the Capital Increase Agreement and the transactions contemplated thereunder will be despatched to the Shareholders in accordance with the Listing Rules on or before 15 December 2020.

On 8 July 2020, Poly Southern China won a bidding in respect of the land use rights of the Land at the land price of RMB3,250,000,000. On 13 July 2020, the Project Company was established in the PRC by Poly Southern China as a limited liability company for the sole purpose of property development of the Land. A land use right grant contract was entered into on 15 July 2020.

CAPITAL INCREASE AGREEMENT

On 24 November 2020, Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with the Project Company and Poly Southern China for the development of the Land through the Project Company and the increase in the registered capital of the Project Company from RMB50,000,000 to RMB3,250,000,000, which shall be contributed as to 50% by Guangzhou Merchants and 50% by Poly Southern China, respectively.

The principal terms of the Capital Increase Agreement are set out below:

Date: 24 November 2020

Parties:

- (a) the Project Company, a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Poly Southern China as at the date of this announcement;
- (b) Poly Southern China, a fellow subsidiary of Poly Development Holding Group Limited* (保利發展控股集團股份有限公司) with Poly Jiangsu, which is a connected person of the Company at the subsidiary level; and
- (c) Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company.

Basic information of the Land

Land location: the north of Wugang Road and south of Gongnong Road in Chancheng District, Foshan City, Guangdong Province, the PRC (中國廣東省佛山市禪城區霧崗路北側、工農路南側地塊)

Total site area: approximately 112,573.21 square metres

Usage of land use rights: commercial and residential usage (mixed)

Land price: RMB3,250,000,000

Proposed Capital Increase

Pursuant to the Capital Increase Agreement, each of Poly Southern China and Guangzhou Merchants has agreed to make a capital contribution in the respective amount of RMB1,575,000,000 (together with the initial registered capital of RMB50,000,000, RMB1,625,000,000 in total) and RMB1,625,000,000 in cash to the registered capital of the Project Company, which is a direct wholly-owned subsidiary of Poly Southern China as at the date of this announcement.

Upon completion of the Capital Increase, the registered capital of the Project Company will be increased from RMB50,000,000 to RMB3,250,000,000 and held as to 50% by Poly Southern China and 50% by Guangzhou Merchants, respectively.

The amount of capital contribution by each of Poly Southern China and Guangzhou Merchants was determined after arm's length negotiations with reference to the capital requirements of the Project Company and the land price. The Group's share of the estimated total investment is approximately RMB2,781,730,000, which shall be funded by the Group's internal resources and/or external resources.

Payment of the capital contribution and completion

The Project Company shall complete the business registration procedures with the local Administration for Industry and Commerce concerning the Capital Increase within three working days after the signing of the Capital Increase Agreement.

Poly Southern China and Guangzhou Merchants shall pay their respective amount of capital contribution to the Project Company within 10 working days after the completion of the business registration procedures with the local Administration for Industry and Commerce concerning the Capital Increase.

Management of the Project Company

Unless matters that must be approved by shareholders representing more than two-third of voting rights of the Project Company under relevant law and regulations, remaining matters shall be approved by shareholders representing more than half of voting rights of the Project Company at the general meetings.

The board of directors of the Project Company shall consist of five directors. Poly Southern China shall nominate three directors and Guangzhou Merchants shall nominate two directors. The chairman of the board of directors of the Project Company shall be a director appointed by Guangzhou Merchants.

The general manager shall be responsible for the management of the Project Company and such person shall be nominated by Poly Southern China and appointed by the board of directors of the Project Company.

Profit distribution arrangement

Pursuant to the Capital Increase Agreement, each of Poly Southern China and Guangzhou Merchants shall share the profits of the Project Company in proportion to their respective shareholdings in the Project Company.

FINANCIAL IMPACT

Since Guangzhou Merchants does not have the right to appoint a majority of the board of directors of the Project Company and has no control over the voting rights in the shareholder's meeting of the Project Company, the Project Company shall not become a subsidiary of Guangzhou Merchants after the completion of the Capital Increase Agreement. As a result, the financial results, assets and liabilities of the Project Company shall not be consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE AGREEMENT

The Group is principally engaged in the development, sale, lease, investment and management of properties and assets management.

Each of Poly Southern China and Guangzhou Merchants would benefit from the cooperation in order to exert their strengths, generate synergistic effect and enhance their investment portfolio in the property market in the PRC, which would improve the capital efficiency and effectiveness and reduce the investment risks and thus a greater return could be created for the Shareholders.

The terms of the Capital Increase Agreement have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) have confirmed that the terms of the Capital Increase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

None of the Directors has any material interest in the Capital Increase Agreement and the transactions contemplated thereunder, and none of the Directors has abstained from voting on the board resolutions approving the Capital Increase Agreement and the transactions contemplated thereunder.

PARTICULARS OF THE PARTIES

The Project Company, a company established in the PRC with limited liability, is principally engaged in property development of the Land, and is a direct wholly-owned subsidiary of Poly Southern China as at the date of this announcement.

Poly Southern China, a company established in the PRC with limited liability, is principally engaged in property development in the PRC, and is a direct wholly-owned subsidiary of Poly Development Holding Group Limited* (保利發展控股集團股份有限公司), a listed company in Shanghai Stock Exchange with stock code 600048.

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

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Capital Increase Agreement exceed 25%, but are all less than 100%, the entering into of the Capital Increase Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Poly Jiangsu, a substantial shareholder of the Company's non wholly-owned subsidiary, Nanjing Shanjiyei, is a connected person of the Company at the subsidiary level. Poly Southern China and Poly Jiangsu are fellow subsidiaries under the control of Poly Development Holding Group Limited* (保利發展控股集團股份有限公司). Poly Southern China, therefore, is an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(1) of the Listing Rules. The Project Company is a direct wholly-owned subsidiary of Poly Southern China as at the date of this announcement, and therefore, also an associate of connected person of the Company at the subsidiary level pursuant to Rule 14A.13(3) of the Listing Rules. Accordingly, the entering into of the Capital Increase Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

“Capital Increase”	the proposed capital increase in the Project Company by Poly Southern China and Guangzhou Merchants, subject to and in accordance with the terms and conditions of the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 24 November 2020 entered into between the Project Company, Poly Southern China and Guangzhou Merchants in relation to the Capital Increase
“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
“Group”	the Company and its subsidiaries
“Guangzhou Merchants”	Guangzhou Merchants Property Development Limited* (廣州招商房地產有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company
“Independent Third Party(ies)”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules
“Land”	a piece of land situated at the north of Wugang Road and south of Gongnong Road in Chancheng District, Foshan City, Guangdong Province, the PRC (中國廣東省佛山市禪城區霧崗路北側、工農路南側地塊) with a total site area of approximately 112,573.21 square metres
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time

“Nanjing Shanjieyi”	Nanjing Shanjieyi Property Development Company Limited* (南京善杰義房地產開發有限公司), a company established in the PRC with limited liability and an indirectly non wholly-owned subsidiary of the Company
“Poly Jiangsu”	Poly Jiangsu Real Estate Development Co., Limited* (保利江蘇房地產發展有限公司), a company established in the PRC with limited liability and a connected person of the Company at the subsidiary level
“Poly Southern China”	Poly Southern China Industry Co., Ltd.* (保利華南實業有限公司), a company established in the PRC with limited liability and a connected person of the Company at the subsidiary level
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Project Company”	Foshan Qinghao Real Estate Co., Ltd.* (佛山市清皓置業有限公司), a company established in the PRC with limited liability on 13 July 2020 by Poly Southern China for the sole purpose of property development of the Land
“RMB”	Renminbi, the lawful currency of the PRC
“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
“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

“Written Approval”

the written approval of the Capital Increase Agreement and the transactions contemplated thereunder by Success Well dated 24 November 2020

“%”

per cent.

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

Hong Kong, 24 November 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*