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CHINA MERCHANTS LAND LIMITED

招商局置地有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 978)

**DISCLOSEABLE TRANSACTION:
INVESTMENT IN GUANGZHOU YUESHANG
REAL ESTATE DEVELOPMENT CO., LTD.***

CAPITAL INCREASE AGREEMENT

On 3 September 2021, Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with Excellence Dongguan and the Project Company for the increase in the registered capital of the Project Company.

As at the date of the Capital Increase Agreement, Excellence Dongguan holds 100% of the equity interest in the Project Company, which holds the land use right in respect of the Land. Pursuant to the Capital Increase Agreement, Excellence Dongguan and Guangzhou Merchants proposed to make a capital contribution in the amount of RMB470,000,000 and RMB500,000,000 to the registered capital of the Project Company, respectively. Upon completion of the Capital Increase, the registered capital of the Project Company will be increased from RMB30,000,000 to RMB1,000,000,000, which will be held as to 50% by Excellence Dongguan and 50% by Guangzhou Merchants, respectively.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Capital Increase Agreement exceed 5% but are less than 25%, the entering into of the Capital Increase Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

CAPITAL INCREASE AGREEMENT

On 3 September 2021, Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with Excellence Dongguan and the Project Company for the increase in the registered capital of the Project Company.

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

Date: 3 September 2021

Parties:

- (a) Excellence Dongguan, a company established in the PRC with limited liability;
- (b) Guangzhou Merchants, an indirect wholly-owned subsidiary of the Company; and
- (c) the Project Company, a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Excellence Dongguan as at the date of the Capital Increase Agreement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Excellence Dongguan, the Project Company and their ultimate beneficial owners are Independent Third Parties.

Proposed capital increase

As at the date of the Capital Increase Agreement, Excellence Dongguan holds 100% of the equity interest in the Project Company, which holds the land use right in respect of the Land.

Pursuant to the Capital Increase Agreement, Excellence Dongguan and Guangzhou Merchants agreed to make a capital contribution in the respective amount of RMB470,000,000 (together with the initial registered capital of RMB30,000,000, RMB500,000,000 in total) and RMB500,000,000 to the registered capital of the Project Company.

Upon completion of the Capital Increase, the registered capital of the Project Company will be increased from RMB30,000,000 to RMB1,000,000,000, which will be held as to 50% by Excellence Dongguan and 50% by Guangzhou Merchants, respectively.

The amount of capital contribution by each of Excellence Dongguan and Guangzhou Merchants was determined after arm's length negotiations with reference to the capital requirements of the Project Company as well as the proportion of equity interest in the Project Company to be held by each party after completion of the Capital Increase. The Group's share of the capital contribution in the Project Company shall be funded by the Group's internal resources and/or external resources.

Payment of the capital contribution and completion

The completion of the Capital Increase shall take place upon the completion of the business registration with the local Administration for Industry and Commerce concerning the Capital Increase.

Excellence Dongguan and Guangzhou Merchants shall pay their respective amount of capital contribution in full in cash to the Project Company within 20 working days after the completion of the business registration procedures with the local Administration for Industry and Commerce concerning the Capital Increase.

INFORMATION OF THE PROJECT COMPANY

The Project Company is a company established by Excellence Dongguan in the PRC with limited liability for the sole purpose of property development of the Land, which is located at the residential plot of Dongfeng Chemical Transformation Project, east of Longtou Road, north of Huangpu East Road, Huangpu District, Guangzhou City, Guangdong Province, the PRC* (中國廣東省廣州市黃埔區黃埔東路以北、龍頭路以東東風化工改造項目居住地塊). The Land has a total site area of 28,317 sq. m., designated for residential usage with a term of 70 years. The Land is intended to be developed for residential properties.

The table below sets forth a summary of certain unaudited financial information of the Project Company (prepared in accordance with the applicable financial reporting standards in the PRC) for the period from 28 January 2021 (being the date of establishment of the Project Company) to 31 July 2021:

**For the period from
28 January 2021 to
31 July 2021**
RMB'000

Net loss before taxation	1,217
Net loss after taxation	1,217

The unaudited net liability value of the Project Company as at 31 July 2021 was approximately RMB1,217,000.

FINANCIAL EFFECTS OF THE TRANSACTION

Since Guangzhou Merchants controls the majority of the board of directors of the Project Company, and the voting rights in the shareholders' meeting of the Project Company, the Project Company shall become a subsidiary of Guangzhou Merchants. As a result, the financial results, assets and liabilities of the Project Company shall be consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

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

Each of Excellence Dongguan 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.

PARTICULARS OF THE PARTIES

Excellence Dongguan, a company established in the PRC with limited liability, is principally engaged in property development. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owner of Excellence Dongguan is Mr. Li Wa (李華先生).

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

The Project Company, a company established in the PRC with limited liability, is principally engaged in property development of the Land. The Project Company is a direct wholly-owned subsidiary of Excellence Dongguan as at the date of the Capital Increase Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Capital Increase Agreement exceed 5% but are less than 25%, the entering into of the Capital Increase Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed hereto in the Listing Rules
“Board”	the board of Directors
“Capital Increase”	the proposed capital increase in the Project Company by Excellence Dongguan 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 3 September 2021 entered into between Excellence Dongguan, Guangzhou Merchants and the Project Company 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
“Excellence Dongguan”	Excellence Real Estate Group (Dongguan) Co., Ltd.* (卓越置業集團(東莞)有限公司), a company established in the PRC with limited liability and a party to the Capital Increase Agreement
“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 indirect 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 residential plot of Dongfeng Chemical Transformation Project, east of Longtou Road, north of Huangpu East Road, Huangpu District, Guangzhou City, Guangdong Province, the PRC* (中國廣東省廣州市黃埔區黃埔東路以北、龍頭路以東東風化工改造項目居住地塊) with a total site area of 28,317 sq. m.
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“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”	Guangzhou Yueshang Real Estate Development Co., Ltd.* (廣州市悅商房地產開發有限公司), a company established in the PRC with limited liability for the sole purpose of property development of the Land and a party to the Capital Increase Agreement
“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
“sq. m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“%”	per cent

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

Hong Kong, 3 September 2021

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*