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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
SUBSCRIPTION OF ASSET-BACKED SECURITIES**

ABS SUBSCRIPTION AGREEMENT

On 23 January 2024, Shenzhen Merchants (an indirect wholly-owned subsidiary of the Company) entered into the ABS Subscription Agreement with CITIC Securities, pursuant to which Shenzhen Merchants shall subscribe for subordinated class B of the ABS in the amount of RMB137,000,000, representing 100% of the subordinated class B of the ABS and approximately 16.96% of the total ABS issued under the ABS Scheme.

LISTING RULES IMPLICATIONS

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

On 23 January 2024, Shenzhen Merchants (an indirect wholly-owned subsidiary of the Company) entered into the ABS Subscription Agreement with CITIC Securities to subscribe for subordinated class B of the ABS under the ABS Scheme. The ABS Standard Terms shall also be applicable to the parties for matters relating to the ABS or the ABS Scheme not specifically provided for in the ABS Subscription Agreement.

ABS SUBSCRIPTION AGREEMENT AND ABS STANDARD TERMS

The principal terms of the ABS Subscription Agreement and the ABS Standard Terms are set out below:

Date : 23 January 2024

Parties :

- (a) Shenzhen Merchants, an indirect wholly-owned subsidiary of the Company, as the subscriber; and
- (b) CITIC Securities, a joint stock company incorporated in the PRC with limited liability, as the scheme manager.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, CITIC Securities, the ABS Holder(s) (other than Shenzhen Merchants) and their respective ultimate beneficial owners are Independent Third Parties.

Subject Matter

Pursuant to the ABS Subscription Agreement, Shenzhen Merchants shall subscribe for subordinated class B of the ABS in the amount of RMB137,000,000, representing 100% of the subordinated class B of the ABS and approximately 16.96% of the total ABS issued under the ABS Scheme.

The subscription amount of RMB137,000,000 shall be settled by Shenzhen Merchants in cash in full to the account designated by CITIC Securities on the closing date of the ABS Scheme. The subscription amount shall be funded by the Group's internal resources.

The consideration was determined on the basis of normal commercial terms and after arm's length negotiations with reference to (i) the valuation of the Project Company conducted by an independent property valuer as required by the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") which consists of the appraised value of the properties under the Underlying Project and the audited net asset value of the Project Company excluding the book value of such properties and the shareholder's loan to the Project Company; and (ii) the proportion of the subordinated class B ABS to be subscribed by the Group out of the total ABS issued under the ABS Scheme.

The estimated value of the properties held by the Project Company under the Underlying Project is RMB771,890,000, which is the income approach value derived by the total sum of the present value of the expected future net cash flow generated by the Underlying Project adopted by the independent property valuer. The income approach is consistent with the purpose of the valuation which is to provide a market value reference for the securitization of the Underlying Project. The book value of the properties under the Underlying Project was approximately RMB660,611,000 as at 31 July 2023, which is the benchmark date of the valuation of such properties by the independent property valuer.

Issuance and the offering size

The ABS will be issued at face value of RMB100 per unit. The ABS issued under the ABS Scheme are divided into (i) the senior class A ABS in the amount of RMB376,000,000 which accounts for approximately 46.53% of the total ABS issued under the ABS Scheme; (ii) the senior class B ABS in the amount of RMB102,000,000 which accounts for approximately 12.62% of the total ABS issued under the ABS Scheme; (iii) the senior class C ABS in the amount of RMB50,000,000 which accounts for approximately 6.19% of the total ABS issued under the ABS Scheme; (iv) the subordinated class A ABS in the amount of RMB143,000,000 which accounts for approximately 17.7% of the total ABS issued under the ABS Scheme; and (v) the subordinated class B ABS in the amount of RMB137,000,000 which accounts for approximately 16.96% of the total ABS issued under the ABS Scheme.

Term of the ABS Scheme

Provided that the aggregate subscription amounts of every class of the ABS are no less than 100% of the offering size of the ABS, the term of the ABS Scheme shall commence from the date on which all subscription amounts are transferred to the account of the ABS Scheme after capital verification and shall end upon the maturity date of the ABS Scheme, unless it is earlier terminated upon the occurrence of early termination events as specified in the ABS Standard Terms, including but not limited to (i) the ABS Scheme being revoked, deemed invalid or terminated by a judgment of a court or an arbitration institution; (ii) the principal amount and expected return being paid to all senior class A ABS Holders, senior class B ABS Holders and senior class C ABS Holders, with the unanimous consent of all subordinated class A ABS Holders and subordinated class B ABS Holders to terminate the ABS Scheme; (iii) force majeure events; and (iv) amendments or change in the laws or regulations which would cause the continuation of the ABS Scheme illegal.

Investment objectives and scope

The ABS Scheme is established to utilize the subscription amounts from the investors to acquire interests in the Underlying Project and make distributions to the ABS Holders based on the earnings generated from the management, operation and disposal of the Underlying Project.

Expected rate of return and distributions

The expected rate of return shall be no more than 3.2% per annum of the subscription amount in respect of senior class A ABS Holders, no more than 3.4% per annum of the subscription amount in respect of senior class B ABS Holders and no more than 3.99% per annum of the subscription amount in respect of senior class C ABS Holders. The final expected rate of return for senior class A ABS Holders, senior class B ABS Holders and senior class C ABS Holders shall be subject to the bookbuilding results. After deductions of relevant taxes, costs and expenses, and the required distributions to the senior class A ABS Holders, the senior class B ABS Holders and the senior class C ABS Holders, except as otherwise provided in the ABS Standard Terms, the remaining proceeds shall be distributed in the following order of priority:

- (a) first, to the subordinated class A ABS Holders until the cumulative amount distributed to them is sufficient to provide them with a rate of return of 6.5%;
- (b) thereafter, to the subordinated class B ABS Holders (i.e. Shenzhen Merchants) until the cumulative amount distributed to them is sufficient to provide them with a rate of return of 6.5%; and
- (c) thereafter, to the subordinated class A ABS Holders and the subordinated class B ABS Holders in proportion to their percentage interests in the total ABS issued under the ABS Scheme.

Transfer of the ABS

The senior class A ABS Holders, the senior class B ABS Holders, the senior class C ABS Holders and the subordinated class A ABS Holders may transfer the ABS by application through the integrated agreement trading platform of the Shenzhen Stock Exchange and other platforms approved by the regulatory authorities. During the term of the ABS Scheme, the subordinated class B ABS Holders may not transfer its ABS to another party unless pursuant to an effective judgment or ruling or for the purpose of public offering and issuance of the ABS Scheme.

INFORMATION OF THE PARTIES, THE ABS SCHEME AND THE UNDERLYING PROJECT

Shenzhen Merchants, a company established in the PRC with limited liability, is principally engaged in investment holding.

CITIC Securities, a joint stock company incorporated in the PRC with limited liability, is principally engaged in securities, fund, futures, foreign exchange and bulk commodities. The A shares of CITIC Securities are listed on the Shanghai Stock Exchange (stock code: 600030) and the H shares of CITIC Securities are listed on the Stock Exchange (stock code: 6030).

The ABS Scheme is an asset-backed special scheme to be established and managed by CITIC Securities to securitize the Underlying Project by issuing the ABS to the ABS holders in the amount of RMB808,000,000, which will be traded on the Shenzhen Stock Exchange.

The Underlying Project is the property development project of the Commercial Mall of City, being the composite development with a commercial mall, apartments and car parks erected on the Land, the land use right of which is held by the Project Company, and the particulars of the Land are as follows:

Land location:	No. 699 Zhongshan Men Street, Qixia District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市棲霞區中山門大街699號)
Total site area:	22,532.48 sq. m
Gross floor area:	53,205.09 sq. m (including 50,294.56 sq. m for commercial use and 2,910.53 sq. m for car park use)
Usage:	commercial and car park uses
Terms of usage:	40 years and will be due to expire on 29 June 2050 for commercial use

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

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

In October 2020, CITIC Securities established and acted as the scheme manager of an asset-backed special scheme to securitize the Underlying Project and such asset-backed special scheme was due to expire in October 2023. CITIC Securities as the scheme manager and other relevant parties intended to extend the term of the previous asset-backed special scheme by launching the ABS Scheme which will acquire the interests in the Project Company from the previous asset-backed special scheme. The expected rate of return for the senior class ABS Holders under the ABS Scheme is estimated to be lower than that for the senior class asset-backed securities holders under the previous asset-backed special scheme, and it is expected that part of the funds will be reserved at the level of the ABS Scheme for transformation and upgrade of the Underlying Project so as to enhance the overall operating efficiency of the Underlying Project. The subscription of the ABS will enable the Company to continue to enjoy the economic benefits generated from the Underlying Project. Therefore, the Company considers that the entering into of the ABS Subscription Agreement and the transactions contemplated thereunder are in the interest of the Company.

The terms of the ABS Subscription 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 ABS Subscription 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.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription exceed 5% but are less than 25%, the entering into of the ABS Subscription Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under the Listing Rules and is therefore 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:

“ABS”	the asset-backed securities to be issued pursuant to the ABS Scheme
“ABS Standard Terms”	the standard terms of the ABS Scheme
“ABS Holder(s)”	holder(s) of the ABS to be issued pursuant to the ABS Scheme
“ABS Scheme”	CITIC Securities – China Merchants Shekou Consumer Infrastructure Phase I Asset-backed Special Scheme* (中信証券-招商蛇口消費基礎設施一期資產支持專項計劃) to be managed by CITIC Securities to securitize the Underlying Project by issuing the ABS to the ABS Holders in the amount of RMB808,000,000
“ABS Subscription Agreement”	the subscription agreement (including appendices of securities account and bank account information and the risk disclosure letter) dated 23 January 2024 and entered into between Shenzhen Merchants (as a subscriber of the ABS) and CITIC Securities (as the scheme manager of the ABS Scheme) in relation to the Subscription
“Board”	the board of Directors
“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)
“CITIC Securities”	CITIC Securities Company Limited (中信証券股份有限公司), a joint stock company incorporated in the PRC with limited liability
“Directors”	the directors of the Company

“Group”	the Company and its subsidiaries
“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 No. 699 Zhongshan Men Street, Qixia District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市棲霞區中山門大街699號) with a total site area of 22,532.48 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”	Nanjing Xinsheng Commercial Management Co., Ltd.* (南京信盛商業管理有限公司), a company established in the PRC with limited liability
“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
“Shenzhen Merchants”	China Merchants Land (Shenzhen) Limited* (招商局置地(深圳)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“sq. m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the subscription by Shenzhen Merchants for the subordinated class B of the ABS to be issued under the ABS Scheme in the amount of RMB137,000,000 (representing 100% of the subordinated class B of the ABS and 16.96% of the total ABS issued under the ABS Scheme) pursuant to ABS Subscription Agreement
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“Underlying Project”	the property development project of the Land, the land use right of which is held by the Project Company
“%”	per cent

By order of the Board
China Merchants Land Limited
JIANG Tiefeng
Chairman

Hong Kong, 23 January 2024

As at the date of this announcement, the Board comprises Mr. JIANG Tiefeng, Mr. HUANG Junlong and Mr. LI Yao as non-executive Directors; Dr. SO Shu Fai, Mr. WONG King Yuen and Ms. CHEN Yan as executive Directors and Dr. WONG Wing Kuen, Albert, Ms. CHEN Yanping, Dr. SHI Xinping and Mr. IP Man Ki, Ryan as independent non-executive Directors.

* *Unofficial English translation denotes for identification purposes only*