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**MAJOR TRANSACTION:
JOINT VENTURE ARRANGEMENT IN RESPECT OF
DEVELOPMENT OF XI'AN LAND**

8 September 2023

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DEFINITIONS

In this circular, the following terms and expressions shall have the following respective meanings unless the context otherwise requires:

“Board”	the board of Directors
“Chengdu Huajian”	Chengdu Huajian Yijin Real Estate Co., Ltd.* (成都華建益錦置業有限公司), a company established in the PRC with limited liability and a party to the Cooperation Agreement
“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 Latest Practicable Date
“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)
“Cooperation Agreement”	the cooperation agreement dated 30 June 2023 entered into between Xi’an Mao On, Chengdu Huajian and the Project Company for the purpose of development of the Xi’an Land through the Project Company
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 Price”	RMB1,230,500,000, being the aggregate consideration payable for acquisition of the Xi’an Land

DEFINITIONS

“Latest Practicable Date”	4 September 2023, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“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 circular, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Project Company”	Xi’an Shanglin Huayuan Real Estate Co., Ltd.* (西安尚林華苑房地產有限公司), a company established in the PRC with limited liability for the purpose of property development of the Xi’an Land and a party to the Cooperation 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
“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 Latest Practicable Date
“Valuer”	Cushman & Wakefield Limited, a registered professional surveyor and an independent property valuer
“Written Approval”	the written approval of the Cooperation Agreement and the transactions contemplated thereunder by Success Well dated 30 June 2023

DEFINITIONS

“Xi’an Mao On”	Xi’an Mao On Property Development Company Limited* (西安茂安房地產有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Xi’an Land”	a piece of land situated at south of Hangfei Road, east of Wangyue Road, west of Jingdong Avenue, Aerospace Base, Xi’an City, Shaanxi Province, the PRC* (中國陝西省西安市航天基地航飛路以南、望月路以東、京東大道以西) with a total site area of 59,386.50 sq.m.
“%”	per cent.

* Translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purpose only and should not be regarded as the official English translation of the Chinese names.

In this circular, the terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

LETTER FROM THE BOARD

 **招商局置地有限公司**
CHINA MERCHANTS LAND LIMITED
CHINA MERCHANTS LAND LIMITED

招商局置地有限公司

(Incorporated with limited liability in the Cayman Islands)

(Stock Code: 978)

Board of Directors:

Non-executive Directors:

XU Yongjun (Chairman)

HUANG Junlong

LI Yao

Executive Directors:

SO Shu Fai

WONG King Yuen

CHEN Yan

Independent Non-executive Directors:

WONG Wing Kuen, Albert

CHEN Yanping

SHI Xinping

IP Man Ki, Ryan

Registered office:

P.O. Box 309, Ugland House

Grand Cayman

KY1-1104

Cayman Islands

Principal place of business in Hong Kong:

Room 2603-2606, 26/F

China Merchants Tower

Shun Tak Centre

Nos. 168–200 Connaught Road Central

Hong Kong

8 September 2023

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION:
JOINT VENTURE ARRANGEMENT IN RESPECT OF
DEVELOPMENT OF XI'AN LAND**

INTRODUCTION

Reference is made to the announcement of the Company dated 30 June 2023 in relation to the Cooperation Agreement, pursuant to which Xi'an Mao On (an indirect wholly-owned subsidiary of the Company), Chengdu Huajian and the Project Company have agreed to develop the Xi'an Land through the Project Company.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) the details of the Cooperation Agreement and the transactions contemplated thereunder; (ii) the financial information of the Group; (iii) the accountants' report of the Project Company; (iv) the unaudited pro forma financial information of the Group after the completion of the capital contribution; (v) management discussion and analysis on the Project Company; (vi) valuation report prepared by the Valuer; and (vii) general information of the Group.

COOPERATION AGREEMENT

On 30 June 2023, Xi'an Mao On, an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Chengdu Huajian and the Project Company for the development of the Xi'an Land through the Project Company.

The principal terms of the Cooperation Agreement are set out as follows:

Date: 30 June 2023

Parties

- (a) Xi'an Mao On, an indirect wholly-owned subsidiary of the Company;
- (b) Chengdu Huajian, a company established in the PRC with limited liability; and
- (c) the Project Company, a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Chengdu Huajian as at the Latest Practicable Date.

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

Basic Information of the Xi'an Land

Land Location:	South of Hangfei Road, east of Wangyue Road, west of Jingdong Avenue, Aerospace Base, Xi'an City, Shaanxi Province, the PRC* (中國陝西省西安市航天基地航飛路以南、望月路以東、京東大道以西)
Total Site Area:	59,386.50 sq.m.
Planned Gross Floor Area:	approximately 118,772 sq.m.

LETTER FROM THE BOARD

Usage and Term of Land Use Rights:	residential use with a term of 70 years and commercial use with a term of 40 years
Permitted Plot Ratio:	not more than 2.0
Land Price:	RMB1,230,500,000 comprising: <ul style="list-style-type: none">(a) the bidding deposit of RMB220,000,000 which has been paid by Chengdu Huajian (the “Bidding Deposit”);(b) the first instalment of RMB395,250,000 which has been paid by the Project Company (the “First Instalment”); and(c) the second instalment of RMB615,250,000 payable before 6 June 2024 (the “Second Instalment”).

Capital Contribution

Pursuant to the Cooperation Agreement,

- (a) Xi’an Mao On shall develop the Xi’an Land through the Project Company, which shall be the sole beneficiary and developer of the Xi’an Land;
- (b) the initial registered capital of the Project Company of RMB10,000,000 shall be increased and upon completion of the capital increase, the registered capital of the Project Company shall be held by Xi’an Mao On as to 99% and by Chengdu Huajian as to 1% (the “**Respective Shareholdings**”);
- (c) Xi’an Mao On and Chengdu Huajian shall bear the Land Price, tax, expenses and total investment amount in connection to the development of the Xi’an Land in proportion to their Respective Shareholdings in the Project Company;
- (d) Xi’an Mao On has contributed RMB645,947,898.75 on 16 June 2023, consisting of (i) RMB217,800,000 for the repayment of the Bidding Deposit paid by Chengdu Huajian; (ii) RMB391,297,500 for the repayment of the First Instalment paid by the Project Company; and (iii) RMB36,850,398.75 for the repayment of the tax relating to the First Instalment paid by the Project Company, in respect of the proportion borne by Xi’an Mao On according to the Respective Shareholdings in the Project Company; and

LETTER FROM THE BOARD

- (e) Xi'an Mao On and Chengdu Huajian shall pay the Second Instalment of RMB615,250,000 and tax and expenses according to their Respective Shareholdings in the Project Company.

As at the Latest Practicable Date, the capital increase of the Project Company has not been completed and neither Xi'an Mao On nor Chengdu Huajian has paid their proportion of the Second Instalment.

The amount of capital contribution of each of Xi'an Mao On and Chengdu Huajian was determined after arm's length negotiations with reference to the capital requirements of the Project Company and the development cost of the Xi'an Land. The Group's share of the estimated total investment amount is approximately RMB1,780,000,000, which comprises:

- (a) RMB1,218,195,000, being 99% of the Land Price; and
- (b) RMB561,805,000, being 99% of the total estimated investment cost in the Project Company, including fees, expenses and cost in relation to the development of the Xi'an Land while such fees, expenses and cost are estimated based on, among other things, the available market price information of Xi'an city.

The Group's share of the estimated investment amount shall be funded by the Group's internal resources and/or external resources.

Management of the Project Company

Significant matters of the Project Company (including but not limited to increase or reduction in capital, amendments to the memorandum and articles of association, and mergers, demergers and liquidation) shall be unanimously approved by all the shareholders of the Project Company at the general meeting.

The board of directors of the Project Company shall consist of three directors. Xi'an Mao On shall nominate two directors and Chengdu Huajian shall nominate one director. The chairman of the board of directors of the Project Company shall be a director appointed by Xi'an Mao On.

The general manager shall be responsible for the management of the Project Company and such person shall be nominated by Xi'an Mao On and appointed by the board of directors of the Project Company.

LETTER FROM THE BOARD

Profit Distribution Arrangement

Pursuant to the Cooperation Agreement, each of Xi'an Mao On and Chengdu Huajian shall share the profits of the Project Company in proportion to their Respective Shareholdings in the Project Company.

FINANCIAL EFFECTS OF THE TRANSACTION

Since Xi'an Mao On 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 Xi'an Mao On. As a result, the financial results, assets and liabilities of the Project Company shall be consolidated into the accounts of the Group.

Earnings

As set out in "ACCOUNTANTS' REPORT OF THE PROJECT COMPANY" in Appendix II to this circular, the Project Company has not yet generated revenue for the period from 1 June 2023 (date of incorporation of the Project Company) to 30 June 2023 but administrative expenses of approximately RMB308,000 has been incurred during such period. Except that, no significant impact on the Group's earnings has been observed.

Assets and Liabilities

As set out in "UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AFTER THE COMPLETION OF THE CAPITAL CONTRIBUTION" in Appendix III to this circular, upon completion of the transaction under the Cooperation Agreement, the Group's total assets will increase by RMB621.8 million, which is the sum of the increase in properties for sale of approximately RMB1,267.7 million and the decrease in trade and other receivables of approximately RMB645.9 million. Also, there will be an increase of the Group's total liabilities by RMB621.8 million.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE COOPERATION ARRANGEMENT

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

The Group has been deeply involved in the Xi'an market and through this transaction, each of Xi'an Mao On and Chengdu Huajian would benefit from the cooperation in order to exert their strengths, for example, Xi'an Mao On and its shareholders' advantages in terms of reputation, operation and management capability, product design capability and geographic customer source reserves, and Chengdu Huajian and its shareholders' advantages in terms of engineering and construction knowledge, generate synergistic effect to create a benchmark project for the local market 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 Cooperation 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 Cooperation 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

Xi'an Mao On, a company established in the PRC with limited liability, is principally engaged in property development in the PRC.

Chengdu Huajian, a company established in the PRC with limited liability, is principally engaged in property development and operation in the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, according to the company search information obtained online, Chengdu Huajian is indirectly held as to 65% by Jiangsu Huajian Real Estate Group Company Limited* ("**Jiangsu Huajian**"), and the single largest indirect shareholder of Jiangsu Huajian is Yangzhou City Construction State-owned Assets Holding (Group) Company Limited*, which is wholly owned by the State-owned Assets Supervision and Administration Commission of Yangzhou City, Jiangsu Province.

The Project Company, a company established in the PRC with limited liability, is principally engaged in property development of the Xi'an Land. The Project Company is a direct wholly-owned subsidiary of Chengdu Huajian as at the Latest Practicable Date.

* For identification purpose only

LETTER FROM THE BOARD

VALUATION OF THE XI'AN LAND

Experience and qualifications of the Valuer assessed by the Directors

The Directors has reviewed and assessed the qualifications and experience of the Valuer in charge in relation to the preparation of the valuation report of the Xi'an Land. Based on information provided by the Valuer, the Directors understand that (i) Ms. Grace S.M. Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of The Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice); (ii) Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries; and (iii) Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently. As such, the Directors are of the view that the Valuer and Ms. Lam are qualified, experienced and competent in performing property valuations and providing a reliable independent opinion in respect of the valuation of Xi'an Land. The Valuer has confirmed their independence from the Group.

Valuation methodology and the key assumptions adopted

The Directors understand that the Xi'an Land is a vacant site recently acquired by the Group and currently in pre-planning stage. Also, there are readily identifiable market comparables. Taking into consideration that (i) direct comparison approach is the most commonly adopted practice for this type of property; and (ii) availability of recent market transactions, direct comparison approach is adopted rather than alternative valuation methods such as income approach and cost approach. Comparables for information purposes are set out at the end of the "Valuation Report" in Appendix V to this circular.

The Directors noted that the comparable parcels selected for valuation in the valuation report are based on the criteria of (i) time, (ii) location, (iii) size, (iv) plot ratio, (v) land use and (vi) remaining land use term, and hence the comparable parcels are more similar and comparable to the Xi'an Land.

On the basis of the foregoing, the Directors consider that the comparables selected are fair and reasonable for the valuation of the Xi'an Land.

Further, the Directors understand that the valuation has been made on the assumptions that the valuation of Xi'an Land excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and lease back arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser. The Directors noted from the Valuer that these assumptions are commonly adopted in the valuation of properties and the Directors consider it objective and appropriate to appraise the Xi'an Land the same way as other similar properties on an open market.

Having considered the above, the Directors consider that valuation methodology, together with the key assumptions adopted, are fair and reasonable and that the valuation report is an appropriate reference for determining the valuation of the Xi'an Land.

LETTER FROM THE BOARD

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 Cooperation Agreement exceed 25%, but are all less than 100%, the entering into of the Cooperation 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.

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 Cooperation 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 Cooperation Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, 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 Cooperation Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

RECOMMENDATION

The Directors are of the opinion that the terms of the Cooperation Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. If an extraordinary general meeting were to be convened for the approval of the Cooperation Agreement and the transactions contemplated thereunder, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Cooperation Agreement and the transactions contemplated thereunder at such general meeting.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information as set out in the appendices to this circular.

Yours faithfully,
On behalf of the Board
China Merchants Land Limited
XU Yongjun
Chairman

1. FINANCIAL RESULTS OF THE GROUP

Details of the audited financial results of the Group for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the unaudited financial results of the Company for the six months ended 30 June 2023 are available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://ir.cmland.hk>) in the following documents:

- (i) for the year ended 31 December 2020, on pages 127 to 291 of the annual report of the Company for the year ended 31 December 2020 released on 26 April 2021 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0426/2021042600356.pdf>;
- (ii) for the year ended 31 December 2021, on pages 113 to 287 of the annual report of the Company for the year ended 31 December 2021 released on 26 April 2022 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0426/2022042600581.pdf>;
- (iii) for the year ended 31 December 2022, on pages 117 to 291 of the annual report of the Company for the year ended 31 December 2022 released on 25 April 2023 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042500981.pdf>;
- (iv) for the six months ended 30 June 2023, on pages 1 to 13 of the interim results announcement of the Company for the six months ended 30 June 2023 released on 23 August 2023 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0823/2023082300978.pdf>.

There was no qualified opinion issued for the audited financial results of the Group for the last three financial years.

2. INDEBTEDNESS STATEMENT

Borrowings

As at the close of business on 31 July 2023, being the most recent practicable date for the purpose of the statement of indebtedness, the borrowings and loans of the Group prior to printing of this circular were shown as below:

	31 July 2023 <i>RMB'000</i>
Bank and other borrowings	20,344,140
Loans from an intermediate holding company	13,347,328
Loans from non-controlling interests	<u>1,474,754</u>
Lease Liabilities	415,715
Total	<u><u>35,581,937</u></u>
Guaranteed	8,218,670
Unguaranteed	<u>27,363,267</u>
Total	<u><u>35,581,937</u></u>
Secured	2,999,720
Unsecured	<u>32,582,217</u>
Total	<u><u>35,581,937</u></u>
Carrying amounts repayable:	
Within one year or on demand, disclosed as current liabilities	8,294,563
More than one year, but not exceeding two years, disclosed as non-current liabilities	13,554,080
More than two years, but not exceeding five years, disclosed as non-current liabilities	<u>13,733,294</u>
Total	<u><u>35,581,937</u></u>

Financial Guarantee Contracts

As at 31 July 2023, the Group had outstanding guarantees for mortgage loans of its customers in the amount of approximately RMB4,283,659,000 and guarantees for mortgage loans of joint ventures and associates in the amount of approximately RMB2,549,445,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, dividend payable and normal trade payables in the normal course of business at the close of business on 31 July 2023, the Group did not have any other debt securities issued and outstanding or agreed to be issued, outstanding bank or other borrowings, mortgages, charges, debentures or other loan capital or other similar indebtedness, guarantee, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures mortgages, charges, hire purchase or other finance lease commitments, indemnities or other material contingent liabilities.

As at 31 July 2023, the Group had cash and bank balances of approximately RMB11,054,900,000. The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in RMB, US\$ and HK\$. The Group maintains a prudent strategy in its foreign exchange risk management, where foreign exchange risks are minimized via balancing the monetary assets versus monetary liabilities.

As at 31 July 2023, the capital structure of the Group consists of net debts, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, share premium and various reserves. As at the Latest Practicable Date, the Directors have confirmed that there has been no material change in the indebtedness or any contingent liabilities of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

Pledge of Assets

Save for properties for sale in Chongqing, Foshan, Nanjing and Jurong with carrying value of approximately RMB6,418,815,000 and investment properties with carrying value of approximately RMB1,675,909,000 having been pledged to secure bank borrowings amounting to approximately RMB2,931,209,000 granted to the Group as at 31 July 2023, the Group did not have any changes in pledge or charge on its assets including property, plant and equipment or properties under development for sale.

3. WORKING CAPITAL

Taking into account the effect of the transactions contemplated under the Cooperation Agreement and the present internal financial resources available to the Group, including cash and bank balances as well as the available banking facilities, the Directors are of the opinion that, the Group and the Project Company have sufficient working capital for its requirements for at least 12 months from the date of publication of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

Reference is made to the interim result announcement of the Company dated 23 August 2023 in relation to the decrease in the profit attributable to the owners of the Company for the six months ended 30 June 2023 by approximately 66% as compared to the corresponding period in 2022 in the amount of approximately RMB250 million. As disclosed in the aforesaid announcement, the decrease in profit attributable to owners of the Company was attributable to the fact that the Group's profit for the current period was mainly contributed by the Company's non-wholly owned subsidiaries with lower average shareholding compared to the shareholding percentage of the Company's non-wholly owned subsidiaries contributing profit for the same period of the previous year. Notwithstanding the above, the Group has maintained positive profitability.

Save as disclosed above, the Directors confirm that, as at the Latest Practicable Date, there was no other material adverse change in the financial or trading position of the Group since 31 December 2022, the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

According to data released by the National Bureau of Statistics of China, in the first half of 2023, the floor space of commercial buildings sold was 595.15 million square meters, representing a year-on-year decrease of 5.3 percent, of which the floor space of residential buildings sold decreased by 2.8 percent. The total sales of commercial buildings was RMB6,309.2 billion, increased by 1.1 percent, of which the total sales of residential buildings increased by 3.7 percent.

For the six months ended 30 June 2023, the Group, together with its associated companies and joint venture companies, achieved aggregate contracted sales of approximately RMB19,940 million (representing a year-on-year decrease of approximately 3.5%) with an aggregate contracted sales area of approximately 1,011,454 square meters (representing a year-on-year increase of approximately 26%). The average selling price for the six months ended 30 June 2023 amounted to approximately RMB19,714 per square meter.

Nevertheless, the Group, together with its associated companies and joint venture companies, reported improved figures for the second quarter of the year compared to the first quarter, for the period from 1 April 2023 to 30 June 2023. The Group, together with its associated companies and joint venture companies, achieved aggregate contracted sales of approximately RMB10,154.5 million (representing a quarter-on-quarter increase of approximately 3.8%) with an aggregate contracted sales area of approximately 537,759 square meters (representing a year-on-year increase of approximately 27%; and representing a quarter-on-quarter increase of approximately 13.5%).

Looking ahead to the second half of the year, due to the slowdown of growth momentum and the increasing wait-and-see sentiment of potential customers to purchase homes, the sales performance of new homes may vary significantly from city to city. Nevertheless, the real estate market will continue to develop in an orderly manner in the long run with the support of the Government and the meeting of the Political Bureau of the Central Committee on 24 July set the tone of “adapting to the new situation in China’s real estate market, which had significant changes in the relationship between supply and demand, and will adjust and optimise the real estate policy at the right time”, which strengthens the market’s expectations for policy loosening. On the demand side, along with the central bank’s LPR benchmark interest rate cut in June, the commercial bank mortgage benchmark interest rate will be correspondingly lowered, and the outlook for personal housing loan policy rate is expected to remain low, coupled with the gradual relaxation of restrictive home-buying policies, further transforming the potential demand to transactions.

The following is the text of a report, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF
XI'AN SHANGLIN HUAYUAN REAL ESTATE CO., LTD.**

TO THE DIRECTORS OF CHINA MERCHANTS LAND LIMITED

西安尚林華苑房地產有限公司

Introduction

We report on the historical financial information of Xi'an Shanglin Huayuan Real Estate Co., Ltd. (the "**Project Company**") set out on pages II-4 to II-12, which comprises the statement of financial position of the Project Company as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows of the Project Company for the period from 1 June 2023 (date of establishment) to 30 June 2023 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-4 to II-12 forms an integral part of this report, which has been prepared for inclusion in the circular of China Merchants Land Limited (the "**Company**") dated 8 September 2023 (the "**Circular**") in connection with the proposed capital contribution into the Project Company for 99% of its equity interest.

Directors' responsibility for the Historical Financial Information

The directors of the Project Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Project Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Project Company is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Project Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Project Company's financial position as at 30 June 2023 and of the Project Company's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Dividends

We refer to Note 7 to the Historical Financial Information which states that no dividend was declared or paid by the Project Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

8 September 2023

HISTORICAL FINANCIAL INFORMATION OF THE PROJECT COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Project Company for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**").

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>NOTE</i>	For the period from 1 June 2023 (date of establishment) to 30 June 2023 RMB
Administrative expenses		<u>(307,625)</u>
Loss and total comprehensive expense for the period	5	<u><u>(307,625)</u></u>

STATEMENT OF FINANCIAL POSITION

	<i>NOTES</i>	At 30 June 2023 RMB
Current Assets		
Property under development	8	1,267,415,000
Bank balance		<u>–</u>
		<u>1,267,415,000</u>
Current Liabilities		
Payable for acquisition of land use right	8	615,250,000
Loan from the sole shareholder	9	<u>652,472,625</u>
		<u>1,267,722,625</u>
Net liabilities		<u><u>(307,625)</u></u>
Capital and Reserve		
Paid-in capital	10	–
Accumulated loss		<u>(307,625)</u>
Deficiency of equity		<u><u>(307,625)</u></u>

STATEMENT OF CHANGES IN EQUITY

	Paid-in capital <i>RMB</i>	Accumulated loss <i>RMB</i>	Total <i>RMB</i>
At 1 June 2023 (date of establishment)	–	–	–
Loss and total comprehensive expense for the period	–	(307,625)	(307,625)
	<hr/>	<hr/>	<hr/>
At 30 June 2023	–	(307,625)	(307,625)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF CASH FLOWS

	For the period from 1 June 2023 (date of establishment) to 30 June 2023 <i>RMB</i>
OPERATING ACTIVITIES	
Loss for the period	(307,625)
	<hr/>
Operating cash flows before movement in working capital	(307,625)
Increase in leasehold lands included in the property under development (<i>Note 14</i>)	(1,047,415,000)
Increase in payable for acquisition of land use right	615,250,000
	<hr/>
Net cash used in operating activities	(432,472,625)
	<hr/>
CASH GENERATED FROM A FINANCING ACTIVITY	
Advance from the sole shareholder	432,472,625
	<hr/>
NET CHANGE IN CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	
Represented by bank balance	–
	<hr/> <hr/>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Xi'an Shanglin Huayuan Real Estate Co., Ltd. (the "Project Company") was established on 1 June 2023 and registered in the People's Republic of China (the "PRC") as a company with limited liability. Its immediate holding company is 成都華建益錦置業有限公司 Chengdu Huajian Yijin Real Estate Co., Ltd. ("Chengdu Huajian"), which was established in the PRC. Its ultimate holding company is 揚州市城建國有資產控股(集團)有限責任公司 Yangzhou Urban Construction State Owned Assets Holding (Group) Co., Ltd. On 30 June 2023, Chengdu Huajian entered into a cooperation agreement (the "Agreement") with 西安茂安房地產有限公司 Xi'an Mao On Property Development Company Limited ("Xi'an Mao On"), a PRC indirect wholly-owned subsidiary of China Merchants Land Limited (which is incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")). Pursuant to the Agreement, Chengdu Huajian and Xi'an Mao On shall jointly develop a piece of land situated at south of Hangfei Road, east of Wangyue Road, west of Jingdong Avenue, Aerospace Base, Xi'an City, Shaanxi Province (the "Xi'an Land").

The Project Company engages in the business of property development. The address of the register office and the principal place of business of the Project Company is Room C409-D06, 4th Floor, Building 1, the Silk Road Intelligent Valley Commercial Street, Southeast of the Intersection of Shenzhou 6th Road and Hangtuo Road, National Civil Aerospace Industry Base, Xi'an City, Shaanxi Province (陝西省西安市國家民用航太產業基地神舟六路與航拓路十字東南絲路慧谷商業街區1號樓4層C409-D06).

The Historical Financial Information is presented in Renminbi ("RMB"), which is the same as the functional currency of the Project Company.

No statutory financial statements of the Project Company have been prepared as it is newly established and the financial statements have not yet been due to issue.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with HKFRSs issued by the HKICPA. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

In preparing the Historical Financial Information, the directors of the Project Company have given careful consideration to the future liquidity of the Project Company in light of the fact that as of 30 June 2023, the Project Company's current liabilities exceeded its current assets by approximately RMB307,625. The financial statements of the Project Company have been prepared on a going concern basis because its immediate holding company has agreed to provide adequate funds to enable the Project Company to meet in full its financial obligations as they fall due in the foreseeable future and not to request the Project Company to repay any amounts due to it until the Project Company has the financial ability to do so. Xi'an Mao On has also agreed to provide adequate funds to enable the Project Company to meet in full its financial obligations as they fall due in the foreseeable future and not to request the Project Company to repay these amounts after its proposed acquisition of the Project Company until the Project Company has the financial ability to do so.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRSs

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Project Company has consistently applied the accounting policies which conform with HKFRSs issued by HKICPA, which are effective for the accounting period beginning on the first day of the period reported on throughout the Track Record Period.

Revised HKFRSs in issue but not yet effective

At the date of this report, the following amendments to HKFRSs have been issued which are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

The directors of the Project Company anticipate that the application of the amendments to HKFRSs will have no material impact on the financial statements of the Project Company in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared on the historical cost basis at the end of the reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Project Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The material accounting policy information is set out below.

Property under development

Property under development being property to be developed for the purpose of sale in the ordinary course of business, is stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis, including the leasehold land element which is measured as a right-of-use asset, allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Project Company must incur to make the sale.

Financial instruments

Financial liabilities and equity instruments

Debt and equity instruments issued by the Project Company are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liabilities and an equity instrument.

Financial liabilities at amortised cost

Financial liabilities are recognised when the Project Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition.

Financial liabilities (representing payable for acquisition of land use right and loan from the sole shareholder) are subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating interest expense over the Track Record Period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid that form an integral part of the effective interest rate) through the expected life of the financial liabilities, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Project Company derecognises financial liabilities when, and only when, the Project Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

5. INCOME TAX EXPENSE

	For the period from 1 June 2023 (date of establishment) to 30 June 2023 RMB
Loss before tax	(307,625)
Tax at the PRC EIT rate of 25%	(76,906)
Tax effect of tax loss not recognised	76,906
Income tax expense	<u><u>–</u></u>

The tax loss has not yet been approved by State Taxation Administration of the PRC and will be expired in five years after the year it is incurred. No deferred tax asset has been recognised on these immaterial unused tax loss.

6. LOSS PER SHARE

No loss per share for the Track Record Period is presented as its inclusion is considered not meaningful for the purpose of this report.

7. DIVIDEND

No dividend was paid or declared by the Project Company for the Track Record Period.

8. PROPERTY UNDER DEVELOPMENT AND PAYABLE FOR ACQUISITION OF LAND USE RIGHT

The amount represents the initial direct costs associated with the acquisition of the Xi'an Land and the related deed tax. The carrying amount (which is also the addition during the current period) of leasehold lands amounted to RMB1,267,415,000 is measured under HKFRS 16 "Leases" at cost less any accumulated depreciation, after taking into account of residual values, and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 30 June 2023.

The related payable for acquisition of the Xi'an Land is interest bearing at the effective interest rate of 3.65% and repayable within one year.

9. LOAN FROM THE SOLE SHAREHOLDER

The loan from the sole shareholder is unsecured, interest bearing at the effective interest rate of 3.65% and repayable on demand. The loan will be transferred to Xi'an Mao On based on the new shareholding ratio, after completing the acquisition of the Project Company by Xi'an Mao On.

Apart from above, no other material transactions were carried out with related parties during the period from 1 June 2023 (date of establishment) to 30 June 2023.

10. PAID-IN CAPITAL

	Paid-in capital RMB
Registered and paid-up capital (<i>Note</i>) At 1 June 2023 and 30 June 2023	<u><u>–</u></u>

Note: As at 30 June 2023, the Project Company has registered capital of RMB10,000,000 that had not yet paid.

11. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Project Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flow will be, classified in the Project Company's statement of cash flows as cash flow from financing activities.

	Loan from the sole shareholder <i>RMB</i>
At 1 June 2023 (date of establishment)	–
Financing cash flow	432,472,625
Non-cash transaction (<i>Note 14</i>)	220,000,000
	–
At 30 June 2023	652,472,625

12. CAPITAL RISK MANAGEMENT

The Project Company manages its capital to ensure that the Project Company will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balances. The Project Company's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Project Company consists of bank balance, loan from the sole shareholder and equity attributable to owners of the Project Company comprising paid-in capital net of accumulated loss.

The directors of the Project Company review the capital structure periodically. The directors of the Project Company consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the new capital issues as well as the issue of new debts or the redemption of existing debts.

13. FINANCIAL INSTRUMENTS

Categories of financial instruments

	At 30 June 2023 <i>RMB</i>
Financial asset	
At amortised cost	–
Financial liabilities	
At amortised cost	1,267,722,625

Financial risk management objectives and policies

The Project Company's major financial instruments include bank balance, payable for acquisition of land use right and loan from the sole shareholder. Details of these financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risks (including interest rate risk) and liquidity risk, the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Project Company's fair value interest rate risk relates primarily to its fixed-rate interest bearing shareholder's loan and payable for acquisition of land use right.

The Project Company currently does not have an interest rate hedging policy in relation to fair value interest rate risk and cash flow interest rate risk. However, management of the Project Company monitors interest rate exposure on an on-going basis and will consider hedging significant interest rate exposure should the need arise.

Liquidity risk

The Project Company's objective is to maintain a balance between continuity of funding generated from operating activities and the flexibility through the use of borrowings and issue of new debts. The directors of the Project Company closely monitor the liquidity position and expect to have adequate sources of funding to finance the Project Company's projects and operations.

Shareholder's loan and payable for acquisition of land use right which are both interest bearing at the effective interest rate of 3.65% are repayable within one year. In the opinion of the directors of the Project Company, the difference between the carrying amount of the financial liability and the undiscounted cash flows based on the earliest date on which the Project Company can be required to pay is not significant and therefore, no further analysis is presented.

Fair value measurements of financial instruments

The fair values of financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors of the Project Company consider that the carrying amounts of financial liabilities recognised in the financial statements approximate their fair values.

14. NON-CASH TRANSACTION

During the period ended 30 June 2023, part of the costs for Xi'an Land amounted to RMB220,000,000 was paid on behalf by the sole shareholder of the Project Company.

15. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Project Company have been prepared in respect of any period subsequent to the end of the Track Record Period.

(I) BASIC OF PREPARATION OF THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP AFTER THE COMPLETION OF THE CAPITAL CONTRIBUTION

On 25 May 2023, Chengdu Huajian Yijin Real Estate Co., Ltd. (“**Chengdu Huajian**”) won a bidding in respect of the land use rights of a piece of land situated at Xi’an City (the “**Xi’an Land**”) at an aggregation consideration of RMB 1,230,500,000. On 1 June 2023, Xi’an Shanglin Huayuan Real Estate Co., Ltd. (the “**Project Company**”) was established in the PRC by Chengdu Huajian as a limited liability company with initial registered capital of RMB10,000,000. Chengdu Huajian entered into a land use right grant contract with the Xi’an Natural Resources and Planning Bureau on 7 June 2023, and the Project Company subsequently entered into an agreement with Chengdu Huajian and the Xi’an Natural Resources and Planning Bureau on 9 June 2023 to become the sole beneficiary and developer of the Xi’an Land. On 30 June 2023, Xi’an Mao On Property Development Company Limited (“**Xi’an Mao On**”), an indirect wholly owned subsidiary of the Company, entered into a cooperation agreement (the “**Cooperation Agreement**”) with Chengdu Huajian and the Project Company for the development of the Xi’an Land through the Project Company, pursuant to which the initial registered capital of the Project Company shall be increased and upon completion of the capital increase, the registered capital of the Project Company shall be held by Xi’an Mao On as to 99% and by Chengdu Huajian as to 1% (the “**Respective Shareholdings**”).

The unaudited pro forma financial information is prepared to provide information on the Group as a result of the Cooperation Agreement on the basis of notes set out below for illustrating the effect, as if the Cooperation Agreement had taken place on 30 June 2023 for the preparation of the unaudited pro forma statement of assets and liabilities of the Group.

The information is prepared for illustrative proposes only and because of its hypothetical nature, it does not purport to represent what the financial position of the Group would have been upon the completion of the capital contribution in any future periods or on any future dates.

The unaudited pro forma statement of assets and liabilities of the Group after the completion of the capital contribution has been presented on a basis consistent with the accounting policies of the Group. It is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2023 as extracted from the unaudited condensed consolidated financial statements set out in the latest published interim results of the Group and after making pro forma adjustments to the transaction, as if the transaction had completed on 30 June 2023.

APPENDIX III	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AFTER THE COMPLETION OF THE CAPITAL CONTRIBUTION
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(II) UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP AFTER THE COMPLETION OF THE CAPITAL CONTRIBUTION

Unaudited Pro Forma Statement of assets and liabilities of the Group

	The Group as at 30 June 2023 <i>RMB'000</i> <i>Note 1</i>	The Project Company as at 30 June 2023 <i>RMB'000</i> <i>Note 2</i>	Pro forma Adjustment <i>RMB'000</i> <i>Note 3</i>	Unaudited Adjusted Pro forma of the enlarged group <i>RMB'000</i>
Non-current assets				
Property, plant and equipment	220,888	–	–	220,888
Right-of-use assets	69,226	–	–	69,226
Investment properties	3,197,363	–	–	3,197,363
Goodwill	160,210	–	–	160,210
Interests in associates	11,178,524	–	–	11,178,524
Interests in joint ventures	4,317,444	–	–	4,317,444
Financial asset at fair value through profit or loss	128,442	–	–	128,442
Other receivables	9,288,535	–	–	9,288,535
Deferred tax assets	1,134,920	–	–	1,134,920
	29,695,552	–	–	29,695,552
Current assets				
Properties for sale	72,346,979	1,267,415	308	73,614,702
Trade and other receivables	22,077,603	–	(645,948)	21,431,655
Contract costs	247,761	–	–	247,761
Prepaid income tax	3,029,620	–	–	3,029,620
Bank balances and cash	12,172,373	–	–	12,172,373
	109,874,336	1,267,415	(645,640)	110,496,111

APPENDIX III	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AFTER THE COMPLETION OF THE CAPITAL CONTRIBUTION
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	The Group as at 30 June 2023 <i>RMB'000</i> <i>Note 1</i>	The Project Company as at 30 June 2023 <i>RMB'000</i> <i>Note 2</i>	Pro forma Adjustment <i>RMB'000</i> <i>Note 3</i>	Unaudited Adjusted Pro forma of the enlarged group <i>RMB'000</i>
Current liabilities				
Contract liabilities	30,364,835	–	–	30,364,835
Trade and other payables	34,385,418	615,250	–	35,000,668
Lease liabilities	56,860	–	–	56,860
Loans from				
non-controlling interests	34,700	–	6,525	41,225
Loans from an intermediate holding company	7,938,091	–	–	7,938,091
Loan from the sole shareholder	–	652,473	(652,473)	–
Bank and other borrowings	5,677,640	–	–	5,677,640
Income tax payable	3,290,081	–	–	3,290,081
	81,747,625	1,267,723	(645,948)	82,369,400
Net current assets	28,126,711	(308)	308	28,126,711
Total assets less current liabilities	57,822,263	(308)	308	57,822,263
Non-current liabilities				
Loans from				
non-controlling interests	1,547,302	–	–	1,547,302
Loans from an intermediate holding company	6,683,266	–	–	6,683,266
Bank and other borrowings	13,546,023	–	–	13,546,023
Lease liabilities	349,141	–	–	349,141
Deferred tax liabilities	496,282	–	–	496,282
	22,622,014	–	–	22,622,014
Net assets	35,200,249	(308)	308	35,200,249

APPENDIX III	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AFTER THE COMPLETION OF THE CAPITAL CONTRIBUTION
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Notes:

1. For the preparation of unaudited pro forma statement of assets and liabilities of the Group after the completion of the capital contribution, the amounts are extracted from the latest published unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023.
2. On 30 June 2023, the Group entered into the Cooperation Agreement with Chengdu Huajian and the Project Company pursuant to which the initial registered capital of the Project Company shall be increased and upon completion of the capital increase, the registered capital of the Project Company shall be held by Xi'an Mao On as to 99% and by Chengdu Huajian as to 1% (the "**Respective Shareholding**"). The Group shall have the power to cast the majority of votes at the shareholders' meetings of Project Company, which was able to exercise control over Project Company and accordingly Project Company became a subsidiary of the Group.
3. Pursuant to the Cooperation Agreement, Xi'an Mao On and Chengdu Huajian shall bear the land price and the related tax in connection to the development of the Xi'an Land in proportion to their Respective Shareholding in the Project Company. The adjustment represents the amount of the Project Company's loan due to Chengdu Huajian of RMB652,473,000 as at 30 June 2023, upon completion of the proposed capital contribution, to be repayable by Xi'an Mao On for 99% (i.e. RMB645,948,000), in which this amount shall be net off with the amount of RMB645,948,000 paid by the Group to the immediate holding company of Chengdu Huajian in June 2023 accounted in other receivables. The remaining 1% amount shall be reclassified as loans from non-controlling interests.

Assuming the Project Company has not carried out any significant business transaction except for holding a piece of undeveloped land on 30 June 2023, the acquisition would be accounted for by the Group as acquisition of assets in according to Hong Kong Financial Reporting Standard 3, and the adjustment of RMB308,000 represents the amount of the Group allocating the difference of purchase price with the identifiable assets and liabilities of the Project Company to properties under development for sale of the Project Company.

4. No adjustment has been made to reflect the trading results or any other transaction of the Group entered into subsequent to 30 June 2023.

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.



**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of China Merchants Land Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Merchants Land Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2023 and related notes as set out on pages III-1 to III-4 of the circular issued by the Company dated 8 September 2023 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-4 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed capital contribution into Xi'an Shanglin Huayuan Real Estate Co., Ltd. for 99% of its equity interest on the Group's financial position as at 30 June 2023 as if the transaction had taken place at 30 June 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited condensed financial statements for the period ended 30 June 2023, on which no auditor's report or review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

APPENDIX III	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AFTER THE COMPLETION OF THE CAPITAL CONTRIBUTION
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The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

8 September 2023

MANAGEMENT DISCUSSION AND ANALYSIS ON THE PROJECT COMPANY

The management discussion and analysis on the Project Company for the period from 1 June 2023 (date of establishment) to 30 June 2023 (the “Tracking Period”) are set out below.

Business Review and Prospects

The Project Company was established on 1 June 2023 and registered in the People’s Republic of China (the “PRC”). As at the date of the Cooperation Agreement, it is a direct wholly-owned subsidiary of Chengdu Huajian, which is established in the PRC. The Project Company engages in the business of property development.

Financial Review*Other Comprehensive Income*

During the Tracking Period, the administrative expenses of the Project Company amounted to RMB307,625. During the same period no income was recorded. Hence, the loss and total comprehensive expense for the Tracking Period was RMB307,625.

Assets and Liability

As at 30 June 2023, the total assets of the Project Company were approximately RMB1,267.4 million, comprising property under development. The total liabilities of the Project Company were approximately RMB1,267.7 million, which included payable for acquisition of land use right and loan from the sole shareholder.

Liquidity and Capital Resources

The Project Company has financed its liquidity requirements primarily by advance from its sole shareholder.

Bank balance of the Project Company are denominated in RMB. As at 30 June 2023, bank balance of the Project Company amounted to RMB0.

As at 30 June 2023, the total amount of shareholder's loan payable by the Project Company was approximately RMB652 million which is repayable on demand and bears a fixed interest rate. The sole shareholder have no plan to require the Project Company to repay the shareholder’s loan until the Project Company has sufficient funds and financial capability available.

Gearing Ratio

As at 30 June 2023, the Project Company had current liabilities of approximately RMB1,267.7 million. Accordingly, the gearing ratio (total liabilities/total assets) at 30 June 2023 was approximately 100%.

Charge on Assets

As at 30 June 2023, the Project Company did not have any charges over assets.

Contingent Liabilities

As at 30 June 2023, the Project Company did not have any contingent liabilities.

Plans for Material Investments or Purchase of Capital Assets

As at 30 June 2023, the Project Company did not have any plans for material investments or purchase of capital assets.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Associates

For the Tracking Period, the Project Company did not have any significant investments, material acquisitions or disposals of subsidiaries or associates.

Exposure to Exchange Rate Fluctuations

For the Tracking Period, most of the business transactions, assets and liabilities of the Project Company were denominated in RMB. The Project Company did not have any material foreign currency exposure during the relevant periods and did not hold any financial instruments for hedging purposes.

Employees and Remuneration Policies

As of 30 June 2023, the Project Company has no employees.

The Project Company plans to develop a predominantly residential project on the Xi'an Land.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent valuer, in connection with its opinion of value of the Property as at 30 June 2023.



27/F, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

8 September 2023

The Board of Directors
China Merchants Land Limited
Room 2603 to 2606, 26/F
China Merchants Tower, Shun Tak Centre
Nos. 168-200 Connaught Road Central
Hong Kong

Dear Sirs,

Re: A parcel of land located in the southwest corner of the intersection of Hangfei Road and Shenzhou Avenue, Aerospace Base, Xi'an, Shaanxi Province, the People's Republic of China (the "Property")

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with your instructions for Cushman & Wakefield Limited ("C&W") to value the captioned property (the "**Property**") in the People's Republic of China (the "**PRC**") in which China Merchants Land Limited (the "**Company**") together with its subsidiaries (collectively the "**Group**") have interests, we confirm that we have inspected the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of Property as at 30 June 2023 (the "**Valuation Date**").

VALUATION BASIS

Our valuation of the Property represents its market value which in accordance with The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors is defined as 'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'.

Our valuation of the Property is on an entirety interest basis.

VALUATION ASSUMPTIONS

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

We confirm that we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of The Hong Kong Limited and The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors.

In the course of our valuation of the Property, we have relied on the information and advice given by the Company and the Company's PRC legal adviser (the "Legal Adviser"), Beijing Jun He Law Firm (北京市君合律師事務所), regarding the titles to the Property and the interests of the Company in the Property. Unless otherwise stated in the legal opinion provided for the Property, in valuing the Property, we have assumed that the Company has an enforceable title to the Property and has free and uninterrupted rights to use, occupy or assign the Property for the whole of the respective unexpired land use term as granted.

The status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the valuation report.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

VALUATION METHODS

The Property is a vacant site recently acquired by the Group and currently in pre-planning stage.

The Property which is held by the Group for future development in the PRC, is valued on the basis that it will be developed and completed in accordance with the latest proposed development schedule provided to us. In arriving at our opinion of value of the land, we have used Market Comparison Method which is universally considered the most accepted valuation method for valuing most forms of real estate. This involves analysis of relevant market sales evidence as available in the relevant market of similar properties to compare with the Property. Each comparable is analysed on the basis of its unit rate; each attribute of the comparable is then compared with the subject and where there is a difference, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making adjustments to the unit rate for various factors, such as location, size, accessibility, and so on.

SOURCE OF INFORMATION

We have accepted advice given by the Company on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, proposed development scheme, particulars of occupancy, site and floor areas, interest attributable to the Company and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents of the Property provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise you to make reference to the original Chinese editions of the documents and consult the Legal Adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided with extracts of documents relating to the titles of the Property, but no title searches have been made. Moreover, we have not inspected the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the Property and we have therefore relied on the advice given by the Company or the Legal Adviser regarding the interests of the Company in the Property.

SITE INSPECTION

Our valuer, Jiayi Yan (with master degree in Banking and Finance and 2 years' experience of property valuation) of our Xi'an Office, inspected the exterior and, where possible, the interior of the Property on 10 July 2023. However, we have not carried out any investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the Property is free of rot, infestation or other structural defects. No test was carried out on any of the services. Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all monetary sums stated in our valuation are in Renminbi ("RMB"), the official currency in the PRC.

INDEPENDENCE

We hereby confirm that C&W and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the Property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

INTENDED USE OF REPORT

This valuation report is issued for the use of the Company for regulatory disclosure purpose.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace S.M. Lam
MRICS, MHKIS, RPS (GP)
Senior Director
Valuation & Advisory Services, Greater China

Note: Ms. Grace S.M. Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property held for future development by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2023																		
<p>A parcel of land located in the southwest corner of the intersection of Hangfei Road and Shenzhou Avenue, Aerospace Base, Xi'an, Shaanxi Province, the PRC</p> <p>中國 陝西省西安市 航天基地航飛路與神州大道 十字西南角</p>	<p>The Property comprises a parcel of land of 59,386.50 sq.m., including 58,240.99 sq.m. for residential uses and 1,145.51 sq.m. for commercial uses. The Property is proposed to be developed for a composite residential and commercial development.</p> <p>As advised by the Company, the proposed development has a total planned gross floor area of 173,322.00 sq.m., details are as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Proposed gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td colspan="2">Above ground</td> </tr> <tr> <td>Residential</td> <td>111,506</td> </tr> <tr> <td>Commercial</td> <td>2,291</td> </tr> <tr> <td>Ancillary & Kindergarten</td> <td>4,975</td> </tr> <tr> <td>Sub-total</td> <td>118,772</td> </tr> <tr> <td colspan="2">Below ground</td> </tr> <tr> <td>Underground portion</td> <td>54,550</td> </tr> <tr> <td>Total:</td> <td>173,322</td> </tr> </tbody> </table> <p>The land use rights of the Property have been granted for a term of 40 years due to expire on 4 August 2063 for commercial use and for a term of 70 years due to expire on 4 August 2093 for residential use.</p>	Use	Proposed gross floor area (sq.m.)	Above ground		Residential	111,506	Commercial	2,291	Ancillary & Kindergarten	4,975	Sub-total	118,772	Below ground		Underground portion	54,550	Total:	173,322	<p>As at the Valuation Date, the Property was a vacant site.</p>	<p>RMB1,230,500,000</p> <p>(RENMINBI ONE BILLION TWO HUNDRED THIRTY MILLION AND FIVE HUNDRED THOUSAND)</p> <p>(99% interest attributable to the Group: RMB1,218,195,000)</p>
Use	Proposed gross floor area (sq.m.)																				
Above ground																					
Residential	111,506																				
Commercial	2,291																				
Ancillary & Kindergarten	4,975																				
Sub-total	118,772																				
Below ground																					
Underground portion	54,550																				
Total:	173,322																				

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2023
	<p>The Property is located at the south of Hangfei Road, east of Wangyue Road, north of Shaoling Road and west of Aerospace Conference Centre of the Aerospace Base Community.</p>		
	<p>The Property is about 20-minute walking distance from the nearest Metro Station, Shenzhou Avenue Station.</p>		
	<p>In terms of first-hand residential market in Xi'an, in 2022, there was a new supply of about 12.8 million sq.m., which is the lowest in the past decade. Despite transaction volume dropped to 10.4 million sq.m., the average transaction price increased to about RMB15,700/sq.m..</p>		

Notes:-

- (1) According to Grant Contract for State-owned Construction Land Use Rights No. HT02946 dated 30 November 2022, the land use rights of the Property have been contracted to be granted to Chengdu Huajian Yijin Real Estate Co., Ltd. (成都華建益錦置業有限公司) for residential and commercial uses. Details are as follows:

- | | | |
|-----|-------------------|---|
| (a) | Location: | Southwest corner of the intersection of Hangfei Road and Shenzhou Avenue, Aerospace Base, Xi'an City, Shaanxi Province, the PRC |
| (b) | Site area: | 59,386.50 sq.m. |
| (c) | Use: | Residential and commercial |
| (d) | Gross floor area: | Above ground portion: not more than 118,772 sq.m. |

(not more than 111,646 sq.m. for residential, not less than 4,835 sq.m. for ancillaries (including public preserved kindergarten with a gross floor area of 2,200 sq.m.), not more than 2,291 sq.m. for commercial)

Underground portion: not less than 49,330 sq.m.

(Subject to final approval)

- (e) Plot ratio: Not less than 1.0 and not more than 2.0
- (f) Building height: Not more than 80 m.
(comply with the height limit requirements of general aviation airports)
- (g) Building density: Not more than 25%
- (h) Greenery ratio: Not less than 35%
- (i) Land use term: 70 years for residential and 40 years for commercial
- (j) Land Premium: RMB1,230,500,000
- (1) the first instalment of RMB615,250,000 payable by 6 June 2023; and
- (2) the second instalment of RMB615,250,000 payable by 6 June 2024.
- (k) Building Covenant: Construction to commence before 31 May 2024 and to complete before 30 May 2027

- (2) According to Realty Title Certificate No. (2023) 0305440 dated 16 June 2023, the land use rights of the Property with a site area of 59,386.50 sq.m. have been vested in Xi'an Shanglin Huayuan Real Estate Co., Ltd. (西安尚林華苑房地產有限公司) for a term of 40 years due to expire on 4 August 2063 for commercial use and for a term of 70 years due to expire on 4 August 2093 for residential use. Details are as follows:

Use	Site area (sq.m.)	Land use term	Expiry date
Residential	58,240.99	70 years	4 August 2093
Commercial	1,145.51	40 years	4 August 2063
Total	59,386.50		

- (3) According to Construction Land Use Planning Permit No. 610116202320189HT dated 12 June 2023, the construction works of the development with a site area of 89.08 mu and a total permissible gross floor area of 118,772 sq.m. are in compliance with urban planning requirements. Details are as follows:

Use	Permissible gross floor area (sq.m.)
Residential	≤111,646
Ancillaries	≥4,835
Commercial	≤2,291
Total (above ground)	≤118,772

- (4) According to Construction Works Planning Permit No. 610116202330273HT dated 16 June 2023, the construction works of the foundation of the Property were in compliance with the requirement of urban planning and were permitted to be developed.
- (5) According to Construction Works Commencement Permit No. 610147202306160101, the construction works of the foundation of the Property with a planned gross floor area of approximately 11,000 sq.m. were in compliance with the requirement for works commencement and were permitted to be developed.
- (6) According to Business Licence No. 91610138MACJHQH4A, Xi'an Shanglin Huayuan Real Estate Co., Ltd. (西安尚林華苑房地產有限公司) was established as a limited liability company on 1 June 2023 with a registered capital of RMB10,000,000.
- (7) As advised by the Company, the total construction cost as at the Valuation Date was approximately RMB566,000,000.
- (8) We have been provided with a legal opinion issued by the Company's Legal Adviser, which contains, inter alia, the following information:-
- (a) The content of the Grant Contract for State-owned Land Use Rights between the Group and the grantor does not violate the mandatory provisions of laws and administrative regulations, and is legally binding on both parties;
 - (b) the Group has fully paid the first instalment of the contracted land price;
 - (c) the Group shall settle the second instalment of the contracted land price before 6 June 2024 and apply for an updated Realty Title Certificate; and
 - (d) the Property has no mortgage or seized restriction.
- (9) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:-
- | | |
|--|-----|
| Grant Contract for State-owned Land Use Rights | Yes |
| Realty Title Certificate | Yes |
| Construction Land Use Planning Permit | Yes |
| Construction Works Planning Permit | Yes |
| Construction Works Commencement Permit | Yes |
| Business Licence | Yes |
- (10) In valuing the market value of the Property, Market Comparison Method is adopted. We have made reference to relevant land sales comparables which are selected based on criteria of
- (a) time – comparables transacted in the past 12 months;
 - (b) location – comparables of similar accessibility as Property located in Xi'an;
 - (c) size – comparables within 5,000 to 30,000 sq.m.;
 - (d) plot ratio – comparables of plot ratio within 2 to 3;
 - (e) land use – comparables of residential use; and
 - (f) remaining land use term – comparables of remaining land use term of 70 years.

We have selected three relevant land comparables. The site value of the selected comparables range from about RMB23,290/sq.m. to RMB27,290/sq.m.. Our concluded site value of the Property is about RMB20,721/sq.m.. Details of the land comparables considered are listed below:

No.	Land Comparable	Location	Transaction Time	Site Area (sq.m.)	Plot Ratio	Land Use	Remaining Land Use Term	Transacted Site Value (RMB/sq.m.)
1	GX3-34-2-1	High-Tech Zone	Nov-22	18,350	2.5	Residential	70 years	27,790
2	GX2-7-15-3	High-Tech Zone	Dec-22	8,960	2.6	Residential	70 years	23,290
3	HT01-26-3-2	Aerospace Base Community	Oct-22	26,385	2.8	Residential	70 years	23,500

The major adjustments made to arrive at our valuation, include but not limited to, are summarised below:

Adjustment	Range
Time	+2% to +3%
Location & accessibility	-6% to -7%
Size & plot ratio	-8% to -10%
Land use & remaining land use term	-5%

The general basis of adjustment is that if the Property is better than the comparable, an upward adjustment is made. Alternatively, if the Property is inferior to or less desirable than the comparable, a downward adjustment is made.

The selected land comparables represent an exhaustive list based on the above-mentioned selection criteria. Adjustment details are illustrated below:

In terms of time factor, we adjust the land comparables with reference to the land price index in Xi'an. Upward adjustment is applied to all the comparables as they were transacted in October to December 2022 whilst the Property was in June 2023.

All comparables are within proximity to the city centre and public bus stop whilst the Property's location is slightly inferior, hence, downward adjustments are made. Moreover, the neighborhood of Comparables 1 and 2 are considered superior to the Property, hence, downward adjustments are applied to these two comparables.

In terms of size and plot ratio, the Property has a site area of approximately 59,387 sq.m. with a plot ratio of 2.0 whilst the comparables have higher plot ratios yet smaller site area. Considering the development potential, downward adjustments are applied to all comparables.

As the Property is a composite residential/commercial land with land use terms of 70 and 40 years respectively, all the selected comparables are for residential use only with remaining land use terms of 70 years, the same downward adjustments are applied to all comparables.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests and Short Positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares or underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage (%) in the issued share capital of the Company
SO Shu Fai	Interest of controlled corporations (<i>Note</i>)	32,054,066 (L)	0.65%

Note: These shares are directly held by Skill China Limited (“Skill China”) which is owned as to 90% by Dr. SO Shu Fai, an executive Director of the Company, and 10% by Mr. SO Man Cho, the son of Dr. SO Shu Fai. Hence, by virtue of Part XV of the SFO, Dr. SO Shu Fai is deemed to be interested in the shares directly held by Skill China. Skill China is a company incorporated in the British Virgin Islands with limited liability.

Long positions in underlying Shares of associated corporation

Name of Director	Nature of interest	Number of underlying Shares involved <i>(Note)</i>	Approximately percentage (%) in the associated corporation
XU Yongjun	Beneficial owner	359,466 ¹	0.00%
HUANG Junlong	Beneficial owner	124,000 ¹	0.00%

Notes:

1. These are interests in associated corporation, CMSK, an indirect controlling shareholder of the Company.

Save as disclosed above, none of the Directors or chief executive of the Company had any interest or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, each of the following Directors is a director or employee in the following companies, each of which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- Mr. XU Yongjun, a non-executive Director, is a director and Chairman of CMSK;
- Mr. HUANG Junlong, a non-executive Director, is the chief financial officer and board secretary of CMSK;
- Mr. LI Yao, a non-executive Director, is a director of Eureka Investment Company Limited 瑞嘉投資實業有限公司, a wholly-owned subsidiary of CMSK;
- Mr. WONG King Yuen, an executive Director, is the director and general manager of China Merchants Properties Development Limited and China Merchants Property Agency Limited, and a director of Success Well, all of them are wholly-owned subsidiaries of CMSK; and

- e. Ms. CHEN Yan, an executive Director, is a director of Success Well, a wholly-owned subsidiary of CMSK.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there is no contract or arrangement entered into by a related party subsisting in which a Director is materially interested and significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has, directly or indirectly, any interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022 (being the date to which the latest published audited accounts of the Company were made up).

5. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or controlling shareholders (as defined in the Listing Rules) and their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

6. SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance, and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against any member of the Group.

8. EXPERTS AND CONSENTS

The following sets out the qualifications of the experts who have been named in this circular:

Name	Qualifications
Cushman & Wakefield Limited	a registered professional surveyor and an independent property valuer
Deloitte Touche Tohmatsu	Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts:

- (a) did not have any shareholding, either directly or indirectly, in any member of the Group;
- (b) did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any interest, either directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022 (the date to which the latest published audited accounts of the Company were made up).

The reports from Deloitte Touche Tohmatsu dated 8 September 2023 set out in Appendices II and III to this circular and the valuation report from Cushman & Wakefield Limited dated 8 September 2023 set out in Appendix V to this circular were given for information in this circular.

9. GENERAL

- a. The English text of this circular shall prevail over the Chinese text in case of any inconsistency.
- b. The company secretary of the Company is Mr. Ng Ho. Mr. Ng holds a Master of Business degree from Monash University in Australia and is a fellow of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. He has over 8 years of experience in compliance and listed company secretarial practice.

- c. The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The head office and principal place of business of the Company is at Room 2603–2606, 26/F, China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Road Central, Hong Kong.
- d. The branch share registrar and transfer office of the Company is Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

10. MATERIAL CONTRACT

No contract (not being contract in the ordinary course of business of the Group) which are or may be material was entered into by members of the Group within the two years immediately preceding the Latest Practicable Date.

11. DOCUMENTS ON DISPLAY

Copies of the following document will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://ir.cmland.hk>) for a period of 14 days from the date of this circular (both days inclusive):

- a. the Cooperation Agreement;
- b. the accountants' report of the Project Company dated 8 September 2023, the text of which is set out in Appendix II to this circular;
- c. the report on the unaudited pro forma financial information of the Group after the completion of the capital contribution dated 8 September 2023, the text of which is set out in Appendix III to this circular;
- d. the valuation report of Cushman & Wakefield Limited dated 8 September 2023, the text of which is set out in Appendix V to this circular;
- e. the letter of consent from Deloitte Touche Tohmatsu dated 8 September 2023 referred to in the above paragraph headed "8. Experts and Consents" in this appendix; and
- f. the letter of consent from Cushman & Wakefield Limited dated 8 September 2023 referred to in the above paragraph headed "8. Experts and Consents" in this appendix.