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中國海外發展有限公司 CHINA OVERSEAS LAND & INVESTMENT LTD.

(incorporated in Hong Kong with limited liability)
(Stock Code: 688)

DISCLOSEABLE TRANSACTION

ACQUISITIONS OF EQUITY INTEREST IN A JOINT VENTURE COMPANY

THE ACQUISITIONS

The Board is pleased to announce that (i) on 21 January 2022 after trading hours, the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Agile Sale and Purchase Agreement with the Agile Vendor, pursuant to which the Agile Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Equity Interest I at the total consideration of RMB1,843,868,800 (subject to adjustment); and (ii) on 24 January 2022 after trading hours, the Purchaser entered into the Shimao Sale and Purchase Agreement with the Shimao Vendor, pursuant to which the Shimao Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Equity Interest II at the total consideration of RMB1,844,542,793.64 (subject to adjustment).

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisitions (when aggregate) exceed 5% but less than 25%, the Acquisitions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements, but are exempted from the requirement of shareholders' approval under Chapter 14 of the Listing Rules.

The Board is pleased to announce that (i) on 21 January 2022 after trading hours, the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Agile Sale and Purchase Agreement with the Agile Vendor, pursuant to which the Agile Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Equity Interest I at the total consideration of RMB1,843,868,800 (subject to adjustment); and (ii) on 24 January 2022 after trading hours, the Purchaser entered into the Shimao Sale and Purchase Agreement with the Shimao Vendor, pursuant to which the Shimao Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Equity Interest II at the total consideration of RMB1,844,542,793.64 (subject to adjustment).

THE AGILE SALE AND PURCHASE AGREEMENT

Date

21 January 2022

Parties

- (a) The Purchaser; and
- (b) The Agile Vendor.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Agile Vendor and its ultimate beneficial owners are Independent Third Parties.

Subject matter

The Agile Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Equity Interest I (free from any encumbrances), which represents approximately 26.66% of the equity interest in the JV Company.

On Agile Agreement Completion, the Purchaser shall assume from the Agile Vendor all obligations to repay the Agile Loan to the JV Company.

The JV Company is the 100% holding company of Guangzhou Lihe Property Management and Guangzhou Shijia respectively. The Guangzhou Lihe Group owns the land use rights over the Property, details of which are set out in the paragraph headed "Information of Guangzhou Lihe Group" below.

Completion

Completion of the acquisition contemplated under the Agile Sale and Purchase Agreement (the "**Agile Agreement Completion**") shall take place on the second working day after the date of fulfilment of the following conditions:

- (a) the Purchaser obtaining all necessary authorisations and approvals from its superior authority in the PRC for the transactions contemplated under the Agile Sale and Purchase Agreement on or before 20 February 2022 (or any other date to be mutually agreed between the Agile Vendor and the Purchaser) in accordance with the procedures for State Owned Assets transactions; and
- (b) all necessary applications, documentation and registration procedures regarding the transfer of the Equity Interest I have been duly completed and/or filed by the Agile Vendor and the Purchaser with the relevant local Administration for Industry and Commerce in the PRC.

On the date of Agile Agreement Completion:

- (1) all documents, licences, company chops and property of Guangzhou Lihe Group that are in possession of the Agile Vendor shall be handed over to the Purchaser; and
- (2) all necessary handover arrangements relating to Guangzhou Lihe Group have been made between the Agile Vendor with the Purchaser, including but not limited to the resignation of all officers and employees of each member of Guangzhou Lihe Group nominated by the Agile Vendor and corresponding amendments of articles for such changes of the JV Company shall be approved and adopted.

In addition, the Agile Vendor and the Purchaser will cooperate to obtain the release of all guarantees given by the Agile Vendor prior to Agile Agreement Completion for liabilities of the JV Company within fifteen days after transfer of the Equity Interest I from the Agile Vendor to the Purchaser.

Consideration

The consideration of the acquisition contemplated under the Agile Sale and Purchase Agreement is initially agreed to be RMB1,843,868,800 (subject to adjustment) (the “**Agile Consideration**”), which shall be settled as follows:

- (a) the Purchaser shall pay RMB1,380,000,000 in cash to the Agile Vendor upon Agile Agreement Completion;
- (b) as part of the Agile Consideration, at Agile Agreement Completion, the Purchaser will assume the obligations to repay the loan due from the Agile Vendor to the JV Company in the amount of RMB463,868,800 (as shown in the management accounts of the JV Company as at 31 December 2021) (the “**Agile Loan**”) effective from the date of Agile Agreement Completion, such that as from the date of Agile Agreement Completion the Agile Vendor will be discharged and released from all repayment obligations under the Agile Loan, and the Agile Consideration will be deemed to be settled on a dollar for dollar basis, against the Agile Loan amount, the repayment obligations of which are assumed by the Purchaser.

The Agile Consideration may be adjusted in the following manner:

- (1) if there are any distributions from the JV Company to the Agile Vendor as approved by the holders of equity interests in the JV Company before Agile Agreement Completion, the Agile Consideration shall be reduced by the actual amount of such distribution received by the Agile Vendor;
- (2) if Agile Agreement Completion takes place on or before noon on 28 January 2022, the Agile Consideration (subject to any deductions made in accordance with paragraph (1) above) shall be reduced by RMB10,000,000; and
- (3) the final Agile Loan amount will be determined from the audited financial statements of the JV Company for the financial period ended 31 December 2021. The Agile Consideration shall be adjusted accordingly with reference to the final Agile Loan amount (if necessary).

The Agile Consideration was determined after arm's length negotiations between the Agile Vendor and the Purchaser with reference to, amongst others, the unaudited consolidated net asset value of Guangzhou Lihe Group as at 31 December 2021 and the market value and potential of the Property. The Agile Consideration will be settled out of the internal resources of the Group.

THE SHIMAO SALE AND PURCHASE AGREEMENT

Date

24 January 2022

Parties

- (a) The Purchaser; and
- (b) The Shimao Vendor.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Shimao Vendor and its ultimate beneficial owners are Independent Third Parties.

Subject matter

The Shimao Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Equity Interest II (free from any encumbrances), which represents approximately 26.67% of the equity interest in the JV Company.

On Shimao Agreement Completion, the Purchaser shall assume from the Shimao Vendor all obligations to repay the Shimao Loan to the JV Company.

Completion

Completion of the acquisition contemplated under the Shimao Sale and Purchase Agreement (the "**Shimao Agreement Completion**") shall take place on the second working day after the date of fulfilment of the following conditions:

- (a) the Purchaser obtaining all necessary authorisations and approvals from its superior authority in the PRC for the transactions contemplated under the Shimao Sale and Purchase Agreement on or before 28 February 2022 (or any other date to be mutually agreed between the Shimao Vendor and the Purchaser) in accordance with the procedures for State Owned Assets transactions; and
- (b) all necessary applications, documentation and registration procedures regarding the transfer of the Equity Interest II have been duly completed and/or filed by the Shimao Vendor and the Purchaser with the relevant local Administration for Industry and Commerce in the PRC.

On the date of Shimao Agreement Completion:

- (1) all documents, licences, company chops and property of Guangzhou Lihe Group that are in possession of the Shimao Vendor shall be handed over to the Purchaser; and
- (2) all necessary handover arrangements relating to Guangzhou Lihe Group have been made between the Shimao Vendor with the Purchaser, including but not limited to the resignation of all officers and employees of each member of Guangzhou Lihe Group nominated by the Shimao Vendor and corresponding amendments of articles for such changes of the JV Company shall be approved and adopted.

In addition, the Shimao Vendor and the Purchaser will cooperate to obtain the release of all guarantees given by the Shimao Vendor prior to Shimao Agreement Completion for liabilities of the JV Company within fifteen days after transfer of the Equity Interest II from the Shimao Vendor to the Purchaser.

Consideration

The consideration of the acquisition contemplated under the Shimao Sale and Purchase Agreement is initially agreed to be RMB1,844,542,793.64 (subject to adjustment) (the “**Shimao Consideration**”), which shall be settled as follows:

- (a) the Purchaser shall within three working days from the date of the Shimao Agreement Completion pay RMB1,380,500,000 in cash to the Shimao Vendor as the first installment of the Shimao Consideration which shall be calculated in the following manner:

First installment of the Shimao Consideration = RMB1,380,500,000 – RMB10,000,000 mentioned in the following paragraph (1) (if applicable) – RMB50,000,000 (being the retention money (the “**Retention Money**”) of certain outstanding obligations or liabilities of the JV Company in respect of the Property and/or relating to construction contracts (the “**Outstanding Matters**”));

- (b) if all Outstanding Matters have been resolved on or before 30 June 2022, within five days from the date on which all Outstanding Matters have been resolved, the Purchaser shall pay to the Shimao Vendor, subject to deduction of the liquidated damages and any losses of the Purchaser (if any), the Retention Money;
- (c) if any of the Outstanding Matters has not been resolved by 30 June 2022, the Purchaser and the Shimao Vendor shall further negotiate. If the unresolved Outstanding Matter(s) is/are not material but relating to the potential dispute(s) or dispute(s) of the construction contracts for developing certain portions of land where the Property situates, the Purchaser shall be entitled to retain RMB10,000,000 from the Retention Money until settlement of such potential dispute(s) or dispute(s) and then shall pay the balance (i.e. RMB40,000,000) to the Shimao Vendor on 4 July 2022 in accordance with the Shimao Sale and Purchase Agreement; and

- (d) as part of the Shimao Consideration, at Shimao Agreement Completion, the Purchaser will assume the obligations to repay the loan due from the Shimao Vendor to the JV Company in the amount of RMB464,042,793.64 (as shown in the management accounts of the JV Company as at 31 December 2021) (the “**Shimao Loan**”) effective from the date of Shimao Agreement Completion, such that as from the date of Shimao Agreement Completion the Shimao Vendor will be discharged and released from all repayment obligations under the Shimao Loan, and the Shimao Consideration will be deemed to be settled on a dollar for dollar basis, against the Shimao Loan amount, the repayment obligations of which are assumed by the Purchaser.

The Shimao Consideration may be adjusted in the following manner:

- (1) if Shimao Agreement Completion takes place on or before 28 January 2022, the first installment of the Shimao Consideration as mentioned in the paragraph (a) above shall be reduced by RMB10,000,000; and
- (2) the final Shimao Loan amount will be determined from the audited financial statements of the JV Company for the financial period ended 31 December 2021. The Shimao Consideration shall be adjusted accordingly with reference to the final Shimao Loan amount (if necessary).

The Shimao Consideration is inclusive of the undistributed profits and surplus of the JV Company as at 31 December 2021 and was determined after arm’s length negotiations between the Shimao Vendor and the Purchaser with reference to, amongst others, the unaudited consolidated net asset value of Guangzhou Lihe Group as at 31 December 2021 and the market value and potential of the Property. The Shimao Consideration will be settled out of the internal resources of the Group.

Upon completion of the Acquisitions, the JV Company will be held as to 73.33% by the Purchaser.

INFORMATION OF THE PARTIES

Information of the Group

The Group is principally engaged in property development and investment, and other operations.

The Purchaser is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. The Purchaser holds 20% of the equity interest in the JV Company as at the date of this announcement and is principally engaged in the business of property development.

Information of the Agile Vendor

The Agile Vendor is a company established in the PRC with limited liability and holds approximately 26.66% of the equity interest in the JV Company as at the date of this announcement. The Agile Vendor is principally engaged in the investment consulting services.

The Agile Vendor is an indirect wholly-owned subsidiary of Agile Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 3383).

Information of the Shimao Vendor

The Shimao Vendor is a company established in the PRC with limited liability and holds approximately 26.67% of the equity interest in the JV Company as at the date of this announcement. The Shimao Vendor is principally engaged in investment holding.

The Shimao Vendor is an indirect wholly-owned subsidiary of Shimao Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 813).

Information of Guangzhou Lihe Group

The JV Company is a joint venture company established in the PRC with limited liability, in which its equity interest is owned as to approximately 26.66% by the Agile Vendor, approximately 26.67% by the Shimao Vendor, 20% by the Purchaser and approximately 26.67% by Guangzhou City Hongying Lvhua Engineering Co., Ltd.* (廣州市鴻盈綠化工程有限公司). The principal business of the JV Company is property development in the PRC.

The principal asset of the JV Company is the Property. The Property is a mixed-use residential and commercial complex known as “廣州亞運城” (Guangzhou Asian Games City) situated at Guangzhou Asian Games City, Shilou Town, Panyu District, Guangzhou City, Guangdong Province of the PRC with a total construction floor area of approximately 5,850,000 square metres and a site area of approximately 2,521,000 square metres. As at the date of this announcement, approximately 4,016,000 square metres of construction floor area of the Property has been developed into residential and commercial units and carpark spaces. The remaining construction floor area (being approximately 1,834,000 square metres) is still under construction, and such construction is expected to be completed by the end of 2025. As at the date of this announcement, approximately 3,473,000 square metres of construction floor area (including residential and commercial units and carpark spaces) of the complex have been sold. The final area is subject to the verification of the relevant government departments.

As at the date of this announcement, Guangzhou Lihe Property Management and Guangzhou Shijia are both wholly-owned subsidiaries of the JV Company and companies incorporated in the PRC with limited liability. Guangzhou Lihe Property Management is principally engaged in the business of property management in the PRC, and Guangzhou Shijia is principally engaged in the business of architectural decoration and fitting out in the PRC.

Set out below is the consolidated financial information of Guangzhou Lihe Group for the two years ended 31 December 2021 prepared in accordance with generally accepted accounting principles in the PRC:

	For the financial year ended 31 December	
	2020 <i>(Audited)</i>	2021 <i>(Unaudited)</i>
Net profit (before taxation)	approximately RMB3,249,209,000	approximately RMB3,980,382,000
Net profit (after taxation)	approximately RMB2,434,863,000	approximately RMB2,985,233,000

The unaudited net asset value of Guangzhou Lihe Group as at 31 December 2021 was approximately RMB2,911,582,000.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The principal asset of the JV Company is the Property. The Property is a mixed-use residential and commercial complex known as “廣州亞運城” (Guangzhou Asian Games City) in Guangzhou City in the PRC with a total construction floor area of approximately 5,850,000 square metres. Having considered the location, the size and the development prospect of the Property, the Directors considered that the Acquisitions are good opportunities for the Group to further strengthen its property development business in the PRC through increasing its interests in the JV Company, and contributes to the long-term business growth of the Group.

None of the Directors has any material interest in the Acquisitions and no Director is required to abstain from voting on such board resolutions.

The Directors (including the Independent Non-executive Directors) consider that the terms of the Agile Sale and Purchase Agreement and the Shimao Sale and Purchase Agreement have been reached after arm’s length negotiation and that the terms of the Agile Sale and Purchase Agreement and the Shimao Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisitions (when aggregate) exceed 5% but less than 25%, the Acquisitions constitutes discloseable transactions of the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting and announcement requirements, but are exempted from the requirement of shareholders’ approval under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisitions”	the acquisitions of the Equity Interest I and the Equity Interest II by the Purchaser contemplated under the Agile Sale and Purchase Agreement and the Shimao Sale and Purchase Agreement;
“Agile Agreement Completion”	the Agile Agreement Completion as described in the section headed “The Agile Sale and Purchase Agreement – Completion” in this announcement;
“Agile Consideration”	the Agile Consideration as described in the section headed “The Agile Sale and Purchase Agreement – Consideration” in this announcement;
“Agile Loan”	the Agile Loan as described in the section headed “The Agile Sale and Purchase Agreement – Consideration” in this announcement;
“Agile Sale and Purchase Agreement”	the sale and purchase agreement dated 21 January 2022 entered into between the Agile Vendor and the Purchaser in respect of the transfer of the Equity Interest I;
“Agile Vendor”	Guangzhou Zhenran Investment Co., Ltd.* (廣州振然投資有限公司), a company established in the PRC with limited liability;
“Board”	the board of Directors;
“Company”	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688);
“connected person(s)”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Director(s)”	director(s) of the Company;
“Equity Interest I”	approximately 26.66% of equity interest in the JV Company owned by the Agile Vendor;
“Equity Interest II”	approximately 26.67% of equity interest in the JV Company owned by the Shimao Vendor;

“Group”	the Company and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange and their respective subsidiary(ies), if any) from time to time;
“Guangzhou Lihe Group”	the JV Company, Guangzhou Lihe Property Management and Guangzhou Shijia;
“Guangzhou Lihe Property Management”	Guangzhou Lihe Property Management Co., Ltd.* (廣州利合物業管理有限公司), a company established with limited liability in the PRC and a direct wholly-owned subsidiary of the JV Company;
“Guangzhou Shijia”	Guangzhou Shijia Decoration Engineering Co., Ltd.* (廣州世佳裝飾工程有限公司), a company established with limited liability in the PRC and a direct wholly-owned subsidiary of the JV Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	person(s) or company(ies) who/which is (are) independent of the Company and its connected person(s);
“JV Company”	Guangzhou Lihe Real Estate Development Co., Ltd.* (廣州利合房地產開發有限公司), a company established in the PRC with limited liability;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Outstanding Matters”	the Outstanding Matters as described in the section headed “The Shimao Sale and Purchase Agreement – Consideration” in this announcement;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Property”	a mixed-use residential and commercial complex known as “廣州亞運城” (Guangzhou Asian Games City) located in Guangzhou City, PRC, details of which are set out in the paragraph headed “Information of Guangzhou Lihe Group” in this announcement;
“Purchaser”	Guangdong Zhonghai Property Co., Ltd.* (廣東中海地產有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;

“Retention Money”	the Retention Money as described in the section headed “The Shimao Sale and Purchase Agreement – Consideration” in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shimao Agreement Completion”	the Shimao Agreement Completion as described in the section headed “The Shimao Sale and Purchase Agreement – Completion” in this announcement;
“Shimao Consideration”	the Shimao Consideration as described in the section headed “The Shimao Sale and Purchase Agreement – Consideration” in this announcement;
“Shimao Loan”	the Shimao Loan as described in the section headed “The Shimao Sale and Purchase Agreement – Consideration” in this announcement;
“Shimao Sale and Purchase Agreement”	the sale and purchase agreement dated 24 January 2022 entered into between the Shimao Vendor and the Purchaser in respect of the transfer of the Equity Interest II;
“Shimao Vendor”	Shanghai Mulei Business Management Co., Ltd.* (上海穆蕾企業管理有限公司), a company established in the PRC with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

* *English translation for identification purpose only*

By Order of the Board
China Overseas Land & Investment Limited
Yan Jianguo
Chairman and Executive Director

Hong Kong, 25 January 2022

As at the date of this announcement, Mr. Yan Jianguo (Chairman), Mr. Luo Liang (Vice Chairman), Mr. Zhang Zhichao (Chief Executive Officer) and Mr. Guo Guanghui are the Executive Directors of the Company; Mr. Zhuang Yong (Vice Chairman) and Mr. Zhao Wenhai are the Non-executive Directors of the Company; and Dr. Fan Hsu Lai Tai, Rita, Mr. Li Man Bun, Brian David and Professor Chan Ka Keung, Ceajer are the Independent Non-executive Directors of the Company.