

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



# 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 AND CONNECTED TRANSACTION FORMATION OF JOINT VENTURE IN RELATION TO LAND IN GUANGZHOU, THE PRC AND DEEMED DISPOSAL**

### **FORMATION OF JOINT VENTURE AND DEEMED DISPOSAL**

On 15 December 2023, Guangao (being an indirect wholly-owned subsidiary of the Company), CCFED and the JV Company (being an indirect wholly-owned subsidiary of the Company) entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form a joint venture through the JV Company for the purpose of investing into and developing the Guangzhou Project; and (b) regulate their respective rights and obligations in the JV Company. Following Completion, the JV Company will be owned as to 90% and 10% by Guangao and CCFED respectively.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CCFED is an indirect wholly-owned subsidiary of CSCECL and CSCECL is the intermediate controlling shareholder of the Company by virtue of it being interested in approximately 56.10% of the issued share capital of the Company. Accordingly, CCFED is a connected person of the Company.

Following Completion, the equity interests of the Group in the JV Company will be reduced from 100% to 90% by allotting 10% of the equity interests of the JV Company to CCFED. The share allotment constitutes a deemed disposal of the Group's equity interest in the JV Company under Rule 14.29 of the Listing Rules. As one of the applicable percentage ratios in respect of the Deemed Disposal exceed 0.1% but is less than 5%, the Deemed Disposal constitutes a connected transaction for the Company and is subject to reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Deemed Disposal does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratios in respect of the total capital commitment of the Company for the Transaction exceed 5% but is less than 25%, the Transaction constitutes (a) a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules; and (b) a connected transaction for the Company and is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the Independent Non-executive Directors has been formed to advise the Independent Shareholders in respect of the Transaction. Red Sun has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection. Voting at the GM will be conducted by poll and COHL and its associates will abstain from voting at the GM.

A circular containing, among other things, (i) further particulars of the Transaction; (ii) the recommendation of the Independent Board Committee; (iii) the advice and recommendation of the Independent Financial Adviser; (iv) the valuation report for the Land; and (v) a notice convening the GM is expected to be despatched to the Shareholders on or before 16 January 2024 as the Company expects that additional time will be required to prepare and finalise the information to be included in the circular.

## **INTRODUCTION**

On 15 December 2023, Guangao (being an indirect wholly-owned subsidiary of the Company), CCFED and the JV Company (being an indirect wholly-owned subsidiary of the Company) entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form a joint venture through the JV Company for the purpose of investing into and developing the Guangzhou Project; and (b) regulate their respective rights and obligations in the JV Company. Following Completion, the JV Company will be owned as to 90% and 10% by Guangao and CCFED respectively.

## **COOPERATION AGREEMENT**

### **Date**

15 December 2023

### **Parties**

- (1) Guangao;
- (2) CCFED; and
- (3) the JV Company.

As at the date of this announcement, the JV Company has registered capital of RMB20 million and is wholly-owned by Guangao, which is in turn wholly-owned by the Company.

## **Formation of joint venture through the JV Company**

Guangao successfully bid for the Land in September 2023 and signed the Contract for State-Owned Construction Land Use Right Assignment (國有建設用地使用權出讓合同) (the “**Assignment Contract**”) with Guangzhou Municipal Planning and Natural Resources Bureau (廣州市規劃和自然資源局) for its acquisition of the land use right of the Land at the purchase price of RMB12,789,730,000. Subsequently, the land use right of the Land was transferred from Guangao to the JV Company pursuant to the amendment contract to the Assignment Contract (the “**Amended Assignment Contract**”) signed among Guangao, Guangzhou Municipal Planning and Natural Resources Bureau and the JV Company in October 2023.

For the purpose of forming a joint venture through the JV Company to invest into and develop the Guangzhou Project, Guangao and CCFED agreed that, pursuant to the Cooperation Agreement, the registered capital of the JV Company shall be increased from RMB20 million to RMB3,000 million in the following manner:

- (1) Guangao shall contribute and pay up RMB2,700 million to the registered capital of the JV Company; and
- (2) CCFED shall contribute and pay up RMB300 million to the registered capital of the JV Company.

Guangao and CCFED will, through the JV Company, jointly carry out the Guangzhou Project and develop the Land pursuant to the Cooperation Agreement.

## **Conditions precedent**

Completion is conditional on the fulfilment of the below conditions:

- (1) the Company having obtained the approval of the Independent Shareholders at the GM by way of poll in relation to the Transaction in accordance with the Listing Rules;
- (2) the Company having complied with all requirements under the Listing Rules with respect to the Transaction, if any;
- (3) the JV Company having been duly established and being validly existing under the laws of the PRC;
- (4) the JV Company having obtained all the necessary approvals and licences;
- (5) the Cooperation Agreement and other relevant transaction documents having been duly executed;
- (6) the terms of the Cooperation Agreement not being inconsistent with the terms of the Assignment Contract and the Amended Assignment Contract; and
- (7) each of Guangao and CCFED having obtained the right, power and authority and taken all actions necessary to execute and deliver the Cooperation Agreement and other relevant transaction documents and perform its obligations thereunder.

## **Completion**

Completion shall take place within thirty (30) business days after fulfilment of the Conditions Precedent (or such other date as may be agreed by Guangao and CCFED in writing).

Upon Completion, the registered capital of the JV Company will be RMB3,000 million and owned as to 90% and 10% by Guangao and CCFED respectively, and accordingly, the JV Company will continue to be accounted for as a subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

## **Advancement of loan to the JV Company and payment of Earnest Money**

As at the date of this announcement, Guangao has advanced to the JV Company by way of loans an aggregate sum of RMB9,675,301,678 on various dates as part payment of the purchase price for the acquisition of the land use right of the Land together with the relevant taxes and expenses (collectively, the “**Inter-company Loan**”).

Pursuant to the Cooperation Agreement, CCFED agreed to pay RMB967,530,167.80 to the JV Company as earnest money (the “**Earnest Money**”) within seven (7) days from the date of the Cooperation Agreement. The Earnest Money will be used as part of its capital commitment pursuant to the Cooperation Agreement upon the Company obtains the approval of the Independent Shareholders at the GM in relation to the Transaction.

Within one (1) day after the GM, CCFED shall settle the accrued interest (which was set at a rate of 4.35% per annum) on 10% of the Inter-company Loan for the period from the date of advancement of the Inter-company Loan by Guangao to the date of receipt of the Earnest Money by the JV Company. As a result, the JV Company shall become indebted to Guangao and CCFED in the proportion of 90:10, which corresponds to Guangao's and CCFED's respective effective interests in the JV Company.

In case Completion fails to take place, the JV Company shall refund the Earnest Money to CCFED free of interest.

## **Total capital commitment**

The total capital commitment to the JV Company for the Guangzhou Project is approximately RMB13,700 million (inclusive of (a) the purchase price for the acquisition of the land use right of the Land together with the relevant taxes and expenses; and (b) part of the development costs with respect to the Guangzhou Project), which shall be contributed by Guangao and CCFED in proportion to their respective equity interests in the JV Company as follows:

- (1) Guangao : approximately RMB12,330 million
- (2) CCFED : approximately RMB1,370 million

and to be settled by cash and funded by internal resources of Guangao and CCFED, respectively, and/or external financing.

The respective contribution to the total capital commitment to the JV Company for the Guangzhou Project by Guangao and CCFED is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the Guangzhou Project and the parties' interests in the JV Company.

The aforesaid total capital commitment will comprise the contributions to the registered capital of the JV Company and shareholder's loans to be provided to the JV Company by Guangao and CCFED.

### **Future funding**

The working capital requirements of the JV Company in relation to the development of the Guangzhou Project shall be financed by (a) Guangao and CCFED in proportion to their respective equity interests in the JV Company by shareholder's loans or capital injection; (b) external financing from banks, financial institutions and other third party sources upon the approval of more than two-thirds of the directors of the JV Company; and (c) proceeds from the property development sale.

After Completion, the shareholder's loans to be advanced by Guangao and CCFED are interest-free. If required, Guangao and CCFED may provide guarantee or other security in proportion to their respective equity interests in the JV Company to guarantee or secure any external financing of the JV Company.

### **Management**

The board of directors of the JV Company shall comprise five (5) directors; four (4) of whom shall be appointed by Guangao and the remaining one (1) shall be appointed by CCFED. The chairman of the board of directors of the JV Company, who shall also be the legal representative of the JV Company, shall be a director appointed by Guangao. The board of directors of the JV Company will govern the overall management and strategic planning of the JV Company.

The JV Company shall have two (2) supervisors and each of Guangao and CCFED shall appoint one (1) supervisor.

The JV Company shall have one (1) general manager and one (1) financial controller which shall be appointed by Guangao.

### **Distributions**

Provided that the JV Company has repaid all its indebtedness (including shareholder's loans and other loans due to banks, financial institutions and other third party sources), and the operation of the JV Company and the Guangzhou Project is not adversely affected, the JV Company may make distributions to Guangao and CCFED in proportion to their respective equity interests in the JV Company.

## **Restrictions on equity transfers and encumbrances**

Each of Guangao and CCFED may not transfer or pledge its equity interest in and shareholder's loans advanced to the JV Company to a third party without the prior written consent of the other party, and is liable to the other party for a penalty of RMB10 million if it is in breach of such restriction.

## **Possible engagement of connected transactions**

The parties agreed that the JV Company will engage Shenzhen Lingchao to provide supply chain management services for the Guangzhou Project. The parties also acknowledge that the JV Company may invite CCFED's associates to tender for the JV Company's construction works in respect of the Land and property management services in respect of the Guangzhou Project. In the event that Shenzhen Lingchao or CCFED's associates are awarded any of these contracts, such contract shall be on normal commercial terms and in compliance with the terms of the relevant existing framework agreements entered into by the Company with its connected persons from time to time and the requirements of the Listing Rules.

## **DEEMED DISPOSAL AND FINANCIAL IMPACT ON THE COMPANY**

Following Completion, 10% of equity interests of the JV Company will be allotted to CCFED and the JV Company shall be owned as to 90% and 10% by Guangao and CCFED, respectively. The JV Company shall be accounted for as a subsidiary by the Company.

The share allotment results in a deemed disposal by the Company of 10% equity interest in the JV Company. Since the consideration for the Deemed Disposal, being RMB300 million in the registered capital of the JV Company, is payable by CCFED directly to the JV Company, the Group will have a net cash inflow of RMB300 million from the Deemed Disposal. The acquisition by CCFED in respect of the 10% equity interest in the JV Company does not cause a loss of control of the subsidiary by the Company, and the Company does not incur any gain or loss as a result of the Deemed Disposal.

## **INFORMATION ABOUT THE JV COMPANY, THE LAND AND THE GUANGZHOU PROJECT**

### **The JV Company**

The JV Company was established by Guangao on 15 September 2023 in the PRC with limited liability with a registered capital of RMB20 million, as a single purpose vehicle to hold the land use right of the Land and to carry out the Guangzhou Project. As Guangao had successfully bid for the Land in September 2023 and the JV Company was established by Guangao in September 2023, the JV Company has no material business operations as at the date of this announcement.

### **The Land**

The Land comprises eight parcels of land with an aggregate site area of approximately 177,193 sq.m. situated at the northern side of Shangchong Fruit Tree Park, Haizhu District, Guangzhou, Guangdong Province, the PRC (中國廣東省廣州市海珠區上涌果樹公園北側), and is planned for residential use, commercial use and comprehensive and other use.

## **The Guangzhou Project**

The Guangzhou Project will involve the development of the Land and thereafter the sale of the residential properties developed thereon by the JV Company and commercial project management. The Guangzhou Project will be developed in phases and the construction is expected to commence in the first quarter of 2024. The pre-sale of the first phase of the residential properties is expected to commence in the first quarter of 2024 and the overall project is expected to be completed in phases and delivered to the relevant purchasers during the period from the second quarter of 2026 to the fourth quarter of 2026.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

Property investment and development is among the principal activities of the Group. The joint venture arrangement is in line with the ordinary and usual course of business and strategic investment for the Group.

The Land is located in the core area of Haizhu District in Guangzhou, enjoying superior geographical location with good ancillary capabilities. It is a large-scale residential project in the central area of Guangzhou. The Directors consider that the joint venture arrangement will provide synergies to the Guangzhou Project and allow the Group and CCFED to contribute their respective resources and expertise in the development of the Land. Further, CCFED is contributing towards the capital required for the Guangzhou Project and therefore sharing in the associated investment risks. The Transaction is also conducive to enhancing the leverage and utilisation of funds of the Group so as to maintain its continuous investment capabilities, thereby retain strong momentum for future quality development.

The Directors (other than the Independent Non-executive Directors whose opinion will be provided after reviewing the advice of the Independent Financial Adviser) consider that the Transaction is entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations between the parties, and the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES TO THE COOPERATION AGREEMENT**

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

CCFED is directly wholly-owned by China Construction Fourth Engineering Division Corp. Ltd. which is principally engaged in real estate construction, infrastructure development and investment, real estate investment and development, survey and design business.

CSCECL is the intermediate controlling shareholder of both the Company and CCFED. CSCECL is a contractor which is principally engaged in construction works in various cities in the PRC and various countries around the world.

CSCEC is the ultimate holding company of each of CSCECL, the Company and CCFED. CSCEC, together with its subsidiaries (excluding those listed on any stock exchange), is a conglomerate principally engaged in building construction, international contracting, real estate development and investment, infrastructure construction and investment and design and prospecting.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, CCFED is an indirect wholly-owned subsidiary of CSCECL and CSCECL is the intermediate controlling shareholder of the Company by virtue of it being interested in approximately 56.10% of the issued share capital of the Company. Accordingly, CCFED is a connected person of the Company.

Following Completion, the equity interests of the Group in the JV Company will be reduced from 100% to 90% by allotting 10% of the equity interests of the JV Company to CCFED. The share allotment constitutes a deemed disposal of the Group's equity interest in the JV Company under Rule 14.29 of the Listing Rules. As one of the applicable percentage ratios in respect of the Deemed Disposal exceed 0.1% but is less than 5%, the Deemed Disposal constitutes a connected transaction for the Company and is subject to reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Deemed Disposal does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratios in respect of the total capital commitment of the Company for the Transaction exceed 5% but is less than 25%, the Transaction constitutes (a) a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules; and (b) a connected transaction for the Company and is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the Independent Non-executive Directors has been formed to advise the Independent Shareholders in respect of the Transaction. Red Sun has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection. Voting at the GM will be conducted by poll and COHL and its associates will abstain from voting at the GM.

A circular containing, among other things, (i) further particulars of the Transaction; (ii) the recommendation of the Independent Board Committee; (iii) the advice and recommendation of the Independent Financial Adviser; (iv) the valuation report for the Land; and (v) a notice convening the GM is expected to be despatched to the Shareholders on or before 16 January 2024 as the Company expects that additional time will be required to prepare and finalise the information to be included in the circular.

None of the Directors has a material interest in the Transaction and no Director is required to abstain from voting on the Board resolution(s) approving the Transaction.



## DEFINITIONS

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

“Amended Assignment Contract”	has the meaning given to it under the section headed “Cooperation Agreement – Formation of joint venture through the JV Company” in this announcement;
“Assignment Contract”	has the meaning given to it under the section headed “Cooperation Agreement – Formation of joint venture through the JV Company” in this announcement;
“associate(s)”, “connected person(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“CCFED”	China Construction Fourth Engineering Division Urban Development Investment Corp. Ltd. (中建四局城市發展投資有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of CSCECL;
“COHL”	China Overseas Holdings Limited (中國海外集團有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CSCECL and the controlling shareholder of the Company;
“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);
“Completion”	completion of the respective contribution to the registered capital of the JV Company by Guangao and CCFED in accordance with the Cooperation Agreement and (among other things) completion of filing with the relevant authorities in the PRC in respect thereof;
“Conditions Precedent”	has the meaning given to it under the section headed “Conditions Precedents” in this announcement;

“Cooperation Agreement”	the cooperation agreement dated 15 December 2023 entered into amongst Guangao, CCFED and the JV Company in relation to the formation of a joint venture through the JV Company for the purpose of investing into and developing the Guangzhou Project;
“CSCEC”	China State Construction Engineering Corporation (中國建築集團有限公司), a state-owned corporation organised and existing under the laws of the PRC, and the ultimate holding company of each of CSCECL, COHL, the Company and CCFED;
“CSCECL”	China State Construction Engineering Corporation Limited (中國建築股份有限公司), a joint stock company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), is a non wholly-owned subsidiary of CSCEC;
“Deemed Disposal”	the proposed allotment of equity interests in the JV Company to CCFED subject to and in accordance with the terms and conditions of the Cooperation Agreement;
“Director(s)”	the director(s) of the Company;
“Earnest Money”	has the meaning given to it under the section headed “Cooperation Agreement – Advancement of loan to the JV Company and payment of Earnest Money” in this announcement;
“GM”	the general meeting of the Company to be held to consider and approve, among other things, the Transaction;
“Group”	the Company and its subsidiaries from time to time (excluding subsidiary(ies) listed on any stock exchange (if any));
“Guangao”	Guangzhou Guangao Real Estate Development Company Limited (廣州廣奧房地產發展有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Guangzhou Project”	a project relating to the development of residential and commercial properties on the Land, details of which are set out in the section headed “Information about the JV Company, the Land and the Guangzhou Project – The Guangzhou Project” in this announcement;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Independent Board Committee”	the independent board committee of the Company comprising all Independent Non-executive Directors to advise the Independent Shareholders in respect of the Transaction;
“Independent Financial Adviser” or “Red Sun”	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities), and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction;
“Independent Shareholders”	Shareholders other than COHL and its associates;
“Inter-company Loan”	has the meaning given to it under the section headed “Cooperation Agreement – Advancement of loan to the JV Company and payment of Earnest Money” in this announcement;
“JV Company”	Guangzhou Qirui Real Estate Development Company Limited (廣州啟瑞房地產開發有限公司), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of the Company as at the date of this announcement, and a joint venture company to be formed pursuant to the Cooperation Agreement;
“Land”	the land situated at the northern side of Shangchong Fruit Tree Park, Haizhu District, Guangzhou, Guangdong Province, the PRC (中國廣東省廣州市海珠區上涌果樹公園北側) (land no.: 440105012004GB00060) as described in the section headed “Information about the JV Company, the Land and the Guangzhou Project – The Land” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of the Company;
“Shareholder(s)”	holder(s) of the Shares;

“Shenzhen Lingchao”	Shenzhen Lingchao Supply Chain Management Co., Ltd. (深圳領潮供應鏈管理有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“sq.m.”	square metre, unit of area;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the entering into of the Cooperation Agreement and the transactions contemplated thereunder; and
“%”	per cent.

*The English names of the PRC entities referred to in this announcement are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.*

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

Hong Kong, 15 December 2023

*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 Mr. Li Man Bun, Brian David, Professor Chan Ka Keung, Ceajer and Dr. Chan Ching Har, Eliza are the Independent Non-executive Directors of the Company.*