
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in **China Overseas Land & Investment Limited**, you should at once hand this circular together with the enclosed form of proxy to the purchaser(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE
IN RELATION TO LAND IN GUANGZHOU, THE PRC
AND
NOTICE OF GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



紅日資本有限公司
RED SUN CAPITAL LIMITED

Capitalized terms used in this cover page have the same meanings as those defined in the section headed “Definitions” in this circular. A letter from the Board is set out on pages 8 to 20 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 21 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 46 of this circular.

A notice convening the GM via the e-Meeting System to be held on Wednesday, 31 January 2024 at 11:00 a.m. is set out on pages GM-1 to GM-2 of this circular.

Whether or not you intend to attend the GM via the e-Meeting System, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company’s registrar and transfer office, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting via the e-Meeting System at the meeting or any adjourned meeting (as the case may be) should you so wish.

12 January 2024

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“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 circular
“Articles”	the articles of association of the Company
“Assignment Contract”	has the meaning given to it under the section headed “Cooperation Agreement – Formation of joint venture through the JV Company” in this circular
“associate(s)”, “close 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
“COGO”	China Overseas Grand Oceans Group 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: 81)
“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)

DEFINITIONS

“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 precedent” in this circular
“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
“CSC”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311)
“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
“C&W”	Cushman & Wakefield Limited, an independent property valuer
“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

DEFINITIONS

“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 circular
“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 circular
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 Silver Lot

DEFINITIONS

“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 circular
“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 circular, 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 circular
“Latest Practicable Date”	8 January 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein, as the case may be
“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 circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares

DEFINITIONS

“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
“Silver Lot”	Silver Lot Development Limited (銀樂發展有限公司), a limited liability company incorporated in Hong Kong and a direct wholly-owned subsidiary of COHL
“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
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

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

SPECIAL ARRANGEMENTS FOR THE GM

All registered Shareholders will be able to join the GM via the e-Meeting System. The e-Meeting System can be accessed from any location with access to the internet via smartphone, tablet device or computer.

Through the e-Meeting System, registered Shareholders will be able to view the live video broadcast and participate in voting and submit questions online. Login details and information will be included in our letters to registered Shareholders regarding the e-Meeting System which will be despatched later.

HOW TO ATTEND AND VOTE

Shareholders who wish to attend the GM and exercise their voting rights can be achieved in one of the following ways:

- (1) attend the GM via the e-Meeting System which enables live streaming and interactive platform for submitting questions and voting online; or
- (2) appoint the chairman of the GM or other persons as your proxy by providing their email address for receiving the designated log-in username and password to attend and vote on your behalf via the e-Meeting System.

Your proxy's authority and instruction will be revoked if you attend and vote via the e-Meeting System at the GM.

If you are a non-registered Shareholder, you should contact your banks, brokers, custodians, nominees or HKSCC Nominees Limited through which your Shares are held (as the case may be) (collectively the “**Intermediary**”) and instruct the Intermediary to appoint you as proxy or corporate representative to attend and vote via e-Meeting System at the GM and in doing so, you will be asked to provide your email address. Details regarding the e-Meeting System including the login details will be emailed to you by the registrar and transfer office of the Company, Tricor Standard Limited.

Completion and return of the form of proxy will not preclude a member from attending and voting via the e-Meeting System at the GM or any adjournment thereof (as the case may be) and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

In order to be entitled to attend and vote via the e-Meeting System at the GM or any adjourned meeting, all completed transfer documents accompanied by the relevant share certificates must be lodged with the registrar and transfer office of the Company, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 26 January 2024.

SPECIAL ARRANGEMENTS FOR THE GM

If you have any questions relating to the GM, please contact the Company's registrar and transfer office, Tricor Standard Limited, with the following details:

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

Email: emeeting@hk.tricorglobal.com

Telephone: (852) 2975 0928

Fax: (852) 2861 1465

LETTER FROM THE BOARD



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)

Executive Directors:

Yan Jianguo (*Chairman*)

Luo Liang

Zhang Zhichao

Guo Guanghui

Registered Office:

10/F., Three Pacific Place

1 Queen's Road East

Hong Kong

Non-Executive Directors:

Zhuang Yong

Zhao Wenhai

Independent Non-Executive Directors:

Li Man Bun, Brian David

Chan Ka Keung, Ceajer

Chan Ching Har, Eliza

12 January 2024

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

Reference is made to the announcement of the Company dated 15 December 2023 in relation to, among other things, the Cooperation Agreement entered into among Guangao, CCFED and the JV Company.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, among other things:

- (a) the particulars of the Transaction;
- (b) the letter from the Independent Board Committee with its recommendation to the Independent Shareholders on the Transaction;
- (c) the letter from the Independent Financial Adviser with its advice on the Transaction to the Independent Board Committee and the Independent Shareholders; and
- (d) other information in accordance with the requirements of the Listing Rules.

2. THE TRANSACTION

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 Latest Practicable Date, the JV Company has registered capital of RMB20 million and is wholly-owned by Guangao, which is in turn wholly-owned by the Company.

LETTER FROM THE BOARD

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;

LETTER FROM THE BOARD

- (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.

As at the Latest Practicable Date, the conditions as set out in the above paragraphs (3), (4), (6) and (7) have been fulfilled and those as set out in the above paragraphs (1), (2) and (5) have not been fulfilled. None of the conditions is waivable. If the conditions precedent could not be fulfilled, the Cooperation Agreement will be terminated immediately.

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 Latest Practicable Date, 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 to Guangao (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.

LETTER FROM THE BOARD

Pursuant to the terms of the Assignment Contract, Guangao shall pay interest on the second tranche and the remaining part of the purchase price of the land use right of the Land to Guangzhou Municipal Planning and Natural Resources Bureau. The interest is calculated based on the one-year loan rate published by the People's Bank of China on the date of payment of the first tranche of the purchase price, which amounts to 4.35% per annum.

In light of the above, the Board believes that the interest rate of 4.35% per annum on 10% of the Inter-company Loan to be paid by CCFED to Guangao is fair and reasonable, and is not less favourable than the Group's weighted average borrowing costs of 3.54% in the first half of 2023 as disclosed in the Company's 2023 Interim Report.

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 proposed capital requirements of Guangzhou Project is estimated to be RMB13,700 million, which primarily comprised of, among other things, (i) the purchase price of the land use right of the Land of approximately RMB12,789.7 million together with the relevant taxes and interests of approximately RMB570 million; and (ii) part of the development costs with respect to the Guangzhou Project of approximately RMB340 million, including but not limited to, (a) pre-construction costs including design and surveying; (b) material costs; (c) labour costs; and (d) other construction expenses.

LETTER FROM THE BOARD

The pre-sale of the first phase of the residential properties is expected to commence in the first quarter of 2024. It is expected that the proceeds from the sale of these properties will be utilised to finance the ongoing development of the Land. The development schedule for the Guangzhou Project can be found in the section headed “Information about the JV Company, the Land, and the Guangzhou Project – The Guangzhou Project” in this letter from the Board.

The Board, having reviewed the estimated cost breakdown, considered that the basis of the proposed capital requirement and the total capital commitment of Guangao and CCFED are reasonable.

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. As (i) the advancement of loan to the JV Company should be consistent with the respective equity interest of Guangao and CCFED in the JV Company of 90:10 upon Completion; and (ii) the absence of rate of interest shall apply to both equity holders of the JV Company upon Completion, therefore each of Guangao and CCFED are treated evenhandedly in this connection with neither party being comparatively better or worse off directly as a result of the interest-free shareholder’s loans given their equity interest in the JV Company upon Completion, the Board considers that the terms of the shareholder’s loans are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

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.

LETTER FROM THE BOARD

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. Shenzhen Lingchao is a wholly-owned subsidiary of the Company and is principally engaged in supply chain management services, sale of machineries, equipment, construction materials and building decoration materials, etc.

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.

LETTER FROM THE BOARD

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 Latest Practicable Date.

The Land

The Land comprises eight parcels of land with an aggregate site area and a total planned plot ratio gross floor area of approximately 177,193 sq m and 363,744 sq m respectively 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.

According to the terms of the tender invitation document of the Land and the Assignment Contract, the JV Company is responsible for the construction of government coordinated housing with a gross floor area of 25,347 sq m (on the Land plot no. AH061037), the construction of commercial property and 567 carparks (on the Land plot nos. AH061002, AH061033 and AH061036) and the construction of kindergarten with a gross floor area of 2,520 sq m (on the Land plot no. AH061041), all of which will be handed over to the PRC government designated institute(s) at nil consideration after completion of construction.

LETTER FROM THE BOARD

The purchase price of RMB12,789,730,000 for acquisition of the land use right of the Land, being the bidding price submitted by Guangao in the bidding process, was determined by the Group on arm's length basis and considered by the Group as fair and reasonable, taking into account various factors including the location of the Land, the prevailing market conditions, the current land price in the surrounding area of the Land, the site area and gross floor area of the Land, development prospects and the potential of the Land and the overall prospect of the property market in Guangzhou.

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. CCFED's headquarter is located in Guangzhou, and has extensive experience in constructing large residential communities, urban complexes, urban renewal projects, high-end villas, Grade A office buildings, and star-rated hotels in Guangzhou area. Taking into account the substantial experience of CCFED in construction, survey and design, 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.

LETTER FROM THE BOARD

The Directors (including the Independent Non-executive Directors after taking into account the advice from 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

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.

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.

An Independent Board Committee comprising all the Independent Non-executive Directors has been formed to advise the Independent Shareholders in respect of the Transaction. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

3. GM

A notice convening the GM via the e-Meeting System to be held on Wednesday, 31 January 2024 at 11:00 a.m. is set out on pages GM-1 to GM-2 of this circular.

Whether or not you intend to attend the GM via the e-Meeting System, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's registrar and transfer office, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting via the e-Meeting System at the meeting or any adjourned meeting (as the case may be) should you so wish.

4. VOTING BY WAY OF POLL

In accordance with Rule 13.39(4) of the Listing Rules, voting at the GM will be conducted by poll. The chairman of the GM will accordingly demand a poll in accordance with Article 74 of the Articles for the resolution set out in the Notice of GM.

As at the Latest Practicable Date, COHL and Silver Lot held in aggregate 6,140,159,183 Shares, representing approximately 56.10% of the issued share capital of the Company, of which, 521,264,928 Shares were held by Silver Lot, and 5,618,894,255 Shares were held by COHL. COHL and Silver Lot will abstain from voting at the GM on the resolution relating to the Transaction.

LETTER FROM THE BOARD

To the extent that the Directors are aware having made all reasonable enquiries, as at the Latest Practicable Date:

1. there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon COHL;
2. COHL was not subject to any obligations or entitlement whereby it had or it might have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis; and
3. it was not expected that there would be any discrepancy between COHL's beneficial shareholding interest in the Company as disclosed in this circular and the number of Shares in respect of which it would control or would be entitled to exercise control over the voting right at GM.

To the best knowledge of the Directors, as at the Latest Practicable Date, save as disclosed above, no other Shareholder is required to abstain from voting on the resolution proposed at the GM.

The results of the voting will be announced in the manner prescribed under Rule 13.39(5) of the Listing Rules after the GM.

5. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 29 January 2024 to Wednesday, 31 January 2024, both dates inclusive, for the purpose of determining Shareholders' entitlement to attend and vote via the e-Meeting System at the GM.

In order to qualify for attending and voting at the GM, all transfer documents accompanied by the relevant share certificates must be lodged with the registrar and transfer office of the Company, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 26 January 2024.

6. RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 21 of this circular which contains its recommendation to the Independent Shareholders in relation to the Transaction.

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 22 to 46 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Transaction.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the terms of the Transaction and the advice of the Independent Financial Adviser, considers that the Transaction is entered into on normal commercial terms and in ordinary and usual course of business of the Group, and the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Shareholders to vote in favour of the ordinary resolution for approving the Transaction to be proposed at the GM.

7. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of the GM.

Yours faithfully,
for and on behalf of the Board
China Overseas Land & Investment Limited
Yan Jianguo
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter from the Independent Board Committee to the Independent Shareholders which was prepared for the purpose of inclusion in this circular.



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)

12 January 2024

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION FORMATION OF JOINT VENTURE IN RELATION TO LAND IN GUANGZHOU, THE PRC

We refer to the circular dated 12 January 2024 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, the Transaction is on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Red Sun has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

We wish to draw your attention to the letter from the Board, as set out on pages 8 to 20 of the Circular and the text of a letter of advice from the Independent Financial Adviser, as set out on pages 22 to 46 of the Circular, both of which provide details of the Transaction.

Having considered (i) the Transaction; (ii) the advice of the Independent Financial Adviser; and (iii) the relevant information contained in the letter from the Board, we are of the opinion that the Transaction is on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the GM.

Yours faithfully,

For and on behalf of the
Independent Board Committee

Li Man Bun, Brian David
Independent
Non-executive Director

Chan Ka Keung, Ceajer
Independent
Non-executive Director

Chan Ching Har, Eliza
Independent
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and Independent Shareholders in respect of the transactions contemplated under the Transaction for inclusion in this circular.



紅日資本有限公司
RED SUN CAPITAL LIMITED

Room 310, Floor 3,
China Insurance Group Building,
141 Des Voeux Road Central,
Hong Kong

Tel: (852) 2857 9208
Fax: (852) 2857 9100

12 January 2024

*To: The Independent Board Committee and the Independent Shareholders of
China Overseas Land & Investment Limited*

Dear Sirs,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION

FORMATION OF JOINT VENTURE

IN RELATION TO LAND IN GUANGZHOU, THE PRC

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Cooperation Agreement entered into between Guangao, CCFED and the JV Company. The transactions contemplated under the Cooperation Agreement (i.e. the Transaction) constitute a discloseable transaction and a connected transaction for the Company under the Listing Rules, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company (the “**Circular**”) to the Shareholders dated 12 January 2024, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 (i) form a joint venture through the JV Company for the purpose of investing into and developing the Guangzhou Project; and (ii) 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.

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 (i) a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a connected transaction for the Company and is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, COHL and Silver Lot held in aggregate 6,140,159,183 Shares, representing approximately 56.10% of the issued share capital of the Company, of which, 521,264,928 Shares were held by Silver Lot, and 5,618,894,255 Shares were held by COHL. COHL and Silver Lot will abstain from voting at the GM on the resolution relating to the Transaction.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently comprises Mr. Yan Jianguo as Executive Director and Chairman, Mr. Luo Liang as Executive Director and Vice Chairman, Mr. Zhang Zhichao as Executive Director and Chief Executive Officer, and Mr. Guo Guanghui as Executive Director, Mr. Zhuang Yong as Non-executive Director and Vice Chairman, Mr. Zhao Wenhai as Non-executive Director and Mr. Li Man Bun, Brian David, Professor Chan Ka Keung, Ceajer and Dr. Chan Ching Har, Eliza as Independent Non-executive Directors.

The Independent Board Committee comprising all the aforementioned Independent Non-executive Directors has been formed to advise the Independent Shareholders as to whether the Transaction, is on normal commercial terms and are fair and reasonable, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

We, Red Sun, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the Transaction, for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, the CSCECL group and their respective shareholders, directors or chief executives, or any of their respective associates and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Cooperation Agreement.

In the previous two years, save for this appointment and our appointment as the independent financial adviser for (i) the continuing connected transactions with CSCECL pursuant to Rule 14A.52, details of which are set out in the announcement of the Company dated 28 April 2023; and (ii) the continuing connected transactions with CSCECL, details of which are set out in the circular of the Company dated 29 April 2022, we have not acted as independent financial adviser to the Company under the Listing Rules.

Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

IV. BASIS AND ASSUMPTIONS OF OUR ADVICE

In formulating our advice to the Independent Board Committee and Independent Shareholders, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group, Guangao, CCFED, the JV Company and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the “**Management**”) and/or the Directors.

We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group, Guangao, CCFED and the JV Company made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, pursuant to the relevant Listing Rules, we have taken reasonable steps to enable ourselves to reach an informed view so as to provide a reasonable basis for our opinion, which included, among others, (i) obtained the Cooperation Agreement and reviewed the terms thereunder; (ii) reviewed the contents as set out in the Letter from the Board, including the background of the Transaction and the reasons for and benefits of entering into of the Cooperation Agreement; (iii) reviewed the information as set out in the 2022 Annual Report (defined hereafter) and the 2023 Interim Report (defined hereafter) for our analysis on the background and historical financial information of the Group; (iv) conducted our analysis on the principal terms of the Cooperation Agreement; and (v) reviewed the Valuation Report (defined hereafter) for the Land.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Management has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group, Guangao, CCFED, the JV Company and their respective associates.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Transaction, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

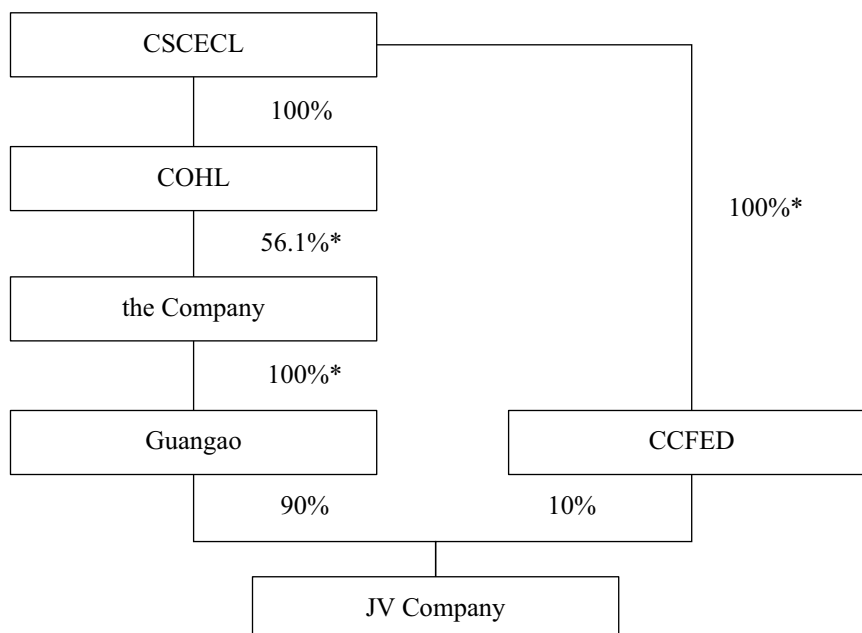
V. BACKGROUND INFORMATION OF THE TRANSACTION

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transaction, we have taken into consideration the following principal factors and reasons:

1. Background of the JV Company

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 (i) form a joint venture through the JV Company for the purpose of investing into and developing the Guangzhou Project; and (ii) 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.

Based on information as set out in the Letter from the Board, the expected shareholding structure of the JV Company upon Completion is set out below:



* *indirect shareholdings*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Background information of the Group, Guangao, CCFED and the JV Company

2.1 Principal business and the financial information of the Group

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

Set out below is a summary of the Group's operating results extracted from (i) the annual report of the Company for the year ended 31 December 2022 (the "2022 Annual Report"); and (ii) the interim report of the Company for the six months ended 30 June 2023 (the "2023 Interim Report"):

Summary of the Group's operating results

	For the year ended		For the six months ended	
	31 December		30 June	
	2022	2021	2023	2022
<i>Approximately</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	180,321.5	242,240.8	89,159.7	103,789.2
– Property development	174,510.6	236,355.6	85,914.3	100,849.1
– Property investment	4,740.6	4,667.3	2,431.2	2,439.7
– Other operations	1,070.3	1,217.9	814.2	500.4
Direct operating costs	(141,928.0)	(185,215.0)	(69,004.6)	(79,442.8)

As set out in the 2023 Interim Report, the Group recorded a revenue of approximately RMB103.8 billion and RMB89.2 billion for the six months ended 30 June 2022 and 2023, respectively, representing a decrease of approximately RMB14.6 billion or 14.1%. Such decrease was mainly attributable to the decrease in revenue generated from property development from approximately RMB100.8 billion for the six months ended 30 June 2022 to approximately RMB85.9 billion for the six months ended 30 June 2023, representing a decrease of approximately RMB14.9 billion or 14.8%. The Group also recorded direct operating costs of approximately RMB79.4 billion and RMB69.0 billion for the six months ended 30 June 2022 and 2023, respectively, representing a decrease of approximately RMB10.4 billion or 13.1%, which was broadly in line with the decrease in revenue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the 2022 Annual Report, the Group recorded a revenue of approximately RMB242.2 billion and RMB180.3 billion for the years ended 31 December 2021 and 2022, respectively, representing a decrease of approximately RMB61.9 billion or 25.6%. Such decrease was mainly attributable to the decrease in revenue generated from property development from approximately RMB236.4 billion for the year ended 31 December 2021 to approximately RMB174.5 billion for the year ended 31 December 2022, representing a decrease of approximately RMB61.9 billion or 26.2%. The Group also recorded direct operating costs of approximately RMB185.2 billion and RMB141.9 billion for the years ended 31 December 2021 and 2022, respectively, representing a decrease of approximately RMB43.3 billion or 23.4%. Such decrease was broadly in line with the decrease in revenue and was mainly attributable to the significant market downturn with significant drop in market volume.

Summary of consolidated statement of financial position

	As at 31 December		As at
	2021	2022	30 June 2023
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Total assets	869,907	913,254	920,840
– Investment properties	166,204	190,227	194,665
– Stock of properties and other inventories	450,620	488,813	468,701
– Bank balances and cash	130,956	110,306	114,214
Total liabilities	512,800	540,156	537,061
– Trade and other payables	90,055	78,651	68,910
– Bank and other borrowings	162,312	165,553	157,344
– Pre-sales proceeds	100,455	107,676	134,222
Total equity attributable to owners of the Company	343,560	354,480	363,894

Note: For the avoidance of doubt, only selected major asset and liability components are disclosed in the table above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial position of the Group as at 30 June 2023 compared to 31 December 2022

Total assets of the Group increased by approximately RMB7.5 billion or approximately 0.8% from approximately RMB913.3 billion as at 31 December 2022 to approximately RMB920.8 billion as at 30 June 2023. Such increase was primarily attributable to, among others, the increase in investment properties from approximately RMB190.2 billion as at 31 December 2022 to approximately RMB194.7 billion as at 30 June 2023. As at 30 June 2023, assets of the Group mainly comprised of stock of properties and other inventories of approximately RMB468.7 billion, investment properties of approximately RMB194.7 billion and bank balances and cash of approximately RMB114.2 billion, which accounted for approximately 50.9%, 21.1% and 12.4% of the total assets, respectively.

Total liabilities of the Group decreased by approximately RMB3.1 billion or approximately 0.6%, from approximately RMB540.2 billion as at 31 December 2022 to approximately RMB537.1 billion as at 30 June 2023. Such decrease was mainly attributable to the combined effect of (i) the decrease in bank and other borrowings of approximately RMB8.3 billion from approximately RMB165.6 billion as at 31 December 2022 to approximately RMB157.3 billion as at 30 June 2023; and (ii) the increase in pre-sales proceeds of approximately RMB26.5 billion from approximately RMB107.7 billion as at 31 December 2022 to approximately RMB134.2 billion as at 30 June 2023. As at 30 June 2023, liabilities of the Group mainly comprised of bank and other borrowings of approximately RMB157.3 billion, pre-sale proceeds of approximately RMB134.2 billion and trade and other payables of approximately RMB68.9 billion, which accounted for approximately 29.3%, 25.0% and 12.8% of the total liabilities, respectively.

Financial position of the Group as at 31 December 2022 compared to 31 December 2021

Total assets of the Group increased by approximately RMB43.4 billion or approximately 5.0% from approximately RMB869.9 billion as at 31 December 2021 to approximately RMB913.3 billion as at 31 December 2022. Such increase was primarily attributable to the increase in investment properties from approximately RMB166.2 billion as at 31 December 2021 to approximately RMB190.2 billion as at 31 December 2022. As at 31 December 2022, assets of the Group mainly comprised of stock of properties and other inventories of approximately RMB488.8 billion, investment properties of approximately

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RMB190.2 billion and bank balances and cash of approximately RMB110.3 billion, which accounted for approximately 53.5%, 20.8% and 12.1% of the total assets, respectively.

Total liabilities of the Group increased by approximately RMB27.4 billion or approximately 5.3%, from approximately RMB512.8 billion as at 31 December 2021 to approximately RMB540.2 billion as at 31 December 2022. Such increase was mainly attributable to, among others, (i) the increase in bank and other borrowings of approximately RMB3.3 billion from approximately RMB162.3 billion as at 31 December 2021 to approximately RMB165.6 billion as at 31 December 2022; and (ii) the increase in pre-sales proceeds of approximately RMB7.2 billion from approximately RMB100.5 billion as at 31 December 2021 to approximately RMB107.7 billion as at 31 December 2022. As at 31 December 2022, liabilities of the Group mainly comprised of bank and other borrowings of approximately RMB165.6 billion, pre-sale proceeds of approximately RMB107.7 billion and trade and other payables of approximately RMB78.7 billion, which accounted for approximately 30.6%, 19.9% and 14.6% of the total liabilities, respectively.

2.2 Background information and principal activities of CCFED

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.

2.3 Information about Guangao and the JV Company

The JV Company was established by Guangao, a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company, in the PRC with limited liability with a registered capital of RMB20 million as at the Latest Practicable Date, as a single purpose vehicle to hold the land use rights of the Land and to carry out the Guangzhou Project. Guangao successfully bid for the Land in September 2023 and the JV Company was established by Guangao in September 2023, save as disclosed, the JV Company has no material business operations as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

VI. PRINCIPAL FACTORS AND REASONS CONSIDERED

The following principal terms of the Cooperation Agreement has been extracted from the Letter from the Board.

1. Principal terms of the Cooperation Agreement

Date

15 December 2023

Parties

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

As at the Latest Practicable Date, 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 to Guangao (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 the Guangao to the date of the 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.

Pursuant to the terms of the Assignment Contract, Guangao shall pay interest on the second tranche and the remaining part of the purchase price of the land use right of the Land to Guangzhou Municipal Planning and Natural Resources Bureau. The interest is calculated based on the one-year loan rate published by the People’s Bank of China on the date of payment of the first tranche of the purchase price, which amounts to 4.35% per annum.

In light of the above, the Board believes that the interest rate of 4.35% per annum on 10% of the Inter-company Loan to be paid by CCFED to Guangao is fair and reasonable, and is not less favourable than the Group’s weighted average borrowing costs of 3.54% in the first half of 2023 as disclosed in the Company’s 2023 Interim Report.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Total capital commitment

The total capital commitment to the JV Company for the Guangzhou Project is approximately RMB13,700 million (inclusive of, (i) the purchase price for the acquisition of the land use right of the Land together with the relevant taxes and expenses; and (ii) 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 proposed capital requirements of Guangzhou Project is estimated to be RMB13,700 million, which primarily comprised of, among other things, (i) the purchase price of the land use right of the Land of approximately RMB12,789.7 million together with the relevant taxes and interests of approximately RMB570 million; and (ii) part of the development costs with respect to the Guangzhou Project of approximately RMB340 million, including but not limited to, (a) pre-construction costs including design and surveying; (b) material costs; (c) labour costs; and (d) other construction expenses.

The pre-sale of the first phase of the residential properties is expected to commence in the first quarter of 2024. It is expected that the proceeds from the sale of these properties will be utilised to finance the ongoing development of the Land. The development schedule for the Guangzhou Project can be found in the section headed "Information about the JV Company, the Land, and the Guangzhou Project – The Guangzhou Project" in the Letter from the Board.

The Board, having reviewed the estimated cost breakdown, considered that the basis of the proposed capital requirement and the total capital commitment of Guangao and CCFED are reasonable.

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Future funding

The working capital requirements of the JV Company in relation to the development of the Guangzhou Project shall be financed by (i) Guangao and CCFED in proportion to their respective equity interests in the JV Company by shareholder's loans or capital injection; (ii) 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 (iii) proceeds from the property development sale.

After Completion, the shareholder's loans to be advanced by Guangao and CCFED are interest-free. As (i) the advancement of loan to the JV Company should be consistent with the respective equity interest of Guangao and CCFED in the JV Company of 90:10 upon Completion; and (ii) the absence of rate of interest shall apply to both equity holders of the JV Company upon Completion, therefore each of Guangao and CCFED are treated evenhandedly in this connection with neither party being comparatively better or worse off directly as a result of the interest-free shareholder's loans given their equity interest in the JV Company upon Completion, the Board considers that the terms of the shareholder's loans are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

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.

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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.

Other terms

For details of other terms under the Cooperation Agreement including "Conditions precedent", "Completion" and "Restrictions on equity transfers and encumbrances", please refer to the Letter from the Board.

2. Reasons for and benefits of entering into the Cooperation Agreement

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.

As set out in the Letter from the Board, 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. CCFED's headquarter is located in Guangzhou, and has extensive experience in constructing large residential communities, urban complexes, urban renewal projects, high-end villas, Grade A office buildings, and star-rated hotels in Guangzhou area. Taking into account the substantial experience of CCFED in construction, survey and design, 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.

Taking into account of the above and given, among others, (i) the joint venture represents a furtherance of the Group's business; (ii) the formation of the joint venture represents a partnership between the Group and CCFED to combine their respective experience in property development and investment, other operations, real estate investment and development, urban operation services and asset operation; (iii) the joint venture is expected to (a) leverage on the substantial experience of CCFED in real estate investment and development, urban operation services and asset operation, and the brand and network of both the Company and CCFED; and (b) benefit from the extensive experience of CCFED; (iv) the joint venture arrangement can allow the Group to share the capital

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commitment and obtain reliable financial support on such large-scale investment; and (v) the joint venture arrangement is expected to bring synergy between the Group and CCFED which would in turn be beneficial to the development of the Land, we concur with the view of the Directors that the Transaction is in the interests of the Company and the Shareholders as a whole.

3. Our analysis of the principal terms in the Cooperation Agreement

Pursuant to the Cooperation Agreement, the registered capital of the JV Company will be RMB3,000 million upon Completion, which shall be contributed in proportion by the shareholders of the JV Company in accordance with their respective equity shareholding in the JV Company, namely RMB2,700 million by Guangao based on its 90% equity interest in the JV Company and RMB300 million by CCFED based on its 10% equity interest in the JV Company. In addition, we have also set out below our analysis on the fairness and reasonableness of the other principal terms in the Cooperation Agreement.

3.1 Our analysis of the total capital commitment

As set out in the Letter from the Board, the total capital commitment to the JV Company for the Guangzhou Project is approximately RMB13,700 million, which primarily comprised of, among other things, (i) the purchase price of the land use right of the Land of approximately RMB12,789.7 million (the “**Purchase Price**”) together with the relevant taxes and interests of approximately RMB570 million; and (ii) part of the development costs with respect to the Guangzhou Project of approximately RMB340 million, including but not limited to, (a) pre-construction costs including design and surveying; (b) material costs; (c) labour costs; and (d) other construction expenses, which shall be contributed by Guangao and CCFED in proportion to their respective equity interests of 90% and 10% in the JV Company, being approximately RMB12,330 million from Guangao and approximately RMB1,370 million from CCFED.

Our analysis on the Guangzhou Project, the Land and its market value

The Land comprises eight parcels of land with an aggregate site area and a total planned plot ratio gross floor area of approximately 177,193 sq m and 363,744 sq m, respectively, 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.

According to the terms of the tender invitation document of the Land and the Assignment Contract, the JV Company is responsible for the construction of government coordinated housing with a gross floor area of 25,347 sq m (on the Land plot no. AH061037), the construction of commercial property and 567

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carparks (on the Land plot nos. AH061002, AH061033 and AH061036) and the construction of kindergarten with a gross floor area of 2,520 sq m (on the Land plot no. AH061041), all of which will be handed over to the PRC government designated institute(s) at nil consideration after completion of construction.

The purchase price of RMB12,789,730,000 for acquisition of the land use right of the Land, being the bidding price submitted by Guangao in the bidding process, was determined by the Group on arm's length basis and considered by the Group as fair and reasonable, taking into account various factors including the location of the Land, the prevailing market conditions, the current land price in the surrounding area of the Land, the site area and gross floor area of the Land, development prospects and the potential of the Land and the overall prospect of the property market in Guangzhou.

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. As set out in the Letter from the Board, 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.

The Company has appointed Cushman & Wakefield Limited (the “**Valuer**”) to appraise the market value of the Land (the “**Valuation**”). In assessing the market value of the Land, we have relied on the valuation report as prepared by the Valuer (the “**Valuation Report**”). According to the Valuation Report, the appraised market value of the Land was approximately RMB12,790 million as at 31 October 2023 (the “**Appraised Value**”).

Details of our work performed in relation to the valuation of the Land are set out below:

- (i) Suitability and qualification of the Valuer

We have reviewed the Valuation Report and interviewed representative from the Valuer who was on the engagement team for the Valuation. Our work in this connection was primarily focused on (a) the terms of engagement of the Valuer; (b) the qualifications and experience of the Valuer; and (c) the steps and measures taken by the Valuer in performing the valuation. As discussed with the Valuer, they have no prior relationships with the Group or other parties and connected persons to the Cooperation Agreement that would affect their independence as a Valuer.

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We further understand that the Valuer has the relevant professional qualifications required to perform the Valuation, and they have conducted their Valuation in accordance with the HKIS Valuation Standards 2020. The persons in charge of the Valuation engagement are professional member of the Royal Institution of Chartered Surveyors, member of the Hong Kong Institute of Surveyors and have over 15 years and 30 years of experience in the valuation industry, respectively. The aforesaid responsible persons have a track record of conducting a range of valuation services to listed companies and private entities in different industries in the PRC, Hong Kong and have practical experience in the valuation of land and properties. We also understand that the Valuer conducted its valuation procedures through its own research and has relied on public information obtained through its own research as well.

Based on the above, we are not aware of any major factors that would cause us to question the competence and independence of the Valuer and we consider that the Valuer has sufficient expertise, experience and is independent from the Group to perform the Valuation.

(ii) Selection of valuation methodology and methodology of the Valuation

We noted from the Valuation Report that the Valuer adopted the market approach, which is a commonly used valuation method for vacant land where there is relevant comparable land sales evidence for reference to arrive at the market value. This method rests on the wide acceptance of the market evidence as the best indicator that can be extrapolated to similar land, subject to allowances for variable factors. Our work performed included our interview with the representative of the Valuer and the findings from our market research on announcements/circulars of various listed issuers which set out valuation of land by independent valuers to assess whether the market approach is in line with the market practice for valuation purposes. We have conducted market research on (a) announcement(s) and/or circular(s) containing / made reference to valuation of land, since 1 January 2023 up to the Latest Practicable Date, being a review period over a duration of slightly exceeding 12 months; (b) the subject land of which is located in the PRC; and (c) the subject transaction was conducted by a listed issuer listed on the Stock Exchange (collectively the “**Market Research Criteria**”), on a non-exhaustive basis. Based on the Market Research Criteria, we identified not less than 10 transactions, including both connected transactions and transactions entered into with independent third party(ies), of which the subject land valuation adopted the market approach (the “**Valuation Comparables**”). Although we noted that the listed issuers operated various principal businesses, the subject plot of land may vary in

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sizes and locations in the PRC. Nonetheless, the rationale and nature of the Valuation Comparables are considered to be comparable as they are all selected based on the Market Research Criteria. Furthermore, the Valuation Comparables covered transactions entered into between the subject listed issuer and (a) connected person(s); or (b) independent third party(ies), so as to ensure the Valuation Comparables are able to capture both connected and non-connected transactions from the market, thus such would provide a larger coverage of the market and therefore be a more comprehensive market reference than if it only includes connected transactions or non-connected transactions. On this basis, the Valuation Comparables selected based on the Market Research Criteria are considered to be appropriate as a market reference for assessing whether the adoption of market approach in land valuation is in line with general market practice. Based on our review and analysis on the Market Research as set out above, we considered that it is not an uncommon market practice for independent valuers to adopt market approach in land valuation.

In valuing the Land, which is situated in the PRC, the Valuer assumed that transferable land use rights in respect of the Property for respective specific land use terms at nominal annual land use fees have been granted and that any premium has already been fully settled. The Valuer also relied on the advice given by the Company regarding the title to the Land and valued the entire interest of the Land. In arriving at the opinion of value of the Land, the Valuer has adopted market approach assuming sale with the benefit of vacant possession and by making reference to comparable sales evidence as available on the market.

The Valuer considered the market value arrived by the market approach is reliable and in line with market practice.

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Selection of comparables

The Valuer has made reference to land comparables in Guangzhou, specifically in the neighbouring districts of Haizhu District and Tianhe District, which are situated next to each other. We also noted from the Valuer that the land comparables are chosen based on the availability of similar type of property in the vicinity. The Valuer has gathered the sales evidence of three residential use land property as land comparables because the nature of these comparables is the same as that of the Land. The transaction dates of these comparables were 10 October 2022, 20 July 2022 and 11 October 2023, respectively. The selling prices of those similar land range from approximately RMB53,250 to RMB55,754 per sq m on planned plot ratio gross floor area (excluding property which will be handed over to the government). After undertaking appropriate adjustments to those comparable unit selling prices, the Valuer adopted the unit price of about RMB52,200 per sq m on planned plot ratio gross floor area (excluding property which will be handed over to the government) for the Land. The Valuer has made several adjustments including the time, location, accessibility, size and plot ratio factors to account for the differences between the land comparables and the Land to arrive the adopted unit price on planned plot ratio gross floor area (excluding property which will be handed over to the government), which the Valuer confirmed that the adjustments made are in line with valuation practice. We have discussed the aforesaid works conducted by the Valuer, obtained and reviewed the land comparables compiled by the Valuer and noted from the Valuer that in valuing the Land, they have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules and the Hong Kong Institute of Surveyors Valuation Standards 2020. We further noted from the Valuer that they have considered the relevant government coordinated housing, commercial business property, car parks and kindergarten of the Land shall be transferred to the PRC government after completion of construction of the Land, thus, the land comparables are comparable for its valuation.

Having considered, among others, (i) the land comparables are chosen from similar location to the Land in Guangzhou with comparable land use as explained above, similar plot ratios and land use term, which is considered by the Valuer to be of a comparable nature; (ii) the transaction date of each of the land comparables are within a reasonable timeframe; and (iii) given the reasons and rationale for the adjustments made as further set out above, the basis of Valuation is considered to be fair and reasonable. We also noted that there is less than 0.01% difference between the Appraised Value and the Purchase Price, hence there is no material difference in that aspect.

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Summary of our analysis

Based on the above and having considered that (i) the Valuer is appropriately qualified to conduct the Valuation; (ii) the market approach is a commonly adopted valuation methodology for asset of this type; and (iii) the Valuer has compiled the Valuation in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules and the Hong Kong Institute of Surveyors Valuation Standards 2020, we consider the Appraised Value to be an appropriate reference for the market value of the Land.

Our analysis of the development costs with respect to the Guangzhou Project

We have discussed with the Management the basis adopted in determining the cost breakdown and the relevant internal procedures. In this connection, we have obtained the estimated cost breakdown for the Guangzhou Project, which primarily comprised of the Land acquisition and related costs, construction and related costs and financing costs. We have (i) checked the Land acquisition costs against the relevant supporting documents for the price of the Land use right, which accounted for the major of the estimated cost breakdown; and (ii) compared the estimated construction costs per sq m of gross floor area of the Guangzhou Project against the comparable market construction costs per sq m in the Guangzhou/Shenzhen region based on market research, being between approximately RMB6,800 to RMB14,200 construction costs per sq m, which is considered to be justifiable. We have also obtained and reviewed the approval records from the relevant departments for the Guangzhou Project. Having considered that (i) the estimated costs in the breakdown were reference from other similar property development projects with independent third parties; and (ii) the estimated costs in the breakdown have been reviewed and approved by other departments including but not limited to cost management department, sales & marketing management department, design management department, finance and treasury department and project management department of the Group, we are of the view that the basis of the development costs estimation is reasonable. In any event, as set out in the Letter from the Board, the working capital requirements of the JV Company in relation to the development of the Guangzhou Project shall be financed by (i) Guangao and CCFED in proportion to their respective equity interests in the JV Company by shareholder's loans or capital injection; (ii) 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 (iii) proceeds from the property development sale.

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Our view

Based on the above and having considered that (i) the total capital commitment shall be contributed in proportion to the respective equity interests of the holders in the JV Company; and (ii) our work performed in relation to the Appraised Value of the Land and the corresponding estimated development costs by the Management, we consider that the contribution to be made by the respective equity holders of the JV Company in respect of the total capital commitment is fair and reasonable.

3.2 Our analysis of the advancement of loan to the JV Company and payment of Earnest Money

As set out in the Letter from the Board, within one (1) day after the GM, CCFED shall settle the accrued interest to Guangao (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 the respective effective interests of Guangao and CCFED in the JV Company.

In considering the reasonableness of the advancement of loan to the JV Company, we have taken into account (i) CCFED is required to pay the Earnest Money within seven (7) days from the date of the Cooperation Agreement, which shall 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. The Earnest Money was determined by multiplying the amount of Inter-company Loan by the 10% equity interest to be held by CCFED in the JV Company; (ii) Guangao shall contribute towards 90% of the consideration payable for the Land, being proportionate to its 90% equity interest in the JV Company upon Completion; (iii) the rate of interest of 4.35% per annum for 10% of the Inter-company Loan is not less favourable than the one year loan prime rate of 3.45% published by the People's Bank of China as at the date of the announcement of the Company dated 15 December 2023; and (iv) going forward, the respective portion of the shareholder's loans advanced or to be advanced by CCFED and Guangao to the JV Company shall be interest-free. As (i) the advancement of loan to the JV Company should be consistent with the respective equity interest of Guangao and CCFED in the JV Company of 90:10 upon Completion; and (ii) the absence of rate of interest shall apply to both equity holders of the JV Company upon Completion, therefore each of Guangao and CCFED are treated evenhandedly in this connection with neither party being comparatively better or worse off directly as a result of the interest-free

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shareholder's loans given their equity interest in the JV Company upon Completion, and thus we are of the view that the basis of the advancement of loan to the JV Company is fair and reasonable.

3.3 Our analysis on future funding, board of directors and distributions of the JV Company

The terms of future funding, management and distributions in the Cooperation Agreement are set out in the Letter from the Board and under the section headed "1. Principal terms of the Cooperation Agreement" in this letter above.

Future funding of the JV Company

In terms of the working capital requirements of the JV Company in relation to the development of the Guangzhou Project, such shall be financed by (i) Guangao and CCFED in proportion to their respective equity interests in the JV Company by shareholder's loans (the "**JV Shareholder's Loans**") or capital injection; (ii) external financing from banks, financial institutions and other third party sources (the "**External Financing**") upon the approval of more than two-thirds of the directors of the JV Company; and (iii) proceeds from the property development sale.

Given that (i) the contribution of the JV Shareholder's Loans or capital injection shall be in proportion to their respective equity interests of Guangao and CCFED; and (ii) External Financing shall subject to approval from more than two-thirds of the directors of the JV Company, and the board of directors of the JV Company shall comprise of five directors, Guangao shall appoint four directors, which is greater than two-thirds of the directors of the JV Company, thus Guangao has the ability to control the JV Company in this aspect, we are of the view that the arrangement for future funding under the Cooperation Agreement is reasonable.

Board of directors of the JV Company

In terms of the board of directors of the JV Company, 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, we are of the view that such arrangement shall enable Guangao to maintain its control over the board of directors of the JV Company, and thus control the business or financial decisions of the JV Company.

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Distributions of the JV Company

We have also reviewed the terms governing the distributions to be made by the JV Company to its shareholders as set out in the Letter from the Board. It is noted that (i) provided that JV Company has repaid all its indebtedness; (ii) operation is not adversely affected; and (iii) in proportion to respective equity interests in the JV Company, the JV Company may make distributions to Guangao and CCFED in proportion to their respective equity interests in the JV Company, we are of the view that such arrangement mentioned above is fair and reasonable as the distribution(s) to be made, if any, shall be in proportion to the equity interest in the JV Company.

3.4 Further work performed on the principal terms of the Cooperation Agreement

With a view to further evaluate whether the principal terms in the Cooperation Agreement is in line with the market practice, we have obtained and reviewed a total of four sample joint venture agreements (the “**Sampled JV Agreements**”) which were comparable to the Cooperation Agreement in nature and entered into by the Group with independent third parties. The Sampled JV Agreements were selected based on the following criteria, namely (i) the subject project is related property development in the PRC; (ii) a joint venture company was formed to carry out the subject property development project; and (iii) the subject joint venture agreement was entered in recent period, namely between 2021 and 2023. In this connection, we noted that the principal terms of the Cooperation Agreement, in particular, (i) terms governing the formation of joint venture under the Cooperation Agreement and the Sampled JV Agreements; (ii) the advancement of loan to joint venture company, nature of the capital commitment contributed/to be contributed by each of the parties in proportion to their respective equity interests in the subject joint venture; (iii) future funding in proportion to respective equity interests in the joint venture company by the subject parties; (iv) the rights to appoint board of directors of the joint venture company by the subject parties; and (v) arrangement for future distributions were not less favourable under the Cooperation Agreement than/in line with that of the Sampled JV Agreements, where specified.

3.5 Our analysis on property development projects in the PRC carried out through a joint venture company in the market

With a view to assess whether it is market practice for property and/or land development projects to be carried out through a joint venture company in the PRC (i.e. the equity interest of the project company of which are held by two or more equity holders), we noted from the Company’s 2022 Annual Report that as at 31 December 2022, there were not less than 15 of such project entities, the principal

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activities of these project entities are and/or included property development. On this basis, we considered that it is not uncommon market practice to carry out a property development project in the PRC through a joint venture company.

3.6 Summary of our analysis

Having considered that (i) the purpose of the JV Company is to invest in and develop the Guangzhou Project, which is a furtherance of the Group's principal businesses; (ii) it is not uncommon market practice to carry out a property development project through a joint venture company; and (iii) our analysis and work performed on the principal terms of the Cooperation Agreement, including matters regarding the total capital commitment, advancement of loan to the JV Company, future funding, board of directors and distributions of the JV Company, which are considered to be reasonable, details of which are set out under this section above, we concur with the Directors' view that the Cooperation Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of which are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

4. Possible financial effects on the Group

Net assets and revenue

Upon Completion, the registered capital of the JV Company will be owned as to 90% and 10% by Guangao and CCFED, respectively. Each of the equity holders of the JV Company shall satisfy the total capital commitment of the JV Company, including the registered capital of the JV Company, in proportion to their respective equity interest. Pursuant to the Cooperation Agreement, the registered capital of the JV Company shall be increased from RMB20 million to RMB3,000 million. The JV Company will be accounted for as a non wholly-owned subsidiary of the Company upon Completion and the financial position of the JV Company will consolidate into the Group's consolidated financial statements.

In addition, as the JV Company will be accounted for as a non wholly-owned subsidiary of the Company, the financial results of the JV Company will also be consolidated into the Group's consolidated financial statements upon Completion. Subject to the development and the progress of the Guangzhou Project, the JV Company shall contribute revenue for the Group as it recognises sales of the properties under the Guangzhou Project.

It should be noted that the above analysis is for illustrative purposes only and does not purport to represent how the financial position and/or financial performance of the Group will be upon the Completion.

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Working capital

As set out in the Letter from the Board, the working capital requirements of the JV Company in relation to the development of the Guangzhou Project shall be financed by (i) Guangao and CCFED in proportion to their respective equity interests in the JV Company by shareholder's loans (which comprise the Current Shareholder's Loans); (ii) External Financing; and (iii) proceeds from the property development sale.

VII. RECOMMENDATION

Having considered the factors as set out in this letter above, in particular,

- (i) the reasons for and benefits of entering into the Cooperation Agreement;
- (ii) the transactions contemplated under the Cooperation Agreement is to develop the Guangzhou Project, being a property development project in the PRC involving the development of residential properties, thus a furtherance and continuance of the Group's businesses;
- (iii) our assessment on the principal terms in the Cooperation Agreement, details of which are set out under the section headed "3. Our analysis of the principal terms in the Cooperation Agreement" in this letter above; and
- (iv) the possible financial effects on the Group arising from the Transaction,

we are of the view that (i) the Cooperation Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) the terms of the Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole so far as the Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we recommend, the Independent Shareholders to vote in favour of the relevant resolution to approve the Cooperation Agreement and the transactions contemplated thereunder at the GM.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited

Jimmy Chung **Lewis Lai**
Managing Director *Managing Director*

Mr. Jimmy Chung and Mr. Lewis Lai are licensed persons registered with the Securities and Futures Commission of Hong Kong and responsible officers of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Jimmy Chung and Mr. Lewis Lai have over 25 and 17 years of experience in corporate finance industry, respectively.

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 property valuer, in connection with its opinion of market value in the existing state of the Property held by the JV Company in the PRC as at 31 October 2023.



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

12 January 2024

The Board of Directors
China Overseas Land & Investment Limited
10/F., Three Pacific Place
1 Queen's Road East
Hong Kong

Dear Sirs,

Re: Lot nos. AH061016, AH061027, AH061037, AH061002, AH061033, AH061036, AH061041 and AH061042 located at the northern side of Shangchong Fruit Tree Park, Haizhu District, Guangzhou, Guangdong Province, the PRC (the "Property")

Instructions, Purpose & Valuation Date

In accordance with the instructions from China Overseas Land & Investment Limited (the "Company") for us to carry out the valuation of the market value of the Property held by Guangzhou Qirui Real Estate Development Company Limited* (廣州啟瑞房地產開發有限公司) (the "JV Company") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market value of the Property in existing state as at 31 October 2023 (the "Valuation Date").

Definition of Market Value

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 ("HKIS") 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".

* For identification purposes only.

Valuation Basis & 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.

With reference to the legal opinion of the Company's PRC legal adviser, Beijing Dacheng (Guangzhou) Lawyer Office (北京大成(廣州)律師事務所), we have prepared our valuation on the basis that transferable land use rights in respect of the Property for its specific term at nominal annual land use fee have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion dated 12 January 2024 regarding the title to the Property and the interests in the Property. We have prepared our valuation on the basis that the JV Company has enforceable title to the Property and has free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired terms as granted.

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

Method of Valuation

In valuing the Property, which is situated in the PRC, we have assumed that transferable land use rights in respect of the Property for respective specific land use terms at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Company regarding the title to the Property and have valued the entire interest of the Property. In arriving at our opinion of value of the Property, we have adopted Market Approach assuming sale with the benefit of vacant possession and by making reference to comparable sales evidence as available on the market.

Market Approach is the best approach for property valuation in theory because it is an approach showing what price level that the buyers really paid for a property in the market. However, this approach has limitation for application especially in the event that relevant property transactions are few and the nature of property are not uniform. Market Approach is an approach of valuation based on comparing the property to be assessed directly with other comparable properties which recently changed hands. These premises are generally located in the surrounding areas or in another market which are comparable to the property being valued. However, because of the heterogeneous nature of properties, appropriate adjustment are usually required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. Sufficient transactions in the relevant market are available and Market Approach is a suitable approach for valuing the Property.

In valuing the Property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2020 published by the HKIS.

Source of Information

We have relied to a very considerable extent on the information provided by the Company and have accepted advice provided to us on such matters as planning approvals or statutory notices, easements, tenure, identification of land and building, particulars of occupancy, site and floor areas, site plans, attributable interests and all other relevant matters. We have assumed that all the information provided by the Company is true and accurate and are not held responsible for independent verification of the information.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximations. We have 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 supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by the Company with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

Our valuer of Guangzhou Office, Ms. Kelly Wu (a China Real Estate Appraiser with 4 years' experience of property valuation), inspected the exterior of the Property on 6 November 2023. However, we have not carried out investigation 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 that no extraordinary costs or delays will be incurred during the construction period.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated, all monetary amounts stated in our valuation are in Renminbi (“RMB”), the official currency of the PRC.

Other Disclosures

We hereby confirm that Cushman & Wakefield Limited and the valuer conducting the valuation 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. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We enclose herewith a valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace S.M. Lam
MHKIS, MRICS, 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 knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property held for future development by the JV Company in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2023
<p>Lot nos. AH061016, AH061027, AH061037, AH061002, AH061033, AH061036, AH061041 and AH061042 located at the northern side of Shangchong Fruit Tree Park, Haizhu District, Guangzhou, Guangdong Province, the PRC</p>	<p>The Property comprises 8 parcels of land with a total site area of approximately 177,193 sq m.</p> <p>According to the information provided by the JV Company, the Property will be developed into a composite residential/commercial development with a total planned plot ratio gross floor area (“GFA”) of approximately 363,744 sq m. (For details, please refer to Note (1))</p> <p>The Property is located in the core area of Haizhu District, surrounded by Xinjiao West Road and Yijing Road. Developments nearby are mainly residential and adjacent to Haizhu Shangchong Fruit Tree Park.</p> <p>The land use rights of the Property have been granted for terms of 70 years for residential use, 40 years for commercial use and 50 years for comprehensive or other uses.</p>	<p>As at the Valuation Date, the Property was a vacant land.</p>	<p>RMB12,790,000,000 (RENMINBI TWELVE BILLION SEVEN HUNDRED NINETY MILLION)</p> <p>(100% interest attributable to the JV Company: RMB12,790,000,000)</p>

Notes:

(1) The key details of Contract for State-Owned Construction Land Use Rights No. 440105-2023-000005 and amendment agreement to the Contract for State-Owned Construction Land Use Rights No. 440105-2023-000005-1 dated 25 September 2023 and 12 October 2023 respectively are set out below:

- (i) Grantee : The JV Company
- (ii) Site Area : 177,193 sq m
- (iii) Land Premium : RMB12,789,730,000
 - (a) a total of RMB9,592,297,500 has been paid by the JV Company on or before 15 December 2023; and
 - (b) the remaining RMB3,197,432,500 to be paid by the JV Company on or before 30 June 2024.
- (iv) Land Use Term : 70 years for residential use, 40 years for commercial use and 50 years for comprehensive or other uses
- (v) Building : To commence construction before 25 March 2025
 Covenant : To complete construction before 25 March 2028
- (vi) The constituent details are summarised below:

No.	Plot No.	Land Use	Site Area (sq m)	Plot Ratio	Plot Ratio GFA (sq m)	Remarks
1	AH061016	Class 2 Residential Use (R2) compatible with Other Transportation Facilities Use (S9)	18,444	≤3.8	≤70,160	-
2	AH061027	Class 2 Residential Use (R2)	44,062	≤3.8	≤167,440	-

No.	Plot No.	Land Use	Site Area (sq m)	Plot Ratio	Plot Ratio GFA (sq m)	Remarks
3	AH061037	Class 2 Residential Use (R2) compatible with Other Transportation Facilities Use (S9)	8,633	≤3.8	≤32,800	As advised by the JV Company, the JV Company is responsible for the construction of government coordinated housing with a gross floor area of 25,347 sq m, which will be handed over to the government for nil consideration after completion of construction.
4	AH061002	Business Use (B2) compatible with Commercial Use (B1)	10,575	≤4.8	≤50,664	As advised by the JV Company, the JV Company is responsible for the construction of commercial property and 567 carparks which will be handed over to the government for nil consideration after completion of construction.
5	AH061033	Commercial Use (B1) compatible with Business Use (B2)	16,016	≤2	≤32,180	
6	AH061036	Commercial Use (B1) compatible with Business Use (B2)	8,063	≤1.3	≤10,500	

No.	Plot No.	Land Use	Site Area (sq m)	Plot Ratio	Plot Ratio GFA (sq m)	Remarks
7	AH061041	Service Facilities Use (R22)	3,600	≥0.7	≥2,520	As advised by the JV Company, the JV Company is responsible for the construction of a kindergarten with a gross floor area of 2,520 sq m, which will be handed over to the government with nil consideration after completion of construction.
8	AH061042	Service Facilities Use (R22)	1,357	NA	≥800	-
9	-	Urban Road	29,845	N/A	N/A	-
10	-	Green Space	19,173	N/A	N/A	-
11	-	River	17,425	N/A	N/A	-
Total Permitted GFA:		(1)-(6)	-		363,744	-
Total Site Area:		(1)-(11)	177,193		-	-

- (2) According to Planning Permit for Construction Use of Land No. 2023(488) dated 16 October 2023, the construction site of land with a total site area of 177,193 sq m is in compliance with the urban planning requirements.
- (3) According to 2 Permits for Commencement of Construction Works, the construction works of certain plots of land within the Property were in compliance with the requirement of works commencement and were permitted to be developed as follows:

Permit No.	Plot No.	Planned GFA (sq m)	Issue Date
440105202309260201	AH061027	35,385	26 September 2023
440105202309270101	AH061036	6,510	27 September 2023

- (4) According to Business Licence No. 91440105MACYE19W8K dated 15 September 2023, the JV Company was established as a limited liability company on 15 September 2023 with a registered capital of RMB20,000,000.

- (5) According to the legal opinion of the Company's PRC legal adviser:
- (i) the JV Company has obtained valid business licence and is legally established under the PRC laws;
 - (ii) the JV Company has the rights to transfer, lease and pledge the land use rights of the Property after land premium has been fully settled and after the Certificate for the Use of State-owned Land has been obtained;
 - (iii) the JV Company has legally obtained Planning Permit for Construction Use of Land and parts of plot of the land were granted with Permit for Commencement of Construction Works; and
 - (iv) the JV Company has no legal impediment to obtain the Certificate for the Use of State-owned Land.
 - (v) the shareholders and shareholding ratio of the JV Company are as follows:

Before Capital Increase			After Capital Increase		
Shareholder Name	Amount of Capital Subscribed (RMB)	Corresponding Shareholding Ratio	Shareholder Name	Amount of Capital Subscribed (RMB)	Corresponding Shareholding Ratio
Guangzhou Guangao Real Estate Development Company Limited* (廣州廣奧房地產發展有限公司)	20,000,000	100%	Guangzhou Guangao Real Estate Development Company Limited* (廣州廣奧房地產發展有限公司)	2,700,000,000	90%
-	-	-	China Construction Fourth Engineering Division Urban Development Investment Corp. Ltd.*(中建四局城市发展投资有限公司)	300,000,000	10%
Total:	<u>20,000,000</u>	<u>100%</u>		<u>3,000,000,000</u>	<u>100%</u>

* For identification purposes only.

The profit sharing is in accordance with the above corresponding shareholding ratio.

- (6) According to the information provided by the Company, 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 delivered to the relevant purchasers during the period from the second quarter of 2026 to the fourth quarter of 2026. The pre-development costs of the land (excluding the purchase price of the land and relevant taxes and expenses) is estimated to be approximately RMB340 million, including but not limited to, (a) pre-construction costs including design and surveying; (b) material costs; (c) labour costs; and (d) other construction expenses.

- (7) The status of title and grant of major approvals, and licences in accordance with the information provided by the JV Company and the opinion of the Company's PRC legal adviser are as follows:

Contract for State-Owned Construction Land Use Rights and amendment agreement to the	
Contract for State-Owned Construction Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Permit for Commencement of Construction Works	Yes (Part)
Business Licence	Yes

- (8) Our major parameters adopted in our valuation are as follows:

Use	Market Unit Price
Residential land	Approximately RMB52,200 per sq m on planned plot ratio gross floor area (excluding property which will be handed over to the government)

In valuing the Property in the PRC, we have adopted Market Approach by making reference to comparable sales evidence as available in the relevant market.

In undertaking our valuation, we have made reference to various sales of other similar residential land properties within Haizhu and Tianhe Districts, which are in close proximity to the Property.

We have identified sales evidence of three residential land properties that are available as of the valuation date as comparable sales evidence to the Property. The nature of these comparables is the same as that of the Property. The transaction dates of these comparables were 10 October 2022, 20 July 2022 and 11 October 2023 respectively. The selling prices of those similar land range from approximately RMB53,250 to RMB55,754 per sq m on planned plot ratio gross floor area (excluding property which will be handed over to the government). After undertaking appropriate adjustments to those comparable unit selling prices, we adopted a unit rate of approximately RMB52,200 per sq m on planned plot ratio gross floor area (excluding property which will be handed over to the government) for the Property. Details of the land use and related remarks are set out in the table under Note (1)(vi) on pages I-6 to I-8. The adjustments we have made include but not limited to time, location, accessibility, size, plot ratio and other characteristics between the land comparables and the Property.

The details of the exhaustive list of sales evidence of the three identified residential land properties are tabulated below for reference:

Comparable No.	Comparable 1	Comparable 2	Comparable 3
Name of Property	Plot No. AH031525, Phase 1 of No. 788 Guangzhou Boulevard South	Plot No. AT020883, Yantang	Plot No. AT0208111, No. 168 North Niuligang Street
District	Haizhu	Tianhe	Tianhe
Type of Land	Class 2 Residential Use (R2)	Class 2 Residential Use (R2)	Class 2 Residential Use (R2)
Transaction Price	RMB1,356,560,000	RMB8,119,330,000	RMB5,978,620,000
Date of Transaction	10 October 2022	20 July 2022	11 October 2023
Site Area	10,245.00 sq m	46,057.64 sq m	47,341.16 sq m
Plot Ratio	3.00	3.65	3.01
Total Planned Plot Ratio GFA	30,735.00 sq m	168,102.00 sq m	142,416.00 sq m
Unit Price of Total Planned Plot Ratio GFA	RMB44,137 per sq m	RMB48,300 per sq m	RMB41,980 per sq m
Total Planned Plot Ratio GFA (excluding property which will be handed over to the government)	24,331.00 sq m	151,027.00 sq m	112,274.20 sq m
Unit Price of Total Planned Plot Ratio GFA (excluding property which will be handed over to the government)	RMB55,754 per sq m	RMB53,761 per sq m	RMB53,250 per sq m

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 OF DIRECTORS AND CHIEF EXECUTIVE

At the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 which they were taken or deemed to have been taken under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

(a) Long positions in Shares and underlying Shares of the Company

(i) Long Positions in the Shares

(all being personal interest and being held in the capacity of beneficial owner)

Name of Director	Number of Shares held	% of Shares in issue ^(Note)
Mr. Li Man Bun, Brian David	5,660,000	0.0517%

Note: The percentage was based on the total number of Shares in issue as at the Latest Practicable Date (i.e. 10,944,883,535 Shares).

(ii) **Long positions in share options relating to the Shares**
(all being personal interest and being held in the capacity of beneficial owner)

Name of Director	Date of Grant	Subscription Price HK\$ (per Share)	Exercise Period ^(Note a)	Number of Share Options					Balance as at Latest Practicable Date
				Balance as at 1 January 2023	Granted	Exercised	Cancelled	Lapsed	
Mr. Yan Jianguo	29.06.2018	25.85	29.06.2020 to 28.06.2024 ^(Note b)	466,000	-	-	-	-	466,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 ^(Note c)	1,800,000	-	-	(1,200,000)	-	600,000
Mr. Luo Liang	29.06.2018	25.85	29.06.2020 to 28.06.2024 ^(Note b)	466,000	-	-	-	-	466,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 ^(Note c)	1,600,000	-	-	(1,066,000)	-	534,000
Mr. Zhang Zhichao	29.06.2018	25.85	29.06.2020 to 28.06.2024 ^(Note b)	366,000	-	-	-	-	366,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 ^(Note c)	1,600,000	-	-	(1,066,000)	-	534,000
Mr. Guo Guanghui	29.06.2018	25.85	29.06.2020 to 28.06.2024 ^(Note b)	400,000	-	-	-	-	400,000
	24.11.2020	18.724	24.11.2022 to 23.11.2026 ^(Note c)	1,300,000	-	-	(866,000)	-	434,000
Mr. Zhuang Yong	29.06.2018	25.85	29.06.2020 to 28.06.2024 ^(Note b)	400,000	-	-	-	-	400,000
	11.11.2021	18.70	11.11.2023 to 10.11.2027 ^(Note d)	1,600,000	-	-	(533,000)	-	1,067,000

Notes:

- (a) Exercise of the share options is conditional upon the achievement of certain individual performance targets of each eligible person and certain financial performance targets of the Company as determined by the Board.
- (b) One-third of the share options granted on 29 June 2018 were vested on each of 29 June 2020 and 29 June 2021. The third tranche of the Share Options were cancelled on 21 June 2022 in accordance with the exercise conditions under the terms of the Share Option Scheme.
- (c) The first and second tranches of the share options (i.e. each represents one-third of the share options granted on 24 November 2020) were cancelled on 12 January 2023 and 25 October 2023 respectively in accordance with the exercise conditions under the terms of the Share Option Scheme. The remaining one tranche of the share options (i.e. being one-third of the share options granted on 24 November 2020) may be vested on 24 November 2024 subject to the terms of the Share Option Scheme.
- (d) The first tranche of the share options (i.e. being one-third of the share options granted on 11 November 2021) were cancelled on 25 October 2023 in accordance with the exercise conditions under the terms of the Share Option Scheme. The remaining two tranches of the share options (i.e. each represents one-third of the share options granted on 11 November 2021) may be vested on each of 11 November 2024 and 11 November 2025 subject to the terms of the Share Option Scheme.

**(b) Long positions in shares and underlying shares of the associated corporation
(all being personal interest and being held in the capacity of beneficial owner)**

Name of associated corporations	Name of Director	Number of	
		shares held <i>(Note 2)</i>	% of shares in issue <i>(Note 1)</i>
China State Construction Engineering Corporation Limited	Mr. Luo Liang	294,000	0.001%
	Mr. Zhang Zhichao	70,000	0.000%
	Mr. Guo Guanghui	210,000	0.001%
China State Construction International Holdings Limited	Mr. Luo Liang	3,531,469	0.070%
China State Construction Development Holdings Limited	Mr. Zhang Zhichao	2,984,000	0.138%
China Overseas Property Holdings Limited	Mr. Li Man Bun, Brian David	1,820,000	0.055%
China Overseas Grand Oceans Group Limited	Mr. Luo Liang	112,906	0.003%
	Mr. Zhuang Yong	750,825	0.021%

Notes:

1. The percentage represents the number of shares interested divided by the number of shares of the related associated corporation in issue (as the case may be) as at the Latest Practicable Date.
2. The number of shares of CSCECL held by each of Mr. Luo Liang, Mr. Zhang Zhichao and Mr. Guo Guanghui represented the “A” shares in CSCECL under the A-shares Restricted Stock Incentive Plan (Phase II) of CSCECL together with bonus shares on the basis of four bonus “A” shares for every ten existing “A” shares.

(c) Long positions in debentures of the associated corporation of the Company

Mr. Zhuang Yong in his capacity as a beneficial owner had personal interests in a nominal amount of US\$900,000 in the 5.35% Guaranteed Notes due 2042 issued by China Overseas Finance (Cayman) V Limited, a wholly-owned subsidiary of the Company.

Save as disclosed above, at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

At the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors was materially interested and which was significant in relation to the business of the Group.

At the Latest Practicable Date, none of the Directors or proposed Directors had any direct or indirect interest in any assets which had been, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed in the paragraph headed “Competing Business Interests of Directors” below, so far as was known to the Directors, at the Latest Practicable Date, none of the Directors was a director or employee of a company which had 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.

3. SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors had any service contract or a proposed service contract with any member of the Group which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. COMPETING BUSINESS INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests of the Directors in the businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group were as follows:

Mr. Yan Jianguo, the Chairman and Executive Director of the Company, is also the chairman and president of COHL and the non-executive director of CSC. Mr. Zhang Zhichao, the Executive Director and the Chief Executive Officer of the Company, is also a director of COHL. Mr. Zhuang Yong, the Vice Chairman and Non-executive Director of the Company, is also a

director of COHL and the chairman and executive director of COGO. Mr. Guo Guanghui, the Executive Director of the Company, is also a non-executive director of COGO. COHL, COGO and CSC are engaged in construction, property development and related businesses.

Save as disclosed above, the Company had not been notified of any other relationship among the Directors, senior management or substantial or controlling shareholders of the Company.

The entities in which the above Directors had declared interests are managed by separate boards of directors and management, which are accountable to their respective shareholders. In addition, the Board includes three Independent Non-executive Directors and one Non-executive Director (other than Mr. Zhuang Yong) whose views carry significant weight in the Board's decisions. The Audit and Risk Management Committee of the Company, which consists of three Independent Non-executive Directors, meets regularly to assist the Board in reviewing the financial performance, internal control, risk management and compliance systems of the Company and its subsidiaries. The Company is, therefore, capable of carrying on its businesses independently of, and at arm's length from, the businesses in which the Directors had declared interests.

Save as disclosed above, at the Latest Practicable Date, none of the Directors or proposed Directors or their respective close associates (as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any competing interests in a business which competed or was likely to compete with the Group's business.

5. EXPERTS AND CONSENT

The following is the qualification of the experts who have given opinion and advice, which are contained in this circular:

Name	Qualification
Red Sun Capital Limited	a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Cushman & Wakefield Limited	an independent property valuer
Beijing Dacheng (Guangzhou) Lawyer Office	PRC legal adviser

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets which have been, since 31 December 2022 (being the date to which the latest published consolidated financial statements of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.

The letter from each of the above experts is given as of the date of this circular for incorporation herein.

6. MATERIAL ADVERSE CHANGE

At the Latest Practicable Date, the Directors confirmed that there is no 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 Company were made up.

7. GENERAL

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

8. DOCUMENTS ON DISPLAY

A copy of the Cooperation Agreement (of which the Assignment Contract and the Amended Assignment Contract form part) will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.coli.com.hk>) for a period of 14 days from the date of this circular.

NOTICE OF THE GM



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)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of China Overseas Land & Investment Limited (the “**Company**”) will be held on Wednesday, 31 January 2024 at 11:00 a.m. (or any adjournment thereof) via the e-Meeting System for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (A) the Cooperation Agreement (as defined in the circular of the Company dated 12 January 2024 of which this notice forms part (the “**Circular**”)) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified; and
- (B) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Cooperation Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of common seal thereon.”

By Order of the Board

China Overseas Land & Investment Limited

Yan Jianguo

Chairman and Executive Director

Hong Kong, 12 January 2024

NOTICE OF THE GM

Notes:

- (a) All registered Shareholders will be able to join the GM via the e-Meeting System. The e-Meeting System can be accessed from any location with access to the internet via smartphone, tablet device or computer. All non-registered Shareholders may consult directly with their banks, brokers, custodians or Hong Kong Securities Clearing Company Limited (as the case may be) for necessary arrangement to attend and vote via the e-Meeting System at the GM if they wish.
- (b) Any member entitled to attend and vote at the GM via e-Meeting System is entitled to appoint a proxy or proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
- (c) To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's registrar and transfer office, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the GM or any adjournment thereof (as the case may be).
- (d) In the case of joint holders of any share(s), only ONE PAIR of log-in username and password for the e-Meeting System will be provided to the joint holders. Any one of such joint holders may attend or vote in respect of such share(s) as if he/she/it was solely entitled thereto.
- (e) Completion and return of the form of proxy will not preclude you from attending and voting via the e-Meeting System at the GM or at any adjournment thereof (as the case may be) should you so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (f) For determining the right to attend and vote at the GM, the register of members of the Company will be closed from Monday, 29 January 2024 to Wednesday, 31 January 2024, both days inclusive, during which period no transfers of Shares will be registered. In order to qualify for the right to attend and vote at the GM, all properly completed and duly stamped transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar and transfer office, Tricor Standard Limited, at the address set out at note (c) above, for registration not later than 4:30 p.m. on Friday, 26 January 2024.
- (g) Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the GM in respect of the resolution set out in this notice will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.
- (h) As at the date of this notice, Mr. Yan Jianguo (Chairman), Mr. Luo Liang (Vice Chairman), Mr. Zhang Zhichao (Chief Executive Officer) and Mr. Guo Guanghui are the Executive Directors; Mr. Zhuang Yong (Vice Chairman) and Mr. Zhao Wenhui are the Non-executive Directors; 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.
- (i) The Chinese translation of this notice is for reference only. In case of any inconsistency, the English version shall prevail.