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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 688)

DISCLOSEABLE TRANSACTION

FORMATION OF JOINT VENTURE IN RELATION TO LANDS IN SHANGHAI, THE PRC

Reference is made to the announcement of the Company dated 24 October 2023 in relation to, among other things, the successful bidding of the land use rights of the Lands on 24 October 2023 at the Consideration of RMB24,016 million jointly by CODG (being an indirect wholly-owned subsidiary of the Company) and SLCD on the basis of 85% and 15%.

On 2 April 2024, CODG and SLCD entered into the Cooperation Agreement, pursuant to which the Parties agreed to (a) establish the SPV for the purpose of investing into and developing the Lands; and (b) regulate their respective rights and obligations in the SPV. The SPV will be owned as to 85% and 15% by CODG and SLCD respectively.

As the highest applicable percentage ratios in respect of the total capital commitment of CODG for the Transaction exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

ACQUISITION OF THE LANDS

Reference is made to the announcement of the Company dated 24 October 2023 in relation to, among other things, the successful bidding of the land use rights of the Lands on 24 October 2023 at the Consideration of RMB24,016 million jointly by CODG (being an indirect wholly-owned subsidiary of the Company) and SLCD on the basis of 85% and 15%.

COOPERATION AGREEMENT

On 2 April 2024, CODG and SLCD entered into the Cooperation Agreement, pursuant to which the Parties agreed to (a) establish the SPV for the purpose of investing into and developing the Lands; and (b) regulate their respective rights and obligations in the SPV. The major terms of the Cooperation Agreement are summarised as follows:

Date

2 April 2024

Parties

- (1) CODG; and
- (2) SLCD.

Shareholdings

The SPV will be owned as to 85% and 15% by CODG and SLCD respectively, and accounted for as subsidiaries of the Company and their financial results will be consolidated into the Group's consolidated financial statements.

Information of the Lands

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| Land parcels: | Longhua Neighborhood, Xuhui District, Shanghai, the PRC (中國上海市徐匯區龍華街道) comprising land parcels nos.: 188N-F-04, 188N-F-05, 188N-U-04, 198-A-03, 198-A-04 and 198-C-02, and 188N-F-01 (part), 188N-F-03 (part), 188N-U-01, 188N-U-03 (part) public green area, Longqi Road (龍啟路) (part), Guihuayi Road (規劃一路) (part), 188N-F-02 (part), 188N-U-02 (part) underground land area |
| Land area: | approximately 135,175 sq m |
| Total gross floor area: | approximately 1,010,846 sq m |
| Permitted use and term: | office, research and design, residential, leased apartment and commercial use with the terms for the grant of the land use rights of the Lands for 50 years, 50 years, 70 years, 70 years and 40 years, respectively |
| Development schedule: | first phase of pre-sale is expected to be commenced in the second half of 2024, and the project is expected to be completed in 2028 |

Consideration, payment terms and capital commitment

The Consideration of RMB24,016 million together with the relevant taxes and expenses of approximately RMB530.46 million have been settled in cash in full by CODG and SLCD in the respective proportion of 85% and 15% in the following manner:

- (i) the Deposit of RMB4,803.2 million, paid to the Bureau for the purpose of participating in the Bidding Process, has been applied in part payment of the Consideration;
- (ii) 30% of the Consideration of RMB7,204.8 million has been paid to the Bureau on 24 November 2023;
- (iii) the remaining balance of the Consideration of RMB12,008 million has been paid to the Bureau on 24 January 2024; and
- (iv) approximately RMB530.46 million of relevant taxes and expenses for land parcels nos. 188N-F-04, 188N-F-05, 198-A-03 and 198-A-04 has been paid to the Bureau on 26 February 2024. The relevant taxes and expenses for remaining land parcels will be settled according to the payment schedule and amount finalised by the government authorities.

The Consideration, being the bidding price submitted by the Parties in the Bidding Process, was determined by the Parties on arm's length basis, taking into account various factors including development prospects and the potential of the Lands and the overall prospect of the property market in Shanghai.

The Consideration together with the abovementioned relevant taxes and expenses have been settled by the Parties with the capital contributed by CODG and SLCD in proportion to their respective shareholdings in the SPV. As CODG owns 85% interests in the SPV, the capital commitment of CODG shall be RMB20,864.5 million, which will convert into its contribution to the share capital of the SPV and shareholder's loans provided to the SPV. CODG's capital commitment has been financed by the Group's internal resources and/or external financing.

Project financing

After settlement of the Consideration and the abovementioned relevant taxes and expenses, any additional funding requirements shall be financed by real estate development loans obtained from financial institutions or raised by respective SPV from third party financing upon the approval of the board of the respective SPV. Since the Lands will be developed in phases, it is expected that the proceeds from the sale of the properties will be utilised to finance the ongoing development of the Lands. In the event that the SPV is unable to raise sufficient funds for its operations, the SPV may by notice in writing request CODG and SLCD to advance shareholders' loans or inject capital to the SPV in proportional to their respective equity interest in the SPV.

The shareholder's loans advanced or to be advanced by CODG and SLCD are interest-free. If required, CODG and SLCD may provide guarantee or other security in proportion to their respective equity interests in the SPV to guarantee or secure any external financing of the SPV.

The amount of capital commitment of the Parties in the SPV under the Cooperation Agreement was determined after arm's length negotiations between the Parties with reference to, among other factors, the Consideration and the Parties' respective shareholdings in the SPV.

Management

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

The SPV shall have two (2) supervisors and each of CODG and SLCD shall appoint one (1) supervisor.

The SPV shall have one (1) general manager and one (1) financial controller which shall be appointed by CODG.

Use of sale proceeds

The sale proceeds from the development of land parcels nos. 188N-F-04 and 198-A-04 can be utilised for repaying the shareholder's loans on the condition that all matured liabilities (with priority given to banks loans) have been settled, and a three-month period of working capital for the SPV has been retained. If there are any surplus funds, the SPV can grant loans to shareholders in proportion to their respective equity interests without interests.

Distributions

Provided that the SPV 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 SPV is not adversely affected, the SPV may make distributions (after setting off outstanding loans from the SPV to shareholders (if any)) to CODG and SLCD in proportion to their respective equity interests in the SPV.

Restrictions on equity transfers and encumbrances

Each of CODG and SLCD may not transfer or pledge its equity interest in and shareholder's loans advanced to the SPV to a third party without the prior written consent of the other party.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Property development and investment are among the principal activities of the Group. The formation of the joint venture and the development of the Lands are in line with the key business strategies of the Company and would benefit its long-term business development. Also, SLCD is contributing towards the capital required for the development of the Lands and therefore sharing in the associated investment risks. The Transaction is conducive to enhancing the leverage and utilisation of funds of the Group so as to maintain its continuous investment capabilities, thereby retain strong momentum for future quality development.

The Board (including the Independent Non-executive Directors) considers 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 TRANSACTION

The Group is principally engaged in property development and investment, and other operations. CODG is an indirect wholly-owned subsidiary of the Company and is principally engaged in real estate development and operating, cost consultation and construction project management.

CSCEC is the ultimate holding company of the Company and CODG. 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.

SLCD is principally engaged in housing and civil engineering construction, real estate development, property management, urban planning consultation, property investment, investment management and consultation, and sales of general machinery, electric machinery and equipment, communications equipment and electronic products. West Bund (a PRC state-owned enterprise) is the ultimate holding company of SLCD and is principally engaged in land development, infrastructure construction, property investment, real estate development, property management, investment consultation, assets management, information advisory, exhibition services, design and production, advertising agency services, and domestic trading.

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

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios in respect of the total capital commitment of CODG for the Transaction exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

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| “Bidding Process” | the public bidding process in respect of the Lands held on 24 October 2023 in Shanghai, the PRC; |
| “Board” | the board of Directors; |
| “Bureau” | Shanghai Xuhui District Planning and Natural Resources Bureau (上海市徐匯區規劃和自然資源局); |
| “CODG” | China Overseas Development Group Co., Ltd. (中海企業發展集團有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary 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); |
| “connected person(s)”, “holding company(ies)”, “percentage ratio(s)” and “subsidiary(ies)” | each has the meaning ascribed to it in the Listing Rules; |
| “Consideration” | RMB24,016 million, being the total consideration for acquisition of the Lands; |
| “Cooperation Agreement” | the cooperation agreement dated 2 April 2024 entered into between CODG and SLCD in relation to formation of the SPV for the purpose of investing into and developing the Lands; |
| “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 the Company and CODG; |
| “Deposit” | an amount of RMB4,803.2 million paid by the Parties (in the proportion of 85% and 15% by CODG and SLCD respectively) in order to participate in the Bidding Process; |
| “Director(s)” | the director(s) of the Company; |

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| “Group” | the Company and its subsidiaries from time to time (excluding subsidiary(ies) listed on any stock exchange (if any)); |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “Independent Third Parties” | third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected to any of the connected persons of the Company; |
| “Lands” | land parcels situated at Longhua Neighborhood, Xuhui District, Shanghai, the PRC (中國上海市徐匯區龍華街道), details of which are disclosed under the section headed “Information of the Lands” in this announcement; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Parties” | CODG and SLCD; |
| “PRC” | the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “sq m” | square metre, unit of area; |
| “SLCD” | Shanghai Longhua Construction Development Co., Ltd. (上海龍華建設發展有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of West Bund; |
| “SPV” | single purpose vehicles between CODG and SLCD in the proportion of 85% and 15% respectively for the purpose of investing into and developing the Lands; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Transaction” | the formation of the SPV to develop the Lands pursuant to the Cooperation Agreement and the transactions contemplated thereunder; |

“West Bund”

Shanghai West Bund Development (Group) Co., Ltd. (上海西岸開發（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 SLCD; and

“%”

per cent.

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

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

Hong Kong, 2 April 2024

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