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CONNECTED TRANSACTION

FORMATION OF JOINT VENTURE IN RELATION TO LAND IN KAI TAK

FORMATION OF JOINT VENTURE

On 14 December 2020, COLI, CSC and the JV Company (being an indirect wholly-owned subsidiary of COLI) entered into the JV Agreement, pursuant to which CSC agreed to procure the CSC Nominee to subscribe for, and the JV Company agreed to allot and issue, twenty (20) JV Shares at a subscription price of US\$1 per JV Share. Following Completion, the JV Company will be owned as to 80% and 20% by COLI (through the COLI Nominee) and CSC (through the CSC Nominee), respectively. The JV Agreement also sets out matters in relation to the management of the JV Company and the Project Company.

LISTING RULES IMPLICATIONS

As at the date of this joint announcement, COHL is a controlling shareholder of both COLI and CSC by virtue of it being interested in approximately 55.99% of the issued share capital of COLI and approximately 64.66% of the issued share capital of CSC respectively. Accordingly, each of COLI and the JV Company is a connected person of CSC and CSC is a connected person of COLI. Since certain of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules calculated for both COLI and CSC in respect of the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription) exceed 0.1% but all are less than 5%, the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription) are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In addition, following Completion, COLI's interests in the JV Company will be reduced from 100% to 80%. As such, the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription) constitutes a deemed disposal for COLI under Rule 14.29 of the Listing Rules. As all applicable percentage ratios are less than 5%, the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription) does not constitute a notifiable transaction for COLI under Chapter 14 of the Listing Rules and is not subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

FORMATION OF JOINT VENTURE

On 14 December 2020, COLI, CSC and the JV Company (being an indirect wholly-owned subsidiary of COLI) entered into the JV Agreement, pursuant to which CSC agreed to procure the CSC Nominee to subscribe for, and the JV Company agreed to allot and issue, twenty (20) JV Shares at a subscription price of US\$1 per JV Share. Following Completion, the JV Company will be owned as to 80% and 20% by COLI (through the COLI Nominee) and CSC (through the CSC Nominee), respectively. The JV Agreement also sets out matters in relation to the management of the JV Company and the Project Company. Major terms of the JV Agreement are summarised below.

THE JV AGREEMENT

Date

14 December 2020

Parties

- (1) COLI;
- (2) CSC; and
- (3) the JV Company.

As at the date of this joint announcement, the Project Company is wholly-owned by the JV Company, and the JV Company is wholly-owned by the COLI Nominee, which is in turn wholly-owned by COLI.

As at the date of this joint announcement, COHL is a controlling shareholder of both COLI and CSC by virtue of it being interested in approximately 55.99% of the issued share capital of COLI and approximately 64.66% of the issued share capital of CSC respectively. Accordingly, each of COLI and the JV Company is a connected person of CSC and CSC is a connected person of COLI.

Subscription of JV Shares

CSC shall procure the CSC Nominee to subscribe for twenty (20) JV Shares at the aggregate subscription price of US\$20.

The subscription monies shall be paid by CSC (or the CSC Nominee) at Completion. The subscription price was determined based on the amount paid up or regarded as paid up.

Advancement of loan to the JV Company

As at the date of this joint announcement, COLI Finance, a member of the COLI Group, has advanced an inter-company loan in the principal amount of HK\$427,300,000 (the “**Inter-company Loan**”) to the JV Company for the payment of part of the consideration for the acquisition of the Land. The Inter-company Loan is repayable on demand.

At Completion, CSC shall pay, or procure a member of the CSC Group to pay, to COLI Finance at the direction of the JV Company, as a shareholder’s loan, a sum equivalent to 20% of the Inter-company Loan plus interest accrued thereon up to the date on which Completion takes place (the “**CSC Loan**”), as partial settlement of the Inter-company Loan plus interest accrued thereon.

The CSC Loan and the remaining balance of the Inter-company Loan plus interest accrued thereon up to Completion (after the partial settlement thereof by the CSC Loan) shall be regarded as shareholder’s loans of the JV Company upon Completion (collectively, the “**Current Shareholder’s Loans**”).

As a result, at Completion, the JV Company shall become indebted to the COLI Group and the CSC Group in the proportion of 80:20, which corresponds to COLI’s and CSC’s respective effective interests in the JV Company. COLI, CSC and the JV Company shall further agree upon the interest rate applicable to the Current Shareholder’s Loans as from the date of Completion.

Completion

Completion of the Subscription shall take place on or before 28 December 2020 (or such other date as may be agreed by COLI and CSC in writing).

Following Completion, the JV Company shall be owned as to 80% and 20% by COLI (through the COLI Nominee) and CSC (through the CSC Nominee), respectively. The JV Company shall be accounted for as a subsidiary by COLI and as an associate by CSC.

Business of the JV Company and the Project Company

Unless otherwise unanimously agreed between the JV Shareholders, the sole business of the JV Company upon Completion shall be investment holding of 100% shareholding interest in the Project Company and the principal business of the Project Company shall be property development and ownership of the Land.

Future funding

Working capital requirements of the JV Company in relation to the development of the Land is expected to be HK\$5.3 billion and shall be financed by the COLI Group and the CSC Group in proportion to COLI's and CSC's respective effective interest in the JV Company. The funding of the COLI Group and the CSC Group provided to the JV Company in aggregate for meeting the working capital requirements of the JV Company (which comprises the Current Shareholder's Loans) will not exceed HK\$5.3 billion, and the JV Company shall seek to meet its working capital requirements which exceed such limit from other financing sources.

Management

Board of directors of the JV Company

The board of directors of the JV Company will consist of seven (7) directors, five (5) of whom will be appointed by COLI, and the remaining two (2) directors will be appointed by CSC. The quorum of a meeting of the board of directors of the JV Company shall be three (3) directors.

Project Management Committee

A committee will be formed by the Project Company for overseeing, supervising and monitoring the development, construction as well as sales and marketing in relation to the Land (the "**Project Management Committee**"). The Project Management Committee will consist of eight (8) members, five (5) of whom will be appointed by COLI, and the remaining three (3) members will be appointed by CSC. The quorum of a meeting of the Project Management Committee shall be two (2) members.

The parties agreed that COLI Group will be responsible for conducting the development plus sales and marketing of the Land, and all other matters in relation to the Land shall be considered and approved by the Project Management Committee. All related expenses incurred for development, construction as well as sales and marketing of the Land shall be subject to the approval by the Project Management Committee. Subject to the foregoing, the board of directors of the JV Company shall be responsible for making decisions relating to the business of the JV Company and its subsidiaries from time to time.

All matters to be determined by the board of directors of the JV Company and the Project Management Committee shall be by majority decision.

Restrictions on equity transfers and encumbrances

A JV Shareholder may not transfer or pledge its equity interest in the JV Company to a third party without the prior written consent of the other JV Shareholder. In the event that a JV Shareholder proposes to transfer its equity interest in the JV Company, the other JV Shareholder shall have a right of first refusal to such equity interest.

Possible engagement of CSC Group

Consistent with COLI's existing practice, the Project Company shall select the main contractor, nominated sub-contractor and/or named domestic sub-contractor for the development of the Land by way of open tender. The parties acknowledge that the Project Company may invite members of the CSC Group to tender for the Project Company's construction work in respect of the Land. In the event that members of the CSC Group are awarded the construction contract, such contract shall be on normal commercial terms and in compliance with the terms of the Master Engagement Agreement and the requirements of the Listing Rules.

INFORMATION ABOUT THE PARTIES, JV COMPANY, PROJECT COMPANY AND THE LAND

General information

The COLI Group is principally engaged in property development and investment, and treasury operations. The CSC Group is principally engaged in construction business, infrastructure investments and prefabricated constructions.

CSCEC is the ultimate holding company of each of COLI and CSC. 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.

The JV Company is a company incorporated in British Virgin Islands. As at the date of this joint announcement, the JV Company has one (1) JV Share in issue held by the COLI Nominee, which is in turn indirectly wholly-owned by COLI. The JV Company is principally engaged in investment holding.

The Project Company is a company incorporated in Hong Kong and is wholly-owned by the JV Company. The Project Company is principally engaged in property development and owns the Land.

The Land is situated at New Kowloon Inland Lot No. 6603, Kai Tak Area 4E, Site 1, Kai Tak, Kowloon with a site area of approximately 5,548 square metres and a gross floor area of not less than 18,309 square metres and not exceeding 30,514 square metres. The Land is planned for private residential purposes.

Financial information of the JV Company

As at 30 November 2020, the unaudited net asset of the JV Company was US\$1.

The unaudited net profit of the JV Company for the previous financial years is zero.

FINANCIAL IMPACT ON COLI

Following Completion, the JV Company shall be owned as to 80% and 20% by COLI (through the COLI Nominee) and CSC (through the CSC Nominee), respectively. The JV Company shall be accounted for as a subsidiary by COLI and as an associate by CSC.

The Subscription results in a deemed disposal by COLI of 20% equity interest in the JV Company. Since the subscription price of US\$20 is payable by CSC (or the CSC Nominee) directly to the JV Company, the COLI Group does not receive any proceeds for the disposal. The consideration payable by CSC in respect of the 20% equity interest in the JV Company is determined at cost. It is expected that the COLI Group will record no gain or loss from the deemed disposal at Completion based on the unaudited net asset of the JV Company as at 30 November 2020. There is no original acquisition cost for the 20% equity interest in the JV Company as such shares are to be newly issued for the purpose of the JV Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The COLI Group has extensive experience in property development, whereas the CSC Group has extensive experience in building construction. Taking into account certain degree of complexity of the construction work for developing the Land, the COLI Directors consider that the joint venture arrangement would allow the COLI Group to leverage on the substantial experience of the CSC Group in building construction and site formation. Through the joint management of the Land by the Project Management Committee, directors of both COLI and CSC believe that more effective cost and quality control in respect of the construction work of the Land can be achieved, thereby bringing synergy between the COLI Group and the CSC Group which would in turn be beneficial to the development of the Land.

The COLI Directors (including the independent non-executive COLI Directors) consider that the terms of the JV Agreement are on normal commercial terms and in the ordinary and usual course of business of COLI, and are fair and reasonable and in the interests of COLI and its shareholders as a whole.

The CSC Directors (including the independent non-executive CSC Directors) consider that the terms of the JV Agreement are on normal commercial terms and in the ordinary and usual course of business of CSC, and are fair and reasonable and in the interests of CSC and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this joint announcement, COHL is a controlling shareholder of both COLI and CSC by virtue of it being interested in approximately 55.99% of the issued share capital of COLI and approximately 64.66% of the issued share capital of CSC respectively. Accordingly, each of COLI and the JV Company is a connected person of CSC and CSC is a connected person of COLI. Since certain of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules calculated for both COLI and CSC in respect of the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription) exceed 0.1% but all are less than 5%, the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription) are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In addition, following Completion, COLI's interests in the JV Company will be reduced from 100% to 80%. As such, the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription) constitutes a deemed disposal for COLI under Rule 14.29 of the Listing Rules. As all applicable percentage ratios are less than 5%, the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription) does not constitute a notifiable transaction for COLI under Chapter 14 of the Listing Rules and is not subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

For COLI, none of the COLI Directors has a material interest in the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription) and no COLI Director is required to abstain from voting on the board resolution(s) approving the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription). However, Mr. Yan Jianguo, being the chairman and executive director of COLI, the chairman and non-executive director of CSC and the chairman and president of COHL, has voluntarily abstained from voting on the board resolution(s) of COLI approving the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription).

For CSC, none of the CSC Directors has a material interest in the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription) and no CSC Director is required to abstain from voting on the board resolution(s) approving the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription). However, Mr. Yan Jianguo, being the chairman and non-executive director of CSC, the chairman and executive director of COLI and the chairman and president of COHL, and Mr. Zhang Haipeng, being director of both CSC and COHL, have voluntarily abstained from voting on the board resolution(s) of CSC approving the entering into of the JV Agreement and the transactions contemplated thereunder (including the Subscription).

DEFINITIONS

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

“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, which is interested in approximately 55.99% and 64.66% of the issued share capital of COLI and CSC, respectively;
“COLI”	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);
“COLI Board”	board of COLI Directors;
“COLI Director(s)”	directors of COLI;
“COLI Finance”	Chung Hoi Finance Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of COLI as at the date of this joint announcement;
“COLI Group”	COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“COLI Nominee”	Windy Summer Limited (夏風有限公司), a company incorporated in British Virgin Island with limited liability, an indirect wholly-owned subsidiary of COLI;
“Completion”	completion of the Subscription in accordance with the terms of the JV Agreement;

“connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“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);
“CSC Board”	board of CSC Directors;
“CSC Director(s)”	directors of CSC;
“CSC Group”	CSC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“CSC Loan”	has the meaning given to it under the section headed “THE JV AGREEMENT — Advancement of loan to the JV Company” of this joint announcement;
“CSC Nominee”	Citycharm Investments Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of CSC designated by CSC to subscribe for twenty (20) JV Shares pursuant to the terms of the JV Agreement;
“CSCEC”	中國建築集團有限公司 (China State Construction Engineering Corporation*), a state-owned corporation organised and existing under the laws of the PRC, and the ultimate holding company of each of COLI and CSC;
“Current Shareholder’s Loans”	has the meaning given to it under the section headed “THE JV AGREEMENT — Advancement of loan to the JV Company” of this joint announcement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Inter-company Loan”	has the meaning given to it under the section headed “THE JV AGREEMENT — Advancement of loan to the JV Company” of this joint announcement;
“JV Agreement”	the shareholders’ agreement dated 14 December 2020 entered into between COLI, CSC and the JV Company in relation to the Subscription and the management of the JV Company;

“JV Company”	Honour Vision Limited (景譽有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of COLI as at the date of this joint announcement;
“JV Share(s)”	ordinary share(s) in the share capital of the JV Company;
“JV Shareholder(s)”	shareholder(s) of the JV Company;
“Land”	a parcel of land situated at New Kowloon Inland Lot No. 6603, Kai Tak Area 4E, Site 1, Kai Tak, Kowloon as described in the section headed “INFORMATION ABOUT THE PARTIES, JV COMPANY, PROJECT COMPANY AND THE LAND — General information” of this joint announcement;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macau Special Administrative Region of the PRC;
“Master Engagement Agreement”	the engagement agreement entered into between COLI and CSC on 8 April 2020 in respect of the engagement of members of the CSC Group by members of the COLI Group as construction contractor of the construction works of the COLI Group in the PRC, Hong Kong and Macau from time to time, particulars of which are described in the respective announcements of COLI and CSC dated 8 April 2020;
“PRC”	People’s Republic of China, and for the purpose of this joint announcement, excluding Hong Kong, Macau and Taiwan;
“Project Company”	Asia Power Development Limited (力偉發展有限公司), a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the JV Company;
“Project Management Committee”	has the meaning given to it under the section headed “THE JV AGREEMENT — Management — Project Management Committee” of this joint announcement;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of twenty (20) JV Shares by the CSC Nominee pursuant to the terms of the JV Agreement;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

* *English translation for identification purpose only*

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

By Order of the CSC Board
**China State Construction
International Holdings Limited**
Yan Jianguo
*Chairman and Non-executive
Director*

Hong Kong, 14 December 2020

The COLI Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the CSC Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those relating to the CSC Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement (other than those relating to the CSC Group), the omission of which would make any statement in this joint announcement misleading.

The CSC Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the COLI Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those relating to the COLI Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement (other than those relating to the COLI Group), the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint 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 COLI; Mr. Zhuang Yong (Vice Chairman) and Mr. Chang Ying are the non-executive directors of COLI; and Dr. Fan Hsu Lai Tai, Rita, Mr. Li Man Bun, Brian David and Professor Chan Ka Keung, Ceajer are the independent non-executive directors of COLI.

As at the date of this joint announcement, the CSC Board comprises Mr. Yan Jianguo as Chairman and Non-executive director of CSC; Mr. Zhang Haipeng (Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng and Mr. Hung Cheung Shew as executive directors of CSC; and Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See as independent non-executive directors of CSC.