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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)**

## **ANNOUNCEMENT**

### **MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF PROPERTY PORTFOLIO FROM CITIC GROUP**

**Financial adviser to the Company**



#### **THE ACQUISITION**

The Board is pleased to announce that on 14 March 2016, the Company (as the purchaser and the guarantor), CITIC Pacific and CITIC Corporation (both wholly-owned subsidiaries of CITIC Limited, as the sellers) and CITIC Limited (as the guarantor) entered into the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to purchase, and CITIC Pacific and CITIC Corporation have conditionally agreed to sell, the entire issued share capital of each of the CITIC Target Companies and the CITIC Shareholders Loans. The CITIC Target Group shall upon completion of the CITIC Reorganisation, hold substantially all the residential-focused property development projects in the PRC owned by CITIC Limited prior to Completion through CITIC Real Estate and CITIC Pacific.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 25%, but are all less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules, and is therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

## **GENERAL**

The Company expects that a circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the Transactions contemplated thereunder; (ii) financial information of the CITIC Target Group; (iii) the property valuation report of the properties of the CITIC Target Group; and (iv) the notice convening a general meeting of the Company and a proxy form, will be despatched to the Shareholders on or before 30 June 2016.

## **WARNING**

**COMPLETION OF THE TRANSACTIONS IS SUBJECT TO THE FULFILMENT AND/OR WAIVER OF THE CONDITIONS PRECEDENT TO THE SALE AND PURCHASE AGREEMENT WHICH ARE SET OUT IN THE PARAGRAPH HEADED “CONDITIONS PRECEDENT” OF THIS ANNOUNCEMENT. THE TRANSACTIONS MAY OR MAY NOT PROCEED.**

**SHAREHOLDERS OF THE COMPANY AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING OR CONTEMPLATE DEALING IN THE SHARES OR OTHER SECURITIES (IF ANY) OF THE COMPANY.**

## **THE ACQUISITION**

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The principal terms of the Sale and Purchase Agreement are set out below:

## **THE SALE AND PURCHASE AGREEMENT**

**Date:** 14 March 2016

### **Parties:**

- (1) the Company (as the purchaser and the guarantor)
- (2) CITIC Pacific (as one of the CITIC Sellers)
- (3) CITIC Corporation (as one of the CITIC Sellers)
- (4) CITIC Limited (as the guarantor)

Further information on the parties to the Sale and Purchase Agreement is set out in the paragraph headed “Information on the parties to the Sale and Purchase Agreement” below.

### **The CITIC Reorganisation**

Each of the CITIC Sellers shall procure the completion of the CITIC Reorganisation prior to Completion. Upon completion of the CITIC Reorganisation, the CITIC Sellers will become the sole legal and beneficial owners of the entire issued share capital of each of the CITIC Target Companies, and the CITIC Target Group will hold the property portfolio invested by CITIC Limited which will be the subject of the Acquisition. In addition, CITIC Pacific will become the sole legal and beneficial owner of the CITIC Shareholder Loans.

### **Subject matter of the Acquisition**

The Company has conditionally agreed to purchase, and the CITIC Sellers have conditionally agreed to sell, the CITIC Sale Shares, which represent the entire issued share capital of each of the CITIC Target Companies, subject to the terms and conditions of the Sale and Purchase Agreement.

The Company has also conditionally agreed to acquire the CITIC Shareholders Loans from CITIC Pacific upon Completion, which represent all the outstanding loans owing by the CITIC Target Group to the CITIC Group other than the CITIC Repayment Loans. The Company has undertaken to procure the CITIC Target Group to repay the CITIC Repayment Loans after the Completion, further details of which are set out in the paragraph headed “Repayment of the CITIC Repayment Loans” below.

Upon Completion, each of the CITIC Target Companies will become a wholly-owned subsidiary of the Company, and the CITIC Shareholders Loans shall be assigned to the Company and be owed by the CITIC Target Group to the Group. The CITIC Target Group is primarily engaged in property development, sale and management in the PRC and holding non-controlling interests in certain other property projects. Please refer to the paragraph headed “Information of the CITIC Target Group” below for further information of the business and financial information of the CITIC Target Group.

## Consideration

### *Consideration and its settlement*

The Initial Consideration is RMB31,000 million (equivalent to HK\$37,080 million), which shall be adjusted to the Final Consideration provided that its amount is not more than 105% of the Initial Consideration and not less than 95% of the Initial Consideration.

The Final Consideration which shall be settled as follows:

- (a) an amount of HK\$29,724 million to be settled by the allotment and issue of 1,095,620,154 Consideration Shares at an Issue Price of HK\$27.13 per Consideration Share at Completion by the Company to the CITIC Sellers (or their nominees) in accordance with the terms of the Sale and Purchase Agreement (the **Share Consideration**); and
- (b) an amount of RMB6,149 million (HK\$7,356 million) to be settled by the transfer of a portfolio of properties at Completion by the Company to the CITIC Sellers (or their nominees) in accordance with the terms of the Sale and Purchase Agreement (the **Assets Consideration**).

Pursuant to the Sale and Purchase Agreement, if (i) the Final Consideration is in an amount of not more than 105% of the Initial Consideration and not less than 95% of the Initial Consideration, the parties to the Sale and Purchase Agreement shall discuss and agree on the amount of and difference between the Initial Consideration and Final Consideration arising out of such adjustments and the means of settlement, provided that no adjustment shall be made on the Share Consideration. If any of the Final Consideration is in an amount of more than 105% of the Initial Consideration or less than 95% of the Initial Consideration, the parties shall negotiate in good faith on any amendment(s) to the terms of the Transactions.

### *The Consideration Shares*

The Consideration Shares represent (i) approximately 11.11% of the existing issued share capital of the Company; and (ii) approximately 10% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Consideration Shares when allotted and issued, will rank pari passu in all respects among themselves and with all existing Shares then in issue on the date of such allotment and issue, including the right to receive all future dividends and distributions declared, made or paid by the Company on or after the date of the issue of the Consideration Shares.

### *Issue Price*

The Issue Price of HK\$27.13 per Consideration Share was determined after arm's length negotiation between the parties to the Sale and Purchase Agreement with reference to, among others, the recent trading prices of the Shares, which represents:

- (i) a premium of approximately 5.36% to the closing price of HK\$25.75 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a premium of approximately 7.45% to the average closing price of approximately HK\$25.25 per Share as quoted on the Stock Exchange for the last 5 trading days immediately preceding and including the Last Trading Day;
- (iii) a premium of approximately 9.77% to the average closing price of approximately HK\$24.72 per Share as quoted on the Stock Exchange for the last 10 trading days immediately preceding and including the Last Trading Day;
- (iv) a premium of approximately 14.09% over the average closing price of approximately HK\$23.78 per Share for the three-month period immediately preceding and including the Last Trading Day; and
- (v) a premium of approximately 10.15% over the average closing price of approximately HK\$24.63 per Share for the six-month period immediately preceding and including the Last Trading Day.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

#### *Assets Consideration*

Subject to Completion having taken place, the Company shall transfer (or shall procure the relevant legal owners to transfer) to the CITIC Sellers (or their nominees) certain property portfolios with a value of RMB6,149 million as part of the Consideration.

#### **Basis of the Consideration**

The Consideration was determined after arm's length negotiation among the parties to the Sale and Purchase Agreement with reference to, among others, (a) the quality and size of the property portfolio owned by the CITIC Target Group to be acquired by the Company; (b) the unaudited net asset value of the CITIC Target Group attributable to the shareholders of CITIC Target Companies as at 31 December 2015 in an amount of approximately RMB19,214 million; (c) the amount and value of the Consideration Shares to be issued to the CITIC Sellers as part of the Consideration; (d) the business development and future prospects of the real estate business in the PRC; (e) the business strategies and asset allocation preference of the Company and CITIC Limited, respectively, and (f) the strategic significance and synergies of the Transactions to both the Company and CITIC Limited.

#### **Guarantees**

CITIC Limited unconditionally and irrevocably guarantees to the Company and its subsidiaries (where relevant) the due and punctual performance of all the obligations and liabilities of the CITIC Sellers under or otherwise arising out of or in connection with the Sale and Purchase Agreement, and CITIC Limited shall fully indemnify the Company and its subsidiaries (where relevant) of any damage resulting from the breach or delay in the performance of such obligations and liabilities.

In addition, CITIC Limited guarantees that as at 31 December 2015, the net asset value of the CITIC Target Group and the aggregate CITIC Shareholders Loans as shown in the audited accounts of the CITIC Target Group shall not be less than RMB17,900 million, and as at Record Date, the net asset value of the CITIC Target Group and the aggregate CITIC Shareholders Loans as shown in the valuation report shall not be less than RMB17,900 million.

The Company unconditionally and irrevocably guarantees to CITIC Limited and its subsidiaries (where relevant, including the CITIC Sellers) the due and punctual performance of all the obligations and liabilities of the Company's subsidiaries (where relevant) under or otherwise arising out of or in connection with the Sale and Purchase Agreement, and the Company shall fully indemnify CITIC Limited and its subsidiaries (where relevant, including the CITIC Sellers) of any damage resulting from the breach or delay in the performance of such obligations and liabilities.

### **Completion**

Completion shall take place on the tenth business day after all the conditions to the Sale and Purchase Agreement as set out in the paragraph headed "Conditions precedent" below have either been fulfilled or waived (as the case may be).

### **Conditions precedent**

Completion of the Sale and Purchase Agreement is conditional on the fulfilment (or, if applicable, the waiver) of the following conditions precedent:

- (a) approval having been obtained from the Shareholders at a general meeting convened for approving the Sale and Purchase Agreement and the Transactions contemplated thereunder;
- (b) the Company having obtained the approval from the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares;
- (c) CITIC Limited having obtained all necessary licences, consents, approvals, authorisations, permissions, clearance, waivers, orders, exemptions or notifications of any governmental or regulatory authorities or bodies (including relevant authorities in the PRC, Hong Kong and BVI), which are required for the execution and performance of the Sale and Purchase Agreement and the Transactions contemplated thereto (including but not limited to the obtaining the relevant approvals from the Ministry of Finance of the PRC and the Ministry of Commerce of the PRC by CITIC Limited) and which have not been revoked prior to Completion;
- (d) the Company having obtained all necessary licences, consents, approvals, authorisations, permissions, clearance, waivers, orders, exemptions or notifications of any governmental or regulatory authorities or bodies (including relevant authorities in the PRC, Hong Kong and BVI), which are required for the execution and performance of the Sale and Purchase Agreement and the Transactions contemplated thereto (including but not limited to the obtaining the relevant consent or approval from the Anti-monopoly Bureau of Ministry of Commerce of the PRC by the Company) and which have not been revoked prior to Completion;

- (e) each of the CITIC Target Group Companies having obtained all necessary approvals or consents from any of their respective creditors or shareholders which are required for the execution and performance of the Sale and Purchase Agreement and the Transactions contemplated thereto and which have not been revoked prior to Completion;
- (f) each of the COLI Target Group Companies having obtained all necessary approvals or consents from any of their respective creditors or shareholders which are required for the execution and performance of the Sale and Purchase Agreement and the Transactions contemplated thereto and which have not been revoked prior to Completion;
- (g) no relevant government or regulatory authority or body, court or agency having granted any order or made any decision that restricts or prohibits the implementation of the Transactions contemplated under the Sale and Purchase Agreement;
- (h) the Company having completed, to the extent it considers appropriate, due diligence on business, legal and financial matters, and other matters in relation to the CITIC Target Group by the Record Date;
- (i) CITIC Limited having completed, to the extent it considers appropriate, due diligence on business, legal and financial matters, and other matters in relation to the COLI Target Group Companies by the Record Date; and
- (j) the CITIC Reorganisation having been completed and all necessary approvals having been obtained.

None of the parties shall have the right to waive any of the conditions set out in paragraphs (a) to (d), (g) above. The Company may at its discretion waive any of the conditions set out in paragraphs (e), (h) and (j) above. The CITIC Sellers may at their discretion waive any of the conditions set out in paragraphs (f) and (i) above.

If any of the conditions is not fulfilled, or waived by the relevant party as set out above, on or before 31 December 2016 (or such later date as the parties to the Sale and Purchase Agreement may agree in writing), the Sale and Purchase Agreement shall terminate (save that certain provisions relating to, among others, announcement and confidentiality, waivers and releases, taxation, miscellaneous, notice, governing law and jurisdiction shall continue to apply in full force and effect thereafter) and no party shall have any claim against the other, except in respect of any antecedent breach of the terms thereof.

## **Lock-up undertakings**

The CITIC Sellers undertake and agree that, subject to and conditional on Completion, it shall not (and, if applicable, shall procure its nominee not to), without the prior written consent of the Company and whether directly or indirectly, at any time during the period of two (2) years immediately following the Completion Date:

- (a) offer, pledge, charge, sell, mortgage, lend, create, transfer or otherwise dispose of any legal or beneficial interest (including by the creation of or an agreement to create or selling or granting or agreeing to sell or grant any option or contract to purchase or any warrant or right to purchase) in the Consideration Shares or any securities convertible into or exercisable or exchangeable for such Consideration Shares, or contract to do so, whether directly or indirectly; or
- (b) enter into any swap or other transaction that transfers to another, in whole or in part, the economic consequences of ownership of such Consideration Shares or securities,

in each case, whether any of the foregoing transactions is to be settled by delivery of Shares, such other securities convertible into Shares, cash or otherwise dispose of any of the Consideration Shares, or any interest in any company or entity holding (directly or indirectly) any of the Consideration Shares, and provided that the aforesaid restrictions shall not prohibit or restrict any sale, transfer or disposal of the Consideration Shares (or transaction, agreement or contract referred to) among the CITIC Sellers, CITIC Limited and its wholly-owned subsidiaries and such transferee(s) agrees to receive and hold the Consideration Shares subject to the relevant lock-up undertakings.

## **Proposed appointment of non-executive director**

At any time after Completion, if the Shares held by CITIC Limited represents 10% or more of the then total issued share capital of the Company, the Company shall take necessary actions to procure a candidate as selected by CITIC Limited to be nominated as a non-executive Director, provided that the nomination is approved by the Board or the nomination committee of the Board.

The Company has undertaken to CITIC Limited that if it conducts any placing of Shares after Completion, it shall offer CITIC Limited a right to participate in the placing on the same terms subject to a maximum number of Shares to avoid the shareholding in the Company held by CITIC Limited being diluted, provided that: the participation of CITIC Limited in the aforesaid placing of Shares shall (i) be in compliance with the Company's articles of association, the applicable laws and the Listing Rules, and (ii) not cause any adverse effect or material delay in the proposed placing and shall be conducted in accordance with the arrangements and timetable as agreed by the Company.

## **Repayment of the CITIC Repayment Loans**

The Company had undertaken to procure the CITIC Target Group to repay the CITIC Repayment Loans to the CITIC Group within six months after Completion, and to the extent there exists any guarantee by CITIC Group in favour of CITIC Target Group, the Company will procure a replacement guarantee within the aforesaid six months.

## INFORMATION OF THE CITIC TARGET GROUP

### The business of the CITIC Target Group

The CITIC Target Companies are investment holding companies, which together with their subsidiaries, are primarily engaged in property development, sale and management in the PRC.

The CITIC Target Group shall upon completion of the CITIC Reorganisation, hold substantially all the residential-focused property development projects owned by CITIC Limited prior to Completion through CITIC Real Estate and CITIC Pacific.

The property projects in which the CITIC Target Group has an interest (include non-controlling interest) (the “CITIC Target Property Portfolio”) are located in 25 cities across major economic regions in the PRC:

<b>Pan Bohai Rim</b>	<b>Yangtze River Delta</b>	<b>Pearl River Delta</b>	<b>Other Regions</b>
<ul style="list-style-type: none"><li>• Beijing</li><li>• Tianjin</li><li>• Qingdao</li><li>• Dalian</li><li>• Yantai</li></ul>	<ul style="list-style-type: none"><li>• Shanghai</li><li>• Suzhou</li><li>• Yangzhou</li></ul>	<ul style="list-style-type: none"><li>• Shenzhen</li><li>• Guangzhou</li><li>• Zhuhai</li><li>• Zhongshan</li><li>• Shantou</li><li>• Huizhou</li><li>• Foshan</li><li>• Dongguan</li></ul>	<ul style="list-style-type: none"><li>• Chongqing</li><li>• Chengdu</li><li>• Changsha</li><li>• Changchun</li><li>• Sanya</li><li>• Haikou</li><li>• Wanning</li><li>• Huangshan</li><li>• Jiujiang</li></ul>

As at 31 December 2015, the total GFA of the CITIC Target Property Portfolio was approximately 24 million sq. m. (without taking into account of the proportionate interests held by the CITIC Target Group), comprising mainly properties under development and properties held for future development and to a lesser extent completed properties, which are predominately located in the first and second tier cities. The approximate geographical composition of the CITIC Target Property Portfolio in terms of total GFA as at 31 December 2015 is indicated in the table below:

<b>Region</b>	<b>Approximate composition in terms of total GFA</b>
Pan Bohai Rim	31%
Yangtze River Delta	9%
Pearl River Delta	42%
Other Regions	18%

The details of the CITIC Target Property Portfolio above are based on the information provided by the CITIC Sellers and have not been independently verified by the Company, subject to further due diligence to be completed. Further details of the properties and a property valuation report will be included in the circular of the Company.

The acquisition of the CITIC Target Group will strengthen the Group's position as a leading property developer in the PRC. For details of the rationale and benefits of the Transactions, please refer to the section headed "Reasons for and benefits of the Transactions" below.

### **Financial information of the CITIC Target Group**

For the purposes of this announcement, assuming the CITIC Target Group had been formed since 1 January 2014 and in such equity percentage interest as the CITIC Target Companies are holding in each other member of the CITIC Target Group after the completion of the CITIC Reorganisation, set out below are the unaudited consolidated profit/(loss) before taxation and consolidated profit/(loss) after taxation attributable to the shareholders of the CITIC Target Companies for the respective periods:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2014</b>	<b>2015</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>
Consolidated profit/(loss) before taxation	2,156	1,720
Consolidated profit/(loss) after taxation attributable to the shareholders of the CITIC Target Companies	1,291	1,100

According to the unaudited financial information of the CITIC Target Group, the value of net assets of the CITIC Target Group attributable to the shareholders of CITIC Target Companies as of 31 December 2015 was approximately RMB19,214 million.

All information relating to the CITIC Target Group, including information relating to its business and its financial information, as disclosed in this announcement has been provided by the CITIC Sellers and has not been independently verified by the Company.

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

The Directors believe that the Transactions are in the interests of the Company for the following reasons:

#### **Reinforcing the Company's position as a leading property developer in the PRC**

The Transactions will represent a notable consolidation in the PRC real estate sector between CITIC Limited and the Group, being leading large-scale property developers in the PRC. Upon Completion, the Company will acquire substantially all the residential-focused property development and management business from CITIC Limited, enlarging the Group's business scale. As a result of the Transactions, the Company and CITIC Limited are able to leverage on their respective strengths and expertise, potentially leading to generation of business synergies, improved efficiency, cost savings and more investment opportunities. The Transactions are another major milestone for the Group to strengthen its core property business after the asset injection from CSCECL Group in 2015, further enhancing the Group's leading position in the PRC real estate industry.

## **Introduction of CITIC Limited as a strategic shareholder of the Company for further potential business collaboration**

Pursuant to the Sale and Purchase Agreement, the Company will issue 1,095,620,154 Consideration Shares to CITIC Sellers (or their nominees) upon Completion, representing approximately 10% of the total issued share capital of the Company as enlarged by the issue of the Consideration Shares. CITIC Limited will then become a strategic shareholder of the Company and also the second largest shareholder, maintaining its exposure to the residential focused property development business through its shareholding in the Company. As CITIC Limited is a leading state-owned conglomerate with a wide range of diversified businesses across financial services, resources and energy, manufacturing, engineering contracting, real estate and infrastructure sectors, there will be significant potential for business collaboration and investment opportunities between the Group and CITIC Limited across different aspects, which may be potentially beneficial for the Group's business operations.

## **Enhancing the Group's nationwide land reserve focused on first and second tier cities in the PRC**

The Transactions provide a good opportunity for the Group to enhance its nationwide land reserve across various major economic regions in the PRC. As at 31 December 2015, the CITIC Target Group has a quality and sizeable land reserve of approximately 24 million sq. m. in terms of total GFA located in the major cities of the PRC, and thus will greatly supplement the Group's existing property portfolio, which is focused on first and second tier cities. As a result of the Transactions, the Group's land reserve will have a meaningful increase in terms of total GFA, compared to 44.09 million sq. m. as at 30 June 2015. The additions of high quality land held by the CITIC Target Group will be highly beneficial to the Group's future development.

## **Strategic enhancement of the Group's business growth**

The Group has attained stable business growth during the past years through conventional land acquisition and real estate development as well as acquisitions of different scale, including the Group's acquisition of a sizeable property portfolio from CSCECL Group in 2015. The Transactions will be another strategic expansion to fuel the Group's business growth. The property portfolio held by the CITIC Target Group mainly comprises properties for sale at various development stages, which are expected to have a positive contribution to the contracted sales, cash flows, revenue and profit of the Group after Completion.

Based on the reasons and consideration set out under this paragraph "Reasons for and benefits of the Transactions" and the paragraph "Basis of the Consideration", the Directors are of the view that the Transactions are in the interests of the Company and the Shareholders as a whole, and the terms of the Sale and Purchase Agreement, which have been reached after arm's length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## EFFECT OF THE COMPLETION ON THE SHAREHOLDING STRUCTURE

Details of the shareholding structure of the Company as at the date of this announcement and immediately upon Completion as enlarged by the allotment and issue of the Consideration Shares are set out below:

	As at the date of this announcement		Immediately upon Completion	
	Number of Shares held	Approximate percentage of total issued share capital	Number of Shares held	Approximate percentage of total issued share capital as enlarged
COHL	5,523,986,255	56.02%	5,523,986,255	50.42%
Silver Lot Development Limited (Note)	509,136,928	5.16%	509,136,928	4.65%
The CITIC Sellers (or their nominees)	–	–	1,095,620,154	10.00%
Public Shareholders	<u>3,827,458,198</u>	<u>38.82%</u>	<u>3,827,458,198</u>	<u>34.93%</u>
Total	<u>9,860,581,381</u>	<u>100%</u>	<u>10,956,201,535</u>	<u>100%</u>

*Note:* Silver Lot Development Limited is a direct wholly-owned subsidiary of COHL. COHL, a direct controlling shareholder of the Company, which together with its wholly-owned subsidiary, Silver Lot Development Limited, held 61.18% of the issued share capital of the Company as at the date of this announcement.

## INFORMATION ON THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

### The Company and the Group

The Company is incorporated in Hong Kong and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the property development and investment, real estate agency and management, and treasury operations.

### CITIC Limited and the CITIC Sellers

CITIC Limited is incorporated in Hong Kong and its shares are listed on the Main Board of the Stock Exchange. CITIC Limited, together with its subsidiaries, is one of the PRC's largest conglomerates and its businesses include financial services, resources and energy, manufacturing, real estate and infrastructure, engineering contracting, and other businesses in the PRC and overseas.

CITIC Pacific, a wholly-owned subsidiary of the Company, is an investment holding company incorporated in the British Virgin Islands with businesses covering special steel manufacturing, property development, energy and civil infrastructure.

CITIC Corporation is a limited liability company incorporated in the PRC, which engages in businesses covering financial services, resources and energy, manufacturing, engineering contracting, real estate and infrastructure.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of CITIC Limited, the CITIC Sellers and their ultimate beneficial owner(s) are independent third parties.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 25%, but are all less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules, and is therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

## **DESPATCH OF CIRCULAR**

The Company expects that a circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the Transactions contemplated thereunder; (ii) financial information of the CITIC Target Group; (iii) the property valuation report of the properties of the CITIC Target Group; and (iv) the notice convening a general meeting of the Company and a proxy form, will be despatched to the Shareholders on or before 30 June 2016.

## **WARNING**

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## **DEFINITIONS**

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

"Acquisition" the sale and purchase of the CITIC Sale Shares and the CITIC Shareholders Loans as contemplated under the Sale and Purchase Agreement

"Assets Consideration" the transfer of a portfolio of certain properties with a value of RMB6,149 million by the Company to the CITIC Sellers upon Completion for the satisfaction of part of the Consideration subject to the terms and conditions of the Sale and Purchase Agreement

“Board”	the board of directors of the Company
“BVI”	the British Virgin Islands
“CITIC Corporation”	CITIC Corporation Limited (中國中信有限公司), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of CITIC Limited, which is interested in the entire issued share capital of CITIC Real Estate
“CITIC Group”	CITIC Limited and each company which is (whether on or after the date of the Sale and Purchase Agreement) its subsidiary (other than, before Completion, the CITIC Target Group)
“CITIC Limited”	CITIC Limited (中國中信股份有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 267)
“CITIC Pacific”	CITIC Pacific Limited (中信泰富有限公司), a company incorporated in BVI with limited liability, a direct wholly-owned subsidiary of CITIC Limited, which is interested in the entire issued share capital of Tuxiana
“CITIC Real Estate”	CITIC Real Estate Group Company Limited* (中信房地產集團有限公司), a company incorporated in the PRC with limited liability, a direct wholly-owned subsidiary of CITIC Corporation
“CITIC Reorganisation”	the arrangements between CITIC Limited, the CITIC Sellers and certain of their affiliates in relation to the reorganisation of the respective corporate shareholdings of the CITIC Target Companies, immediately after completion of which the CITIC Target Companies shall hold all the entities and property projects being the subject of the Acquisition
“CITIC Repayment Loans”	the outstanding loans and advance owing by the CITIC Target Group to CITIC Group in approximate amounts of RMB31,448 million, USD180 million, and HK\$881 million, which shall be repaid by the CITIC Target Group to the CITIC Group after Completion
“CITIC Sale Shares”	the entire issued share capital of each of the CITIC Target Companies
“CITIC Sellers”	CITIC Pacific and CITIC Corporation

“CITIC Shareholders Loans”	the outstanding loans and advance owing by the CITIC Target Group to CITIC Group currently in a total amount of RMB3,631 million to be assumed by the Company pursuant to the terms and conditions of the Sale and Purchase Agreement
“CITIC Target Companies”	Tuxiana and CITIC Real Estate, being companies wholly owned by the CITIC Sellers, which together hold all the property portfolio being the subject of the Acquisition after completion of the CITIC Reorganization
“CITIC Target Group”	the CITIC Target Companies and all their respective subsidiaries immediately after the completion of the CITIC Reorganisation, and a “CITIC Target Group Company” shall mean any of them
“COHL”	China Overseas Holdings Limited (中國海外集團有限公司), a company incorporated in Hong Kong with limited liability, the controlling shareholder of the Company
“COLI Target Group Companies”	such companies to be formed or reorganised by the Company for the purpose of holding certain properties to be transferred to CITIC Sellers in settlement of the Assets Consideration
“Company”	China Overseas Land & Investment Limited (中國海外發展有限公司), a company incorporated in Hong Kong with limited liability, the Shares are listed on the Main Board of the Stock Exchange (stock code: 00688)
“Completion”	the completion of the Transactions subject to the terms and conditions of the Sale and Purchase Agreement
“Consideration”	the consideration of the Acquisition, comprising the Share Consideration and the Assets Consideration, subject to the terms and conditions of the Sale and Purchase Agreement
“Consideration Shares”	1,095,620,154 Shares to be issued by the Company to the CITIC Sellers (or their nominees) subject to the terms and conditions of the Sale and Purchase Agreement
“CSCECL Group”	China State Construction Engineering Corporation Limited (a company incorporated in the PRC and the shares of which are listed on the Shanghai Stock Exchange (stock code: 601668), which is also a controlling shareholder of the Company through its interest in COHL), and its subsidiaries
“Directors”	the directors of the Company

“Final Consideration”	the final consideration based on the valuation results of the CITIC Sale Shares and CITIC Shareholders Loans in the Valuation Report(s), appraising the value of the CITIC Sale Shares and the CITIC Shareholders Loans as at the Record Date, which is an amount not more than 105% of the Initial Consideration and not less than 95% of the Initial Consideration
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	third party(ies) who is/are independent of the Company and its connected persons
“Initial Consideration”	the initial consideration of the Acquisition in an amount of RMB31,000 million, which is subject to adjustments in accordance with the terms of the Sale and Purchase Agreement
“Issue Price”	HK\$27.13 per Share, being the issue price of the Consideration Shares
“Last Trading Day”	11 March 2016, being the last full trading day for the Shares before the date of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Record Date”	30 April 2016, or any such other date as agreed by the parties to the Sale and Purchase Agreement, as the valuation date of the CITIC Sale Shares and the CITIC Shareholders Loans
“Sale and Purchase Agreement”	the sale and purchase agreement dated 14 March 2016 entered into among the Company, the CITIC Sellers and CITIC Limited in respect of the Transactions
“Share Consideration”	the issuance of the Consideration Shares to the CITIC Sellers (or their nominees) for the satisfaction of part of the Consideration subject to the terms and conditions of the Sale and Purchase Agreement

“Shareholder(s)”	holder(s) of the Shares
“Shares”	the ordinary shares in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Sale and Purchase Agreement, including, among others, the Acquisition, the settlement of the Assets Consideration and the Share Consideration
“Tuxiana”	Tuxiana Corp., a company incorporated in the BVI with limited liability, a direct wholly-owned subsidiary of CITIC Pacific
“Valuation Report(s)”	the valuation report(s) filed with the relevant PRC government authority(ies) in relation to the appraisal of the values of (i) the CITIC Sale Shares and (ii) the CITIC Shareholders Loans
“%”	per cent

*In this announcement, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)”, “percentage ratio”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules.*

*For the purpose of this announcement, unless the context otherwise requires, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB0.83602 to HK\$1.00. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.*

*Certain amounts and percentage figures set out in this announcement have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.*

*The English names of Chinese entities marked with “\*” are translations of their Chinese names and are included in this announcement for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

By order of the Board  
**China Overseas Land & Investment Limited**  
**Hao Jian Min**  
*Chairman & Chief Executive Officer*

Hong Kong, 14 March 2016

*As at the date of this announcement, Messrs. Hao Jian Min (Chairman and Chief Executive Officer), Xiao Xiao (Vice Chairman), Luo Liang and Nip Yun Wing are the executive directors; Mr. Zheng Xuexuan is the non-executive director; and Mr. Lam Kwong Siu, Mr. Li Man Bun, Brian David and Madam Fan Hsu Lai Tai, Rita are the independent non-executive directors of the Company.*