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中海物業
CHINA OVERSEAS PROPERTY

**CHINA OVERSEAS PROPERTY
HOLDINGS LIMITED**

中海物業集團有限公司

*(Incorporated in the Cayman Islands
with limited liability)*

(Stock Code: 2669)



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)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
THE FRAMEWORK AGREEMENT FOR CAR PARKING SPACES**

FRAMEWORK AGREEMENT

On 23 October 2019, COPL and COLI entered into the Framework Agreement whereby the parties agreed that the COPL Group may from time to time enter into transactions with the COLI Group for the acquisition of rights-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire) as inventory of the COPL Group (i.e. the Transactions), such car parking spaces being car parking spaces of developments or properties built, developed or owned by the COLI Group and managed by the COPL Group as property manager.

The Framework Agreement has a term of three years commencing from 1 December 2019 and ending on 30 November 2022 (both dates inclusive).

LISTING RULES IMPLICATIONS

CSCEC is the ultimate holding company of COHL which is the controlling shareholder of each of COPL and COLI by virtue of being interested in approximately 61.18% of the issued share capital of COPL and approximately 55.99% of the issued share capital of COLI, respectively. Therefore, members of the COLI Group are connected persons of COPL and members of the COPL Group are connected persons of COLI. Accordingly, the entering into of the Framework Agreement and the Transactions constitute continuing connected transactions for each of COPL and COLI under Chapter 14A of the Listing Rules.

For COPL, as the Framework Agreement was entered into within 12 months of the COGO Framework Agreement, both the Framework Agreement and the COGO Framework Agreement being in respect of similar transactions and having been entered into between COPL and a connected person and/or its associate (i.e. COLI and COGO), the Framework Agreement and the COGO Framework Agreement are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the applicable percentage ratios in respect of the Annual Caps and the COGO Annual Caps in aggregate exceed 5%, the Transactions are subject to annual review, reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

For COLI, as certain applicable percentage ratios in respect of the Annual Caps are more than 0.1% but less than 5%, the Transactions are subject to annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

GENERAL

An EGM will be convened and held for the COPL Independent Shareholders to consider and, if thought fit, approve the Framework Agreement (together with the Annual Caps) and the Transactions. At the same EGM, the COPL Independent Shareholders will also consider and, if thought fit, approve the COGO Framework Agreement (together with the COGO Annual Caps) and the transactions contemplated thereunder. Further details of the COGO Framework Agreement are set out in the joint announcement dated 23 October 2019 issued by COPL and COGO.

A circular containing, among other things, (i) further details of the Framework Agreement (together with the Annual Caps) and the Transactions and the COGO Framework Agreement (together with the COGO Annual Caps) and the transaction contemplated thereunder; (ii) the recommendation of the COPL Independent Board Committee; (iii) a letter from the Independent Financial Adviser to the COPL Independent Board Committee and the COPL Independent Shareholders; and (iv) a notice convening the EGM will be despatched to the shareholders of COPL on or before 14 November 2019 as COPL expects additional time will be required to prepare and finalise the relevant information in the circular.

CONTINUING CONNECTED TRANSACTIONS

On 23 October 2019, COPL and COLI entered into the Framework Agreement whereby the parties agreed that the COPL Group may from time to time enter into transactions with the COLI Group for the acquisition of rights-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire) as inventory of the COPL Group (i.e. the Transactions), such car parking spaces being car parking spaces of developments or properties built, developed or owned by the COLI Group and managed by the COPL Group as property manager.

THE FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are as follows:

Date

23 October 2019

Parties

- (a) COPL; and
- (b) COLI.

Term

The Framework Agreement has a term of three years commencing from 1 December 2019 and ending on 30 November 2022 (both dates inclusive).

Subject matter

Pursuant to the Framework Agreement, COPL and COLI agreed that:

- (a) they may enter into, or procure members of the COPL Group and the COLI Group to enter into, the Transactions; and
- (b) at any time during the term of the Framework Agreement, the relevant members of the COPL Group and the COLI Group may from time to time enter into separate definitive agreement(s) in relation to any Transactions, which shall set out the particular terms of the Transaction(s) (including the payment terms), in particular:
 - (i) for the COPL Group as purchaser, its terms shall be on normal commercial terms (or on an arm's length basis or on terms no less favourable to the COPL Group than terms available from independent third parties (as the case may be)) and are fair and reasonable;
 - (ii) for the COLI Group as seller, its terms shall be on normal commercial terms (or on an arm's length basis or on terms no less favourable to the COLI Group than terms available to independent third parties (as the case may be)) and are fair and reasonable;
 - (iii) the price for the Transaction(s) shall be based on the pricing basis in the Framework Agreement, which is set out in the section headed "Pricing basis" in this joint announcement;
 - (iv) all the Transactions are in the ordinary and usual course of business of the COPL Group and in the interest of COPL and its shareholders as a whole; and
 - (v) all the Transactions are in the ordinary and usual course of business of the COLI Group and in the interest of COLI and its shareholders as a whole.

In respect of the non-air raid shelter car parking spaces, if the procedures to transfer property rights can be completed in the future due to PRC policy changes, the COLI Group shall actively cooperate with the COPL Group to handle the transfer of property rights. Following such transfer of property rights, the ownership of such non-air raid shelter car parking spaces will altogether be transferred to the COPL Group.

Condition Precedent

The Transactions (together with the Annual Caps) are conditional upon the passing of the resolution by the COPL Independent Shareholders at the EGM approving the Framework Agreement (together with the Annual Caps) and the Transactions.

Pricing basis

Pricing basis of the COPL Group in respect of the Transactions

As purchaser, COPL (or the relevant subsidiary) shall commission a valuation report for each relevant Transaction to be prepared by a qualified independent third party property valuer and the purchase price (i.e. the consideration) for each relevant Transaction shall be no more than the relevant valuation so obtained. COPL (or the relevant subsidiary) shall also prepare an internal sale plan and projection for each relevant Transaction with an estimated payback period of no more than 5 years. In any event, the purchase price (i.e. the consideration) shall be no less favourable to the COPL Group than that available from independent third party seller.

The independent non-executive directors of COPL shall review whether the aforementioned pricing basis has been complied with on an annual basis for Transactions taking place during a financial year and report the same in the relevant annual report.

Pricing basis of the COLI Group in respect of the Transactions

As seller, COLI (or the relevant subsidiary) will verify the valuation to be obtained by COLI (or the relevant subsidiary) from an independent third party property appraiser and will take into account the factors such as development cost, historical maintenance cost, on-going management cost savings, terms of the Transactions and the qualifications of the purchaser to determine the sale price (i.e. the consideration) for each relevant Transaction. In any event, the sale price (i.e. the consideration) shall be no less favourable to the COLI Group than that available to independent third party purchaser.

The independent non-executive directors of COLI shall review whether the aforementioned pricing basis has been complied with on an annual basis for Transactions taking place during a financial year and report the same in the relevant annual report.

Annual Caps

The Annual Caps during the term of the Framework Agreement shall not exceed the following:

For the period from 1 December 2019 to 31 December 2019	For the financial year ending 31 December 2020	For the financial year ending 31 December 2021	For the period from 1 January 2022 to 30 November 2022
HK\$300 million	HK\$500 million	HK\$600 million	HK\$600 million

Basis of determining the Annual Caps

The Annual Caps are determined with reference to, among other things, (i) the historical amounts of similar transactions between the COPL Group and the COLI Group completed during the period from 1 July 2018 to 31 December 2018 and the period from 1 January 2019 to 30 November 2019 in the sums of approximately HK\$30.41 million and HK\$206.56 million respectively; (ii) the projected aggregate amount of Transactions (subject to the then availability of the relevant car parking spaces) to be entered into between the COPL Group and the COLI Group for the period from 1 December 2019 to 30 November 2022; and (iii) the COPL Group's expansion of the car parking spaces trading business.

INTERNAL CONTROL PROCEDURES

In order to ensure the Transactions will be entered into in accordance with the terms of the Framework Agreement, the COPL Group has adopted the following measures:

1. the relevant business units and operations divisions of COPL, which are responsible for negotiating the Transactions with the COLI Group for the purpose of entering into separate definitive agreements, will (i) prepare feasibility studies to ensure the marketability of the underlying car parking spaces with an estimated payback period of no more than 5 years, (ii) conduct the respective due diligence exercises to ensure the validity of legal titles of the underlying car parking spaces, and (iii) monitor the consideration for each of the Transactions such that it will be no more than the relevant valuation so obtained by a qualified independent third party valuation valuer; and
2. the management of COPL would monitor the accumulated consideration paid for the Transactions so that the respective Annual Caps will not be exceeded.

In order to ensure that the Transactions will be entered into in accordance with the terms of the Framework Agreement, the COLI Group has adopted the following measures:

1. COLI's internal control team will monitor the Transactions and ensure that the considerations will be no less favourable than those offered to other independent third parties for similar transactions;
2. COLI's internal control team will ensure that the Transactions will be conducted in accordance with the terms of the Framework Agreement and the Annual Caps will not be exceeded;

3. the Board of COLI will continue to review on a regular basis the implementation and the effectiveness of the COLI Group's internal control system; and
4. COLI will appoint an external auditor pursuant to the Listing Rules to conduct annual review of the Transactions and the Annual Caps.

REASONS FOR THE ENTERING INTO OF THE FRAMEWORK AGREEMENT

The COPL Group is principally engaged in provision of property management services, value-added services and car parking spaces trading business.

The COLI Group is principally engaged in the business of property development and investment and treasury operations.

The CSCEC Group is a conglomerate principally engaged in building construction, international contracting, real estate development and investment, infrastructure construction and investment and design and prospecting.

The directors of COPL consider that car parking spaces trading business is lucrative as it would create ease and value to residents of the properties under its management, therefore by entering into the Transactions, the COPL Group can further its business growth and expand its car parking spaces trading business, which is in line with the COPL Group's overall development strategy.

The directors of COLI consider that entering into the Transactions is in line with the COLI Group's overall development strategy and will accelerate the capital turnover and save selling expenses.

The directors of COPL (other than the independent non-executive directors of COPL whose opinion will be provided after reviewing the advice of the Independent Financial Adviser) consider that the Transactions are expected to be entered into in the ordinary and usual course of business of the COPL Group, and the Framework Agreement (together with the Annual Caps) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Transactions (together with the Annual Caps) are fair and reasonable and in the interests of COPL and its shareholders as a whole.

The directors of COLI (including the independent non-executive directors of COLI) consider that the Transactions are expected to be entered into in the ordinary and usual course of business of the COLI Group, and the Framework Agreement (together with the Annual Caps) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Transactions (together with the Annual Caps) are fair and reasonable and in the interests of COLI and its shareholders as a whole.

LISTING RULES IMPLICATIONS

CSCEC is the ultimate holding company of COHL which is the controlling shareholder of each of COPL and COLI by virtue of being interested in approximately 61.18% of the issued share capital of COPL and approximately 55.99% of the issued share capital of COLI, respectively. Therefore, members of the COLI Group are connected persons of COPL and

members of the COPL Group are connected persons of COLI. Accordingly, the entering into of the Framework Agreement and the Transactions constitute continuing connected transactions for each of COPL and COLI under Chapter 14A of the Listing Rules.

For COPL, as the Framework Agreement was entered into within 12 months of the COGO Framework Agreement, both the Framework Agreement and the COGO Framework Agreement being in respect of similar transactions and having been entered into between COPL and a connected person and/or its associate (i.e. COLI and COGO), the Framework Agreement and the COGO Framework Agreement are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the applicable percentage ratios in respect of the Annual Caps and the COGO Annual Caps in aggregate exceed 5%, the Transactions are subject to annual review, reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

For COLI, as certain applicable percentage ratios in respect of the Annual Caps are more than 0.1% but less than 5%, the Transactions are subject to annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

No director of COPL or COLI has a material interest in the transactions contemplated under the Framework Agreement. However, Mr. Yan Jianguo, who is the Chairman and a Non-Executive Director of COPL, the Chairman, Chief Executive Officer and an Executive Director of COLI and the Vice Chairman and President of COHL, has voluntarily abstained from voting on the board resolutions of each of COPL and COLI approving the entering into of the Framework Agreement (together with the Annual Caps) and the Transactions.

An EGM will be convened and held for the COPL Independent Shareholders to consider and, if thought fit, approve the Framework Agreement (together with the Annual Caps) and the Transactions. At the same EGM, the COPL Independent Shareholders will also consider and, if thought fit, approve the COGO Framework Agreement (together with the COGO Annual Caps) and the transactions contemplated thereunder. Further details of the COGO Framework Agreement are set out in the joint announcement dated 23 October 2019 issued by COPL and COGO.

The COPL Independent Board Committee comprising all the independent non-executive directors of COPL has been formed to advise the COPL Independent Shareholders in respect of the Framework Agreement (together with the Annual Caps) and the Transactions. Opus Capital Limited has been appointed as the Independent Financial Adviser to advise the COPL Independent Board Committee and the COPL Independent Shareholders in this connection. Voting at the EGM will be conducted by poll and CSCEC and its associates will abstain from voting at the EGM.

A circular containing, among other things, (i) further details of the Framework Agreement (together with the Annual Caps) and the Transactions and the COGO Framework Agreement (together with the COGO Annual Caps) and the transactions contemplated thereunder; (ii) the recommendation of the COPL Independent Board Committee; (iii) a letter from the Independent Financial Adviser to the COPL Independent Board Committee and the COPL Independent Shareholders; and (iv) a notice convening the EGM will be despatched to the shareholders of COPL on or before 14 November 2019 as COPL expects additional time will be required to prepare and finalise the relevant information in the circular.

Shareholders of each of COPL and COLI should note that the Annual Caps represent the best estimates by the directors of each of COPL and COLI of the amount of the relevant transactions based on the information currently available. The Annual Caps bear no direct relationships to, nor should be taken to have any direct bearings to, each of the COPL Group's and the COLI Group's financial or potential financial performance.

DEFINITIONS

In this joint announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Annual Caps”	the maximum total agreement sums payable by the COPL Group to the COLI Group for the acquisition of rights-of-use of car parking spaces by the COPL Group from the COLI Group for the relevant periods/years under the Framework Agreement
“associates”, “connected persons”, “controlling shareholder”, “holding company”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of a company
“COGO”	China Overseas Grand Oceans Group Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 81)
“COGO Annual Caps”	the maximum total agreement sums payable by the COPL Group to the COGO Group for the acquisition of rights-of-use of car parking spaces by the COPL Group from the COGO Group for the relevant periods/years under the COGO Framework Agreement
“COGO Framework Agreement”	the framework agreement entered into between COPL and COGO on 23 October 2019 in respect of the COGO Transactions, further details of which are set out in the joint announcement dated 23 October 2019 issued by COPL and COGO
“COGO Group”	COGO and its subsidiaries from time to time

“COGO Transactions”	the transactions between the COPL Group and the COGO Group pursuant to the COGO Framework Agreement for the acquisition of the rights-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire) as inventory of the COPL Group, such car parking spaces being car parking spaces of developments or properties built, developed or owned by the COGO Group and managed by the COPL Group as property manager
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, and the controlling shareholder of each of COPL and COLI
“COHL Group”	COHL and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time
“COLI”	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 688)
“COLI Group”	COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time
“COPL”	China Overseas Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2669)
“COPL Group”	COPL and its subsidiaries from time to time
“COPL Independent Board Committee”	the independent committee of the Board of COPL, comprising all the independent non-executive directors of COPL, which has been established to make recommendations to the COPL Independent Shareholders in respect of the terms of the Framework Agreement (together with the Annual Caps) and the Transactions
“COPL Independent Shareholders”	shareholders of COPL other than CSCEC and its associates
“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 COHL

“CSCEC Group”	CSCEC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange but including CSCECL Group and COHL Group) from time to time
“CSCECL Group”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited) and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange but including COHL Group) from time to time
“EGM”	the extraordinary general meeting of COPL to be convened for the purpose of the COPL Independent Shareholders to consider and approve, among other things, the Framework Agreement (together with the Annual Caps) and the Transactions
“Framework Agreement”	the framework agreement entered into between COPL and COLI on 23 October 2019 in respect of the Transactions
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser”	Opus Capital Limited, a licensed corporation permitted 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 to advise the COPL Independent Board Committee and the COPL Independent Shareholders in respect of the Framework Agreement (together with the Annual Caps) and the Transactions
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transactions”

the transactions between the COPL Group and the COLI Group pursuant to the Framework Agreement for the acquisition of the rights-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire) as inventory of the COPL Group, such car parking spaces being car parking spaces of developments or properties built, developed or owned by the COLI Group and managed by the COPL Group as property manager

“%”

per cent.

By order of the Board
**China Overseas Property
Holdings Limited**
Yan Jianguo
Chairman and Non-executive Director

By order of the Board
**China Overseas Land &
Investment Limited**
Yan Jianguo
Chairman and Chief Executive Officer

Hong Kong, 23 October 2019

The directors of COPL 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.

The directors of COLI jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the COPL 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 COPL 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 COPL Group), the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the Board of COPL comprises seven directors, of which one is a non-executive director, namely Mr. Yan Jianguo (Chairman); three are executive directors, namely Dr. Yang Ou (Chief Executive Officer), Mr. Pang Jinying (Vice President) and Mr. Kam Yuk Fai (Chief Financial Officer); and three are independent non-executive directors, namely Mr. Yung Wing Ki, Samuel, Mr. So, Gregory Kam Leung and Mr. Lim Wan Fung, Bernard Vincent.

As at the date of this joint announcement, the Board of COLI comprises seven directors, of which three are executive directors, namely Mr. Yan Jianguo (Chairman and Chief Executive Officer), Mr. Luo Liang and Mr. Guo Guanghui; one is a non-executive director, namely Mr. Chang Ying; and three are independent non-executive directors, namely Mr. Lam Kwong Siu, Dr. Fan Hsu Lai Tai, Rita and Mr. Li Man Bun, Brian David.