

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

THE DISPOSAL

On 20 October 2017, the Sellers, wholly owned subsidiaries of the Company, and the Purchaser, a wholly owned subsidiary of COPL, entered into the Sale and Purchase Agreement, pursuant to which the Sellers conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interests of the Target Company for a cash consideration of RMB190.0 million (equivalent to approximately HK\$223.5 million). The Target Group is principally engaged in property management businesses in Mainland China.

CONTINUING CONNECTED TRANSACTIONS

On 20 October 2017, the Company and COPL entered into the Target Services Agreement in relation to the Services to be provided by the Target Group to the Group after the Disposal.

On 20 October 2017, the Company and COPL entered into the Prevailing Services Agreement to increase the caps for the transactions under the Previous Services Agreements and renew the transactions thereunder.

LISTING RULES IMPLICATIONS

CSCEC is the ultimate holding company of the Company. COHL, a non-wholly owned subsidiary of CSCEC, is the controlling shareholder of each of COPL and the Company. Therefore, the Purchaser, a wholly owned subsidiary of COPL, is a connected person of the Company and the Disposal constitutes a connected transaction for the Company.

As the highest applicable percentage ratio for the Company in respect of the Disposal is 0.1% or more but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As members of COPL Group are connected persons of the Company, the transactions under the (i) Target Services Agreement and (ii) Prevailing Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the (i) Target Services Caps and (ii) Prevailing Services Caps, when aggregated, are 0.1% or more but are less than 5% on an annual basis, the transactions contemplated under the (i) Target Services Agreement and (ii) Prevailing Services Agreement are subject to reporting and announcement requirements but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Shareholders and potential investors of the Company should note that the Disposal is subject to a number of conditions which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise cautions when dealing in the securities of the Company.

THE DISPOSAL

On 20 October 2017, the Sellers, wholly owned subsidiaries of the Company, and the Purchaser, a wholly owned subsidiary of COPL, entered into the Sale and Purchase Agreement, pursuant to which the Sellers conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interests of the Target Company for a cash consideration of RMB190.0 million (equivalent to approximately HK\$223.5 million). The Target Group is principally engaged in property management businesses in Mainland China.

THE SALE AND PURCHASE AGREEMENT

Date

20 October 2017

Parties

- (a) the Purchaser, as buyer of the Target Equity; and
- (b) Seller A, as seller of 95% of the Target Equity; and

(c) Seller B, as seller of 5% of the Target Equity.

Subject Matter

The Target Equity, representing the entire equity interests of the Target Company.

Consideration

The Consideration under the Sale and Purchase Agreement shall be in the total amount of RMB190.0 million (equivalent to approximately HK\$223.5 million), of which RMB180.5 million (equivalent to approximately HK\$212.4 million) shall be paid to Seller A and RMB9.5 million (equivalent to approximately HK\$11.2 million) shall be paid to Seller B.

The Consideration was determined after arm's length negotiations between the Purchaser and the Sellers having taking into account, amongst other things, the historical financial performance of the Target Group and the financial position of the Target Group, the original acquisition and investment cost of the Target Group by the Group and the future prospects of the Target Group with reference to the Target Group's track record to provide property management service and the Target Group's existing volume of property management contract portfolio under the Target Group's management.

The Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Payment

The Consideration shall be payable in RMB in cash according to the following schedule:

- (a) RMB152.0 million (equivalent to approximately HK\$178.8 million), representing 80% of the Consideration, of which RMB144.4 million (equivalent to approximately HK\$169.9 million) shall be paid to Seller A and RMB7.6 million (equivalent to approximately HK\$8.9 million) shall be paid to Seller B, within 3 days from the date of Completion; and
- (b) RMB38.0 million (equivalent to approximately HK\$44.7 million), representing 20% of the Consideration, of which RMB36.1 million (equivalent to approximately HK\$42.5 million) shall be paid to Seller A and RMB1.9 million (equivalent to approximately HK\$2.2 million) shall be paid to Seller B, within 15 working days from either (i) the date of registration of change of shareholders

of the Target Company with the Industry and Commerce Administration Authority or (ii) the date on which the Target Group agrees with the Sellers' related parties on the settlement of the amounts/loans due to/from the Sellers' related parties, whichever is later.

Conditions

Completion is subject to the following conditions being satisfied (or waived) on or before the Longstop Date:

- (a) the Disposal having been approved by the shareholders of the Target Company at its shareholders' meeting;
- (b) the Sale and Purchase Agreement and the Disposal having been approved by the Sellers in accordance with the Sellers' internal procedures;
- (c) the Sale and Purchase Agreement and the Disposal having been approved by the Purchaser in accordance with the Purchaser's internal procedures;
- (d) the undertakings and warranties given by the Purchaser being true, accurate, complete and do not contain any omissions that may be materially misleading;
- (e) the undertakings and warranties given by the Sellers being true, accurate, complete and do not contain any omissions that may be materially misleading;
- (f) COPL having satisfied all its obligations in accordance with the requirements of the Listing Rules (including obtaining COPL's independent shareholders' approval for the Sale and Purchase Agreement and the transactions contemplated thereunder at COPL's general meeting); and
- (g) all necessary approvals, consent, authorisations, registration and filings with regards to the Disposal from the competent government, securities regulatory authorities or institutions as required by the laws of Mainland China (including relevant approvals and filings for transfer of state-owned assets) having been obtained and remaining valid.

Conditions (a), (b) and (e) above may be waived by the Purchaser and conditions (c) and (d) above may be waived by the Sellers. Conditions (f) and (g) above may not be waived.

Completion

The Sellers undertake to the Purchaser to submit a written application for the change of shareholders of the Target Company with the Industry and Commerce Administration Authority within 3 working days from the date of fulfillment (or waiver, if applicable) of all the conditions precedent of the Sale and Purchase Agreement.

Completion shall take place upon the acceptance of such written application or on such other date as may be agreed by the parties in writing.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and will become a wholly owned subsidiary of COPL.

Other Arrangements

Entrusted Management Agreement

The Purchaser and the Sellers agree that the Entrusted Management Agreement entered into between COPL and HRL in respect of the provision of entrusted management services to the Group by COPL Group for certain entrusted companies (including the Target Group) shall be terminated within 3 working days from the Completion and the Sellers shall procure HRL to pay to COPL all unpaid entrusted management fees incurred during the relevant period within 30 days from termination of the Entrusted Management Agreement.

Settlement of Loans

The Sellers shall procure the Target Group to agree with the Sellers' related parties on the settlement of the amounts/loans due to/from the Sellers' related parties within 90 days from the date of the Sale and Purchase Agreement.

INFORMATION ON TARGET GROUP

The Target Group is principally engaged in property management businesses in Mainland China with operations in Beijing, Tianjin, Changsha, Shenzhen, Guangzhou, Huizhou, Shantou, Qingdao, Suzhou, Zhongshan, Foshan, Dongguan, Chengdu, Chongqing, Dalian, Haikou, Huangshan, Lushan, Sanya and Zhuhai.

The unaudited consolidated net assets of the Target Group based on the latest financial information of the Target Group as at 31 July 2017 were approximately RMB56.6 million (equivalent to approximately HK\$66.6 million).

Based on the latest financial information of the Target Group, the unaudited net profits (before taxation) of the Target Group for the years ended 31 December 2016 and 31 December 2015 were approximately RMB10.7 million (equivalent to approximately HK\$12.5 million) and RMB29.0 million (equivalent to approximately HK\$34.1 million), respectively. The unaudited net profits (after taxation) of the Target Group for the years ended 31 December 2016 and 31 December 2015 were approximately RMB6.8 million (equivalent to approximately HK\$8.0 million) and RMB20.2 million (equivalent to approximately HK\$23.8 million), respectively.

The original investment cost and acquisition cost of the Target Group by the Group was approximately RMB66.5 million (equivalent to approximately HK\$78.2 million).

Upon Completion, the potential gain on the Disposal is estimated to be approximately RMB136.7 million (equivalent to approximately HK\$160.8 million), being the premium of the total consideration for the Disposal over the carrying value of the Target Group attributable to the Group.

The sale proceeds from the Disposal are intended for general corporate purposes.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group and COPL Group are engaged in separate business areas which do not overlap. The Group is principally engaged in the business of property development and investment and other operations. COPL Group is principally engaged in property management businesses in Mainland China, Hong Kong and Macau and also provides value-added services such as engineering services and community leasing, sales and other services. In particular, following the completion of the spin-off of COPL Group from the Group on 23 October 2015, the Group is no longer engaged in property management business.

Reference is also made to the announcement of the Company dated 14 March 2016 and the circular of the Company dated 30 June 2016 in relation to, among others, the Group's acquisition of property portfolio. As such property portfolio acquired by the Group includes certain property management companies (i.e. the Target Group), the Group intends to dispose of the Target Group to COPL Group, so as to ensure a clear delineation between the Group's business of property development and investment and other operations and the COPL Group's property management businesses.

The Directors are of the view that the Disposal will enhance the Group to focus more effectively on its distinctive business, allowing for a more focused strategy and efficient resource allocation. It will also facilitate dedicated management focus on further developing the Group and capturing any opportunities arising in the property development and investment industry.

The Directors are of the view that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the Sale and Purchase Agreement and the transactions contemplated are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

The Target Group has been providing the Services to the Group from time to time and it is expected that the Target Group will continue to provide the Services to the Group in Mainland China after the Disposal. Upon Completion, the Target Group will become subsidiaries of COPL Group and the provision of the Services to the Group in Mainland China will constitute continuing connected transactions for the Company. On 20 October 2017, COPL and the Company entered into the Target Services Agreement in relation to the Services to be provided by the Target Group to the Group in Mainland China after the Disposal.

Reference is also made to the announcement of the Company dated 23 October 2015 in relation to (among others) the continuing connected transactions between the Group and COPL Group regarding provision of property management services and engineering services by COPL Group to the Group under the Previous Services Agreements. The Directors expect that COPL Group will continue to participate in competitive tender to provide the Services to the Group, and it is expected that apart from the Services to be provided by the Target Group to the Group in Mainland China after the Disposal, there will be an increase in such transactions between the Group and COPL Group under the Previous Services Agreements. On 20 October 2017, COPL and the Company entered into the Prevailing Services Agreement to increase the caps for the transactions under the Previous Services Agreements and renew the transactions thereunder.

Target Services Agreement

The principal terms of the Target Services Agreement are summarised as follows:

Date

20 October 2017

Parties

1. COPL
2. the Company

Duration

Subject to the fulfillment of the conditions precedent to the Target Services Agreement on or before 31 December 2017 (or such other date as the parties may agree in writing), the Target Services Agreement will commence on 1 January 2018 and end on 30 June 2020.

Terms

Pursuant to the Target Services Agreement, any member of the Target Group upon Completion and as a result of the Disposal may provide the Services to the Group in Mainland China, subject to the Target Services Caps.

The Group will go through a tender process to select and appoint a service provider for the provision of Services to the Group. Further details of the tender process of the Group is set out in the paragraph headed “Pricing Basis” below.

Conditions Precedent

The Target Services Agreement (together with the Target Services Caps) are conditional upon (i) the Completion and (ii) the passing of the resolution by COPL’s independent shareholders at COPL’s general meeting approving the Target Services Agreement and the Target Services Caps.

For the avoidance of doubt, the Prevailing Services Agreement and the Target Services Agreement are not inter-conditional upon each other.

Historical Transaction Amount

The historical amount paid to the Target Group by the Group for Services provided in Mainland China for the year ended 31 December 2016 and the seven months ended 31 July 2017 were as follows:

	For the year ended 31 December 2016	For the seven months ended 31 July 2017
Historical transaction amount	RMB111,637,000 (equivalent to approximately HK\$131,341,000)	RMB37,752,000 (equivalent to approximately HK\$44,415,000)

Caps

The Target Services Caps for the two years ending 31 December 2018 and 2019 and the period commencing on 1 January 2020 and ending on 30 June 2020 are as follows:

	For the year ending 31 December 2018	For the year ending 31 December 2019	For the period commencing on 1 January 2020 and ending on 30 June 2020
Target Services Caps	HK\$48,000,000	HK\$51,100,000	HK\$19,800,000

Basis of determination of Caps

The Target Services Cap of HK\$48.0 million for the year ending 31 December 2018 is calculated with reference to (i) the historical transaction amount received by the Target Group from the Group; (ii) expected demand for property management services with reference to the estimated gross floor area (“GFA”) to be developed by the Group and under the Target Group’s management; (iii) the proportion of property management service contracts that are mainly under lump sum basis; and (iv) an estimated general inflation rate of 9%, mainly attributable to the expected increase in labour cost in Mainland China. The estimated GFA under management to be received in 2018 is approximately 859,000 sq.m..

The Target Services Cap of HK\$51.1 million for the year ending 31 December 2019 is projected to increase 6.5% against Target Services Cap for 2018 with reference to (i) GFA to be developed by the Group under the Target Group’s management; and (ii) an estimated general inflation rate of 9%, mainly attributable to the expected increase in labour cost in Mainland China. The GFA under management to be received is approximately 901,000 sq.m., representing an increase of 4.9% in 2019 as compared with 2018.

The Target Services Cap of HK\$19.8 million for the six months ending 30 June 2020 is projected with reference to GFA to be developed by the Group under the Target Group’s management. The GFA under management to be received in first half of 2020 is expected to be approximately 250,000 sq.m..

Prevailing Services Agreement

The principal terms of the Prevailing Services Agreement are summarised as follows:

Date

20 October 2017

Parties

1. COPL
2. the Company

Duration

Subject to the fulfillment of the conditions precedent to the Prevailing Services Agreement on or before 31 December 2017 (or such other date as the parties may agree in writing), the Prevailing Services Agreement will commence on 1 January 2018 and end on 30 June 2020.

Terms

Pursuant to the Prevailing Services Agreement, any member of COPL Group (except the Target Group) may provide the Services to the Group in Mainland China, Hong Kong, Macau and other locations, subject to the Prevailing Services Caps.

The Group will go through a tender process to select and appoint a service provider for the provision of Services to the Group. Further details of the tender process of the Group is set out in the paragraph headed “Pricing Basis” below.

COPL and the Company agreed to terminate the Previous Services Agreements upon the taking effect of the Prevailing Services Agreement. In the event that the Prevailing Services Agreement does not become effective, the Previous Services Agreements will remain in full force and binding on COPL and the Company.

Conditions Precedent

The Prevailing Services Agreement (together with the Prevailing Services Caps) are conditional upon the passing of the resolution by COPL’s independent shareholders at COPL’s general meeting approving the Prevailing Services Agreement and the Prevailing Services Caps.

For the avoidance of doubt, the Prevailing Services Agreement and the Target Services Agreement are not inter-conditional upon each other.

Previous Caps

The previous caps under the Previous Services Agreements as disclosed in the announcement of the Company dated 23 October 2015 for the period between 1 June 2015 and 31 December 2015, the year ended 31 December 2016 and the year ending 31 December 2017 were as follows:

	For the period between 1 June 2015 and 31 December 2015	For the year ended 31 December 2016	For the year ending 31 December 2017
For property management services	HK\$264,400,000	HK\$402,363,000	HK\$457,541,000
For engineering services	HK\$25,500,000	HK\$29,800,000	HK\$31,600,000

Historical Transaction Amount

The historical amounts paid to COPL Group by the Group for Services provided in Mainland China, Hong Kong, Macau and other locations for the three years ended 31 December 2016 and the half year ended 30 June 2017 were as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2015	For the year ended 31 December 2016	For the half year ended 30 June 2017
Historical transaction amount <i>(Note)</i>	HK\$322,520,000	HK\$380,313,000	HK\$306,702,000	HK\$101,833,000

Note: The above figures include historical transaction amounts paid by the Group's associated companies and joint ventures to COPL Group.

Caps

The Prevailing Services Caps for the two years ending 31 December 2018 and 2019 and the period commencing on 1 January 2020 and ending on 30 June 2020 are as follows:

	For the year ending 31 December 2018	For the year ending 31 December 2019	For the period commencing on 1 January 2020 and ending on 30 June 2020
Prevailing Services Caps	HK\$634,300,000	HK\$725,200,000	HK\$420,700,000

Prevailing Services

Caps	HK\$634,300,000	HK\$725,200,000	HK\$420,700,000
-------------	-----------------	-----------------	-----------------

Basis of determination of Caps

The Prevailing Services Cap of HK\$634.3 million for the year ending 31 December 2018 is calculated with reference to (i) expected demand for property management services with reference to the estimated GFA of new property projects expected to be developed by the Company; (ii) new direct contractual arrangement for commercial properties; (iii) increasing demand for engineering service including Hong Kong and Macau; and (iv) an estimated general inflation of 9%, mainly attributable to the expected increase in labour cost in Mainland China.

The Prevailing Services Cap for the year ending 31 December 2018 is expected to increase around 29.7% against the aggregated caps for the provision of Services in 2017 of HK\$489.1 million. The GFA under management to be received by COPL Group is expected to be approximately 7,999,000 sq.m., representing an increase by 9.6% in 2018 as compared with 2017's estimate of 7,297,000 sq.m..

The Prevailing Services Cap for the year ending 31 December 2019 is projected to increase 14.3% against Prevailing Services Cap for 2018 based on increase in demand and estimated general inflation rate of 9%, mainly attributable to the expected increase in labour cost in Mainland China. The GFA under management to be received by the Group is approximately 11,471,000 sq.m., representing an increase of 43.4% in 2019 as compared with 2018's estimate of 7,999,000 sq.m..

The Prevailing Services Cap of HK\$420.7 million for the six months ending 30 June 2020 is projected with reference to GFA to be developed by the Group and estimated general inflation rate of 9%, mainly attributable to the expected increase in labour cost in Mainland China. The GFA under management to be received in the first half of 2020 is approximately 8,199,000 sq.m..

Payment Terms

In respect of the transactions under the (i) Target Services Agreement and (ii) Prevailing Services Agreement, COPL Group charges property management fees on a monthly basis for property management services and on a per-transaction basis for engineering services and on such payment terms prescribed under the terms of the specific tender or contract.

Pricing Basis

Under the (i) Target Services Agreement and (ii) Prevailing Services Agreement, the prices and terms of the contracts for the provision of Services shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and on terms no more favourable than those granted to other service providers of the Group who are independent third parties.

The Group will need to go through a tender process to select and appoint a service provider for the provision of Services to the Group.

Property Management Services - Tender Process in Mainland China

Below set out the major steps and requirements of the tender process regulated by the applicable Mainland Chinese laws, regulations and local policies for initial property management service engagements in Mainland China in general.

1. Drawing up of Invitation to Tender documents: The property developer is responsible for drawing up specification and requirements for a tender, based on a typical invitation to tender template and the specific requirements for a property development project.

2. Filing of Invitation to Tender with the Relevant Local Authority: In order to make an invitation to tender (the “Invitation to Tender”), all relevant documents are required to be submitted and filed with the competent real estate administration department of Mainland China government (the “Relevant Local Authority(ies)”) in advance.
3. Issue of Open and Restricted Tenders: The Invitation to Tender is required to be published by way of a public notice in the press or media for an open tender or sent to no less than three selected property management service providers for a restricted tender.
4. Pre-qualification: Bidders will be required to provide pre-qualification documents for vetting before the formal tender documents are submitted.
5. Preparation of tender: Bidders prepare the tender documents in accordance with the timetable stipulated in the Invitation to Tender, taking into account the specification and requirements as set out in the Invitation to Tender, and physical due diligence of the property.
6. Tender submission: When the tender documents are ready for submission, they are required to contain information on the proposed pricing, proposal and plan for property management, and other corporate information as specified in the Invitation to Tender.
7. Tender evaluation: The tender evaluation process and the composition of the tender evaluation committee must comply with the relevant requirements under the Mainland Chinese laws and regulations. The tender evaluation committee shall comprise an odd number of five or more members and at least two-thirds of the members must be property management experts selected on a random basis from a list compiled by the Relevant Local Authority.
8. Award: The tender evaluation committee shall evaluate the tender based on the specification and requirement of the Invitation to Tender with the view to ranking the top three recommended bidders. The property developer will confirm the winner and proceed to arrange for necessary notification.
9. Contract signing and filing: The property management contract so awarded is expected to be signed within 30 days of the award, and will take effect after filing with the Relevant Local Authority.

Property Management Services - Tender Process in Hong Kong and Macau

Below set out the major steps and requirements of the tender process for property management service engagements in Hong Kong and Macau in general.

1. Formulation of approved list of property management service providers: The Group will establish its own list of approved property service providers (the “approved list”). The property management service provider will be subject to qualification evaluation and review including but not limited to the company’s scale, financial ability, technical capability and track record in property management services rendered in Hong Kong and Macau. Suitable service providers will be included in the approved list after vetting process.
2. Preparation of tender documents: The Group is responsible for drawing up specification and requirements for a tender, based on a typical invitation to tender template and the specific requirements for a project.
3. Invitation to Tender: Only property management service providers in the approved list will be invited to submit tenders. The invitation to tender will be sent to no less than three property management service providers.
4. Tender submission: The tender documents with tender amount, proposal and plan for property management, and other corporate information as specified in the invitation to tender shall be submitted in a sealed envelope on or before the tender closing date as specified in the tender document.
5. Tender evaluation and award: The tenders will be opened in the presence of the person in charge and line manager of the regional office of the Group. The selection of tenders is determined by the decision-making body in a meeting where contents of the tenders, the tenderers’ capability and tender amount offered are given full consideration. Once the final decision is made, a letter of award will be issued to the successful tenderer.

Engineering Services - Tender Process

Below set out the major steps and requirements of the tender process for engineering service engagements in general.

1. Invitation for Tenders: The Group has established its own list of approved engineering service providers, whom the Group will invite for tender submission. Engineering service providers with prior working history with the Group will be subject to suitability assessment following completion of each project of the Group and may be retained in the list depending on the assessment result. Engineering service provider without prior working history with the Group may also be included in the list depending on the result of the qualification evaluation and review conducted by the Group. The number of tenders to be invited in a project shall not be less than three.

2. Selection of engineering service providers to be invited for tenders: the suitability of a engineering service provider is assessed with general reference to its qualification grade, financial ability, technical capability, cooperation record, project management ability, quality of work and business management capability. Depending on the estimated value of the contract, the person in charge and line managers of the regional office or the district office shall conduct the vetting process to select the engineering service providers to be invited to tender.
3. Tendering: the tender documents with price quotations shall be submitted in a sealed envelope. All tender correspondence and registration are standardised by the Group.
4. Opening of tenders: the tenders will be opened in the presence of an officer from the financial department of the regional office or from the human resources department of the member of the Group. The supervising officer will execute the tendering documents which will be confirmed and signed by all parties present at the opening.
5. Selection of tenders: based on the Group's established system of tendering, the winning bid will usually be the one conforming to the technical requirements with the lowest but reasonable price offered. The selection of tenders is determined collectively by the decision-making body in a meeting where contents of the proposed tender, and the engineering service provider's capability and risk of default are given full consideration. The relevant letter of award will be issued once the final decision is made in the meeting of the decision-making body based on the final tender amount.

The above tender process and steps involved may be simplified and streamlined depending on the size of the project and the amount of the expected contract amount involved.

In view of the above pricing basis and policy, the Directors (including the independent non-executive Directors) consider that the pricing in respect of the transactions under the (i) Target Services Agreement and (ii) Prevailing Services Agreement are on normal commercial terms, fair and reasonable and not more favourable than the terms offered by the Group to independent third parties.

Reasons of and Benefits for the Continuing Connected Transactions

The Group owned or held residential communities, commercial properties and other projects in Mainland China, Hong Kong, Macau and other locations that may require property management services and engineering services.

COPL Group is one of the leading property management companies in Mainland China with operations also covering Hong Kong and Macau and is principally engaged in property management services and value-added services. COPL Group, with its required expertise, quality service and competitive pricing, was the Services provider to the Group from time to time.

By entering into each of the Target Services Agreement and Prevailing Services Agreement, the Group will have the option to enjoy COPL Group's Services. To avoid disruptions to the Services arrangements of the Group's property developments, the Company intends to continue its existing engagement of COPL to tender as the Services provider for the Group's property developments from time to time.

The Directors (including the independent non-executive Directors) consider that each of the (i) Target Services Agreement and (ii) Prevailing Services Agreement, their respective terms and the transactions contemplated thereunder (including each of the (i) Target Services Caps and (ii) Prevailing Services Caps) are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

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

COPL Group is one of the leading property management companies in Mainland China with operations also covering Hong Kong and Macau and is principally engaged in property management services and value-added services.

LISTING RULES IMPLICATIONS

CSCEC is the ultimate holding company of the Company. COHL, a non-wholly owned subsidiary of CSCEC, is the controlling shareholder of each of COPL and the Company. Therefore, the Purchaser, a wholly owned subsidiary of COPL, is a connected person of the Company and the Disposal constitutes a connected transaction for the Company.

As the highest applicable percentage ratio for the Company in respect of the Disposal is 0.1% or more but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As members of COPL Group are connected persons of the Company, the transactions under the (i) Target Services Agreement and (ii) Prevailing Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the (i) Target Services Caps and (ii) Prevailing Services Caps, when aggregated, are 0.1% or more but are less than 5% on an annual basis, the transactions contemplated under the (i) Target Services Agreement and (ii) Prevailing Services Agreement are subject to reporting and announcement requirements but are exempt from independent Shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

As none of the Directors has any material interest in the (i) Sale and Purchase Agreement, (ii) Target Services Agreement and (iii) Prevailing Services Agreement, none of them is required to abstain from voting on the resolutions passed by the Board approving the aforesaid agreements and the transactions contemplated thereunder.

Shareholders and potential investors of the Company should note that the Disposal is subject to a number of conditions which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise cautions when dealing in the securities of the Company.

DEFINITIONS

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

“associate(s)”, “connected person(s)”, “controlling shareholder(s)”, “percentage ratio(s)”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, and the controlling shareholder of the Company

“Company”	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688)
“Completion”	completion of the sale and purchase of the Target Equity in accordance with the terms of the Sale and Purchase Agreement, as more particularly described under the paragraph “Completion” in this announcement
“Consideration”	the consideration payable by the Purchaser to the Sellers pursuant to the Sale and Purchase Agreement, as more particularly described under the paragraph “Consideration” in this announcement
“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
“CSCEC”	中國建築工程總公司 (China State Construction Engineering Corporation), a state-owned corporation organised and existing under the laws of Mainland China, being the ultimate holding company of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target Equity pursuant to the Sale and Purchase Agreement
“Entrusted Management Agreement”	the entrusted management agreement dated 18 October 2016 entered into between COPL and HRL in respect of the provision of entrusted management services to the Group by COPL Group, as supplemented by a supplemental agreement dated 13 September 2017 entered into between COPL and HRL, details of which are set out in the announcements of COPL dated 18 October 2016 and 13 September 2017
“Group”	the Company and its subsidiaries from time to time

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HRL”	Hainan Ruler Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	31 December 2017 or such other date as the parties to the Sale and Purchase Agreement may agree in writing
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Mainland China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“Prevailing Services Agreement”	the framework agreement dated 20 October 2017 entered into between COPL and the Company in respect of COPL Group (except the Target Group)’s provision of Services to the Group in Mainland China, Hong Kong, Macau and other locations
“Prevailing Services Caps”	the maximum total amount payable for the Services by the Group to COPL Group (except the Target Group) in Mainland China, Hong Kong, Macau and other locations for each year/period under the Prevailing Services Agreement
“Previous Services Agreements”	(i) the framework agreement entered into between COPL and the Company on 9 October 2015 in respect of the provision of property management services to the Group by COPL Group and the supplemental agreement in relation thereto dated 30 June 2016, and (ii) the framework agreement entered into between COPL and the Company on 9 October 2015 in respect of the provision of engineering services to the Group by COPL Group

“Purchaser”	中海物業管理有限公司, a company incorporated in Mainland China with limited liability and a wholly owned subsidiary of COPL
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Sale and Purchase Agreement”	the sale and purchase agreement dated 20 October 2017 entered into between the Purchaser and the Sellers in relation to the sale and purchase of the Target Equity
“Seller A”	中信房地產集團有限公司 (CITIC Real Estate Group Company Limited), a company incorporated in Mainland China with limited liability and a wholly owned subsidiary of the Company
“Seller B”	北京中信房地產有限公司 (Beijing CITIC Real Estate Company Limited), a company incorporated in Mainland China with limited liability and a wholly owned subsidiary of the Company
“Sellers”	Seller A and Seller B
“Services”	property management services and engineering services including automation projects, specialised engineering, and repair and maintenance and upgrade projects of equipment and machinery to residential communities, commercial properties and other properties
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	中信物業服務有限公司, a company established in Mainland China with limited liability, the equity interests of which are owned as to 95% by Seller A and 5% by Seller B respectively prior to Completion
“Target Equity”	the entire equity interests of the Target Company

“Target Group”	the Target Company and its subsidiaries
“Target Services Agreement”	the framework agreement dated 20 October 2017 entered into between COPL and the Company in respect of the Target Group’s provision of Services to the Group in Mainland China upon Completion and as a result of the Disposal
“Target Services Caps”	the maximum total amount payable for the Services by the Group to the Target Group in Mainland China for each year/period under the Target Services Agreement
“%”	per cent.

In this announcement, RMB has been converted to HK\$ at the rate of RMB1 = HK\$1.1765 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 20 October 2017

As at the date of this announcement, Messrs. Yan Jianguo (Chairman and Chief Executive Officer), Luo Liang and Nip Yun Wing are the executive directors of the Company; Mr. Chang Ying is the non-executive director of the Company; and Mr. Lam Kwong Siu, Madam Fan Hsu Lai Tai, Rita and Mr. Li Man Bun, Brian David are the independent non-executive directors of the Company.