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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Overseas Property Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was affected for transmission to the purchaser(s) or transferee(s).

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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)**

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
THE NEW FRAMEWORK AGREEMENTS FOR CAR PARKING SPACES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**



**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

A letter from the Board is set out on pages 6 to 20 of this circular and a letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular. A letter from Opus Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-27 of this circular.

A notice convening an extraordinary general meeting of China Overseas Property Holdings Limited via the e-Meeting System to be held on Thursday, 3 November 2022 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.copl.com.hk).

Whether or not you are able to attend the EGM via the e-Meeting System, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the office of the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting via the e-Meeting System at the EGM or any adjournment thereof (as the case may be) should you so wish.

12 October 2022

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DEFINITIONS

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

“Annual Caps”	collectively, the COLI Annual Caps and the COGO Annual Caps
“associate(s)”, “connected person(s)”, “continuing connected transactions”, “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
“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 Group to COGO Group for the acquisition of rights-of-use of car parking spaces by the Group from COGO Group for the relevant years under the New COGO Framework Agreement as set out under the section headed “ <i>Letter from the Board – THE NEW COGO FRAMEWORK AGREEMENT – COGO Annual Caps</i> ” in this circular
“COGO Group”	COGO and its subsidiaries from time to time
“COGO Transaction(s)”	the transactions between the Group and COGO Group 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) by the Group as its inventory, such car parking spaces being car parking spaces of developments or properties built, developed or owned by COGO Group and managed by the 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 the Company, COLI and COGO

DEFINITIONS

“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 Annual Caps”	the maximum total agreement sums payable by the Group to COLI Group and its associates for the acquisition of rights-of-use of car parking spaces by the Group from COLI Group and its associates for the relevant years under the New COLI Framework Agreement as set out under the section headed “ <i>Letter from the Board – THE NEW COLI FRAMEWORK AGREEMENT – COLI Annual Caps</i> ” in this circular
“COLI Group”	COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange and their respective subsidiaries, if any) from time to time
“COLI Transaction(s)”	the transactions between the Group and COLI Group 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) by the Group as its inventory, such car parking spaces being car parking spaces of developments or properties built, developed or owned by COLI Group and managed by the Group as property manager
“Company”	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)
“CSCEC”	中國建築集團有限公司 (China State Construction Engineering Corporation), a state-owned corporation organised and existing under the laws of the PRC, and the ultimate holding company of each of COHL, the Company and COLI
“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a company established in PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), and the controlling shareholder of each of COHL, the Company, COLI and COGO and a non-wholly owned subsidiary of CSCEC

DEFINITIONS

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Thursday, 3 November 2022 at 10:00 a.m. via the e-Meeting System
“Existing COGO Framework Agreement”	the framework agreement entered into between the Company and COGO on 23 October 2019 in respect of the COGO Transactions
“Existing COLI Framework Agreement”	the framework agreement entered into between the Company and COLI on 23 October 2019 in respect of the COLI Transactions
“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 PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, which has been established to make recommendations to the Independent Shareholders in respect of the terms of the New Framework Agreements, the Transactions and the Annual Caps
“Independent Financial Adviser” or “Opus Capital”	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 SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Framework Agreements, the Transactions and the Annual Caps
“Independent Shareholders”	the Shareholders other than CSCEC and its associates
“Latest Practicable Date”	7 October 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New COGO Framework Agreement”	the framework agreement entered into between the Company and COGO on 5 September 2022 in respect of the COGO Transactions
“New COLI Framework Agreement”	the framework agreement entered into between the Company and COLI on 5 September 2022 in respect of the COLI Transactions

DEFINITIONS

“New Framework Agreements”	collectively, the New COLI Framework Agreement and the New COGO Framework Agreement
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	collectively, the COLI Transactions and the COGO Transactions
“%”	per cent.

SPECIAL ARRANGEMENT FOR THE EGM

All registered Shareholders will be able to join the EGM via the e-Meeting System. The e-Meeting System can be accessed from any location with access to the internet via smartphone, tablet device or computer.

Through the e-Meeting System, our registered Shareholders will be able to view the live video broadcast and participate in voting and submit questions online, or call the hotline to raise questions during the Q&A session of the EGM. Login details and information will be included in our letters to registered Shareholders regarding the e-Meeting System which will be despatched later and the dial-in number will be provided during the EGM.

HOW TO ATTEND AND VOTE

Shareholders who wish to attend the EGM and exercise their voting rights can do so in one of the following ways:

- (1) attend the EGM via the e-Meeting System which enables live streaming and interactive platform for submitting questions and voting online and/or speak at the EGM by calling the hotline during the Q&A session of the EGM; or
- (2) appoint the chairman of the EGM or other persons as your proxy by providing their email address for receiving the designated log-in username and password to attend and vote on your behalf via the e-Meeting System.

Your proxy's authority and instruction will be revoked if you attend and vote via the e-Meeting System at the EGM.

If you are a non-registered Shareholder, you may consult directly with your banks, brokers, custodians or Hong Kong Securities Clearing Company Limited (as the case may be) for necessary arrangement to attend and vote via the e-Meeting System at the EGM if you so wish.

Completion and return of the form of proxy will not preclude a member from attending and voting via the e-Meeting System at the EGM or any adjournment thereof (as the case may be) and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

For the purpose of determining shareholders' eligibility to attend and vote via the e-Meeting System at the EGM, the register of members of the Company will be closed from Monday, 31 October 2022 to Thursday, 3 November 2022, both days inclusive, during which period no transfer of Shares will be effected.

If you have any questions relating to the EGM, please contact the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, with the following details:

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email: emeeting@hk.tricorglobal.com
Telephone: (852) 2975 0928
Fax: (852) 2861 1465

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to adopt further changes to the EGM arrangements at short notice. Shareholders are advised to check the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.copl.com.hk) for the latest announcement and information relating to the EGM.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhang Guiqing (*Chairman*)
Dr. Yang Ou (*Chief Executive Officer*)
Mr. Pang Jinying (*Vice President*)
Mr. Kam Yuk Fai (*Chief Financial Officer*)

Non-executive Directors:

Mr. Ma Fujun
Mr. Guo Lei

Independent Non-executive Directors:

Mr. Yung, Wing Ki Samuel
Mr. So, Gregory Kam Leung
Mr. Lim, Wan Fung Bernard Vincent

Registered Office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head Office and Principal Place
of Business in Hong Kong:*

Suite 703, 7th Floor
Three Pacific Place
1 Queen's Road East
Hong Kong

12 October 2022

To the Shareholders

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
THE NEW FRAMEWORK AGREEMENTS FOR CAR PARKING SPACES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 5 September 2022 in respect of (i) the New COLI Framework Agreement entered into between the Company and COLI on 5 September 2022 and (ii) the New COGO Framework Agreement entered into between the Company and COGO on 5 September 2022.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others: (i) the particulars of each of (a) the New COLI Framework Agreement, the COLI Transactions and the COLI Annual Caps and (b) the New COGO Framework Agreement, the COGO Transactions and the COGO Annual Caps; (ii) the letter from the Independent Board Committee with its views on the New Framework Agreements, the Transactions and the Annual Caps; and (iii) the letter from Opus Capital, the Independent Financial Adviser, with its advice on the New Framework Agreements, the Transactions and the Annual Caps, as well as to seek the approval of the Independent Shareholders in respect of the New Framework Agreements, the Transactions and the Annual Caps.

THE NEW COLI FRAMEWORK AGREEMENT

Reference is made to the joint announcement issued by the Company and COLI dated 23 October 2019 and the circular of the Company dated 14 November 2019 in respect of, inter alia, the Existing COLI Framework Agreement entered into between the Company and COLI on 23 October 2019, pursuant to which the parties agreed that the Group may from time to time enter into transactions with 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) by the Group as its inventory (i.e. the COLI 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 Group as property manager (which may include non-air raid shelter car parking spaces and air raid shelter car parking spaces), for a term of 3 years commencing from 1 December 2019 and ending on 30 November 2022 (both dates inclusive).

As the Existing COLI Framework Agreement is due to expire, on 5 September 2022, the Company and COLI entered into the New COLI Framework Agreement to renew the COLI Transactions for a term of 3 years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive). For the avoidance of doubt, it is expected that no such transactions will be entered into by the Group and COLI Group and its associates for the period from 1 December 2022 to 31 December 2022.

The principal terms of the New COLI Framework Agreement are as follows:

Date

5 September 2022

Parties

- (a) the Company; and
- (b) COLI.

Term

The New COLI Framework Agreement has a term of 3 years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive).

LETTER FROM THE BOARD

Subject matter

Pursuant to the New COLI Framework Agreement, the Company and COLI agreed that:

- (a) they may enter into, or procure members of the Group and COLI Group to enter into, the COLI Transactions in the ordinary and usual course of their respective businesses within the limit of the COLI Annual Caps; and
- (b) during the term of the New COLI Framework Agreement, the relevant members of the Group and COLI Group may from time to time enter into separate definitive agreement(s) in relation to any COLI Transactions, which shall set out the particular terms of the COLI Transaction(s) (including the payment terms) and be in compliance with the terms of the New COLI Framework Agreement, in particular:
 - (i) for the 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 Group than terms available from independent third parties for similar transactions (as the case may be)) and are fair and reasonable;
 - (ii) the price for the COLI Transaction(s) shall be based on the pricing basis under the New COLI Framework Agreement, which is set out in the section headed "*Letter from the Board – THE NEW COLI FRAMEWORK AGREEMENT – Pricing basis in respect of the COLI Transactions*" in this circular; and
 - (iii) all the COLI Transactions are in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

In the PRC, trading in car parking spaces can be carried out by assignment of rights-of-use in the car parking spaces. The car parking spaces may include non-air raid shelter car parking spaces and air raid shelter car parking spaces, as in the case with the transactions under the Existing COLI Framework Agreement. In respect of the non-air raid shelter car parking spaces, if the procedures to transfer property rights can be completed in the future (for example, due to any relaxation of existing PRC policies which currently only allow assignment of right-of-use of some non-air raid shelter car parking spaces instead of transfer of property rights), COLI Group shall actively cooperate with the 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 Group.

The Group shall also ensure that all acquisitions of rights-of-use of car parking spaces by the Group from associates of COLI Group (excluding associate(s) listed on any stock exchange) in the same nature as the COLI Transactions will be entered into in compliance with the principles of the New COLI Framework Agreement, and will be documented under separate agreement(s) and/or such other standard documentation.

LETTER FROM THE BOARD

Conditions Precedent

The New COLI Framework Agreement, the COLI Transactions and the COLI Annual Caps are conditional upon the satisfaction of the following conditions on or before 31 December 2022 (or such other date as the parties may agree in writing): (a) the passing of the resolution by the Independent Shareholders at the EGM approving the same; and (b) the parties' compliance with all other requirements under the Listing Rules and as may be imposed by the Stock Exchange.

Pricing basis in respect of the COLI Transactions

As purchaser, the Company (or the relevant subsidiary) shall commission a valuation report for each relevant COLI Transaction to be prepared by a qualified independent third party property valuer and the purchase price (i.e. the consideration) for each relevant COLI Transaction shall be no more than the relevant valuation so obtained. The Company (or the relevant subsidiary) shall also prepare an internal sale plan and projection for each relevant COLI Transaction with an estimated payback period of no more than 5 years, such feasibility study will include, among other things, (a) analysis of the demand for the underlying car parking spaces of the relevant COLI Transaction; (b) the payback period and expected return of the investment; and (c) the price of other car parking spaces of at least two developments (if any) surrounding the underlying car parking spaces of the relevant COLI Transaction, taking into account factors such as the total number, nature, targeted purchasers, environment, local facilities, etc. of the car parking spaces. In any event, the purchase price (i.e. the consideration) shall be no less favourable to the Group than that available from independent third party sellers for similar transactions. The purchase price will be funded by internal resources of the Group.

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

LETTER FROM THE BOARD

Historical transaction amounts

The existing annual caps under the Existing COLI Framework Agreement, the historical maximum total agreement sums payable by the Group to COLI Group and its associates for the acquisition of rights-of-use of car parking spaces by the Group from COLI Group and its associates for the relevant periods/years under the Existing COLI Framework Agreement and the utilisation rates of the existing annual caps under the Existing COLI Framework Agreement are set out below:

	For the period from 1 December 2019 to 31 December 2019 <i>HK\$ million</i>	For the financial year ended 31 December 2020 <i>HK\$ million</i>	For the financial year ended 31 December 2021 <i>HK\$ million</i>	For the six months from 1 January 2022 to 30 June 2022 <i>HK\$ million</i>
Historical maximum total agreement sums payable by the Group to COLI Group and its associates for the acquisition of rights-of-use of car parking spaces by the Group from COLI Group and its associates	181.35	141.73	454.55	36.85
Existing annual caps under the Existing COLI Framework Agreement	300	500	600	600
Utilisation rate of the existing annual caps under the Existing COLI Framework Agreement	60.45%	28.35%	75.76%	6.14%

COLI Annual Caps

The maximum total agreement sums payable by the Group to COLI Group and its associate for the acquisition of rights-of-use of car parking spaces during the term of the New COLI Framework Agreement shall not exceed the following COLI Annual Caps:

For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
HK\$600 million	HK\$600 million	HK\$600 million

LETTER FROM THE BOARD

Basis of determining the COLI Annual Caps

The COLI Annual Caps are determined with reference to, among other things,

- (a) the historical transaction amounts as disclosed in the section headed “*Letter from the Board – THE NEW COLI FRAMEWORK AGREEMENT – Historical transaction amounts*” in this circular. The Group adopts a prudent and highly-selective approach in selecting car parking spaces to maximise return and to maintain a healthy stock balance by ensuring the marketability and saleability of the car parking spaces. Thus, during the financial year ended 31 December 2021, when the car parking spaces made available for the Group to select and purchase from COLI Group were perceived as having a relatively high marketability, the utilisation rate of the existing annual cap was as high as 75.76%; whereas for the six months ended 30 June 2022, when the frequent lock down in various cities in the PRC slowed down the negotiation process and the Group’s assessment of the profitability of the car parking spaces, the utilisation rate of the existing annual cap was much lower. The COLI Annual Caps will allow flexibility for the Group to continue with deploying its excess cash to acquire the right-of-use of profitable car parking spaces tactfully when the timing is right and when the right opportunity comes;
- (b) the estimated value of the portfolios of car parking spaces to be made available by COLI Group for the Group to purchase selectively during the term of the New COLI Framework Agreement;
- (c) the financial resources the Group plans to devote to developing the Group’s car parking spaces trading business for the period from 1 January 2023 to 31 December 2025, taking into account the estimated sale proceeds from the disposal of car parking spaces to be purchased under the New COLI Framework Agreement with an estimated payback period of no more than 5 years; and
- (d) the Group’s continuation of the car parking spaces trading business as more particularly discussed in the section headed “*Letter from the Board – REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE NEW FRAMEWORK AGREEMENTS AND THE TRANSACTIONS*” in this circular.

In light of the aforementioned basis of determining the COLI Annual Caps, the Board considers the COLI Annual Caps to be fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

THE NEW COGO FRAMEWORK AGREEMENT

Reference is also made to the joint announcement issued by the Company and COGO dated 23 October 2019 and the circular of the Company dated 14 November 2019 in respect of, inter alia, the Existing COGO Framework Agreement entered into between the Company and COGO on 23 October 2019, pursuant to which the parties agreed that the Group may from time to time enter into transactions with COGO 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) by the Group as its inventory (i.e. the COGO Transactions), such car parking spaces being car parking spaces of developments or properties built, developed or owned by COGO Group and managed by the Group as property manager (which may include non-air raid shelter car parking spaces and air raid shelter car parking spaces), for a term of 3 years commencing from 1 December 2019 and ending on 30 November 2022 (both dates inclusive).

As the Existing COGO Framework Agreement is due to expire, on 5 September 2022, the Company and COGO entered into the New COGO Framework Agreement to renew the COGO Transactions for a term of 3 years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive). For the avoidance of doubt, it is expected that no such transactions will be entered into by the Group and COGO Group for the period from 1 December 2022 to 31 December 2022.

The principal terms of the New COGO Framework Agreement are as follows:

Date

5 September 2022

Parties

- (a) the Company; and
- (b) COGO.

Term

The New COGO Framework Agreement has a term of 3 years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive).

Subject matter

Pursuant to the New COGO Framework Agreement, the Company and COGO agreed that:

- (a) they may enter into, or procure members of the Group and COGO Group to enter into, the COGO Transactions in the ordinary and usual course of their respective businesses within the limit of the COGO Annual Caps; and

LETTER FROM THE BOARD

- (b) during the term of the New COGO Framework Agreement, the relevant members of the Group and COGO Group may from time to time enter into separate definitive agreement(s) in relation to any COGO Transactions, which shall set out the particular terms of the COGO Transaction(s) (including the payment terms) and be in compliance with the terms of the New COGO Framework Agreement, in particular:
 - (i) for the 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 Group than terms available from independent third parties for similar transactions (as the case may be)) and are fair and reasonable;
 - (ii) the price for the COGO Transaction(s) shall be based on the pricing basis under the New COGO Framework Agreement, which is set out in the section headed "*Letter from the Board – THE NEW COGO FRAMEWORK AGREEMENT – Pricing basis in respect of the COGO Transactions*" in this circular; and
 - (iii) all the COGO Transactions are in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

In the PRC, trading in car parking spaces can be carried out by assignment of rights-of-use in the car parking spaces. The car parking spaces may include non-air raid shelter car parking spaces and air raid shelter car parking spaces, as in the case with the transactions under the Existing COGO Framework Agreement. In respect of the non-air raid shelter car parking spaces, if the procedures to transfer property rights can be completed in the future (for example, due to any relaxation of existing PRC policies which currently only allow assignment of right-of-use of some non-air raid shelter car parking spaces instead of transfer of property rights), COGO Group shall actively cooperate with the 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 Group.

Conditions Precedent

The New COGO Framework Agreement, the COGO Transactions and the COGO Annual Caps are conditional upon the satisfaction of the following conditions on or before 31 December 2022 (or such other date as the parties may agree in writing): (a) the passing of the resolution by the Independent Shareholders at the EGM approving the same; and (b) the parties' compliance with all other requirements under the Listing Rules and as may be imposed by the Stock Exchange.

Pricing basis in respect of the COGO Transactions

As purchaser, the Company (or the relevant subsidiary) shall commission a valuation report for each relevant COGO Transaction to be prepared by a qualified independent third party property valuer and the purchase price (i.e. the consideration) for each relevant COGO Transaction shall be no more than the relevant valuation so obtained. The Company (or the relevant subsidiary) shall also prepare an internal sale plan and projection for each relevant COGO Transaction with an estimated payback period of no more than 5 years, such feasibility study will include, among other things, (a) analysis of the demand for the underlying car parking spaces of the relevant COGO Transaction; (b) the payback period

LETTER FROM THE BOARD

and expected return of the investment; and (c) the price of other car parking spaces of at least two developments (if any) surrounding the underlying car parking spaces of the relevant COGO Transaction, taking into account factors such as the total number, nature, targeted purchasers, environment, local facilities, etc. of the car parking spaces. In any event, the purchase price (i.e. the consideration) shall be no less favourable to the Group than that available from independent third party sellers for similar transactions. The purchase price will be funded by internal resources of the Group.

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

Historical transaction amounts

The existing annual caps under the Existing COGO Framework Agreement, the historical maximum total agreement sums payable by the Group to COGO Group for the acquisition of rights-of-use of car parking spaces by the Group from COGO Group for the relevant periods/years under the Existing COGO Framework Agreement and the utilisation rates of the existing annual caps under the Existing COGO Framework Agreement are set out below:

	For the period from 1 December 2019 to 31 December 2019 <i>HK\$ million</i>	For the financial year ended 31 December 2020 <i>HK\$ million</i>	For the financial year ended 31 December 2021 <i>HK\$ million</i>	For the six months from 1 January 2022 to 30 June 2022 <i>HK\$ million</i>
Historical maximum total agreement sums payable by the Group to COGO Group for the acquisition of rights-of-use of car parking spaces by the Group from COGO Group	–	101.26	101.46	60.72
Existing annual caps under the Existing COGO Framework Agreement	–	400	300	300
Utilisation rate of the existing annual caps under the Existing COGO Framework Agreement	–	25.32%	33.82%	20.24%

LETTER FROM THE BOARD

COGO Annual Caps

The maximum total agreement sums payable by the Group to COGO Group for the acquisition of rights-of-use of car parking spaces during the term of the New COGO Framework Agreement shall not exceed the following COGO Annual Caps:

For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
HK\$300 million	HK\$300 million	HK\$300 million

Basis of determining the COGO Annual Caps

The COGO Annual Caps are determined with reference to, among other things:

- (a) the historical transaction amounts as disclosed in the section headed “*Letter from the Board – THE NEW COGO FRAMEWORK AGREEMENT – Historical transaction amounts*” in this circular. The Group adopts a prudent and highly-selective approach in selecting car parking spaces to maximise return and to maintain a healthy stock balance by ensuring the marketability and saleability of the car parking spaces. Although the historical transaction amounts of the COGO Transactions remained at the relatively stable level of more than HK\$100 million per year, as any incremental batch of acquisition may potentially multiply the agreement sums payable by the Group to COGO Group, the COGO Annual Caps will allow flexibility for the Group to continue with deploying its excess cash to acquire the right-of-use of profitable car parking spaces tactfully when the timing is right and when the right opportunity comes;
- (b) the estimated value of the portfolios of car parking spaces made available by COGO Group for the Group to purchase selectively during the term of the New COGO Framework Agreement;
- (c) the financial resources the Group plans to devote to further developing the Group’s car parking spaces trading business for the period from 1 January 2023 to 31 December 2025, taking into account the estimated sale proceeds from the disposal of car parking spaces purchased under the New COGO Framework Agreement with an estimated payback period of no more than 5 years; and
- (d) the Group’s continuation of the car parking spaces trading business as more particularly discussed in the section headed “*Letter from the Board – REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE NEW FRAMEWORK AGREEMENTS AND THE TRANSACTIONS*” in this circular.

In light of the aforementioned basis of determining the COGO Annual Caps, the Board considers the COGO Annual Caps to be fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

INTERNAL CONTROL PROCEDURES

In order to ensure that the acquisitions of rights-of-use of car parking spaces by the Group from COLI Group and its associates (excluding associate(s) listed on any stock exchange) and COGO Group will be entered into in accordance with the terms of the New COLI Framework Agreement and the New COGO Framework Agreement respectively, the Group has adopted the following measures:

- (a) the general managers of the relevant business units and operations divisions of the Company's local subsidiaries at where the car parking spaces are located will be responsible for negotiating the proposed acquisitions with COLI Group and its associates (excluding associate(s) listed on any stock exchange) and COGO Group respectively for the purpose of entering into separate definitive agreements;
- (b) such general managers will prepare feasibility studies to ensure the marketability of the underlying car parking spaces with an estimated payback period of no more than 5 years under normal economic conditions;
- (c) the Company's local subsidiaries will conduct due diligence exercises to ensure the validity of legal titles of the underlying car parking spaces, and submit the reports and the feasibility studies to the Finance and Treasury Department of the Group for review and make recommendations to the senior management on the merits of the proposed acquisitions;
- (d) the Finance and Treasury Department and senior management of the Group will each monitor the consideration for each of the proposed acquisitions to ensure that it will be no more than the relevant valuation obtained from a qualified independent third party valuer;
- (e) the Finance and Treasury Department of the Group will monitor the accumulated consideration paid for the acquisitions and submit quarterly reports to the executive Directors overseeing finance-related matters and the company secretary of the Company in order to ensure that the respective COLI Annual Caps and the respective COGO Annual Caps will not be exceeded; and
- (f) the independent non-executive Directors will review all the continuing connected transactions of the Company (including the acquisitions) annually to ensure that they have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and have been carried out pursuant to the terms of such transactions, in particular, consideration paid for each relevant transaction shall be no more than the relevant valuation obtained from a qualified independent third party property valuer, and that such terms are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE NEW FRAMEWORK AGREEMENTS AND THE TRANSACTIONS

The Group has started the car parking spaces trading business since the second half of 2018. The business segment did not only complement the Group's other principal businesses, it has also proven to be economically viable and profitable in the past few years, with increasing contribution to the Group's revenue.

The Directors believe that the business model of acquiring a greater control over the timing of the sale of car parking spaces at the properties under the Group's management will continue to maximise the Group's opportunity to gain revenue from the sale of car parking spaces. This in turn will enable the Group to take advantage of its existing abundance of cash balance and increase the Shareholders' value.

More importantly, through acquiring unfettered rights and ability to control and coordinate the sale of the car parking spaces at the properties under the Group's management, the Group can create greater ease and value to the residents of such properties, and thereby enhance the Group's overall management of the amenities within such properties.

With the Group's overall strategy of commitment to achieving long-term sustainable and steady growth for the benefits of the Shareholders, it is expected that the Group will be able to generate more revenue and cash in the future. Therefore, by entering into the COLI Transactions and the COGO Transactions, the Group can deploy such excess cash to and maintain its business momentum in the car parking spaces trading business, which will in turn generate increasing profits for the Group and is in line with and complements the Group's overall development and growth strategy.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, CSCEC is the ultimate holding company of the Company. COHL, a subsidiary of CSCEC, is the controlling shareholder of each of the Company, COLI and COGO by virtue of it being interested in approximately 61.18%, 56.09% and 39.63% of their respective issued share capital. Therefore, members of both COLI Group and COGO Group are connected persons of the Company. Accordingly, the entering into of (i) the New COLI Framework Agreement and the COLI Transactions and (ii) the New COGO Framework Agreement and the COGO Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the New Framework Agreements were entered into with parties who are connected with one another within a 12-month period, and were of similar nature, the New COLI Framework Agreement and the New COGO Framework Agreement are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest percentage ratio in respect of the COLI Annual Caps and the COGO Annual Caps in aggregate exceeds 5%, the Transactions are subject to annual review, reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Mr. Zhang Guiqing, being the chairman and executive Director of the Company and a director of COHL, and Mr. Ma Fujun, being a non-executive Director of the Company and a director of COHL, although not considered having any material interest in the New Framework Agreements and the transactions contemplated thereunder, have voluntarily abstained from voting on such Board resolutions. None of the other Directors has any material interest in the New Framework Agreements and the transactions contemplated thereunder and none of them has abstained from voting on such Board resolutions.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the New Framework Agreements, the Transactions and the Annual Caps. Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

Shareholders should note that the Annual Caps represent the best estimates by the Directors 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 the Group's financial or potential financial performance.

INFORMATION ON THE PARTIES

The Group is one of the leading property management companies in the PRC with operations also covering Hong Kong and Macau and is principally engaged in the provision of property management services, value-added services and car parking spaces trading business.

COLI Group is principally engaged in property development and investment, and other operations.

COGO Group is principally engaged in property investment and development, property leasing and investment holding.

CSCEC (a state-owned corporation in the PRC) is the ultimate controlling shareholder of the Company, COLI and COGO respectively. CSCEC, together with its subsidiaries (excluding those listed on any stock exchange), is a conglomerate principally engaged in building construction, international contracting, real estate development and investment, infrastructure construction and investment and design and prospecting.

EXTRAORDINARY GENERAL MEETING

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve each of (i) the New COLI Framework Agreement, the COLI Transactions and the COLI Annual Caps; and (ii) the New COGO Framework Agreement, the COGO Transactions and the COGO Annual Caps.

A notice convening the EGM via the e-Meeting System to be held on Thursday, 3 November 2022 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. The ordinary resolutions will be proposed at the EGM for the Independent Shareholders to consider and, if thought fit, approve each of the New Framework Agreements, the Transactions and the Annual Caps.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.copl.com.hk). Whether or not you are able to attend the EGM via the e-Meeting System, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney (if any) or other authority (if any) under which it is signed, or a notarially certified copy thereof, to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting via the e-Meeting System at the EGM or any adjournment thereof (as the case may be) if you so wish and in such event, your proxy form shall be deemed to be revoked.

In accordance with Rule 13.39(4) of the Listing Rules, voting at the EGM will be conducted by poll. As at the Latest Practicable Date, CSCEC and its associates together held 2,011,041,060 Shares, representing approximately 61.18% of the issued share capital of the Company. CSCEC and its associates will abstain from voting at the EGM on the resolutions in respect of each of the New Framework Agreements, the Transactions and the Annual Caps.

The results of the voting will be announced in accordance with Rule 2.07C of the Listing Rules after the EGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 31 October 2022 to Thursday, 3 November 2022 both days inclusive, for the purpose of determining Shareholders' entitlement to attend and vote at the EGM.

In order to qualify for attending and voting at the EGM, all share transfer document(s) accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 28 October 2022.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages IBC-1 to IBC-2 in this circular which contains its recommendation to the Independent Shareholders in relation to the New Framework Agreements, the Transactions and the Annual Caps.

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages IFA-1 to IFA-27 in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the New Framework Agreements, the Transactions and the Annual Caps.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors whose views have been set out in this circular together with the advice of the Independent Financial Adviser) consider that the terms of the New Framework Agreements, the Transactions and the Annual Caps are on normal commercial terms after arm's length negotiations between the parties, and are in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in relation to each of the New Framework Agreements, the Transactions and the Annual Caps.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,
By order of the Board
China Overseas Property Holdings Limited
Zhang Guiqing
Chairman and Executive Director



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)

12 October 2022

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular dated 12 October 2022 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, the terms of the New Framework Agreements, the Transactions and the Annual Caps are fair and reasonable and on normal commercial terms, and the entering into of the New Framework Agreements is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Opus Capital, the Independent Financial Adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the New Framework Agreements, the Transactions and the Annual Caps.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 20 of the Circular and the text of a letter of advice from Opus Capital, as set out on IFA-1 to IFA-27 of the Circular, both of which provide details of the New Framework Agreements, the Transactions and the Annual Caps.

Having considered the New Framework Agreements, the Transactions and the Annual Caps, the advice of Opus Capital, and the relevant information contained in the letter from the Board, we are of the opinion that the terms of the New Framework Agreements, the Transactions and the Annual Caps are fair and reasonable and on normal commercial terms, and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in relation to each of the New Framework Agreements, the Transactions and the Annual Caps.

Yours faithfully,

For and on behalf of

**The Independent Board Committee of
China Overseas Property Holdings Limited**

Yung, Wing Ki Samuel

Independent

Non-executive Director

So, Gregory Kam Leung

Independent

Non-executive Director

Lim, Wan Fung Bernard Vincent

Independent

Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Opus Capital to the Independent Board Committee and the Independent Shareholders in relation to the New Framework Agreements, the Transactions and the Annual Caps, which has been prepared for the purpose of inclusion in this circular.



18th Floor, Fung House
19-20 Connaught Road Central
Central, Hong Kong

12 October 2022

*To: the Independent Board Committee and the Independent Shareholders of
China Overseas Property Holdings Limited*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE NEW FRAMEWORK AGREEMENTS FOR CAR PARKING SPACES

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the New Framework Agreements, the Transactions and the Annual Caps. Details of the New Framework Agreements, the Transactions and the Annual Caps are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 12 October 2022 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

THE NEW FRAMEWORK AGREEMENTS

New COLI Framework Agreement

Reference is made to the joint announcement issued by the Company and COLI dated 23 October 2019 and the circular of the Company dated 14 November 2019 in respect of, inter alia, the Existing COLI Framework Agreement entered into between the Company and COLI on 23 October 2019, pursuant to which the parties agreed that the Group may from time to time enter into transactions with 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) by the Group as its inventory (i.e. the COLI 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 Group as property manager (which may include non-air raid shelter car parking spaces and air raid shelter car parking spaces), for a term of 3 years commencing from 1 December 2019 and ending on 30 November 2022 (both dates inclusive).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the Existing COLI Framework Agreement will expire on 30 November 2022, on 5 September 2022, the Company and COLI entered into the New COLI Framework Agreement to renew the COLI Transactions for a term of 3 years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive). For the avoidance of doubt, it is expected that no such transactions will be entered into by the Group and COLI Group and its associates for the period from 1 December 2022 to 31 December 2022.

New COGO Framework Agreement

Reference is also made to the joint announcement issued by the Company and COGO dated 23 October 2019 and the circular of the Company dated 14 November 2019 in respect of, inter alia, the Existing COGO Framework Agreement entered into between the Company and COGO on 23 October 2019, pursuant to which the parties agreed that the Group may from time to time enter into transactions with COGO 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) by the Group as its inventory (i.e. the COGO Transactions), such car parking spaces being car parking spaces of developments or properties built, developed or owned by COGO Group and managed by the Group as property manager (which may include non-air raid shelter car parking spaces and air raid shelter car parking spaces), for a term of 3 years commencing from 1 December 2019 and ending on 30 November 2022 (both dates inclusive).

As the Existing COGO Framework Agreement will expire on 30 November 2022, on 5 September 2022, the Company and COGO entered into the New COGO Framework Agreement to renew the COGO Transactions for a term of 3 years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive). For the avoidance of doubt, it is expected that no such transactions will be entered into by the Group and COGO Group for the period from 1 December 2022 to 31 December 2022.

Listing Rules implications

As at the Latest Practicable Date, CSCEC is the ultimate holding company of the Company. COHL, a subsidiary of CSCEC, is the controlling shareholder of each of the Company, COLI and COGO by virtue of it being interested in approximately 61.18%, 56.09% and 39.63% of their respective issued share capital. Therefore, members of both COLI Group and COGO Group are connected persons of the Company. Accordingly, the entering into of (i) the New COLI Framework Agreement and the COLI Transactions and (ii) the New COGO Framework Agreement and the COGO Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the New Framework Agreements were entered into with parties who are connected with one another within a 12-month period, and were of similar nature, the New COLI Framework Agreement and the New COGO Framework Agreement are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the COLI Annual Caps and the COGO Annual Caps in aggregate exceeds 5%, the Transactions are subject to annual review, reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Mr. Zhang Guiqing, being the chairman and executive Director of the Company and a director of COHL, and Mr. Ma Fujun, being a non-executive Director of the Company and a director of COHL, although not considered having any material interest in the New Framework Agreements and the transactions contemplated thereunder, have voluntarily abstained from voting on such Board resolutions. None of the other Directors has any material interest in the New Framework Agreements and the transactions contemplated thereunder and none of them has abstained from voting on such Board resolutions.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve each of (i) the New COLI Framework Agreement, the COLI Transactions and the COLI Annual Caps; and (ii) the New COGO Framework Agreement, the COGO Transactions and the COGO Annual Caps.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Yung, Wing Ki Samuel, Mr. So, Gregory Kam Leung and Mr. Lim, Wan Fung Bernard Vincent, has been formed to advise the Independent Shareholders in respect of the New Framework Agreements, the Transactions and the Annual Caps.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, the COLI Group, the COGO Group or any other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this letter, we have not acted as an independent financial adviser to the Company. Apart from normal independent financial advisory fees payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, the COLI Group, the COGO Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, among other things:

1. the New Framework Agreements;
2. the Company's interim report for the six months ended 30 June ("HY") 2022 (the "**2022 Interim Report**");
3. the Company's annual report for the year ended 31 December ("FY") 2021 (the "**2021 Annual Report**");

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. the feasibility reports, valuation reports and PRC legal opinions of the COLI Transaction Samples (as defined below) and the COGO Transaction Samples (as defined below); and
5. other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects. We also have not considered the taxation implications on the Group as a result of the New Framework Agreements and the Transactions.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the New Framework Agreements, the Transactions and the Annual Caps, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the New Framework Agreements, the Transactions and the Annual Caps, we have considered the following principal factors and reasons:

1. Background information of the Group

The Group is one of the leading property management companies in the PRC with operations also covering Hong Kong and Macau and is principally engaged in the provision of property management services, value-added services and car parking spaces trading business. As stated in the 2022 Interim Report, the Group is the largest provider of property management services for government facilities in Hong Kong. The business of the Group has maintained strong growth momentum in recent years with the total gross floor area (“GFA”) under the Group’s management increased from approximately 187.1 million (restated) square meters (“sq.m.”) as at 31 December 2020 to approximately 260.0 million sq.m. as at 31 December 2021 and further increased to approximately 287.2 million sq.m. as at 30 June 2022.

Set out below is the summary of the Group’s audited consolidated income statements for FY2021 and FY2020 and audited consolidated statement of financial positions as at 31 December 2020 and as at 31 December 2021 as extracted from the 2021 Annual Report and the Group’s unaudited consolidated income statements for HY2022 and HY2021 and unaudited consolidated statement of financial position as at 30 June 2022 as extracted from the 2022 Interim Report.

Table 1: Summary of consolidated income statement of the Company

	FY2020	FY2021	HY2021	HY2022
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue (Note)	6,544.9	9,442.0	4,295.6	5,813.9
<i>Property management services</i>	<i>4,857.4</i>	<i>6,610.9</i>	<i>3,043.8</i>	<i>4,387.4</i>
<i>Value-added services</i>	<i>1,668.2</i>	<i>2,600.4</i>	<i>1,182.4</i>	<i>1,318.9</i>
<i>Car parking spaces trading business</i>	<i>19.3</i>	<i>230.8</i>	<i>69.4</i>	<i>107.6</i>
Gross profit	1,195.4	1,641.6	690.2	877.4
Profit before tax	931.6	1,317.7	544.8	705.4
Profit for the year/period attributable to the Shareholders	700.0	983.9	393.1	521.7

Sources: the 2021 Annual Report and 2022 Interim Report

Note: Segment revenue figures may not add up to the total revenue figures due to rounding of figures to the nearest HK\$ million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As discussed in the 2021 Annual Report, 2021 is the inception year of the Group's "14th Five-Year strategic plan". The Group actively expanded its business under a normalised environment with the COVID-19. The revenue of the Group increased by approximately HK\$2,897.1 million or approximately 44.3%, from approximately HK\$6,544.9 million in FY2020 to approximately HK\$9,442.0 million in FY2021 which was mainly attributable to: (i) the increase in GFA under the Group's management; (ii) continuous business growth on value-added services to both non-residents and residents; and (iii) the significant increase in sales of car parking spaces, except for the effect of average appreciation of Renminbi in FY2021.

The profit attributable to the Shareholders increased by approximately HK\$283.9 million or approximately 40.6%, from approximately HK\$700.0 million in FY2020 to approximately HK\$983.9 million in FY2021 which was mainly attributable to: (i) the significant increase in revenue of the Group during the year as discussed above; and (ii) the slight decrease in net impairment of trade and retention receivables and payments on behalf of property owners was mainly arisen from the continuously strengthening of the controls and recovery of receivables and advances although there was a mild increase in selling and administrative expenses which was due to the increase in manpower and salary level driven by the continuous scale expansion on both traditional property management business and value-added services.

As disclosed in the 2022 Interim Report, revenue of the Group increased by approximately HK\$1,518.3 million or 35.3% from approximately HK\$4,295.6 million in HY2021 to approximately HK\$5,813.9 million in HY2022. The increase was mainly influenced by: (i) the increase in GFA under the Group's management; (ii) business growth on value-added services to both non-residents and residents; and (iii) the continuous increase in sales of car parking spaces. As noted in the 2021 Annual Report and the 2022 Interim Report, an incentive scheme has been in place to enhance sales momentum of car parking spaces.

The profit attributable to the Shareholders increased by approximately HK\$128.6 million or approximately 32.7%, from approximately HK\$393.1 million for HY2021 to approximately HK\$521.7 million for HY2022. Such increase was mainly attributable to: (i) increase in revenue of the Group during the period as discussed above; and (ii) the increase in other income and gains mainly due to the increase in unconditional government grants, tax incentives, interest income from a higher level of cash balances comparing with HY2021 together with effective treasury management and net exchange gain although there was an increase in selling and administrative expenses due to the increase in manpower and salary level year on year driven by continuous scale expansion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 2: Summary of consolidated statement of financial position of the Company

	As at 31 December		As at 30 June
	2020	2021	2022
	<i>HK\$ million</i> <i>(audited)</i>	<i>HK\$ million</i> <i>(audited)</i>	<i>HK\$ million</i> <i>(unaudited)</i>
Non-current assets	457.9	586.4	633.6
<i>Property, plant and equipment</i>	68.4	111.4	109.7
<i>Investment properties</i>	162.6	167.1	198.8
<i>Right-of-use assets</i>	72.1	80.8	81.9
<i>Intangible assets</i>	20.9	59.4	83.6
<i>Due from a related company</i>	88.9	92.4	88.2
Current assets	5,736.5	7,733.3	8,374.8
<i>Inventories</i>	606.5	935.3	984.5
<i>Trade and retention receivables</i>	846.1	1,387.5	2,453.9
<i>Cash and bank balances</i>	3,705.7	4,283.3	3,557.6
Non-current liabilities	57.3	50.8	121.6
<i>Lease liabilities</i>	38.6	32.8	71.1
Current liabilities	3,952.8	5,216.5	5,654.6
<i>Other payables and accruals</i>	996.6	1,103.2	1,129.7
<i>Temporary receipts from properties managed</i>	1,285.7	1,543.2	1,281.7
<i>Receipts in advance and other deposits</i>	934.8	1,500.8	1,505.1
Equity attributable to Shareholders	2,148.8	3,000.0	3,178.7

Sources: the 2021 Annual Report and the 2022 Interim Report

As disclosed in the 2021 Annual Report and the 2022 Interim Report, the Group's non-current assets as at 31 December 2020, 31 December 2021 and 30 June 2022 mainly consisted of investment properties, property, plant and equipment, due from a related company, intangible assets and right-of-use assets. The Group's current assets as at 31 December 2020, 31 December 2021 and 30 June 2022 mainly consisted of cash and bank balances, trade and retention receivables and inventories.

Cash and bank balances accounted for approximately 64.6%, 55.4% and 42.5% of the current assets of the Group as at 31 December 2020, 31 December 2021 and 30 June 2022 respectively which supported the view of the Management that the entering into of the New Framework Agreements enables the Group to better utilise its existing abundance of cash balance. Inventories, which mostly consisted of car parking spaces, has been increasing steadily from approximately HK\$606.5 million as at 31 December 2020 to approximately HK\$935.3 million as at 31 December 2021 and further increased to approximately HK\$984.5 million as at 30 June 2022 after the entering into of the Existing COLI Framework Agreement and the Existing COGO Framework Agreement in late 2019.

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The Group's non-current liabilities amounted to less than HK\$60 million as at 31 December 2020 and 31 December 2021 which mainly consisted of lease liabilities and increased to approximately HK\$121.6 million as at 30 June 2022, representing an increase of more than 100%, which was mainly due to the increase in lease liabilities and bank borrowings which increased from nil as at 31 December 2021 to approximately HK\$33.1 million as at 30 June 2022. The Group's current liabilities as at 31 December 2020, 31 December 2021 and 30 June 2022 mainly consisted of receipts in advance and other deposits, temporary receipts from properties managed and other payables and accruals. It is noted that the Group's current liabilities increased from approximately HK\$3,952.8 million as at 31 December 2020 to approximately HK\$5,216.5 million as at 31 December 2021, representing an increase of approximately 32.0%, which was mainly due to the increase in: (i) receipts in advance and other deposits resulted from the increase in the number of property management projects; (ii) trade payables; and (iii) temporary receipts from properties managed. The Group's current liabilities increased from approximately HK\$5,216.5 million as at 31 December 2021 to approximately HK\$5,654.6 million as at 30 June 2022, representing a slight increase of approximately 8.4% which was mainly due the bank borrowings increased from nil as at 31 December 2021 to approximately HK\$416.7 million as at 30 June 2022.

2. Background information of other parties

COLI Group

COLI Group is principally engaged in property development and investment, and other operations. For property development business, the COLI Group has property development in 86 major cities in the PRC as well as in Hong Kong and Macau. In HY2022, the COLI Group completed a total project area of approximately 7.53 million sq.m. in 29 cities in the PRC. For property investment business, the COLI Group has commercial properties across the PRC, Hong Kong, Macau and London.

COGO Group

COGO Group is principally engaged in property investment and development, property leasing and investment holding. The business activities of the COGO Group are principally carried out in certain regions in the PRC such as Hefei, Jinhua, Lanzhou, Quanzhou, Shantou, Taizhou, Tangshan and Yinchuan. In HY2022, the COGO Group recorded a GFA of approximately 3.5 million sq.m. construction sites which were completed for handover and of which, approximately 86% were sold out by 30 June 2022.

CSCEC

CSCEC (a state-owned corporation in the PRC) is the ultimate controlling shareholder of the Company, COLI and COGO respectively. CSCEC, together with its subsidiaries (excluding those listed on any stock exchange), is a conglomerate principally engaged in building construction, international contracting, real estate development and investment, infrastructure construction and investment and design and prospecting.

3. Outlook of the car parking industry in the PRC

A significant growth in car ownership in the PRC is observed in recent years. According to the statistics from 中華人民共和國公安部 (The Ministry of Public Security of the PRC), as at the end of 2021, there were approximately 395 million registered motor vehicles in the PRC, among which, approximately 302 million are cars, representing an increase of approximately 21 million of cars or 7.5% compared to that at the end of 2020. As at the end of June 2022, the number of cars further increased to approximately 310 million. According to 中華人民共和國國家發展和改革委員會 (The National Development and Reform Commission of the PRC), the vehicle-to-parking space ratios for major cities and medium-small cities in 2020 were approximately 1:0.8 and 1:0.5 respectively. As both ratios felt short of 1:1, this highlighted the car parking space shortage problem in the PRC.

As stated in 2020 中國停車行業發展白皮書 (2020 China White Paper on Parking Industry Development*) and 2021 中國停車行業發展白皮書 (2021 China White Paper on Parking Industry Development*) jointly issued by 北京清華同衡規劃設計研究院有限公司 (Beijing Tsing Hua Urban Planning and Design Company Limited*) and 中國重機協會停車設備工作委員會 (The China Parking System Manufactures Association*), the shortage in vehicles parking space is particularly significant for tier one cities in the PRC. In 2020, there were approximately 6.6 million private vehicles but only approximately 0.7 million car parking spaces in Beijing. In 2021, there were approximately 3.5 million private vehicles but only approximately 2.1 million car parking spaces in Shenzhen and approximately 4.7 million private vehicles but only approximately 0.9 million car parking spaces in Shanghai.

As set out in 城市停車設施規劃導則 (The Urban Parking Facilities Planning Guidelines*) issued by 中華人民共和國住房和城鄉建設部 (The Ministry of Housing and Urban-Rural Development of the PRC) in September 2015, which is the latest version available as at the Latest Practicable Date, it was stated in the overall strategy for the supply of car parking spaces for PRC cities with a population of more than 500,000, the total supply of car parking spaces should be controlled between 1.1 and 1.3 times the quantity of motor vehicles while for PRC cities with a population of less than 500,000, the total supply of car parking spaces should be controlled between 1.1 and 1.5 times the quantity of motor vehicles. It is noted that the current vehicle-to-parking space ratios for major cities and medium-small cities in the PRC still cannot meet the aforesaid target ratios as set out in the 城市停車設施規劃導則 (The Urban Parking Facilities Planning Guidelines*) even after seven years since the publication.

Based on the above, the supply of car parking spaces in the PRC appears to be unlikely to meet the vast demand of car parking spaces now present in major PRC cities in the medium term. It is anticipated that such trend to continue which would promote the growth and economic value for the car parking industry in the PRC. Having considered the above, we are of the view that the above outlook and trend would continue to have a positive effect on the prospects of the PRC car parking industry in the foreseeable future.

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4. Reasons for and benefits of the entering into of the New Framework Agreements and the Transactions

As disclosed in the Letter from the Board, the Group has started the car parking spaces trading business since the second half of 2018. The business segment did not only complement the Group's other principal businesses, it has also proven to be economically viable and profitable in the past few years, with increasing contribution to the Group's revenue.

The Directors believe that the business model of acquiring a greater control over the timing of the sale of car parking spaces at the properties under the Group's management will continue to maximise the Group's opportunity to gain revenue from the sale of car parking spaces. This in turn will enable the Group to take advantage of its existing abundance of cash balance and increase the Shareholders' value.

More importantly, through acquiring unfettered rights and ability to control and coordinate the sale of the car parking spaces at the properties under the Group's management, the Group can create greater ease and value to the residents of such properties, and thereby enhance the Group's overall management of the amenities within such properties.

With the Group's overall strategy of commitment to achieving long-term sustainable and steady growth for the benefits of the Shareholders, it is expected that the Group will be able to generate more revenue and cash in the future. Therefore, by entering into the COLI Transactions and the COGO Transactions, the Group can deploy such excess cash to and maintain its business momentum in the car parking spaces trading business, which will in turn generate increasing profits for the Group and is in line with and complements the Group's overall development and growth strategy.

In view of: (i) the positive outlook and trend of the car parking industry in the PRC as discussed in the section above; (ii) the revenue contributed by the business segment of car parking spaces trading business to the Group's revenue has been increasing steadily since the commencement of the car parking spaces trading business which increased from less than HK\$10 million in FY2019 to almost HK\$20 million in FY2020 and soared by more than 10 times to more than HK\$230 million in FY2021; (iii) the continued growth of the car parking spaces trading business is observed in HY2022 evidenced by the continued growth in the revenue which increased from approximately HK\$69.4 million in HY2021 to approximately HK\$107.6 million in HY2022, which represented a significant increase of approximately 55.1%; (iv) the high segment profit margin recorded by the Group's car parking spaces trading business of approximately 27.0%, 28.1% and 26.4% for HY2022, FY2021 and FY2020 respectively which were higher than the Group's overall gross profit margins in HY2022, FY2021 and FY2020; and (v) as part of the internal control procedures to be discussed in the paragraph headed "6.1 Internal control procedures" under the section headed "6. Analysis on the principal terms of the New Framework Agreements" below that the general managers of the relevant business units and operations divisions of the Company's local subsidiaries will prepare feasibility studies to ensure the marketability of the underlying car parking spaces with an estimated payback period of no more

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than 5 years under normal economic conditions, we concur with the Directors that the entering into of the New Framework Agreements and the Transactions would maintain the Group's business momentum in the car parking spaces trading business, which is in line with the Group's overall development. We further consider that the entering into of the New Framework Agreements and the Transactions to be in the interest of the Company and the Shareholders as a whole.

5. Principal terms of the New Framework Agreements

New COLI Framework Agreement

The principal terms of the New COLI Framework Agreement are as below.

- Date** : 5 September 2022
- Parties** : (a) The Company; and
(b) COLI.
- Term** : The New COLI Framework Agreement has a term of 3 years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive).
- Subject matter** : Pursuant to the New COLI Framework Agreement, the Company and COLI agreed that:
- (a) they may enter into, or procure members of the Group and COLI Group to enter into, the COLI Transactions in the ordinary and usual course of their respective businesses within the limit of the COLI Annual Caps; and
 - (b) during the term of the New COLI Framework Agreement, the relevant members of the Group and COLI Group may from time to time enter into separate definitive agreement(s) in relation to any COLI Transactions, which shall set out the particular terms of the COLI Transaction(s) (including the payment terms) and be in compliance with the terms of the New COLI Framework Agreement, in particular:
 - (i) for the 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 Group than terms available from independent third parties for similar transactions (as the case may be)) and are fair and reasonable;

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- (ii) the price for the COLI Transaction(s) shall be based on the pricing basis under the New COLI Framework Agreement, which is set out in the section headed “Letter from the Board - THE NEW COLI FRAMEWORK AGREEMENT – Pricing basis in respect of the COLI Transactions” in the Circular; and
- (iii) all the COLI Transactions are in the ordinary and usual course of business of the Group and in the interest of the Company and its Shareholders as a whole.

In the PRC, trading in car parking spaces can be carried out by assignment of rights-of-use in the car parking spaces. The car parking spaces may include non-air raid shelter car parking spaces and air raid shelter car parking spaces, as in the case with the transactions under the Existing COLI Framework Agreement. In respect of the non-air raid shelter car parking spaces, if the procedures to transfer property rights can be completed in the future (for example, due to any relaxation of existing PRC policies which currently only allow assignment of right-of-use of some non-air raid shelter car parking spaces instead of transfer of property rights), COLI Group shall actively cooperate with the 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 Group.

The Group shall also ensure that all acquisitions of rights-of-use of car parking spaces by the Group from associates of COLI Group (excluding associate(s) listed on any stock exchange) in the same nature as the COLI Transactions will be entered into in compliance with the principles of the New COLI Framework Agreement, and will be documented under separate agreement(s) and/or such other standard documentation.

Conditions precedent : The New COLI Framework Agreement, the COLI Transactions and the COLI Annual Caps are conditional upon the satisfaction of the following conditions on or before 31 December 2022 (or such other date as the parties may agree in writing): (a) the passing of the resolution by the Independent Shareholders at the EGM approving the same; and (b) the parties’ compliance with all other requirements under the Listing Rules and as may be imposed by the Stock Exchange.

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Pricing basis in respect of the COLI Transactions

As purchaser, the Company (or the relevant subsidiary) shall commission a valuation report for each relevant COLI Transaction to be prepared by a qualified independent third party property valuer and the purchase price (i.e. the consideration) for each relevant COLI Transaction shall be no more than the relevant valuation so obtained. The Company (or the relevant subsidiary) shall also prepare an internal sale plan and projection for each relevant COLI Transaction with an estimated payback period of no more than 5 years, such feasibility study will include, among other things, (a) analysis of the demand for the underlying car parking spaces of the relevant COLI Transaction; (b) the payback period and expected return of the investment; and (c) the price of other car parking spaces of at least two developments (if any) surrounding the underlying car parking spaces of the relevant COLI Transaction, taking into account factors such as the total number, nature, targeted purchasers, environment, local facilities, etc. of the car parking spaces. In any event, the purchase price (i.e. the consideration) shall be no less favourable to the Group than that available from independent third party sellers for similar transactions. The purchase price will be funded by internal resources of the Group.

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

New COGO Framework Agreement

The principal terms of the New COGO Framework Agreement are as below.

- Date** : 5 September 2022
- Parties** : (a) The Company; and
(b) COGO.
- Term** : The New COGO Framework Agreement has a term of 3 years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive).
- Subject matter** : Pursuant to the New COGO Framework Agreement, the Company and COGO agreed that:
- (a) they may enter into, or procure members of the Group and COGO Group to enter into, the COGO Transactions in the ordinary and usual course of their respective businesses within the limit of the COGO Annual Caps; and

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- (b) during the term of the New COGO Framework Agreement, the relevant members of the Group and COGO Group may from time to time enter into separate definitive agreement(s) in relation to any COGO Transactions, which shall set out the particular terms of the COGO Transaction(s) (including the payment terms) and be in compliance with the terms of the New COGO Framework Agreement, in particular:
 - (i) for the 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 Group than terms available from independent third parties for similar transactions (as the case may be)) and are fair and reasonable;
 - (ii) the price for the COGO Transaction(s) shall be based on the pricing basis under the New COGO Framework Agreement, which is set out in the section headed "Letter from the Board - THE NEW COGO FRAMEWORK AGREEMENT – Pricing basis in respect of the COGO Transactions" in the Circular; and
 - (iii) all the COGO Transactions are in the ordinary and usual course of business of the Group and in the interest of the Company and its Shareholders as a whole.

In the PRC, trading in car parking spaces can be carried out by assignment of rights-of-use in the car parking spaces. The car parking spaces may include non-air raid shelter car parking spaces and air raid shelter car parking spaces, as in the case with the transactions under the Existing COGO Framework Agreement. In respect of the non-air raid shelter car parking spaces, if the procedures to transfer property rights can be completed in the future (for example, due to any relaxation of existing PRC policies which currently only allow assignment of right-of-use of some non-air raid shelter car parking spaces instead of transfer of property rights), COGO Group shall actively cooperate with the 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 Group.

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Conditions Precedent : The New COGO Framework Agreement, the COGO Transactions and the COGO Annual Caps are conditional upon the satisfaction of the following conditions on or before 31 December 2022 (or such other date as the parties may agree in writing): (a) the passing of the resolution by the Independent Shareholders at the EGM approving the same; and (b) the parties' compliance with all other requirements under the Listing Rules and as may be imposed by the Stock Exchange.

Pricing basis in respect of the COGO Transactions

As purchaser, the Company (or the relevant subsidiary) shall commission a valuation report for each relevant COGO Transaction to be prepared by a qualified independent third party property valuer and the purchase price (i.e. the consideration) for each relevant COGO Transaction shall be no more than the relevant valuation so obtained. The Company (or the relevant subsidiary) shall also prepare an internal sale plan and projection for each relevant COGO Transaction with an estimated payback period of no more than 5 years, such feasibility study will include, among other things, (a) analysis of the demand for the underlying car parking spaces of the relevant COGO Transaction; (b) the payback period and expected return of the investment; and (c) the price of other car parking spaces of at least two developments (if any) surrounding the underlying car parking spaces of the relevant COGO Transaction, taking into account factors such as the total number, nature, targeted purchasers, environment, local facilities, etc. of the car parking spaces. In any event, the purchase price (i.e. the consideration) shall be no less favourable to the Group than that available from independent third party sellers for similar transactions. The purchase price will be funded by internal resources of the Group.

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

6. Analysis on the principal terms of the New Framework Agreements

6.1 Internal control procedures

As stated in the Letter from the Board, in order to ensure that the acquisitions of rights-of-use of car parking spaces by the Group from COLI Group and its associates (excluding associate(s) listed on any stock exchange) and COGO Group will be entered into in accordance with the terms of the New COLI Framework Agreement and the New COGO Framework Agreement respectively, the Group has adopted the following measures:

- (a) the general managers of the relevant business units and operations divisions of the Company's local subsidiaries at where the car parking spaces are located will be responsible for negotiating the proposed acquisitions with COLI Group and its associates (excluding associate(s) listed on any stock exchange) and COGO Group respectively for the purpose of entering into separate definitive agreements;

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- (b) such general managers will prepare feasibility studies to ensure the marketability of the underlying car parking spaces with an estimated payback period of no more than 5 years under normal economic conditions;
- (c) the Company's local subsidiaries will conduct due diligence exercises to ensure the validity of legal titles of the underlying car parking spaces, and submit the reports and the feasibility studies to the Finance and Treasury Department of the Group for review and make recommendations to the senior management on the merits of the proposed acquisitions;
- (d) the Finance and Treasury Department and senior management of the Group will each monitor the consideration for each of the proposed acquisitions to ensure that it will be no more than the relevant valuation obtained from a qualified independent third party property valuer;
- (e) the Finance and Treasury Department of the Group will monitor the accumulated consideration paid for the acquisitions and submit quarterly reports to the executive Directors overseeing finance-related matters and the company secretary of the Company in order to ensure that the respective COLI Annual Caps and the respective COGO Annual Caps will not be exceeded; and
- (f) the independent non-executive Directors will review all the continuing connected transactions of the Company (including the acquisitions) annually to ensure that they have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and have been carried out pursuant to the terms of such transactions, in particular, consideration paid for each relevant transaction shall be no more than the relevant valuation obtained from a qualified independent third party property valuer, and that such terms are fair and reasonable and in the interests of the Shareholders as a whole.

As part of our due diligence, we have:

- (i) obtained a full transaction list for all the 44 transactions entered into between the Group and COLI Group and COGO Group (the "**CCT Transaction List**") 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) by the Group as its inventory, such car parking spaces being car parking spaces of developments or properties built, developed or owned by COLI Group and COGO Group respectively and managed by the Group as property manager for the period from 1 December 2019 to 31 December 2019 ("**1M2019**"), FY2020, FY2021 and HY2022 (the "**Review Period**");

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- (ii) randomly selected from the CCT Transaction List, obtained and reviewed sample transaction records for each period/year during the Review Period for the transactions entered into between each of: (i) the Group and COLI Group under the Existing COLI Framework Agreement (the “**COLI Transaction Samples**”) and (ii) the Group and COGO Group under the Existing COGO Framework Agreement (the “**COGO Transaction Samples**”) for a total of four COLI Transaction Samples and three COGO Transaction Samples; and
- (iii) obtained and reviewed the following documents for each of the COLI Transaction Samples and COGO Transaction Samples:
 - (a) the definitive agreements;
 - (b) the feasibility studies prepared by the general managers;
 - (c) the valuation reports prepared by a qualified independent third party property valuer;
 - (d) the PRC legal opinions regarding the validity of legal titles of the corresponding underlying car parking spaces; and
 - (e) the internal approval records of different departments and the independent non-executive Directors obtained prior to the entering into of the corresponding definitive agreements.

After considering: (i) the CCT Transaction List is an exhaustive list; (ii) the COLI Transaction Samples and the COGO Transaction Samples were selected on a random basis; (iii) the COLI Transaction Samples and the COGO Transaction Samples cover each period/year during the Review Period except no COGO Transaction Sample was selected for 1M2019 as it is noted from the CCT Transaction List that there was no transaction entered into between the Group and COGO Group under the Existing COGO Framework Agreement during 1M2019; (iv) the quantity of car parking spaces under the COLI Transaction Samples accounted for a significant portion of the total quantity of car parking spaces transacted between the Group and COLI Group in each period/year during the Review Period; and (v) the quantity of car parking spaces under the COGO Transaction Samples accounted for a significant portion of the total quantity of car parking spaces transacted between the Group and COGO Group in each period/year during the Review Period, we consider that the selection of the COLI Transaction Samples and the COGO Transaction Samples are fair and representative.

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From the review of the feasibility studies of the COLI Transaction Samples and the COGO Transaction Samples, it is noted that the estimated payback period was not more than 5 years. From the review of the PRC legal opinions of the COLI Transaction Samples and the COGO Transaction Samples, it is noted that the validity of legal titles of the underlying car parking spaces was verified. From the review of the definitive agreements and the valuation reports of the COLI Transaction Samples and the COGO Transaction Samples, it is noted that the consideration for each of the acquisitions of the COLI Transaction Samples and the COGO Transaction Samples was not more than the corresponding valuation obtained from a qualified independent third party property valuer. From the review of the valuation reports, it is noted that the valuation reports were prepared in accordance with the requirements set out in the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors. It is further noted that the direct comparison method by making reference to comparable sales evidences available in the market was adopted. From the review of the internal approval records, it is noted that the approvals of personnel from various departments including the Finance and Treasury Department, the senior management of the Group and the independent non-executive Directors were obtained. Further, we noted from the 2021 Annual Report that the independent non-executive Directors reviewed, among other things, the COLI Transactions and the COGO Transactions and confirmed that they were entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better and in accordance with the Existing COLI Framework Agreement and Existing COGO Framework Agreement governing the COLI Transactions and the COGO Transactions respectively on terms that were fair and reasonable and in the interests of the Shareholders as a whole.

Based on the above, we are of the view that the internal control procedures as set out in the Letter from the Board have been complied with.

6.2 Pricing Basis

We noted from the Letter from the Board that the Company, shall prepare an internal sale plan and projection for each of the Transactions with an estimated payback period of no more than 5 years. After our discussion with the Management, we were advised that such internal sale plan and projection would include, among other things, (i) the basic information of the underlying car parking spaces of the Transactions; (ii) the analysis of the demand for the underlying car parking spaces of the Transactions; (iii) the market prices of other car parking spaces surrounding the underlying car parking spaces of the Transactions; and (iv) the payback period and the expected return of the underlying car parking spaces of the Transactions.

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As part of our due diligence, we reviewed the feasibility studies obtained of the COLI Transaction Samples and COGO Transaction Samples and noted that the information included in those feasibility studies is consistent with the aforementioned understanding obtained from the discussion with the Management.

The basic information of the underlying car parking spaces of the Transactions included, among other things, the total number of car parking spaces, the number of car parking spaces sold and available for sale, the nature of the car parking spaces and the management fee of the car parking spaces. The analysis of the demand for the underlying car parking spaces of the Transactions included, among other things, the sales of other car parking spaces surrounding the underlying car parking spaces of the Transactions and the analysis of the number of property owners of the underlying properties of the Transactions which have not yet purchased any car parking space. The analysis of the market prices of other car parking spaces surrounding the underlying car parking spaces of the Transactions also included the comparison of the favourable and less favourable factors between the other car parking spaces surrounding the underlying car parking spaces of the Transactions and the underlying car parking spaces of the Transactions such as the environment and local facilities demonstrated with photographs. From the review of the internal sale plans and projections of the COLI Transaction Samples and COGO Transaction Samples, it is noted that different factors such as the number of car parking spaces to be sold per year and the corresponding revenue, the anticipated profit margin, the internal rate of return and the expected payback period of no more than 5 years were considered.

Further, we have obtained and reviewed a full payback monitoring list for all the transactions in the CCT Transaction List (“**CCT Payback List**”) which monitored the payback period by comparing the revenue generated and the cost of investment of each of the Transactions on an on-going basis. From the review of the CCT Payback List, as at 30 June 2022, we noted that the revenue generated from eight out of 44 Transactions have already exceeded the corresponding investment cost. Given that all the Transactions were entered into after 1 December 2019, being the commencement date of all the Transactions under the Existing COLI Framework Agreement and the Existing COGO Framework Agreement, the aforesaid Transactions implied a payback period of less than 3 years which fulfilled the important investment criterion applied by the Management to the Transactions of having a payback period of no more than 5 years.

As stated in the Letter from the Board, the purchase price (i.e. the consideration) for each relevant Transaction shall be no more than the relevant valuation so obtained. As mentioned in the above paragraph headed “6.1 Internal control procedures”, we reviewed the definitive agreements and the valuation reports of the COLI Transaction Samples and the COGO Transaction Samples and noted that the consideration for each of the acquisitions of the COLI Transaction Samples and the COGO Transaction Samples was not more than the corresponding valuation obtained from a qualified independent third party property valuer. In view of: (i) the property valuer is a qualified valuer and independent to the Group, COLI

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Group and COGO Group; (ii) the valuation reports were prepared in accordance with the relevant requirements of a professional institute; and (iii) the valuation method of direct comparison with reference to the market transactions is a commonly used valuation method, we consider that purchase price for each relevant Transaction shall be no more than the relevant valuation so obtained is fair and appropriate. We have also reviewed the available cash resources on hand of the Group as at 30 June 2022 together with the estimated sale proceeds from the internal sale plan and understand that the total estimated cash outflow as implied under the Annual Caps would be well covered by the available cash resources on hand of the Group taking into account the estimated sale proceeds from the internal sale plan.

Based on the above, we are of the view that the pricing basis of the New Framework Agreements is fair and reasonable.

6.3 Terms concerning the future transfer of the non-air raid shelter car parking spaces

It is noted that the acquisitions contemplated under the New Framework Agreements are to acquire the rights-of-use, instead of the property ownership rights, of car parking spaces and COLI Group and the COGO Group shall actively cooperate with the Group to handle the transfer of property ownership rights of the non-air raid shelter car parking spaces if the procedures to transfer property ownership rights can be completed in the future due to PRC policy changes (the “**Follow-Through Clause**”). We noted that the Follow-Through Clause under the New Framework Agreements is the same as that adopted under the Existing COLI Framework Agreement and the Existing COGO Framework Agreement.

We obtained and reviewed the PRC legal opinions issued by the PRC legal advisers of the Group of the COLI Transaction Samples and the COGO Transaction Samples as part of our due diligence to assess the legality of the transfer of the right-of-use (without the property ownership rights) of non-air raid shelter car parking spaces. As stated in those legal opinions, we understood in order to facilitate the transfer of non-air raid shelter car parking spaces, the process would usually take the form of assignment of right-of-use. As such, we considered the Follow-Through Clause provides assurance to the assignee of the right-of-use when PRC policy opens up for the transfer of property ownership right.

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6.4 The Annual Caps

(I) COLI Annual Caps

The table below sets out: (i) the existing annual caps for each of 1M2019, FY2020, FY2021 and HY2022 under the Existing COLI Framework Agreement; (ii) the historical maximum total agreement sums payable by the Group to COLI Group and its associates for the acquisition of rights-of-use of car parking spaces by the Group from COLI Group and its associates for each period/year of the Review Period under the Existing COLI Framework Agreement; and (iii) the utilisation rates of the existing annual caps under the Existing COLI Framework Agreement.

	1M2019	FY2020	FY2021	HY2022
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Historical maximum total agreement sums payable by the Group to COLI Group and its associates for the acquisition of rights-of-use of car parking spaces by the Group from COLI Group and its associates	181.35	141.73	454.55	36.85
Existing annual caps under the Existing COLI Framework Agreement	300	500	600	600
Utilisation rate of the existing annual caps under the Existing COLI Framework Agreement	60.45%	28.35%	75.76%	6.14%

The maximum total agreement sums payable by the Group to COLI Group and its associates for the acquisition of rights-of-use of car parking spaces during the term of the New COLI Framework Agreement shall not exceed the following COLI Annual Caps:

	FY2023	FY2024	FY2025
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
COLI Annual Caps	600	600	600

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Basis of determining the COLI Annual Caps

As stated in the Letter from the Board, the COLI Annual Caps are determined with reference to, among other things:

- (a) the historical transaction amounts as disclosed in the section headed “Letter from the Board - THE NEW COLI FRAMEWORK AGREEMENT – Historical transaction amounts” in the Circular. The Group adopts a prudent and highly-selective approach in selecting car parking spaces to maximise return and to maintain a healthy stock balance by ensuring the marketability and saleability of the car parking spaces. Thus, during FY2021, when the car parking spaces made available for the Group to select and purchase from COLI Group were perceived as having a relatively high marketability, the utilisation rate of the existing annual cap was as high as 75.76%; whereas for HY2022, when the frequent lock down in various cities in the PRC slowed down the negotiation process and the Group’s assessment of the profitability of the car parking spaces, the utilisation rate of the existing annual cap was much lower. The COLI Annual Caps will allow flexibility for the Group to continue with deploying its excess cash to acquire the right-of-use of profitable car parking spaces tactfully when the timing is right and when the right opportunity comes;
- (b) the estimated value of the portfolios of car parking spaces to be made available by COLI Group for the Group to purchase selectively during the term of the New COLI Framework Agreement;
- (c) the financial resources the Group plans to devote to developing the Group’s car parking spaces trading business for the period from 1 January 2023 to 31 December 2025, taking into account the estimated sale proceeds from the disposal of car parking spaces to be purchased under the New COLI Framework Agreement with an estimated payback period of no more than 5 years; and
- (d) the Group’s continuation of the car parking spaces trading business as more particularly discussed in the section headed “Letter from the Board – REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE NEW FRAMEWORK AGREEMENTS AND THE TRANSACTIONS” in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our assessment

To assess the aforementioned determination basis of COLI Annual Caps, we first reviewed the historical transaction amounts. As shown in the above table, the historical transaction amount for the relevant periods/years under the Existing COLI Framework Agreement ranged from approximately HK\$36.85 million in HY2022 to approximately HK\$454.55 million in FY2021.

We noted that the historical transaction amount of approximately HK\$454.55 million in FY2021 represented a very high utilisation rate of more than 75% of the COLI Annual Cap for FY2021. After our discussion with the Management, we understand that such a high utilisation of the COLI Annual Cap was due to the quantity of the car parking spaces which were available for the Group to select and purchase from the COLI Group were perceived as having a relatively high marketability after the Group's internal assessment. We also noted that the historical transaction amount in HY2022 of approximately HK\$36.85 million was relatively low. We made an enquiry to the Management about the relatively low historical transaction amount in HY2022 and were advised that it was due to the frequent lock down in various cities in the PRC which slowed down the negotiation process between the Group and the COLI Group regarding the car parking spaces available for the Group to select and purchase from the COLI Group which in turn adversely affected the quantity of the car parking spaces selected and purchased by the Group from the COLI Group. Given that the PRC's dynamic COVID-zero policy is currently in place, it may be rather difficult to anticipate the overall utilisation of the COLI Annual Cap for the eleven months ending 30 November 2022.

We then assessed the estimated value of the portfolios of car parking spaces to be made available by COLI Group for the Group to purchase selectively during the term of the New COLI Framework Agreement. We understand that the portfolios of car parking spaces to be made available by COLI Group is a portion, instead of all, of the total portfolios of car parking spaces of COLI Group. We have obtained and reviewed a list of car parking spaces to be made available by COLI Group for the Group to purchase selectively during the term of the New COLI Framework Agreement (the "**COLI Car Parking Spaces List**"). The COLI Car Parking Spaces List included the information of the cities and the estimated value of the car parking spaces. We noted that the COLI Annual Caps at any given year during the terms of the New COLI Framework Agreement would account for only a fraction, instead of all, of the total estimated value of car parking spaces available for the Group to purchase which also supports the prudent and highly-selective approach adopted by the Group, as stated in the Letter from the Board, in selecting car parking spaces to maximise return and to maintain a healthy stock balance by ensuring the marketability and saleability of the car parking spaces. Further, the Management also advised that the Group is at its absolute discretion (i.e. it has the right but not the obligation) to select and purchase those car parking spaces that in its opinion would generate superior returns, from the COLI Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Further, the cash and bank balances of the Group amounted to more than HK\$3.5 billion as at 30 June 2022, which provides ample financial resources to be deployed under the COLI Annual Caps during the term of the New COLI Framework Agreement. Lastly, the business segment of car parking spaces trading business has been a profitable business segment of the Group and the revenue contribution has been increasing ever since the commencement of the business segment.

Based on the above, we consider: (i) the basis of determining the COLI Annual Caps; and (ii) the COLI Annual Caps, which remain unchanged as the annual caps under the Existing COLI Framework Agreement for FY2021 and HY2022, are fair and reasonable.

(II) *COGO Annual Caps*

The table below sets out: (i) the exiting annual caps for each of 1M2019, FY2020, FY2021 and HY2022 under the Existing COGO Framework Agreement; (ii) the historical maximum total agreement sums payable by the Group to COGO Group for the acquisition of rights-of-use of car parking spaces by the Group from COGO Group and its associates for each period/year of the Review Period under the Existing COGO Framework Agreement; and (iii) the utilisation rates of the existing annual caps under the Existing COGO Framework Agreement.

	1M2019	FY2020	FY2021	HY2022
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Historical maximum total agreement sums payable by the Group to COGO Group for the acquisition of rights-of-use of car parking spaces by the Group from COGO Group	–	101.26	101.46	60.72
Existing annual caps under the Existing COGO Framework Agreement	–	400	300	300
Utilisation rate of the existing annual caps under the Existing COGO Framework Agreement	–	25.32%	33.82%	20.24%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The maximum total agreement sums payable by the Group to COGO Group and its associates for the acquisition of rights-of-use of car parking spaces during the term of the New COGO Framework Agreement shall not exceed the following COGO Annual Caps:

	FY2023	FY2024	FY2025
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
COGO Annual Caps	300	300	300

Basis of determining the COGO Annual Caps

As stated in the Letter from the Board, the COGO Annual Caps are determined with reference to, among other things:

- (a) the historical transaction amounts as disclosed in the section headed “Letter from the Board - THE NEW COGO FRAMEWORK AGREEMENT – Historical transaction amounts” in the Circular. The Group adopts a prudent and highly-selective approach in selecting car parking spaces to maximise return and to maintain a healthy stock balance by ensuring the marketability and saleability of the car parking spaces. Although the historical transaction amounts of the COGO Transactions remained at the relatively stable level of more than HK\$100 million per year, as any incremental batch of acquisition may potentially multiply the agreement sums payable by the Group to COGO Group, the COGO Annual Caps will allow flexibility for the Group to continue with deploying its excess cash to acquire the right-of-use of profitable car parking spaces tactfully when the timing is right and when the right opportunity comes;
- (b) the estimated value of the portfolios of car parking spaces made available by COGO Group for the Group to purchase selectively during the term of the New COGO Framework Agreement;
- (c) the financial resources the Group plans to devote to further developing the Group’s car parking spaces trading business for the period from 1 January 2023 to 31 December 2025, taking into account the estimated sale proceeds from the disposal of car parking spaces purchased under the New COGO Framework Agreement with an estimated payback period of no more than 5 years; and
- (d) the Group’s continuation of the car parking spaces trading business as more particularly discussed in the section headed “Letter from the Board – REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE NEW FRAMEWORK AGREEMENTS AND THE TRANSACTIONS” in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our assessment

To assess the aforementioned determination basis of COGO Annual Caps, we first reviewed the historical transaction amounts. It is noted that the historical transaction amounts remained at a relatively stable level of slightly more than HK\$100 million in FY2020 and FY2021. Given that the historical transaction amount in HY2022 of approximately HK\$60.72 million was for a six-month period, it is considered that the historical transaction amounts remained relatively stable throughout the Review Period.

We then assessed the estimated value of the portfolios of car parking spaces to be made available by COGO Group for the Group to purchase selectively during the term of the New COGO Framework Agreement. We understand that the portfolios of car parking spaces to be made available by COGO Group is a portion, instead of all, of the total portfolios of car parking spaces of COGO Group. We have obtained and reviewed a list of car parking spaces to be made available by COGO Group for the Group to purchase selectively during the term of the New COGO Framework Agreement (the “**COGO Car Parking Spaces List**”). The COGO Car Parking Spaces List included the information of the cities and the estimated value of the car parking spaces. We noted that the COGO Annual Caps at any given year during the terms of the New COGO Framework Agreement would account for only a fraction, instead of all, of the total estimated value of car parking spaces available for the Group to purchase which also supports the prudent and highly-selective approach adopted by the Group, as stated in the Letter from the Board, in selecting car parking spaces to maximise return and to maintain a healthy stock balance by ensuring the marketability and saleability of the car parking spaces. Further, the Management also advised that the Group is at its absolute discretion (i.e. it has the right but not the obligation) to select and purchase those car parking spaces that in its opinion would generate superior returns, from the COGO Group.

Further, the cash and bank balances of the Group amounted to more than HK\$3.5 billion as at 30 June 2022, which provides abundant financial resources to be arranged under the COGO Annual Caps during the term of the New COGO Framework Agreement. Last but not least, as mentioned above, the business segment of car parking spaces trading business has been a profitable business segment of the Group and the revenue contribution has been increasing ever since the commencement of the business segment.

Based on the above, we consider that: (i) the basis of determining the COGO Annual Caps; and (ii) the COGO Annual Caps, which remain unchanged as the annual caps under the Existing COGO Framework Agreement for FY2021 and HY2022, are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATION

Having taken into account of: (i) the positive outlook and trend of the car parking industry in the PRC; (ii) the business segment of car parking spaces trading business has been a profitable business segment of the Group; (iii) the revenue contribution of car parking spaces trading business has been increasing since the commencement of the relevant business segment; (iv) the fairness and reasonableness of the principal terms of the New Framework Agreements, in particular the pricing basis and the Annual Caps; (v) the internal control procedures adopted by the Group in relation to the New Framework Agreements; and (vi) historically, the Group has complied with the relevant internal control procedures, we are of the view that the entering into of the New Framework Agreements is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and the terms of the New Framework Agreements (including the Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in relation to the New Framework Agreements, the Transactions and the Annual Caps.

Yours faithfully,
For and on behalf of
Opus Capital Limited
Cheung On Kit Andrew
Executive Director

Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheung has over 14 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.

* *English name for identification purposes only.*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares and underlying shares of the Company's associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of ordinary shares/ underlying shares held	Approximate percentage of shares in issue
Zhang Guiqing	CSCECL	Beneficial owner	570,000	0.001% <i>(Note 1)</i>
	COLI	Beneficial owner	20,000	0.0002% <i>(Note 2)</i>
Yang Ou	CSCECL	Beneficial owner	480,000	0.001% <i>(Note 1)</i>
	COLI	Beneficial owner	40,000	0.0004% <i>(Note 2)</i>
	China State Construction Development Holdings Limited	Beneficial owner	302,000	0.013% <i>(Note 3)</i>

Name of Director	Name of associated corporation	Nature of interest	Number of ordinary shares/ underlying shares held	Approximate percentage of shares in issue
Pang Jinying	CSCECL	Beneficial owner	408,000	0.001% (Note 1)
Ma Fujun	CSCECL	Beneficial owner	830,000	0.002% (Note 1)
Guo Lei	COLI	Beneficial owner	1,433,000 (Note 4)	0.013% (Note 2)

Notes:

1. The percentage represents the number of A shares interested divided by the number of total issued A shares of CSCECL as at the Latest Practicable Date (i.e. 41,934,432,844 shares).
2. The percentage represents the number of shares/underlying shares interested divided by the number of total issued shares of COLI as at the Latest Practicable Date (i.e. 10,944,883,535 shares).
3. The percentage represents the number of shares interested divided by the number of total issued ordinary shares of China State Construction Development Holdings Limited as at the Latest Practicable Date (i.e. 2,255,545,000 shares).
4. Mr. Guo Lei (“**Mr. Guo**”) has personal interests in 1,433,000 share options granted by COLI under its shares option scheme adopted on 29 June 2018, which entitled Mr. Guo to acquire (i) 333,000 COLI shares at an exercise price of HK\$25.85 per share within an exercise period from 29 June 2020 to 28 June 2024 (both days inclusive); and (ii) 1,100,000 COLI shares at an exercise price of HK\$18.724 per share within an exercise period from 24 November 2022 to 23 November 2026 (both days inclusive).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company held any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. DIRECTORS' POSITIONS IN SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed below, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of Director	Name of company which had such discloseable interest or short position	Position within such company
Zhang Guiqing	COHL	Director
Ma Fujun	COHL	Director

4. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

There is no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any direct or indirect interest in any assets which had been, since 31 December 2021 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract or a proposed service contract with any member of the Group which is not expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

7. COMPETING BUSINESS INTERESTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors, proposed Directors or their respective close associates (as if each of them was treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any competing interests in a business which competes or is likely to compete with the business of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2021, the date to which the latest published audited accounts of the Company were made up.

9. EXPERT'S CONSENT AND QUALIFICATIONS

- (a) The followings are the qualifications of the expert who has given its opinions and advice which is contained or referred to in this circular:

Name	Qualifications
Opus Capital	a licensed corporation permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the New Framework Agreements, the Transactions and the Annual Caps

- (b) As at the Latest Practicable Date, Opus Capital had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Opus Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.
- (d) As at the Latest Practicable Date, Opus Capital did not have any direct or indirect interest in any assets which have been, since 31 December 2021 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (e) The Letter from Opus Capital is given as of the date of this circular for incorporation herein.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.copl.com.hk) for a period of 14 days from the date of this circular:

- (a) the New COLI Framework Agreement; and
- (b) the New COGO Framework Agreement.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of China Overseas Property Holdings Limited (the “**Company**”) will be held on Thursday, 3 November 2022 at 10:00 a.m. via the e-Meeting System for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (A) (i) the New COLI Framework Agreement (as defined in the circular of the Company dated 12 October 2022 of which this notice forms part (the “**Circular**”)) (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified;
- (ii) the COLI Annual Caps (as defined in the Circular) for each of the financial years ending 31 December 2023, 31 December 2024 and 31 December 2025 be and are hereby approved; and
- (B) any one director of the Company (or any two directors of the Company or one director and the secretary of the Company, in the case of execution of documents under seal) be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the New COLI Framework Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of seal thereon.”

NOTICE OF EGM

2. “**THAT:**

- (A) (i) the New COGO Framework Agreement (as defined in the Circular (a copy of which is tabled at the meeting and marked “B” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified;
- (ii) the COGO Annual Caps (as defined in the Circular) for each of the financial years ending 31 December 2023, 31 December 2024 and 31 December 2025 be and are hereby approved; and
- (B) any one director of the Company (or any two directors of the Company or one director and the secretary of the Company, in the case of execution of documents under seal) be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the New COGO Framework Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of seal thereon.”

By order of the Board
China Overseas Property Holdings Limited
Zhang Guiqing
Chairman and Executive Director

Hong Kong, 12 October 2022

*Head Office and Principal Place of
Business in Hong Kong:*
Suite 703, 7th Floor
Three Pacific Place
1 Queen’s Road East
Hong Kong

Registered Office:
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Notes:

1. At the meeting, the Chairman of the meeting will put each of the above resolutions to be voted by way of a poll under article 66 of the Articles of Association of the Company.
2. All registered Shareholders will be able to join the meeting via the e-Meeting System. The e-Meeting System can be accessed from any location with access to the internet via smartphone, tablet device or computer. All non-registered Shareholders may consult directly with their banks, brokers, custodians or Hong Kong Securities Clearing Company Limited (as the case may be) for necessary arrangement to attend and vote via the e-Meeting System at the meeting if they wish.
3. A member entitled to attend and vote at the meeting (or at any adjournment thereof) is entitled to appoint one or more proxies (who must be an individual) to attend and vote via the e-Meeting System in his/her stead. A proxy need not be a member of the Company.

NOTICE OF EGM

4. In the case of joint holders of any Share(s), only ONE PAIR of log-in username and password for the e-Meeting System will be provided to the joint holders. Any one of such joint holders may attend or vote in respect of such Share(s) as if he/she/it was solely entitled thereto.
5. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
6. Completion and return of a proxy form shall not preclude a member from attending and voting via the e-Meeting System at the meeting or any adjournment thereof (as the case may be) should the member so wish, and in such event, the proxy form shall be deemed to be revoked.
7. For the purpose of determining shareholders' right to attend and vote via the e-Meeting System at the meeting, the registers of members of the Company will be closed from Monday, 31 October 2022 to Thursday, 3 November 2022 (both days inclusive). In order to qualify for attending and voting via the e-Meeting System at the meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 28 October 2022.
8. As at the Latest Practicable Date, the Board of the Company comprises nine directors, of which four are executive directors, namely Mr. Zhang Guiqing (Chairman), Dr. Yang Ou (Chief Executive Officer), Mr. Pang Jinying (Vice President) and Mr. Kam Yuk Fai (Chief Financial Officer); two are non-executive directors, namely Mr. Ma Fujun and Mr. Guo Lei; 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.