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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)

**CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTY**

The Board wishes to announce that on 21 August 2020, the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor (a wholly-owned subsidiary of COLI), pursuant to which, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Property for a consideration of approximately RMB12,450,000 (equivalent to approximately HK\$13,944,000).

CSCEC is the ultimate holding company of COHL, which is the controlling shareholder of each of the Company and COLI by virtue of it being interested in approximately 61.18% and 55.99% of their respective issued share capital, respectively. Therefore, the Vendor, being a wholly-owned subsidiary of COLI, is a connected person of the Company and the entering into of the Sale and Purchase Agreement and the transaction contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Sale and Purchase Agreement and the transaction contemplated thereunder exceeds 0.1% but is less than 5%, the entering into of the Sale and Purchase Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarised as follows:

Date

21 August 2020

Parties

- (a) the Purchaser, a wholly-owned subsidiary of the Company; and
- (b) the Vendor, a wholly-owned subsidiary of COLI.

Subject matter

The Purchaser has agreed to acquire, and the Vendor has agreed to sell the Property on an “as-is” basis.

The Property, a commercial property developed by the Vendor, is located at Level 7, Citic Mansion, No.1 Jianxin South Road, Jiangbei District, Chongqing City, the PRC with a gross area of approximately 1,537 square metres and the term of its land use rights runs from 7 April 2017 to 16 October 2046. The Property is for commercial use.

The Property shall be sold to the Purchaser free from all encumbrances and subject to an existing tenancy agreement with an Independent Third Party for a term of two years commencing from 5 July 2019 and expiring on 4 July 2021 (both dates inclusive) at an aggregate rent of approximately RMB2,213,000 (equivalent to approximately HK\$2,479,000) (inclusive of value-added tax but exclusive of management charges, utility charges and all other outgoings). The rental income attributed to the Property for the period from 5 July 2019 (being the commencement date of the tenancy agreement mentioned above) to the date of Delivery is approximately RMB1,214,000 (equivalent to approximately HK\$1,360,000).

As informed by the Vendor, the acquisition cost of the Property was approximately RMB12,800,000 (equivalent to approximately HK\$14,336,000).

Consideration

The consideration of the Property is approximately RMB12,450,000 (equivalent to approximately HK\$13,944,000) (the “**Consideration**”).

The Consideration is determined on an arm's length basis between the Purchaser and the Vendor, with reference to, among others, the valuation of the Property in the amount of RMB12,800,000 (equivalent to approximately HK\$14,336,000) conducted by an independent property valuer as of 13 August 2020 and the price of the offices in the vicinity of the Property.

Payment of Consideration

The Consideration shall be paid by the Purchaser to the Vendor on 24 August 2020 and will be funded by the internal resources of the Group.

Delivery of the Property

The Vendor shall deliver the Property to the Purchaser by 31 August 2020 (“**Delivery**”).

At the date of Delivery, a Filing Certificate for Completion of Construction Works in Chongqing City (重慶市建設工程竣工驗收備案登記證) shall have been granted to the Property, and the Purchaser and Vendor shall, within 180 days after fulfilment of the following conditions apply for a Real Property Ownership Certificate (不動產權證) with the relevant PRC land and housing ownership registration department for the Purchaser:

- (i) the Sale and Purchase Agreement having been entered into and taken effect;
- (ii) the Consideration having been paid;
- (iii) all the relevant taxes in respect of the Property having been settled by the Purchaser; and
- (iv) all necessary information for the application for the Real Property Ownership Certificate (不動產權證) having been provided by the Purchaser.

Other than in case of force majeure events, if the Vendor fails to deliver the Property on the date of Delivery, and the delay is within 90 days, the Vendor shall pay penalty fee to the Purchaser in the amount of 0.05% of the Consideration for each day of default. If the delay is more than 90 days, the Purchaser shall have the right to terminate the Sale and Purchase Agreement by providing a termination notice within 10 days from the 91st date of delay, and the Vendor shall refund the Consideration and pay penalty fee to the Purchaser in the amount of 0.05% of the Consideration for each day of default within 60 days after receiving the termination notice and completion of the registration of the cancellation of the Sale and Purchase Agreement by the Vendor. In case the Purchaser does not terminate the Sale and Purchase Agreement, the Vendor shall pay penalty fee to the Purchaser in the amount of 0.05% of the Consideration for each day of default. In any case, the aforementioned penalty fee shall not exceed 10% of the Consideration.

Termination of the Sale and Purchase Agreement

Save for the circumstances stated in the other parts of this announcement, the Sale and Purchase Agreement may be unilaterally terminated or discharged by the Purchaser or the Vendor by reason of default of the other party, and the defaulting party shall pay to the non-defaulting party a penalty fee in the amount of 10% of the Consideration.

In the event of termination of the Sale and Purchase Agreement:

- (i) the Purchaser shall, within 10 days from the date of the occurrence of the events of termination, cooperate with the Vendor to complete the procedures required for the cancellation of the Sale and Purchase Agreement or for the re-transfer of the title of the Property to the Vendor, failing which the Purchaser shall pay an additional daily penalty fee to the Vendor in the amount of 0.05% of the Consideration; and
- (ii) if the Property has already been delivered to the Purchaser at the time of the termination of the Sale and Purchase Agreement, the Purchaser shall:
 - (1) pay to the Vendor property usage fees in the amount of 0.01% of the Consideration per day for the period from the date of Delivery to the date of termination of the Sale and Purchase Agreement; and
 - (2) return the Property in the same state as it was as of Delivery.

Unless as specified in the Sale and Purchase Agreement or stipulated by the laws, any party shall not unilaterally terminate the Sale and Purchase Agreement, otherwise the party which unilaterally terminates the Sale and Purchase Agreement shall pay penalty fee in the amount of 10% of the Consideration.

Dispute resolution

Any disputes arising from the Sale and Purchase Agreement shall be resolved by negotiation between the Purchaser and the Vendor, failing which, proceedings should be initiated in the People’s Court of the PRC in accordance with the relevant laws. If any party fails to resolve a dispute in the aforementioned manner, the party in default shall pay to the other party penalty fee in the amount of 10% of the Consideration.

REASONS FOR AND BENEFITS OF THE SALE AND PURCHASE AGREEMENT

The Property is located in the prime business district of Chongqing City. With the economics of recovery, the demand of Grade-A office has driven up the growth momentum of the Property's price and rental income. The Property also provide stable income from rental of lease with a satisfactory yield for long term investment.

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

INFORMATION OF THE PARTIES

The Group is 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.

The Purchaser is engaged in property management services, and real estate management & agent.

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

The Vendor is engaged in sales and leasing of properties, hotel and properties management, provision of properties and commodities consultation services, sales, sales of construction materials and steel materials.

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

LISTING RULES IMPLICATIONS

CSCEC is the ultimate holding company of COHL, which is the controlling shareholder of each of the Company and COLI by virtue of it being interested in approximately 61.18% and 55.99% of their respective issued share capital, respectively. Therefore, the Vendor, being a wholly-owned subsidiary of COLI, is a connected person of the Company and the entering into of the Sale and Purchase Agreement and the transaction contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Sale and Purchase Agreement and the transaction contemplated thereunder exceeds 0.1% but is less than 5%, the entering into of the Sale and Purchase Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Sale and Purchase Agreement and the transaction contemplated thereunder. Save for Mr. Zhang Guiqing, who is the chairman and executive Director of the Company and director of COHL and who has voluntarily abstained from voting, none of the Directors have abstained from voting on the resolutions passed by the Board approving the Sale and Purchase Agreement and the transaction contemplated thereunder.

DEFINITIONS

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

“Board”	the Board of Directors
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, and the controlling shareholder of each of the Company and COLI
“COHL Group”	COHL and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time
“COLI”	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 688)
“COLI Group”	COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time
“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)
“connected person(s)”, “controlling shareholder”, “holding company”, “percentage ratio”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Consideration”	has the meaning ascribed to it under the section headed “Sale and Purchase Agreement – Consideration” in this announcement

“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 the Company and COLI
“CSCEC Group”	CSCEC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange but including CSCECL Group and COHL Group) from time to time
“CSCECL”	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), a controlling shareholder of the Company and a non-wholly owned subsidiary of CSCEC
“CSCECL Group”	CSCECL and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange but including COHL Group) from time to time
“Delivery”	has the meaning ascribed to it under the section headed “Sale and Purchase Agreement – Delivery of the Property” in this announcement
“Director(s)”	the director(s) of the Company
“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 Third Party”	third party independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan

“Property”	Level 7, Citic Mansion, No.1 Jianxin South Road, Jiangbei District, Chongqing City, the PRC
“Purchaser”	重慶海投物業管理有限公司(Chongqing Haitao Property Management Company Limited*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 21 August 2020 entered into between the Purchaser and the Vendor pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Property
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	重慶中海振興房屋銷售有限公司 (Chongqing China Overseas Zhenxing Property Company Limited*), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of COLI
“%”	per cent

* For identification purposes only

For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the exchange rate of RMB1.00 to HK\$1.12. No representative is made that any amounts in RMB or HK\$ has been or could be converted at the above rates or at any other rates.

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

Hong Kong, 21 August 2020

As at the date of this announcement, the Board comprises seven 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); 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.