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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
LICENCE AGREEMENT**

Reference is made to the announcement of the Company dated 26 June 2017 relating to the Previous Licence Agreement entered into between the Company and COHL in relation to the licensing of the Licensed Premises, which will expire on 30 September 2020.

In this connection, the Board wishes to announce that on 29 September 2020, the Company entered into the Licence Agreement with COHL, pursuant to which COHL agreed to continue to license to the Company the right to use and occupy the Licensed Premises for a term of 1 year and 7 months commencing from 1 October 2020 to 30 April 2022 (both days inclusive) with the expiry of the Previous Licence Agreement.

COHL is the controlling shareholder of the Company and is therefore a connected person of the Company. Hence, the entering into of the Licence Agreement and the transaction contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio in respect of the Licence Agreement and the transaction contemplated thereunder exceeds 0.1% but is less than 5%, the entering into of the Licence 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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THE LICENCE AGREEMENT

The principal terms of the Licence Agreement are summarised as follows:

Date

29 September 2020

Parties

- (i) COHL (as licensor)
- (ii) the Company (as licensee)

Term

1 year and 7 months commencing from 1 October 2020 to 30 April 2022 (both days inclusive)

Licensed Premises

A gross floor area (inclusive of common areas and facilities) of approximately two tenths (2:10) of the gross floor area of the Premises, being approximately 2,989.2 square feet

Premises

Level 7, Three Pacific Place, 1 Queen's Road East, Hong Kong

Use of Licensed Premises

Commercial office

Licence fee

HK\$307,880 per month (exclusive of rates) payable on the first day of each month

Air-conditioning and management charges

- (i) HK\$32,660 per month for the period from 1 October 2020 to 31 December 2020 (both days inclusive)
- (ii) HK\$33,640 per month for the period from 1 January 2021 to 31 December 2021 (both days inclusive)
- (iii) HK\$34,640 per month for the period from 1 January 2022 to 30 April 2022 (both days inclusive)

Deposit

A deposit of HK\$1,027,560 shall be payable on the date of the Licence Agreement and shall be refunded to the Company within 30 days of the expiration or termination of the Licence Agreement. In this connection, the original deposit of \$1,027,560 previously paid by the Company under the Previous Licence Agreement shall be deemed to be refunded to the Company for the payment towards this deposit on the date of the Licence Agreement.

The terms of the Licence Agreement (including the licence fee) were determined after arm's length negotiations between COHL and the Company, with reference to the actual amount of rent and air-conditioning and management fees being charged by the landlord pursuant to the lease entered into between COHL and the landlord of the Premises without any mark-up (being two-tenths (2:10) of the size of the Premises). The rental being charged by the landlord to COHL was determined by reference to the prevailing market rentals for comparable properties in the vicinity of similar ages, sizes, uses and attributes.

The fees payable under the Licence Agreement will be satisfied by the Company's internal resources.

The unaudited value of the right-of-use asset recognised by the Company under the Licence Agreement amounts to approximately HK\$5,673,000, which is calculated with reference to the present value of the total fees payable during the term of the Licence Agreement in accordance with HKFRS 16. A discount rate of 2.27% per annum is applied compute the present value of the total licence fee payable under the Licence Agreement.

Reasons and benefits for entering into the Licence Agreement

By entering into the Licence Agreement, the Company will enjoy such terms (including but not limited to rental) offered by COHL under the Licence Agreement (on the same basis as those offered by the landlord of the Premises to COHL pursuant to the lease between COHL and the landlord of the Premises) and such terms may not be otherwise available should the Company negotiate a rental agreement with the landlord on its own.

The Directors (including all the independent non-executive Directors) consider that the Licence Agreement, its terms and the transaction contemplated thereunder (including maximum total amount payable for the licensing of the Licensed Premises under the Licence Agreement) 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.

COHL is a non-wholly owned subsidiary of CSCEC and the controlling shareholder of the Company principally engaged in investment holding. The CSCEC Group is a conglomerate principally engaged in building construction, international contracting, real estate development and investment, infrastructure construction and investment and design and prospecting.

LISTING RULES IMPLICATIONS

COHL is the controlling shareholder of the Company and is therefore a connected person of the Company. Hence, the entering into of the Licence Agreement and the transaction contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio in respect of the Licence Agreement and the transaction contemplated thereunder exceeds 0.1% but is less than 5%, the entering into of the Licence 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 Licence 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, has voluntarily abstained from voting, none of the Directors have abstained from voting on the resolutions passed by the Board approving the Licence 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 the Company
“COHL Group”	COHL 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”, “controlling shareholder”, “holding company”, “percentage ratio” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“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 the Company
“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
“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
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Licence Agreement”	the licence agreement dated 29 September 2020 entered into between COHL and the Company in relation to the licensing of the Licensed Premises for a term of 1 year and 7 months from 1 October 2020 to 30 April 2022 (both dates inclusive)

“Licensed Premises”	a gross floor area (inclusive of common areas and facilities) of approximately two tenths (2:10) of the gross floor area of the Premises, being approximately 2,989.2 square feet
“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
“Premises”	Level 7, Three Pacific Place, 1 Queen’s Road East, Hong Kong
“Previous Licence Agreement”	the licence agreement dated 26 June 2017 entered into between COHL and the Company in relation to the licensing of the Licensed Premises for a term of three years from 1 October 2017 to 30 September 2020 (both dates inclusive)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 29 September 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.