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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
LEASE AGREEMENT**

The Board wishes to announce that on 30 December 2020, the Lessee (a wholly-owned subsidiary of the Company) entered into the Agreement with the Lessor (a wholly-owned subsidiary of COGO), pursuant to which the Lessor agreed to lease to the Lessee the Leased Properties including mainly all rentable car parking spaces (including air-raid shelter car parking spaces) in the five residential developments located in Beijing, the PRC developed by the Lessor and/or its subsidiaries for a term of one year commencing on 1 January 2021 and ending on 31 December 2021 (both days inclusive), for a total annual rent of RMB5.3 million (equivalent to approximately HK\$6.3 million).

CSCEC is the ultimate holding company of the Company. COHL, a subsidiary of CSCEC, is the controlling shareholder of each of the Company and COLI by virtue of it being interested in approximately 61.18% and 56.00% of their respective issued share capital. COLI is in turn the controlling shareholder of COGO by virtue of it being interested in approximately 38.32% of the issued share capital of COGO. Accordingly, the Lessor, being a wholly-owned subsidiary of COGO, is a connected person of the Company and the entering into of the Agreement and the transactions 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 entering into of the Agreement and the transactions contemplated thereunder exceeds 0.1% but is less than 5%, the entering into of the Agreement and the transactions 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.

The Board wishes to announce that on 30 December 2020, the Lessee (a wholly-owned subsidiary of the Company) entered into the Agreement with the Lessor (a wholly-owned subsidiary of COGO), pursuant to which the Lessor agreed to lease the Leased Properties to the Lessee for a term of one year commencing on 1 January 2021 and ending on 31 December 2021 (both dates inclusive).

AGREEMENT

Date

30 December 2020

Parties

- (a) the Lessor; and
- (b) the Lessee.

Term

One year commencing on 1 January 2021 and ending on 31 December 2021 (both days inclusive).

Leased Properties

The “Leased Properties” are comprised of the following properties (including mainly 1,154 car parking spaces) in five residential developments located in Beijing, the PRC developed by the Lessor and/or its subsidiaries:

- (1) 325 non-air-raid shelter car parking spaces, 113 air-raid shelter car parking spaces and ancillary facilities including a club house and a suite in EverBright Garden* (光大花園), a residential complex located at 2 Quanzong Road, Haidian District, Beijing, the PRC;
- (2) 83 car parking spaces with title and 200 air-raid shelter car parking spaces in EverBright Xiyuan* (光大西園), a residential complex located at Wanliu, Haidian District, Beijing, the PRC;
- (3) 224 air-raid shelter car parking spaces in EverBright Mingzhu* (光大名築), a residential complex located at 178 Beiyuan Road, Chaoyang District, Beijing, the PRC;
- (4) 45 air-raid shelter car parking spaces in Xiqing Apartment* (西晴公寓), a residential complex located at Beitaipingzhuang, Haidian District, Beijing, the PRC; and
- (5) 164 air-raid shelter car parking spaces in Academism* (學院派), a residential complex located at Xizhimen, Haidian District, Beijing, the PRC.

Use of Leased Properties

The Leased Properties will be managed and maintained by the Lessee principally for sub-letting purpose.

Rent

RMB5.3 million (equivalent to approximately HK\$6.3 million) per annum (exclusive of management, maintenance and operating expenses), payable in RMB cash in full before 31 December 2021.

The rent was determined on an arm's length basis by the Lessor and the Lessee with reference to the prevailing market rent level of the Lease Properties of comparable residential complexes in the vicinity of the COGO Property Developments of similar ages, sizes and attributes and the prevailing market conditions. The rent will be funded by internal resources of the Group.

As the transactions contemplated under the Agreement qualified as a short-term lease under HKFRS16 for being a lease with a maximum possible term of 12 months or less, the rent will be recognised by the Group as an expense on a straight-line basis over the term of the Agreement.

Other fees

All relevant property taxes (if any), fees for use of air-raid shelters and expenses for significant maintenance and renovation will be borne by the Lessor.

Liabilities of breach

If the Lessee fails to pay the full rent in accordance with the Agreement, it shall pay damages in the amount of 0.05% of the annual rent for each day of default.

Partial termination of the Agreement

If the Lessee and/or its subsidiaries cease to be the property management companies of any property located in the COGO Property Development, the lease of the relevant part of the Leased Properties will be terminated.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Lessee and/or its subsidiaries are currently providing property management services to the COGO Property Developments, and are familiar with the relevant rental markets in the nearby areas. The Group considers that there are steady demands for the Leased Properties by the owners of the residential units in the COGO Property Developments, as the demands are more than the available supplies in nearby areas. As such, the Group believes it will be able to leverage its expertise in the markets and profit from subletting and operating the Leased Properties.

The Directors (including all the independent non-executive Directors) consider that the terms of the Agreement and the transactions contemplated thereunder (including the annual rent) 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 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.

The Lessee is engaged in the provision of property management services.

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

The Lessor is engaged in property development.

CSCEC (a state-owned corporation in the PRC) is the ultimate controlling shareholder of the Company and COGO respectively. 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

CSCEC is the ultimate holding company of the Company. COHL, a subsidiary of CSCEC, is the controlling shareholder of each of the Company and COLI by virtue of it being interested in approximately 61.18% and 56.00% of their respective issued share capital. COLI is in turn the controlling shareholder of COGO by virtue of it being interested in approximately 38.32% of the issued share capital of COGO. Accordingly, the Lessor, being a wholly-owned subsidiary of COGO, is a connected person of the Company and the entering into of the Agreement and the transactions 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 entering into of the Agreement and the transactions contemplated thereunder exceeds 0.1% but is less than 5%, the entering into of the Agreement and the transactions 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 Agreement and the transactions contemplated thereunder. Save for Mr. Zhang Guiqing, being the chairman and executive Director of the Company, a director of COHL and a former director of COGO before he joined the Company on 11 February 2020, has voluntarily abstained from voting, none of the Directors has abstained from voting on the resolutions passed by the Board approving the Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“Agreement”	the short-term lease agreement dated 30 December 2020 entered into between the Lessor and the Lessee pursuant to which the Lessor agreed to lease the Leased Properties to the Lessee for a term of one year from 1 January 2021 to 31 December 2021 (both days inclusive)
“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 Group”	COGO and its subsidiaries from time to time
“COGO Property Developments”	the five residential developments located in Beijing, the PRC developed by the Lessor and/or its subsidiaries, including EverBright Garden* (光大花園), EverBright Xiyuan* (光大西園), EverBright Mingzhu* (光大名築), Xiqing Apartment* (西晴公寓) and Academism* (學院派)
“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)

“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(s)”, “holding company(ies)”, “percentage ratio(s)”, 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Leased Properties”	has the meaning as defined under the section headed “ <i>Agreement — Leased Properties</i> ”
“Lessee”	中海宏洋物業管理有限公司 (China Overseas Grand Oceans Property Management Company Limited*), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of the Company

“Lessor”	中海宏洋地產集團有限公司 (China Overseas Grand Oceans Property Group Company Limited*), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of COGO
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

In this announcement, RMB has been converted to HK\$ at the rate of RMB1 = HK\$1.19 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

* For identification purposes only

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

Hong Kong, 30 December 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.