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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

REVISION OF ANNUAL CAP UNDER MATERIAL PROCUREMENT AND SUPPLY CHAIN MANAGEMENT SERVICES AGREEMENT

REVISION OF EXISTING ANNUAL CAP

This announcement is made by the Company pursuant to Rule 14A.54 of the Listing Rules.

Reference is made to the announcement of the Company dated 28 April 2021 in relation to the entering into of the Material Procurement and Supply Chain Management Services Agreement between COPML (a wholly-owned subsidiary of the Company) and Shenzhen Lingchao (a wholly-owned subsidiary of COLI), pursuant to which Shenzhen Lingchao agreed to provide the Material Procurement and Supply Chain Management Services to COPML Group from time to time for a term of 14 months, commencing on 1 May 2021 and ending on 30 June 2022 (both dates inclusive). Details of the Material Procurement and Supply Chain Management Services Agreement are disclosed in the said announcement.

Based on the volume of existing property projects and potential projects of COPML Group (which has increased due to increased demand for fine decoration and furnishing), it is expected that more goods and materials will be required to be procured through the E-commerce System and the existing annual cap for the transactions contemplated under the Material Procurement and Supply Chain Management Services Agreement for the period from 1 January 2022 to 30 June 2022 will no longer be sufficient to support the business need of COPML Group. The Company has therefore decided to enter into the Supplemental Agreement to revise the annual cap by increasing it from HK\$67 million to HK\$300 million.

LISTING RULES IMPLICATIONS

As at the date of this announcement, 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 56.09% of their respective issued share capital. Shenzhen Lingchao, being a wholly-owned subsidiary of COLI, is a connected person of the Company and the entering into of the Material Procurement and Supply Chain Management Services Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated based on the Revised Cap exceeds 0.1% but is less than 5%, the transactions contemplated under the Material Procurement and Supply Chain Management Services Agreement (as amended by the Supplemental Agreement) are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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EXISTING ANNUAL CAP AND THE REVISED CAP

Based on the volume of existing property projects and potential projects of COPML Group (which has increased due to increased demand for fine decoration and furnishing), it is expected that more goods and materials will be required to be procured through the E-commerce System and the existing annual cap for the transactions contemplated under the Material Procurement and Supply Chain Management Services Agreement for the period from 1 January 2022 to 30 June 2022 will no longer be sufficient to support the business need of COPML Group. The Company has therefore decided to enter into the Supplemental Agreement to revise the annual cap by increasing it from HK\$67 million to HK\$300 million.

The historical/estimated (as the case may be) transaction amount and the corresponding annual cap for the transactions conducted under the Material Procurement and Supply Chain Management Services Agreement for the period from 1 May 2021 to 30 June 2022 are as follows:

Period covered	Existing annual cap	Actual/estimated amount committed during the period	Revised Cap
1 May 2021 – 31 December 2021	HK\$133 million	HK\$100.55 million	N/A
1 January 2022 – 30 June 2022	HK\$67 million	HK\$270 million*	HK\$300 million

* *Note:* The Company has monitored the actual transaction amount to ensure that the existing annual cap was not breached before the entering into of the Supplemental Agreement.

The Revised Cap is determined with reference to factors including: (1) the historical transaction amount; (2) the volume of existing property projects of COPML Group (including contracts for provision of fine decoration and furnishing services) and the Company's projection of the volume of new property projects which are expected to require procurement of goods and materials through the E-commerce System by 30 June 2022; and (3) a small buffer for unexpected increase in transaction amount which is equal to 10% of the estimated transaction amount for the period from 1 January 2022 to 30 June 2022.

Other than the revision of the existing annual cap as aforementioned, all other terms of the Material Procurement and Supply Chain Management Services Agreement remain unchanged.

The Directors (including the independent non-executive Directors) are of the view that the entering into of the Material Procurement and Supply Chain Management Services Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group, the terms of the Material Procurement and Supply Chain Management Services Agreement (as amended by the Supplemental Agreement) (including the Revised Cap) are on normal commercial terms after arm's length negotiations between the parties thereunder, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. Guo Lei, a non-executive Director of the Company, is a director of Shenzhen Lingchao and has therefore abstained from voting on the board resolutions of the Company approving the entering into of the Supplemental Agreement and the revision of the existing annual cap for having material interest in them. 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 and a director of COHL, although not considered having any material interest in the Material Procurement and Supply Chain Management Services Agreement (as amended by the Supplemental Agreement) 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 Material Procurement and Supply Chain Management Services Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder and none of them has abstained from voting on such board resolutions.

LISTING RULES IMPLICATIONS

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As the highest applicable percentage ratio calculated based on the Revised Cap exceeds 0.1% but is less than 5%, the transactions contemplated under the Material Procurement and Supply Chain Management Services Agreement (as amended by the Supplemental Agreement) are subject to the reporting, announcement and annual review requirements, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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.

COPML is a wholly-owned subsidiary of the Company and is principally engaged in real estate management and investment holding.

COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) is principally engaged in property development and investment, and other operations.

Shenzhen Lingchao is a wholly-owned subsidiary of COLI and is principally engaged in supply chain management services, sale of machineries, equipment, construction materials and building decoration materials, etc.

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

DEFINITIONS

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

“Board”	the board of Directors
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, the controlling shareholder of each of the Company and COLI
“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)”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“COPML”	中海物業管理有限公司 (China Overseas Property Management Limited*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“COPML Group”	COPML and its subsidiaries from time to time

“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
“Director(s)”	the director(s) of the Company
“E-commerce System”	an e-commerce system established and operated by Shenzhen Lingchao and made available to COPML Group for it to source and purchase goods and materials necessary for the property projects it is currently servicing within the PRC, where information including the supplier and the unit price of the various goods and materials are shown on the platform
“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
“Macau”	the Macao Special Administrative Region of the PRC
“Material Procurement and Supply Chain Management Services Agreement”	the material procurement and supply chain management services agreement dated 28 April 2021 entered into between COPML and Shenzhen Lingchao in relation to the provision of the Material Procurement and Supply Chain Management Services by Shenzhen Lingchao to COPML Group for the period of 14 months commencing on 1 May 2021 and ending on 30 June 2022 (both dates inclusive)
“Material Procurement and Supply Chain Management Services”	services including making available the E-commerce System for COPML Group to source and purchase goods and materials necessary for the property projects it is currently servicing, liaising and coordinating with the relevant suppliers and procuring that necessary goods and materials be produced, delivered to COPML Group, maintained and repaired if damaged
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan

“Revised Cap”	the revised maximum price to be paid for the goods and materials purchased by COPML Group through Shenzhen Lingchao through the E-commerce System for the period from 1 January 2022 to 30 June 2022 as set out under the Supplemental Agreement
“Shenzhen Lingchao”	深圳領潮供應鏈管理有限公司 (Shenzhen Lingchao Supply Chain Management Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of COLI
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 1 April 2022 to the Material Procurement and Supply Chain Management Services Agreement entered into between COPML and Shenzhen Lingchao, pursuant to which the existing annual cap for the transactions contemplated under the Material Procurement and Supply Chain Management Services Agreement for the period from 1 January 2022 to 30 June 2022 has been revised
“%”	per cent

* For identification purpose only.

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

Hong Kong, 1 April 2022

As at the date of this announcement, the Board 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.