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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

RENEWAL OF MATERIAL PROCUREMENT AND SUPPLY CHAIN MANAGEMENT SERVICES AGREEMENT

RENEWAL OF MATERIAL PROCUREMENT AND SUPPLY CHAIN MANAGEMENT SERVICES AGREEMENT

Reference is made to the announcement of the Company dated 29 June 2022 in relation to the 2022 Material Procurement and Supply Chain Management Services Agreement entered into 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 3 years, commencing on 1 July 2022 and ending on 30 June 2025 (both dates inclusive).

COPML Group intends to continue to engage Shenzhen Lingchao to provide the Material Procurement and Supply Chain Management Services from time to time. Accordingly, on 22 May 2025, COPML entered into the 2025 Material Procurement and Supply Chain Management Services Agreement with Shenzhen Lingchao to renew the transactions under the 2022 Material Procurement and Supply Chain Management Services Agreement for a term of 3 years, commencing on 1 July 2025 and ending on 30 June 2028 (both dates inclusive).

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 61.24% and 56.10% 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 2025 Material Procurement and Supply Chain Management Services 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 Caps exceeds 0.1% but is less than 5%, the entering into of the 2025 Material Procurement and Supply Chain Management Services Agreement and the transactions contemplated thereunder 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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The principal terms of the 2025 Material Procurement and Supply Chain Management Services Agreement are summarised as follows:

Date

22 May 2025

Parties

- (1) COPML (for and on behalf of COPML Group), as the customer; and
- (2) Shenzhen Lingchao, as the services provider.

Term

3 years commencing on 1 July 2025 and ending on 30 June 2028 (both dates inclusive).

Nature of the transactions

Shenzhen Lingchao will provide the Material Procurement and Supply Chain Management Services to COPML Group as follows:

- (1) Shenzhen Lingchao will establish and operate the E-commerce System by using modern information technology, integrating its industry network and connections, as well as optimising production management to consolidate demand, unify procurement, allocate inventory, unify distribution, coordinate planning, monitor order delivery in real time, centralise control of credit risk, allow shared management of supplier and customer resources, etc.;
- (2) the E-commerce System will be tailored to the procurement need of and make 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 will be shown;
- (3) based on the future procurement needs predicted by aggregating the individual procurement needs of the relevant property projects serviced by COPML Group, members of COPML Group will from time to time submit Demand Lists to Shenzhen Lingchao indicating the total volume of certain goods and materials to be purchased from the specified supplier(s) and for the unit prices shown on the E-commerce System, and allowing Shenzhen Lingchao to organise its supply chain resources in advance in preparation for the purchases;
- (4) when actual procurement needs arise for each property project as it progresses, COPML Group will place Purchase Orders with Shenzhen Lingchao (which must be within the scope of the Demand Lists), which will then coordinate and organise its supply chain resources and arrange that the goods and materials as required under the Purchase Orders be produced, delivered to COPML Group, inspected, maintained and repaired if damaged;
- (5) market volatility affecting the price of the goods and materials will be borne by Shenzhen Lingchao, which will also be liable to COPML Group for the quality, delay in delivery, loss and maintenance and repair of the goods and materials; and

- (6) relevant training and technical support as to the use of the E-commerce System will be provided by Shenzhen Lingchao to the staff of COPML Group.

Price

Price and pricing basis

The unit price for each good and material purchased through the E-commerce System will be the price as confirmed and shown on the relevant Demand List (value-added tax included, the amount of which may be adjusted according to the prevailing taxation policy of the PRC), which is the unit price shown on the E-commerce System as at the date of the relevant Demand List. When setting the unit price, the following principles will be followed:

- (1) the unit price will be determined on arm's length basis based on normal commercial terms and with reference to market conditions and prices offered by independent third parties for similar goods and materials, and no less favourable to COPML Group than to the independent third party customers of Shenzhen Lingchao;
- (2) for goods and materials which do not require installation, the unit price will be determined with reference to the costs of producing, processing and transporting the goods and materials, and service fees for quality assurance and after-sales maintenance in respect of internal defects of the goods and materials; and
- (3) for goods and materials which require installation, the unit price will be determined with reference to the costs of producing, processing, transporting, unloading, rehandling, storing and installing the goods and materials, and service fees for quality assurance and after-sales maintenance in respect of internal defects and installation of the goods and materials.

Pricing policy

COPML Group is not obliged to purchase any goods and materials through Shenzhen Lingchao through the E-commerce System and is free to purchase goods and materials from other procurement platforms or suppliers.

Before submitting any Demand List for goods and materials, COPML Group will first compare the price and quality of the goods and materials offered by suppliers on the E-commerce System with similar goods and materials offered by independent third party suppliers, by, as far as possible, obtaining the price of each good or material charged by independent third party suppliers and/or other procurement platforms in the open market, and with similar goods and materials of comparable quantity purchased from independent third party suppliers in the past. Only goods and materials offered with the best available terms will be purchased.

Payment terms

The price for the goods and materials purchased by COPML Group through Shenzhen Lingchao through the E-commerce System will be payable according to the following terms:

- (1) Except for the following goods and materials for which deposit will be required to be paid, no deposits will be required for goods and materials ordered by COPML Group through the E-commerce System:

Type of goods and materials	Deposit (% of aggregate price to be paid for all such goods and materials required under the Demand List)	Payment date
Escalator/elevator	50%	Date of submission of the Purchase Order
Speed gate (Boon Edam)	15%	Date of submission of the Purchase Order
Aluminum entrance door	20%	Date of submission of the Purchase Order
Imported kitchen appliance (Gaggenau)	20%	Date of submission of the Purchase Order
Imported kitchen appliance (Bosch/Siemens)	20%	Date of submission of the Purchase Order

- (2) Subject to COPML Group having inspected and accepted the goods and materials, before the 10th day of each month, Shenzhen Lingchao will provide COPML Group with information on the price payable for its purchases in the previous month (together with supporting documents) and COPML Group shall pay the said price (after deducting any deposit paid) to Shenzhen Lingchao before the 25th day of the said month. Failure to pay in time (without fault on Shenzhen Lingchao's part) will result in a late payment fee of 0.03% of the outstanding amount for each day of default.

The price for the goods and materials will be funded by internal resources of the Group.

Historical/estimated transaction amounts

The historical transaction amount paid/committed by COPML Group to Shenzhen Lingchao for the half year ended 31 December 2022, each of the two years ended 31 December 2023 and 31 December 2024 and the estimated transaction amount for the half year ending 30 June 2025 were/is as follows:

	For the half year ended 31 December 2022	For the year ended 31 December 2023	For the year ended 31 December 2024	For the half year ending 30 June 2025
Historical/ estimated transaction amount	HK\$953,000 (equivalent to RMB819,000)	HK\$1.4 million (equivalent to RMB1.3 million)	–	HK\$6.5 million* (equivalent to RMB6.1 million)

* The estimated transaction amount for the half year ending 30 June 2025 is derived from the actual transaction amount for the first quarter ended 31 March 2025 plus the remaining cap (i.e. 50%) for the half year ending 30 June 2025.

The Caps

The Caps for the half year ending 31 December 2025, each of the two years ending 31 December 2026 and 31 December 2027 and the half year ending 30 June 2028 are as follows:

	For the half year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027	For the half year ending 30 June 2028
The Caps	RMB30 million	RMB65 million	RMB70 million	RMB35 million

Basis of determining the Caps

The Caps were determined with reference to factors including:

- (1) the estimated types and volumes of goods and materials which may be procured by COPML Group through Shenzhen Lingchao, based on:
 - (a) the possibility of the Group taking up fine decoration and furnishing work as contractor in respect of various proposed property projects to be serviced by COPML Group which are in the pipeline, and the intent to purchase relevant goods and materials through Shenzhen Lingchao through the E-commerce System. Goods and materials for fine decoration and furnishing work (including for example electronic appliances) are usually more costly; and
 - (b) the historical types of goods and materials purchased by COPML Group from Shenzhen Lingchao. Whereas in respect of the volume of goods and materials purchased during the term of the 2022 Material Procurement and Supply Chain Management Services Agreement, the volume was lower than expected as members of COPML Group mostly purchased from alternative suppliers in accordance with the pricing policy of the Group. The availability of the E-commerce System and the Material Procurement and Supply Chain Management Services, however, is considered necessary due to its convenience and efficiency. For this reason, it is possible that COPML Group may elect to purchase goods and materials that it needs through Shenzhen Lingchao through the E-commerce System if it is more cost-efficient to do so during the term of the 2025 Material Procurement and Supply Chain Management Services Agreement, and the Group has thus estimated the future purchase volume based on the assumption under paragraph (a) above; and
- (2) the prevailing market prices of those goods and materials.

Reasons for and benefits of entering into the 2025 Material Procurement and Supply Chain Management Services Agreement

The Material Procurement and Supply Chain Management Services provided by Shenzhen Lingchao to COPML Group under the previous agreements have proved advantageous and convenient to COPML Group. Its efficiency in procuring goods and materials for the property projects it is servicing has been improved by utilising the E-commerce System. As in the previous cases, the transactions contemplated under the 2025 Material Procurement and Supply Chain Management Services Agreement present a tailor-made supply chain solution for COPML Group, which is efficient and cost-effective, and covers aspects such as logistic management, demand and supply planning and capital management. COPML Group can also enjoy the greater volume discount offered by suppliers to Shenzhen Lingchao for its bulk purchase. Looking ahead, the value-added Material Procurement and Supply Chain Management Services would be conducive for the new projects in the pipeline serviced by COPML Group.

The Directors (including the independent non-executive Directors) are of the view that the entering into of the 2025 Material Procurement and Supply Chain Management Services Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group, the terms of the 2025 Material Procurement and Supply Chain Management Services Agreement (including the Caps) 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.

INTERNAL CONTROL

In order to ensure COPML Group's conformity with the terms of the 2025 Material Procurement and Supply Chain Management Services Agreement in conducting the transactions contemplated thereunder, the Group has adopted the following internal control procedures:

- (1) the business operations division of the Company will be responsible for ensuring that the transactions contemplated under the 2025 Material Procurement and Supply Chain Management Services Agreement will be conducted in accordance with its terms, and monitoring the accumulated price paid for the goods and materials by COPML Group to Shenzhen Lingchao on a regular basis to ensure that the Caps will not be exceeded; and

- (2) the finance and treasury department of the Company will regularly assess whether the Caps might be exceeded based on the actual transaction amount recorded for the previous months and the transaction amount assumed for the remaining months in the relevant periods.

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 61.24% and 56.10% 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 2025 Material Procurement and Supply Chain Management Services 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 Caps exceeds 0.1% but is less than 5%, the entering into of the 2025 Material Procurement and Supply Chain Management Services Agreement and the transactions contemplated thereunder 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.

Mr. Zhang Guiqing, being the chairman and executive Director of the Company and a director of COHL, although not considered having any material interest in the 2025 Material Procurement and Supply Chain Management Services Agreement and the transactions contemplated thereunder, has voluntarily abstained from voting on such Board resolutions. None of the other Directors has any material interest in the 2025 Material Procurement and Supply Chain Management Services Agreement and the transactions contemplated thereunder and none of them has abstained from voting on such Board resolutions.

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 to non-residents and residents 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) are principally engaged in property development, commercial property operations and other businesses.

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:

- “2022 Material Procurement and Supply Chain Management Services Agreement” the material procurement and supply chain management services agreement dated 29 June 2022 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 3 years commencing on 1 July 2022 and ending on 30 June 2025 (both dates inclusive)

- “2025 Material Procurement and Supply Chain Management Services Agreement” the material procurement and supply chain management services agreement dated 22 May 2025 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 3 years commencing on 1 July 2025 and ending on 30 June 2028 (both dates inclusive)

- “Board” the board of Directors

- “Caps” the maximum price to be paid for the goods and materials purchased by COPML Group through Shenzhen Lingchao through the E-commerce System for the relevant periods under the 2025 Material Procurement and Supply Chain Management Services Agreement

“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
“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 organized and existing under the laws of the PRC, and the ultimate holding company of each of the Company and COLI
“Demand List(s)”	the demand list(s) to be submitted by members of COPML Group to Shenzhen Lingchao from time to time indicating the total volume of certain goods and materials to be purchased from the specified supplier(s) and for the unit prices shown on the E-commerce System, which will be prepared based on the future procurement needs predicted by aggregating the individual procurement needs of the relevant property projects serviced by COPML Group
“Director(s)”	the director(s) of the Company

“E-commerce System”	an e-commerce system established and operated by Shenzhen Lingchao and tailored to the procurement need of 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 will be shown
“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”	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, coordinating and organising its supply chain resources and arranging 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
“Purchase Order(s)”	the purchase order(s) to be placed by members of COPML Group with Shenzhen Lingchao for the purchase of goods and materials when actual procurement needs arise for each property project as it progresses
“RMB”	Renminbi, the lawful currency of the PRC
“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

“%”

per cent

* *For identification purpose only.*

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

Hong Kong, 22 May 2025

As at the date of this announcement, the Board comprises nine Directors, of which four are Executive Directors, namely Mr. Zhang Guiqing (Chairman), Mr. Xiao Junqiang (Chief Executive Officer), Mr. Pang Jinying (Vice President) and Mr. Kam Yuk Fai (Chief Financial Officer); two are Non-executive Directors, namely Mr. Guo Lei and Ms. Ng, Yat Wing Athena; 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.