

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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  
IN RELATION TO  
THE LEASE FRAMEWORK AGREEMENT**

**THE LEASE FRAMEWORK AGREEMENT**

On 1 November 2022 (after trading hours), the Company entered into the Lease Framework Agreement with CSCEC. Pursuant to the Lease Framework Agreement, any member of the CSCEC Group will lease premises from any member of the Group from time to time for a term of 3 years commencing from 1 November 2022 and ending on 31 October 2025 (both dates inclusive).

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, CSCEC is the ultimate holding company of the Company. Therefore, CSCEC is a connected person of the Company, and the entering into of the Lease Framework Agreement and the Leasing Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Annual Caps are higher than 0.1% but less than 5% on an annual basis, the Leasing Transactions are subject to the reporting, announcement and annual review requirements but will be exempt from the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

**THE LEASE FRAMEWORK AGREEMENT**

On 1 November 2022 (after trading hours), the Company entered into the Lease Framework Agreement with CSCEC. Pursuant to the Lease Framework Agreement, any member of the CSCEC Group will lease premises from any member of the Group from time to time for a term of 3 years commencing from 1 November 2022 and ending on 31 October 2025 (both dates inclusive).

The principal terms of the Lease Framework Agreement are summarised as follows:

**Date**

1 November 2022

**Parties**

1. the Company (as lessor); and
2. CSCEC (as lessee).

**Term**

The Lease Framework Agreement has a terms of 3 years commencing from 1 November 2022 and ending on 31 October 2025 (both dates inclusive).

**Subject Matter**

Pursuant to the Lease Framework Agreement, the CSCEC Group will lease premises in the PRC from the Group from time to time. The Company and CSCEC agreed that:

- (a) they may enter into, or procure members of the Group and the CSCEC Group to enter into, the Leasing Transactions in the ordinary and usual course of their respective businesses within the limit of the Annual Caps;
- (b) during the term of the Lease Framework Agreement, members of the CSCEC Group will from time to time lease premises from members of the Group by entering into separate underlying tenancy agreements in relation to any Leasing Transactions, which shall set out the detailed terms and conditions of the Leasing Transactions (including the payment terms) and be in compliance with the terms of the Lease Framework Agreement, in particular:
  - (i) for the Group as lessor, its terms shall be on normal commercial terms and are fair and reasonable;
  - (ii) the price for the Leasing Transactions shall be based on the pricing basis under the Lease Framework Agreement, which is set out in the paragraph headed “Pricing Basis for the Leasing Transactions” below;
  - (iii) all the Leasing Transactions are in the ordinary and usual course of business of the Group and in the interest of the Company and its Shareholders as a whole; and
  - (iv) in any event if the term of the underlying tenancy agreements beyond the term of the Leasing Framework Agreement, such underlying tenancy agreements shall continue in full force and effect, provided that the Company shall re-comply with the relevant approval procedures in accordance with the Listing Rules after the expiry of the Leasing Framework Agreement.

Rent for the premises leased by the CSCEC Group are payable monthly, quarterly, or the period as stipulated under the terms of the underlying tenancy agreements between the parties and on such payment terms prescribed therein.

### **Pricing Basis for the Leasing Transactions**

The rental and other charges (if any) charged by the Group from the CSCEC Group shall be negotiated on an arm's length basis and no less favourable to the Group than those offered to independent third parties, determined by a pricing mechanism with reference to the prevailing market prices of comparable properties of similar specifications, size and nature in the vicinity of the premises to be leased and the one-stop shop asset management services and other value-added services to be provided by the Group, and will be monitored regularly under the Group's internal control procedures.

In view of the above pricing basis, the Directors (including the independent non-executive Directors) consider that the pricing under the Leasing Transactions are on normal commercial terms, fair and reasonable and no less favourable to the Group than those offered to independent third parties for similar transactions (as the case may be).

### **Conditions Precedent**

The Leasing Transactions (together with the Annual Caps) are conditional upon the Company having complied with all requirements under the Listing Rules with respect to the Leasing Transactions.

### **Historical Transaction Amounts**

The historical transaction amounts paid to the Group by the CSCEC Group in relation to the Leasing Transactions for each of the two years ended 31 December 2020 and 31 December 2021 and the nine months ended 30 September 2022 were as follows:

	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>	<b>For the nine months ended 30 September 2022</b>
Historical Transaction Amount	HK\$1,100,000	HK\$2,000,000	HK\$3,600,000

### **Annual Caps**

The Annual Caps for the two months ending 31 December 2022, each of the two years ending 31 December 2023 and 31 December 2024 and the ten months ending 31 October 2025 are as follows:

	<b>For the two months ending 31 December 2022</b>	<b>For the year ending 31 December 2023</b>	<b>For the year ending 31 December 2024</b>	<b>For the ten months ending 31 October 2025</b>
Annual Caps	HK\$6,000,000	HK\$24,000,000	HK\$36,000,000	HK\$42,000,000

## **Basis of determination of Annual Caps**

The Annual Caps are calculated with reference to the historical rent of the Group's premises, the number of the premises to be needed by the CSCEC Group and available from the Group during the term of the Lease Framework Agreement, and their respective size, locations and attributes, the prevailing and expected market rent level of comparable properties over the PRC in the vicinity of similar ages, sizes, uses and attributes, the scope and nature of the management and other value-added services to be provided by the Group, provision of a buffer to cover the possible increase in demand for the leasing of the Group's properties and possible fluctuation in the rents in the PRC property market.

## **INTERNAL CONTROL PROCEDURES**

In order to safeguard the interests of the Company and the Shareholders as a whole, in respect of the continuing connected transactions contemplated under the Lease Framework Agreement, the Group has adopted the following measures:

- (a) the general managers of the relevant business units and operations divisions of the Group will be responsible for negotiating the proposed underlying tenancy agreements with the members of the CSCEC Group;
- (b) the general managers of the relevant business units and operations divisions of the Group will monitor the payment terms for each of the underlying tenancy agreement to ensure that they will not be less than the prevailing market rent level of comparable properties in the vicinity of similar ages, sizes, uses and attributes;
- (c) the Finance and Treasury Department of the Group will monitor the accumulated rent payable for the premises by members of the CSCEC Group and submit quarterly reports to the executive Directors overseeing finance-related matters and the company secretary of the Company in order to ensure that the respective Annual Caps will not be exceeded; and
- (d) the independent non-executive Directors will review all the continuing connected transactions of the Company annually to ensure that they have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and have been carried out pursuant to the terms of such transactions, in particular, the pricing under the Leasing Transactions shall be no less favourable to the Group than those offered to independent third parties for similar transactions (as the case may be), and that such terms are fair and reasonable and in the interests of the Company and Shareholders as a whole.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE LEASE FRAMEWORK AGREEMENT**

Apart from providing property management services, as part of the Group's value-added services segment, the Group had provided one-stop shop professional asset management services to the properties owners and managed certain properties as lessor by leveraging on its knowledge and expertise in the local market. The Group sub-let properties it rented from various lessors. With the Group's value-adding services and inputs (such as pre-delivery services, repair and maintenance services and marketing services), it is expected that the profile and status of such properties will be enhanced and the Group will be able to generate higher market rental income for the Group than the rent payable by the Group. The Directors believe that it is in the overall interests of the Company to enter into the Lease Framework Agreement with CSCEC, which will ensure the stable development of the Group's business.

The Directors (including the independent non-executive Directors) consider that the Lease Framework Agreement was entered into on normal commercial terms after arm's length negotiations and in the ordinary and usual course of business of the Group, and that the terms (including the Annual Caps) are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

As none of the Directors has any material interest in the Leasing Transactions, none of them is required to abstain from voting on the resolutions passed by the Board approving the Lease Framework Agreement and the Leasing Transactions (together with the Annual Caps).

Shareholders should note that the Annual Caps represent the best estimates by the Directors of the amounts of the relevant transactions based on the information currently available. The Annual Caps bear no direct relationship to, nor should be taken to have any direct bearing to the Group's financial or potential financial performance.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CSCEC is the ultimate holding company of the Company. Therefore, CSCEC is a connected person of the Company, and the entering into of the Lease Framework Agreement and the Leasing Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Annual Caps are higher than 0.1% but less than 5% on an annual basis, the Leasing Transactions are subject to the reporting, announcement and annual review requirements but will be exempt from the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

## **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.

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

## DEFINITIONS

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

“Annual Caps”	the maximum total rents payable by the CSCEC Group to the Group for the relevant years/periods under the Lease Framework Agreement
“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 persons”, “continuing connected transactions”, “controlling shareholder”, “holding company”, “percentage ratios” 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 its subsidiary(ies) listed on any stock exchange but including the CSCECL 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 the 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
“Lease Framework Agreement”	the framework agreement dated 1 November 2022 entered into between CSCEC and the Company in respect of the CSCEC Group’s leasing of premises from the Group
“Leasing Transactions”	the transactions to be contemplated under the Lease Framework Agreement
“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
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“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, 1 November 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.*