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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

PROVISION OF GUARANTEE TO CONNECTED PERSON

Reference is made to the announcement of the Company dated 28 April 2020 in relation to, among other things, the entering into of the COLI Services Agreement, pursuant to which the Group may from time to time participate in competitive tenders to provide the Services (including but not limited to the Smart Setup Services) to COLI Group in respect of the property development projects or properties (including residential communities, commercial properties and other properties) in the PRC, Hong Kong, Macau and other locations owned by COLI Group for a term of three years ending on 30 June 2023.

Reference is also made to the announcement of the Company dated 28 April 2022 in relation to the provision of the First CODG Corporate Guarantee by the Company to CODG. Xinghai IoT (an indirect wholly-owned subsidiary of the Company) participates in competitive tenders to provide the Smart Setup Services to CODG (an indirect wholly-owned subsidiary of COLI) and its subsidiaries in respect of the property development projects or properties (including residential communities, commercial properties and other properties) in the PRC owned by CODG Group. The tender process often involves Xinghai IoT (as contractor) providing to CODG Group (as developer) (1) tender deposits on submission of tenders; (2) performance bonds issued by banks or security deposits on contracts exchange following tender acceptances to ensure contract performance; and (3) quality guarantees (in the form of cash at a certain percentage of the contract sums) on settlement. To reduce the administrative expenses associated with each issuance of performance bond and to increase the efficiency of use of capital, the Group has negotiated for and CODG Group has agreed that the first two requirements for tender deposits, performance bonds or security deposits associated with the provision of the Smart Setup Services to CODG Group may be substituted by the Company providing the First CODG Corporate Guarantee to CODG Group in the amount of RMB30 million (equivalent to approximately HK\$33.1 million).

On 9 December 2022, CODG Group further agreed that the third requirement for quality guarantees associated with the provision of the Smart Setup Services to CODG Group may also be substituted by the Company providing the Second CODG Corporate Guarantee to CODG Group in the amount of RMB20 million (equivalent to approximately HK\$22.1 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. CODG, being an indirect wholly-owned subsidiary of COLI, is a connected person of the Company and the provision of the Second CODG Corporate Guarantee constitutes connected transaction for the Company under Chapter 14A of the Listing Rules.

As the First CODG Corporate Guarantee (the entering into of which was announced by the Company on 28 April 2022), as well as the COGOP Corporate Guarantee and the CSC Group Corporate Guarantees (the entering into of which was announced by the Company on 29 June 2022), were all entered into with parties who are connected with one another within a 12-month period, and were of similar nature, all of the said corporate guarantees were required to be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio for the provision of the Second CODG Corporate Guarantee (as aggregated with the said corporate guarantees) exceeds 0.1% but is less than 5%, it is subject to the reporting and announcement requirements, but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE SECOND CODG CORPORATE GUARANTEE

Reference is made to the announcement of the Company dated 28 April 2020 in relation to, among other things, the entering into of the COLI Services Agreement, pursuant to which the Group may from time to time participate in competitive tenders to provide the Services (including but not limited to the Smart Setup Services) to COLI Group in respect of the property development projects or properties (including residential communities, commercial properties and other properties) in the PRC, Hong Kong, Macau and other locations owned by COLI Group for a term of three years ending on 30 June 2023.

Reference is also made to the announcement of the Company dated 28 April 2022 in relation to the provision of the First CODG Corporate Guarantee by the Company to CODG. Xinghai IoT (an indirect wholly-owned subsidiary of the Company) participates in competitive tenders to provide the Smart Setup Services to CODG (an indirect wholly-owned subsidiary of COLI) and its subsidiaries in respect of the property development projects or properties (including residential communities, commercial properties and other properties) in the PRC owned by CODG Group. The tender process often involves Xinghai IoT (as contractor) providing to CODG Group (as developer) (1) tender deposits on submission of tenders; (2) performance bonds issued by banks or security deposits on contracts exchange following tender acceptances to ensure contract performance; and (3) quality guarantees (in the form of cash at a certain percentage of the contract sums) on settlement. To reduce the administrative expenses associated with each issuance of performance bond and to increase the efficiency of use of capital, the Group has negotiated for and CODG Group has agreed that the first two requirements for tender deposits, performance bonds or security deposits associated with the provision of the Smart Setup Services to CODG Group may be substituted by the Company providing the First CODG Corporate Guarantee to CODG Group in the amount of RMB30 million (equivalent to approximately HK\$33.1 million).

On 9 December 2022, CODG Group further agreed that the third requirement for quality guarantees associated with the provision of the Smart Setup Services to CODG Group may also be substituted by the Company providing the Second CODG Corporate Guarantee to CODG Group. The principal terms of the Second CODG Corporate Guarantee are as follows:

- Date: 9 December 2022

- Parties: (1) the Company (as the guarantor); and
(2) CODG (as the developer)

- Guaranteed obligations: The repair and maintenance obligations and responsibilities of Xinghai IoT under the contracts with CODG Group for the provision of the Smart Setup Services by Xinghai IoT (as contractor) to CODG Group (as developer)

- Guaranteed amount: RMB20 million (equivalent to approximately HK\$22.1 million)

The guaranteed amount is determined after arm's length negotiations between the parties, with reference to the estimated demand for the Smart Setup Services to be rendered to CODG Group during the term of the Second CODG Corporate Guarantee.

Upon demand, the guaranteed amount will be paid from the Company's internal resources.

Term of guarantee: From the date of the Second CODG Corporate Guarantee to 31 December 2025

Other major terms:

- (1) The Second CODG Corporate Guarantee is irrevocable and unconditional;
- (2) no proof of breach by Xinghai IoT under the relevant contracts or statement of reasons will be required for CODG Group to demand payment by the Company under the Corporate Guarantee; and
- (3) the Company shall unconditionally pay the amount claimed to CODG Group within 14 calendar days following the receipt of the original Second CODG Corporate Guarantee and a signed and stamped written notice of claim from the CODG Group.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE SECOND CODG CORPORATE GUARANTEE

The dispensation of the provision of quality guarantees will allow the Group to put its cash to more efficient use and to lower its receivables. The provision of the Second CODG Corporate Guarantee can also help streamline the settlement process for Xinghai IoT.

The Directors (including the independent non-executive Directors) are of the view that the provision of the Second CODG Corporate Guarantee is on normal commercial terms and in the ordinary and usual course of business of the Group, the terms of the Second CODG Corporate Guarantee are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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. CODG, being an indirect wholly-owned subsidiary of COLI, is a connected person of the Company and the provision of the Second CODG Corporate Guarantee constitutes connected transaction for the Company under Chapter 14A of the Listing Rules.

As the First CODG Corporate Guarantee (the entering into of which was announced by the Company on 28 April 2022), as well as the COGOP Corporate Guarantee and the CSC Group Corporate Guarantees (the entering into of which was announced by the Company on 29 June 2022), were all entered into with parties who are connected with one another within a 12-month period, and were of similar nature, all of the said corporate guarantees were required to be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio for the provision of the Second CODG Corporate Guarantee (as aggregated with the said corporate guarantees) exceeds 0.1% but is less than 5%, it is subject to the reporting and announcement requirements, but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Guo Lei, a non-executive Director of the Company, is a director of certain subsidiaries of CODG and has therefore abstained from voting on the board resolutions of the Company approving the provision of the Second CODG Corporate Guarantee for having material interest in it. 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 of the Company and a director of COHL, although not considered having any material interest in the provision of the Second CODG Corporate Guarantee, have voluntarily abstained from voting on such board resolutions. None of the other Directors have any material interest in the provision of the Second CODG Corporate Guarantee and none of them have 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 and car parking spaces trading business.

Xinghai IoT is an indirect wholly-owned subsidiary of the Company and is principally engaged in the provision of engineering, repair and maintenance services (including the Smart Setup Services).

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

CODG is an indirect wholly-owned subsidiary of COLI and is principally engaged in property development and investment, project contracting and management, and project cost consultancy.

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
“CODG”	中海企業發展集團有限公司 (China Overseas Development Group Co., Ltd*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of COLI
“CODG Group”	CODG and its subsidiaries from time to time
“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)
“COGOP Corporate Guarantee”	the irrevocable and unconditional letter of guarantee dated 29 June 2022 issued by the Company to 中海宏洋地產集團有限公司 (China Overseas Grand Oceans Property Group Company Limited*) (an indirect wholly-owned subsidiary of COGO) for the obligations of 中海物業管理有限公司 (China Overseas Property Management Limited*) (a direct wholly-owned subsidiary of the Company) and its subsidiaries under their tender documents and contracts with the former and its subsidiaries for the provision of the Services by the latter group (as contractor) to the former group (as developer) in respect of the property development projects or properties (including residential communities, commercial properties and other properties) in the PRC owned by the former group
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, the controlling shareholder of each of the Company, COGO, CSC 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)

“COLI Group”	COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time
“COLI Services Agreement”	the framework agreement dated 28 April 2020 entered into between COLI and the Company in respect of the provision of the Services by the Group to COLI Group in respect of the property development projects or properties (including residential communities, commercial properties and other properties) in the PRC, Hong Kong, Macau and other locations owned by COLI Group
“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
“CSC”	China State Construction International 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: 3311)
“CSC Group Corporate Guarantees”	(1) the irrevocable and unconditional letter of guarantee dated 29 June 2022 issued by the Company to 中國建築工程(香港)有限公司 (China State Construction Engineering (Hong Kong) Limited) (a direct wholly-owned subsidiary of CSC) for the obligations of the Group under its contracts with the former and its subsidiaries for the provision of the Services by the Group (as contractor) to the former group (as developer) in respect of the residential communities, commercial properties and other properties owned by the former group and its work sites;

- (2) the irrevocable and unconditional letter of guarantee dated 29 June 2022 issued by the Company to 中國建築工程(澳門)有限公司 (China Construction Engineering (Macau) Company Limited) (an indirect wholly-owned subsidiary of CSC) for the obligations of the Group under its contracts with the former and its subsidiaries for the provision of the Services by the Group (as contractor) to the former group (as developer) in respect of the residential communities, commercial properties and other properties owned by the former group and its work sites; and
- (3) the irrevocable letter of guarantee dated 29 June 2022 issued by the Company to 中建國際投資集團有限公司 (China State Construction International Investments Limited*) (an indirect wholly-owned subsidiary of CSC) for the obligations of 中海物業管理有限公司 (China Overseas Property Management Limited*) (a direct wholly-owned subsidiary of the Company) and its subsidiaries under their contracts with the former and its subsidiaries for the provision of the Services by the latter group (as contractor) to the former group (as developer) in respect of the residential communities, commercial properties and other properties owned by the former group and its work sites

“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, COGO, CSC and COLI
“Director(s)”	the director(s) of the Company
“First CODG Corporate Guarantee”	the irrevocable and unconditional letter of guarantee dated 28 April 2022 issued by the Company to CODG for the obligations of Xinghai IoT under its tender documents and contracts with CODG Group for the provision of the Smart Setup Services by Xinghai IoT (as contractor) to CODG Group (as developer) in respect of the property development projects or properties (including residential communities, commercial properties and other properties) in the PRC owned by CODG Group

“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
“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
“Second CODG Corporate Guarantee”	the irrevocable and unconditional letter of guarantee dated 9 December 2022 issued by the Company to CODG for the obligations of Xinghai IoT under its contracts with CODG Group for the provision of the Smart Setup Services by Xinghai IoT (as contractor) to CODG Group (as developer) in respect of the property development projects or properties (including residential communities, commercial properties and other properties) in the PRC owned by CODG Group
“Services”	the property management services and value-added services, including but not limited to the Smart Setup Services
“Smart Setup Services”	the value-added services that include application of weak current technology in properties, smart construction sites and smart home, etc. and ancillary services
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinghai IoT”	深圳市興海物聯科技有限公司 (Shenzhen Xinghai IoT Technology Co., Ltd.*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB0.90687 to HK\$1. No representation is made that any amounts in RMB has been or could be converted at the above rate or at any other rate.

** For identification purpose only.*

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

Hong Kong, 9 December 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.