

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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE PROVISION OF
PROPERTY MANAGEMENT SERVICES
AND VALUE-ADDED SERVICES
WITH COLI, COGO, CSC AND CSCEC**

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

1. COLI Services Transactions

Reference is made to the announcement of the Company dated 28 April 2020 and the circular of the Company dated 2 June 2020 relating to, among other things, the Previous COLI Services Agreement, which was entered into between the Company and COLI in respect of the COLI Services Transactions and will expire on 30 June 2023.

The Directors expect that the Group will continue to participate from time to time in competitive tenders to provide the Services to COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) in respect of the Properties owned or held by them. In this connection, on 28 April 2023, the Company and COLI entered into the COLI Services Agreement in respect of the COLI Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the COLI Services Caps.

2. COGO Services Transactions

Reference is made to the announcement of the Company dated 28 April 2020 and the circular of the Company dated 2 June 2020 relating to, among other things, the Previous COGO Services Agreement, which was entered into between the Company and COGO in respect of the COGO Services Transactions and will expire on 30 June 2023.

The Directors expect that the Group will continue to participate from time to time in competitive tenders to provide the Services to COGO Group in respect of the Properties owned or held by COGO Group. In this connection, on 28 April 2023, the Company and COGO entered into the COGO Services Agreement in respect of the COGO Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the COGO Services Caps.

3. CSC Services Transactions

Reference is made to the announcement of the Company dated 28 April 2020 and the circular of the Company dated 2 June 2020 relating to, among other things, the Previous CSC Services Agreement, which was entered into between the Company and CSC in respect of the CSC Services Transactions and will expire on 30 June 2023.

The Directors expect that the Group will continue to participate from time to time in competitive tenders to provide the Services to CSC Group, the associates of CSC and their respective subsidiaries (if any) in respect of the Properties owned by them and their Work Sites. In this connection, on 28 April 2023, the Company and CSC entered into the CSC Services Agreement in respect of the CSC Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the CSC Services Caps.

4. CSCEC Services Transactions

Reference is made to the announcement of the Company dated 28 April 2020 and the circular of the Company dated 2 June 2020 relating to, among other things, the Previous CSCEC Services Agreement, which was entered into between the Company and CSCEC in respect of the CSCEC Services Transactions and will expire on 30 June 2023.

The Directors expect that the Group will continue to participate from time to time in competitive tenders to provide the Services to CSCEC Group in respect of the Properties owned by CSCEC Group. In this connection, on 28 April 2023, the Company and CSCEC entered into the CSCEC Services Agreement in respect of the CSCEC Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the CSCEC Services Caps.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CSCEC is the ultimate holding company of COHL, which is the controlling shareholder of each of the Company, COLI and CSC by virtue of it being interested in approximately 61.18%, 56.09% and 64.81% of their respective issued share capital. COHL also indirectly holds approximately 39.63% of issued share capital of COGO. Therefore, members of each of COLI Group (and the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange), COGO Group, CSC Group (and the associates of CSC and their subsidiaries (if any)) and CSCEC Group are connected persons of the Company, and the entering into of each of the New Services Agreements and the Services Transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the New Services Agreements were entered into with parties who are connected with one another within a 12-month period, and were of similar nature, all of the Services Transactions are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the Services Caps in aggregate exceeds 5%, the Services Transactions are subject to annual review, reporting, announcement, circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve each of the New Services Agreements, the Services Transactions contemplated thereunder and the Services Caps contemplated thereunder. A circular containing, among other things, (i) further information on the New Services Agreements, the Services Transactions and the Services Caps; (ii) the recommendation of the Independent Board Committee; (iii) the advice and recommendation of the Independent Financial Adviser; and (iv) a notice to convene the EGM, will be despatched to the Shareholders on or before 31 May 2023 as the Company expects that additional time will be required to prepare and finalise all information contained in the circular.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

1. COLI Services Transactions

Reference is made to the announcement of the Company dated 28 April 2020 and the circular of the Company dated 2 June 2020 relating to, among other things, the Previous COLI Services Agreement, which was entered into between the Company and COLI in respect of the COLI Services Transactions and will expire on 30 June 2023.

The Directors expect that the Group will continue to participate from time to time in competitive tenders to provide the Services to COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) in respect of the Properties owned or held by them. In this connection, on 28 April 2023, the Company and COLI entered into the COLI Services Agreement in respect of the COLI Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the COLI Services Caps.

COLI Services Agreement

The principal terms of the COLI Services Agreement are summarised as follows:

Date

28 April 2023

Parties

1. COLI; and
2. the Company.

Duration

Subject to the fulfillment of the conditions precedent to the COLI Services Agreement, the COLI Services Agreement will commence from 1 July 2023 and continue for the period ending on 30 June 2026 (both dates inclusive).

Terms

Pursuant to the COLI Services Agreement, any member of the Group and any member of COLI Group may enter into the COLI Services Transactions in accordance with the terms of the COLI Services Agreement in the ordinary and usual course of their respective businesses, on a non-exclusive basis as and when reasonably required, subject to the COLI Services Caps. The Group shall also ensure that all COLI Services Transactions will be entered into with the associates of COLI and their respective subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) on the same basis.

The relevant member of the Group will go through a tender process of COLI Group before being selected and appointed as service provider for provision of the Services. The prices and terms (including but not limited to, where applicable, the term of the contract, the Property concerned, the scope of the Services and the pricing basis and amount of the service fees) of the tenders submitted by the Group to COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) will be subject to standard and systematic tender submission procedures maintained by the Group, which apply to tenders submitted to both connected persons and independent third parties. Further details of the said tender submission procedures of the Group are set out in the paragraph headed “PRICING BASIS FOR THE SERVICES TRANSACTIONS” below.

If any contract is granted to any member of the Group as a result of the tender process, Services will be provided to members of COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) in accordance with the terms of the tender/contract and the COLI Services Agreement (which terms shall prevail to the extent of any inconsistency).

Conditions precedent

The obligations in the COLI Services Agreements are conditional upon the following conditions being satisfied on or before 30 June 2023 (or such other date as the parties may agree in writing):

- (a) the Group having obtained the approval of the Independent Shareholders for the entering into of the COLI Services Agreement and the COLI Services Transactions (including the COLI Services Caps) at the EGM; and
- (b) the Company and COLI having complied with all other requirements under the Listing Rules and as may be imposed by the Stock Exchange as a condition to the COLI Services Agreement and the COLI Services Transactions (including the COLI Services Caps), if any.

Historical/estimated transaction amounts

The historical transaction amounts received by the Group from COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) for the COLI Services Transactions for each of the two years ended 31 December 2021 and 31 December 2022, as well as the estimated transaction amount so received by the Group for the half year ending 30 June 2023 (“**2023 1H**”) were/is as follows:

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the half year ending 30 June 2023
Historical/estimated transaction amount	HK\$1,019.7 million	HK\$1,509.6 million	HK\$1,059.0 million*

* The estimated transaction amount for 2023 1H is derived from the estimated utilization of cap by reference to year ended 31 December 2022.

COLI Services Caps

The COLI Services Caps for the half year ending 31 December 2023 (“**2023 2H**”), each of the two years ending 31 December 2024 and 31 December 2025 and the half year ending 30 June 2026 (“**2026 1H**”) are as follows:

	For the half year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025	For the half year ending 30 June 2026
COLI Services Caps	HK\$1,229 million	HK\$3,078 million	HK\$4,005 million	HK\$2,719 million

Basis of determination of the COLI Services Caps

The COLI Services Caps were determined with reference to the estimated maximum aggregate amounts receivable by the Group under the COLI Services Agreement, taking into account the historical transaction amounts, the expected demand for the Services with reference to the number of existing and new property projects of COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange), expected expansion of the business of providing the Services, estimated GFA of the Properties to be serviced by the Group, estimated labour costs and estimated fee rates chargeable by the Group for each square metre of the Properties.

2. COGO Services Transactions

Reference is made to the announcement of the Company dated 28 April 2020 and the circular of the Company dated 2 June 2020 relating to, among other things, the Previous COGO Services Agreement, which was entered into between the Company and COGO in respect of the COGO Services Transactions and will expire on 30 June 2023.

The Directors expect that the Group will continue to participate from time to time in competitive tenders to provide the Services to COGO Group in respect of the Properties owned or held by COGO Group. In this connection, on 28 April 2023, the Company and COGO entered into the COGO Services Agreement in respect of the COGO Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the COGO Services Caps.

COGO Services Agreement

The principal terms of the COGO Services Agreement are summarised as follows:

Date

28 April 2023

Parties

1. COGO; and
2. the Company.

Duration

Subject to the fulfillment of the conditions precedent to the COGO Services Agreement, the COGO Services Agreement will commence from 1 July 2023 and continue for the period ending on 30 June 2026 (both dates inclusive).

Terms

Pursuant to the COGO Services Agreement, any member of the Group and any member of COGO Group may enter into the COGO Services Transactions in accordance with the terms of the COGO Services Agreement in the ordinary and usual course of their respective businesses, on a non-exclusive basis as and when reasonably required, subject to the COGO Services Caps.

The relevant member of the Group will go through a tender process of COGO Group before being selected and appointed as service provider for provision of the Services. The prices and terms (including but not limited to, where applicable, the term of the contract, the Property concerned, the scope of the Services and the pricing basis and amount of the service fees) of the tenders submitted by the Group to COGO Group will be subject to standard and systematic tender submission procedures maintained by the Group, which apply to tenders submitted to both connected persons and independent third parties. Further details of the said tender submission procedures of the Group are set out in the paragraph headed “PRICING BASIS FOR THE SERVICES TRANSACTIONS” below.

If any contract is granted to any member of the Group as a result of the tender process, Services will be provided to members of COGO Group in accordance with the terms of the tender/contract and the COGO Services Agreement (which terms shall prevail to the extent of any inconsistency).

Conditions precedent

The obligations in the COGO Services Agreements are conditional upon the following conditions being satisfied on or before 30 June 2023 (or such other date as the parties may agree in writing):

- (a) the Group having obtained the approval of the Independent Shareholders for the entering into of the COGO Services Agreement and the COGO Services Transactions (including the COGO Services Caps) at the EGM; and
- (b) the Company and COGO having complied with all other requirements under the Listing Rules and as may be imposed by the Stock Exchange as a condition to the COGO Services Agreement and the COGO Services Transactions (including the COGO Services Caps), if any.

Historical/estimated transaction amounts

The historical transaction amounts received by the Group from COGO Group for the COGO Services Transactions for each of the two years ended 31 December 2021 and 31 December 2022, as well as the estimated transaction amount so received by the Group for 2023 1H were/is as follows:

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the half year ending 30 June 2023
Historical/estimated transaction amount	HK\$281.7 million	HK\$343.2 million	HK\$213.0 million*

* The estimated transaction amount for 2023 1H is derived from the estimated utilization of cap by reference to year ended 31 December 2022.

COGO Services Caps

The COGO Services Caps for 2023 2H, each of the two years ending 31 December 2024 and 31 December 2025 and 2026 1H are as follows:

	For the half year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025	For the half year ending 30 June 2026
COGO Services Caps	HK\$230 million	HK\$460 million	HK\$470 million	HK\$250 million

Basis of determination of the COGO Services Caps

The COGO Services Caps were determined with reference to the estimated maximum aggregate amounts receivable by the Group under the COGO Services Agreement, taking into account the historical transaction amounts, the expected demand for the Services with reference to the number of existing and new property projects of COGO Group, expected expansion of the business of providing the Services, estimated GFA of the Properties to be serviced by the Group, estimated labour costs and estimated fee rates chargeable by the Group for each square metre of the Properties.

3. CSC Services Transactions

Reference is made to the announcement of the Company dated 28 April 2020 and the circular of the Company dated 2 June 2020 relating to, among other things, the Previous CSC Services Agreement, which was entered into between the Company and CSC in respect of the CSC Services Transactions and will expire on 30 June 2023.

The Directors expect that the Group will continue to participate from time to time in competitive tenders to provide the Services to CSC Group, the associates of CSC and their respective subsidiaries (if any) in respect of the Properties owned by them and their Work Sites. In this connection, on 28 April 2023, the Company and CSC entered into the CSC Services Agreement in respect of the CSC Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the CSC Services Caps.

CSC Services Agreement

The principal terms of the CSC Services Agreement are summarised as follows:

Date

28 April 2023

Parties

1. CSC; and
2. the Company.

Duration

Subject to the fulfillment of the conditions precedent to the CSC Services Agreement, the CSC Services Agreement will commence from 1 July 2023 and continue for the period ending on 30 June 2026 (both dates inclusive).

Terms

Pursuant to the CSC Services Agreement, any member of the Group and any member of CSC Group may enter into the CSC Services Transactions in accordance with the terms of the CSC Services Agreement in the ordinary and usual course of their respective businesses, on a non-exclusive basis as and when reasonably required, subject to the CSC Services Caps. The Group shall also ensure that all CSC Services Transactions will be entered into with the associates of CSC and their respective subsidiaries (if any) on the same basis.

The relevant member of the Group will go through a tender process of CSC Group before being selected and appointed as service provider for provision of the Services. The prices and terms (including but not limited to, where applicable, the term of the contract, the Property and/or Work Site concerned, the scope of the Services and the pricing basis and amount of the service fees) of the tenders submitted by the Group to CSC Group, the associates of CSC and their respective subsidiaries (if any) will be subject to standard and systematic tender submission procedures maintained by the Group, which apply to tenders submitted to both connected persons and independent third parties. Further details of the said tender submission procedures of the Group are set out in the paragraph headed “PRICING BASIS FOR THE SERVICES TRANSACTIONS” below.

If any contract is granted to any member of the Group as a result of the tender process, Services will be provided to members of CSC Group, the associates of CSC and their respective subsidiaries (if any) in accordance with the terms of the tender/contract and the CSC Services Agreement (which terms shall prevail to the extent of any inconsistency).

Conditions precedent

The obligations in the CSC Services Agreements are conditional upon the following conditions being satisfied on or before 30 June 2023 (or such other date as the parties may agree in writing):

- (a) the Group having obtained the approval of the Independent Shareholders for the entering into of the CSC Services Agreement and the CSC Services Transactions (including the CSC Services Caps) at the EGM; and
- (b) the Company and CSC having complied with all other requirements under the Listing Rules and as may be imposed by the Stock Exchange as a condition to the CSC Services Agreement and the CSC Services Transactions (including the CSC Services Caps), if any.

Historical/estimated transaction amounts

The historical transaction amounts received by the Group from CSC Group, the associates of CSC and their subsidiaries (if any) for the CSC Services Transactions for each of the two years ended 31 December 2021 and 31 December 2022, as well as the estimated transaction amount so received by the Group for 2023 1H were/is as follows:

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the half year ending 30 June 2023
Historical/estimated transaction amount	HK\$70.9 million	HK\$107.1 million	HK\$86.0 million*

* The estimated transaction amount for 2023 1H is derived from the estimated utilization of cap by reference to year ended 31 December 2022.

CSC Services Caps

The CSC Services Caps for 2023 2H, each of the two years ending 31 December 2024 and 31 December 2025 and 2026 1H are as follows:

	For the half year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025	For the half year ending 30 June 2026
CSC Services Caps	HK\$133 million	HK\$308 million	HK\$493 million	HK\$299 million

Basis of determination of the CSC Services Caps

The CSC Services Caps were determined with reference to the estimated maximum aggregate amounts receivable by the Group under the CSC Services Agreement, taking into account the historical transaction amounts, the expected demand for the Services with reference to the number of existing and new property projects of CSC Group, the associates of CSC and their respective subsidiaries (if any), expected expansion of the business of providing the Services (including more Work Sites to be commenced in 2023 2H and beyond), estimated GFA of the Properties to be serviced by the Group, estimated labour costs and estimated fee rates chargeable by the Group for each square metre of the Properties and the Work Sites.

4. CSCEC Services Transactions

Reference is made to the announcement of the Company dated 28 April 2020 and the circular of the Company dated 2 June 2020 relating to, among other things, the Previous CSCEC Services Agreement, which was entered into between the Company and CSCEC in respect of the CSCEC Services Transactions and will expire on 30 June 2023.

The Directors expect that the Group will continue to participate from time to time in competitive tenders to provide the Services to CSCEC Group in respect of the Properties owned by CSCEC Group. In this connection, on 28 April 2023, the Company and CSCEC entered into the CSCEC Services Agreement in respect of the CSCEC Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the CSCEC Services Caps.

CSCEC Services Agreement

The principal terms of the CSCEC Services Agreement are summarised as follows:

Date

28 April 2023

Parties

1. CSCEC; and
2. the Company.

Duration

Subject to the fulfillment of the condition precedent to the CSCEC Services Agreement, the CSCEC Services Agreement will commence from 1 July 2023 and continue for the period ending on 30 June 2026 (both dates inclusive).

Terms

Pursuant to the CSCEC Services Agreement, any member of the Group and any member of CSCEC Group may enter into the CSCEC Services Transactions in accordance with the terms of the CSCEC Services Agreement in the ordinary and usual course of their respective businesses, on a non-exclusive basis as and when reasonably required, subject to the CSCEC Services Caps.

The relevant member of the Group will go through a tender process of CSCEC Group before being selected and appointed as service provider for provision of the Services. The prices and terms (including but not limited to, where applicable, the term of the contract, the Property concerned, the scope of the Services and the pricing basis and amount of the service fees) of the tenders submitted by the Group to CSCEC Group will be subject to standard and systematic tender submission procedures maintained by the Group, which apply to tenders submitted to both connected persons and independent third parties. Further details of the said tender submission procedures of the Group are set out in the paragraph headed “PRICING BASIS FOR THE SERVICES TRANSACTIONS” below.

If any contract is granted to any member of the Group as a result of the tender process, Services will be provided to members of CSCEC Group in accordance with the terms of the tender/contract and the CSCEC Services Agreement (which terms shall prevail to the extent of any inconsistency).

Condition precedent

The obligations in the CSCEC Services Agreements are conditional upon the Company having complied with all requirements under the Listing Rules (including the Company having obtained the approval of the Independent Shareholders for the entering into of the CSCEC Services Agreement and the CSCEC Services Transactions (including the CSCEC Services Caps) at the EGM) and as may be imposed by the Stock Exchange as a condition to the CSCEC Services Agreement and the CSCEC Services Transactions (if any) on or before 30 June 2023 (or such other date as the parties may agree in writing).

Historical/estimated transaction amounts

The historical transaction amounts received by the Group from CSCEC Group for the CSCEC Services Transactions for each of the two years ended 31 December 2021 and 31 December 2022, as well as the estimated transaction amount so received by the Group for 2023 1H were/is as follows:

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the half year ending 30 June 2023
Historical/estimated transaction amount	HK\$108.7 million	HK\$150.0 million	HK\$99.0 million*

* The estimated transaction amount for 2023 1H is derived from the estimated utilization of cap by reference to year ended 31 December 2022.

CSCEC Services Caps

The CSCEC Services Caps for 2023 2H, each of the two years ending 31 December 2024 and 31 December 2025 and 2026 1H are as follows:

	For the half year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025	For the half year ending 30 June 2026
CSCEC Services Caps	HK\$176 million	HK\$418 million	HK\$598 million	HK\$445 million

Basis of determination of the CSCEC Services Caps

The CSCEC Services Caps were determined with reference to the estimated maximum aggregate amounts receivable by the Group under the CSCEC Services Agreement, taking into account the historical transaction amounts, the expected demand for the Services with reference to the number of existing and new property projects of CSCEC Group, expected expansion of the business of providing the Services (including substantial self-owned commercial buildings to be managed in 2023 2H), estimated GFA of the Properties to be serviced by the Group, estimated labour costs and estimated fee rates chargeable by the Group for each square metre of the Properties.

PAYMENT TERMS FOR THE SERVICES TRANSACTIONS

In respect of the Services Transactions, services fees will be payable in accordance with the payment terms prescribed under the specific tenders/contracts. The Group will generally charge property management fees on a monthly basis for property management services and on a per-transaction basis for valued-added services.

PRICING BASIS FOR THE SERVICES TRANSACTIONS

In respect of the Services Transactions, the price and terms (including but not limited to, where applicable, the term of the contract, the Property and/or Work Site concerned, the scope of the Services and the pricing basis and amount of the service fees) of the tenders submitted by the Group to COLI Group (and the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange)), COGO Group, CSC Group (and the associates of CSC and their subsidiaries (if any)) and CSCEC Group will be subject to the standard and systematic tender submission procedures maintained by the Group, which apply to tenders submitted to both connected persons and independent third parties, and will ensure that the prices and terms of the tenders submitted by the Group to such persons will be no more favourable than those submitted to independent third parties.

The procedure involves (i) receiving invitation to tender; (ii) initial assessment of tender documents; (iii) preparation of property management proposal, cost estimation and pricing; (iv) preparation for tender report, internal evaluation and approval of the tender report; and (v) tender submission.

The internal evaluation and approval of tender will be conducted by the head of the relevant business unit or subsidiary of the Group. All personnel of the Group involved in the evaluation and tender procedure will be independent of COLI Group (and the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange)), COGO Group, CSC Group (and the associates of CSC and their subsidiaries (if any)) and CSCEC Group in relation to the Services. In particular:

- (a) for property management services, as part of the project evaluation and tender procedures, where relevant, (i) personnel from various departments will be involved at different stages of the procedures, including the business operation, quality management and market development departments; (ii) in evaluating projects before the submission of tenders, the Company would assess, among other things, the tender invitation documents, the relevant market information, the property management project implementation plan, the associated costs and labour to be employed and the expected profitability; (iii) the pricing guidelines set by the Group requiring (A) costs assessment, which will make references to factors including, among others, the costs of premises and facilities cleaning and maintenance, energy consumption, security management, labour requirement and salaries and tax obligations, etc.; and (B) market comparison with similar properties (e.g. with respect to their location and nature of use) in nearby areas that are within reasonable walking distance of the relevant Property and/or Work Site; and (iv) a minimum profitability requirement will have to be met for engaging in property management projects (i.e. the estimated revenue must exceed the estimated direct cost); and
- (b) for valued-added services, as part of the project evaluation and tender procedures, where relevant, (i) personnel from various departments will be involved at different stages of the procedures, including the business operation (such as the intelligence and research department, repair and maintenance department and the elevator department), cost management and market departments and the relevant general managers; (ii) in evaluating projects before the submission of tenders, the Company would assess, among other things, the project particulars, implementation strategy, cost estimation, and the reasonability and feasibility of the proposed quotation; and (iii) a minimum profitability requirement will have to be met for the provision of such services (i.e. the estimated revenue must exceed the estimated direct cost).

The pricing of the Services will be based on a number of factors, including (a) estimated expenses, based on factors including the scope and quality of the Services required; (b) the classifications, types and locations of the relevant Properties and/or Work Sites; (c) the pricing for comparable properties, projects or work sites (e.g. with respect to location and nature of use of the property, project or work site (as applicable) that are within reasonable walking distance of the relevant Properties and/or Work Sites); (d) the guidance price on fees as formulated or implemented in accordance with the Notice of the National Development and Reform Commission (“**NDRC**”) on the Proposals of Lifting the Control of Some Service Prices (《國家發展改革委關於放開部分服務價格意見的通知》) (Fa Gai Jia Ge (2014) No. 2755) (the “**NDRC Notice**”) by local competent pricing authorities of each province, autonomous region and municipality directly under the central government, if any; and (e) the prevailing market rate, which is determined with reference to the Group’s market intelligence obtained through market research and interactions with other market participants and industry peers and through the Group’s business network and the pricing of the Group’s provision of services to independent third parties.

According to the NDRC Notice, which was promulgated by the NDRC and came into effect on 17 December 2014, as for relevant service prices which meet competitive conditions, the competent pricing authorities of each province, autonomous region and municipality directly under the central government shall carry out relevant procedures, and lift price control, including the property service prices of non-public housing. As at the date of this announcement, there was no further update of notice in its website.

Annual review of the aforesaid internal procedures and pricing policies (including the pricing guidelines) will be conducted internally and by the Independent Non-executive Directors and the Company’s auditors to ensure that the above procedures have been complied with.

In view of the above pricing basis and policy, the Directors (other than the Independent Non-executive Directors whose opinion will be provided after reviewing the advice of the Independent Financial Adviser) consider that the pricing in respect of the Services Transactions are on normal commercial terms, fair and reasonable and not more favourable than the terms offered by the Group to independent third parties.

REASONS FOR AND BENEFITS OF RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS

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.

Each of COLI Group (and the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange)), COGO Group, CSC Group (and the associates of CSC and their subsidiaries (if any)) and CSCEC Group owned or held property development projects or properties (including residential communities, commercial properties and other properties) and/or work sites in the PRC, Hong Kong, Macau and/or other locations that may require property management services and valued-added services provided by the Group from time to time. By entering into each of the New Services Agreements, the Group will be able to continue to maintain and expand its revenue generating sources and thereby generate stable income and maximise its profit.

The Directors (other than the Independent Non-executive Directors whose opinion will be provided after reviewing the advice of the Independent Financial Adviser) consider that the Services Transactions are expected to be entered into in the ordinary and usual course of business of the Group, and the New Services Agreements have been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Services Transactions (including the Services Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group is principally engaged in the provision of property management services, value-added services and car parking spaces trading business.

COLI Group is principally engaged in the business of property development and investment, and other operations.

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

CSC Group is principally engaged in construction business, infrastructure investments and prefabricated constructions.

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

LISTING RULES IMPLICATIONS

As at the date of this announcement, CSCEC is the ultimate holding company of COHL, which is the controlling shareholder of each of the Company, COLI and CSC by virtue of it being interested in approximately 61.18%, 56.09% and 64.81% of their respective issued share capital. COHL also indirectly holds approximately 39.63% of issued share capital of COGO. Therefore, members of each of COLI Group (and the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange), COGO Group, CSC Group (and the associates of CSC and their subsidiaries (if any)) and CSCEC Group are connected persons of the Company, and the entering into of each of the New Services Agreements and the Services Transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the New Services Agreements were entered into with parties who are connected with one another within a 12-month period, and were of similar nature, all of the Services Transactions are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the Services Caps in aggregate exceeds 5%, the Services Transactions are subject to annual review, reporting, announcement, circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

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 New Services Agreements and the Services Transactions, have voluntarily abstained from voting on such board resolutions. None of the other Directors has any material interest in the New Services Agreements and the Services Transactions and none of them has abstained from voting on such board resolutions.

The Independent Board Committee, comprising Mr. Yung, Wing Ki Samuel, Mr. So, Gregory Kam Leung and Mr. Lim, Wan Fung Bernard Vincent, being all the Independent Non-executive Directors, has been established to make recommendations to the Independent Shareholders in respect of the New Services Agreements, the Services Transactions and the Services Caps. Opus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve each of the New Services Agreements, the Services Transactions contemplated thereunder and the Services Caps contemplated thereunder. Voting at the EGM will be conducted by poll and CSCEC and its associates, together holding 2,011,041,060 Shares representing approximately 61.18% of the issued share capital in the Company, will abstain from voting at the EGM on the resolutions in respect of each of the New Services Agreements, the Services Transactions contemplated thereunder and the Services Caps contemplated thereunder.

A circular containing, among other things, (i) further information on the New Services Agreements, the Services Transactions and the Services Caps; (ii) the recommendation of the Independent Board Committee; (iii) the advice and recommendation of the Independent Financial Adviser; and (iv) a notice to convene the EGM, will be despatched to the Shareholders on or before 31 May 2023 as the Company expects that additional time will be required to prepare and finalise all information contained in the circular.

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

DEFINITIONS

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

<p>“associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder”, “holding company”, “percentage ratios” and “subsidiary(ies)”</p>	<p>each has the meaning ascribed to it under the Listing Rules</p>
<p>“Board”</p>	<p>the board of Directors</p>
<p>“COGO”</p>	<p>China Overseas Grand Oceans Group Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 81)</p>
<p>“COGO Group”</p>	<p>COGO and its subsidiaries from time to time</p>
<p>“COGO Services Agreement”</p>	<p>the framework agreement dated 28 April 2023 entered into between the Company and COGO in respect of the COGO Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive)</p>
<p>“COGO Services Cap(s)”</p>	<p>the maximum aggregate amounts receivable by the Group from COGO Group for the COGO Services Transactions for the relevant year(s)/period(s) under the COGO Services Agreement</p>

“COGO Services Transactions”	the provision of the Services by any member of the Group to any member of COGO Group in respect of the Properties owned or held by COGO Group
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, and a controlling shareholder of the Company, COLI and CSC
“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 and 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 2023 entered into between the Company and COLI in respect of the COLI Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive)
“COLI Services Cap(s)”	the maximum aggregate amounts receivable by the Group from COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) for the COLI Services Transactions for the relevant year(s)/period(s) under the COLI Services Agreement
“COLI Services Transaction(s)”	the provision of the Services by any member of the Group to any member of COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) in respect of the Properties owned or held by them
“Company”	China Overseas Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 2669)

“CSC”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311)
“CSC Group”	CSC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time
“CSC Services Agreement”	the framework agreement dated 28 April 2023 entered into between the Company and CSC in respect of the CSC Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive)
“CSC Services Cap(s)”	the maximum aggregate amounts receivable by the Group from CSC Group, the associates of CSC and their respective subsidiaries (if any) for the CSC Services Transactions for the relevant year(s)/period(s) under the CSC Services Agreement
“CSC Services Transactions”	the provision of the Services by any member of the Group to any member of CSC Group, the associates of CSC and their respective subsidiaries (if any) in respect of the Properties owned by them and their 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, COLI and CSC
“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
“CSCEC Services Agreement”	the framework agreement dated 28 April 2023 entered into between the Company and CSCEC in respect of the CSCEC Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive)

“CSCEC Services Cap(s)”	the maximum aggregate amounts receivable by the Group from CSCEC Group for the CSCEC Services Transactions for the relevant year(s)/period(s) under the CSCEC Services Agreement
“CSCEC Services Transactions”	the provision of the Services by any member of the Group to any member of CSCEC Group in respect of the Properties owned by CSCEC Group
“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
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the entering into of the New Services Agreements, the Services Transactions and the Services Caps
“GFA”	gross floor area
“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
“Independent Board Committee”	the independent committee of the Board, comprising all the Independent Non-executive Directors, which has been established to make recommendations to the Independent Shareholders in respect of the New Services Agreements, the Services Transactions and the Services Caps

“Independent Financial Adviser”	Opus Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the New Services Agreement, the Services Transactions and the Services Caps
“Independent Shareholders”	the Shareholders other than CSCEC and its associates (including COHL)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“Mainland China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“New Services Agreements”	the COLI Services Agreement, the COGO Services Agreement, the CSC Services Agreement and the CSCEC Services Agreement
“Previous COGO Services Agreement”	the framework agreement dated 28 April 2020 entered into between the Company and COGO in respect of the COGO Services Transactions for a term of three years commencing from 1 July 2020 and ending on 30 June 2023 (both dates inclusive)
“Previous COLI Services Agreement”	the framework agreement dated 28 April 2020 entered into between the Company and COLI in respect of the COLI Services Transactions for a term of three years commencing from 1 July 2020 and ending on 30 June 2023 (both dates inclusive)
“Previous CSC Services Agreement”	the framework agreement dated 28 April 2020 entered into between the Company and CSC in respect of the CSC Services Transactions for a term of three years commencing from 1 July 2020 and ending on 30 June 2023 (both dates inclusive)

“Previous CSCEC Services Agreement”	the framework agreement dated 28 April 2020 entered into between the Company and CSCEC in respect of the CSCEC Services Transactions for a term of three years commencing from 1 July 2020 and ending on 30 June 2023 (both dates inclusive)
“Properties”	<p>(a) (in the case of the COLI Services Transactions and the COGO Services Transactions) the property development projects or properties (including residential communities, commercial properties and other properties) in the PRC, Hong Kong, Macau and other locations; and</p> <p>(b) (in the case of the CSC Services Transactions and the CSCEC Services Transactions) the properties (including residential communities, commercial properties and other properties) in the PRC, Hong Kong, Macau and other locations</p>
“Services”	the property management services and value-added services (including engineering, pre-delivery, move-in assistance, delivery inspection, engineering services, quality monitoring and consulting services, as well as gardening, interior fine finishing and vetting of building plans etc.)
“Services Caps”	the COLI Services Caps, the COGO Services Caps, the CSC Services Caps and the CSCEC Services Caps
“Services Transactions”	the COLI Services Transactions, the COGO Services Transactions, the CSC Services Transactions and the CSCEC Services Transactions
“Share(s)”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Work Site(s)” the work site(s) in the PRC, Hong Kong and Macau
“%” per cent.

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

Hong Kong, 28 April 2023

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. 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.