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## **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)**

### **ANNOUNCEMENT CONTINUING CONNECTED TRANSACTION LICENCE AGREEMENT**

#### **THE LICENCE AGREEMENT**

The Board wishes to announce that on 26 June 2017, the Company entered into the Licence Agreement with COHL, pursuant to which COHL agreed to license to the Company the Licensed Premises for a term of three years from 1 October 2017 until 30 September 2020 (both dates inclusive).

#### **IMPLICATION UNDER THE LISTING RULES**

COHL is the controlling shareholder of the Company and is therefore a connected person of the Company. Hence, the Licence Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the maximum total amount for the license of the Licensed Premises under the Licence Agreement payable by the Company to COHL, when aggregated with the amount of caps/ estimated future transaction amount for the Group's leasing of properties owned by the relevant connected persons as disclosed in the announcement of the Company dated 30 June 2016 and the listing document of the Company dated 14 October 2015, are 0.1% or more but less than 5% on an annual basis, the transactions contemplated under the Licence Agreement will be subject to reporting, announcement and annual review requirements but will be exempt from independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board wishes to announce that on 26 June 2017, the Company entered into the Licence Agreement with COHL, pursuant to which COHL agreed to license to the Company the Licensed Premises for a term of three years from 1 October 2017 until 30 September 2020 (both dates inclusive).

## **THE LICENCE AGREEMENT**

The principal terms of the Licence Agreement are summarised as follows:

Date	:	26 June 2017
Parties	:	COHL as licensor The Company as licensee
Licensed Premises	:	a gross floor area (inclusive of common areas and facilities) of approximately two-tenths (2:10) of the gross floor area of the Premises
Term	:	Three years from 1 October 2017 until 30 September 2020 (both dates inclusive)
Licence Fee	:	A monthly licence fee of HK\$307,880 (exclusive of rates) payable on the first day of each month
Rent-free period	:	Four months from 1 October 2017 to 31 January 2018 (both dates inclusive)
Air-conditioning and Management fee	:	(i) HK\$30,780 per calendar month for the period from 1 October 2017 until 31 December 2018 (both days inclusive)  (ii) HK\$31,700 per calendar month for the period from 1 January 2019 until 31 December 2019 (both days inclusive)  (iii) HK\$32,660 per calendar month for the period from 1 January 2020 until 30 September 2020 (both days inclusive)
Deposit	:	A total deposit of HK\$1,027,560 shall be payable by the Company to COHL, payable on the date of the Licence Agreement, which shall be refunded to the Company within 30 days of expiration or earlier termination of the Licence Agreement
Use	:	For commercial offices

The maximum total amount payable for the licensing of the Licensed Properties under the Licence Agreement for the period between 1 October 2017 and 31 December 2017 would be approximately HK\$1,121,000, for each of the two years ending 31 December 2019 would be approximately HK\$3,757,000 and HK\$4,075,000, respectively, and for the period between 1 January 2020 and 30 September 2020 would be approximately HK\$3,065,000.

The above maximum total amount payable for the licensing of the Licensed Properties under the Licence Agreement were calculated with reference to the monthly licence fee, air-conditioning and management fees and the deposit payable under the Licence Agreement.

The terms of the Licence Agreement (including the licence fee) were determined after arm's length negotiations between COHL and the Company, with reference to the actual amount of rent and air-conditioning and management fees being charged by the landlord pursuant to the lease entered into between COHL and the landlord of the Premises without any mark-up (being two-tenths (2:10) of the size of the Premises). The rental being charged by the landlord to COHL was determined by reference to the prevailing market rentals for comparable properties in the vicinity of similar ages, sizes, uses and attributes.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LICENCE AGREEMENT**

By entering into the Licence Agreement, the Company will enjoy such terms (including rental, the rent free period and other terms) offered by COHL under the Licence Agreement (on the same basis as those offered by the landlord of the Premises to COHL pursuant to the lease between COHL and the landlord of the Premises) and such terms may not be otherwise available should the Company negotiate a rental agreement with the landlord on its own.

The Directors (including all the independent non-executive Directors) consider that the Licence Agreement, its terms and the transactions contemplated thereunder (including maximum total amount payable for the licensing of the Licensed Properties under the Licence Agreement) are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **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 property management services and value-added services. COHL is the controlling shareholder of the Company and an investment holding company.

## **LISTING RULES IMPLICATIONS**

COHL is the controlling shareholder of the Company and is therefore a connected person of the Company. Hence, the Licence Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the maximum total amount for the licensing of the Licensed Premises under the Licence Agreement payable by the Company to COHL, when aggregated with the amount of caps/ estimated future transaction amount for the Group's

leasing of properties owned by the relevant connected persons as disclosed in the announcement of the Company dated 30 June 2016 and the listing document of the Company dated 14 October 2015, are 0.1% or more but less than 5% on an annual basis, the transactions contemplated under the Licence Agreement will be subject to reporting, announcement and annual review requirements but will be exempt from independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

As none of the Directors has any material interest in the Licence Agreement and the transactions contemplated thereunder, none of them is required to abstain from voting on the resolutions passed by the Board approving the Licence Agreement and the transactions contemplated thereunder.

## DEFINITIONS

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

“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
“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)”	each has the meaning ascribed to it in the Listing Rules
“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
“Licence Agreement”	the licence agreement dated 26 June 2017 entered into between COHL and the Company in relation to the licensing of the Licensed Premises for a term of three years from 1 October 2017 until 30 September 2020 (both dates inclusive)
“Licensed Premises”	a gross floor area (inclusive of common areas and facilities) of approximately two-tenths (2:10) of the gross floor area of the Premises

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Premises”	Level 7, Three Pacific Place, 1 Queen’s Road East, Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board of  
**China Overseas Property Holdings Limited**  
**Yan Jianguo**  
*Chairman and Non-executive Director*

Hong Kong, 26 June 2017

*As at the date of this announcement, the Board comprises eight Directors, of which one is Non-executive Director, namely Mr. Yan Jianguo (Chairman); four are Executive Directors, namely Ms. Wang Qi (Vice Chairman and Chief Executive Officer), Mr. Luo Xiao (Vice President), Mr. Shi Yong (Vice President) and Mr. Kam Yuk Fai (Deputy Chief Financial Officer); and three are Independent Non-executive Directors, namely Mr. Lim Wan Fung, Bernard Vincent, Mr. Suen Kwok Lam and Mr. Yung Wing Ki, Samuel.*