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# 中國海外發展有限公司 CHINA OVERSEAS LAND & INVESTMENT LTD.

*(incorporated in Hong Kong with limited liability)*  
(Stock Code: 688)

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED IN RELATION TO SUPPLY OF MATERIALS**

Reference is made to the announcements of the Company dated 28 April 2021 and 3 May 2022 in relation to, among other things, the Existing Framework Agreement entered into between the Company and CSC.

The Existing Framework Agreement will expire on 30 June 2024. The Directors expect that the CSC Group or the Minority Controlled Group (as the case may be) will continue to invite the Group to participate in competitive tender as the supplier of the Materials for the Projects from time to time. In this connection, on 30 April 2024, the Company and CSC entered into the New Framework Agreement for a term of three years commencing from 1 July 2024 and ending on 30 June 2027 (both dates inclusive), subject to the Caps.

As at the date of this announcement, COHL is a controlling shareholder of both the Company and CSC by virtue of it being interested in approximately 56.10% of the issued share capital of the Company and approximately 64.81% of the issued share capital of CSC. Accordingly, members of the CSC Group and the Minority Controlled Group are connected persons of the Company. The transactions contemplated under the New Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios in respect of the highest Cap exceed 0.1% but are less than 5%, the transactions contemplated under the New Framework Agreement are subject to the annual review, reporting and announcement requirements but exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

The Shareholders should note that the Caps represent the best estimates by the Directors of the amount of the relevant transactions based on the information currently available. The Caps bear no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance. The CSC Group or the Minority Controlled Group (as the case may be) may or may not engage the Group in respect of the supply of the Materials for the Projects up to the level of the Caps, if at all, as the engagements are subject to tendering procedures which are open to other independent third parties.

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

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

### **Date**

30 April 2024

### **Parties**

1. The Company; and
2. CSC.

### **Term**

The New Framework Agreement has a term of three years commencing from 1 July 2024 and ending on 30 June 2027 (both dates inclusive).

### **Subject Matter**

Pursuant to the New Framework Agreement, the Company and CSC agreed, among other things, that:

- (a) the CSC Group and the Minority Controlled Group (as the case may be) may invite the Group to participate in competitive tender as the supplier of the Materials for the Projects from time to time. The Group may tender for the supply of the Materials for the Projects in accordance with the tendering procedures of the CSC Group or the Minority Controlled Group (as the case may be) and on the same and normal terms as offered to other independent third-party suppliers of the CSC Group or the Minority Controlled Group (as the case may be);
- (b) if any contract of the CSC Group or the Minority Controlled Group (as the case may be) is awarded to the Group as a result of the above tender, the Group may act as supplier for the Materials for the Projects based on the terms of the successful tender provided that the maximum total contract sum that may be awarded by the CSC Group and the Minority Controlled Group (as the case may be) to the Group for each period/year commencing from 1 July 2024 and ending on 30 June 2027 shall not exceed the following Caps:

<b>For the period from 1 July 2024 to 31 December 2024</b>	<b>For the financial year ending 31 December 2025</b>	<b>For the financial year ending 31 December 2026</b>	<b>For the period from 1 January 2027 to 30 June 2027</b>
RMB500 million (approximately HK\$549 million)	RMB1,200 million (approximately HK\$1,319 million)	RMB1,400 million (approximately HK\$1,538 million)	RMB900 million (approximately HK\$989 million)

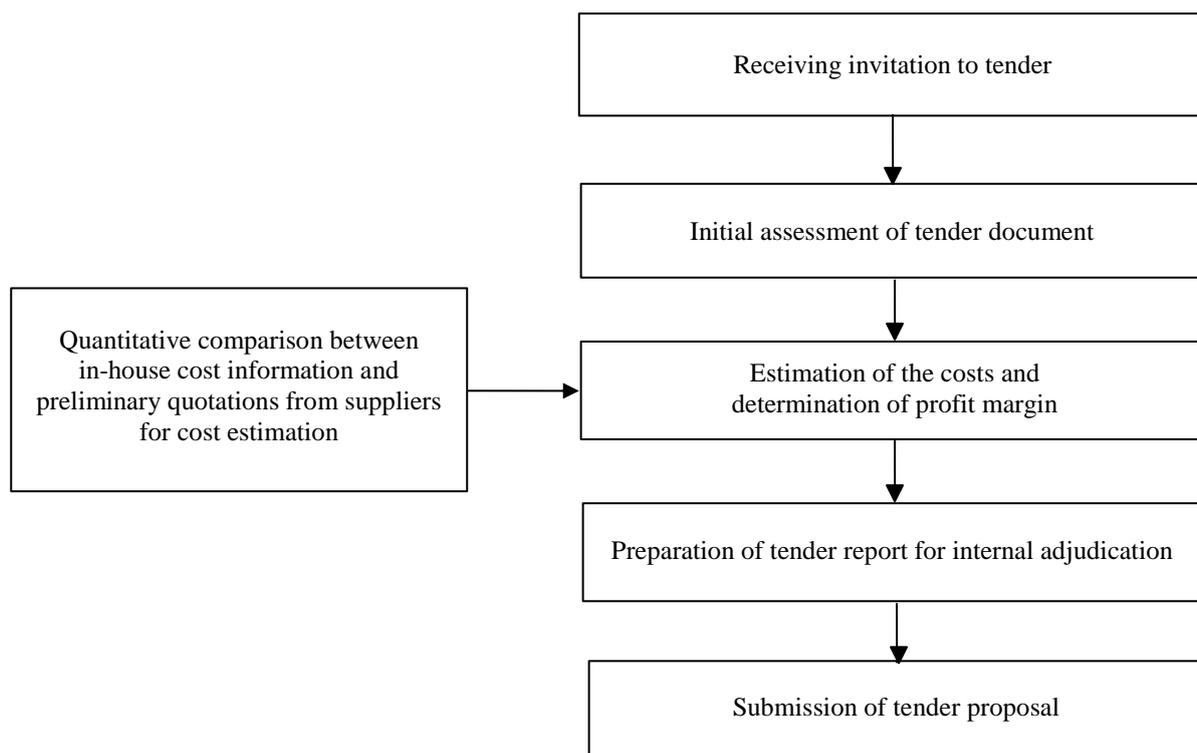
- (c) the contract sum in respect of the supply of the Materials for the Projects payable by the CSC Group or the Minority Controlled Group (as the case may be) to the Group will be settled pursuant to the payment terms set out in the tender documents for the specific contracts.

### **Pricing Basis**

As a general principle, the prices and terms of the contracts shall be determined in the ordinary course of business and on normal commercial terms, negotiated on an arm's length basis and at prices and on terms no less favourable to the Group than those provided to the independent third-party customers of the Group.

The Group will normally need to go through a tender or similar process before being selected and engaged by the CSC Group or the Minority Controlled Group (as the case may be) for the supply of the Materials for the Projects. The prices and terms of the tender proposals submitted by the Group to the CSC Group and the Minority Controlled Group for the supply of the Materials for the Projects are subject to the standard and systematic tender submission procedures of the Group, which apply to tender proposals submitted to both connected persons and independent third parties, in order to ensure that the prices and terms of the tender proposals submitted by the Group to the CSC Group and the Minority Controlled Group are no less favourable to the Group than those submitted to independent third parties.

The standard and systematic tender submission procedures generally involve (i) receiving invitation to tender; (ii) initial assessment of tender document; (iii) estimation of the costs and determination of profit margin; (iv) preparation of tender report for internal adjudication; and (v) submission of tender proposal. The procedures, as illustrated in the following diagram, will enable the Group to review the profitability of a prospective tender and decide the delivery arrangements and pricing terms of the tender proposal for submission.



After receiving a tender document, the Group will conduct an initial assessment of the tender document on the technical requirements, quantity specifications and expected completion time of the project, customer’s expectations and possible risks associated with the project. The Group will then conduct quantitative costs analysis and risk assessment.

In determining the pricing terms and profit margin, the Group will take into account, among other things, the costs of the Materials (with reference to the cost information maintained in its in-house computer database) and related expenses to be incurred by the Group (e.g. labour costs, costs for quality assurance, delivery costs etc.), quantity required by the CSC Group or the Minority Controlled Group (as the case may be), and the prices of those Materials in open market. The Group will also take into account the contract value of the previous winning bids and the chance of winning a bid. The Group will review and compare the prices of previous tender proposals submitted to both connected persons and independent third parties, so as to ensure that the tender price is no less favourable to the Group than those offered to independent third parties. The Group will then prepare a tender report containing the price and major terms of the tender proposal for adjudication by its tender board. The tender board will then meet to deliberate and after the tender price and terms have been approved by the tender board, the Group will submit the tender proposal to the tenderee.

If any contract is awarded to the Group as a result of the competitive tender, the CSC Group or the Minority Controlled Group (as the case may be) will issue a letter of award to the Group and the Group will act as supplier of the CSC Group or the Minority Controlled Group (as the case may be) for the Materials for the Projects based on the terms of the successful tender. Upon delivery of the Materials, the CSC Group or the Minority Controlled Group (as the case may be) shall conduct final check and inspection on the Materials ordered and provide the relevant written acceptance to the Group afterwards.

## Calculation of the Caps

The Caps are calculated with reference to the following factors:

- (a) the historical total contract sum awarded by the CSC Group or the Minority Controlled Group to the Group as supplier of the Materials for the Projects under the Existing Framework Agreement, being (i) approximately RMB134 million for the period from 1 July 2021 to 31 December 2021; (ii) approximately RMB531 million for the financial year ended 31 December 2022; (iii) approximately RMB259 million for the financial year ended 31 December 2023; and (iv) approximately RMB1 million for the period from 1 January 2024 to 31 March 2024;
- (b) the estimated total contract sum for the supply of the Materials for the Projects that the CSC Group or the Minority Controlled Group may invite the Group to participate in competitive tenders, taking into account the number and size of the potential new Projects;
- (c) the scale and scope of the works, fees, costs and the price of the Materials charged by the independent third-party suppliers for previous projects of similar nature; and
- (d) a certain percentage of buffer for the potential increase in demands of the CSC Group or the Minority Controlled Group.

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

The Group has consolidated all of its procurement and sourcing businesses under Shenzhen Lingchao. Shenzhen Lingchao is a company committed to becoming the largest B2B trading platform in the construction materials industry and is actively exploring its long-term business development. The continuing connected transactions contemplated under the New Framework Agreement are in line with the business and commercial objectives of the Group and strengthen business cooperation with the CSC Group by providing the CSC Group with construction and renovation materials in good quality and more favourable price under an open and a transparent tendering procedures. The Company believes that being able to supply the Materials for the Projects upon successful tender would facilitate the cooperation of the parties, provide the Group with a steady revenue stream and broaden returns for the Shareholders as a whole.

The Directors (including the Independent Non-executive Directors) consider that the New Framework Agreement (together with the Caps) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the transactions contemplated under the New Framework Agreement are expected to be entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the New Framework Agreement (together with the Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the New Framework Agreement and the transactions contemplated thereunder and no Director is required to abstain from voting on such Board resolutions. However, Mr. Yan Jianguo, being the Chairman and Executive Director of the Company, the Chairman and President of COHL and the Non-executive Director of CSC, and Mr. Zhang Zhichao and Mr. Zhuang Yong, both being the Director of the Company and a director of COHL, have voluntarily abstained from voting on the Board resolutions of the Company approving the entering into of the New Framework Agreement (together with the Caps) and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, COHL is a controlling shareholder of both the Company and CSC by virtue of it being interested in approximately 56.10% of the issued share capital of the Company and approximately 64.81% of the issued share capital of CSC. Accordingly, members of the CSC Group and the Minority Controlled Group are connected persons of the Company. The transactions contemplated under the New Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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## **GENERAL**

The Group is principally engaged in property development, commercial property operations and other businesses. Shenzhen Lingchao is a wholly-owned subsidiary of the Company and is principally engaged in supply chain management services, sale of machineries, equipment, construction materials and building decoration materials, etc.

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

CSCEC is the ultimate holding company of each of COHL, the Company and CSC. 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;
“Cap(s)”	the maximum total contract sum that may be awarded by the CSC Group and the Minority Controlled Group to the Group for the supply of the Materials for the Projects for a term of three years from 1 July 2024 to 30 June 2027 (both dates inclusive) under the New Framework Agreement;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, and the controlling shareholder of the Company and CSC;
“Company”	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);
“connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“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 and their respective subsidiary(ies), if any) from time to time;
“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 COHL, the Company and CSC;
“Director(s)”	the director(s) of the Company;

“Existing Framework Agreement”	the framework agreement dated 28 April 2021 as supplemented by a supplemental agreement dated 3 May 2022 entered into between the Company and CSC in respect of the supply of the Materials for the Projects by the Group to the CSC Group or the Minority Controlled Group (as the case may be) from time to time for the period commenced from 1 July 2021 and ending on 30 June 2024 (both dates inclusive);
“Group”	the Company and its subsidiaries from time to time (excluding subsidiary(ies) listed on any stock exchange and their respective subsidiary(ies), if any);
“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;
“Materials”	civil-works, electromechanical and renovation items, goods or materials;
“Minority Controlled Group”	the companies held as to 30% to 50% by the CSC Group, and their respective subsidiaries from time to time (excluding members of the Group and members of the CSC Group);
“New Framework Agreement”	the framework agreement dated 30 April 2024 entered into between the Company and CSC in respect of the supply of the Materials for the Projects by the Group to the CSC Group or the Minority Controlled Group (as the case may be) from time to time for a term of three years commencing from 1 July 2024 and ending on 30 June 2027 (both dates inclusive);
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Projects”	construction project(s) of the CSC Group and the Minority Controlled Group;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company from time to time;

“Shenzhen Lingchao”	深圳領潮供應鏈管理有限公司 (Shenzhen Lingchao Supply Chain Management Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

\* *English translation for identification purpose only*

*Unless otherwise specified in this announcement, amounts denominated in Renminbi have been converted, into Hong Kong dollars at the rate of RMB0.91 = HK\$1.00. The exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.*

By Order of the Board  
**China Overseas Land & Investment Limited**  
**Yan Jianguo**  
*Chairman and Executive Director*

Hong Kong, 30 April 2024

*As at the date of this announcement, Mr. Yan Jianguo (Chairman), Mr. Luo Liang (Vice Chairman), Mr. Zhang Zhichao (Chief Executive Officer) and Mr. Guo Guanghui are the Executive Directors of the Company; Mr. Zhuang Yong (Vice Chairman) and Mr. Zhao Wenhai are the Non-executive Directors of the Company; and Mr. Li Man Bun, Brian David, Professor Chan Ka Keung, Ceajer and Dr. Chan Ching Har are the Independent Non-executive Directors of the Company.*