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## **Overseas Chinese Town (Asia) Holdings Limited**

**華僑城(亞洲)控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 03366)**

### **CONTINUING CONNECTED TRANSACTION PROCUREMENT FRAMEWORK AGREEMENT**

#### **PROCUREMENT FRAMEWORK AGREEMENT**

The Board is pleased to announce that on 11 August 2022, Hefei OCT Industry (an indirect non-wholly owned subsidiary of the Company) entered into the Procurement Framework Agreement with Yilifang Technology, in relation to Hefei OCT Industry engaging Yilifang Technology to provide Konka products procurement services for the Hefei Airport International Town Project for a term up to 31 December 2024. The Annual Caps of the fees payable by Hefei OCT Industry to Yilifang Technology under the Procurement Framework Agreement for the years ending 31 December 2022, 2023 and 2024 are RMB20,000,000, RMB18,000,000 and RMB12,000,000, respectively.

#### **LISTING RULES IMPLICATIONS**

As of the date of this announcement, Yilifang Technology is an associate of Konka for the purpose of the Listing Rules. Konka, in turn, is controlled by OCT Group (a controlling shareholder of the Company). Yilifang Technology is therefore a connected person of the Company, and the Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the highest Annual Cap exceed 0.1% but all applicable percentage ratios are less than 5%, the Procurement Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **PROCUREMENT FRAMEWORK AGREEMENT**

A summary of the principal terms of the Procurement Framework Agreement are set out as follows:

### **Date**

11 August 2022

### **Parties**

- (1) Hefei OCT Industry, an indirect non-wholly owned subsidiary of the Company; and
- (2) Yilifang Technology

### **Scope of Services**

Pursuant to the Procurement Framework Agreement, Hefei OCT Industry agreed to engage Yilifang Technology for the Konka products procurement services for the Hefei Airport International Town Project, and Yilifang Technology will provide the following services in individual procurement projects:

- (1) assist Hefei OCT Industry in organizing a selection of products, comparison, organization and follow-up of the proposals at the early stage of an individual procurement project;
- (2) provide to Hefei OCT Industry services relating to the production, transportation, delivery, installation and testing (if applicable) of products during the interim operation of a procurement project;
- (3) assist Hefei OCT Industry in project completion and acceptance, as well as settlement work at the delivery stage of a procurement project; and
- (4) undertake maintenance work of products during the warranty stage of a procurement project.

The term of the Procurement Framework Agreement is from 11 August 2022 (subject to the Company having obtained the necessary independent shareholders' approval if so required under the Listing Rules, if applicable) to 31 December 2024. In the event that performance by Hefei OCT Industry is prohibited or delayed due to the requirements of relevant laws, rules and regulations applicable to the Company (including the Listing Rules), the parties agree to amend or cancel the relevant transactions in such circumstances.

### **Individual Procurement Agreements and Procurement Fees**

Hefei OCT Industry and Yilifang Technology will enter into separate individual agreement(s) setting out specific terms of individual procurement project (such as quantity of Konka products to be procured, timing and progress requirements, and Procurement Fee payable for the individual project). In the event of inconsistency between these individual agreements and the Procurement Framework Agreement, the Procurement Framework Agreement shall prevail.

The Procurement Fees for individual projects shall be determined based on, among others, the model and quantity of Konka products required, and the unit price of the product(s). The Procurement Fees are to be agreed after arm's length negotiations between parties with reference to the centralized procurement price confirmed by Hefei OCT Industry, quotation offered by Independent Third Party for the same or highly similar products concerned, the timing, engineering progress and other specific procurement requirements of Hefei OCT Industry. The Procurement Fees shall not be higher than the quotation offered by Independent Third Party.

Pursuant to the Procurement Framework Agreement, the Procurement Fees will be paid as to 80% upon delivery of the products procured and issuance of relevant invoices by Yilifang Technology. The remaining 20% Procurement Fees will be paid following completion of testing and acknowledgement of the products. Upon payment of the remaining 20% balance of the Procurement Fees by Hefei OCT Industry, Yilifang Technology will issue a performance guarantee letter to Hefei OCT Industry, covering at least 3% of the total value of the products procured, with a validity warranty period of 2 years.

### **Annual Caps**

The Annual Caps of the fees payable by Hefei OCT Industry to Yilifang Technology under the Procurement Framework Agreement for the years ending 31 December 2022, 2023 and 2024 are RMB20,000,000, RMB18,000,000 and RMB12,000,000, respectively.

In determining the Annual Caps, the Company has taken into account, among other things, the anticipated construction progress of the Hefei Airport International Town Project, and the associated demands for electronic appliances at different stages of such construction progress in the remaining months of year 2022 and the years ending 31 December 2023 and 2024. Currently, Phase I (including residential and commercial properties) of the Hefei Airport International Town Project are being marketed and Phase II (which is planned to be developed into high-rises, foreign-style houses and villas, business streets and business offices, etc.) is under construction. The construction of these areas would require installation of electronic appliances, including without limitation, outdoor and indoor liquid crystal displays, spilt type air conditioners and kitchen appliances throughout the term of the Procurement Framework Agreement. It is expected that a substantive amount of the products will be required to be installed in the year ending 31 December 2022 and 2023. The demand is expected to be slowed down comparatively in 2024 with the Hefei Airport International Town Project moving closer to its completion. The Company also considered the market price of the products required (based on the preliminary quotation provided by Yilifang Technology and an Independent Third Party and with reference to the centralized procurement price contemplated by Hefei OCT Industry).

## **INFORMATION ON YILIFANG TECHNOLOGY**

Yilifang Technology is principally engaged in, among other things, sale of home appliances. Based on the information available to the Company, Yilifang Technology is owned as to 40% by Konka (whose shares are listed on the Shenzhen Stock Exchange), as to 40% by Shenzhen Yiyou Technology Co., Ltd. (深圳市易柚科技責任有限公司, which is ultimately held as to 50% by Mr. Chen Junyao (陳軍耀) and 50% by Mr. Chen Xianglin (陳祥林)) and as to 10% by each of Chutian Dragon Co., Ltd. (楚天龍股份有限公司, “Chutian Dragon”, a company whose shares are listed on the Shenzhen Stock Exchange) and Beijing All View Cloud Data Technology Co., Ltd. (北京奧維雲網大資料科技股份有限公司, a company whose shares are quoted on the National Equities Exchange and Quotations), as of the date of this announcement. Konka also holds approximately 18.22% of the equity interest in Chutian Dragon so far as the Company is aware of. To the best information, knowledge and belief of the Directors having made reasonable enquiries, save as Konka (further details of which are set out in the paragraph headed “Listing Rules Implications” below), the other shareholders of Yilifang Technology are Independent Third Parties.

## **INFORMATION ON THE GROUP AND HEFEI OCT INDUSTRY**

The principal business activity of the Company is investment holding. The Group is principally engaged in comprehensive development, equity investment and fund management. Equity investment and fund management involve direct equity investment and private equity fund investment in the primary market. Comprehensive development involves development and sale of residential properties, development and management of commercial properties, and development and operation of tourism projects.

Hefei OCT Industry is held as to 51% by an indirect wholly-owned subsidiary of the Company, and it principally engages in the development of the Hefei Airport International Town. Hefei Huaxing Konggang Investment Co., Ltd. (whose ultimate beneficial owner is the State-owned Asset Supervision and Administration Commission of Hefei Municipal People's Government) holds the remaining 49% equity interests of Hefei OCT Industry as of the date of this announcement.

## **INTERNAL CONTROL POLICY**

Before making a new procurement from Yilifang Technology, the Group will consider the types, models and quantity of products required, quote from Independent Third Party(ies) and Yilifang Technology, and compare the same. The Group will only enter into individual procurement order with Yilifang Technology if the Procurement Fees to be charged by Yilifang Technology is fair and reasonable, of normal commercial terms or better to the Group, and in any way shall not be higher than the quotation offered by Independent Third Party.

The finance department and risk control department of the Company are responsible for internal control and they will review the actual amount utilized in respect of the Annual Caps from time to time. If it is expected that the value of individual agreements to be entered into, in aggregate with transactions committed, may exceed the Annual Caps, the Company will take steps to comply with the relevant requirement(s) of the Listing Rules before conducting any additional transactions which may result in the Annual Caps being exceeded. The relevant departments of the Company responsible for internal control will review its internal control procedures at least annually, and compile and submit the internal control report to the Board for its review and approval.

The independent non-executive Directors and the Company's auditor will conduct an annual review of the implementation of the Procurement Framework Agreement.

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

The Group has been participating in Phases I and II of the Hefei Airport International Town Project in Hefei Xinqiao Technology Innovation Demonstration Zone in the PRC. Currently, Phase I (including residential and commercial properties) of the Hefei Airport International Town Project are being marketed and Phase II (which is planned to be developed into high-rises, foreign-style houses and villas, business streets and business offices, etc.) is under construction. The business sector of the Hefei Airport International Town Project includes business streets, offices and cultural buildings, which are expected to come into operation from 2024. As the development of the Hefei Airport International Town Project progresses, the Group requires products such as electronic appliances (such as outdoor and indoor liquid crystal displays), air conditioning and kitchen appliances for installation into the projects.

Yilifang Technology is an experienced “Smart Living” service provider in the PRC and is able to provide seniorised intelligent services. As a service provider which offers high quality and branded products as well as diversified intelligent living services, Yilifang Technology, has the necessary experiences in, among other things, organization, selection, transportation, installation and follow-up of the required appliances for the Hefei Airport International Town Project.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Procurement Framework Agreement (including the Annual Caps) are fair and reasonable, on normal commercial terms or better, and in the ordinary and usual course of business of the Group, and that the transactions contemplated under the Procurement Framework Agreement are in the interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As set out in the paragraph headed “Information of Yilifang Technology” above, as of the date of this announcement, Yilifang Technology is directly owned as to 40% by Konka. It is therefore an associate of Konka (a company whose shares are listed on the Shenzhen Stock Exchange and is controlled by OCT Group as of the date of this announcement). OCT Group controls the majority of the composition of the board of directors of Konka, and holds approximately 21.75% of the issued shares of Konka. OCT Group, together with its wholly-owned subsidiary, Shenzhen OCT Capital Investment Management Company Limited (深圳華僑城資本投資管理有限公司), hold approximately 47.97% interests in OCT Ltd. OCT Ltd. owns 100% equity interest in OCT (HK), which in turn owns 100% equity interest in Pacific Climax, which is a controlling shareholder of the Company holding approximately 70.94% of the total issued share capital of the Company as at the date of this announcement. Yilifang Technology is therefore a connected person of the Company, and the Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated with reference to the highest Annual Cap exceed 0.1% but all applicable percentage ratios are less than 5%, the Procurement Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

To the best of the Directors’ knowledge, information and belief, no Director has a material interest in, and no Director is required to abstain from voting on the board resolutions in relation to the approval of, the Procurement Framework Agreement and the transactions contemplated thereunder.

## DEFINITIONS

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

“Annual Cap(s)”	the maximum contractual sum for procurement services payable by Hefei OCT Industry to Yilifang Technology pursuant to the Procurement Framework Agreement in a year during its term
“associate(s)”	has the meanings ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Overseas Chinese Town (Asia) Holdings Limited (華僑城(亞洲)控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hefei Airport International Town Project”	the development project in Hefei Airport International Town (合肥空港國際小鎮) located in Hefei Xinqiao Technology Innovation Demonstration Zone in the PRC. Further information of Hefei Airport International Town have been set out in the circulars of the Company dated 23 January 2020 and 26 July 2021, respectively
“Hefei OCT Industry”	Hefei OCT Industry Development Co., Ltd. (合肥華僑城實業發展有限公司), an indirect non-wholly owned subsidiary of the Company established in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons



“Konka”	Konka Group Co., Ltd. (康佳集團股份有限公司), a company established in the PRC, the shares of which are currently listed on the Shenzhen Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“normal commercial terms or better”	has the meaning ascribed to it under the Listing Rules
“OCT (HK)”	Overseas Chinese Town (HK) Company Limited, a company incorporated in Hong Kong with limited liability and wholly owned by OCT Ltd.
“OCT Group”	Overseas Chinese Town Company Limited (華僑城集團有限公司), a PRC state-owned company established in the PRC. OCT Group is the holding company of OCT Ltd.
“OCT Ltd.”	Shenzhen Overseas Chinese Town Company Limited (深圳華僑城股份有限公司), a company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange
“Pacific Climax”	Pacific Climax Limited, a company incorporated in the British Virgin Islands with limited liability, which is a controlling shareholder of the Company
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Procurement Fees”	the sum payable by Hefei OCT Industry to Yilifang Technology pursuant to the Procurement Framework Agreement
“Procurement Framework Agreement”	the Konka products procurement framework agreement dated 11 August 2022 entered into between Hefei OCT Industry and Yilifang Technology in relation to Hefei OCT Industry engaging Yilifang Technology to provide Konka products procurement services for the Hefei Airport International Town Project
“RMB”	Renminbi, the lawful currency of the PRC



“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yilifang Technology”	Yilifang (Hainan) Technology Limited (易立方(海南)科技有限公司), a company established in the PRC
“%”	per cent.

*Certain Chinese names of institutions, natural persons or other entities have been translated into English and included in this announcement as unofficial translations for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

By the order of the Board  
**Overseas Chinese Town (Asia) Holdings Limited**  
**Zhang Dafan**  
*Chairman*

Hong Kong, 11 August 2022

*As at the date of this announcement, the Board comprises seven Directors, namely: Mr. Zhang Dafan, Ms. Xie Mei and Mr. Lin Kaihua as executive Directors; Mr. Wang Wenjin as non-executive Director; and Ms. Wong Wai Ling, Mr. Lam Sing Kwong Simon and Mr. Chu Wing Yiu as independent non-executive Directors.*