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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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE NEW FRAMEWORK AGREEMENT FOR CAR PARKING SPACES

THE NEW FRAMEWORK AGREEMENT

Reference is made to the joint announcement dated 23 October 2019 issued by the Company and COPL in respect of the Existing Framework Agreement entered into between the Company and COPL on 23 October 2019, pursuant to which the parties agreed that COPL Group may from time to time enter into transactions with the Group for the acquisition of rights-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire) as inventory of COPL Group (i.e. the Transactions), such car parking spaces being car parking spaces of developments or properties built, developed or owned by the Group and managed by COPL Group as property manager, for a term of three years commencing from 1 December 2019 and ending on 30 November 2022.

As the Existing Framework Agreement is due to expire, on 5 September 2022, the Company and COPL entered into the New Framework Agreement to renew the Transactions for a term of three years commencing from 1 January 2023 and ending on 31 December 2025, subject to the Annual 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 and COPL by virtue of it being interested in approximately 56.09% and 61.18% of their respective issued share capital. Therefore, members of COPL Group are connected persons of the Company. Accordingly, the entering into of the New Framework Agreement and the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps exceed 0.1% but less than 5%, the Transactions are subject to annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

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As the Existing Framework Agreement is due to expire, on 5 September 2022, the Company and COPL entered into the New Framework Agreement to renew the Transactions for a term of three years commencing from 1 January 2023 and ending on 31 December 2025, subject to the Annual Caps. The principal terms of the New Framework Agreement are as follows:

Date

5 September 2022

Parties

- (a) The Company; and
- (b) COPL.

Term

The New Framework Agreement has a term of three years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive).

Subject matter

Pursuant to the New Framework Agreement, the Company and COPL agreed that:

- (a) they may enter into, or procure members of the Group and COPL Group to enter into, the Transactions in the ordinary and usual course of their respective businesses within the limit of the Annual Caps; and
- (b) during the term of the New Framework Agreement, the relevant members of the Group and COPL Group may from time to time enter into separate definitive agreement(s) in relation to any Transaction, which shall set out the particular terms of the Transaction(s) (including the payment terms) and be in compliance with the terms of the New Framework Agreement, in particular:

- (i) for the Group as seller, its terms shall be on normal commercial terms (or on an arm's length basis or on terms no less favourable to the Group than terms available to independent third parties for similar transactions (as the case may be)) and are fair and reasonable;
- (ii) for COPL Group as purchaser, its terms shall be on normal commercial terms (or on an arm's length basis or on terms no less favourable to COPL Group than terms available from independent third parties for similar transactions (as the case may be)) and are fair and reasonable;
- (iii) the price for the Transaction(s) shall be based on the pricing basis under the New Framework Agreement, which is set out in the section headed "The New Framework Agreement – Pricing basis" in this announcement;
- (iv) all the Transactions are in the ordinary and usual course of business of the Group and in the interest of the Company and its Shareholders as a whole; and
- (v) all the Transactions are in the ordinary and usual course of business of COPL Group and in the interest of COPL and its shareholders as a whole.

In respect of the non-air raid shelter car parking spaces, if the procedures to transfer property rights can be completed in the future due to PRC policy changes, the Group shall actively cooperate with COPL Group to handle the transfer of property rights. Following such transfer of property rights, the ownership of such non-air raid shelter car parking spaces will altogether be transferred to COPL Group.

Conditions Precedent

The New Framework Agreement and the Transactions (together with the Annual Caps) are conditional upon (i) COPL having obtained the approval of its independent shareholders at COPL's general meeting by way of poll; and (ii) the Company and COPL having complied with all requirements under the Listing Rules with respect to the Transactions.

Pricing basis

As seller, the Company (or the relevant subsidiary) will verify the valuation to be obtained by the Company (or the relevant subsidiary) from an independent third party property appraiser and will take into account the factors such as development cost, historical maintenance cost, ongoing management cost savings, terms of the Transaction(s) and the qualifications of the purchaser to determine the sale price (i.e. the consideration) for each relevant Transaction. In any event, the sale price (i.e. the consideration) shall be no less favourable to the Group than that available to independent third party purchaser for similar transactions.

Annual Caps

The Annual Caps during the term of the New Framework Agreement shall not exceed HK\$600 million for each of the financial years ending 31 December 2023, 2024 and 2025.

Basis of determining the Annual Caps

The Annual Caps are determined with reference to, among other things (a) the historical amounts of the Transactions under the Existing Framework Agreement, being approximately HK\$181 million for the period from 1 December 2019 to 31 December 2019, approximately HK\$142 million for the financial year ended 31 December 2020, approximately HK\$455 million for the financial year ended 31 December 2021, and approximately HK\$37 million for the six months ended 30 June 2022; and (b) the projected aggregate amount of the Transactions (subject to the then availability of the relevant car parking spaces) to be entered into between the Group and COPL Group during the term of the New Framework Agreement.

INTERNAL CONTROL PROCEDURES

In order to ensure the Transactions will be entered into in accordance with the terms of the New Framework Agreement, the Group has adopted the following measures:

- (a) the internal control team of the Company will monitor the Transactions and ensure that the considerations will be no less favourable than those offered to other independent third parties for similar transactions;
- (b) the internal control team of the Company will ensure that the Transactions will be conducted in accordance with the terms of the New Framework Agreement and the Annual Caps will not be exceeded;
- (c) the Board will continue to review on a regular basis the implementation and the effectiveness of the internal control system of the Group;
- (d) the Company will appoint an external auditor pursuant to the Listing Rules to conduct annual review of the Transactions and the Annual Caps; and
- (e) the Independent Non-executive Directors will review all the continuing connected transactions of the Company (including the Transactions) annually to ensure that they have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and have been carried out pursuant to the terms of such transactions, and that such terms are fair and reasonable and in the interests of the Shareholders as a whole.

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

The Group has been selling rights-of-use of car parking spaces of developments or properties built, developed or owned by the Group to its property manager, COPL, since 2019. The Transactions are beneficial to the Group as, when compared with selling to individual property owners, selling to COPL Group can accelerate capital recycling and save selling expenses for the Group. The Directors also consider that the entering into of the Transactions is in line with the Group's overall development strategy.

The Directors (including the Independent Non-executive Directors) consider that the Transactions 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 New Framework Agreement (together with the Annual Caps) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Transactions (together with the Annual Caps) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CSCEC is the ultimate holding company of COHL which is the controlling shareholder of each of the Company and COPL by virtue of it being interested in approximately 56.09% and 61.18% of their respective issued share capital. Therefore, members of COPL Group are connected persons of the Company. Accordingly, the entering into of the New Framework Agreement and the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps exceed 0.1% but less than 5%, the Transactions are subject to annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Transactions and no Director is required to abstain from voting on such Board resolutions. However, Mr. Yan Jianguo, Mr. Zhang Zhichao and Mr. Zhuang Yong, all 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 Annual Caps) and the Transactions.

Shareholders should note that the Annual Caps represent the best estimates by the Directors of the amount of the relevant transactions based on the information currently available. The Annual Caps bear no direct relationships to, nor should be taken to have any direct bearings to the Group's financial or potential financial performance.

INFORMATION ON THE PARTIES

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

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

CSCEC is the ultimate holding company of each of COHL, the Company and COPL. 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 shall have the meanings set out below unless the context requires otherwise:

“Annual Cap(s)”	the maximum total agreement sums payable by COPL Group to the Group for the acquisition of rights-of-use of car parking spaces by COPL Group from the Group for the relevant years under the New Framework Agreement as set out under the section headed “The New Framework Agreement – Annual Caps” of this announcement;
“associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder”, “holding company”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, and the controlling shareholder of each of the Company and COPL;
“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);

“COPL”	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);
“COPL Group”	COPL and its subsidiaries 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, being the ultimate holding company of each of COHL, the Company and COPL;
“Director(s)”	the director(s) of the Company;
“Existing Framework Agreement”	the framework agreement dated 23 October 2019 entered into between the Company and COPL in respect of the Transactions;
“Group”	the Company and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange and their respective subsidiary(ies), if any) from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“New Framework Agreement”	the framework agreement dated 5 September 2022 entered into between the Company and COPL in respect of the Transactions;
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Shareholder(s)”	the shareholder(s) of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Transaction(s)”

the transaction(s) between the Group and COPL Group for the acquisition of the rights-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire) as inventory of COPL Group, such car parking spaces being car parking spaces of developments or properties built, developed or owned by the Group and managed by COPL Group as property manager; and

“%”

per cent.

* *English translation for identification purpose only*

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

Hong Kong, 5 September 2022

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 Dr. Fan Hsu Lai Tai, Rita, Mr. Li Man Bun, Brian David and Professor Chan Ka Keung, Ceajer are the Independent Non-executive Directors of the Company.