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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 ENGINEERING CORPORATION LIMITED IN RELATION TO PROVISION OF SUPPLY CHAIN MANAGEMENT SERVICES

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 9 July 2021 relating to, among other things, the Existing Framework Agreement entered into between the Company and CSCECL.

The Existing Framework Agreement will expire on 31 December 2023. The Directors expect that Shenzhen Lingchao (a wholly-owned subsidiary of the Company) will continue to provide, and CSCECL Group and Other Connected Persons may continue to engage Shenzhen Lingchao to provide, the Supply Chain Management Services and Other Services from time to time. In this connection, on 11 December 2023, the Company and CSCECL entered into the Renewal Framework Agreement for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive), subject to the Annual Caps.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CSCECL is the intermediate controlling shareholder of the Company by virtue of its being interested in approximately 56.10% of the issued share capital of the Company. Accordingly, members of CSCECL Group and Other Connected Persons are connected persons of the Company. The transactions contemplated under the Renewal Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios of the Annual Caps exceed 0.1% but are less than 5%, the transactions contemplated under the Renewal Framework Agreement 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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RENEWAL FRAMEWORK AGREEMENT

Date

11 December 2023

Parties

1. CSCECL; and
2. the Company.

Term

The Renewal Framework Agreement will have a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive).

Subject Matter

Pursuant to the Renewal Framework Agreement, Shenzhen Lingchao (a wholly-owned subsidiary of the Company) will provide, and CSCECL Group and Other Connected Persons may engage Shenzhen Lingchao to provide, the Supply Chain Management Services and Other Services subject to the Annual Caps as follows:

- (1) Shenzhen Lingchao has established Shenzhen Lingchao's Platform by coordinating with and lining up suppliers of the Required Items which may be required to satisfy the procurement needs of CSCECL Group and Other Connected Persons, and made available Shenzhen Lingchao's Platform (showing information including the price of each Required Item and the corresponding supplier, which is an independent third party) to CSCECL Group and Other Connected Persons for them to source and purchase such Required Items necessary for the Projects of CSCECL Group and Other Connected Persons.

- (2) Based on the future procurement needs for the Projects, CSCECL Group and Other Connected Persons may select the Required Items on Shenzhen Lingchao's Platform and provide Shenzhen Lingchao with a supply list of the Required Items indicating the total volume of the Required Items to be procured from specific supplier(s) that they plan to purchase for the Projects, the unit price(s) and the corresponding supplier(s) (the "**Supply List**").
- (3) Depending on the progress of the Projects, CSCECL Group and Other Connected Persons may send a purchase order(s) of the necessary Required Items to be procured (the "**Purchase Order**") to Shenzhen Lingchao, and Shenzhen Lingchao shall order such Required Items from the specified supplier(s). The supplier(s) shall, upon receiving the Purchase Order from Shenzhen Lingchao, arrange for the delivery of the Required Items ordered to CSCECL Group and Other Connected Persons.
- (4) CSCECL Group and Other Connected Persons shall assume entire responsibility for the risks of fluctuation on the market prices, loss and damages and any delay in delivery of the Required Items ordered. Upon delivery, CSCECL Group and Other Connected Persons shall conduct final check and inspection on the Required Items ordered and provide the relevant written acceptance (the "**Acceptance Confirmation**") to Shenzhen Lingchao afterwards.

Separate agreements which set out the detailed terms of the relevant transactions (including payment terms) will be entered into by CSCECL Group and Other Connected Persons with Shenzhen Lingchao in accordance with the terms of the Renewal Framework Agreement. The corresponding payment terms shall also be separately agreed in accordance with the principles laid down in the Renewal Framework Agreement.

Basis of Determining the Prices

Before submitting any Supply List for the Required Items, members of CSCECL Group and Other Connected Persons will first compare the price and quality of the Required Items offered by different suppliers on the Shenzhen Lingchao's Platform with similar Required Items offered by independent third party suppliers, by, as far as possible, obtaining the price of each Required Item charged by independent third party suppliers and/or other procurement platforms in the open market, and with similar Required Items of comparable quantity purchased from independent third party suppliers in the past. Only the Required Items offered with the best available terms will be purchased. For the avoidance of doubt, members of CSCECL Group and Other Connected Persons are not obliged to purchase any Required Items from Shenzhen Lingchao through the Shenzhen Lingchao's Platform and are free to purchase Required Items from other procurement platforms or suppliers.

The unit price of each Required Item shown on Shenzhen Lingchao's Platform will be the price as confirmed and shown on the relevant Supply List (value-added tax included, the amount of which may be adjusted according to the prevailing taxation policy of the PRC Government). The unit price of the Required Items will be determined in accordance with the following principles:

- (i) the unit price will be determined in the ordinary course of business, on arm’s length basis based on normal commercial terms and with reference to market conditions and prices offered by independent third parties for similar Required Items, and no more favourable to CSCECL Group and Other Connected Persons than to the independent third party customers of Shenzhen Lingchao under the same commercial terms;
- (ii) for the Required Items which do not require installation, the unit price will be determined with reference to the costs of producing, processing and transporting the Required Items and service fees for quality assurance and after-sale maintenance; and
- (iii) for the Required Items which require installation, the unit price will be determined with reference to the costs of producing, processing and transporting the Required Items, unloading, rehandling, storing and installing and service fees for quality assurance and after-sales maintenance.

The prices of the Required Items on Shenzhen Lingchao’s Platform are subject to market fluctuations. Each Required Item shown on Shenzhen Lingchao’s Platform is with a fixed percentage of profit margin of 2% to 10% which is determined based on periodical market research that takes into account: (i) the greater volume discount offered by the suppliers to Shenzhen Lingchao for its bulk purchases; and (ii) the operational costs that the customers would incur if it organises the supply chain resources itself.

Other Services

In the event that CSCECL Group and Other Connected Persons require for any Required Items that is/are not available on Shenzhen Lingchao’s Platform (the “**Non-available Item(s)**”), Shenzhen Lingchao may, if so requested by CSCECL Group and Other Connected Persons, assist to search for appropriate and applicable supplier(s) who is able to supply the Non-available Item(s). CSCECL Group and Other Connected Persons have the sole and absolute discretion to accept or refuse the offer(s) by any of such suppliers in respect of the Non-available Item (if any). If CSCECL Group and Other Connected Persons accepts such offer, CSCECL Group and Other Connected Persons would enter into a separate contract with such supplier(s) in respect of the Non-available Item(s) on the terms and conditions as agreed by their own. Shenzhen Lingchao would be entitled to receive a sum equivalent to 1% of the contract sum for the Non-available Item(s) from the independent third party supplier(s) as referral fees (the “**Referral Fees**”).

Payment Terms

The estimated contract sum specified in each specific agreement for the Supply Chain Management Services in accordance with the Renewal Framework Agreement is subject to adjustment, which is based on the total accepted Required Items amount stated in the Acceptance Confirmation (the “**Final Contract Sum**”). The Final Contract Sum is calculated based on the following formula:

$$\text{Final Contract Sum} = \text{No. of Required Items shown on the Acceptance Confirmation} \times \text{Unit price of the Required Items shown in the Supply List} + \text{Value-added tax on the Required Items ordered}^{(Note)}$$

Note: The amount of the value-added tax is equal to 13% of the price of the Required Items ordered and shall be adjusted according to the PRC governmental taxation policy.

The Final Contract Sum under each specific agreement for the Supply Chain Management Services in accordance with the Renewal Framework Agreement shall be payable in the following manners:

- (a) Prepayment: If the following types of Required Items are included in the Supply List, a prepayment shall be made by CSCECL Group and Other Connected Persons to Shenzhen Lingchao by bank transfer on the respective date specified in the table below:

Types of Required Items	Prepayment Amount	Payment date
Escalator/elevator	50% of the aggregate price for the total number of such Required Items as shown in the Supply List	Submission date of the Purchase Order
Chiller unit and terminal controller of air-conditioning system	20% of the aggregate price for the total number of such Required Items as shown in the Supply List	Submission date of the Purchase Order
Imported kitchen appliance	10% of the aggregate price for the total number of such Required Items as shown in the Supply List	Submission date of the Supply List
Aluminum entrance door	40% of the aggregate price for the total number of such Required Items as shown in the Supply List	Submission date of the Supply List

For the avoidance of doubt, apart from the above types of Required Items, Shenzhen Lingchao may also require CSCECL Group and Other Connected Persons to make prepayment for other Required Items under each specific agreement for the Supply Chain Management Services.

- (b) Final payment: Shenzhen Lingchao shall, before the 10th day of each month, inform CSCECL Group and Other Connected Persons the amounts payable as shown on the Acceptance Confirmation of the preceding month together with, among other things, the related invoices and value-added tax invoices. CSCECL Group and Other Connected Persons shall pay the said amounts to Shenzhen Lingchao in full by bank transfer before the 25th day of each month.

For Other Services, the Referral Fees will be paid by the independent third party supplier(s) to Shenzhen Lingchao in accordance with the terms of the specific contract to be entered into between Shenzhen Lingchao and the independent third party supplier(s).

Annual Caps

During the term of the Renewal Framework Agreement, it is projected that the maximum total sum of all the contract sum of the Supply Chain Management Services and all the Referral Fees for Other Services shall not exceed the Annual Caps as follows:

For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
RMB2,500 million (approximately HK\$2,747 million)	RMB3,000 million (approximately HK\$3,297 million)	RMB3,500 million (approximately HK\$3,846 million)

The Annual Caps determined with reference to the following factors:

- (a) the historical total contract sum awarded by CSCECL Group and Other Connected Persons to Shenzhen Lingchao in relation to the provision of the Supply Chain Management Services and the Other Services under the Existing Framework Agreement, being (i) approximately RMB115 million for the period from 9 July 2021 to 31 December 2021; (ii) approximately RMB348 million for the financial year ended 31 December 2022; and (iii) approximately RMB402 million for the period ended 30 November 2023;
- (b) the expected business needs of CSCECL Group and Other Connected Persons for the Supply Chain Management Services and the Other Services during the term of the Renewal Framework Agreement;
- (c) a certain percentage of buffer for the increase in potential demands of CSCECL Group and Other Connected Persons for the Supply Chain Management Services and the Other Services; and
- (d) the scale and scope of the works, fees, costs and the price of the Required Items charged by the independent third parties suppliers for previous projects of similar nature.

INTERNAL CONTROL

In order to ensure the compliance with the terms of the Renewal Framework Agreement, the Group has adopted the following internal control procedures:

- (1) Shenzhen Lingchao will be responsible for ensuring that the transactions contemplated under the Renewal Framework Agreement will be conducted in accordance with its terms, and monitoring the accumulated price paid for the Required Items by CSCECL Group and Other Connected Persons to Shenzhen Lingchao on a regular basis to ensure that the relevant Annual Cap will not be exceeded; and
- (2) finance department of the Company will regularly assess whether the relevant Annual Cap might be exceeded based on the actual transaction amount recorded for the previous months and the transaction amount assumed for the remaining months in the relevant periods.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWAL 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 Renewal Framework Agreement are in line with the business and commercial objectives of the Group. The transactions will enable the Group to leverage the conglomerate business of CSCECL Group to drive future growth and synergies, provide the Group with a steady revenue stream, and broaden returns for the Shareholders as a whole.

None of the Directors has any material interest in the transactions contemplated under the Renewal Framework Agreement and no Director is required to abstain from voting on such board resolutions.

The Directors (including the Independent Non-executive Directors) consider that the transactions contemplated under the Renewal 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, the Renewal 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 contemplated under the Renewal Framework Agreement (together with the Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CSCECL is the intermediate controlling shareholder of the Company by virtue of its being interested in approximately 56.10% of the issued share capital of the Company. Accordingly, members of CSCECL Group and Other Connected Persons are connected persons of the Company. The transactions contemplated under the Renewal Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios of the Annual Caps exceed 0.1% but are less than 5%, the transactions contemplated under the Renewal Framework Agreement 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.

INFORMATION ON THE PARTIES

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

CSCECL is a contractor which is principally engaged in construction works in various cities in the PRC and various countries around the world.

CSCEC is the ultimate holding company of each of CSCECL and the Company. 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:

“30%-controlled company(ies)”, “associate(s)”, “connected person(s)”, “connected subsidiary(ies)”, “continuing connected transaction(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Acceptance Confirmation”	the acceptance confirmation as described in the paragraph headed “Renewal Framework Agreement - Subject Matter” in this announcement;
“Annual Cap(s)”	the maximum total sum of (i) the total contract sum receivable by Shenzhen Lingchao from CSCECL Group and Other Connected Persons in respect of the Supply Chain Management Services; and (ii) the total Referral Fees receivable by Shenzhen Lingchao from the independent third party supplier(s) in respect of the Other Services, for the relevant year(s) under the Renewal Framework Agreement;
“Board”	the board of Directors;
“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);

“CSCEC”	China State Construction Engineering Corporation* (中國建築集團有限公司), a state-owned corporation organised and existing under the laws of the PRC, being the ultimate holding company of each of CSCECL and the Company;
“CSCECL”	China State Construction Engineering Corporation Limited (中國建築股份有限公司), a joint stock company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), is a non-wholly owned subsidiary of CSCEC and an intermediate controlling shareholder of the Company;
“CSCECL Group”	CSCECL and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange and their respective subsidiary(ies), if any) from time to time;
“Director(s)”	director(s) of the Company;
“Existing Framework Agreement”	the framework agreement dated 9 July 2021 entered into between the Company and CSCECL in respect of the provision of the Supply Chain Management Services and Other Services by Shenzhen Lingchao to CSCECL Group and Other Connected Persons for the period commenced from 9 July 2021 and ending on 31 December 2023 (both dates inclusive);
“Final Contract Sum”	the final contract sum as described in the paragraph headed “Renewal Framework Agreement - Payment Terms” in this announcement;
“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;
“Non-available Item(s)”	the non-available item(s) as described in the paragraph headed “Renewal Framework Agreement – Other Services” in this announcement;

“Other Connected Persons”	the associates of CSCECL, 30%-controlled companies held directly or indirectly by CSCECL and connected subsidiaries between CSCECL and the Company, and their respective subsidiaries (excluding subsidiary(ies) listed on any stock exchange and their respective subsidiary(ies)) from time to time;
“Other Services”	the other services as described in the paragraph headed “Renewal Framework Agreement – Other Services” in this announcement;
“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;
“Project(s)”	any development or construction project of CSCECL Group or Other Connected Persons in the PRC;
“Purchase Order”	the purchase order as described in the paragraph headed “Renewal Framework Agreement - Subject Matter” in this announcement;
“Referral Fees”	the referral fees as described in the paragraph headed “Renewal Framework Agreement - Other Services” in this announcement;
“Renewal Framework Agreement”	the framework agreement dated 11 December 2023 entered into between the Company and CSCECL in respect of the provision of the Supply Chain Management Services and Other Services by Shenzhen Lingchao to CSCECL Group and Other Connected Persons for a term commencing from 1 January 2024 and ending on 31 December 2026 (both dates inclusive);
“Required Item(s)”	civil-works, electromechanical and renovation items, goods or materials;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company from time to time;
“Shenzhen Lingchao”	Shenzhen Lingchao Supply Chain Management Co., Ltd.* (深圳領潮供應鏈管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;

“Shenzhen Lingchao’s Platform”	an electronic platform established by Shenzhen Lingchao on which details, descriptions and prices of the Required Items that Shenzhen Lingchao is able to provide, together with the name of the corresponding supplier (which is an independent third party) are shown;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supply Chain Management Services”	(i) supply chain management services including procurement of the Required Items which can be provided by Shenzhen Lingchao; and/or (ii) supply chain consultation services provided to CSCECL Group and Other Connected Persons by Shenzhen Lingchao pursuant to each specific agreement;
“Supply List”	the supply list as described in the paragraph headed “Renewal Framework Agreement – Subject Matter” in this announcement; 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, 11 December 2023

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, Eliza are the Independent Non-executive Directors of the Company.