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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)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS WITH CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED IN RELATION TO SUPPLY OF MATERIALS

Reference is made to the announcement of the Company dated 28 April 2021 in relation to the Framework Agreement entered into between the Company and CSC, pursuant to which (i) the Group may supply the Materials for the Projects upon the request of each of the CSC Group and the Minority Controlled Group in accordance with the tendering procedures of 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 2021 and ending on 30 June 2024 (both dates inclusive) subject to the Original Caps; and (ii) the CSC Group or the Minority Controlled Group (as the case may be) may engage the Group as supplier of the Materials for the Projects upon the Group's successful tender.

Due to the reasons mentioned in this announcement, the Board expects that the Original Caps for the period commencing from 1 January 2022 and ending on 30 June 2024 may not be sufficient to meet the demand of the CSC Group or the Minority Controlled Group for the Materials. In this connection, on 3 May 2022, the Company entered into the Supplemental Agreement with CSC to revise the Original Caps. Pursuant to Rule 14A.54 under the Listing Rules, if the Company revises the cap for the Continuing Connected Transactions, the Company will have to re-comply with the applicable requirements under the Listing Rules.

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 CSC by virtue of it being interested in approximately 56.09% of the issued share capital of the Company and approximately 64.81% of the issued share capital of CSC respectively. Accordingly, members of the CSC Group and the Minority Controlled Group are connected persons of the Company and the transactions contemplated under the Framework Agreement and the Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios of the highest Revised Cap exceed 0.1% but less than 5%, the Continuing Connected 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.

BACKGROUND

Reference is made to the announcement of the Company dated 28 April 2021 in relation to the Framework Agreement entered into between the Company and CSC, pursuant to which (i) the Group may supply the Materials for the Projects upon the request of each of the CSC Group and the Minority Controlled Group in accordance with the tendering procedures of 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 2021 and ending on 30 June 2024 (both dates inclusive) subject to the Original Caps; and (ii) the CSC Group or the Minority Controlled Group (as the case may be) may engage the Group as supplier of the Materials for the Projects upon the Group's successful tender.

SUPPLEMENTAL AGREEMENT

On 3 May 2022, the Company entered into the Supplemental Agreement with CSC to revise the Original Caps under the Framework Agreement. Save for the revision of the Original Caps to the Revised Caps, all other terms and conditions under the Framework Agreement remain the same.

Details of the revision of the Original Caps to the Revised Caps are set out as follows:

	For the period from 1 July 2021 to 31 December 2021	For the financial year ending 31 December 2022	For the financial year ending 31 December 2023	For the period from 1 January 2024 to 30 June 2024
Original Caps	RMB150 million (approximately HK\$185 million)	RMB360 million (approximately HK\$444 million)	RMB430 million (approximately HK\$531 million)	RMB260 million (approximately HK\$321 million)
Revised Caps	No change	RMB1,000 million (approximately HK\$1,235 million)	RMB1,000 million (approximately HK\$1,235 million)	RMB500 million (approximately HK\$617 million)

Basis of the Revised Caps

The Revised Caps are determined with reference to (i) the estimated total contract sum of contracts in respect of the supply of the Materials that the CSC Group and the Minority Controlled Group may invite the Group to participate in competitive tenders during the remaining term of the Framework Agreement, being approximately RMB900 million (approximately HK\$1,111 million) for each of the year 2022 and 2023 and approximately RMB450 million (approximately HK\$556 million) for the period from 1 January 2024 to 30 June 2024; (ii) a certain percentage of buffer for the increase in potential demands of the CSC Group and the Minority Controlled Group for the Materials; (iii) the historical transaction amount in relation to the supply of Materials payable by the CSC Group and the Minority Controlled Group to the Group, being the contract sum under the Framework Agreement for the period from 1 July 2021 to 31 December 2021 of approximately RMB134 million (approximately HK\$165 million) and for the period from 1 January 2022 to 31 March 2022 of approximately RMB64 million (approximately HK\$79 million); and (iv) the scale and scope of the works, fees, costs and the price charged by the independent third parties suppliers for previous projects of similar nature.

REASONS AND BENEFITS FOR ENTERING INTO THE SUPPLEMENTAL 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 actively exploring business is the boost for Shenzhen Lingchao's long-term development, including actively expanding and strengthening business cooperation with the CSC Group and the Minority Controlled Group, providing the CSC Group and the Minority Controlled 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.

In view of the satisfactory co-operation for the supply of Materials by Shenzhen Lingchao to the CSC Group and the Minority Controlled Group in the past nine months, the Board expects that the CSC Group and the Minority Controlled Group will continue to engage Shenzhen Lingchao to supply the Materials, and the Original Caps for the period commencing from 1 January 2022 and ending on 30 June 2024 may not be sufficient to meet the demand of the CSC Group and the Minority Controlled Group for the Materials. Accordingly, the Board proposes to revise the Original Caps to the Revised Caps.

None of the Directors has any material interest in the Continuing Connected Transactions and no Director is required to abstain from voting on such Board resolutions. However, Mr. Yan Jianguo, who is the Chairman and Executive Director of the Company, the chairman and president of COHL and the chairman and non-executive director of CSC, has voluntarily abstained from voting on the Board resolutions of the Company approving the entering into of the Supplemental Agreement (including the Revised Caps) and the transactions contemplated thereunder.

The Directors (including the Independent Non-executive Directors) consider that the Continuing Connected 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, the Framework Agreement and the Supplemental Agreement (including the Revised Caps) have been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Continuing Connected Transactions 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, CSCEC is the ultimate holding company of COHL which is the controlling shareholder of each of the Company and CSC by virtue of it being interested in approximately 56.09% of the issued share capital of the Company and approximately 64.81% of the issued share capital of CSC respectively. Accordingly, members of the CSC Group and the Minority Controlled Group are connected persons of the Company and the transactions contemplated under the Framework Agreement and the Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 under the Listing Rules, if the Company proposes to revise the annual caps for Continuing Connected Transactions, the Company will have to re-comply with the applicable requirements under the Listing Rules. Since the applicable percentage ratios of the highest Revised Cap exceed 0.1% but less than 5%, the Continuing Connected 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.

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

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.

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

CSCECL is the holding company of COHL, which in turn is the controlling shareholder of both the Company and CSC. 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, 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;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of CSCECL 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);

<p>“connected person(s)”, “controlling shareholder(s)”, “percentage ratio(s)” and “subsidiary(ies)”</p>	<p>each has the meaning ascribed to it in the Listing Rules;</p>
<p>“Continuing Connected Transactions”</p>	<p>the transactions contemplated under the Framework Agreement and the Supplemental Agreement;</p>
<p>“CSC”</p>	<p>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);</p>
<p>“CSC Group”</p>	<p>CSC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange and their respective subsidiary(ies), if any) from time to time;</p>
<p>“CSCEC”</p>	<p>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 CSCECL, COHL, the Company and CSC;</p>
<p>“CSCECL”</p>	<p>China State Construction Engineering Corporation Limited, 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 the holding company of COHL;</p>
<p>“Director(s)”</p>	<p>director(s) of the Company;</p>
<p>“Framework Agreement”</p>	<p>the framework agreement entered into between the Company and CSC on 28 April 2021 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 2021 and ending on 30 June 2024 (both dates inclusive);</p>
<p>“Group”</p>	<p>the Company and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange and their respective subsidiary(ies), if any) from time to time;</p>
<p>“HK\$”</p>	<p>Hong Kong dollars, the lawful currency of Hong Kong;</p>
<p>“Hong Kong”</p>	<p>the Hong Kong Special Administrative Region of the PRC;</p>

“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, respectively);
“Original Cap(s)”	the original maximum total contract sum of the contracts in respect of the supply of the Materials for the Projects by the Group to the CSC Group and/or the Minority Controlled Group for the relevant period/year under the Framework Agreement;
“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 in the PRC;
“Revised Cap(s)”	the revised maximum total contract sum of the contracts in respect of the supply of the Materials for the Projects by the Group to the CSC Group and/or the Minority Controlled Group for the period commencing from 1 January 2022 and ending on 30 June 2024 (both dates inclusive) under the Supplemental Agreement;
“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;
“Supplemental Agreement”	the supplemental agreement dated 3 May 2022 made between the Company and CSC for revising the Original Caps to the Revised Caps; 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 RMB0.81 = 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, 3 May 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 Wenhui 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.