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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)

**TERMINATION OF CONTINUING CONNECTED TRANSACTION:
ORIGINAL PRODUCT PROCUREMENT SERVICES
AND
NEW CONTINUING CONNECTED TRANSACTION:
PRODUCT PROCUREMENT SERVICES**

On 8 March 2024, Hefei OCT Industry (an indirect non-wholly owned subsidiary of the Company) entered into the New Agreement with Yilifang Technology and Konka ZT for Konka ZT to replace Yilifang Technology to provide Konka products procurement services to Hefei OCT Industry for the New Term ending 31 December 2025, with the Annual Caps of RMB9 million and RMB4 million for the years ending 31 December 2024 and 2025, respectively.

LISTING RULES IMPLICATIONS

Each of Yilifang Technology and Konka ZT are connected persons of the Company.

As the continuing connected transactions with Yilifang Technology under the Original Framework Agreement have been terminated, the Company is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

The entering into of the New Agreement and the transactions with Konka ZT contemplated thereunder constitute new continuing connected transactions of the Company for the purpose of Chapter 14A of the Listing Rules. As all the applicable percentage ratios are less than 25% and the highest Annual Cap is less than HK\$10,000,000, the entering into of the New Agreement is subject to, among other things, the announcement, annual reporting and annual review requirements, but exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(b) of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 11 August 2022 regarding the Original Framework Agreement, in relation to Hefei OCT Industry engaging Yilifang Technology to provide Konka products procurement services for the Hefei Airport International Town Project. As the original contracting party (namely Yilifang Technology) intends to cease operation and to deregister, on 8 March 2024, Hefei OCT Industry, Yilifang Technology and Konka ZT entered into the New Agreement for Konka ZT to replace Yilifang Technology to provide Konka products procurement services to Hefei OCT Industry for the New Term.

NEW AGREEMENT

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

Date

8 March 2024

Parties

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

Subject matter under the New Agreement

Pursuant to the New Agreement, Konka ZT will replace Yilifang Technology with respect to the transactions contemplated under the Original Framework Agreement for the New Term. Yilifang Technology shall transfer all its rights and obligations under the Original Framework Agreement to Konka ZT, and all its rights and obligations under the Original Framework Agreement will be terminated.

The New Term

The New Agreement will expire on 31 December 2025, and will be effective upon (1) the Company having obtained all necessary approval and fulfilled necessary compliance requirements pursuant to the requirements of the Stock Exchange and other regulatory authorities, or pursuant to relevant laws, rules and requirements (if any); and (2) the New Agreement having been executed by all contracting parties.

Scope of services contemplated under the New Framework

Konka ZT will provide Konka products procurement services for the Hefei Airport International Town Project to Hefei OCT Industry. The following services will be provided 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.

Individual procurement orders and Procurement Fees

Hefei OCT Industry and Konka ZT will enter into separate individual agreement(s) setting out specific terms of individual procurement order (such as quantity of Konka products to be procured, timing and progress requirements, and Procurement Fees payable for the individual order).

The Procurement Fees for individual orders 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 Parties 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 Parties.

The Procurement Fees will be paid as to 80% upon delivery of the products procured and issuance of relevant invoices by Konka ZT. The remaining 20% of the 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, Konka ZT 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 two years.

Annual Caps

The Annual Caps are RMB9 million and RMB4 million for the years ending 31 December 2024 and 2025, 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, the associated demands for electronic appliances at different stages of such construction progress in the remaining months of 2024 and the year ending 31 December 2025, respectively, and the historical transaction with Yilifang Technology and its associates.

The table below summaries the annual caps for products procurement services for the Hefei Airport International Town Project under the Original Framework Agreement, and the actual transaction amount for the periods indicated:

	For the year ending 31 December 2024 RMB'000	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Annual cap under the Original Framework Agreement	12,000 <i>(Terminated by the New Agreement)</i>	18,000	20,000
Actual transaction amount	0 ^(Note 1) (for January 2024)	0 ^(Note 1)	0

Notes:

1. Unaudited preliminary figure based on the information currently available, and subject to final audit.

The Hefei Airport International Town Project requires installation of electronic appliances, including without limitation, outdoor and indoor liquid crystal displays, spilt type air conditioners and kitchen appliances, to be applied in different section of the project, including its public areas, and residential portions. The construction progress of the project was delayed compared to originally scheduled when parties entered into the Original Framework Agreement in August 2022, and the transactions contemplated thereunder have not yet taken place. With the business section commenced operation already in the first quarter of 2024 and a large portion of the residential portion to be delivered in 2024 to 2025, it is expected that there will be substantial demand for procurement in 2024, and a higher Annual Cap of RMB9 million will be required. As the project progresses to completion, demand is expected to slow down in 2025. More information about the Hefei Airport International Town Project and its progress is set out in the paragraph headed “Reasons for and benefits of the entering into of the New Agreement” below. The Company also considered the market price of the products required (based on the preliminary quotation provided by Konka ZT and two Independent Third Parties in assessing the Annual Caps).

INTERNAL CONTROL POLICY

Before making a procurement from Konka ZT, Hefei OCT Industry will consider the types, models and quantity of products/services required. The costs and contracts department will obtain and review the proposed terms from Konka ZT to ensure it is consistent with the New Framework. It will also obtain quotations for similar type and quantity of products/services from at least two Independent Third Parties, and compare these quotations with those provided by Konka ZT. Hefei OCT Industry will only place individual procurement order with Konka ZT if the terms offered by Konka ZT are fair and reasonable, and no less favourable than the quotations for comparable products/services offered by Independent Third Parties.

The finance department and risk control department of the Company are primarily responsible for internal control of the continuing connected transactions. They monitor the actual amount transacted and/or proposed, the utilization of the Annual Caps, monitor the transaction status and report to the Company's management from time to time. If it is expected that the value of individual order 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. In accordance with the Company's internal policies, the transactions under the New Framework will be properly recorded. The management of the Group will review the aforesaid pricing policy on a regular basis.

The independent non-executive Directors and the Company's auditor will conduct annual review and confirmation of the continuing connected transactions conducted under the New Framework.

The Board considers that the above measures and procedures are adequate for the individual transactions contemplated under the New Framework to be conducted on normal commercial terms, within the New Framework and not to be prejudicial to the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

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 involves 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 (an indirect subsidiary of the Company, which is held as to 51% by an indirect wholly-owned subsidiary of the Company) 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.

Yilifang Technology and Konka ZT

- (1) Yilifang Technology is principally engaged in, among other things, the sale of home appliances. It intends to cease operations and deregister in the near future.

Yilifang Technology is owned as to 40% by Konka (whose shares are listed on the Shenzhen Stock Exchange). Konka's core businesses include consumer electronics, industry trade, semiconductors, environmental protection, etc. 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 (a controlling shareholder of the Company holding approximately 70.94% of the total issued Shares).

Other shareholders of Yilifang Technology are Jiangxi Junjian Industrial Co., Ltd. (江西君健實業有限公司, which is wholly-owned by Jiangxi Sanlukang Group Co., Ltd. (江西三陸康集團有限公司), which is ultimately held as to 50% by Mr. Chen Junyao (陳軍耀) and 50% by Mr. Chen Xianglin (陳祥林)) (as to 40%); Kexin Micro Technology (Chongqing) Co., Ltd. (科芯微科技(重慶)有限公司, which is owned as to 90% by Ms. Wei Yu (魏渝) and 10% by Mr. Li Jun (李俊)) (as to 10%); Beijing All View Cloud Data Technology Co., Ltd. (北京奧維雲網大數據科技股份有限公司, a company whose shares are quoted on the National Equities Exchange and Quotations) (as to 10%).

- (2) Konka ZT is principally engaged in, among other things, sale of home appliances.

Konka ZT is owned as to 51% by Shenzhen Konka Investment Holding Co., Ltd. (深圳康佳投資控股有限公司) (which is wholly-owned by Konka). Other shareholders of Konka ZT are Pingyang Huoshan Investment Management Partnership Enterprise (Limited Partnership) (平陽火山投資管理合夥企業(有限合夥)), which is owned as to 95% by Mr. Huang Zhaowei (黃兆璋) and 5% by Ms. Zheng Xuezhen (鄭雪真)) (as to 29%); and Zhi Yun Chuang Xin Information Technology (Beijing) Co., Ltd. (智雲創鑫信息科技(北京)有限公司), which is wholly-owned by Ms. Li Yun (黎芸)) (as to 20%).

To the best knowledge, information and belief of the Directors having made reasonable enquiry, save as Konka, the other shareholders of Yilifang Technology and Konka ZT are Independent Third Parties.

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

The Hefei Airport International Town Project is a project of the Group located in the Hefei Xinqiao Science and Technology Innovation Demonstration Zone in the PRC. It comprises land of approximately 1.3 million square meters (full caliber) with a planned total gross floor area of more than 1.5 million square meters (full caliber), which is planned to be developed to cover residential and commercial properties, business streets, offices and cultural heritage, etc. As of 31 December 2023, a total saleable area of over 707,400 square meters have been launched, and the business sector of the Hefei Airport International Town Project has commenced operations in the first quarter of 2024. The project requires installation of electronic appliances (such as outdoor and indoor liquid crystal displays), air conditioning and kitchen appliances, of a recurrent nature. The Original Framework Agreement was therefore entered into to provide a framework for the conduct of procurement of such products and services as the Group may require from time to time from Yilifang Technology.

Yilifang Technology intends to cease operation and to deregister in the near future. In light of the progress of the Hefei Airport International Town Project and its recurrent needs for installation of electronic appliance, Hefei OCT Industry may require procurement services from Konka ZT, in place of Yilifang Technology, from time to time. Konka ZT is a “Smart Living” service provider in the PRC capable of offering branded products and diversified intelligent living services required for the Hefei Airport International Town Project, and has the experiences in, among other things, organization, selection, transportation, installation and follow-up of the required appliances for the Hefei Airport International Town Project. Having considered (1) Konka ZT’s ability, (2) the prior cooperation with Yilifang Technology and its relationship with Konka ZT, and (3) the terms to be offered under each individual procurement will be on normal commercial terms or better pursuant to the arrangements under the New Framework, the Company considers that entering into the New Agreement could provide a framework for the conduct and administration of procurement services transactions to be conducted with Konka ZT when Hefei OCT Industry requires during the New Term, with minimal interruption to the Group’s supply.

Taking into account the aforesaid commercial rationale and benefits, the Directors (including the independent non-executive Directors) believe that the New Agreement and the transactions contemplated thereunder (including the New Framework and the Annual Caps) are on normal commercial terms or better and in the ordinary and usual course of business of the Group, the terms of New Agreement and the transactions contemplated under the New Framework (including the Annual Caps) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As set out in the paragraph headed “Information of the Parties” above, each of Konka ZT and Yilifang Technology are associates of OCT Group. They are therefore connected persons of the Company for the purpose of Chapter 14A of the Listing Rules.

As the continuing connected transactions with Yilifang Technology under the Original Framework Agreement have been terminated, the Company is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

The entering into of the New Agreement and the transactions with Konka ZT contemplated thereunder constitute new continuing connected transactions of the Company for the purpose of Chapter 14A of the Listing Rules. As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) are less than 25% and the highest Annual Cap is less than HK\$10,000,000, the entering into of the New Agreement is subject to, among other things, the announcement, annual reporting and annual review requirements, but exempt from the circular and independent shareholders’ approval requirements pursuant to Rule 14A.76(2)(b) 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 New Agreement and the transactions contemplated thereunder (including the Annual Caps).

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 Konka ZT during the New 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”	Hefei Airport International Town (合肥空港國際小鎮), a development project of the Group located in the Hefei Xinqiao Technology Innovation Demonstration Zone, PRC
“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) who is/are not connected person(s) of the Company
“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
“Konka ZT”	Shenzhen Konka Zhitung Technology Co., Ltd (深圳市康佳智通科技有限公司), a company established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Agreement”	the supplemental Konka products procurement framework agreement dated 8 March 2024 entered into between Hefei OCT Industry, Yilifang Technology and Konka ZT
“New Framework”	the framework pursuant to which Hefei OCT Industry will engage Konka ZT to provide Konka products procurement services during the New Term as contemplated under the Original Framework Agreement (as revised by the New Agreement)

“New Term”	commencing on the effective date of the New Agreement and ending on 31 December 2025
“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. It is principally engaged in cultural tourism and real estate business
“Original 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
“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 Fee”	the sum payable by Hefei OCT Industry to Konka ZT with respect to the transaction under the New Framework
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“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.

By the order of the Board
Overseas Chinese Town (Asia) Holdings Limited
Liu Yu
Chairman

Hong Kong, 8 March 2024

As at the date of this announcement, the Board comprises seven Directors, namely: Ms. Liu Yu, Mr. Wang Jianwen and Ms. Qi Jianrong as executive Directors; Mr. Yang Guobin as non-executive Director; and Ms. Wong Wai Ling, Mr. Lam Sing Kwong Simon and Mr. Chu Wing Yiu as independent non-executive Directors.

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