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中國海外宏洋集團有限公司
CHINA OVERSEAS GRAND OCEANS GROUP LTD.

(incorporated in Hong Kong with limited liability)
(Stock Code: 81)

**RENEWAL OF CONTINUING CONNECTED TRANSACTION
TRADEMARK LICENCE AGREEMENT**

Reference is made to the announcement dated 31 March 2017 of the Company in connection with the Previous Trademark Licence Agreement entered into between the Company and COLI, pursuant to which COLI grants the Company a licence to use the Trademark in PRC.

The Previous Trademark Licence Agreement will expire on 31 March 2020. The Directors expect that the Group will continue using the Trademark in PRC for the purpose of or in connection with the marketing and sale of its real estate developments. In this connection, on 26 March 2020, the Company and COLI entered into the Renewal Trademark Licence Agreement, pursuant to which COLI grants the Company, its subsidiaries and the Member Company a licence to use the Trademark in PRC for a term of three years commencing from 1 April 2020 and ending on 31 March 2023.

As at the date of this announcement, COLI is the controlling shareholder of the Company by virtue of it being interested in approximately 38.32% of the issued share capital of the Company. Therefore, COLI is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Renewal Trademark Licence Agreement constitutes a continuing connected transaction of the Company.

As the applicable percentage ratios in respect of the Cap are more than 0.1% but less than 5%, the Continuing Connected Transaction is only subject to reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval pursuant to Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that as far as the Shareholders are concerned, the Renewal Trademark Licence Agreement is entered into in the ordinary course of the Company's business, on normal commercial terms, fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

BACKGROUND

Reference is made to the announcement dated 31 March 2017 of the Company in connection with the Previous Trademark Licence Agreement entered into between the Company and COLI.

RENEWAL OF CONTINUING CONNECTED TRANSACTION

The Previous Trademark Licence Agreement will expire on 31 March 2020. The Directors expect that the Group will continue using the Trademark in PRC for the purpose of or in connection with the marketing and sale of its real estate developments. In this connection, on 26 March 2020, the Company and COLI entered into the Renewal Trademark Licence Agreement, pursuant to which COLI grants the Company, its subsidiaries and the Member Company a licence to use the Trademark owned by COGTM. Principal terms of the Renewal Trademark Licence Agreement are summarised as follows:

Date: 26 March 2020

(1) Parties:

- a) COLI as licensor; and
- b) The Company as licensee.

(2) Term:

The term of the Renewal Trademark Licence Agreement commences from 1 April 2020 and ends on 31 March 2023 (both days inclusive). The Renewal Trademark Licence Agreement will be terminated automatically when COLI ceases to control the Board or owns less than 30% equity interests in the Company or upon expiry, whichever is earlier.

(3) Use of the Trademark and territory:

COLI grants a non-exclusive right to the Company, its subsidiaries and the Member Company to use the Trademark in PRC for the purpose of or in connection with the marketing and sale of its real estate developments.

(4) Royalty payable:

Under the Renewal Trademark Licence Agreement and subject to the Cap, the Company agrees to pay COLI in cash (or other COLI's subsidiary or person designated by COLI) 1% of its audited annual consolidated turnover for each financial year ending on 31 December 2020, 2021 and 2022 as royalty.

The royalty payments are to be made in arrears on or before 31 March of each succeeding year until the expiry or earlier termination (pro-rated accordingly) of the Renewal Trademark Licence Agreement.

The royalty has been arrived at after arm's length negotiations between the Company and COLI with reference to the royalty charged by other licensors for similar transactions and the prevailing market conditions.

(5) Other principal terms:

If necessary, the Company's subsidiaries and the Member Company may enter into separate trademark licence agreements with COGTM on the same terms and conditions as set out above and subject to the Cap, and pay 1% of the its audited annual consolidated turnover for each financial year ending on 31 December 2020, 2021 and 2022 as royalty. For the avoidance of doubt, the Company shall not be liable to pay COLI in accordance with the Renewal Trademark Licence Agreement for any royalty already paid by its subsidiaries and the Member Company under their separate trademark licence agreements and vice versa.

REASONS FOR ENTERING INTO THE RENEWAL TRADEMARK LICENCE AGREEMENT

The Group is principally engaged in property investment and development, property leasing and investment holding.

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

CSCEC is the ultimate holding company of COLI by virtue of it being interested in approximately 55.99% of the issued share capital of COLI. The CSCEC Group is a conglomerate principally engaged in building construction, international contracting, real estate development and investment, infrastructure construction and investment and design and prospecting.

The Trademark, which has been registered as a well-known trademark in PRC, is a sought-after famous brand in PRC property market. The Board believes that it is in the best interests of the Company to enter into the Renewal Trademark Licence Agreement as the usage of the Trademark in the Group's businesses in PRC will promote sales volume and command more competitive pricing so as to enhance the value of its real estate developments.

ESTIMATED CAP

(1) The Cap for the Renewal Trademark Licence Agreement:

The total royalty payable under the Renewal Trademark Licence Agreement by the Company, its subsidiaries and the Member Company for each of the 12-month period between 1 April 2020 and 31 March 2023 shall not exceed HK\$200 million.

(2) Basis of determining the Cap:

For the purpose of Rule 14A.53 of the Listing Rules, the above estimated Cap is determined with reference to, among others, the following factors:

a) historical amounts:

The royalty paid or payable under the Previous Trademark Licence Agreement was as follows:

- (i) for the period from 1 April 2017 to 31 March 2018: HK\$200 million;
- (ii) for the period from 1 April 2018 to 31 March 2019: HK\$200 million;
and
- (iii) for the period from 1 April 2019 to 31 March 2020: HK\$200 million.

b) other factors such as, the Company's business plans and inflation.

The Shareholders should note that the Cap represents the best estimate by the Directors of the amount of the relevant transactions based on the information currently available. The Cap bears no direct relationship to, nor should be taken to have any direct bearing to, the Group's financial or potential financial performance.

The Directors (including the independent non-executive Directors) are of the view that the Cap for the Continuing Connected Transaction is fair and reasonable.

COMPLIANCE WITH THE LISTING RULES

As at the date of this announcement, COLI is the controlling shareholder of the Company by virtue of it being interested in approximately 38.32% of the issued share capital of the Company. Therefore, COLI is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Renewal Trademark Licence Agreement constitutes a continuing connected transaction of the Company

As the applicable percentage ratios in respect of the Cap are more than 0.1% but less than 5%, the Continuing Connected Transaction is only subject to reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval pursuant to Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that as far as the Shareholders are concerned, the Renewal Trademark Licence Agreement is entered into in the ordinary course of the Company's business, on normal commercial terms, fair and reasonable and in the best interests of the Company and its Shareholders as a whole.


Further, none of the Directors has a material interest in the Renewal Trademark Licence Agreement. However, Mr. Yan Jianguo, who is a Non-executive Director of the Company, the Chairman and an Executive Director of COLI, and the Chairman and President of COHL, has voluntarily abstained from voting on the Board resolution approving the Renewal Trademark Licence Agreement.

DEFINITIONS

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

“Board”	the board of Directors;
“Cap”	the maximum total royalty payable for each of 12-month period under the Renewal Trademark Licence Agreement as described under section headed “Estimated Cap” in this announcement;
“COGTM”	China Overseas Group Trade Mark Limited, a company incorporated in Hong Kong with limited liability, and wholly-owned by COLI;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, and the controlling shareholder of each of COLI and the Company;
“COLI”	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), being a controlling Shareholder;

“COLI Group”	COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“Company”	China Overseas Grand Oceans Group 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: 81);
“connected person(s)”, “controlling shareholder”, “holding company”, “percentage ratios”, and “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Continuing Connected Transaction”	the transactions as described under the section headed “Renewal of Continuing Connected Transaction” in this announcement;
“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 PRC, and the ultimate holding company of COLI;
“CSCEC Group”	CSCEC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of PRC;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Member Company”	the company or enterprise which is not classified as a subsidiary of the Company according to the Companies Ordinance (Cap. 622 of the laws of Hong Kong);
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of PRC and Taiwan;

“Previous Trademark Licence Agreement”	the trademark licence agreement dated 31 March 2017 entered into between the Company and COLI in relation to the grant of non-exclusive rights by COLI to the Company, its subsidiaries and the Member Company to use the Trademark in PRC;
“Renewal Trademark Licence Agreement”	the trademark licence agreement dated 26 March 2020 entered into between the Company and COLI in relation to the grant of non-exclusive rights by COLI to the Company, its subsidiaries and the Member Company to use the Trademark in PRC;
“Shareholder(s)”	the shareholder(s) of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Trademark”	the well-known trademark 「  中海地产」 (trademark no. 1948142), which is registered in PRC and owned by COGTM; and
“%”	per cent.

By Order of the Board
**CHINA OVERSEAS GRAND OCEANS
GROUP LIMITED**
Zhuang Yong
Chairman and Executive Director

Hong Kong, 26 March 2020

As at the date of this announcement, the Board comprises eight Directors, of which three are executive directors, namely Mr. Zhuang Yong, Mr. Yang Lin and Mr. Paul Wang Man Kwan; two non-executive directors, namely Mr. Yan Jianguo and Mr. Billy Yung Kwok Kee, and three independent non-executive directors, namely Dr. Timpson Chung Shui Ming, Mr. Jeffrey Lam Kin Fung and Mr. Dantes Lo Yiu Ching.