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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)**

**CONTINUING CONNECTED TRANSACTIONS  
WITH  
SHENZHEN HAIZHICHUANG TECHNOLOGY LIMITED  
IN RELATION TO INFORMATION TECHNOLOGY SERVICES**

On 24 August 2021, the Company and Haizhichuang (a wholly-owned subsidiary of COLI) entered into the Framework Agreement for a term of period commencing from 1 September 2021 and ending on 31 December 2023 (both days inclusive), whereby the Group may, subject to the Caps, engage Haizhichuang to provide Services to the Group's property development projects in PRC.

As at the date of this announcement, COLI is the controlling shareholder of the Company by virtue of being interested in approximately 38.32% of the issued share capital of the Company. Accordingly, Haizhichuang, being a wholly-owned subsidiary of COLI, is a connected person of the Company. The transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under the Listing Rules calculated for the Company in respect of the Caps are 0.1% or more but less than 5%, the Continuing Connected Transactions are only subject to reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval under 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 Framework Agreement (together with the Caps) has been 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 terms of the Framework Agreement and the Continuing Connected Transactions (together with the Caps) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **CONTINUING CONNECTED TRANSACTIONS**

On 24 August 2021, the Company and Haizhichuang entered into the Framework Agreement for a term of period commencing from 1 September 2021 and ending on 31 December 2023 (both days inclusive).

### **FRAMEWORK AGREEMENT**

#### **Date**

24 August 2021

#### **Parties**

1. The Company; and
2. Haizhichuang

#### **Subject Matter**

The parties agreed that, for a term of period commencing from 1 September 2021 and ending on 31 December 2023 (both days inclusive):

1. the Group may engage Haizhichuang to provide Services for the Group's property development projects in PRC provided that the maximum service fees payable for the Services by the Group to Haizhichuang shall not exceed the corresponding Caps as set out below:

**For the period between  
1 September 2021 and  
31 December 2021**

RMB19 million

**For the year ending  
31 December 2022**

RMB32 million

**For the year ending  
31 December 2023**

RMB36 million

2. the service fees payable for the Services by the Group to Haizhichuang will be settled pursuant to the payment terms set out in the individual contracts, which will set out the specific terms and conditions according to the principles as provided in the Framework Agreement.

#### **Pricing Basis**

As a general principle, the service fees and terms of the contracts between any member(s) of the Group and Haizhichuang shall be determined in the ordinary and usual course of business, on normal commercial terms, negotiated on an arm's length basis and shall be no more favourable than those payable to the independent third party service providers of any member(s) of the Group.

In assessing the service fees for the Services, member(s) of the Group will take into account of (i) the number of the property projects of the relevant member of the Group in PRC under development which will require the Services; (ii) the unit price for the Services to be required by the target property projects of the relevant member of the Group, which is determined based on the types, quality and standards of the information technology services; and (iii) the prevailing market price of the same or substantially similar services.

In order to ascertain the prevailing market price as mentioned above, the Group will obtain quotations for the same or substantially similar services with comparable scope, quantity and quality from time to time from at least two independent third parties and then compare, evaluate and assess those quotations against the service fees quoted by Haizhichuang for individual contracts to ensure that the service fees payable by the relevant member of the Group to Haizhichuang will be no more favourable than those payable to the independent third party service providers.

### **Calculation of the Caps**

The Group and Haizhichuang have not entered into any previous transactions in respect of the provision of Services and therefore the Caps are not calculated with reference to any historical transaction amount but calculated with reference to the following factors:

1. the estimated number of property development projects of the Group in PRC which require the Services for the period from 1 September 2021 to 31 December 2023;
2. the expected increase in the demand for intelligent products for the period from 1 September 2021 to 31 December 2023;
3. the estimated increase in service fees owing to product upgrades and introduction of new technology products; and
4. the prevailing market price of Services in the period commencing from 2021 to 2023 with reference to the inflation rate of 2.5% in PRC in 2020.

### **INTERNAL CONTROL**

To ensure that the terms of Continuing Connected Transactions are no less favourable to the Group than those available from the independent third parties, the Company has adopted the following measures:

1. the finance and treasury department shall closely monitor the Continuing Connected Transactions to ensure that the aggregated transaction amount does not exceed the Caps;
2. the execution of the individual contracts shall be subject to the Group's internal checking and approval by the finance and treasury department to ensure that they are in line with the pricing basis and principal terms of the Framework Agreement and that the service fees payable by the relevant member of the Group to Haizhichuang will be no more favourable than those payable to the independent third party service providers;

3. the external auditor of the Company shall conduct annual review on pricing and the Caps to ensure that the transactions are conducted on the principal terms of the Framework Agreement; and
4. the independent non-executive Directors shall review the reports of the Continuing Connected Transactions to ensure that they are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **REASONS FOR ENTERING INTO THE FRAMEWORK AGREEMENT**

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

Haizhichuang is principally engaged in the provision of real estate digital products and services, intelligent business and green building business; whereas the COLI Group is principally engaged in property development and investment, and other operations.

CSCEC is the ultimate holding company of COLI by virtue of being interested in approximately 56.09% 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.

Given the current internet era, intelligent management system has become a leading trend in and an integral part of the PRC real estate industry. By entering into the Framework Agreement, the Group can leverage the technical expertise of Haizhichuang to provide the Group with a comprehensive and custom-made package of information technology service and support, so as to enhance the operation and management efficiency and efficacy of the Group at a lower cost as compared to similar services provided by independent third parties or the self-built information technology system.

The Directors (including the independent non-executive Directors) are of the view that as far as the Shareholders are concerned, the Framework Agreement (together with the Caps) has been 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 terms of the Framework Agreement and the Continuing Connected Transactions (together with the Caps) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **GENERAL**

As at the date of this announcement, COLI is the controlling shareholder of the Company by virtue of being interested in approximately 38.32% of the issued share capital of the Company. Accordingly, Haizhichuang, being a wholly-owned subsidiary of COLI, is a connected person of the Company. The transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under the Listing Rules calculated for the Company in respect of the Caps are 0.1% or more but less than 5%, the Continuing Connected Transactions are only subject to reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval under Chapter 14A of the Listing Rules.

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

None of the Directors is regarded as having a material interest in the Framework Agreement and the transactions contemplated thereunder. Mr. Zhuang Yong, being the Chairman and Executive Director of the Company, the vice chairman and non-executive director of COLI and a director of COHL, and Mr. Guo Guanghui, being a Non-executive Director of the Company and the executive director and vice president of COLI, have voluntarily abstained from voting on the board resolutions approving the Framework Agreement (together with the Caps) and the transactions contemplated thereunder.

## **DEFINITIONS**

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

“Cap(s)”	the maximum service fees payable for the Services by the Group to Haizhichuang for the relevant period/year for the Continuing Connected Transactions under the Framework Agreement;
“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 of the Company;
“COLI Group”	COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange and their respective subsidiaries, if any) 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”, “controlling shareholder”, “percentage ratio” and “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules;
“Continuing Connected Transactions”	the transactions contemplated under the Framework Agreement, as described under the section headed “Continuing Connected Transactions” 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 COHL and COLI;
“CSCEC Group”	CSCEC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange and their respective subsidiaries) from time to time;
“Director(s)”	the director(s) of the Company;
“Framework Agreement”	the framework agreement entered into between the Company and Haizhichuang on 24 August 2021 in respect of the engagement of Haizhichuang for the provision of Services to the Group’s property development projects in PRC;
“Group”	the Company and its subsidiaries (excluding its subsidiary(ies) listed on any stock exchange and their respective subsidiaries, if any) from time to time;
“Haizhichuang”	深圳海智創科技有限公司 (Shenzhen Haizhichuang Technology Limited*), a company established in PRC with limited liability and a wholly-owned subsidiary of COLI;
“Hong Kong”	the Hong Kong Special Administrative Region of PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macao”	the Macao Special Administrative Region of PRC;
“PRC”	the People’s Republic of China, but for the purpose of this announcement excluding Hong Kong, Macao and Taiwan;

“RMB”	Renminbi, the lawful currency of PRC;
“Services”	information technology services including but not limited to software licensing, software development, information system integration services, intelligent engineering services, software platform technology services, and relevant consultancy services;
“Shareholder(s)”	the shareholder(s) of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 24 August 2021

*As at the date of this announcement, the board of directors of the Company 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. Guo Guanghui 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.*