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

CONTINUING CONNECTED TRANSACTIONS WITH CHINA OVERSEAS LAND & INVESTMENT LIMITED IN RELATION TO SUPPLY OF MATERIALS

THE NEW FRAMEWORK AGREEMENT AND NEW CAPS

Reference is made to the announcement of the Company dated 19 November 2020 in relation to the Framework Agreement entered into between the Company and COLI, pursuant to which the COLI Group may supply Materials for the Projects upon the Group's request in accordance with the tendering procedures of the Group from time to time for a term of three years commencing from 1 January 2021 and ending on 31 December 2023 subject to the Caps.

Based on the reasons set out in this announcement, on 27 April 2022, the Company and COLI entered into the New Framework Agreement, pursuant to which (i) the COLI Group may supply Materials for the Projects upon the Group's request in accordance with the tendering procedures of the Group from time to time for a term of three years commencing from 1 January 2022 and ending on 31 December 2024 subject to the New Caps; and (ii) the Group may engage the COLI Group as supplier of Materials for the Projects upon the COLI Group's successful tender. The New Framework Agreement (together with the New Caps) will replace and supersede all rights and obligations of the parties under the Framework Agreement (together with the Caps) starting from 1 January 2022 with effect from the date of satisfaction of the conditions precedent set out thereunder.

LISTING RULES IMPLICATIONS

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 and the transactions contemplated under the New Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios as defined under the Listing Rules calculated for the Company in respect of the highest New Cap exceed 5%, the transactions contemplated under the New Framework Agreement are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the New Framework Agreement (together with the New Caps) and the transactions contemplated thereunder. Maxa Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

An GM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the New Framework Agreement (together with the New Caps) and the transactions contemplated thereunder. Voting at the GM will be conducted by poll and COHL and its associates will abstain from voting at the GM.

A circular containing, among other things, further details of the New Framework Agreement (together with the New Caps), the recommendation of the Independent Board Committee, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and a notice convening the GM are expected to be despatched to the Shareholders on or before 1 June 2022 in accordance with the Listing Rules, as additional time is required to finalise certain information to be included in the circular.

INTRODUCTION

Reference is made to the announcement of the Company dated 19 November 2020 in relation to the Framework Agreement entered into between the Company and COLI, pursuant to which the COLI Group may supply Materials for the Projects upon the Group's request in accordance with the tendering procedures of the Group from time to time for a term of three years commencing from 1 January 2021 and ending on 31 December 2023 subject to the Caps.

Based on the reasons set out in this announcement, on 27 April 2022, the Company and COLI entered into the New Framework Agreement, pursuant to which (i) the COLI Group may supply Materials for the Projects upon the Group's request in accordance with the tendering procedures of the Group from time to time for a term of three years commencing from 1 January 2022 and ending on 31 December 2024 subject to the New Caps; and (ii) the Group may engage the COLI Group as supplier of Materials for the Projects upon the COLI Group's successful tender.

THE NEW FRAMEWORK AGREEMENT

Date

27 April 2022

Parties

1. The Company; and
2. COLI.

Subject Matter

As the Group intends to significantly increase the Renovated GFA Proportion of the Projects for the period commencing from 1 January 2022 and ending on 31 December 2024, it is contemplated that the Group will invite the COLI Group to tender for the supply of more Materials for the Projects, and as such (i) the Caps provided for in the Framework Agreement for the period commencing from 1 January 2021 and ending on 31 December 2023; and (ii) the term of the Framework Agreement need to be revised. Accordingly, on 27 April 2022, the Company and COLI entered into the New Framework Agreement for a term of three years commencing from 1 January 2022 and ending on 31 December 2024 whereby the parties agreed, among other things, that:

1. the COLI Group may tender for the supply of Materials for the Projects as supplier of the Group in accordance with the tendering procedures of the Group from time to time and on the same and normal terms as offered to other independent third party suppliers;
2. if any contract is granted in favour of the COLI Group as a result of the above tender, the COLI Group may act as supplier of Materials for the Projects based on the terms of the successful tender provided that the maximum total contract sum in respect of the supply of Materials for the Projects that may be awarded by the Group to the COLI Group for each of the financial years ending on 31 December 2022, 2023 and 2024 shall not exceed RMB3,000 million (i.e. the New Caps);
3. the amounts in respect of the supply of Materials for the Projects payable by the Group to the COLI Group will be settled pursuant to the payment terms set out in the tender documents for the relevant contracts for the supply of such Materials.

Pricing Basis

As a general principle, the prices and terms of the contracts shall be determined in the ordinary course of business, on normal commercial terms, negotiated on an arm's length basis and at prices and on terms no more favourable than those awarded to the independent third party suppliers of the Group.

The Group will normally invite suppliers in the Group's approved list to participate in competitive tenders for the Projects as supplier in accordance with its tendering procedures.

In conducting the Group's invitations to tender, review of tenders and tender selection, the participation of the members of the COLI Group in the tender process shall not in any way affect the Group's tendering procedures, contract terms and selection principles. The members of the COLI Group shall be treated in the same way as independent third parties.

The price and terms of the tenders awarded by the Group to the COLI Group for the supply of Materials for the Projects are subject to the standard and systematic tender procedures maintained by the Group, which apply to tenders submitted by both connected persons and independent third parties to ensure that the price and terms of the tender awarded by the Group to the COLI Group are no more favourable than those awarded to independent third parties.

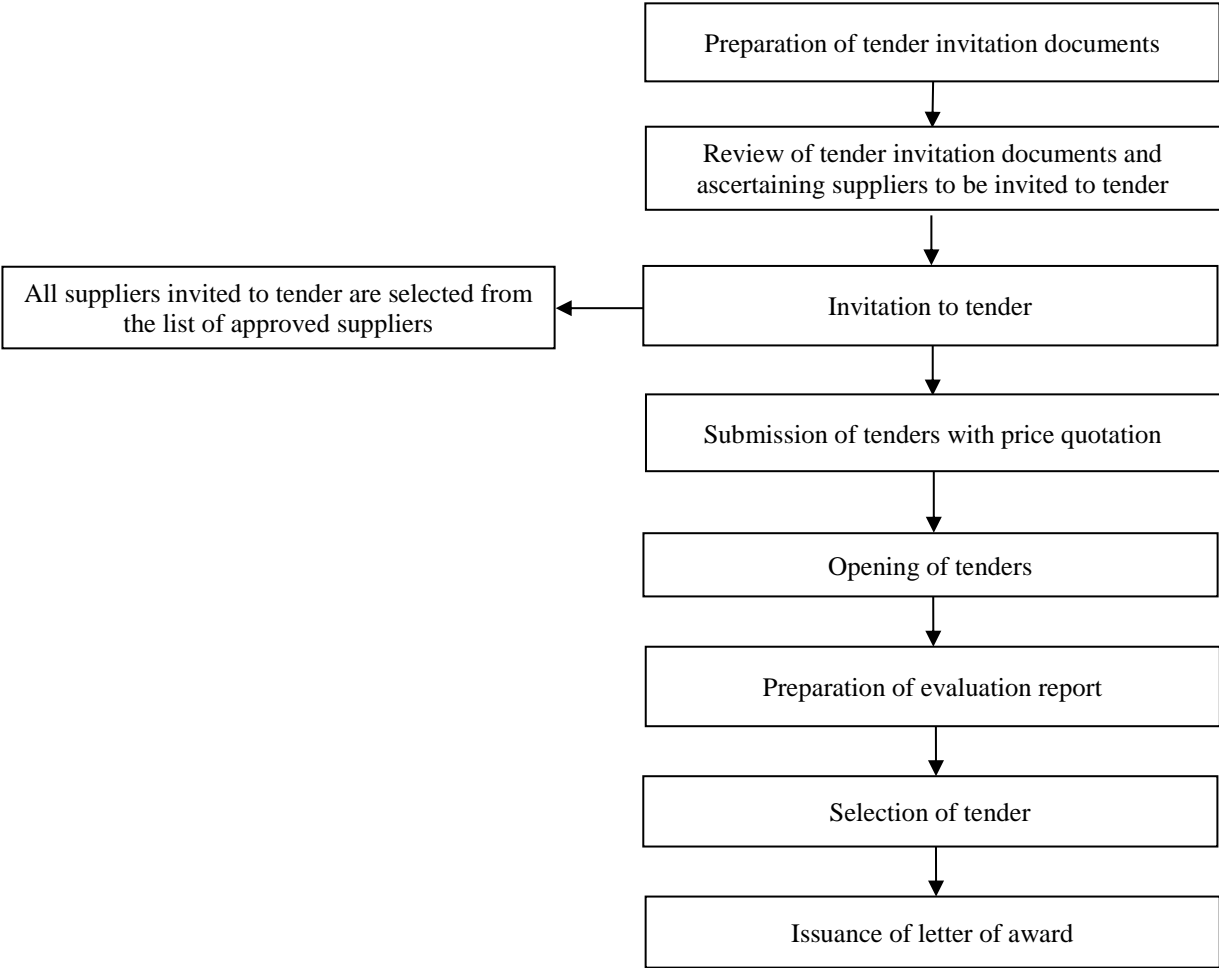
1. *Invitations to Tender*

- (i) The Group has established its own list of approved suppliers (which is subject to periodic review and update by its management). All suppliers invited to submit tenders for the Projects are selected from such list. Suppliers in the list include those suppliers with or without prior working history with the Group. Suppliers with working history with the Group will be subject to suitability assessment annually. A supplier can be retained in the list if the result of such assessment is satisfactory to the Group. The Group will remove a supplier from the list if it fails to meet the minimum criteria for retention. If a supplier has no prior working history with the Group, the supplier will be subject to qualification evaluation and review to ascertain if it is suitable to include the supplier in the list.
- (ii) The number of tenders to be invited: for every tender for the Projects as supplier, not less than three tenders will be invited.
- (iii) Selection of supplier to be invited to tender: the suitability of a supplier is assessed with reference to selection criteria including but not limited to the supplier's qualification grade, financial ability, technical capability, cooperation record, project management ability, quality of Materials and business management capability. Depending on the estimated value of the relevant contract for the supply of Materials, the person in charge and line managers of the cost management department of the headquarters shall conduct the vetting process to ascertain which suppliers to be invited to tender, following which the letter of invitation to tender will be issued.

2. *Tendering and Selection of Tenders*

- (i) Tendering: the Group has adopted an online tendering system which enables the tenderers to submit the tenders through their account login and password.
- (ii) Opening of tenders: upon the deadline for tender submission, the tenders submitted will be opened through the online tendering system which is operated by the department head of the cost management department. After the opening of tenders, the tender-opening records and the uploaded information will be saved in the system and unalterable.
- (iii) Selection of tenders: based on the Group's established system of tendering, the winning bid will usually be the one with the Materials conforming to the technical requirements with a reasonable and minimum price offered. The selection of tender is determined collectively by the relevant decision-making body in a meeting where contents of the proposed tender, the supplier's capability and risk of default are given full consideration. The relevant decision-making body is the Group's construction management committee, which comprises the Company's Chief Executive Officer, the person in charge of each of the finance and treasury, construction, costs and design departments of the headquarters, and the general manager of each of the cost management, construction management and finance and treasury departments of the headquarters. All members of the decision-making bodies are independent of the COLI Group. The relevant letter of award will be issued once the final decision is made in the meeting of the relevant decision-making body based on the final tender amount.

Tendering Procedures



Calculation of the New Caps

In view of the recent environmental and sustainability policies of the PRC government, the Group intends to significantly increase the Renovated GFA Proportion of the Projects so as to reduce pollution and waste from secondary renovation by property owners. In this connection, the Group expects to incur more costs for acquisition of Materials for the period commencing from 1 January 2022 and ending on 31 December 2024 in relation to the additional renovated properties before their delivery. As such, it is contemplated that the Group will invite the COLI Group to tender for the supply of more Materials for the Projects to meet the renovation requirements, and the original Caps under the existing Framework Agreement of RMB1,600 million for each of the years ending 31 December 2022 and 2023 will need to be increased accordingly.

The New Caps are calculated with reference to the following factors:

1. the total contract sum for the procurement of Materials historically entered into by the Group with the COLI Group in connection with the Projects for the financial year ended 31 December 2021 of approximately RMB1,585 million;
2. the total contract sum that was awarded by the Group to the COLI Group for the supply of Materials by the COLI Group to the Group for the Projects for the period from 1 January 2022 to 31 March 2022 of approximately RMB975 million;
3. the estimated total contract sum of approximately RMB3,000 million for the procurement of Materials potentially required by the Group to achieve the intended Renovated GFA Proportion for the Group's Projects for each of the financial years ending on 31 December 2022, 2023 and 2024, taking into account the number of potential new Projects and the corresponding total gross floor area of such new Projects; and
4. the wider product variety for the Materials expected to be offered under the New Framework Agreement that may be supplied to the Group.

The contract sums under the New Framework Agreement will be satisfied by the Group in cash from its general working capital. The New Framework Agreement (together with the New Caps) will replace and supersede all rights and obligations of the parties under the Framework Agreement (together with the Caps) starting from 1 January 2022 with effect from the date of satisfaction of the conditions precedent set out thereunder.

In the event that the New Framework Agreement does not become effective, the Framework Agreement (together with the Caps) will remain in full force and binding on the Company and COLI.

Conditions Precedent

The transactions contemplated under the New Framework Agreement (together with the New Caps) are conditional upon (i) the passing of the resolution by the Independent Shareholders at the GM approving the New Framework Agreement (together with the New Caps) and the transactions contemplated thereunder; and (ii) the Company having complied with all requirements under the Listing Rules with respect to the New Framework Agreement (together with the New Caps) and the transactions contemplated thereunder, if any.

REASONS FOR ENTERING INTO OF THE NEW FRAMEWORK AGREEMENT

The COLI Group, being one of the largest property developers in the PRC, usually purchases the Materials in bulk quantities. The entering into of the New Framework Agreement provides the Group with a more diverse base of suppliers for the provision and supply of Materials to the Group, and if upon successful tender awarded to the COLI Group, allows the Group to enjoy a greater volume discount which is applied to the COLI Group's bulk purchase.

The Directors (other than the independent non-executive Directors whose opinion will be provided after reviewing the advice of the Independent Financial Adviser) are of the view that as far as the Shareholders are concerned, the transactions contemplated under the New 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, and the terms of the transactions contemplated under the New Framework Agreement (together with the New Caps) are fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

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

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

CSCEC is the ultimate holding company of COLI, which in turn, is the controlling shareholder of the Company. 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.

LISTING RULES IMPLICATIONS

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 and the transactions contemplated under the New Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios as defined under the Listing Rules calculated for the Company in respect of the highest New Cap exceed 5%, the transactions contemplated under the New Framework Agreement are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the New Framework Agreement (together with the New Caps) and the transactions contemplated thereunder. Maxa Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

An GM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the New Framework Agreement (together with the New Caps) and the transactions contemplated thereunder. Voting at the GM will be conducted by poll and COHL and its associates will abstain from voting at the GM.

A circular containing, among other things, further details of the New Framework Agreement (together with the New Caps), the recommendation of the Independent Board Committee, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and a notice convening the GM is expected to be despatched to the Shareholders on or before 1 June 2022 in accordance with the Listing Rules, as additional time being required to finalise certain information to be included in the circular.

None of the Directors has a material interest in the New Framework Agreement and the transactions contemplated thereunder. However, Mr. Zhuang Yong, being the Chairman and Executive Director of the Company, vice chairman and non-executive director of COLI and director of COHL, and Mr. Guo Guanghui, being the Non-executive Director of the Company and executive director and vice-president of COLI, have voluntarily abstained from voting on the board resolution(s) of the Company approving the New Framework Agreement and the transactions contemplated thereunder.

The Shareholders should note that the New Caps represent the best estimates by the Directors of the amount of the relevant transaction(s) based on the information currently available. The New Caps bear no direct relationships to, nor should be taken to have any direct bearings on, the Group's financial or potential financial performance. The Group may or may not retain the COLI Group to supply Materials for the Projects up to the level of the New Caps, if at all, as the supplies are subject to tendering procedures which are open to other independent third party suppliers.

DEFINITIONS

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

- “associate(s)”,
“connected person(s)”,
“continuing connected transaction(s)”,
“controlling shareholder”,
“percentage ratios” and
“subsidiary(ies)”
 - “Board”
 - “Cap(s)”
- each has the meaning ascribed to it under the Listing Rules;
- board of Directors;
- the maximum total contract sum(s) that may be awarded by the Group to the COLI Group for the supply of Materials for the Projects by the COLI Group to the Group under the Framework Agreement, being RMB1,600 million for each of the financial years ending on 31 December 2021, 2022 and 2023;

“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, being a controlling shareholder 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 (for the purpose of this announcement, 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);
“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 the PRC, being the ultimate holding company of COLI, which in turn, is the controlling shareholder of the Company;
“CSCEC Group”	CSCEC and its subsidiaries (for the purpose of this announcement, excluding any listed subsidiary(ies)) from time to time;
“Director(s)”	the director(s) of the Company;
“Framework Agreement”	the framework agreement entered into between the Company and COLI on 19 November 2020 in respect of the supply of Materials for the Projects by the COLI Group to the Group from time to time for a term of three years commencing from 1 January 2021 and ending on 31 December 2023;
“GM”	the general meeting of the Company to be held to consider and approve, among other things, the New Framework Agreement (together with the New Caps) and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive directors of the Company to advise the Independent Shareholders on the New Framework Agreement (together with the New Caps) and the transactions contemplated thereunder;
“Independent Financial Adviser” or “Maxa Capital”	Maxa Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the New Framework Agreement (together with the New Caps) and the transactions contemplated thereunder;
“Independent Shareholders”	shareholders of the Company, other than COHL and its associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macao Special Administrative Region of the PRC;
“Mainland China” or “PRC”	People’s Republic of China, but for the purpose of this announcement excluding Hong Kong, Macau and Taiwan;
“Materials”	materials in relation to the works in the categories of civil engineering works, electrical and mechanical works and decoration including doors and other construction materials;
“New Cap(s)”	the maximum total contract sum(s) that may be awarded by the Group to COLI Group for the supply of Materials for the Projects by the COLI Group to the Group under the New Framework Agreement, being RMB3,000 million for each of the financial years ending on 31 December 2022, 2023 and 2024;
“New Framework Agreement”	the framework agreement entered into between the Company and COLI on 27 April 2022 in respect of the supply of Materials for the Projects by the COLI Group to the Group from time to time for a term of three years commencing from 1 January 2022 and ending on 31 December 2024;
“Projects”	property development projects owned or developed/ to be developed by the Group in Mainland China;

“Renovated GFA Proportion”	the percentage proportion of gross floor area of the Group’s Projects that will be delivered as fully renovated properties based on the total gross floor area of the Projects;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

** The English names of the PRC entities referred to in this announcement are translations from their Chinese names and are for identification purpose only. If there is any inconsistency, the Chinese name shall prevail.*

By Order of the Board
China Overseas Grand Oceans Group Limited
Zhuang Yong
Chairman and Executive Director

Hong Kong, 27 April 2022

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.