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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
NEW TRADEMARK LICENCE AGREEMENT**

NEW TRADEMARK LICENCE AGREEMENT

Reference is made to the announcement of the Company dated 26 March 2020 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 2023. 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 the real estate developments. In this connection, on 30 March 2023, the Company and COGTM (a wholly-owned subsidiary of COLI and the Trademark owner) entered into the New Trademark Licence Agreement, pursuant to which COGTM 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 2023 and ending on 31 March 2026.

LISTING RULES IMPLICATIONS

As at the date of this announcement, COLI holds approximately 39.63% of the issued share capital of the Company. Therefore, COGTM is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the New Trademark Licence Agreement constitutes continuing connected transactions of the Company.

As one or more of the applicable percentage ratios in respect of the Caps is more than 0.1% but all are less than 5%, the transactions contemplated under the New Trademark Licence Agreement are only subject to reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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Date

30 March 2023

Parties

1. The Company as licensee; and
2. COGTM as licensor.

Term

The New Trademark Licence Agreement has a term of three years commencing from 1 April 2023 and ending on 31 March 2026 (both dates inclusive). The New Trademark Licence Agreement will be terminated automatically when COLI ceases to own less than 30% equity interests in the Company or upon expiry.

Subject Matter

1. Use of the Trademark and territory:

COGTM 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 the real estate developments.

2. Royalty payable:

Under the New Trademark Licence Agreement and subject to the Caps, the Company agrees to pay COGTM (or person designated by COGTM) in cash 1% of its audited annual consolidated turnover for each financial year ending on 31 December 2023, 2024 and 2025 as royalty.

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

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

3. 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 Caps, and pay 1% of the its audited annual consolidated turnover for each financial year ending on 31 December 2023, 2024 and 2025 as royalty. For the avoidance of doubt, the Company shall not be liable to pay COGTM (or person designated by COGTM) in accordance with the New Trademark Licence Agreement for any royalty already paid by its subsidiaries and the Member Company under their separate trademark licence agreements and vice versa.

Caps

The total royalty payable under the New Trademark Licence Agreement by the Company, its subsidiaries and the Member Company for each of the 12-month period between 1 April 2023 and 31 March 2026 shall not exceed HK\$200 million.

Basis of Calculation of the Caps

The Caps are calculated with reference to the following factors:

1. the historical amounts of the royalty paid or payable under the Previous Trademark Licence Agreement were as follows:
 - (i) for the period from 1 April 2020 to 31 March 2021: HK\$200 million;
 - (ii) for the period from 1 April 2021 to 31 March 2022: HK\$200 million; and
 - (iii) for the period from 1 April 2022 to 31 March 2023: HK\$200 million.

2. the royalty charged by other licensors for similar transactions, the prevailing market conditions and the inflation.

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 relationship to, nor should they be taken to have any direct bearings on, the Group's financial or potential financial performance.

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

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 New 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.

The Directors (including the independent non-executive Directors) are of the view that as far as the Shareholders are concerned, the New Trademark Licence Agreement (together with the Caps) has been entered into in the ordinary and usual course of the business of the Company and on normal commercial terms after arm's length negotiations between the parties, and the terms of the New Trademark Licence Agreement (together with the Caps) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, COLI holds approximately 39.63% of the issued share capital of the Company. Therefore, COGTM is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the New Trademark Licence Agreement constitutes continuing connected transactions of the Company.

As one or more of the applicable percentage ratios in respect of the Caps is more than 0.1% but all are less than 5%, the transactions contemplated under the New Trademark Licence Agreement are only subject to reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors is regarded as having a material interest in the New Trademark Licence 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 Trademark Licence Agreement and the transactions contemplated thereunder.

INFORMATION ON THE PARTIES

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

COGTM is principally engaged in owning trademarks of the COLI Group. COLI Group is principally engaged in the business of property development and investment, and other operations.


CSCEC (a state-owned corporation in the PRC) is the ultimate holding company of COLI. 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 shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors;
“Cap(s)”	the maximum total royalty payable for each of 12-month period under the New Trademark Licence Agreement as described under section headed “Caps” in this announcement;
“COGTM”	China Overseas Group Trade Mark Limited, a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of COLI;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, and the holding company of COLI;
“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);
“COLI Group”	COLI and its subsidiaries 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);

<p>“connected person(s)”, “continuing connected transactions”, “holding company”, “percentage ratios” and “subsidiary(ies)”</p>	<p>each has the meaning ascribed to it in the Listing Rules;</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 PRC, and the ultimate holding company of COLI;</p>
<p>“Director(s)”</p>	<p>the director(s) of the Company;</p>
<p>“Group”</p>	<p>the Company and its subsidiaries 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 PRC;</p>
<p>“Listing Rules”</p>	<p>The Rules Governing the Listing of Securities on the Stock Exchange;</p>
<p>“Member Company”</p>	<p>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);</p>
<p>“New Trademark Licence Agreement”</p>	<p>the trademark licence agreement dated 30 March 2023 entered into between the Company and COGTM in relation to the grant of non-exclusive rights by COGTM to the Company, its subsidiaries and the Member Company to use the Trademark in PRC;</p>
<p>“PRC”</p>	<p>the People’s Republic of China, and for the purpose of this announcement excluding Hong Kong, the Macao Special Administrative Region and Taiwan;</p>
<p>“Previous Trademark Licence Agreement”</p>	<p>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;</p>

“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.

** English translation for identification purpose only*

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

Hong Kong, 30 March 2023

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. 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. Andrew Fan Chun Wah.