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

**RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 27 April 2022 and the circular of the Company dated 25 May 2022 in relation to, among other things, the Existing Framework Agreement entered into between the Company and COLI, pursuant to which the Group might engage the COLI Group as supplier of Materials for the Projects upon its successful tender(s) in accordance with the tendering procedures of the Group from time to time for a term of three years from 1 January 2022 to 31 December 2024.

The Existing Framework Agreement will expire on 31 December 2024 and the Group expects to continue to invite the COLI Group to participate in competitive tender(s) as supplier of Materials for the Projects and to so engage the COLI Group upon its successful tender(s). As such, on 21 October 2024, the Company and COLI entered into the Renewal Framework Agreement for a term of three years, commencing from 1 January 2025 and ending on 31 December 2027.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, COLI holds approximately 39.63% of the issued share capital of the Company. Therefore, COLI is a connected person of the Company and the transactions contemplated under the Renewal 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 calculated for the Company in respect of the Cap exceed 5%, the transactions contemplated under the Renewal Framework Agreement are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Renewal Framework Agreement (together with the 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.

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

A circular containing, among other things, further details of the Renewal Framework Agreement and the 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 around 15 November 2024, as it is expected that additional time will be required to finalise certain information to be included in the circular.

## **RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

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## **THE RENEWAL FRAMEWORK AGREEMENT**

### **Date**

21 October 2024

### **Parties**

1. The Company; and
2. COLI.

## Subject Matter

Pursuant to the Renewal Framework Agreement, it is agreed that:

1. any member of the COLI Group may submit tender for the supply of Materials for the Projects as supplier of the Group in accordance with the standard and systematic tendering procedures of the Group from time to time for a term of three years commencing from 1 January 2025 and ending on 31 December 2027 (for details on the Group's tendering procedures, please refer to the sections headed "The Renewal Framework Agreement – Pricing Basis" and "The Renewal Framework Agreement – Tendering Procedures" of this announcement);
2. if any contract is granted in favour of any member of the COLI Group as a result of a successful tender, such member of the COLI Group may act as supplier of Materials for the relevant Project(s) based on the terms of the successful tender provided that (i) such terms shall be consistent with the terms of the Renewal Framework Agreement, which terms shall prevail to the extent of any inconsistency between any individual contract and the Renewal Framework Agreement; and (ii) the aggregate amount of all contract sums 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 three years ending 31 December 2027 shall not exceed the corresponding Caps as set out below:

**For the year ending  
31 December 2025**

RMB1.5 billion

**For the year ending  
31 December 2026**

RMB1.5 billion

**For the year ending  
31 December 2027**

RMB1.5 billion

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 individual contracts of the supply of such Materials; and
4. for the avoidance of doubt, the transactions contemplated under the Renewal Framework Agreement are entered into by the parties on a non-exclusive basis, and neither members of the Group nor members of the COLI Group shall be obliged to enter into any such transactions in relation to the supply/purchase of Materials for the Projects unless a successful tender is awarded.

## Pricing Basis

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

The Group will normally invite suppliers of Materials in the Group's approved list (which include members of the COLI Group) to participate in competitive tenders for the Projects as suppliers of Materials in accordance with its standard and systematic tendering procedures.

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

The price and terms of the tenders awarded by member(s) of the Group to member(s) of the COLI Group for the supply of Materials for the Projects are subject to the standard and systematic tendering 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*

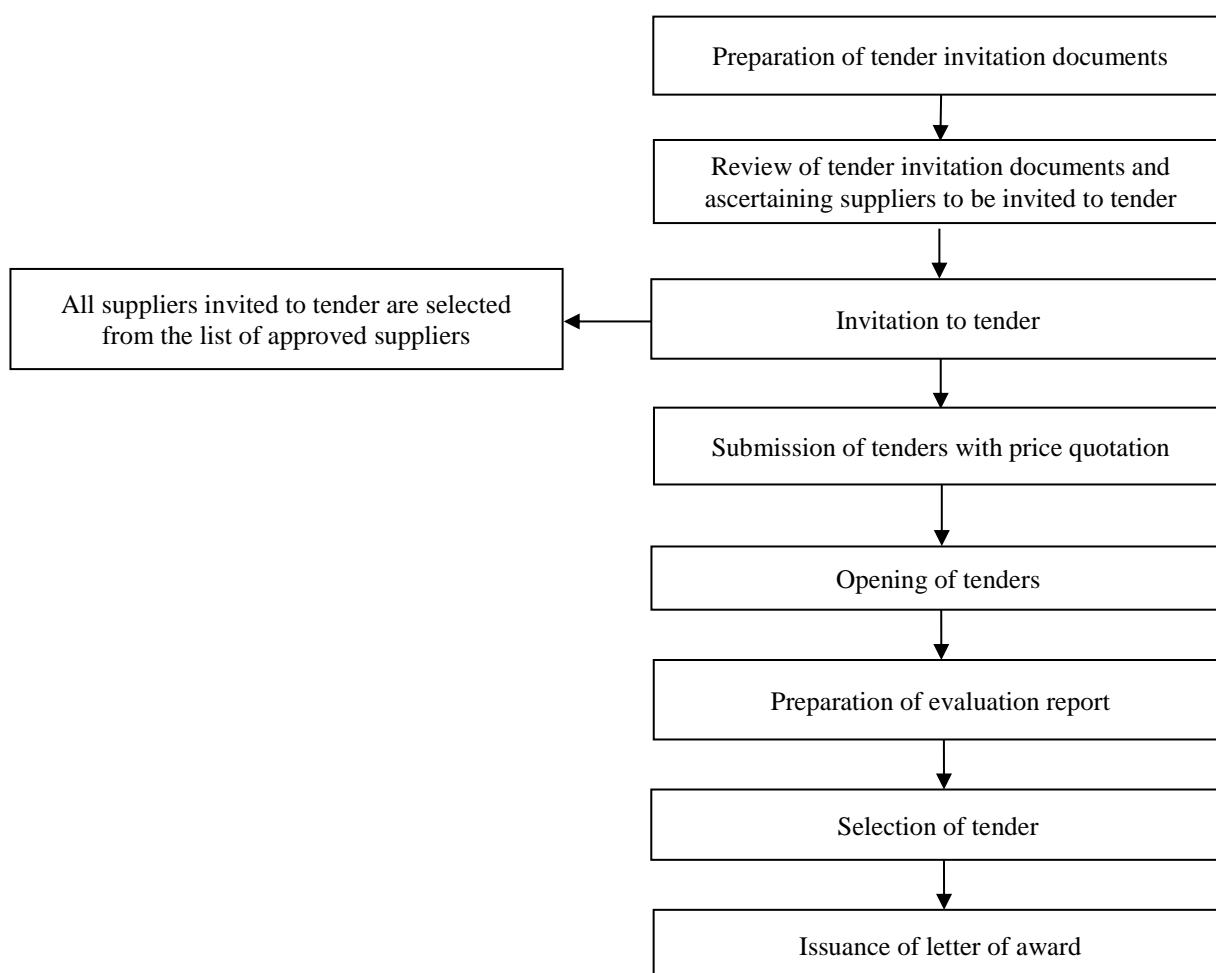
- (i) The Group has established its own list of approved suppliers of Materials (which is subject to periodic review and update by its management). All suppliers invited to submit tenders for the Projects are selected from such list. Suppliers in the list include those suppliers with or without prior 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 for including the supplier in the list.
- (ii) Number of tenders to be invited: not less than three tenders for the Projects as supplier of Materials will be invited.
- (iii) Selection of suppliers of Materials 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 department head and leader in charge of the cost management department at 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 their tenders after logging into their account.
- (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 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 leader in charge of each of the finance and treasury, engineering management, cost management, and planning and design departments at the headquarters, and the department head of each of the cost management, engineering management, and finance and treasury departments at the headquarters. All members of the decision-making body 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 Caps

The Caps are calculated with reference to the following factors:

- the annual caps, utilisation rates of the annual caps and total contract sums for the supply of the Materials for the Projects by the COLI Group to the Group under the Existing Framework Agreement:

- the annual caps and utilisation rates of the annual caps under the Existing Framework Agreement:

For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ending 31 December 2024
RMB3,000,000,000 (Approximately 58.26%)	RMB3,000,000,000 (Approximately 30.42%)	RMB3,000,000,000 (Approximately 23.20%) <sup>Note</sup>

*Note: The utilisation rate of the annual cap is calculated with reference to the total contract sum for the supply of the Materials for the Projects by the COLI Group to the Group for the period from 1 January to 30 September 2024.*

- the total contract sums for the supply of the Materials for the Projects by the COLI Group to the Group under the Existing Framework Agreement:

For the year ended 31 December 2022	For the year ended 31 December 2023	For the period from 1 January to 30 September 2024
Approximately RMB1,747,843,000	Approximately RMB912,605,000	Approximately RMB696,058,000

- the estimated total contract sums of around RMB1.2 billion to 1.5 billion of the Materials required for the potential new Projects for each of the financial years ending on 31 December 2025, 2026 and 2027 and for which the Group may from time to time invite the COLI Group to tender, which are determined with reference to the number and scale of the potential new Projects and the costs of the corresponding Materials needed for the Projects.

The contract sums under the Renewal Framework Agreement will be satisfied by the Group in cash from its general working capital.

In light of the above factors, the Directors (other than the independent non-executive Directors whose opinion will be provided after reviewing the advice of the Independent Financial Adviser) consider that the Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Shareholders should note that the Caps represent the best estimates by the Directors of the maximum amount of the relevant transaction(s) based on the information currently available. The 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 Caps, if at all, as the supply of Materials is subject to tendering procedures which are open to other independent third party suppliers.

## **Conditions Precedent**

The obligations in the Renewal Framework Agreement are conditional upon the following conditions being satisfied on or before 31 December 2024 (or such other date as the parties to the Renewal Framework Agreement may agree in writing), otherwise the Renewal Framework Agreement shall terminate forthwith:

1. the Company having obtained the approval of the Independent Shareholders at the GM by way of poll in relation to the Renewal Framework Agreement (including the Caps) and the transactions contemplated thereunder; and
2. the Company having complied with all other requirements as may be imposed by the Stock Exchange as a condition to the transactions contemplated under the Renewal Framework Agreement (including the Caps) taking effect, if any.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE RENEWAL FRAMEWORK AGREEMENT**

COLI's wholly-owned subsidiary, Lingchao Supply Chain, is one of the suppliers on the Group's list of approved suppliers of Materials. Lingchao Supply Chain has supplied and, subject to successful tender(s), will be able to continue to supply Materials with higher quality and at a better price to the Group because of its large-scale procurement, cost control system, and capabilities and experience as a supplier, which can help enhance the cost-effectiveness and quality of the Projects. Also, the entering into of the Renewal Framework Agreement would provide the Group with a more diverse base of suppliers to be invited to tender for the supply of Materials for the Projects. The benign competition among the suppliers as encouraged by the Group's standard and systematic tendering procedures will effectively reduce the costs of Projects as well.

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 Renewal Framework Agreement are expected to be entered into in the ordinary and usual course of business of the Group, and the Renewal Framework Agreement (together with the Caps) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Renewal Framework Agreement (together with the Caps) and the transactions contemplated thereunder are fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

## **INTERNAL CONTROL MEASURES**

In addition to the standard and systematic tendering procedures of the Group as mentioned in the sections headed “The Renewal Framework Agreement – Pricing Basis” and “The Renewal Framework Agreement –Tendering Procedures” in this announcement, the Group has adopted the following internal control procedures in relation to the Renewal Framework Agreement to protect the interests of the Shareholders:

1. the Group will comply with its internal control procedures in respect of connected transactions, where (i) the Company will review and compare the price of the tenders submitted by all the tenderers, the price of other similar projects and the market price for similar projects before selecting the tender with the reasonable lowest price; (ii) the intendant and audit department will monitor and inspect the tendering procedure; and (iii) the internal system of the Company will, on an on-going basis regardless of the tender amount, monitor the amounts awarded if a successful tender is awarded to a connected person of the Company to ensure that the annual caps will not be exceeded before entering into any transactions contemplated under the corresponding framework agreements;
2. the Group will monitor the implementation of the Renewal Framework Agreement on a regular basis and ensure that the transactions contemplated under the Renewal Framework Agreement will be conducted under the terms of the Renewal Framework Agreement, and the Caps will not be exceeded;
3. the Company will appoint an external auditor pursuant to the Listing Rules to conduct annual review of the transactions contemplated under the Renewal Framework Agreement (together with the Caps);
4. the Company will continue to review on a regular basis the implementation and the effectiveness of the internal control system and tendering procedures of the Group; and
5. the independent non-executive Directors will review the report of the continuing connected transactions of the Company (including the transactions contemplated under the Renewal Framework Agreement) annually to ensure that they have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and have been carried out pursuant to the terms of such transactions, and that such terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Board considers that the above internal control procedures adopted by the Group in connection with the transactions contemplated under the Renewal Framework Agreement are appropriate and sufficient, and will give sufficient assurance that such transactions contemplated under the Renewal Framework Agreement will be appropriately monitored by the Company.

## **INFORMATION ON THE PARTIES**

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

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



## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, COLI holds approximately 39.63% of the issued share capital of the Company. Therefore, COLI is a connected person of the Company and the transactions contemplated under the Renewal 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 calculated for the Company in respect of the Cap exceed 5%, the transactions contemplated under the Renewal Framework Agreement are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors is regarded as having a material interest in the Renewal Framework Agreement (together with the Caps) 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 Ms. Liu Ping, being a Non-executive Director of the Company and the general manager of the finance and treasury department of COLI, have voluntarily abstained from voting on the Board resolutions of the Company approving the Renewal Framework Agreement (together with the Caps) and the transactions contemplated thereunder.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Renewal Framework Agreement (together with the 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.

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

A circular containing, among other things, further details of the Renewal Framework Agreement and the 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 around 15 November 2024, as it is expected that additional time will be required to finalise certain information to be included in the circular.

## 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)”, “holding company(ies)”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Board”	board of Directors;
“Cap(s)”	the maximum total contract sums for the supply of Materials for the Projects that may be awarded by the Group to the COLI Group for each of the relevant years under the Renewal Framework Agreement, details of which are set out under the section headed “The Renewal Framework Agreement – Subject Matter” in this announcement;
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability and a 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), which holds approximately 39.63% of the issued share capital of the Company;
“COLI Group”	COLI and its subsidiaries (for the purpose of the Renewal Framework Agreement only, excluding its subsidiary(ies) listed on any stock exchange, 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);
“Director(s)”	the director(s) of the Company;

“Existing Framework Agreement”	the framework agreement entered into between the Company and COLI on 27 April 2022 in respect of the supply of Materials by the COLI Group to the Group for the Projects from time to time upon successful tender(s) of the COLI Group during the period from 1 January 2022 to 31 December 2024 subject to the annual caps set out therein;
“GM”	the general meeting of the Company to be held for the Independent Shareholders to consider and, if thought fit, approve the Renewal Framework Agreement (together with the Caps) and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries (for the purpose of the Renewal Framework Agreement only, excluding its subsidiary(ies) listed on any stock exchange, if any) 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 to advise the Independent Shareholders in respect of the Renewal Framework Agreement (together with the 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 Renewal Framework Agreement (together with the Caps) and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the GM to approve the Renewal Framework Agreement (together with the Caps) and the transactions contemplated thereunder under the Listing Rules;
“Lingchao Supply Chain”	深圳領潮供應鏈管理有限公司 (Shenzhen Lingchao Supply Chain Management Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of COLI;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Materials”	materials in relation to the works in the categories of civil engineering works, electrical and mechanical works and decoration;
“PRC”	People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan);
“Projects”	property development projects owned or developed / to be developed by the Group in the PRC;
“Renewal Framework Agreement”	the framework agreement entered into between the Company and COLI on 21 October 2024 in respect of the supply of Materials by the COLI Group to the Group for the Projects from time to time upon successful tender(s) of the COLI Group for a term of three years commencing from 1 January 2025 and ending on 31 December 2027;
“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 name of the PRC entity referred to in this announcement is the translation from its Chinese name and is 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, 21 October 2024

*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. Zhou Hancheng; two are non-executive Directors, namely Mr. Billy Yung Kwok Kee and Ms. Liu Ping; and three are independent non-executive Directors, namely Dr. Timpson Chung Shui Ming, Mr. Jeffrey Lam Kin Fung and Mr. Andrew Fan Chun Wah.*