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*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 00081)**

## **CONTINUING CONNECTED TRANSACTIONS**

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On 20 October 2017, the Company and COPL entered into the New Projects Framework Agreement in relation to the Services to be provided by COPL Group to the Group for the New Projects after the Relevant COPL Transaction.

On 20 October 2017, the Company and COPL entered into the Prevailing Projects Framework Agreement to increase the caps and expand the scope for the Prevailing Projects under the Previous Framework Agreement and renew the transactions thereunder.

### **LISTING RULES IMPLICATIONS**

COHL is the controlling shareholder of both the Company and COPL. COPL is hence a connected person of the Company under Chapter 14A of the Listing Rules and transactions under the (i) New Projects Framework Agreement and (ii) Prevailing Projects Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the (i) New Projects Services Caps and (ii) Prevailing Projects Services Caps are 0.1% or more but less than 5%, the transactions contemplated under the (i) New Projects Framework Agreement and (ii) Prevailing Projects Framework Agreement are subject to reporting and announcement requirements but are exempt from independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

## **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the circular of the Company dated 4 November 2016. The Group acquired from COLI Group certain property development projects in several emerging third tier cities in the PRC, the completion of which took place in December 2016. COPL Group is in contemplation of the Relevant COPL Transaction whereby upon its Completion, COPL Group is expected to provide the Services to the Group for the New Projects. On 20 October 2017, the Company and COPL entered into the New Projects Framework Agreement in relation to the Services to be provided by COPL Group to the Group for the New Projects after the Relevant COPL Transaction.

Reference is also made to the announcement of the Company dated 1 June 2015 in relation to (among others) the continuing connected transactions between the Group and COPL Group regarding the provision of property management services by COPL Group to the Group under the Previous Framework Agreement. The Directors expect that COPL Group will continue to participate in competitive tender to provide property management services to the Group, and it is expected that apart from the Services to be provided by COPL Group to the Group for the New Projects, there will be an increase in the Services between the Group and COPL Group for the Prevailing Projects. On 20 October 2017, the Company and COPL entered into the Prevailing Projects Framework Agreement to increase the caps and expand the scope for the Prevailing Projects under the Previous Framework Agreement and renew the transactions thereunder.

### ***New Projects Framework Agreement***

The principal terms of the New Projects Framework Agreement are summarised as follows:

#### *Date*

20 October 2017

#### *Parties*

1. the Company
2. COPL

#### *Duration*

Subject to the fulfillment of the conditions precedent to the New Projects Framework Agreement on or before 31 December 2017 (or such other date as the Parties may agree in writing), the New Projects Framework Agreement will commence on 1 January 2018 and end on 30 June 2020.

#### *Terms*

Pursuant to the New Projects Framework Agreement, any member of COPL Group upon Completion may provide the Services to the Group for the New Projects, subject to the New Projects Services Caps.

The Group will go through a tender process to select and appoint a service provider for the provision of Services to the Group.

Further details of the standard and systematic tender process of the Group is set out in the paragraph headed “Pricing Basis” below.

### *Conditions Precedent*

The New Projects Framework Agreement (together with the New Projects Services Caps) are conditional upon (i) the Completion and (ii) the passing of the resolution by COPL's independent shareholders at COPL's general meeting approving the New Projects Framework Agreement and the New Projects Services Caps.

For the avoidance of doubt, the Prevailing Projects Framework Agreement and the New Projects Framework Agreement are not inter-conditional upon each other.

### *Historical Transaction Amount*

The historical amount paid by the Group to COLI Group for Services provided for the New Projects for the seven months ended 31 July 2017 was RMB6,724,000 (equivalent to approximately HK\$7,934,000).

### *Caps*

The New Projects Services Caps for the two years ending 31 December 2018 and 2019 and the period commencing on 1 January 2020 and ending on 30 June 2020 are as follows:

<b>For the year ending 31 December 2018</b>	<b>For the year ending 31 December 2019</b>	<b>For the period commencing on 1 January 2020 and ending on 30 June 2020</b>
HK\$47,800,000	HK\$45,900,000	HK\$25,800,000

### *Basis of determination of Caps*

The New Projects Services Caps are calculated with reference to, among others, the following factors:

- (1) the historical amount of RMB6,724,000 for the seven months ended 31 July 2017 (equivalent to approximately HK\$7,934,000) paid by the Group to COLI Group in respect of the New Projects' Services.
- (2) the estimated demand of the Group for New Projects' Services for the period from 1 January 2018 to 30 June 2020, estimated with reference to the existing contracts and future property development plans of the Group; and
- (3) other factors such as, the Company's business plans and inflation.

The shareholders of the Company should note that the New Projects Services Caps represent the best estimate by the Directors of the amount of the relevant transactions based on the information currently available. The New Projects Services Caps bear no direct relationship to, nor should be taken to have any direct bearing to, the Group's financial or potential financial performance.

### ***Prevailing Projects Framework Agreement***

The principal terms of the Prevailing Projects Framework Agreement are summarised as follows:

#### *Date*

20 October 2017

#### *Parties*

1. the Company
2. COPL

#### *Duration*

Subject to the fulfillment of the conditions precedent to the Prevailing Projects Framework Agreement on or before 31 December 2017 (or such other date as the Parties may agree in writing), the Prevailing Projects Framework Agreement will commence on 1 January 2018 and end on 30 June 2020.

#### *Terms*

Pursuant to the Prevailing Projects Framework Agreement, any member of COPL Group may provide the Services to the Group for the Prevailing Projects, subject to the Prevailing Projects Services Caps.

The Group will go through a tender process to select and appoint a service provider for the provision of Services to the Group.

Further details of the standard and systematic tender process of Group is set out in the paragraph headed "Pricing Basis" below.

The Company and COPL agreed to terminate the Previous Framework Agreement upon the taking effect of the Prevailing Projects Framework Agreement. In the event that the Prevailing Projects Framework Agreement does not become effective, the Previous Framework Agreement will remain in full force and binding on the Company and COPL.

#### *Conditions Precedent*

The Prevailing Projects Framework Agreement (together with the Prevailing Projects Services Caps) are conditional upon the passing of the resolution by COPL's independent shareholders at COPL's general meeting approving the Prevailing Projects Framework Agreement and the Prevailing Projects Services Caps.

For the avoidance of doubt, the Prevailing Projects Framework Agreement and the New Projects Framework Agreement are not inter-conditional upon each other.

### *Previous Caps*

The previous caps under the Previous Framework Agreement as disclosed in the announcement of the Company dated 1 June 2015 were as follows:

<b>For the period between 1 June 2015 and 31 December 2015</b>	<b>For the year ended 31 December 2016</b>	<b>For the year ending 31 December 2017</b>	<b>For the period from 1 January 2018 to 31 May 2018</b>
RMB30,000,000 (equivalent to approximately HK\$35,400,000)	RMB50,000,000 (equivalent to approximately HK\$59,000,000)	RMB60,000,000 (equivalent to approximately HK\$70,800,000)	RMB35,000,000 (equivalent to approximately HK\$41,300,000)

### *Historical Transaction Amount*

The historical amounts paid to COPL Group by the Group for Services provided for the Prevailing Projects for the period between 1 June 2015 and 31 December 2015, the year ended 31 December 2016 and the half year ended 30 June 2017 were as follows:

<b>For the period between 1 June 2015 and 31 December 2015</b>	<b>For the year ended 31 December 2016</b>	<b>For the half year ended 30 June 2017</b>
RMB26,944,000 (equivalent to approximately HK\$31,794,000)	RMB36,602,000 (equivalent to approximately HK\$43,190,000)	RMB14,192,000 (equivalent to approximately HK\$16,747,000)

### *Caps*

The Prevailing Projects Services Caps for each of the two years ending 31 December 2018 and 2019 and the period commencing on 1 January 2020 and ending on 30 June 2020 are as follows:

<b>For the year ending 31 December 2018</b>	<b>For the year ending 31 December 2019</b>	<b>For the period commencing on 1 January 2020 and ending on 30 June 2020</b>
HK\$115,600,000	HK\$96,500,000	HK\$57,900,000

### *Basis of determination of Caps*

The Prevailing Projects Services Caps are calculated with reference to, among others, the following factors:

- (1) the historical amounts paid to COPL Group by the Group for Services provided for the Prevailing Projects for the period between 1 June 2015 and 31 December 2015, the year ended 31 December 2016 and the half year ended 30 June 2017 as set out in the paragraph headed "Historical Transaction Amount" above.

- (2) the estimated demand of the Group for the Prevailing Projects' Services for the period from 1 January 2018 to 30 June 2020, estimated with reference to the existing contracts and future property development plans of the Group; and
- (3) other factors such as, the Company's business plans and inflation.

The shareholders of the Company should note that the Prevailing Projects Services Caps represent the best estimate by the Directors of the amount of the relevant transactions based on the information currently available. The Prevailing Projects Services Caps bear no direct relationship to, nor should be taken to have any direct bearing to, the Group's financial or potential financial performance.

### **Payment Terms**

Depending on local regulations and practices of relevant local PRC authorities such as the Commodity Price Bureau and the Ministry of Land and Resources, the services fees payable by the Group for the (i) New Projects Framework Agreement and (ii) Prevailing Projects Framework Agreement are determined with reference to:

- (1) square meter of gross floor area under management;
- (2) estimated costs and expenses for rendering the services; and
- (3) the pricing for comparable properties in terms of types and locations of the communities.

The service fees shall be paid monthly, quarterly or semi-annually depending on the specific terms of the underlying contracts entered between the parties to the relevant Property Management Transactions.

### **Pricing Basis**

Under the (i) New Projects Framework Agreement, and (ii) Prevailing Projects Framework Agreement, the prices and terms of the contracts for the provision of Services shall be determined in the ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and on terms no more favourable than those granted to other service providers of COPL Group who are independent third parties.

#### *Property Management Services - Tender Process in the PRC*

The Group is responsible for drawing up specification and requirements for a tender, based on a typical invitation to tender template and the specific requirements for a property development project.

In order to make an invitation to tender (the "**Invitation To Tender**"), all relevant documents (including the Application Form for Making Invitation to Tender (《招標備案申請表》), governmental approvals obtained for the property development, and documents comprising the Invitation to Tender) are required to be submitted and filed with the Relevant Local Authority in advance.

The Relevant Local Authority can, according to the size of the property development and the amount of expected contract amount involved, decide that the tender procedure set out below does not apply to a particular property management contract because it is insignificant. Different Relevant Local Authorities have adopted different criteria in deciding whether a contract is insignificant for the tender process.

In the case of an open tender, the Invitation to Tender is required to be published by way of a public notice in the press or media. In the case of a restricted tender, the Invitation to Tender is required to be sent to no less than three selected property management service providers. Whether an open tender or a restricted tender is required will depend on the respective requirements stipulated by the Relevant Local Authority.

#### *Tender Evaluation and Grant of Awards*

Bidders will be required to provide pre-qualification documents for vetting before the formal tender documents are submitted.

According to applicable PRC laws and regulations, the tender evaluation process and the composition of the tender evaluation committee must comply with the requirements set out in Temporary Measures on the Tendering and Bidding for Initial Property Management Services (《前期物業管理招標投標管理暫行辦法》) (Jian Zhu Fang (2003) No. 130) promulgated by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on 26 June 2003. The tender evaluation committee shall comprise an odd number of five or more members and at least two-thirds of the members must be property management experts selected on a random basis from a list compiled by the Relevant Local Authority.

If there are less than three bidders, upon the approval of the Relevant Local Authority, the Group may engage a property management company directly through a contract.

The tender evaluation committee shall evaluate the tender based on the specification and requirement of the Invitation To Tender with the view to ranking the top three recommended bidders. The Group will confirm the winner and proceed to arrange for necessary notification.

Where selection of Services provider through tender process is not required by the applicable laws and regulations from time to time, the Group will obtain at least three quotations from independent Services provider and member of COPL Group. If the price and terms offered by the member of COPL Group are equal to or better than those offered by independent Services provider on the condition that the Services provider also satisfies all other essential requirements (including but not limited to relevant experience, quality of services and track records), such the Group may probably accept the quotation from such member of COPL Group.

The above tender process and steps involved may be simplified and streamlined depending on the size of the project and the amount of the expected contract amount involved.

## **Reasons of and Benefits for the Continuing Connected Transactions**

COPL was the Services provider of the Group's various property developments in the PRC. To avoid disruptions to the property management arrangements of the Group's property developments, the Company intends to continue its existing engagement of COPL as the Services provider for the Group's property developments in the PRC.

The Directors believe that it is in the best interests of the Company to continue its existing engagement of COPL Group as the Services provider for the Group's property developments in the PRC to re-inforce its marketing and sales strategies by using COPL Group's property management experience and its famous brand name "China Overseas Property Management" (中海物業). This 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) consider that:

1. the pricing in respect of the transactions under the (i) New Projects Framework Agreement and (ii) Prevailing Projects Framework Agreement; and
2. each of the (i) New Projects Framework Agreement and (ii) Prevailing Projects Framework Agreement, their respective terms and the transactions contemplated thereunder (including each of the (i) New Projects Services Caps and (ii) Prevailing Projects Services Caps)

are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and not more favourable than the terms offered by the Group and are in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE PARTIES**

The Group is principally engaged in real estate development and investment in the PRC.

COPL Group is one of the leading property management companies in the PRC with operations also covering Hong Kong and Macau and is principally engaged in property management services and value-added services.

## **LISTING RULES IMPLICATIONS**

COHL is the controlling shareholder of both the Company and COPL. COPL is hence a connected person of the Company under Chapter 14A of the Listing Rules and transactions under the (i) New Projects Framework Agreement and (ii) Prevailing Projects Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the (i) New Projects Services Caps and (ii) Prevailing Projects Services Caps are 0.1% or more but are less than 5%, the transactions contemplated under the (i) New Projects Framework Agreement and (ii) Prevailing Projects Framework Agreement are subject to reporting and announcement requirements but are exempt from independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.



As none of the Directors has any material interest in the (i) New Projects Framework Agreement and (ii) Prevailing Projects Framework Agreement, none of them is required to abstain and from voting on the resolutions passed by the Board approving the aforesaid agreements and the transactions contemplated thereunder.

## **DEFINITIONS**

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

“Board”	the board of Directors
“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(s)”, “percentage ratio(s)”, “subsidiary(ies)”	each has the meaning ascribed to it in the Listing Rules
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, and the controlling shareholder of the Company
“COLI”	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability and whose share are listed on the Main Board of the Stock Exchange (stock code: 688)
“COLI Group”	COLI and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time
“Completion”	completion of the Relevant COPL Transaction
“COPL”	China Overseas Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2669)
“COPL Group”	COPL and its subsidiaries from time to time
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange) from time to time

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“Property Management Transactions”	the provision of Services by members of COPL Group to the Group
“New Projects”	certain property development projects in several emerging third tier cities in the PRC acquired by the Group from COLI Group, the completion of which took place in December 2016 and details of which are set out in the circular of the Company dated 4 November 2016, which are currently not managed by any member of the COPL Group
“New Projects Framework Agreement”	the framework agreement dated 20 October 2017 entered into between the Company and COPL in respect of COPL Group’s provision of Services to the Group for the New Project upon Completion and as a result of the Relevant COPL Transaction
“New Projects Services Caps”	the maximum total amount payable for the Services by the Group to COPL Group for the New Projects for each year/period under the New Projects Framework Agreement
“Prevailing Projects”	property development projects in the PRC, Hong Kong, Macau and other locations (excluding the New Projects)
“Prevailing Projects Framework Agreement”	the framework agreement dated 20 October 2017 entered into between the Company and COPL in respect of COPL Group’s provision of Services to the Group in the Prevailing Projects
“Prevailing Projects Services Caps”	the maximum total amount payable for the Services by the Group to COPL Group in the Prevailing Projects for each year/period under the Prevailing Projects Framework Agreement
“Previous Framework Agreements”	the framework agreement entered into between the Company and COPL on 1 June 2015 in respect of the provision of property management services to the Group by COPL Group

“Relevant COPL Transaction”	certain transaction in contemplation by COPL Group whereby upon its completion, COPL Group is expected to provide the Services to the Group for the New Projects
“Relevant Local Authority(ies)”	the competent real estate administration department of the PRC government
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	provision of property management services and engineering services including automation projects, specialised engineering, and repair and maintenance and upgrade projects of equipment and machinery to residential communities, commercial properties and other properties
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

*This announcement contains translation between Renminbi and Hong Kong dollars at RMB1 to HK\$1.18. The translation shall not be taken as representation that the Renminbi could actually be converted into Hong Kong dollars at that rate, or at all.*

By order of the Board of  
**China Overseas Grand Oceans Group Limited**  
**Yan Jianguo**  
*Chairman and Non-Executive Director*

Hong Kong, 20 October 2017

*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. Zhang Guiqing, Mr. Paul Wang Man Kwan and Mr. Yang Lin; 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.*