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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)

CONNECTED TRANSACTIONS DISPOSAL OF THE PROPERTIES

DISPOSAL OF THE PROPERTIES

On 18 May 2022, Hefei Hairui, an indirect wholly-owned subsidiary of the Company, entered into the Provisional SPAs with the Purchaser, pursuant to which Hefei Hairui agreed to sell, and the Purchaser agreed to purchase, the Properties at an aggregate consideration of RMB43,575,332. An aggregate deposit of RMB2,180,000 has been paid by the Purchaser to Hefei Hairui as of the date of this announcement. The Properties comprise 21 office units located in Tower S8, Central Park, East of Baohe Avenue, North of Yanan Road, Baohe District, Hefei, the PRC.

LISTING RULES IMPLICATIONS

CSCEC is the ultimate holding company of COHL, which is the controlling shareholder of the Company by virtue of it being interested in approximately 38.32% of shares of the Company in issue. In addition, CSCEC is the holding company of CSCECL, which indirectly wholly-owns the Purchaser. Accordingly, the Purchaser is a connected person of the Company under the Listing Rules and the Disposal constitutes connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal is more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 18 May 2022, Hefei Hairui, an indirect wholly-owned subsidiary of the Company, entered into the Provisional SPAs with the Purchaser, pursuant to which Hefei Hairui agreed to sell, and the Purchaser agreed to purchase, the Properties at an aggregate consideration of RMB43,575,332. The properties in Tower S8, Central Park, East of Baohe Avenue, North of Yanan Road, Baohe District, Hefei, the PRC are currently available for sale to the public, and the Disposal will be conducted in accordance with the applicable laws and regulations for sale and purchase of commercial housing. It is expected that Hefei Hairui and the Purchaser will enter into the Final SPAs on or before 30 June 2022.

THE PROVISIONAL SPAS

The Provisional SPAs comprise 21 provisional sale and purchase agreements in the same form for each of the Properties and the principal terms of the Provisional SPAs are collectively summarised as follows:

Date: 18 May 2022

Vendor: Hefei Hairui, an indirect wholly-owned subsidiary of the Company

Purchaser: The Purchaser

Subject matter: The Properties comprising units 2101, 2102, 2103, 2104, 2105, 2106, 2107 and 2108 on Floor 21, units 2201, 2202, 2203, 2204, 2205, 2206 and 2207 on Floor 22 and units 2301, 2302, 2303, 2304, 2305 and 2306 on Floor 23, being the whole of Floors 21, 22 and 23, of Tower S8, Central Park, East of Baohe Avenue, North of Yanan Road, Baohe District, Hefei, the PRC* (中國合肥市包河區包河大道以東、延安路以北觀園 S8 棟)

The aggregate gross floor area of the units on Floors 21, 22 and 23 is approximately 1,748 square meters, 1,748 square meters and 1,367 square meters, respectively.

Usage: Office

Consideration: The aggregate consideration for the Properties is RMB43,575,332.

Payment term: Payment of the aggregate consideration for the Properties will be made in four installments as follows:

- (i) first installment of RMB26,150,000 in aggregate to be paid by 30 June 2022;
- (ii) second installment of RMB4,500,000 in aggregate to be paid by 31 December 2022;
- (iii) third installment of RMB4,500,000 in aggregate to be paid by 31 March 2023; and
- (iv) final installment of RMB8,425,332 in aggregate to be paid by 30 June 2023.

Deposit: An aggregate deposit of RMB2,180,000 has been paid by the Purchaser to Hefei Hairui as of the date of this announcement. The relevant deposit amount will be used to deduct the respective payment for the consideration.

The relevant deposit may be forfeited if the Purchaser does not pay the consideration of the respective Property in accordance with the terms of the Agreements. On the other hand, if Hefei Hairui is unable to sign the Final SPAs, a penalty being twice the deposit will be payable to the Purchaser.

Delivery of the Properties: The Properties shall be delivered in accordance with the Agreements, after having passed all relevant phase inspections and completion inspections, and having obtained the relevant use permit documents and the Notice for the Composite Inspection Results for Construction Work Projects in Hefei City (合肥市建設工程項目聯合驗收結果通知書) (the “**Delivery**”). Hefei Hairui shall complete the necessary title registration of the Properties in accordance with PRC laws and regulations within 180 days of the Delivery. Delivery of the Properties is expected to take place by the end of the first half of 2023.

The parties will enter into the Final SPAs, which comprise 21 final sale and purchase agreements in the same form for each of the Properties, in accordance with the applicable laws and regulations, which reflect the terms and conditions of the Provisional SPAs. It is expected that Hefei Hairui and the Purchaser will enter into the Final SPAs on or before 30 June 2022.

Basis of determining the consideration

The consideration of the Properties was determined on an arm’s length basis between Hefei Hairui and the Purchaser after taking into consideration, among others, (i) the quoted price list for the properties available for sale at Tower S8, Central Park, East of Baohe Avenue, North of Yanan Road, Baohe District, Hefei, the PRC; (ii) the market price of similar office properties in the close proximity of the Properties; and (iii) the Disposal is the disposal of the whole of three floors of the office building.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The Properties are the inventory from the Central Park (觀園) development project (the “**Central Park Project**”) owned by Hefei Hairui, which involves the development of commercial and residential properties on a piece of land situated in the Baohe District, Hefei, the PRC. As CSCEC is a top 100 company in the Fortune Global 500, the Disposal will facilitate the introduction of high caliber occupants to the commercial properties of the Central Park Project in satisfaction of the land conditions imposed by the PRC government. Further, having regard to the prevailing market conditions, the Disposal will also facilitate realization of an existing inventory of properties and enhance working capital of the Group.

As at 31 March 2022, the aggregate net book value of the Properties is approximately RMB16,830,000. Upon completion of the Disposal, the Group is expected to record a gain of approximately RMB110,000 (before tax and subject to audit). The expected gain is calculated based on the aggregate consideration for the Disposal after deducting the estimated development costs and other development related expenses attributable to the Properties. The net sales proceeds from the Disposal will be recorded as profit of the Group and will be used for general working capital of the Group.

None of the Directors has any material interest in the transactions contemplated under the Agreements, and no Director is required to abstain from voting on the Board resolution(s) approving the entering into of the Agreements and the transactions contemplated thereunder.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that as far as the Shareholders are concerned, the transactions contemplated under the Agreements are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

CSCEC is the ultimate holding company of COHL, which is the controlling shareholder of the Company by virtue of it being interested in approximately 38.32% of shares of the Company in issue. In addition, CSCEC is the holding company of CSCECL, which indirectly wholly-owns the Purchaser. Accordingly, the Purchaser is a connected person of the Company under the Listing Rules and the Disposal constitutes connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal is more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

Hefei Hairui is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the development and operation, and property leasing. The Group is principally engaged in property investment and development, property leasing and investment holding.

The Purchaser is principally engaged in housing construction works and municipal public works, and other construction works businesses.

CSCEC is the ultimate holding company of COHL, which in turn is a controlling shareholder of the Company. CSCEC is also the ultimate holding company of the Purchaser. The CSCEC Group is a conglomerate principally engaged in housing construction engineering, infrastructure construction and investment, real estate development and investment, and prospecting and design.

DEFINITIONS

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

“Agreements”	the Provisional SPAs and the Final SPAs;
“Board”	the board of Directors;
“COHL”	China Overseas Holdings Limited (中國海外集團有限公司), a company incorporated in Hong Kong with limited liability, the controlling shareholder of the Company;
“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)”, “connected transaction(s)”, “controlling shareholder(s)”, “holding company(ies)” and “subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“CSCEC”	China State Construction Engineering Corporation* (中國建築集團有限公司), a state-owned corporation organised and existing under the laws of the PRC, and the ultimate holding company of COHL and the Purchaser;
“CSCEC Group”	CSCEC and its subsidiaries from time to time (for the purpose of this announcement, excluding COHL and its subsidiaries)
“CSCECL”	China State Construction Engineering Corporation Limited (中國建築股份有限公司), a company incorporated in the PRC with limited liability and whose shares are listed on the Shanghai Stock Exchange (stock code: 601668);
“Director(s)”	the director(s) of the Company;
“Disposal”	the transactions contemplated under the Agreements, namely the sale and purchase of the Properties;

“Final SPAs”	the final sale and purchase agreements to be entered into between Hefei Hairui and the Purchaser for each of the Properties in accordance with applicable laws and regulations, which is based on the terms and conditions of the Provisional SPAs;
“Group”	the Company and its subsidiaries from time to time;
“Hefei Hairui”	Hefei China Overseas Hairui Real Estate Development Co., Ltd.* (合肥中海海瑞房地產開發有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macao Special Administrative Region and Taiwan;
“Properties”	collectively, units 2101, 2102, 2103, 2104, 2105, 2106, 2107 and 2108 on Floor 21, units 2201, 2202, 2203, 2204, 2205, 2206 and 2207 on Floor 22 and units 2301, 2302, 2303, 2304, 2305 and 2306 on Floor 23 of Tower S8, Central Park, East of Baohe Avenue, North of Yanan Road, Baohe District, Hefei, the PRC, and each a “Property”;
“Provisional SPAs”	the provisional sale and purchase agreements dated 18 May 2022 entered into between Hefei Hairui and the Purchaser for each of the Properties in relation to the Disposal;
“Purchaser”	The Second Construction Limited Company of China Construction Fifth Engineering Division* (中建五局第二建設有限公司), an indirect wholly-owned subsidiary of CSCECL;
“RMB”	Renminbi, the lawful currency of the PRC;

“Shareholder(s)” the shareholder(s) of the Company from time to time;
and

“Stock Exchange” The Stock Exchange of Hong Kong Limited.

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

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

Hong Kong, 18 May 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.