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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)

DISCLOSEABLE TRANSACTION

The Board announces that, on 21 July 2022, COGOP, a wholly-owned subsidiary of the Company, entered into the Underlying Assets Sale and Purchase Agreement with CMS Asset Management, pursuant to which COGOP agreed to dispose of the initial Underlying Assets to CMS Asset Management at a consideration of RMB737,000,000 (the “**Transaction**”). Meanwhile, COGOP has appointed CMS Asset Management as the scheme manager of the ABS Scheme to be established, under which the ABS will be issued.

As one or more of the applicable percentage ratios in relation to the Transaction exceeds 5% but all the percentage ratios are less than 25%, the Transaction constitutes a discloseable transaction of the Company according to Chapter 14 of the Listing Rules and shall be subject to reporting and announcement requirements but is exempted from the Shareholders’ approval requirement under Chapter 14 of the Listing Rules.

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UNDERLYING ASSETS SALE AND PURCHASE AGREEMENT

The details of principal terms and conditions of the Underlying Assets Sale and Purchase Agreement are set out below:

Date

21 July 2022

Parties

- (1) COGOP as the seller; and
- (2) CMS Asset Management as the purchaser and scheme manager (on behalf of the holders of the ABS).

Assets to be Disposed of

The assets to be disposed of under the Underlying Assets Sale and Purchase Agreement are receivables of the Project Companies to be acquired by COGOP under the Receivable Transfer Agreement(s) for onward disposal to CMS Asset Management in accordance with the Underlying Assets Sale and Purchase Agreement, comprising the receivables owed to the Project Companies by property purchasers pursuant to various property purchase contracts (the “**Underlying Assets**”). The book value of the initial Underlying Assets purchased by CMS Asset Management from COGOP under the Underlying Assets Sale and Purchase Agreement amounted to approximately RMB1,064,667,800 as at the Benchmark Date.

Consideration and Payment Terms

CMS Asset Management shall pay the purchase price of RMB737,000,000 to COGOP for the initial Underlying Assets on the Establishment Date upon fulfilment of the conditions precedent as stipulated in the Underlying Assets Sale and Purchase Agreement. CMS Asset Management shall settle the payment by instructing the custodian to transfer proceeds from the issue of the ABS at such amount to the bank account designated by COGOP.

The consideration was arrived at with reference to the book value of the Underlying Assets, the terms and conditions of the ABS Scheme, applicable laws and regulations and normal market practice.

Conditions Precedent

Completion of the Underlying Assets Sale and Purchase Agreement is conditional upon the fulfilment of the following conditions:

- (1) COGOP and CMS Asset Management have signed and delivered to each other the Underlying Assets Sale and Purchase Agreement and other relevant documents under the ABS Scheme;
- (2) COGOP and CMS Asset Management have received or obtained all consents, approvals and authorisations required for fulfilling the obligations under the Underlying Assets Sale and Purchase Agreement and other relevant documents under the ABS Scheme;

- (3) COGOP has delivered a complete list of the initial Underlying Assets as per request from CMS Asset Management; and
- (4) The ABS Scheme has been established in accordance with agreed terms and conditions.

Revolving Purchase Arrangement

The ABS Scheme does not specify the purchase scale for the subsequent revolving purchase of the Underlying Assets. On each revolving purchase execution date during the revolving purchase period (i.e. from the Establishment Date up to five business days after nine months from the Establishment Date, subject to adjustment pursuant to the terms and conditions of the ABS Scheme), CMS Asset Management has the right to make revolving purchase of eligible Underlying Assets from COGOP in accordance with the Underlying Assets Sale and Purchase Agreement, at a consideration no more than 100% of the book value of the Underlying Assets to be purchased.

Asset Replacement and Redemption

When disqualified, lost, distressed or disputed Underlying Assets are identified during the period from the Establishment Date up to the Maturity Date, COGOP shall, pursuant to the Underlying Assets Sale and Purchase Agreement, replace them with other eligible Underlying Assets, the book value of which shall be no less than the book value of the original Underlying Assets. If COGOP decides not to replace or does not have adequate eligible Underlying Assets for replacement, COGOP shall redeem such disqualified, lost, distressed or disputed Underlying Assets from CMS Asset Management. The redemption price shall be the book value of the redeemed Underlying Assets.

ABS SCHEME

The ABS issued under the ABS Scheme consists of senior asset-backed securities in the principal amount of RMB700,000,000 and subordinated asset-backed securities in the principal amount of RMB37,000,000. Holders of senior asset-backed securities have priority over holders of subordinated asset-backed securities in the distribution under the ABS Scheme. The senior asset-backed securities shall be subscribed by qualified investors through SSE and the subordinated asset-backed securities shall be subscribed by COGOP. The ABS Scheme shall be terminated on the Maturity Date, upon payment of the principal of RMB700,000,000 and corresponding interest to holders of senior asset-backed securities and other costs and fees in accordance with the terms and conditions of the ABS Scheme, with any remaining assets available under the ABS Scheme being distributed to holders of subordinated asset-backed securities, i.e. COGOP.

REASONS FOR AND BENEFITS OF THE TRANSACTION AND THE ESTABLISHMENT OF THE ABS SCHEME

The Transaction and the establishment of the ABS Scheme is beneficial to the Group as it provides the Group with immediate funding for working capital and business development. It also allows the Group to meet liquidity development needs and diversify the funding sources of the Group, and therefore increase capital use efficiency and enhance operational capabilities for the Group.

Based on the terms and conditions of the Transaction and the ABS Scheme, the consideration received by the Group under the Transaction is to be recorded as a borrowing to the Group according to applicable accounting policies. Therefore, the respective profit or loss impact of the Transaction and the establishment of the ABS Scheme on the Group will be the incurrence of interest payment and other costs and fees payable under the ABS Scheme as finance costs and administrative expenses, respectively. The Group intends to use the net proceeds from the Transaction for project development and construction and replenishment of working capital.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Transaction and the establishment of the ABS Scheme is on normal commercial terms and fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the Transaction and the establishment of the ABS Scheme.

INFORMATION OF THE PARTIES

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

COGOP is a wholly-owned subsidiary of the Company and is principally engaged in investment and development of property, property sales and leasing, and commercial housing sales and leasing.

CMS Asset Management is a company incorporated in the PRC with limited liability and is principally engaged in securities asset management business. CMS Asset Management is a wholly-owned subsidiary of China Merchants Securities Co., Ltd., a joint stock company incorporated in PRC and whose shares are listed on the Main Board of the Stock Exchange (stock code: 6099) and on the SSE (stock code: 600999). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, at the date of this announcement, CMS Asset Management and its ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in relation to the Transaction exceeds 5% but all the percentage ratios are less than 25%, the Transaction constitutes a discloseable transaction of the Company according to Chapter 14 of the Listing Rules and shall be subject to reporting and announcement requirements but is exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

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| “ABS” | the asset-backed securities to be issued under the ABS Scheme; |
| “ABS Scheme” | COGOP Receivable Asset-backed Scheme 2022 Phase I (中海宏洋 2022 年度第 1 期購房尾款資產支持專項計劃)； |
| “Benchmark Date” | 11 June 2021; |
| “Board” | the board of Directors; |
| “CMS Asset Management” | 招商證券資產管理有限公司 (China Merchants Securities Asset Management Co., Ltd.*), a company incorporated in PRC with limited liability; |
| “COGOP” | 中海宏洋地產集團有限公司 (China Overseas Grand Oceans Property Group Company Limited*), a company incorporated in PRC with limited liability and a wholly-owned subsidiary 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); |
| “Director(s)” | the director(s) of the Company; |
| “Establishment Date” | the date on which the ABS Scheme is established; |
| “Group” | the Company and its subsidiaries from time to time; |
| “Hong Kong” | the Hong Kong Special Administrative Region of PRC; |
| “Independent Third Party(ies)” | an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules; |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange; |

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| “Macao” | the Macao Special Administrative Region of PRC; |
| “Maturity Date” | one business day before 12 months from the Establishment Date, subject to adjustment pursuant to the terms and conditions of the ABS Scheme; |
| “PRC” | the People’s Republic of China, but for the purpose of this announcement excluding Hong Kong, Macao and Taiwan; |
| “Project Companies” | developers of various properties in PRC, each a subsidiary of the Company; |
| “Receivable Transfer Agreement(s)” | the agreement(s) entered into between COGOP and the Project Companies for acquiring the Underlying Assets by COGOP from time to time; |
| “RMB” | Renminbi, the lawful currency of PRC; |
| “Shareholder(s)” | the shareholder(s) of the Company from time to time; |
| “SSE” | The Shanghai Stock Exchange; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Transaction” | the disposal of the Underlying Assets pursuant to the Underlying Assets Sale and Purchase Agreement; |
| “Underlying Assets” | the receivables of the Project Companies to be acquired by COGOP under the Receivable Transfer Agreement(s) for onward disposal to CMS Asset Management in accordance with the Underlying Assets Sale and Purchase Agreement, comprising the receivables owed to the Project Companies by property purchasers pursuant to various property purchase contracts; |

“Underlying Assets Sale and Purchase Agreement” the underlying assets sale and purchase agreement entered into by COGOP and CMS Asset Management on 21 July 2022, pursuant to which COGOP agreed to dispose of the initial Underlying Assets to CMS Asset Management at a consideration of RMB737,000,000; 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, 21 July 2022

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. Dantes Lo Yiu Ching.