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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
IN RELATION TO
THE NEW FRAMEWORK AGREEMENT
FOR CAR PARKING SPACES**

THE NEW FRAMEWORK AGREEMENT

Reference is made to the joint announcement issued by the Company and COPL dated 23 October 2019 in respect of the Existing Framework Agreement entered into between the Company and COPL on 23 October 2019, pursuant to which the parties agreed that COPL Group may from time to time enter into transactions with the Group for the acquisition of rights-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire) by COPL Group as its inventory (i.e. the Transactions), such car parking spaces being car parking spaces of developments or properties built, developed or owned by the Group and managed by COPL Group as property manager, for a term of 3 years commencing from 1 December 2019 and ending on 30 November 2022 (both dates inclusive).

As the Existing Framework Agreement is due to expire and it is expected that the Group and COPL Group will continue to enter into the Transactions save for the period from 1 December 2022 to 31 December 2022, on 5 September 2022, the Company and COPL entered into the New Framework Agreement for a term of 3 years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, CSCEC is the ultimate holding company of COHL which is the controlling shareholder of each of the Company and COPL by virtue of it being interested in approximately 39.63% and 61.18% of their respective issued share capital. Therefore, members of COPL Group are associates of COHL and connected persons of the Company. Accordingly, the entering into of the New Framework Agreement and the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps are more than 0.1% but all are less than 5%, the Transactions are subject to annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

THE NEW FRAMEWORK AGREEMENT

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As the Existing Framework Agreement is due to expire and it is expected that the Group and COPL Group will continue to enter into the Transactions save for the period from 1 December 2022 to 31 December 2022, on 5 September 2022, the Company and COPL entered into the New Framework Agreement for a term of 3 years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive). The principal terms of the New Framework Agreement are as follows:

Date

5 September 2022

Parties

- (a) The Company; and
- (b) COPL.

Term

The New Framework Agreement has a term of three years commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive).

Subject matter

Pursuant to the New Framework Agreement, the Company and COPL agreed that:

- (a) they may enter into, or procure members of the Group and COPL Group to enter into, the Transactions in the ordinary and usual course of their respective businesses within the limit of the Annual Caps; and
- (b) during the term of the New Framework Agreement, the relevant members of the Group and COPL Group may from time to time enter into separate definitive agreement(s) in relation to any Transactions, which shall set out the particular terms of the Transaction(s) (including the payment terms) and be in compliance with the terms of the New Framework Agreement, in particular:

- (i) for the Group as seller, its terms shall be on normal commercial terms (or on an arm's length basis or on terms no less favourable to the Group than terms available to independent third parties for similar transactions (as the case may be)) and are fair and reasonable;
- (ii) for COPL Group as purchaser, its terms shall be on normal commercial terms (or on an arm's length basis or on terms no less favourable to COPL Group than terms available from independent third parties for similar transactions (as the case may be)) and are fair and reasonable;
- (iii) the price for the Transaction(s) shall be based on the pricing basis under the New Framework Agreement, which is set out in the section headed "*The New Framework Agreement – Pricing basis in respect of the Transactions*" in this announcement;
- (iv) all the Transactions are in the ordinary and usual course of business of the Group and in the interest of the Company and its shareholders as a whole; and
- (v) all the Transactions are in the ordinary and usual course of business of COPL Group and in the interest of COPL and its shareholders as a whole.

In respect of the non-air raid shelter car parking spaces, if the procedures to transfer property rights can be completed in the future due to PRC policy changes, the Group shall actively cooperate with COPL Group to handle the transfer of property rights. Following such transfer of property rights, the ownership of such non-air raid shelter car parking spaces will altogether be transferred to COPL Group.

Conditions Precedent

The New Framework Agreement, the Transactions and the Annual Caps are conditional upon the satisfaction of the following conditions on or before 31 December 2022 (or such other date as the parties may agree in writing): (a) the passing of the resolution by the independent shareholders of COPL at the COPL EGM approving the same; and (b) the parties' having complied with all other requirements under the Listing Rules and as may be imposed by the Stock Exchange.

Pricing basis in respect of the Transactions

As seller, the Company (or the relevant subsidiary) will verify the valuation to be obtained by the Company (or the relevant subsidiary) from an independent third party property appraiser and will take into account the factors such as development cost, historical maintenance cost, ongoing management cost savings, terms of the Transactions and the qualifications of the purchaser to determine the sale price (i.e. the consideration) for each relevant Transaction. In any event, the sale price (i.e. the consideration) shall be no less favourable to the Group than that available to independent third party purchaser for similar transactions.

Annual Caps

The maximum total agreement sums payable by COPL Group to the Group for the Transactions during the term of the New Framework Agreement shall not exceed the following Annual Caps:

For the financial year ending 31 December 2023	For the financial year ending 31 December 2024	For the financial year ending 31 December 2025
HK\$300 million	HK\$300 million	HK\$300 million

Basis of determining the Annual Caps

The Annual Caps are determined with reference to, among other things:

- (a) the historical transaction amounts payable by COPL Group to the Group for the Transactions for the relevant periods/ years under the Existing Framework Agreement as set out below:

For the period from 1 December 2019 to 31 December 2019	For the financial year ended 31 December 2020	For the financial year ended 31 December 2021	For the period from 1 January 2022 to 30 June 2022
Nil	RMB90.12 million (equivalent to approximately HK\$103.59 million)	RMB83.81 million (equivalent to approximately HK\$96.33 million)	RMB50.15 million (equivalent to approximately HK\$57.64 million)

- (b) the estimated value of the portfolios of car parking spaces to be made available by the Group for the COPL Group to purchase selectively and the projected aggregate amount of Transactions to be entered into between the Group and COPL Group during the term of the New Framework Agreement.

INTERNAL CONTROL PROCEDURES

In order to ensure that the Transactions will be entered into in accordance with the terms of the New Framework Agreement, the Group has adopted the following measures:

- (a) the internal control team of the Company will monitor the Transactions and ensure that the considerations will be no less favourable than those offered to other independent third parties for similar transactions;
- (b) the internal control team of the Company will ensure that the Transactions will be conducted in accordance with the terms of the New Framework Agreement and the Annual Caps will not be exceeded;
- (c) the Company will continue to review on a regular basis the implementation and the effectiveness of the internal control system of the Group;
- (d) the Company will appoint an external auditor pursuant to the Listing Rules to conduct annual review of the Transactions and the Annual Cap; and

- (e) the independent non-executive Directors will review all the continuing connected transactions of the Company (including the Transactions) 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.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE NEW FRAMEWORK AGREEMENT

The Group has been selling rights-of-use of car parking spaces of developments or properties built, developed or owned by the Group to its property manager, COPL Group, since 2020. The Transactions are beneficial to the Group as, when compared with selling to individual property owners, disposal to COPL Group in batches can accelerate capital turnover and save selling expenses for the Group. The Directors also consider that the entering into of the Transactions is in line with the Group's overall development strategy.

The Directors (including the independent non-executive Directors) consider that the Transactions are expected to be entered into in the ordinary and usual course of business of the Group, and the New Framework Agreement (together with the Annual Caps) has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the Transactions (together with the Annual Caps) 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, CSCEC is the ultimate holding company of COHL which is the controlling shareholder of each of the Company and COPL by virtue of it being interested in approximately 39.63% and 61.18% of their respective issued share capital. Therefore, members of COPL Group are associates of COHL and connected persons of the Company. Accordingly, the entering into of the New Framework Agreement and the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps are more than 0.1% but all are less than 5%, the Transactions are subject to annual review, reporting and announcement requirements but are exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the New Framework Agreement (together with the Annual Caps) and the Transactions. Save for Mr. Zhuang Yong, who is the Chairman and Executive Director of the Company and a director of COHL, having voluntarily abstained from voting, none of the Directors have abstained from voting on the resolutions passed by the Board approving the New Framework Agreement (together with the Annual Caps) and the Transactions.

Shareholders should note that the Annual Caps represent the best estimates by the Directors of the amount of the relevant Transactions based on the information currently available. The Annual Caps bear no direct relationships to, nor should be taken to have any direct bearing on, the Group's financial or potential financial performance.

INFORMATION ON THE PARTIES

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

COPL Group is principally engaged in the provision of property management services, value-added services and car parking spaces trading business.

CSCEC (a state-owned corporation in the PRC) is the ultimate controlling shareholder of the Company and COPL. 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:

“Annual Caps”	the maximum total agreement sums payable by COPL Group to the Group for the Transactions for the relevant years under the New Framework Agreement as set out under the section headed “ <i>The New Framework Agreement – Annual Caps</i> ” in this announcement
“associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder”, “holding company”, “percentage ratios” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, and the controlling shareholder of each of the Company and COPL
“Company”	China Overseas Grand Oceans Group Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 81)

“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 EGM”	the extraordinary general meeting of COPL to be convened for its independent shareholders to consider and, if thought fit, approve, among other things, the New Framework Agreement, the Transactions and the Annual Caps
“COPL Group”	COPL and its subsidiaries from time to time
“CSCEC”	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 the PRC, and the ultimate holding company of COHL
“Director(s)”	the director(s) of the Company
“Existing Framework Agreement”	the framework agreement entered into between the Company and COPL on 23 October 2019 in respect of the Transactions
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Framework Agreement”	the framework agreement entered into between the Company and COPL on 5 September 2022 in respect of the Transactions
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transactions”

the transactions between the Group and COPL Group for the acquisition of the rights-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire) by COPL Group as its inventory, such car parking spaces being car parking spaces of developments or properties built, developed or owned by the Group and managed by COPL Group as property manager

“%”

per cent.

** English translation for identification purpose only.*

In this announcement, unless otherwise specified, amounts denominated in RMB have been converted into HK\$ at the rate of RMB0.87 = HK\$1.00. The exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

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

Hong Kong, 5 September 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.