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*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 81)**

## **CONNECTED TRANSACTION**

### **FORMATION OF JOINT VENTURE IN ZHUZHOU CITY, HUNAN PROVINCE, THE PRC**

On 19 November 2020, COGOP and CSC Hunan entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form joint venture through Zhuzhou JVs (which comprises Zhuzhou JV 1 and Zhuzhou JV 2) for the purpose of investing into and developing the Zhuzhou Project; and (b) regulate their respective rights and obligations in Zhuzhou JVs.

As at the date of this announcement, COHL is the controlling shareholder of both CSC and the Company by virtue of being interested in approximately 64.66% of the issued share capital of CSC and approximately 38.32% of the issued share capital of the Company. Accordingly, CSC Hunan, as an indirect wholly-owned subsidiary of CSC, is a connected person of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the total capital commitment for the Transaction exceeds 5%, the Transaction constitutes a connected transaction for the Company and is subject to reporting, announcement 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 Transaction. 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 Transaction. Voting at the GM will be conducted by poll and COHL and its associates will abstain from voting at the GM.

A circular containing, among other things, further details of the Transaction, 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 before 10 December 2020 in accordance with the Listing Rules.

## **INTRODUCTION**

On 19 November 2020, COGOP and CSC Hunan entered into the Cooperation Agreement, pursuant to which the parties agreed to (a) form joint venture through Zhuzhou JVs (which comprises Zhuzhou JV 1 and Zhuzhou JV 2) for the purpose of investing into and developing the Zhuzhou Project; and (b) regulate their respective rights and obligations in Zhuzhou JVs.

## **COOPERATION AGREEMENT**

### **Date**

19 November 2020

### **Parties**

- (a) COGOP, an indirect wholly-owned subsidiary of the Company; and
- (b) CSC Hunan, an indirect wholly-owned subsidiary of CSC.

### **Formation of joint venture through Zhuzhou JVs**

COGOP had successfully bid for the Land in October 2020 and the consideration for the Land amounted to RMB3,000.23 million.

Pursuant to the Cooperation Agreement, COGOP and CSC Hunan agreed that the registered capital of Zhuzhou JV 1 and Zhuzhou JV 2 shall be increased from RMB10 million to RMB500 million and from RMB10 million to approximately RMB14.29 million, respectively, in the following manner:

- (a) COGOP and CSC Hunan shall pay up and contribute RMB350 million and RMB150 million, respectively, to the capital of Zhuzhou JV 1; and
- (b) COGOP and CSC Hunan shall pay up and contribute RMB10 million and approximately RMB4.29 million, respectively, to the capital of Zhuzhou JV 2,

both to be settled in cash.

Upon formation of joint venture through Zhuzhou JVs by way of the aforesaid capital injection and completion of filing with the relevant authorities in the PRC, the registered capital of the Zhuzhou JVs will be owned as to 70% and 30% by COGOP and CSC Hunan, respectively, and accordingly, the Zhuzhou JVs will continue to be accounted for as subsidiaries of the Company and their financial results will be consolidated into the Group's consolidated financial statements.

COGOP and CSC Hunan will, through the Zhuzhou JVs, jointly carry out the Zhuzhou Project and develop the Land located in Zhuzhou City, PRC pursuant to the Cooperation Agreement.

### **Major terms of the Cooperation Agreement**

COGOP and CSC Hunan agreed to the following major terms concerning Zhuzhou JVs in the Cooperation Agreement:

**Business purpose:** Unless otherwise unanimously agreed between COGOP and CSC Hunan, the principal business of the Zhuzhou JVs shall be the development of the Zhuzhou Project on the Land located in Zhuzhou City.

**Conditions precedent:** The formation of the joint venture and the obligations under the Cooperation Agreement shall be conditional upon (i) the Company having obtained the approval of the Independent Shareholders at the GM by way of poll in relation to the Cooperation Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and (ii) the Company having complied with all requirements under the Listing Rules with respect to the Cooperation Agreement and the transactions contemplated thereunder, if any.

**Total capital commitment:** The total capital commitment for the Zhuzhou Project is RMB3,500 million (inclusive of, among other things, (i) the registered capital of the Zhuzhou JVs; (ii) the purchase price of land use rights of the Land together with the relevant taxes and part of the development costs with respect to the Zhuzhou Project; and (iii) the bank guarantee to be provided by the parties), which, pursuant to the Cooperation Agreement, shall be contributed by the equity interest holders of Zhuzhou JVs in proportion to their respective equity interests in the Zhuzhou JVs as follows:

COGOP	RMB2,450 million
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CSC Hunan	RMB1,050 million
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The aforesaid total capital commitment will comprise the contributions to the registered capital of the Zhuzhou JVs and shareholders' loans to be provided to the Zhuzhou JVs by COGOP and CSC Hunan.

The respective contributions of the total capital commitment are determined after arm's length negotiations between the parties with reference to the proposed total capital requirements of the Zhuzhou Project and the parties' respective interests in each of the Zhuzhou JVs. In respect of COGOP's prorated capital commitment, it is expected to be funded through the Group's internal resources.

Board composition and others:

The board of directors of each of Zhuzhou JVs shall comprise four directors; three of whom shall be appointed by COGOP and the remaining one shall be appointed by CSC Hunan. The chairman of each of Zhuzhou JVs, who shall also be the legal representative of the Zhuzhou JVs, shall be a director appointed by COGOP. The board of directors of each of Zhuzhou JVs will govern the overall management and strategic planning of the Zhuzhou JVs.

Each of the Zhuzhou JVs shall have only one supervisor to be appointed by COGOP.

COGOP shall be entitled to appoint one general manager and one financial controller for each of the Zhuzhou JVs and CSC Hunan shall be entitled to appoint one accounting officer for each of the Zhuzhou JVs.

Distributions:

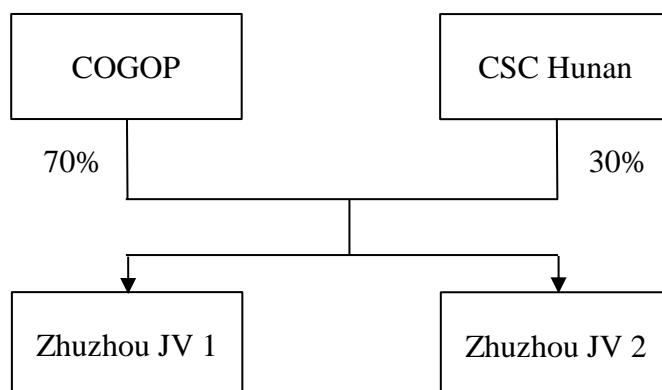
The Zhuzhou JVs may make distributions to its shareholders on a pro-rata basis to their respective equity interests in the Zhuzhou JVs after the repayment of all borrowings (including but not limited to bank borrowing and shareholders' loan) by the Zhuzhou JVs.

Future financing:

Any additional funding of the Zhuzhou Project shall be arranged by Zhuzhou JVs with banks.

## OWNERSHIP STRUCTURE OF ZHUZHOU JVS

The chart below shows the ownership structure of Zhuzhou JVs upon formation of joint venture:



## INFORMATION ON ZHUZHOU JVS, THE LAND AND THE ZHUZHOU PROJECT

### Zhuzhou JVs

Zhuzhou JV 1 and Zhuzhou JV 2 were established by COGOP on 4 November 2020 in the PRC with limited liability with a registered capital of RMB10 million, respectively, as single purpose vehicles to hold the land use rights of the Land and to carry out the Zhuzhou Project. As COGOP had successfully bid for the Land in October 2020 and the Zhuzhou JVs were established by COGOP in November 2020, the Zhuzhou JVs had no material business operations as at the date of this announcement.

### The Land

The land (the “**Land**”) consists of six land parcels all located in Wuguang Area, Zhuzhou City, Hunan Province, the PRC (中國湖南省株洲市武廣片區), among which, five land parcels are planned mainly for residential use (with commercial use ratio of not more than 5%) and one land parcel is planned for commercial use. The total site area of the Land is approximately 420,917 square metres.

### The Zhuzhou Project

The Zhuzhou Project will involve the development of the Land and thereafter the sale of the residential and commercial properties developed thereon by the Zhuzhou JVs. The Zhuzhou Project will be developed in phases, the construction is expected to commence in March 2021. The pre-sale of the first phase of the properties is expected to commence in June 2021 and the overall project is expected to be completed in phases and delivered to the relevant purchasers during the period from 2023 to 2026.

## **REASONS FOR ENTERING INTO OF THE TRANSACTION**

The Group has substantial experience in real estate development.

Taking into account the CSC Group's extensive experience and expertise in construction work, and the size of the Zhuzhou Project, the Directors consider that the joint venture arrangement would allow the Group to leverage on the substantial experience of the CSC Group in building construction and site formation and hence, expediting the development of the Zhuzhou Project; and cost effectiveness and quality control in respect of the construction work on the Land can also be achieved. Furthermore, the formation of the joint venture would expand the Group's business to a new market with a reduction in investment risks while enhancing the property portfolio of the Group.

The Directors (excluding the independent non-executive Directors whose views will be contained in the circular after considering the advice from the Independent Financial Adviser) consider that the Transaction is in the ordinary and usual course of business of the Group, on normal commercial terms after arm's length negotiations between the parties, and the terms of the Transaction are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **GENERAL**

COGOP is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment and development of urban property, property sales and leasing, and commercial housing sales. The Group is principally engaged in property investment and development, property leasing and investment holding.

CSC Hunan is an indirect wholly-owned subsidiary of CSC and is principally engaged in infrastructure investment, operation and maintenance management, property management, investment consulting (excluding finance, securities, futures) business. The CSC Group is principally engaged in construction business, infrastructure investments and prefabricated constructions.

CSCEC is the ultimate holding company of COHL which, in turn, is a controlling shareholder of each of the Company and CSC. The CSCEC Group is principally engaged in building construction, international contracting, real estate development and investment, infrastructure construction and investment and design and prospecting.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, COHL is the controlling shareholder of both CSC and the Company by virtue of being interested in approximately 64.66% of the issued share capital of CSC and approximately 38.32% of the issued share capital of the Company. Accordingly, CSC Hunan, as an indirect wholly-owned subsidiary of CSC, is a connected person of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the total capital commitment for the Transaction exceeds 5%, the Transaction constitutes a connected transaction for the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Transaction and no Director is required to abstain from voting on the board resolution(s) approving the Transaction. However, Mr. Yan Jianguo, being the Non-executive Director of the Company, the chairman and non-executive director of CSC, the chairman and executive director of COLI and the chairman and president of COHL, and Mr. Zhuang Yong, being the Chairman and Executive Director of the Company, the vice chairman and non-executive director of COLI and director of COHL, have voluntarily abstained from voting on the board resolution(s) of the Company approving the Transaction.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Transaction. 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 Transaction. Voting at the GM will be conducted by poll and COHL and its associates will abstain from voting at the GM.

A circular containing, among other things, further details of the Transaction, 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 before 10 December 2020 in accordance with the Listing Rules.

## **DEFINITIONS**

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

“associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder”, “percentage ratio” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“COGOP”	中海宏洋地產集團有限公司 (China Overseas Grand Oceans Property Group Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;

“COHL”	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, being a controlling shareholder of each of CSC, COLI and the Company;
“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), being a 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);
“Cooperation Agreement”	the project development cooperation agreement between COGOP and CSC Hunan dated 19 November 2020 in relation to the formation of joint venture through Zhuzhou JVs for the purpose of investing into and developing the Zhuzhou Project;
“CSC”	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311);
“CSC Group”	CSC and its subsidiaries (for the purpose of this announcement, excluding any listed subsidiary(ies)) 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, being the ultimate holding company of COHL;
“CSCEC Group”	CSCEC and its subsidiaries (for the purpose of this announcement, excluding any listed subsidiary(ies)) from time to time;
“CSC Hunan”	中建國際投資（湖南）有限公司 (China State Construction International Investments (Hunan) Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of CSC;



“Director(s)”	the director(s) of the Company;
“GM”	the general meeting of the Company to be held to consider and approve, among other things, the Transaction;
“Group”	the Company and its subsidiaries 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 of the Company to advise the Independent Shareholders on the Transaction;
“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 Transaction;
“Independent Shareholders”	shareholders of the Company, other than COHL and its associates;
“Land”	has the meaning ascribed to it under the section headed “Information on Zhuzhou JVs, the Land and the Zhuzhou Project” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macao Special Administrative Region of the PRC;
“PRC”	People’s Republic of China, but for the purpose of this announcement excluding Hong Kong, Macau and Taiwan;
“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;

“Transaction”	the entering into of the Cooperation Agreement and the transactions contemplated thereunder;
“Zhuzhou JV 1”	株洲中海地產有限公司 (Zhuzhou Zhonghai Real Estate Co., Limited*), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of COGOP as at the date of this announcement, and a joint venture company to be formed pursuant to the Cooperation Agreement;
“Zhuzhou JV 2”	株洲中海商業發展有限公司 (Zhuzhou Zhonghai Commercial Development Co., Limited*), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of COGOP as at the date of this announcement, and a joint venture company to be formed pursuant to the Cooperation Agreement;
“Zhuzhou JVs”	collectively, Zhuzhou JV 1 and Zhuzhou JV 2, and “Zhuzhou JV” shall mean each or any one of them;
“Zhuzhou Project”	a project relating to the development of residential and commercial properties on the Land, details of which are set out in the section headed “Information on Zhuzhou JVs, the Land and the Zhuzhou Project” in this announcement;
“%”	per cent.

*\* The English names of the PRC entities referred to in this announcement are translations from their Chinese names and are 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, 19 November 2020

*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. 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.*