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**(1) MAJOR TRANSACTION IN RELATION TO
DISPOSAL OF PROPERTY HOLDING COMPANIES
(2) MAJOR TRANSACTION IN RELATION TO
INVESTMENT IN A LIMITED PARTNERSHIP
(3) DISCLOSEABLE TRANSACTION IN RELATION TO
CONTINUATION OF PROVISION OF THE ADVANCES**

Financial Adviser to the Company



THE DISPOSAL AND THE INVESTMENT

The Board is pleased to announce the following on 13 October 2021:

- (i) **Disposal of property holding companies:** the Sellers (both of which are wholly-owned subsidiaries of the Company) as sellers entered into the Sale and Purchase Agreement with the Purchasers (both of which are wholly-owned portfolio companies of the Partnership) as purchasers and the Project Company for the sale and purchase of the Sale Interests, comprising (a) the entire issued share capital of the Target Company (which in turn holds 99.9% of the equity interests in the Project Company); and (b) the remaining 0.1% of equity interests in the Project Company.

The Project Company is the sole owner of the Land on which the Property (comprising Property A and Property B) is being constructed. The nature of the transactions contemplated under the Sale and Purchase Agreement is a “forward purchase” of Property A by the Purchasers.

In addition, prior to the entering into of the Sale and Purchase Agreement, the Onshore Seller (a wholly-owned subsidiary of the Company) has been providing the Advances to the Project Company for the purpose of financing the capital requirements of the Project Company. Following Completion, the Project Company will cease to be a subsidiary of the Company and will become an associate of the Company, while it is expected that the Onshore Seller will not demand repayment in full of the Advances immediately to avoid unnecessary interruption to the operation of the Project Company and for the purposes of funding the construction of Property B. The continuation of the provision of the Advances by the Onshore Seller to the Project Company constitutes a transaction of the Company under Chapter 14 of the Listing Rules.

(ii) **Investment in a limited partnership:** the Sponsor Limited Partner (a wholly-owned subsidiary of the Company) executed the Subscription Agreement, pursuant to which the Sponsor Limited Partner shall contribute capital to the Partnership as a sponsor limited partner, together with other external Limited Partners, all being global sovereign wealth fund or institutional investor. The Partnership primarily invests in prime office projects located in downtown locations in Beijing, the PRC, including the Seed Projects (which Property A forms a part of) and other property(ies). The Sponsor Limited Partner shall also grant the Put Option to the external Limited Partners pursuant to the Partnership Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Disposal under the Sale and Purchase Agreement are more than 25% but all are less than 75%, the entering into of the Sale and Purchase Agreement and the Disposal contemplated thereunder constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Following Completion, each of the Target Company and the Project Company will cease to be a subsidiary of the Company and will become an associate of the Company, and the continuation of the provision of the Advances constitutes a transaction of the Company under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Advances are more than 5% but all are less than 25%, the continuation of the provision of the Advances by the Onshore Seller to the Project Company constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

Furthermore, as one or more of the applicable percentage ratios in respect of the Investment under the Subscription Agreement and the Partnership Agreement exceed 25% but are all less than 75%, the Investment under the Subscription Agreement and the Partnership Agreement constitutes a major transaction of the Company. Also, pursuant to Rule 14.76(1) of the Listing Rules, the grant (and presumed exercise) of the Put Option pursuant to the Partnership Agreement constitutes a possible major transaction of the Company as the discretion to exercise the Put Option vests on the external Limited Partner(s). Accordingly, the entering into of, and the Investment under, the Subscription Agreement and the Partnership Agreement are also subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

Resolution(s) will be proposed for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement, the Subscription Agreement, the Partnership Agreement and the transactions contemplated thereunder at the EGM.

GENERAL

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement, the Subscription Agreement, the Partnership Agreement and the transactions contemplated thereunder; (ii) the valuation reports of the Seed Projects; and (iii) a notice of the EGM and a proxy form is expected to be despatched to the Shareholders on or around 24 November 2021 (which is more than 15 business days after the publication of this announcement) as additional time is required to prepare the information to be included in the circular.

INTRODUCTION

The Board is pleased to announce the following on 13 October 2021:

- (i) **Disposal of property holding companies:** the Sellers (both of which are wholly-owned subsidiaries of the Company) as sellers entered into the Sale and Purchase Agreement with the Purchasers (both of which are wholly-owned portfolio companies of the Partnership) as purchasers and the Project Company for the sale and purchase of the Sale Interests, comprising (a) the entire issued share capital of the Target Company (which in turn holds 99.9% of the equity interests in the Project Company); and (b) the remaining 0.1% of equity interests in the Project Company.

The Project Company is the sole owner of the Land on which the Property (comprising Property A and Property B) is being constructed. The nature of the transactions contemplated under the Sale and Purchase Agreement is a “forward purchase” of Property A by the Purchasers.

- (ii) **Investment in a limited partnership:** the Sponsor Limited Partner (a wholly-owned subsidiary of the Company) executed the Subscription Agreement, pursuant to which the Sponsor Limited Partner shall contribute capital to the Partnership as a sponsor limited partner, together with other external Limited Partners, all being global sovereign wealth fund or institutional investor. The Partnership primarily invests in prime office projects located in downtown locations in Beijing, the PRC, including the Seed Projects (which Property A forms a part of) and other property(ies).

DISPOSAL OF PROPERTY HOLDING COMPANIES

The principal terms of the Sale and Purchase Agreement are set forth below:

Date

13 October 2021

Parties

Sellers: The Offshore Seller and the Onshore Seller

Purchasers: The Offshore Purchaser and the Onshore Purchaser

Project Company: The Project Company

Subject Matter

The nature of the transactions contemplated under the Sale and Purchase Agreement is a “forward purchase” of Property A by the Purchasers, which is to be effected by way of the sale and purchase of the Sale Interests, comprising the following:

- (a) The Offshore Seller shall sell to the Offshore Purchaser the entire issued share capital of the Target Company (which in turn holds 99.9% of the equity interests in the Project Company).

- (b) The Onshore Seller shall sell to the Onshore Purchaser 0.1% of the equity interests in the Project Company.

Prior to the entering into of the Sale and Purchase Agreement, the Target Company and the Project Company have been in negotiation and had entered into a cooperation agreement with a third party (which is independent from the Company and the Purchasers) in connection with the Property B Disposal as an ordinary and usual course of business of the Group as a property developer, and the Property B Deposit has been received. Pursuant to the Sale and Purchase Agreement, it is agreed that Property B is to be sold by the Project Company and any net proceeds from the Property B Disposal are to be diverted back to the Group.

Consideration

The consideration comprises an offshore tranche (the “**Offshore Consideration**”) and an onshore tranche (the “**Onshore Consideration**”). The Offshore Consideration represents the consideration for Property A, while the Onshore Consideration in effect is to allow net proceeds from the Property B Disposal to be diverted back to the Group.

Offshore Consideration

The Offshore Consideration is estimated to be approximately RMB6,298.23 million based on the Agreed Value of Property A of RMB8,850 million (taking into consideration the Estimated Total GFA), deducting (a) the Agreed Construction Costs of RMB2,550 million and (b) the Estimated Net Asset Adjustment of approximately RMB1.77 million.

The final amount of the Offshore Consideration shall be subject to (a) an adjustment on the Agreed Value on a pro-rata basis based on the Final Total GFA as reflected in the real estate title certificate of Property A and (b) another adjustment on the Estimated Net Asset Adjustment on a dollar-for-dollar basis based on the final amount of the Net Asset Adjustment as reflected in the Audited Closing Financial Statements.

The Agreed Value of RMB8,850 million represents the value of Property A as agreed between the Sellers and the Purchasers and was arrived at after arm’s length negotiations between the parties with reference to, among other things, the Estimated Total GFA, the recent property market conditions in the PRC, the prevailing market price of grade-A office buildings located in the CBD area of Beijing, the PRC, the time value of money, the gross development value of Property A of approximately RMB8,710 million based on the preliminary valuation of the Land by an independent valuer and the prospect of Property A. The Agreed Construction Costs were determined with reference to, among other things, the construction specification and the expected construction costs of Property A, the prevailing market price for carrying out a construction of similar scale and complexity and the construction costs of other projects of the Group.

The Offshore Consideration shall be calculated on the basis of RMB and converted to and paid in USD, at the closing mid-point rate published by the People’s Bank of China on the date that is the 3rd Business Day preceding the date of the relevant payment.

Onshore Consideration

The Onshore Consideration, being the Net Property B Sale Proceeds minus (a) the Property B Total Cost and (b) the amount of the Advances outstanding as of the Completion Date, shall be paid by the Project Company on behalf of the Onshore Purchaser to the Onshore Seller.

It is estimated that the Onshore Consideration will be approximately RMB116.32 million with reference to, among other things, the cooperation agreement with respect to the Property B Disposal entered into with the independent third party, the estimated total GFA of Property B, the recent property market conditions in the PRC, the prevailing market price of grade-A office buildings located in the CBD area of Beijing, the PRC, the time value of money, the prospect of Property B, the estimated Property B Total Cost, the amount of the Advances outstanding according to the pro forma closing consolidated financial statements of the Target Company and the relevant tax expenses.

Based on the above, it is estimated that the Total Consideration will be approximately RMB6,414.55 million, and it is expected that the final amount of the Total Consideration will not lead to the Disposal being classified as a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Company will make further announcement and comply with any additional disclosure requirements under the Listing Rules as soon as reasonably practicable if the actual amount of the Total Consideration results in the transactions contemplated under the Sale and Purchase Agreement to be a very substantial disposal of the Company under Chapter 14 of the Listing Rules.

Payment

Offshore Consideration

Taking into account that the nature of the transactions contemplated under the Sale and Purchase Agreement is a “forward purchase” of Property A, the Offshore Consideration shall be payable by the Offshore Purchaser to the Offshore Seller in tranches in the following manners:

- (1) as to approximately RMB2,538.23 million (subject to adjustment based on the final amount of the Net Asset Adjustment as reflected in the Audited Closing Financial Statements), to be paid on the Completion Date;
- (2) as to approximately RMB3,260 million (subject to adjustment based on the Final Total GFA as reflected in the real estate title certificate of Property A and the final amount of the first payment as referred to in sub-paragraph (1) above), to be paid within 15 Business Days after the day on which the Purchasers have received from the Sellers documents evidencing that the occupancy rate of Property A reaches 75%;
- (3) as to RMB200 million, in the event that on the seventh anniversary of the date of the closing of the Partnership, (a) the occupancy rate of Property A reaches 75% and (b) the Effective Net Rental Income reaches a level 1 earn-out target as stipulated under the Sale and Purchase Agreement (which was determined with reference to the prevailing market rental of grade-A office buildings located in the CBD area of Beijing, the PRC) or above, to be paid within 15 Business Days after fulfilment of the above conditions; and

- (4) as to RMB300 million, in the event that by no later than six months prior to the eighth anniversary of the date of the closing of the Partnership, the Effective Net Rental Income reaches a level 2 earn-out target as stipulated under the Sale and Purchase Agreement (which was determined with reference to the prevailing market rental of grade-A office buildings located in the CBD area of Beijing, the PRC) or above, to be paid within 15 Business Days after fulfilment of the above condition.

Onshore Consideration

When the Project Company receives any instalment of proceeds in connection with the Property B Disposal, the Purchasers shall procure the Project Company to apply such proceeds for the repayment/payment of the Advances then outstanding and the Property B Total Cost.

Upon the handover of Property B to its purchaser, the Onshore Purchaser shall procure the Project Company to pay the amount of the Onshore Consideration then calculated (such amount may be subject to adjustment upon settlement of all construction costs in respect of the Property, as well as repayment of the development loan and settlement of tax in respect of Property B) within five Business Days after its receipt of the notification of such amount. Any further instalment of any Net Property B Sale Proceeds received after the aforementioned payment shall be paid in full by the Project Company to the Onshore Seller within five Business Days.

Conditions Precedent

Completion is subject to, amongst others, the following key conditions precedent (unless otherwise waived by the Purchasers in writing, except for condition (b) below which could not be waived):

- (a) the closing of the Partnership; and
- (b) the Sellers having obtained Shareholders' approval in respect of the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder.

Completion

Completion shall take place on the fifth Business Day after all the conditions precedent to Completion as set out in the Sale and Purchase Agreement have been fulfilled or waived (as the case may be) but in no event shall the Completion Date be later than the earlier of (i) 31 March 2022 or (ii) the last Business Day of one month after the closing of the Partnership (or such other date as agreed in writing by the parties). In addition, the legal ownership of 0.1% of the equity interests in the Project Company shall be transferred from the Onshore Seller to the Onshore Purchaser on the fifth Business Day after the delivery by the Onshore Seller of a written notice to the Onshore Purchaser.

Reciprocal Advances

Prior to the entering into of the Sale and Purchase Agreement, the Onshore Seller (a wholly-owned subsidiary of the Company) has been providing the Advances to the Project Company for the purpose of financing the capital requirements of the Project Company. The Advances is interest-free and repayable on demand. The principal amount of the Advances outstanding amounts to approximately RMB1,038.54 million according to the pro forma closing

consolidated financial statements of the Target Company. Such principal amount was determined with reference to, among others, the Property B Deposit received by the Group and the capital requirements of the Project Company.

Following Completion, the Project Company will cease to be a subsidiary of the Company and will become an associate of the Company, while it is expected that the Onshore Seller will not demand repayment in full of the Advances immediately to avoid unnecessary interruption to the operation of the Project Company and for the purposes of funding the construction of Property B. The continuation of the provision of the Advances constitutes a transaction of the Company under Chapter 14 of the Listing Rules.

Miscellaneous

The Group shall act as the development manager of the Property following Completion. It is currently expected that the construction of Property A shall be funded by a development loan to be obtained by the Project Company and any shortfall is to be funded by inter-company loan granted by any of the Purchasers or their affiliates to the Project Company. The construction of Property B, on the other hand, shall be funded by interest-free inter-company loan granted or to be granted by any of the Sellers or their affiliates to the Project Company (which shall include the Advances then outstanding) and/or, at the Sellers' options and costs, the development loan to be obtained by the Project Company. It is currently estimated that the total amount of loan granted or to be granted by the Sellers or their affiliates to the Project Company for the purposes of financing the construction of Property B will not exceed the amount of the Advances outstanding according to the pro forma closing consolidated financial statements of the Target Company, i.e. approximately RMB1,038.54 million. The Company will further comply with the applicable requirements under the Listing Rules should any further loan is required from the Group.

Further, any compensations, refund or other remedies from relevant authority in connection with the Property (if any) shall belong to the Sellers.

INFORMATION ON THE TARGET COMPANY AND THE PROJECT COMPANY

The Target Company is a company incorporated in Hong Kong and is principally engaged in investment holding, while the Project Company is a company established in the PRC and is principally engaged in investment property development. Each of the Target Company and the Project Company is a subsidiary of the Company prior to completion of the Disposal.

As at the date of this announcement, the Offshore Seller holds the entire issued share capital of the Target Company, which in turn holds 99.9% of the equity interests in the Project Company; and the Onshore Seller holds 0.1% of the equity interests in the Project Company. Upon completion of the Disposal, (i) the entire issued share capital of the Target Company will be held by the Offshore Purchaser, (ii) all of the equity interests in the Project Company will be, directly and indirectly, held by the Purchasers, and (iii) the Target Company and the Project Company will each cease to be a subsidiary of the Company.

The following table summarises the unaudited consolidated financial information of the Target Company prepared in accordance with HKFRS for the years ended 31 December 2019 and 2020 respectively:

	For the year ended	
	31 December	
	2020	2019
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profit before taxation	872	189,017
Profit after taxation	385	141,373

The unaudited consolidated net asset value of the Target Company as at 30 June 2021 was approximately RMB433.18 million.

The principal asset of the Target Company is the 99.9% of the equity interests in the Project Company. The Project Company is the sole owner of the Land with a land plot area of approximately 11,007.36 sq.m. located at Plot Z6, the Core area of the Central Business District, East Third Ring Road, Chaoyang District, Beijing, the PRC (中國北京市朝陽區東三環商務中心區(CBD)核心區Z6地塊), on which the Property (comprising Property A and Property B), being a grade-A office building, is being constructed.

Upon completion of construction of the Property, Property A will be retained by the Project Company, while Property B is to be sold by the Project Company and any net proceeds from the Property B Disposal are to be diverted back to the Group pursuant to the Sale and Purchase Agreement.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Target Company and the Project Company will cease to be subsidiaries of the Company, and the financial results of the Target Company and the Project Company will no longer be consolidated into the accounts of the Group. It is expected that a gain of approximately RMB1,315.38 million (subject to audit) will be accrued to the Group as a result of the Disposal over the period of 9 years, which is calculated based on the estimated amount of the Total Consideration of approximately RMB6,414.55 million, less the estimated consolidated net asset value of the Target Company as of the Completion Date and the estimated expenses in connection with the Disposal.

The aforementioned financial effects are shown for illustrative purpose only and the actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to the review and final audits by the auditors of the Company.

The net proceeds from the Disposal (after deducting direct and indirect expenses) are expected to be approximately RMB6,411.52 million, which will be applied by the Group for general working capital, repayment of indebtedness of the Group and/or the Investment.

INVESTMENT IN A LIMITED PARTNERSHIP

Pursuant to the Subscription Agreement executed by the Sponsor Limited Partner on 13 October 2021 which shall be dated on the date of closing of the Partnership by the General Partner, the Sponsor Limited Partner (a wholly-owned subsidiary of the Company) shall agree to, subject to

the obtaining of the Shareholders' approval in respect of the Investment under the Subscription Agreement and the Partnership Agreement, contribute a maximum of US\$400 million as a sponsor limited partner to the Partnership and be subject to the terms of the Partnership Agreement dated 13 October 2021.

The principal terms of the Subscription Agreement and the Partnership Agreement are set forth below:

Description of Partnership

The name of the Partnership is "Sino-Ocean Prime Office Partners I LP", which is an exempted limited partnership formed under the laws of the Cayman Islands.

The business and purposes of the Partnership include to generate long-term capital appreciation by identifying, researching, negotiating, making, acquiring, holding, operating, realising and disposing of investments in prime office projects located in downtown locations in Beijing, the PRC.

General Partner

Brilliant Day Limited (卓日有限公司) (a wholly-owned subsidiary of Fortune Joy) shall be the general partner.

The management, operation and control of the Partnership and its business and the formulation of its investment policy shall be vested exclusively in the General Partner, subject to the terms and provisions of the Partnership Agreement.

The General Partner may from time to time engage an investment advisor for the Partnership.

Limited Partners

Sponsor Limited Partner: New Shine Global Limited (新耀環球有限公司) (a wholly-owned subsidiary of the Company), whose capital commitment shall be US\$400 million.

Special Limited Partner: Soaring City Limited (騰城有限公司) (a wholly-owned subsidiary of Fortune Joy), whose capital commitment shall be US\$1.00.

External Limited Partners: As at the date of this announcement, two external Limited Partners with a capital commitment of US\$400 million each have also executed the subscription agreements and one other external Limited Partner with a capital commitment of US\$200 million, who has been in advanced discussions with the General Partner, is expected to execute the subscription agreement imminently.

The external Limited Partners are all global sovereign wealth fund(s) or institutional investor(s).

Total Commitment

Pursuant to their respective subscription agreements, the Limited Partners (excluding the Special Limited Partner, whose capital commitment shall be US\$1.00), subject to the obtaining of relevant regulatory approvals (including the anti-monopoly clearance), shall commit a total sum of US\$1.4 billion, of which the Sponsor Limited Partner and the three other external Limited

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Partners shall contribute US\$400 million, US\$400 million, US\$400 million and US\$200 million, respectively, payable in USD from time to time in separate capital calls as requested by the General Partner for any shortfall of financing to be obtained at fund level. The Sponsor Limited Partner in its capacity as the sponsor limited partner shall maintain capital commitments of at least US\$400 million throughout the term of the Partnership. The General Partner shall not accept the capital commitment of the Limited Partners and shall not date the subscription agreements (and thus closing of the Partnership will not occur) until the regulatory approvals (as applicable) of all Limited Partner have been obtained and the target fund size of US\$1.4 billion has been met.

The amount of the capital commitment of each of the Limited Partners was arrived at after arm's length negotiations between the parties with reference to, among other things, the anticipated capital requirements of the Partnership and their respective percentage of interest in the Partnership.

It is intended that the capital contribution requested by the General Partner to be payable by the Group to the Partnership will be funded by the internal resources of the Group.

The Group's investment in the Partnership will be accounted for as an associate in the Group's financial statements.

Term

Unless earlier terminated, the term of the Partnership shall be eight years from the date of the closing of the Partnership, which is currently expected to take place on or prior to 31 December 2021. The General Partner may extend the term of the Partnership for up to two additional one-year extensions subject to the approval of the Investment Committee.

Investment Strategy and Criteria

The Partnership will primarily focus on investment in the Seed Projects and other project(s) that meet, amongst others, the following principal investment criteria:

- such project is located in prime locations in downtown Beijing, the PRC;
- at least 50% of the equity interests will be held by the Partnership; and
- building specifications meet grade-A standard and is primarily for office use.

Investment Committee

Prospective projects are required to be presented to the Investment Committee, which will comprise one representative from each Limited Partner with a fund commitment of at least US\$200 million, for approval for investment. A representative from the Sponsor Limited Partner shall serve as the chairman of the Investment Committee.

The General Partner shall obtain the consent or approval of the Investment Committee prior to doing any act for which such consent or approval is required pursuant to the Partnership Agreement. Decisions by the Investment Committee shall be made by proportional voting with each member of the Investment Committee being entitled to cast a number of votes equal to its designating interest in the Partnership and the feeder vehicle(s).

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Seed Projects

As of the date of this announcement, the Partnership had entered into agreements for the acquisition of two seed projects, namely (a) Property A and (b) the Ocean Office Park, by way of acquisition of their respective holding companies, namely, the Target Company, the Project Company and the OOP Holding Company.

Distributions

The distributable cash income of the operation (not disposition) of the Partnership shall be made at least on a quarterly basis as determined by the General Partner in its sole discretion.

The cash distribution of the Partnership attributable to any of its investment shall be initially apportioned among the Limited Partners in proportion to their respective sharing percentages with respect to the investment. While the Sponsor Limited Partner shall be distributed its apportioned amount, amounts apportioned to other external Limited Partners shall be distributed according to the order of priority in the distribution waterfall mechanism more particularly set out in the Partnership Agreement. Distribution to the external Limited Partners shall first allow them to enjoy a pre-determined return and thereafter they shall share the remaining apportioned amount with the Special Limited Partner according to the Partnership Agreement.

The General Partner shall use its commercially reasonable efforts to distribute no less than 90% of the audited consolidated net profit on an annual basis.

Fees

The General Partner (or the investment advisor engaged by the General Partner for the Partnership, if applicable) shall be entitled to receive an annual investment advisory fee, which shall be payable quarterly and is calculated at pre-determined market rates with reference to the capital contribution of the Limited Partners for the Partnership's investments, provided that with respect to Property A, prior to the occupancy rate of Property A reaches 75%, the advisory fee shall be calculated with reference to (a) the actual consideration paid in accordance with the Sale and Purchase Agreement and (b) the cumulative construction loans and/or any inter-company loan and/or capital contribution granted by any Purchaser or their affiliates to the Project Company.

The General Partner shall also be entitled to other fee (such as acquisition fee and leasing fee) at a pre-determined market rate according to the Partnership Agreement.

Transfer of Partnership Interest

The Limited Partners may not transfer their respective partnership interest to any other Limited Partner or other qualified persons unless the requirements as specified in the Partnership Agreement (including those relating to right of first offer enjoyed by the other Limited Partners) are satisfied. The General Partner may not transfer its interest or withdraw from the Partnership, provided that it may transfer its interest to the Company and its affiliates.

Put Option

Each of the external Limited Partners shall have a put option (the “**Put Option**”) to request that the Sponsor Limited Partner acquire all of its interests in the Partnership attributable to the Seed Projects if the construction of the Property (including Property A) is not completed on or prior to the sixth anniversary of the date of the closing of the Partnership, except that such failure to complete is caused by reasons including, but not limited to, the Project Company’s breach of the management agreement and force majeure. If there is a delay in the issuance of any approval or permit required for the construction of the Property due to, among others, the relevant governmental authority’s act, and the construction period of the Property is delayed for more than one year, the foregoing six-year period shall be extended according to the formula set out in the Partnership Agreement.

The purchase price of the Put Option shall be made in cash equal to an amount, when aggregated with all prior distributions made to the external Limited Partner, providing the external Limited Partner with an overall IRR of 11% on its capital contributions attributable to the Seed Projects.

Other arrangements in relation to Property A

In the event that the Partnership commences its winding-up upon expiration of its term and the occupancy rate of Property A has never reached 75%, the Partnership shall be dissolved and distribution shall be made as soon as reasonably practicable, whereby each of the external Limited Partners shall receive an amount, when aggregate with all prior distributions made to the external Limited Partner, providing the external Limited Partner with an overall IRR of 11% on its capital contributions attributable to the Seed Projects, and the remaining liquidation proceeds shall be distributed to the Sponsor Limited Partner. In the event that the liquidation proceeds are not sufficient to provide the external Limited Partners with the 11% IRR, the Sponsor Limited Partner shall pay the shortfall. Taking into account the prime locations, the specifications, as well as the gross development value or market value of the Seed Projects, and the anticipated actual capital contribution of the external Limited Partners attributable to the Seed Projects, it is expected that the payment of such shortfall, when aggregate with the capital commitment of the Sponsor Limited Partner under the Subscription Agreement, will not lead to the Investment being classified as a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. The Company will make further announcement and comply with any additional disclosure requirements under the Listing Rules as soon as reasonably practicable if the actual amount of such shortfall, when aggregate with the capital commitment of the Sponsor Limited Partner under the Subscription Agreement, results in the Investment to be a very substantial acquisition of the Company under Chapter 14 of the Listing Rules.

The IRR of 11% in both the Put Option and the other arrangement in relation to Property A is determined after arm’s length negotiation between the Group and the external Limited Partners with reference to the internal rate of return of other core funds in the market and the estimated internal rate of return attributable to the Seed Projects taking into account the internal rate of return of grade-A office buildings located in the CBD area of Beijing, the PRC, the future growth of the Beijing property market, as well as the prospect of the business of the Seed Projects and the synergies that may be created under the Partnership, which the Directors are of the view that such IRR is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE SEED PROJECTS

Property A

Please refer to the section headed "INFORMATION ON THE TARGET COMPANY AND THE PROJECT COMPANY" above for further details.

Ocean Office Park

The Ocean Office Park refers to the grade-A office complex known as Ocean Office Park (遠洋光華國際) located on a land parcel at No. 10–12, Jin Tong West Road, Chaoyang District, Beijing, the PRC (中國北京市朝陽區金桐西路10–12號) and No. 5, Jing Hua South Street, Chaoyang District, Beijing, the PRC (中國北京市朝陽區景華南街5號), which is indirectly wholly-owned by the OOP Holding Company.

The OOP Holding Company is a company incorporated in the British Virgin Islands with limited liability whose principal activity is investment holding. The principal asset of the OOP Holding Company is the Ocean Office Park, which was completed in 2009 and is a grade-A office building located in the Core area of the Central Business District, Chaoyang District, Beijing, the PRC with a GFA of approximately 108,000 sq.m.

The following table summarises the unaudited consolidated financial information of the OOP Holding Company and its subsidiaries prepared in accordance with HKFRS for the years ended 31 December 2019 and 2020, respectively:

	For the year ended	
	31 December	
	2020	2019
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profit before taxation	113,762	18,053
Profit/(loss) after taxation	67,467	(41,884)

The unaudited consolidated net asset value of the OOP Holding Company and its subsidiaries as at 30 June 2021 was approximately RMB1,518.42 million.

INFORMATION ON THE PARTIES INVOLVED

The Group is a leading large-scale property developer with developments in key economic regions in the PRC, including the Beijing Region, the Bohai Rim Region, the Eastern Region, the Southern Region, the Central Region and the Western Region. Its core businesses include development of residential property, investment property development and operation, property services and whole-industrial chain construction services, along with synergic businesses in real estate financing, senior living service, logistics real estate and internet data center, etc.

The Offshore Seller is a company incorporated in Hong Kong with limited liability. The Onshore Seller is a company established in the PRC with limited liability. Each of the Offshore Seller and the Onshore Seller is a wholly-owned subsidiary of the Company. The principal business of each of the Offshore Seller and the Onshore Seller is investment holding.

The Offshore Purchaser is a company incorporated in the British Virgin Islands with limited liability. The Onshore Purchaser is a company established in the PRC with limited liability. Each of the Offshore Purchaser and the Onshore Purchaser is a wholly-owned subsidiary of the Partnership. The principal business of each of the Offshore Purchaser and the Onshore Purchaser is investment holding.

The Sponsor Limited Partner is a company incorporated in the British Virgin Islands with limited liability. Its principal business is investment holding. As at the date of this announcement, it is wholly-owned by the Company.

The General Partner is an exempted company incorporated in the Cayman Islands with limited liability. Its principal business is to act as the general partner of the Partnership. As at the date of this announcement, it is wholly-owned by Fortune Joy.

The Special Limited Partner is an exempted company incorporated in the Cayman Islands with limited liability. Its principal business is investment holding. As at the date of this announcement, it is wholly-owned by Fortune Joy.

Fortune Joy is a company incorporated in the British Virgin Islands with limited liability whose principal activity is investment holding. Fortune Joy together with its subsidiaries are leading professional firms focusing on alternative asset management, whose business lines include real estate investment, private equity investment, structured investment, and strategic and innovative investment. As at the date of this announcement, Fortune Joy is directly or indirectly owned as to 49% by the Company, 25.5% by Huamao Focus Limited and 25.5% by Leading Bright Investment Limited. Huamao Focus Limited is 87% owned by Huamao Property Holdings Ltd, which is in turn (i) 40.48% owned by Siberite Limited, a company ultimately owned as to 50% by Chia Seok Eng and 50% by Lin Minghan; (ii) 41.84% owned by RCA02, interests in the ordinary shares of which are all ultimately owned by the equity partners of international law firm Maples and Calder; and (iii) 17.68% owned by Risun Holdings Limited, a company owned as to 80% by Fang Chao and 20% by Liu Jun. Leading Bright Investment Limited is wholly-owned by Bright Success Limited Partnership, the general partner of which is ultimately beneficially owned by Ko Kwong Woon Ivan.

The other external Limited Partners are all reputable global sovereign wealth fund(s) or institutional investor(s) with a longstanding track records of investment in various sectors including real estate globally to achieve long term capital appreciation and preservation. They have invested with various premium global private equity fund houses across multiple assets classes with sophisticated investment strategies.

Save as disclosed in this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the General Partner, the Special Limited Partner and other external Limited Partners and each of their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE DISPOSAL, THE INVESTMENT AND THE CONTINUATION OF PROVISION OF THE ADVANCES

The Group has been implementing an asset-light strategy. The Disposal acts as a step to further reinforcing such strategy and at the same time recognising an estimated gain through the Disposal as mentioned in the section headed "FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS" in this announcement, thereby increasing the return for the Shareholders. The positive cash flow generated from the Disposal will also lower the leverage ratio and refine the financial indicators of the Group.

The Investment, on the other hand, allows the Group to retain an indirect stake in the Project Company for its potential opportunities in future. The introduction of the external Limited Partners, all being global sovereign wealth fund or institutional investor, will be able to provide financial resources, valuable investment recommendation and advice which, combining and leveraging on the Group's expertise in the project development and construction, operation and management, could maximise the value of Property A. The Company believes that such a partnership would create synergetic effect between the partners, thereby further enhancing the Group's profile, sending a positive message to its stakeholders and representing the Group's immense effort to succeed in the industry.

Meanwhile, prior to the entering into of the Sale and Purchase Agreement, the Onshore Seller (a wholly-owned subsidiary of the Company), has been providing the Advances to the Project Company for the purpose of financing its capital requirements. The continuation of such provision of the Advances will provide financial support for the construction of Property B and avoid unnecessary interruption to the operation of the Project Company which will in turn be beneficial to the Group.

Taking into account the aforesaid, the Directors are of the view that the terms of the Sale and Purchase Agreement, the Subscription Agreement, the Partnership Agreement and the transactions contemplated thereunder (including the Disposal, the Investment and the continuation of provision of the Advances) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Despite each of Mr. Li Ming and Mr. Wang Honghui, being an executive Director, is also a director of Fortune Joy, the Board is of the view that none of the Directors has a material interest in the Sale and Purchase Agreement, the Subscription Agreement, the Partnership Agreement and the transactions contemplated thereunder and hence no Director has abstained from voting on the relevant Board resolutions.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Disposal under the Sale and Purchase Agreement are more than 25% but all are less than 75%, the entering into of the Sale and Purchase Agreement and the Disposal contemplated thereunder constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Following Completion, each of the Target Company and the Project Company will cease to be a subsidiary of the Company and will become an associate of the Company, and the continuation of the provision of the Advances constitutes a transaction of the Company under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Advances

are more than 5% but all are less than 25%, the continuation of the provision of the Advances constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

Furthermore, as one or more of the applicable percentage ratios in respect of the Investment under the Subscription Agreement and the Partnership Agreement exceed 25% but are all less than 75%, the Investment under the Subscription Agreement and the Partnership Agreement constitutes a major transaction of the Company. Also, pursuant to Rule 14.76(1) of the Listing Rules, the grant (and presumed exercise) of the Put Option pursuant to the Partnership Agreement constitutes a possible major transaction of the Company as the discretion to exercise the Put Option vests on the external Limited Partner(s). Accordingly, the entering into of, and the Investment under, the Subscription Agreement and the Partnership Agreement are also subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

Resolution(s) will be proposed for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement, the Subscription Agreement, the Partnership Agreement and the transactions contemplated thereunder at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Sale and Purchase Agreement, the Subscription Agreement, the Partnership Agreement and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting at the EGM for the relevant resolution(s).

GENERAL

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement, the Subscription Agreement, the Partnership Agreement and the transactions contemplated thereunder; (ii) the valuation reports of the Seed Projects; and (iii) a notice of the EGM and a proxy form is expected to be despatched to the Shareholders on or around 24 November 2021 (which is more than 15 business days after the publication of this announcement) as additional time is required to prepare the information to be included in the circular.

DEFINITIONS

Unless otherwise defined, the following expressions in this announcement have the following meanings:

"Advances"	the advances extended by the Onshore Seller to the Project Company on or prior to the Completion Date, the principal amount of which provided according to the pro forma closing consolidated financial statements of the Target Company amounted to approximately RMB1,038.54 million
"Agreed Construction Costs"	RMB2,550 million, being the costs for construction and development of Property A as agreed between the Sellers and the Purchasers

“Agreed Value”	RMB8,850 million, being the value of Property A as agreed between the Sellers and the Purchasers based on the Estimated Total GFA
“Audited Closing Financial Statements”	the audited consolidated financial statements of the Target Company prepared as at the Completion Date by an auditor to be engaged jointly by the Sellers and the Purchasers
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong, the PRC and the British Virgin Islands
“Company”	Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03377)
“Completion”	completion of the sale of the entire of the issued share capital of the Target Company (which in turn holds 99.9% of the equity interests in the Project Company) by the Offshore Seller to the Offshore Purchaser in accordance with the terms of the Sale and Purchase Agreement
“Completion Date”	the date that is the fifth Business Day after the conditions precedent to Completion set out in the Sale and Purchase Agreement are satisfied or waived (as the case may be) but in no event shall the Completion Date be later than the earlier of (i) 31 March 2022 or (ii) the last Business Day of one month after the closing of the Partnership (or such other date as agreed in writing by the parties)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interests pursuant to the Sale and Purchase Agreement
“Effective Net Rental Income”	the effective net rental income (on an actual cash flow basis inclusive of tax) of Property A (including property management fee, car park fee and other income derived from Property A (if any)) in any trailing 12-month period
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Sale and Purchase Agreement, the Subscription Agreement, the Partnership Agreement and the transactions contemplated thereunder
“Estimated Net Asset Adjustment”	a negative amount of approximately RMB1.77 million, being an estimate of the Net Asset Adjustment based on the pro forma closing consolidated financial statements of the Target Company
“Estimated Total GFA”	105,500 sq.m., being an estimate of the Total GFA

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“Final Total GFA”	the final Total GFA as reflected in the real estate title certificate of Property A
“Fortune Joy”	Fortune Joy Ventures Limited (瑞喜創投有限公司), a company incorporated in the British Virgin Islands with limited liability, which is directly or indirectly owned as to 49% by the Company, 25.5% by Huamao Focus Limited and 25.5% by Leading Bright Investment Limited
“General Partner”	Brilliant Day Limited (卓日有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability and a wholly-owned subsidiary of Fortune Joy
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment”	the investment in the Partnership by the Sponsor Limited Partner pursuant to the Subscription Agreement and the Partnership Agreement
“Investment Committee”	the investment committee of the Partnership
“IRR”	in respect of each Limited Partner, mean a compounded, cumulative net equity internal rate of return, calculated at the designated annual discount rate, which, when applied to each item of cash inflows and cash outflows of such Limited Partner, and discounted annually, produces a net present value of such cashflows equal to zero
“Land”	the land located at Plot Z6, the Core area of the Central Business District, East Third Ring Road, Chaoyang District, Beijing, the PRC (中國北京市朝陽區東三環商務中心區(CBD)核心區Z6地塊)
“Limited Partners”	the limited partners of the Partnership
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Asset Adjustment”	the adjustment for consolidated current assets and current liabilities of the Target Company (excluding the Advances, the Property B Deposit, the RMB1 billion due from the Offshore Seller to the Target Company and the item “Properties under Development” in the Audited Closing Financial Statements (i.e. the book value of assets including the apportioned Land corresponding to Property B))

“Net Property B Sale Proceeds”	the net proceeds actually received by the Project Company in connection with the Property B Disposal and any other income actually received by the Project Company in connection with the Property B Disposal net of applicable taxes and expenses
“Ocean Office Park”	the grade-A office complex known as Ocean Office Park (遠洋光華國際) directly owned by 北京龍澤源置業有限公司 (Beijing Longzeyuan Real Estate Co., Ltd.*) and located on a land parcel at No. 10–12, Jin Tong West Road, Chaoyang District, Beijing, the PRC (中國北京市朝陽區金桐西路10–12號) and No. 5, Jing Hua South Street, Chaoyang District, Beijing, the PRC (中國北京市朝陽區景華南街5號)
“Offshore Consideration”	has the meaning as defined in the section headed “DISPOSAL OF PROPERTY HOLDING COMPANIES — Consideration” of this announcement
“Offshore Purchaser”	Jade Fortune Global Limited (翠運環球有限公司), a company incorporated in the British Virgin Islands with limited liability and a portfolio company wholly-owned by the Partnership
“Offshore Seller”	Fast Fame Capital Investment Limited (迅榮創富有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Onshore Consideration”	has the meaning as defined in the section headed “DISPOSAL OF PROPERTY HOLDING COMPANIES — Consideration” of this announcement
“Onshore Purchaser”	北京遠睿企業管理諮詢有限公司 (Beijing Yuanrui Enterprise Management Consulting Co., Ltd.*), a company established in the PRC with limited liability and a portfolio company wholly-owned by the Partnership
“Onshore Seller”	Sino-Ocean Holding Group (China) Limited (遠洋控股集團(中國)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“OOP Holding Company”	Jovial Global Enterprises Limited (欣樂環球企業有限公司), a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by a property fund which a wholly-owned subsidiary of the Company is a 50% limited partner
“Partnership”	Sino-Ocean Prime Office Partners I LP, an exempted limited partnership formed under the laws of the Cayman Islands
“Partnership Agreement”	the amended and restated limited partnership agreement dated 13 October 2021 entered into among the General Partner (for itself and acting as attorney for and on behalf of each of the Limited Partners (other than the Special Limited Partner)) and the Special Limited Partner in relation to the Partnership

“PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Project Company”	北京天江通睿置業有限公司 (Beijing Skyriver CBD Property Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Property”	a grade-A office building being constructed by the Project Company on the Land, comprising Property A and Property B
“Property A”	floors 2 to 27, floor 1 (excluding the retail space of estimated floor area of 438 sq.m.) and the underground space (excluding 50 underground parking slots and the apportioned underground space corresponding to Property B) of the Property
“Property B”	floors 28 to 33 and certain retail space on floor 1 (with an estimated floor area of 438 sq.m.) of the Property, and 50 underground parking slots in the Property, which the Sellers and the Project Company contemplate to sell to an independent third party
“Property B Deposit”	the deposit in the amount of RMB1 billion paid by an independent third party to the Target Company in respect of the Property B Disposal
“Property B Disposal”	the disposal (sale or pre-sale) of Property B
“Property B Total Cost”	the costs incurred after the Completion Date in relation to the construction and development of Property B
“Purchasers”	collectively, the Offshore Purchaser and the Onshore Purchaser
“Put Option”	has the meaning as defined in the section headed “INVESTMENT IN A LIMITED PARTNERSHIP — Put Option” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 13 October 2021 entered into among the Sellers, the Purchasers and the Project Company in relation to the Disposal
“Sale Interests”	collectively, (i) the entire issued share capital of the Target Company (which in turn holds 99.9% of the equity interests in the Project Company); and (ii) the remaining 0.1% of the equity interests in the Project Company
“Seed Projects”	collectively, Property A and the Ocean Office Park
“Sellers”	collectively, the Offshore Seller and the Onshore Seller
“Shareholder(s)”	shareholder(s) of the Company

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“Special Limited Partner”	Soaring City Limited (騰城有限公司), an exempted company incorporated with limited liability under the laws of the Cayman Islands and a wholly-owned subsidiary of Fortune Joy
“Sponsor Limited Partner”	New Shine Global Limited (新耀環球有限公司), a company incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of the Company and a limited partner of the Partnership
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement between the Sponsor Limited Partner and the General Partner in relation to the investment in the Partnership by the Sponsor Limited Partner executed by the Sponsor Limited Partner on 13 October 2021 which shall be dated on the date of closing of the Partnership by the General Partner
“Target Company”	Super Goal Development Limited (崇高發展有限公司), a company incorporated in the Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Total Consideration”	the aggregate of the Offshore Consideration and the Onshore Consideration
“Total GFA”	the sum of (i) the above-ground GFA of Property A and (ii) the retail portion of the underground GFA of Property A
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By order of the Board
Sino-Ocean Group Holding Limited
CHUNG Kai Cheong
Company Secretary

Hong Kong, 13 October 2021

As at the date of this announcement, the Board comprises Mr. LI Ming, Mr. WANG Honghui and Mr. CUI Hongjie as executive Directors; Ms. HUANG Xiumei, Mr. ZHAO Peng, Mr. HOU Jun, Mr. CHEN Ziyang and Mr. ZHAN Zhong as non-executive Directors; and Mr. HAN Xiaojing, Mr. SUEN Man Tak, Mr. WANG Zhifeng, Mr. JIN Qingjun and Ms. LAM Sin Lai Judy as independent non-executive Directors.

* *For identification purposes only*

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