

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



DISCLOSEABLE TRANSACTION IN RELATION TO THE SUBSCRIPTION OF SHARES IN LOGISTICS PROPERTY COMPANY

THE SUBSCRIPTION

On 19 November 2021 (after trading hours of the Stock Exchange), Jovial Step (a wholly-owned subsidiary of the Company), entered into the Subscription Agreement with the Target Company and the Existing Shareholder, pursuant to which, amongst others, Jovial Step agreed to subscribe for, and the Target Company agreed to allot and issue, the Subscription Shares at the aggregate Subscription Price of RMB780 million in accordance with the terms and conditions of the Subscription Agreement. The Subscription Shares (being 30,000 Target Shares) represent 30% of the enlarged issued share capital of the Target Company upon Completion. The Target Company will be accounted for as a joint venture in the consolidated financial statements of the Company upon Completion.

The Target Group is primarily engaged in logistics real estate investment, and construction and asset management of logistics real estate. For further details, please refer to the section headed "INFORMATION ON THE TARGET GROUP" in this announcement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under the Listing Rules in respect of the Subscription contemplated under the Subscription Agreement exceed(s) 5% but are all less than 25%, the entering into of the Subscription Agreement and the Subscription contemplated thereunder constitute a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 19 November 2021 (after trading hours of the Stock Exchange), Jovial Step (a wholly-owned subsidiary of the Company), the Target Company and the Existing Shareholder entered into the Subscription Agreement, pursuant to which, amongst others, Jovial Step agreed to subscribe for, and the Target Company agreed to allot and issue, the Subscription Shares.

The principal terms of the Subscription Agreement are set out below:

THE SUBSCRIPTION AGREEMENT

Date

19 November 2021

Parties

- (1) Jovial Step, a wholly-owned subsidiary of the Company, as subscriber;
- (2) the Target Company, as issuer and warrantor; and
- (3) the Existing Shareholder, as warrantor.

Subject matter

Jovial Step agreed to subscribe for, and the Target Company agreed to allot and issue, the Subscription Shares (being 30,000 Target Shares which represent 30% of the enlarged issued share capital of the Target Company upon Completion) pursuant to the terms and conditions set out in the Subscription Agreement.

Subscription Price

The aggregate Subscription Price in respect of the Subscription Shares is RMB780 million, which shall be payable by Jovial Step to the Target Company within 45 days upon Completion and in any case, on or before 31 December 2021. The Subscription Price will be settled in the US\$ equivalent of the Subscription Price with reference to the applicable currency exchange rate as at the date of Completion.

The Group expects to finance the Subscription Price by its internal resources.

The Subscription Price was determined after arm's length negotiations between Jovial Step, the Target Company and the Existing Shareholder with reference to a number of factors including but not limited to the unaudited consolidated net asset value of the Target Group as of 31 October 2021 of approximately RMB316.73 million based on the management accounts of the companies comprising the Target Group, the additional capital injection by the Existing Shareholder in the amount of approximately RMB1,550.78 million by way of loan capitalization prior to the entering into of the Subscription Agreement, the historical financial and operational

performance and business prospects of the Target Group, the recent outlook and market demand of the logistics real estate industry in the PRC, the asset conditions and business portfolio of the Target Group, and valuation levels of market comparables.

Completion

Completion shall take place on the second Business Day after the signing of the Subscription Agreement or such other date as the parties to the Subscription Agreement may agree, upon which the Subscription Shares will be allotted and issued to Jovial Step in nil paid form. The Subscription Shares will be credited as fully-paid following the payment of the Subscription Price by Jovial Step. The Subscription Shares shall rank *pari passu* in all respects with the Target Shares then in issue including the rights to all dividends and other distributions declared, made or paid at any time on or after the date of payment in full of the Subscription Price.

Upon Completion, the Target Company will be owned as to 70% and 30% by the Existing Shareholder and Jovial Step, respectively, and the Target Company will be accounted for as a joint venture in the consolidated financial statements of the Company.

INFORMATION ON THE TARGET GROUP

The Target Company is an exempted company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding. The Target Group is primarily engaged in logistics real estate investment, and construction and asset management of logistics real estate. The Target Group conducts full-cycle development and management of logistics properties, acquisitions and customised services, covering warehouse operations, cold chain logistics, point-to-point logistics and logistics operators to provide diversified logistics solutions for its clients. As at the date of this announcement, the Target Group is managing 43 logistics real estate projects across 20 cities in the PRC.

Set out below is the unaudited consolidated financial information of the Target Group based on the management accounts of the companies comprising the Target Group:

	For the year ended 31 December 2020 (unaudited) RMB'000	For the year ended 31 December 2019 (unaudited) RMB'000
Net profit before taxation	52,896	7,556
Net profit after taxation	44,937	7,556

As at 31 October 2021, the unaudited consolidated net asset value of the Target Group was approximately RMB316.73 million.

As at the date of this announcement, the Target Company is wholly-owned by the Existing Shareholder, which is principally engaged in investment holding and in turn is indirectly 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.

Save as disclosed in this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Target Company, the Existing Shareholder and their ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

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. The Group's 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. Jovial Step is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. Jovial Step is principally engaged in investment holding.

Having considered the recent outlook and market demand of the logistics real estate industry in the PRC, the asset conditions, business portfolio, historical financial and operational performance and business prospects of the Target Group, as well as the potential of the logistics real estate market and the growing demand for warehousing properties in the PRC, the Directors are of the view that the Target Group is of great development prospects and the Subscription represents a valuable opportunity for the Group to continue venturing into the logistics real estate market in the PRC, pave the way to observe investment and business opportunities in this market and further business cooperation with business partners in future.

Taking into consideration the reasons for and benefits of the Subscription to the Company, the Directors are of the view that the terms of the Subscription Agreement and the Subscription contemplated thereunder, including the Subscription Price, have been reached after arm's length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under the Listing Rules in respect of the Subscription contemplated under the Subscription Agreement exceed(s) 5% but are all less than 25%, the entering into of the Subscription Agreement and the Subscription contemplated thereunder constitute a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or Sunday or days on which a tropical cyclone warning number 8 or above, a black rain warning signal and/or extreme conditions caused by a super typhoon as announced by the Government of Hong Kong is/ are in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which Hong Kong clearing banks are open for the transaction of normal banking business
“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 and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 03377)
“Completion”	the allotment and issue of the Subscription Shares in nil-paid form by the Target Company to Jovial Step
“Director(s)”	director(s) of the Company
“Existing Shareholder”	Ocean Thrive Global Limited (海昌環球有限公司), a company incorporated in the British Virgin Islands with limited liability, being the sole shareholder of the Target Company prior to Completion
“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

Sino-Ocean Group Holding Limited

(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)

Stock Code : 03377

“Independent Third Party(ies)”	independent third party(ies) not connected with the Company or its connected persons
“Jovial Step”	Jovial Step International Limited (樂階國際有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by Jovial Step pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 19 November 2021 entered into between Jovial Step, the Target Company and the Existing Shareholder in relation to the Subscription
“Subscription Price”	RMB780 million, being the aggregate issue price of the Subscription Shares
“Subscription Shares”	30,000 Target Shares to be allotted and issued upon Completion in nil paid form which will be credited as fully-paid following the payment of the Subscription Price by Jovial Step, representing 30% of the enlarged issued share capital of the Target Company
“Target Company”	Sino-Ocean Logistics Property Holding Limited (遠洋物流地產控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability
“Target Group”	the Target Company and its subsidiaries
“Target Share(s)”	ordinary share(s) at par value of HK\$0.1 each in the capital of the Target Company

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

In this announcement, unless the context otherwise requires, the terms “percentage ratio”, “connected person(s)” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

Certain amounts and percentage figures set out in this announcement have been subject to rounding adjustments.

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

Hong Kong, 19 November 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.