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## **DISCLOSEABLE TRANSACTION IN RELATION TO THE SUBSCRIPTION OF SHARES IN A NON-WHOLLY OWNED SUBSIDIARY**

### **THE SUBSCRIPTION**

On 29 December 2021 (after trading hours of the Stock Exchange), Big Profit (an indirect wholly-owned subsidiary of the Company) entered into the Subscription Agreement with the Target Company, pursuant to which Big Profit agreed to subscribe for, and the Target Company agreed to issue and sell, the Subscription Shares at the Subscription Price of the US dollars equivalent of RMB1,023,829,000 in accordance with the terms and conditions of the Subscription Agreement. The Subscription Shares represent approximately 24.83% of the enlarged issued share capital of the Target Company upon the Closing.

The Target Group is primarily engaged in internet data centers operation and internet data center-integrated solutions provision in the PRC. As at the date of this announcement and prior to the Closing, the Company is interested in approximately 34.72% shareholding of the Target Company, which is an indirect non-wholly owned subsidiary of the Company. Upon the Closing, the Group's shareholding in the Target Company will be increased from approximately 34.72% to approximately 50.92% and the Target Company will continue to be an indirect non-wholly owned subsidiary of the Company.

### **LISTING RULES IMPLICATIONS**

The Group has injected capital in the aggregate amount of RMB100 million to Beijing Yuntai (the holding company of the Target Group prior to its internal reorganisation, which became a wholly-owned subsidiary of the Target Company thereafter), pursuant to which the Group's shareholding in Beijing Yuntai increased from approximately 30.08% to approximately 34.72% in January 2021, the completion of which was within 12 months prior to the Subscription. The aforesaid capital injection in Beijing Yuntai by the Group and the Subscription will be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the aforesaid capital injection in Beijing Yuntai by the Group and the Subscription as contemplated under the Subscription Agreement (as aggregated) exceed(s) 5% but are all less than 25%, 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 29 December 2021 (after trading hours of the Stock Exchange), Big Profit (an indirect wholly-owned subsidiary of the Company) entered into the Subscription Agreement with the Target Company in relation to the Subscription.

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

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

29 December 2021

### **Parties**

- (1) Big Profit, an indirect wholly-owned subsidiary of the Company, as subscriber; and
- (2) the Target Company, an indirect non-wholly owned subsidiary of the Company, as issuer.

### **Subject matter**

Big Profit agreed to subscribe for, and the Target Company agreed to issue and sell, the Subscription Shares (representing approximately 24.83% of the enlarged issued share capital of the Target Company upon Closing) pursuant to the terms and conditions set out in the Subscription Agreement.

### **Subscription Price**

The Subscription Price in respect of the Subscription Shares is the US dollars equivalent of RMB1,023,829,000, which shall be payable by Big Profit to the Target Company within ten business days upon Closing with reference to the applicable currency exchange rate as at the trading day immediately before the payment date of the Subscription Price. The Group expects to finance the Subscription Price by its internal resources.

The Subscription Price was determined after arm's length negotiations between Big Profit and the Target Company with reference to a number of factors including but not limited to (i) the historical financial and operational performance and business prospects of the Target Group; (ii) the recent outlook and market demand of the internet data center operation and internet data center-integrated solutions industry in the PRC; (iii) the business portfolio of the Target Group; and (iv) the valuation levels of market comparables and the historical earnings before interest, taxes, depreciation and amortisation of the Target Group.

### **Conditions Precedent**

The Closing is conditional on the fulfilment or waiver by Big Profit or the Target Company (where applicable) of the following conditions:

- a) the representations and warranties made by the Target Company shall have been true, accurate and not misleading in all material respects on and as of the date of the Subscription Agreement and on and as of the date of the Closing;

- b) the Target Company shall have performed and complied with all, and shall not have been in breach or default under any, covenants, agreements, obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by it at or before the Closing in material respect;
- c) the Transaction Documents shall have been duly executed by the Target Company and all other parties thereto;
- d) all necessary corporate and other proceedings in connection with the execution of, and the consummation of the transactions contemplated by, the Transaction Documents shall have been satisfied;
- e) the representations and warranties made by Big Profit shall be true and correct on and as of the date of the Subscription Agreement and on and as of the date of the Closing; and
- f) Big Profit shall have performed and complied with all covenants, agreements, obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by it at or before the Closing without any material adverse effect.

The condition as set out in paragraph (d) above shall not be waiveable.

## **Closing**

The Closing shall take place as soon as practicable upon the fulfilment (or waiver, as the case may be) of all the conditions to the Subscription Agreement, but in no event later than seven business days thereafter (or at such other date as Big Profit and the Target Company shall mutually agree in writing).

Upon the Closing, the Subscription Shares will be issued to Big Profit in nil-paid form, which will be credited as fully-paid following the payment of the Subscription Price by Big Profit, and the Group's shareholding in the Target Company will be increased from approximately 34.72% to approximately 50.92%. The Target Company will continue to be an indirect non-wholly owned subsidiary of the Company with the financial results of the Target Group continuing to be consolidated into the financial statements of the Group.

## **INFORMATION ON THE TARGET GROUP**

### **Business of the Target Group**

The Target Company is a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding. The Target Group principally engages in internet data centers operation and internet data center-integrated solutions provision in the PRC. As at the date of this announcement, the Target Group operates four internet data center projects in Beijing, Guangzhou and Changzhou. In respect of the provision of internet data center-integrated solutions, the Target Group provides integrated management services including internet data center development and construction, operation and maintenance.

## Financial information of the Target Group

Set out below is the unaudited consolidated financial information of the Target Group based on the management accounts of the Target Group Companies prepared in accordance with the PRC Accounting Standards for Business Enterprises:

|                            | <b>For the year ended<br/>31 December 2020<br/>(unaudited)<br/>RMB'000</b> | <b>For the year ended<br/>31 December 2019<br/>(unaudited)<br/>RMB'000</b> |
|----------------------------|--|--|
| Net profit before taxation | 14,036   | 6,418  |
| Net profit after taxation  | 13,560   | 1,697  |

As at 30 September 2021, the unaudited consolidated net asset value of the Target Group was approximately RMB796 million.

## Shareholding structure of the Target Company

As at the date of this announcement and prior to the Closing, the Company is interested in approximately 34.72% of the shareholding of the Target Company and the remaining approximate 65.28% interest is held by Smart Success. The Target Company is an indirect non-wholly owned subsidiary of the Company by virtue of the acting in concert arrangements between Big Profit and Smart Success with respect to the management and voting rights in respect of the Target Group, resulting in the Company's control over the Target Group.

Smart Success is principally engaged in investment holding and is a wholly-owned subsidiary of Fortune Joy Ventures Limited, which in turn is directly or indirectly owned as to 49% by the Company, 25.5% by Leading Bright Investment Limited, 12.75% by Huamao Focus Limited and 12.75% by Ancient Jade (South) Holdings Limited. 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. 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. Ancient Jade (South) Holdings Limited is wholly-owned by Lin Zheyang.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed above, ultimate beneficial owners of the Target Company 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

Sino-Ocean Group Holding Limited

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

Stock Code : 03377

center, etc. Big Profit, an indirect wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding.

The Target Group mainly engages in internet data centers operation and internet data center-integrated solutions provision in the PRC.

Having considered the recent outlook and growing market demand of the internet data center operation and internet data center-integrated solutions market in the PRC, the business portfolio, historical financial and operational performance and business prospects of the Target Group, 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 internet data center market in the PRC by increasing its stake in the Target Group. The additional investment in the Target Group through the Subscription will be used for the operation and potential acquisition costs for various projects, which is expected to further enhance the operations, market share and profitability of the Target Group as well as the Group.

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**

The Group has injected capital in the aggregate amount of RMB100 million to Beijing Yuntai (the holding company of the Target Group prior to its internal reorganisation, which became a wholly-owned subsidiary of the Target Company thereafter), pursuant to which the Group's shareholding in Beijing Yuntai increased from approximately 30.08% to approximately 34.72% in January 2021, the completion of which was within 12 months prior to the Subscription. The aforesaid capital injection in Beijing Yuntai by the Group and the Subscription will be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the aforesaid capital injection in Beijing Yuntai by the Group and the Subscription as contemplated under the Subscription Agreement (as aggregated) exceed(s) 5% but are all less than 25%, 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:

"Beijing Yuntai" Beijing Yuntai Digital Internet Technology Co., Ltd.\* (北京雲泰數通互聯網科技有限公司), a company established in the PRC with limited liability, which as at the date of this announcement, is an indirect wholly-owned subsidiary of the Target Company

|                                |  |
|--------------------------------|--|
| “Big Profit”                   | Big Profit Creation Limited (巨利創建有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company   |
| “Board”                        | the board of Directors   |
| “Closing”                      | closing of the Subscription, upon which the Subscription Shares will be issued and sold to Big Profit in nil-paid form   |
| “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) |
| “Director(s)”                  | director(s) of the Company   |
| “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   |
| “Independent Third Party(ies)” | independent third party(ies) not being connected person(s) 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   |
| “Smart Success”                | Smart Success Creation Limited (俊隆創建有限公司), a company incorporated in Hong Kong with limited liability, an existing shareholder of the Target Company   |
| “Stock Exchange”               | The Stock Exchange of Hong Kong Limited  |
| “Subscription”                 | the subscription of the Subscription Shares by Big Profit pursuant to the terms and conditions of the Subscription Agreement   |
| “Subscription Agreement”       | the agreement dated 29 December 2021 entered into between Big Profit and the Target Company in relation to the Subscription  |
| “Subscription Price”           | the US dollars equivalent of RMB1,023,829,000, being the aggregate issue price of the Subscription Shares  |

|                         |  |
|-------------------------|--|
| “Subscription Shares”   | 2,047,658 ordinary shares of the Target Company with a par value of HK\$0.1 each to be allotted and issued by the Target Company to Big Profit in nil-paid form at Closing, which will be credited as fully-paid following the payment of the Subscription Price by Big Profit |
| “Target Company”        | Sino-Ocean Yuntai Data Technology Co., Limited (遠洋雲泰數據科技有限公司), a company incorporated in the Cayman Islands with limited liability, an indirect non-wholly owned subsidiary of the Company   |
| “Target Group”          | the Target Company, its subsidiaries and entities owned or controlled or to be controlled by the Target Company through equity interest or contractual arrangements, and “Target Group Companies” mean members of the Target Group   |
| “Transaction Documents” | the Subscription Agreement and other documents otherwise required in connection with implementing the transactions contemplated thereby  |
| “US dollars”            | 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(s)”, “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, 29 December 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*