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CONTINUING CONNECTED TRANSACTIONS

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Reference is made to the Previous Announcements in relation to, among others, the Previous Master Agreement, pursuant to which the Group has agreed to, among others, provide the Consultancy Services to Dajia Life Insurance. The Previous Master Agreement had expired on 31 December 2021 and it is expected that Dajia Life Insurance will continue to engage the Group for the provision of the Consultancy Services that may trigger Listing Rules implications. As such, on 15 April 2022, the Company and Dajia Life Insurance Company entered into the New Master Agreement, pursuant to which Dajia Life Insurance shall engage the Group to provide the Consultancy Services from time to time based on its business needs.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Dajia Life Insurance Company is a substantial shareholder of the Company which directly holds approximately 29.58% of the total issued share capital of the Company and thus is a connected person of the Company. Accordingly, the transactions contemplated under the New Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the highest annual cap for the transactions contemplated under the New Master Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the New Master Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the Previous Announcements in relation to, among others, the Previous Master Agreement, pursuant to which the Group has agreed to, among others, provide the Consultancy Services to Dajia Life Insurance. The Previous Master Agreement had expired on 31 December 2021 and it is expected that Dajia Life Insurance will continue to engage the Group for the provision of the Consultancy Services that may trigger Listing Rules implications. As such, on 15 April 2022, the Company and Dajia Life Insurance Company entered into the New Master Agreement, pursuant to which Dajia Life Insurance shall engage the Group to provide the Consultancy Services from time to time based on its business needs. The principal terms of the New Master Agreement are set out below:

THE NEW MASTER AGREEMENT

Date

15 April 2022

Parties

- (1) The Company; and
- (2) Dajia Life Insurance Company.

Subject Matter

Pursuant to the New Master Agreement, the Group has agreed to provide consultancy services in relation to real estate projects, including property management services, parking spaces management, engineering consultancy and engineering services, pre-delivery services, and consultancy with respect to market positioning and preparation for commencement of operations etc., to Dajia Life Insurance according to its business needs.

Pricing

The fees to be charged for the provision of the Consultancy Services by the Group shall be determined between the parties through arm's length negotiations with reference to the prevailing market price of similar services offered by Independent Third Parties, as well as the fees to be charged for the provision of similar services by the Group to Independent Third Parties, taking into account (i) the nature, size and location of the relevant projects; (ii) the type and scope of the services to be provided; and (iii) the Group's expected operational costs (including labor costs, material costs and administrative costs) in relation to the provision of the relevant services and will be charged on a lump sum basis.

Payment shall be made on a regular basis by either annually, half-yearly, quarterly or monthly (as the case may be) pursuant to the relevant terms of the individual agreements to be entered into depending on the types of services and with reference to market practice and the arrangements with independent customers of the Group.

Individual Agreements

The Company and Dajia Life Insurance Company shall, or shall procure members of the Group and Dajia Life Insurance, respectively, to enter into individual agreements in respect of the transactions contemplated under the New Master Agreement in accordance with the terms and conditions thereof and applicable laws and regulations (including but not limited to the Listing Rules), setting out, among others, (i) the parties to the individual agreements; (ii) the term of the individual agreements, which shall not exceed three years; (iii) details of the scope of services; (iv) the service fees; and (v) the payment terms.

Term

The New Master Agreement shall be of a term commencing from 1 January 2022 up to 31 December 2024 (both days inclusive).

Historical transaction amounts and annual caps

Historical transaction amounts

The table below sets out the historical transaction amounts in relation to the Consultancy Services under the Previous Master Agreement for the three years ended 31 December 2021:

	For the year ended 31 December		
	2019 (RMB'000) (Audited)	2020 (RMB'000) (Audited)	2021 (RMB'000) (Audited)
Historical transaction amounts in relation to the Consultancy Services under the Previous Master Agreement	<u>26,291</u>	<u>25,959</u>	<u>33,138</u>

The annual caps in relation to the Consultancy Services under the Previous Master Agreement for the three years ended 31 December 2021 have not been exceeded.

Annual caps

The table below sets out the annual caps for the transactions in relation to the Consultancy Services contemplated under the New Master Agreement for the three years ending 31 December 2024:

	For the year ending 31 December		
	2022	2023	2024
	(RMB'000)	(RMB'000)	(RMB'000)
Annual caps under the New Master Agreement (excluding tax)	<u>75,000</u>	<u>85,000</u>	<u>95,000</u>

The above annual caps were determined between the parties mainly with reference to: (i) the estimated amount of the Consultancy Services required by Dajia Life Insurance considering the number and nature of ongoing projects and projects expected to be rolled out; (ii) the anticipated increase in the amount of the Consultancy Services required taking into account the expected expansion of business of the Group, through the enlarged coverage of its community value-added service and continuous development of digitized systems to support the smart service platform of Sino-Ocean Service, and of Dajia Life Insurance; (iii) the historical transaction amounts in respect of the Consultancy Services provided by the Group to Dajia Life Insurance; and (iv) the Group's historical level of fees and the anticipated increase in the market price of relevant services and operational costs in future.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW MASTER AGREEMENT

Dajia Life Insurance Company is a substantial shareholder of the Company. The Company and Dajia Life Insurance Company have been cooperating and creating synergies in different areas of business and have been maintaining a long-term and stable cooperative relationship. Sino-Ocean Service is a non-wholly owned subsidiary of the Company which is a comprehensive property management service provider. The successful listing of Sino-Ocean Service on the Stock Exchange in December 2020 marked a significant milestone in the development of the Group's property management business, further reinforcing the Group's market influence in the property management business. The entrusting by Dajia Life Insurance with the provision of the Consultancy Services for its real estate projects to Sino-Ocean Service of the Group allows the Group to make full use of its resource endowments, professional team and ability for the provision of high quality services and further strengthens the cooperation between the Group and Dajia Life Insurance. The New Master Agreement represents a stable, continuing and trustworthy business relationship between the Group and Dajia Life Insurance which the Group can leverage to strengthen the synergetic effect with Dajia Life Insurance, thereby further expanding its property management business and related value-added services and exploring new business needs and opportunities to further facilitate the Group's business growth and bring in additional revenue to the Group.

Taking into account the aforesaid, the Directors (including the independent non-executive Directors but excluding Mr. ZHAO Peng and Mr. CHEN Ziyang, each holding a major position in Dajia Insurance Group and/or Dajia Life Insurance Company, who have abstained from voting) are of the view that the terms of the New Master Agreement and the transactions contemplated thereunder are conducted on normal commercial terms, in the ordinary course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL FOR THE CONTINUING CONNECTED TRANSACTIONS

The Group has adopted the following internal control procedures to ensure that the transactions with Dajia Life Insurance pursuant to the New Master Agreement will be conducted on normal commercial terms going forward:

- (i) the Group shall regularly collect market information on the prevailing market price of similar services offered by Independent Third Parties (if any), as well as the contract price of similar services provided by the Group to Independent Third Parties at least semi-annually;
- (ii) prior to entering into transactions with Dajia Life Insurance under the New Master Agreement, the Group will use the above information to negotiate with Dajia Life Insurance on the price to ensure that it will be on normal commercial terms insofar as the Group is concerned or on terms no less favourable than those offered by the Group to Independent Third Parties or the market price of similar services;
- (iii) the relevant personnel of the Group will be responsible for conducting regular checks to review and assess whether all transactions contemplated under the New Master Agreement are conducted in accordance with the relevant terms, and will also regularly review whether the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy;
- (iv) the Group's risk management function will also monitor the implementation of the New Master Agreement on a regular basis and will report regularly to senior management of the Group;
- (v) the independent non-executive Directors will review all continuing connected transactions of the Company and the auditors of the Group will also conduct an annual review on the pricing terms and annual caps; and
- (vi) the Director(s) who are interested in the relevant transaction(s) shall abstain from voting on the relevant resolution(s).

Accordingly, the Directors (including the independent non-executive Directors but excluding Mr. ZHAO Peng and Mr. CHEN Ziyang, each holding a major position in Dajia Insurance Group and/or Dajia Life Insurance Company, who have abstained from voting) consider that the above internal control mechanism of the Group is effective to ensure that the transactions contemplated under the New Master Agreement will be conducted on normal commercial terms and in accordance with the pricing policy of the Group and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The principal business activity of the Company is investment holding.

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.

INFORMATION ON DAJIA LIFE INSURANCE COMPANY

Dajia Life Insurance Company is a company established under the laws of the PRC and is a substantial shareholder of the Company which holds approximately 29.58% of the total issued share capital of the Company as at the date of this announcement. Dajia Life Insurance Company is principally engaged in various kinds of personal insurance businesses, including life insurance, health insurance and accidental injury insurance, etc.

IMPLICATIONS UNDER THE LISTING RULES

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Mr. ZHAO Peng and Mr. CHEN Ziyang, each holding a major position in Dajia Insurance Group and/or Dajia Life Insurance Company, have abstained from voting on the relevant Board resolution approving the transactions (including the annual caps) contemplated under the New Master Agreement. Save as aforementioned, none of the other Directors has a material interest in the transactions contemplated thereunder and no other Director has been required to abstain from voting on the relevant resolution.

DEFINITIONS

Unless the context requires otherwise, capitalised terms used in this announcement shall have the meanings as follows:

“Anbang Insurance”	Anbang Insurance Group Co., Ltd. (安邦保險集團股份有限公司), a company established under the laws of the PRC
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consultancy Services”	the consultancy services in relation to real estate projects, including property management services, parking spaces management, engineering consultancy and engineering services, pre-delivery services, and consultancy with respect to market positioning and preparation for commencement of operations etc., to be provided by the Group
“Dajia Insurance Group”	Dajia Insurance Group Co., Ltd.* (大家保險集團有限責任公司), a company established under the laws of the PRC, being the controlling shareholder of Dajia Life Insurance Company which in turn is a substantial shareholder of the Company
“Dajia Life Insurance Company”	Dajia Life Insurance Co., Ltd.* (大家人壽保險股份有限公司), being a substantial shareholder of the Company directly holding approximately 29.58% of the total issued share capital of the Company as at the date of this announcement
“Dajia Life Insurance”	Dajia Life Insurance Company and its subsidiaries and associates
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

Sino-Ocean Group Holding Limited

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

Stock Code : 03377

“New Master Agreement”	the master framework agreement dated 15 April 2022 entered into between the Company and Dajia Life Insurance Company in relation to provision of the Consultancy Services by the Group to Dajia Life Insurance
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Announcements”	collectively, the announcements of the Company dated 21 December 2018 and 31 December 2019 in relation to, among others, the Previous Master Agreement
“Previous Master Agreement”	the master framework agreement dated 21 December 2018 entered into between the Company and Anbang Insurance (as amended and supplemented by the Supplemental Agreement entered into among the Company, Anbang Insurance and Dajia Insurance Group), pursuant to which the Group has agreed to, among others, provide the Consultancy Services to Dajia Life Insurance, details of which were set out in the Previous Announcements
“RMB”	Renminbi, the lawful currency of the PRC
“Sino-Ocean Service”	Sino-Ocean Service Holding Limited (遠洋服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 06677), the property management arm of the Group and a non-wholly owned subsidiary of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the supplemental agreement dated 31 December 2019 entered into among the Company, Anbang Insurance and Dajia Insurance Group to amend and supplement, among others, certain terms of the Previous Master Agreement, details of which were set out in the announcement of the Company dated 31 December 2019
“%”	per cent

By order of the Board
Sino-Ocean Group Holding Limited
CHAN King Tak
Company Secretary

Hong Kong, 18 April 2022

Sino-Ocean Group Holding Limited

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

Stock Code : 03377

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*