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CONNECTED TRANSACTIONS IN RELATION TO DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN A WHOLLY-OWNED SUBSIDIARY

THE DISPOSAL

On 17 October 2022 (after trading hours of the Stock Exchange), the Transferor and the Target Company (both being wholly-owned subsidiaries of the Company) entered into the First Equity Transfer Agreement and the Second Equity Transfer Agreement with the First Transferee and the Second Transferee, respectively, pursuant to which the Transferor has agreed to sell, and the First Transferee and the Second Transferee have agreed to acquire, 99.9% and 0.1% of the equity interests in the Target Company, respectively, which in aggregate represent the entire equity interests thereof.

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of the Company. Upon completion of the Disposal, the Group will no longer hold any equity interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the First Transferee is a limited partnership whose limited partnership interest is held as to approximately 99.99% by China Life, a substantial shareholder of the Company, and approximately 0.01% by the Second Transferee, whilst the Second Transferee is a wholly-owned subsidiary of China Life Insurance (Group) Company, which is the holding company of China Life. Each of the Transferees is therefore an associate of China Life and thus a connected person of the Company, and the Disposal as contemplated under the Equity Transfer Agreements constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of each of (i) the Disposal of the entire equity interests in the Target Company pursuant to the Equity Transfer Agreements and (ii) the presumed exercise of the Special Termination Right by the Transferees pursuant to the Equity Transfer Agreements exceed(s) 0.1% but are all less than 5%, the transactions as contemplated under the Equity Transfer Agreements are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE DISPOSAL

The Board announces that on 17 October 2022 (after trading hours of the Stock Exchange), the Transferor and the Target Company (both being wholly-owned subsidiaries of the Company) entered into the First Equity Transfer Agreement and the Second Equity Transfer Agreement with the First Transferee and the Second Transferee, respectively, pursuant to which the Transferor has agreed to sell, and the First Transferee and the Second Transferee have agreed to acquire, 99.9% and 0.1% of the equity interests in the Target Company, respectively, which in aggregate represent the entire equity interests thereof. The principal terms of the Equity Transfer Agreements are set out below.

THE EQUITY TRANSFER AGREEMENTS

Date

17 October 2022

Parties

The First Equity Transfer Agreement

- (1) the Transferor, a wholly-owned subsidiary of the Company, as seller;
- (2) the First Transferee, as purchaser; and
- (3) the Target Company, a wholly-owned subsidiary of the Company, as target company.

The Second Equity Transfer Agreement

- (1) the Transferor, a wholly-owned subsidiary of the Company, as seller;
- (2) the Second Transferee, as purchaser; and
- (3) the Target Company, a wholly-owned subsidiary of the Company, as target company.

Subject matter

Pursuant to the First Equity Transfer Agreement and the Second Equity Transfer Agreement, the Transferor has agreed to sell, and the First Transferee and the Second Transferee have agreed to acquire, 99.9% and 0.1% of the equity interests in the Target Company, respectively, which in aggregate represent the entire equity interests thereof.

The Target Company is principally engaged in investment holding and its principal asset is the 10% of the equity interests in the Project Company. Further information on the Target Company is set out in the section headed "INFORMATION ON THE TARGET COMPANY" in this announcement.

Consideration and payment terms

The total consideration for the Disposal is RMB233,170,000 (subject to adjustment as detailed below, capped at RMB243,170,000), of which RMB232,936,830 (subject to adjustment as detailed below, capped at RMB242,936,830) is payable by the First Transferee and RMB233,170 is payable by the Second Transferee in the following manners:

- (a) a total of RMB176,170,000 (of which RMB175,936,830 shall be payable by the First Transferee and RMB233,170 shall be payable by the Second Transferee) shall be payable upon fulfilment or waiver of the following conditions:
- (i) the First Equity Transfer Agreement or the Second Equity Transfer Agreement (as the case may be) having been signed by the parties thereto, and having become effective and remaining in full force and effect;
 - (ii) there being no defects in rights regarding the subject equity interests under the First Equity Transfer Agreement or the Second Equity Transfer Agreement (as the case may be);
 - (iii) the Transferor having procured the Target Company to issue a register of members or document(s) with similar effect, registering the First Transferee or the Second Transferee (as the case may be) as the shareholder of the subject equity interests;
 - (iv) the industrial and commercial change registration in respect of the transfer of the 99.9% or 0.1% (as the case may be) of the equity interests in the Target Company having been completed;
 - (v) the documents in respect of the Target Company having been handed over to the First Transferee or the Second Transferee (as the case may be) in accordance with the terms of the First Equity Transfer Agreement or the Second Equity Transfer Agreement (as the case may be);
 - (vi) the First Transferee or the Second Transferee (as the case may be) having completed the legal and financial due diligence works with respect to the Target Company;
 - (vii) all necessary internal approvals in respect of the transactions as contemplated under the First Equity Transfer Agreement or the Second Equity Transfer Agreement (as the case may be) having been obtained by the Transferor and the First Transferee or the Second Transferee (as the case may be);
 - (viii) no objections or obstructions having been raised by regulatory authorities in respect of the transactions as contemplated under the First Equity Transfer Agreement or the Second Equity Transfer Agreement (as the case may be); and
 - (ix) the representations and warranties made by the Transferor under the First Equity Transfer Agreement or the Second Equity Transfer Agreement (as the case may be) and any other transaction documents remaining valid and not having been breached; and

- (b) the remaining balance of RMB57,000,000 (the **"Second Tranche of the Consideration"**, subject to adjustment as detailed below, capped at RMB67,000,000) shall be payable by the First Transferee upon fulfilment or waiver of the following conditions:
- (i) the conditions for the payment of the first tranche of the consideration as mentioned in paragraph (a) above remaining satisfied;
 - (ii) the result of the consideration adjustment in relation to the Second Tranche of the Consideration having been agreed by the Transferor and the First Transferee;
 - (iii) the Transferor having assisted the Project Company in obtaining the land and building title certificates in respect of the Property;
 - (iv) the Transferor having procured the transfer by the Target Company of the 0.0713% partnership interests in an idled limited partnership held by the Target Company to a third party as designated by the Transferor at nil consideration or the completion of liquidation and deregistration of the aforementioned partnership within three months after the settlement of the first tranche of the consideration in accordance with the terms of the First Equity Transfer Agreement;
 - (v) the Transferor having assisted the Project Company in agreeing on the settlement of main contractor's construction fees with the project's main contractor in respect of the Property; and
 - (vi) the First Transferee having completed, and being satisfied with the result of, the completion audit with respect to the financials of the Target Company.

The First Transferee and the Second Transferee shall have the right to terminate the First Equity Transfer Agreement and the Second Equity Transfer Agreement, respectively, in the event that the conditions as set out in paragraph (a) above have not been fulfilled or waived by the First Transferee or the Second Transferee (as the case may be) within 30 days after the signing of the Equity Transfer Agreements. The First Transferee shall also have the right to terminate the First Equity Transfer Agreement in the event that the conditions as set out in paragraph (b) above have not been fulfilled or waived by the First Transferee within one year after the signing of the First Equity Transfer Agreement, in which case, the Transferor shall return the amount of consideration it has received from the First Transferee on the date of the termination.

The consideration for the Disposal was determined after arm's length negotiations between the Transferor and the Transferees with reference to a number of factors including but not limited to (i) the estimated value of the Property taking into account the recent market conditions and selling prices of comparable properties, (ii) the assets and liabilities amounts of the Project Company, (iii) the estimated fees and costs to be incurred by the Project Company for the obtaining of the land and building title certificates in respect of the Property and the resolution of disputes regarding the main contractor's construction fees with the project's main contractor in respect of the Property, and (iv) the assets and liabilities amounts of the Target Company.

The Project Company is the process of obtaining the land and building title certificates in respect of the Property and the resolution of disputes regarding the main contractor's construction fees with the project's main contractor in respect of the Property. The Transferor has undertaken to assist the Project Company in obtaining the land and building title certificates in respect of the Property within one year after the signing of the Equity Transfer Agreements. Further, in the event that the actual fees and costs incurred by the Project Company (as audited) for the obtaining of the land and building title certificates and the resolution of aforementioned disputes are different from the estimated fees and costs thereof, the consideration shall be adjusted on dollar-for-dollar basis based on 10% of the difference between such actual and estimated amounts, but in no event the Second Tranche of the Consideration as adjusted shall be more than RMB67,000,000.

Completion

The Transferor shall complete the industrial and commercial change registration in respect of the Disposal within five days after the signing of the Equity Transfer Agreements, and the Disposal shall be regarded as completed on the date of completion of such registration. The documents in respect of the Target Company shall also be handed over by the Transferor to the Transferees within five days after the signing of the Equity Transfer Agreements.

Special Termination Right

The Transferees shall have the right (the "**Special Termination Right**") to rescind or terminate the Equity Transfer Agreements upon occurrence of any of the following events, in which case, the Transferor shall return the amount of consideration it has received from the Transferees on the date of the termination:

- (a) any objection or obstruction having been raised by governmental authority(ies) in respect of the transactions as contemplated under the Equity Transfer Agreements; or
- (b) the Transferor having failed to assist the Project Company in obtaining the land and building title certificates in respect of the Property within one year after the signing of the Equity Transfer Agreements.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established under the laws of the PRC with limited liability which, as at the date of this announcement, is a wholly-owned subsidiary of the Company. The Target Company is principally engaged in investment holding and its principal asset is the 10% of the equity interests in the Project Company, which in turn is the sole owner of the Property, being an international grade-A office complex known as China Life Financial Center (Beijing) located at the Central Business District, East Third Ring Road, Chaoyang District, Beijing, the PRC. The remaining 90% of the equity interests in the Project Company is in aggregate held by subsidiaries of China Life Insurance (Group) Company, which is the holding company of China Life.

Set out below is the unaudited financial information of the Target Company prepared in accordance with the PRC Accounting Standards for Business Enterprises for each of the two financial years ended 31 December 2020 and 2021:

	For the year ended 31 December	
	2020	2021
	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss before taxation	20	21
Net loss after taxation	20	21

As at the date of the Equity Transfer Agreements, the unaudited net asset value of the Target Company was approximately RMB68.3 million.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon completion of the Disposal, the Group will no longer hold any equity interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

The Company intends to use the sale proceeds from the Disposal as general working capital of the Group. It is estimated that a gain of approximately RMB164.9 million will arise from the Disposal and accrue to the Company, which is calculated with reference to the difference between the total consideration for the Disposal and the net asset value of the Target Company as at the date of the Equity Transfer Agreements. 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 audit by the auditors of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board believes that the Disposal will allow the Group to crystallise the value of its investment with respect to the Property and redeploy its resources to other projects in which the Group has substantial controlling interests, and through the Disposal, the Group can better allocate its resources among its existing other projects.

The Directors (including the independent non-executive Directors but other than the Abstained Directors) are of the view that despite not being in the ordinary and usual course of business of the Group, the Disposal as contemplated under the Equity Transfer Agreements is on normal commercial terms, and that the terms of the Equity Transfer Agreements and the Disposal as contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Abstained Directors, namely Ms. HUANG Xiumei, Mr. HOU Jun and Mr. ZHAN Zhong, all being non-executive Directors nominated by China Life, have abstained from voting on the relevant Board resolution approving the Equity Transfer Agreements and the transactions as contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the Equity Transfer Agreements and the transactions as contemplated thereunder and is required to abstain from voting on the relevant resolution.

INFORMATION ON THE COMPANY, THE GROUP AND THE TRANSFEROR

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 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 core businesses of the Group 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 Transferor is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company. The Transferor is principally engaged in investment holding.

INFORMATION ON THE TRANSFEREES

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the First Transferee is a limited partnership established under the laws of the PRC whose limited partnership interest is held as to approximately 99.99% by China Life and approximately 0.01% by the Second Transferee. The First Transferee is principally engaged in equity investment, investment management, asset management, etc.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, China Life is a joint stock limited liability company incorporated under the laws of the PRC listed on the Stock Exchange (Stock Code: 02628) and The Shanghai Stock Exchange (Stock Code: 601628) and is a substantial shareholder of the Company which holds approximately 29.59% of the total issued share capital of the Company as at the date of this announcement. China Life is one of the leading life insurance companies in the PRC. It offers personal insurance businesses, including life insurance, health insurance and accident insurance businesses, reinsurance relating to the above insurance businesses, use of funds permitted by applicable PRC laws and regulations or the State Council of the PRC (中華人民共和國國務院), as well as all types of personal insurance services, consulting business and agency business, sale of securities investment funds, and other businesses permitted by the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Second Transferee is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of China Life Insurance (Group) Company. The Second Transferee is principally engaged in investment management, investment consultancy and asset management.

Sino-Ocean Group Holding Limited

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

Stock Code : 03377

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, China Life Insurance (Group) Company is the holding company of China Life and is held as to 90% and 10% by the Ministry of Finance of the PRC (中華人民共和國財政部) and the National Council for Social Security Fund (全國社會保障基金理事會), respectively. It offers insurance policies to groups and individuals, which are managed by China Life under the policy management agreements.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the First Transferee is a limited partnership whose limited partnership interest is held as to approximately 99.99% by China Life, a substantial shareholder of the Company, and approximately 0.01% by the Second Transferee, whilst the Second Transferee is a wholly-owned subsidiary of China Life Insurance (Group) Company, which is the holding company of China Life. Each of the Transferees is therefore an associate of China Life and thus a connected person of the Company, and the Disposal as contemplated under the Equity Transfer Agreements constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of each of (i) the Disposal of the entire equity interests in the Target Company pursuant to the Equity Transfer Agreements and (ii) the presumed exercise of the Special Termination Right by the Transferees pursuant to the Equity Transfer Agreements exceed(s) 0.1% but are all less than 5%, the transactions as contemplated under the Equity Transfer Agreements are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

"Abstained Directors"	collectively, Ms. HUANG Xiumei, Mr. HOU Jun and Mr. ZHAN Zhong, each being a non-executive Director nominated by China Life
"Board"	the board of Directors
"China Life"	China Life Insurance Company Limited (中國人壽保險股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC which is listed on the Stock Exchange (Stock Code: 02628) and The Shanghai Stock Exchange (Stock Code: 601628), being a substantial shareholder of the Company
"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)
"Director(s)"	director(s) of the Company

“Disposal”	the disposal of the entire equity interests in the Target Company by the Transferor to the Transferees pursuant to the Equity Transfer Agreements
“Equity Transfer Agreements”	collectively, the First Equity Transfer Agreement and the Second Equity Transfer Agreement
“First Equity Transfer Agreement”	the equity transfer agreement dated 17 October 2022 and entered into between the Transferor, the First Transferee and the Target Company in relation to the disposal of 99.9% of the equity interests in the Target Company by the Transferor to the First Transferee
“First Transferee”	China Life Qihang Phase I (Tianjin) Equity Investment Fund Partnership (Limited Partnership) (國壽啟航壹期(天津)股權投資基金合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“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
“Project Company”	Guoshou Yuanlong Real Estate Company Limited (國壽遠通置業有限公司), a company established under the laws of the PRC with limited liability
“Property”	an international grade-A office complex known as China Life Financial Center (Beijing) owned by the Project Company which is located at the Central Business District, East Third Ring Road, Chaoyang District, Beijing, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Second Equity Transfer Agreement”	the equity transfer agreement dated 17 October 2022 and entered into between the Transferor, the Second Transferee and the Target Company in relation to the disposal of 0.1% of the equity interests in the Target Company by the Transferor to the Second Transferee
“Second Tranche of the Consideration”	has the meaning ascribed thereto under the section headed “THE EQUITY TRANSFER AGREEMENTS — Consideration and payment terms” in this announcement
“Second Transferee”	China Life Properties Investment Management Company Limited (國壽置業投資管理有限公司), a company established under the laws of the PRC with limited liability

“Shareholder(s)”	shareholder(s) of the Company
“Special Termination Right”	has the meaning ascribed thereto under the section headed “THE EQUITY TRANSFER AGREEMENTS — Special Termination Right” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Beijing Wanyang Shiji Chuangye Investment Management Co., Ltd.* (北京萬洋世紀創業投資管理有限公司), a company established under the laws of the PRC with limited liability, being a wholly-owned subsidiary of the Company as at the date of this announcement
“Transferees”	collectively, the First Transferee and the Second Transferee
“Transferor”	Shanghai Chongyuan Enterprise Management Consultancy Co., Ltd.* (上海崇遠企業管理諮詢有限公司), a company established under the laws of the PRC with limited liability, being a wholly-owned subsidiary of the Company
“%”	per cent.

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

By order of the Board
Sino-Ocean Group Holding Limited
SUM Pui Ying
Company Secretary

Hong Kong, 17 October 2022

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*