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If you have sold or transferred all your Shares in **Sino-Ocean Group Holding Limited**, you should at once hand this circular to the purchaser or transferee or to a licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**MAJOR TRANSACTION
IN RELATION TO
DISPOSAL OF INTERESTS IN PROPERTY HOLDING COMPANIES
AND PROPERTY MANAGEMENT COMPANY**

Capitalised terms used on this cover page have the same meanings as defined in this circular.

A letter from the Board is set out on pages 8 to 19 of this circular.

The Company has obtained written shareholders' approval from the Relevant Shareholders who hold more than 50% of the total issued share capital of the Company giving the right to attend and vote at a general meeting in respect of the Aggregated Transaction pursuant to Rule 14.44 of the Listing Rules. Accordingly, no general meeting will be held to approve the Aggregated Transaction pursuant to Rule 14.44 of the Listing Rules.

This circular is being despatched to the Shareholders for information purposes only.

Sino-Ocean Group Holding Limited

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

19 January 2023

Stock Code : 03377

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the meanings as set out below.

“Aggregated Transaction”	collectively, the First Transaction, the Second Transaction and the Third Transaction
“Announcement”	the joint announcement made by the Company and Sino-Ocean Service on 15 December 2022 in relation to, among others, the Aggregated Transaction
“Anti-Trust Clearance”	the anti-trust clearance required under the PRC Anti-Monopoly Law in respect of the Second Transaction or the Third Transaction (as the case may be)
“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 and listed on the Stock Exchange (Stock Code: 02628) and The Shanghai Stock Exchange (Stock Code: 601628) respectively, being a substantial Shareholder holding 2,253,459,151 Shares, representing approximately 29.59% of the total issued share capital of the Company as at the Latest Practicable Date
“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)
“Dajia Life Insurance”	Dajia Life Insurance Co., Ltd.* (大家人壽保險股份有限公司), a company established under the laws of the PRC, being a substantial Shareholder holding 2,252,646,115 Shares, representing approximately 29.58% of the total issued share capital of the Company as at the Latest Practicable Date
“Director(s)”	director(s) of the Company
“Dividends Arrangement”	has the meaning ascribed thereto under the section headed “THE MASTER AGREEMENTS — Dividends” of the letter from the Board in this circular
“First Closing”	completion of the sales and purchases of the First Sale Stakes pursuant to the First Master Agreement
“First Master Agreement”	the master agreement dated 15 December 2022 entered into between the Company, Sino-Ocean Service, the Sellers and the Purchasers in relation to the First Transaction

DEFINITIONS

“First Offshore Sale Stake”	15% of the issued shares of the Offshore JV Co, together with 30% of the amounts owed by the Offshore JV Co (or any of its subsidiaries) to any member of the Group as at the First Closing
“First Onshore Sale Stake”	15% equity interest in the Onshore JV Co, together with 30% of the amounts owed by the Onshore JV Co (or any of its subsidiaries) to any member of the Group as at the First Closing
“First PM Sale Stake”	15% equity interest in the PM Co
“First Property Holdco Sale Stakes”	collectively, the First Offshore Sale Stake and the First Onshore Sale Stake
“First Sale Stakes”	collectively, the First Property Holdco Sale Stakes and the First PM Sale Stake
“First Transaction”	the sales and purchases of the First Sale Stakes as contemplated under the First Master Agreement
“Group”	the Company and its subsidiaries (including the SOSH Group)
“HKD”	Hong Kong Dollar, the lawful currency of Hong Kong
“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
“INDIGO Beijing”	Beijing Linlian Real Estate Company Limited* (北京麟聯置業有限公司), a company established under the laws of the PRC with limited liability and indirectly owned as to 50% by each of (i) the SPROPS Group and (ii) a joint venture of the Group, the principal activities of which are investment property development and operation
“JV Company”	INDIGO Beijing or any joint venture between any member of the Group and any member of the SPROPS Group (other than any member of the Target Group)
“JV Deduction”	the aggregate of (i) the shareholder loans which any member of the Group fails to provide to any JV Company when such JV Company has funding requirements but is unable to obtain bank financing on acceptable terms, and (ii) any amount owed by any member of the Group or any JV Company (as attributable to the Group) to any member of the Target Group, any member of the SPROPS Group or any JV Company

DEFINITIONS

“Latest Practicable Date”	12 January 2023, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreements”	collectively, the First Master Agreement, the Second Master Agreement and the Third Master Agreement, and singly, a Master Agreement
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set forth in Appendix 10 to the Listing Rules
“Offshore Group”	the Offshore JV Co and its subsidiaries
“Offshore JV Co”	Great City China Holdings Limited (乾林中國控股有限公司), a company incorporated in the British Virgin Islands with limited liability, which was a 50%-owned joint venture of the Company and was owned as to 50% by the Offshore Seller and 50% by the Offshore Purchaser as at the date of the Announcement
“Offshore Purchaser”	Swire Properties (Chengdu) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Swire Properties
“Offshore Sale Stakes”	collectively, the First Offshore Sale Stake and the Second Offshore Sale Stake
“Offshore Seller”	Neo Origin Limited (穎源有限公司), a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company
“Onshore Group”	the Onshore JV Co and its subsidiaries (if any)
“Onshore JV Co”	Chengdu Yingang Real Estate Company Limited* (成都銀港置業有限公司), a company established under the laws of the PRC with limited liability, which was a 50%-owned joint venture of the Company and was owned as to 50% by the Onshore Seller and 50% by the Onshore Purchaser as at the date of the Announcement
“Onshore Purchaser”	Tianjin Linsong City Facilities Development Company Limited* (天津麟松城市建設開發有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of Swire Properties
“Onshore Sale Stakes”	collectively, the First Onshore Sale Stake and the Second Onshore Sale Stake

DEFINITIONS

“Onshore Seller”	Beijing Yingang Real Estate Development Company Limited* (北京銀港房地產開發有限公司), a company established under the laws of the PRC with limited liability, which is a wholly-owned subsidiary of the Company
“PM Co”	Chengdu Qianhao Property Services Company Limited* (成都乾豪物業服務有限公司), a company established under the laws of the PRC with limited liability, which was a 50%-owned joint venture of Sino-Ocean Service and was owned as to 50% by the PM Seller and 50% by the PM Purchaser as at the date of the Announcement
“PM Disposal”	the disposal of the PM Sale Stakes by the PM Seller to the PM Purchaser pursuant to the First Master Agreement and the Second Master Agreement
“PM Group”	the PM Co and its subsidiaries (if any)
“PM Purchaser”	Beijing Great Well Consultancy Company Limited* (北京浩倡諮詢有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Swire Properties
“PM Sale Stakes”	collectively, the First PM Sale Stake and the Second PM Sale Stake
“PM Seller”	Beijing Yichi Property Services Company Limited* (北京億馳物業服務有限公司), a company established under the laws of the PRC with limited liability, which is a wholly-owned subsidiary of Sino-Ocean Service and a non wholly-owned subsidiary of the Company
“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 circular
“Property”	a retail-led mixed-use development (primarily consisting of an open-plan, lane-driven mall and a boutique hotel with serviced apartments) known as Sino-Ocean Taikoo Li Chengdu located at Jinjiang District, Chengdu, the PRC, which was jointly developed by the Company and Swire Properties and is owned by the Offshore JV Co (through its wholly-owned subsidiaries) and the Onshore JV Co collectively
“Property Holdco”	collectively, the Offshore JV Co and the Onshore JV Co

DEFINITIONS

“Property Holdco Disposal”	the disposal of the Offshore Sale Stakes and the Onshore Sale Stakes by the Offshore Seller and the Onshore Seller respectively pursuant to the First Master Agreement and the Third Master Agreement
“Property Holdco Purchasers”	collectively, the Offshore Purchaser and the Onshore Purchaser
“Property Holdco Sale Stakes”	collectively, the First Property Holdco Sale Stakes and the Second Property Holdco Sale Stakes
“Property Holdco Sellers”	collectively, the Offshore Seller and the Onshore Seller
“Purchasers”	collectively, the Offshore Purchaser, the Onshore Purchaser and the PM Purchaser, and singly, a Purchaser
“Relevant Shareholders”	collectively, China Life and Dajia Life Insurance
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Stakes”	collectively, the Property Holdco Sale Stakes and the PM Sale Stakes
“SAMR”	the State Administration for Market Regulation of the PRC or its local counterpart
“Second Closing”	completion of the sale and purchase of the Second PM Sale Stake pursuant to the Second Master Agreement
“Second Long Stop Date”	31 March 2023 (or such later date as may be agreed between the PM Purchaser, the PM Seller, Sino-Ocean Service and the Company or determined by the PM Purchaser)
“Second Master Agreement”	the master agreement dated 15 December 2022 entered into between the Company, Sino-Ocean Service, the PM Seller and the PM Purchaser in relation to the Second Transaction
“Second Offshore Sale Stake”	35% of the issued shares of the Offshore JV Co, together with all of the amounts owed by the Offshore JV Co (or any of its subsidiaries) to any member of the Group as at the Third Closing
“Second Onshore Sale Stake”	35% equity interest in the Onshore JV Co, together with all of the amounts owed by the Onshore JV Co (or any of its subsidiaries) to any member of the Group as at the Third Closing

DEFINITIONS

“Second PM Sale Stake”	35% equity interest in the PM Co
“Second Property Holdco Sale Stakes”	collectively, the Second Offshore Sale Stake and the Second Onshore Sale Stake
“Second Transaction”	the sale and purchase of the Second PM Sale Stake as contemplated under the Second Master Agreement
“Second Transaction Conditions”	has the meaning ascribed thereto under the section headed “THE MASTER AGREEMENTS — Conditions and closing” of the letter from the Board in this circular
“Sellers”	collectively, the Offshore Seller, the Onshore Seller and the PM Seller, and singly, a Seller
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company with no nominal value
“Shareholder(s)”	shareholder(s) of the Company
“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, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 06677), which is a non wholly-owned subsidiary of the Company
“SOSH Group”	Sino-Ocean Service and its subsidiaries
“SPROPS Group”	Swire Properties and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Swire Properties”	Swire Properties Limited 太古地產有限公司, 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: 01972)
“Target Companies”	collectively, the Offshore JV Co, the Onshore JV Co and the PM Co
“Target Group”	collectively, the Offshore Group, the Onshore Group and the PM Group
“Third Closing”	completion of the sales and purchases of the Second Property Holdco Sale Stakes pursuant to the Third Master Agreement

DEFINITIONS

“Third Long Stop Date”	30 April 2023 (or such later date as may be agreed between the Company, the Property Holdco Sellers and the Property Holdco Purchasers or determined by the Property Holdco Purchasers)
“Third Master Agreement”	the master agreement dated 15 December 2022 entered into between the Company, the Property Holdco Sellers and the Property Holdco Purchasers in relation to the Third Transaction
“Third Transaction”	the sales and purchases of the Second Property Holdco Sale Stakes as contemplated under the Third Master Agreement
“Third Transaction Conditions”	has the meaning ascribed thereto under the section headed “THE MASTER AGREEMENTS — Conditions and closing” of the letter from the Board in this circular
“%”	per cent

In this circular, unless the context otherwise requires, the terms “close 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.

* For identification purposes only

LETTER FROM THE BOARD



Executive Directors:

Mr. LI Ming (*Chairman and Chief Executive Officer*)
Mr. WANG Honghui
Mr. CUI Hongjie

Non-executive Directors:

Ms. HUANG Xiumei
Mr. ZHAO Peng
Mr. HOU Jun
Mr. CHEN Ziyang
Mr. ZHAN Zhong

Independent non-executive Directors:

Mr. HAN Xiaojing
Mr. SUEN Man Tak
Mr. WANG Zhifeng
Mr. JIN Qingjun
Ms. LAM Sin Lai Judy

Registered office:

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88 Queensway
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Principal place of business:

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19 January 2023

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO
DISPOSAL OF INTERESTS IN PROPERTY HOLDING COMPANIES
AND PROPERTY MANAGEMENT COMPANY**

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among others, (i) further details on the Aggregated Transaction as contemplated under the Master Agreements; (ii) the valuation report of the Property; (iii) the valuation report of the PM Sale Stakes; and (iv) other information as required under the Listing Rules.

Sino-Ocean Group Holding Limited

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

Stock Code : 03377

LETTER FROM THE BOARD

THE MASTER AGREEMENTS

On 15 December 2022:

- (i) the Company, Sino-Ocean Service, the Sellers and the Purchasers entered into the First Master Agreement in respect of the sales and purchases of the First Sale Stakes;
- (ii) the Company, Sino-Ocean Service, the PM Seller and the PM Purchaser entered into the Second Master Agreement in respect of the sale and purchase of the Second PM Sale Stake; and
- (iii) the Company, the Property Holdco Sellers and the Property Holdco Purchasers entered into the Third Master Agreement in respect of the sales and purchases of the Second Property Holdco Sale Stakes.

The principal terms of the Master Agreements are set out below.

Subject matter

Pursuant to the First Master Agreement,

- (i) the Offshore Seller agreed to sell and the Offshore Purchaser agreed to purchase the First Offshore Sale Stake;
- (ii) the Onshore Seller agreed to sell and the Onshore Purchaser agreed to purchase the First Onshore Sale Stake; and
- (iii) the PM Seller agreed to sell and the PM Purchaser agreed to purchase the First PM Sale Stake.

Pursuant to the Second Master Agreement, the PM Seller agreed to sell and the PM Purchaser agreed to purchase the Second PM Sale Stake.

Pursuant to the Third Master Agreement,

- (i) the Offshore Seller agreed to sell and the Offshore Purchaser agreed to purchase the Second Offshore Sale Stake; and
- (ii) the Onshore Seller agreed to sell and the Onshore Purchaser agreed to purchase the Second Onshore Sale Stake.

LETTER FROM THE BOARD

Consideration and payment terms

The consideration for the First Sale Stakes is as follows:

<i>First Sale Stakes</i>	Consideration
(1) First Offshore Sale Stake	RMB779,000,000
(2) First Onshore Sale Stake	RMB195,000,000
(3) First PM Sale Stake	<u>RMB26,000,000</u>
Total	<u><u>RMB1,000,000,000</u></u>

The consideration for the First Sale Stakes shall be payable in cash by the Purchasers at the First Closing.

The consideration for the Second PM Sale Stake is as follows:

<i>Second PM Sale Stake</i>	<u>RMB59,000,000</u>
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The consideration for the Second PM Sale Stake shall be payable in cash by the PM Purchaser at the Second Closing.

The consideration for the Second Property Holdco Sale Stakes is as follows:

<i>Second Property Holdco Sale Stakes</i>	
(1) Second Offshore Sale Stake	RMB3,593,000,000
(2) Second Onshore Sale Stake	<u>RMB898,000,000</u>
Total	<u><u>RMB4,491,000,000</u></u>

The consideration for the Second Offshore Sale Stake and the Second Onshore Sale Stake shall be payable in cash by the Offshore Purchaser and the Onshore Purchaser, respectively, at the Third Closing, subject to deductions, including deductions for the amount of JV Deductions (if any).

LETTER FROM THE BOARD

Conditions and closing

The First Transaction is subject to certain conditions, including:

- (i) the registration of the transfer of the First Onshore Sale Stake and the First PM Sale Stake with the SAMR;
- (ii) any consents required under the financing arrangements of the Onshore Group and the Offshore Group;
- (iii) any approval by the Shareholders which is required under the Listing Rules; and
- (iv) customary conditions precedent including no breach of any representations and warranties that has not been rectified and no material adverse fact or circumstance occurred with respect to any Target Group.

As at the Latest Practicable Date, the First Closing had already taken place, upon which (i) the Property Holdco was each indirectly owned as to 35% by the Company and 65% by Swire Properties, respectively, and (ii) the PM Co was indirectly owned as to 35% by Sino-Ocean Service and 65% by Swire Properties.

The Second Transaction is subject to certain conditions (the “**Second Transaction Conditions**”), including:

- (i) the obtaining of the Anti-Trust Clearance in respect of the Second Transaction;
- (ii) the registration of the transfer of the Second PM Sale Stake with the SAMR;
- (iii) any approval by the Shareholders which is required under the Listing Rules; and
- (iv) customary conditions precedent including no breach of any representations and warranties that has not been rectified and no material adverse fact or circumstance occurred with respect to the PM Group.

The Second Closing shall take place on the first business day after all the Second Transaction Conditions have been satisfied or waived (as the case may be). Upon the Second Closing, Sino-Ocean Service will no longer hold any interests in the PM Co and the PM Co will be indirectly owned as to 100% by Swire Properties.

If any of the Second Transaction Conditions is not satisfied (or waived, as applicable) on or before the Second Long Stop Date, any party may terminate the Second Master Agreement.

LETTER FROM THE BOARD

The Third Transaction is subject to certain conditions (the “**Third Transaction Conditions**”), including:

- (i) the Second Closing;
- (ii) any consents required under the financing arrangements of the Onshore Group and the Offshore Group;
- (iii) any approval by the Shareholders which is required under the Listing Rules;
- (iv) the obtaining of the Anti-Trust Clearance in respect of the Third Transaction;
- (v) the repayment of all interest-bearing amounts owed:
 - (a) by any member of the Target Group to any member of the Group or any JV Company (other than any loans which form part of the Second Property Holdco Sale Stakes); and
 - (b) by any member of the Group or any JV Company to any member of the Target Group;
- (vi) the registration of the transfer of the Second Onshore Sale Stake with the SAMR; and
- (vii) customary conditions precedent including no breach of any representations and warranties that has not been rectified and no material adverse fact or circumstance occurred with respect to the Offshore Group and the Onshore Group.

The Third Closing shall take place on the first business day after all the Third Transaction Conditions have been satisfied or waived (as the case may be). Upon the Third Closing, the Company will no longer hold any interests in each of the Property Holdco and each of the Property Holdco will be indirectly owned as to 100% by Swire Properties.

If any of the Third Transaction Conditions is not satisfied (or waived, as applicable) on or before the Third Long Stop Date, any party may terminate the Third Master Agreement.

Condition (ii) under the Third Master Agreement in relation to the consents required under the relevant financing arrangements has been satisfied. Further, as the Company has obtained the written shareholders’ approval from the Relevant Shareholders in respect of the Aggregated Transaction in compliance with the Listing Rules, condition (iii) under each of the Second Master Agreement and Third Master Agreement in relation to the Shareholders’ approval has also been satisfied. The other Second Transaction Conditions and Third Transaction Conditions are yet to be satisfied as at the Latest Practicable Date and may be waived in whole or in part by the relevant Purchaser(s) under the relevant Master Agreement.

LETTER FROM THE BOARD

Failure to close the Second Master Agreement and the Third Master Agreement

Pursuant to the Second Master Agreement and the Third Master Agreement, in the event that any obligation of any of (i) the PM Seller, Sino-Ocean Service and the Company under the Second Master Agreement, or (ii) the Property Holdco Sellers and the Company under the Third Master Agreement, is breached, and the Second Closing or the Third Closing (as the case may be) does not take place, following which the Second PM Sale Stake or the Second Property Holdco Sale Stakes or any of them are to be purchased by another person at a price exceeding the consideration for the same under the relevant Master Agreement at any time within nine months after the date of the Second Master Agreement (with respect to the Second PM Sale Stake) or the Third Master Agreement (with respect to the Second Property Holdco Sale Stakes), the Sellers have agreed to pay a sum equal to such excess to the Purchasers (without limiting the Purchasers' rights and remedies in respect of such breach). Such sum represents the additional amount that the Purchasers would be required to pay for the Second PM Sale Stake or the Second Property Holdco Sale Stakes (or the relevant part thereof) pursuant to the exercise of their rights of first refusal or, as the case may be, rights of first offer under the respective articles of association of the Target Companies and the related shareholders' agreements and is agreed by the parties to be a genuine and reasonable pre-estimate of the losses which the Purchasers may suffer as a result of such breach.

Guarantee

The Company has agreed to guarantee the due performance of each Seller's obligations, and Sino-Ocean Service has agreed to guarantee the due performance of the PM Seller's obligations, under the Master Agreements.

Dividends

Prior to the entering into of the Second Master Agreement, the PM Co has declared a dividend and will pay dividends in the amount of RMB30,000,000 to each of its existing shareholders (i.e. the PM Seller and the PM Purchaser) (the "**Dividends Arrangement**").

INFORMATION ON THE TARGET COMPANIES

As at the date of the Announcement, each of the Property Holdco was a joint venture of the Company which was principally engaged in investment property development and operation and was indirectly owned as to 50% by the Company and 50% by Swire Properties. As at the Latest Practicable Date, the First Closing had already taken place and each of the Property Holdco was indirectly owned as to 35% by the Company and 65% by Swire Properties. The Offshore JV Co (through its wholly-owned subsidiaries) and the Onshore JV Co are collectively the owners of the Property, being a retail-led mixed-use development (primarily consisting of an open-plan, lane-driven mall and a boutique hotel with serviced apartments) known as Sino-Ocean Taikoo Li Chengdu located at Jinjiang District, Chengdu, the PRC jointly developed by the Company and Swire Properties.

LETTER FROM THE BOARD

As at the date of the Announcement, the PM Co was a joint venture of Sino-Ocean Service which was principally engaged in the provision of property management services to the Property and was indirectly owned as to 50% by Sino-Ocean Service and 50% by Swire Properties. As at the Latest Practicable Date, the First Closing had taken place and the PM Co was indirectly owned as to 35% by Sino-Ocean Service and 65% by Swire Properties.

Set out below is the audited consolidated financial information of the Offshore Group prepared in accordance with HKFRS, and the audited financial information of the Onshore JV Co and the PM Co 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
	(audited)	(audited)
	<i>HKD'000</i>	<i>HKD'000</i>
 <i>Offshore Group</i>		
Net profit before taxation	1,051,269	1,522,058
Net profit after taxation	788,455	1,258,186
	<i>RMB'000</i>	<i>RMB'000</i>
 <i>Onshore JV Co</i>		
Net profit before taxation	108,431	114,621
Net profit after taxation	81,268	85,907
 <i>PM Co</i>		
Net profit before taxation	83,873	77,416
Net profit after taxation	63,937	57,989

As at 30 September 2022, the unaudited consolidated net asset value of the Offshore Group was approximately HKD4,662 million in accordance with HKFRS, while the unaudited net asset value of the Onshore JV Co and the PM Co were (a) approximately RMB279 million and RMB65 million, respectively in accordance with the PRC Accounting Standards for Business Enterprises; and (b) approximately RMB1,724 million and RMB65 million, respectively in accordance with HKFRS.

FINANCIAL EFFECT OF THE TRANSACTIONS AND USE OF PROCEEDS

As at the date of the Announcement, each of the Property Holdco was a joint venture of the Company which was indirectly owned as to 50% by the Company and 50% by Swire Properties, while the PM Co was a joint venture of Sino-Ocean Service which was indirectly owned as to 50% by Sino-Ocean Service and 50% by Swire Properties.

LETTER FROM THE BOARD

Upon the First Closing, the interests of the Group in each of the Target Companies had decreased from 50% to 35%. Upon the Second Closing, the Group will cease to have any interest in the PM Co, and upon the Third Closing, the Group will cease to have any interest in the Property Holdco. Accordingly, the Group will no longer share the financial results of the Target Companies upon completion of the Aggregated Transaction.

It is estimated that the Group will recognise (i) a loss of approximately RMB249 million for the First Transaction, which is calculated with reference to the total consideration for the First Sale Stakes and the Group's corresponding long-term equity investment in the Target Companies as at 30 September 2022 as adjusted by the Dividends Arrangement; (ii) a gain of approximately RMB57 million for the Second Transaction, which is calculated with reference to the total consideration for the Second PM Sale Stake and the Group's corresponding long-term equity investment in the PM Co as at 30 September 2022 as adjusted by the Dividends Arrangement; and (iii) a gain of approximately RMB1,579 million for the Third Transaction, which is calculated with reference to the total consideration for the Second Property Holdco Sale Stakes and the Group's corresponding long-term equity investment in the Property Holdco as at 30 September 2022, resulting in a net gain before tax of approximately RMB1,387 million for the Aggregated Transaction as a whole.

The actual amount of gain or loss to be recorded by the Group will be subject to the review and final audit by the auditor of the Company.

The Group intends to use the sale proceeds from the Property Holdco Disposal to repay its existing indebtedness, while the SOSH Group intends to use the sale proceeds from the PM Disposal as its general working capital.

The unaudited consolidated total assets and total liabilities of the Group as at 30 June 2022 (as extracted from the Company's interim report for the six months ended 30 June 2022) were approximately RMB264,001 million and RMB192,254 million respectively. Given that the Group is estimated to record a net gain of approximately RMB1,387 million for the Aggregated Transaction as a whole (subject to audit), which represents the excess of the total consideration of approximately RMB5,550 million for the Sale Stakes over the Group's long-term investment in the Target Companies and the amounts owed by the Target Companies (or any of their subsidiaries) to any member of the Group as at 30 September 2022 as adjusted by the Dividends Arrangement, the consolidated total assets of the Group is expected to increase by approximately RMB1,387 million to approximately RMB265,388 million and the total liabilities of the Group is expected to remain unchanged at approximately RMB192,254 million following completion of the Aggregated Transaction (subject to audit).

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE TRANSACTIONS AND BASIS OF CONSIDERATION

Property Holdco Disposal

The Board considers that the Property Holdco Disposal allows the Group to refine the structure of its assets and represents a valuable opportunity for the Group to crystallise the value and accelerate the return of its investment towards the development of the Property at a considerable profit. The Property Holdco Disposal will also generate substantial cash inflow to the Group, thereby replenishing its working capital and will lower the leverage ratio and refine the financial indicators of the Group.

The consideration for the Property Holdco Sale Stakes was determined after arm's length negotiations between the Company and Swire Properties with reference to a number of factors including (i) the recent property market conditions in the PRC; (ii) the transaction price of comparable commercial properties located in the PRC; (iii) the valuation of the Property as at 30 June 2022 in the amount of approximately RMB12.3 billion carried out by Cushman & Wakefield Limited, an independent valuer, by adopting (a) the investment method for the retail and office portions of the Property, and (b) the discounted cash flow method for the hotel and serviced apartment portions of the Property; and (iv) the assets and liabilities amount of the Property Holdco.

In particular, having taken into account (i) the Company's upcoming scheduled repayments of its indebtedness, (ii) the prevalent difficulties for PRC property developers, including the Company, to obtain external financing in a swift manner with reasonable costs and on acceptable terms under the current volatile market conditions and (iii) the length of time required for satisfying the conditions to closing if the entire Property Holdco Sale Stakes were to be disposed of in one single transaction, the Board considers that it would be beneficial to the Company to structure the Property Holdco Disposal as the First Transaction and the Third Transaction as opposed to disposing of the entire Property Holdco Sale Stakes in one single transaction, such that the Company was able to obtain instant cash flow in the sum of RMB974,000,000, being the aggregate consideration for the First Property Holdco Sale Stakes, on an expedited basis upon the First Closing on 21 December 2022, i.e. four business days after the signing of the First Master Agreement, where such instant cash flow is otherwise not readily available on the market, to be followed by a further sum of RMB4,491,000,000, being the aggregate consideration for the Second Property Holdco Sale Stakes, upon the Third Closing, which shall take place shortly after the fulfilment or waiver (as the case may be) of the Third Transaction Conditions, in particular the obtaining of the Anti-Trust Clearance in respect of the Third Transaction, which might take up to months. In this connection, the Board also considers that the allocation of the consideration for the First Property Holdco Sale Stakes and the Second Property Holdco Sale Stakes is justified as such allocation reflects the difference in the time value of the respective sale proceeds and the premium which a reasonable buyer would be willing to pay if it were to be able to hold 100% of a private company following the acquisition.

LETTER FROM THE BOARD

PM Disposal

The PM Disposal will allow the SOSH Group to recoup its investment towards the PM Co so as to redeploy its resources to other investments or business of the SOSH Group and allows the SOSH Group to better allocate its resources among other investments and/or business.

The total consideration for the PM Sale Stakes was determined after arm's length negotiations between Sino-Ocean Service and Swire Properties with reference to a number of factors including (i) the preliminary valuation of the PM Sale Stakes as at 30 September 2022 in the amount of approximately RMB83 million carried out by Graval Consulting Limited, an independent valuer, by adopting the price-to-earnings (P/E) multiple under the market approach, with the final valuation report of which set out in Appendix III to this circular; (ii) the net asset value of the PM Co attributable to the SOSH Group; and (iii) the business scope of the PM Co, which is confined to the provision of property management services to the Property.

Based on the above, the Directors are of the view that the terms of the Master Agreements and the transactions as contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY, THE GROUP, SINO-OCEAN SERVICE, THE SOSH GROUP AND THE SELLERS

The Company is principally engaged in 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.

Sino-Ocean Service is a non wholly-owned subsidiary of the Company, and is principally engaged in investment holding. The SOSH Group is a comprehensive property management service provider with extensive geographic coverage in the PRC. The SOSH Group's property management services cover a wide range of property types, including residential communities, commercial properties (such as shopping malls and office buildings) and public and other properties (such as hospitals, schools, government buildings and public service facilities). The SOSH Group also provides commercial operational services to shopping malls and office buildings, including pre-opening management services and operation management services. In addition to property management and commercial operational services, the SOSH Group provides a variety of community value-added services to property owners and residents of the properties under its management, including community asset value-added services, community living services and property brokerage services, and value-added services to non-property owners, including pre-delivery services, consultancy services and property engineering services to property developers and other property management companies.

LETTER FROM THE BOARD

The Offshore Seller is a wholly-owned subsidiary of the Company, and is principally engaged in investment holding.

The Onshore Seller is a wholly-owned subsidiary of the Company, and is principally engaged in investment holding.

The PM Seller is a wholly-owned subsidiary of Sino-Ocean Service and a non wholly-owned subsidiary of the Company. The PM Seller is principally engaged in investment holding.

INFORMATION ON SWIRE PROPERTIES AND THE PURCHASERS

Swire Properties and its subsidiaries are principally engaged in (i) property investment, that is the development, leasing and management of commercial, retail and some residential properties; (ii) property trading, that is the development and construction of properties, principally residential apartments, for sale; and (iii) investment in and operation of hotels.

The Offshore Purchaser is a subsidiary of Swire Properties, and is principally engaged in investment holding.

The Onshore Purchaser is a subsidiary of Swire Properties, and is principally engaged in investment holding.

The PM Purchaser is a subsidiary of Swire Properties, and is principally engaged in investment holding.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchasers and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Aggregated Transaction is more than 25% but are all less than 75%, the Aggregated Transaction 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.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders has any material interest in the Aggregated Transaction and as such, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Aggregated Transaction. As at the date of the Announcement, the Relevant Shareholders, being a closely allied group of Shareholders (as they have voted in the same manner on all Shareholders' resolutions (other than routine resolutions at annual general meetings) in which they were both entitled to vote), together held an aggregate of 4,506,105,266 Shares, representing approximately 59.17% of the total issued share capital of the Company. The Company has obtained

LETTER FROM THE BOARD

written shareholders' approval from the Relevant Shareholders in respect of the Aggregated Transaction pursuant to Rule 14.44 of the Listing Rules in lieu of holding a general meeting.

RECOMMENDATION

This circular is despatched to the Shareholders for information purposes only. Although no general meeting will be convened, the Directors are of the view that the terms of the Master Agreements and the Aggregated Transaction as contemplated thereunder are fair and reasonable, and the entering into of the Master Agreements and the Aggregated Transaction as contemplated thereunder is in the interests of the Company and the Shareholders as a whole. If a general meeting were to be convened for approving the Aggregated Transaction, the Board would recommend the Shareholders to vote in favour of the ordinary resolution to approve the Master Agreements and the Aggregated Transaction as contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the appendices to this circular, which contain further information about the Group, the Property, the PM Sale Stakes and other information that needs to be disclosed in accordance with the Listing Rules.

Yours faithfully,
By order of the Board
Sino-Ocean Group Holding Limited
LI Ming
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three years ended 31 December 2019, 2020 and 2021 and six months ended 30 June 2022 is disclosed on pages 127 to 280 of the annual report of the Company for the year ended 31 December 2019, pages 128 to 270 of the annual report of the Company for the year ended 31 December 2020, pages 124 to 255 of the annual report of the Company for the year ended 31 December 2021 and pages 58 to 98 of the interim report of the Company for the six months ended 30 June 2022, respectively, all of which are published on the website of the Company (www.sinooceangroup.com) and the website of the Stock Exchange (www.hkexnews.hk). Quick links to such financial information are set out below:

Annual report of the Company for the year ended 31 December 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0416/2020041600559.pdf>

Annual report of the Company for the year ended 31 December 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0408/2021040801034.pdf>

Annual report of the Company for the year ended 31 December 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0408/2022040800440.pdf>

Interim report of the Company for the six months ended 30 June 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0922/2022092201163.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 November 2022, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had aggregate outstanding borrowings of approximately RMB96,848,972,000 comprising:

- (a) outstanding bank borrowings of approximately RMB35,311,701,000, among which bank borrowings of RMB16,453,515,000 were secured by investment properties, properties under development, completed properties held for sale and equity interests in certain subsidiaries of the Group and bank borrowings of RMB18,858,186,000 were unsecured;
- (b) other borrowings of approximately RMB10,416,800,000, among which other borrowings of RMB7,354,775,000 were secured by properties under development and equity interests in certain subsidiaries of the Group, and other borrowings of RMB3,062,025,000 were unsecured; and
- (c) corporate bonds of approximately RMB51,120,471,000;

As at 30 November 2022, the Group provided guarantees in the amount of approximately RMB5,615,560,000 for borrowings of its related parties and third parties.

As at 30 November 2022, the Group provided guarantees in the amount of RMB20,831,337,000 to secure repayments obligations of mortgage loan for certain customers.

As at 30 November 2022, lease liabilities of the Group amounted to RMB374,151,000 among which RMB61,165,000 were current and RMB312,986,000 were non-current.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 30 November 2022 the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

4. WORKING CAPITAL

The Directors, after due and careful considerations, are of the opinion that, after taking into account the financial resources presently available to the Group, including the internally generated funds, the currently available banking and credit facilities (including the newly signed framework facilities) and the effects of the Disposal, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of publication of this circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As at the Latest Practicable Date, the Group was principally engaged in property development and property investment in the PRC. Other operations as carried out by the Group mainly include property management services, property sales agency services, as well as upfitting services.

As disclosed in the 2022 interim report of the Company for the six months ended 30 June 2022, economic growth in China faced unprecedented pressure as a result of the novel coronavirus pandemic and international situation on the first half of 2022, with both residents' consumption capacity and investment forecast on the decline. As the Central Government's measures to stabilize growth gradually rolled out, regulatory policies for the real estate industry slowly relaxed. However, the industry in China was not out of the woods yet since the second half of 2021. Many more property enterprises felt the pressures piling up from external financing and internal operating cash flow, and quite a few

defaulted on their debts. Without losing sight of ‘housing for accommodation not speculation’, measures regulating demands for property had been relaxing since March 2022 — the Central Government lowered the minimum interest rate for individual’s housing loan, local governments adopted city-specific policies, 175 cities adopted measures including relaxation of purchase, reducing the requisite down payment and giving allowance for home purchase. These measures, however, were not enough to counteract the adverse effects on demand due to lower income forecast, concern for delivery and declining property price expectations. Customers were losing confidence and holding back, hence the market continued to be sluggish. Sales of commodity housing in China in the first six months of 2022 dropped by 28.9% year-on-year, and enterprises suffered huge pressure in cash collection. In terms of financing, the Central Government’s regulatory body announced the need to ‘support reasonable demands for financing by property enterprises’, ‘maintain the stable and orderly release of real estate development loans’ and etc. However, while the industry had yet to turn around, financial institutions were reluctant to take risks and thus financing continued to deteriorate. In the first half of 2022, the total financing of 100 typical property enterprises dropped 53% year-on-year, net cash outflow from financing activities in the industry continued. In the second half of 2022, while upholding the predominant theme of ‘housing for accommodation not speculation, city-specific adaptation’, policies regulating the industry would be expected to further ease off measures controlling supply and demand, and speed up construction of affordable rental housing. As the effects of the policies appear and stock of new properties in core cities reaches the lowest in two years, it is hoped that the market may continue with the mild recovery since May 2022. However, it all takes time and clearance is not over yet.

In the mid to long term, the future of the industry is clear and bright as it goes towards a new stage of substantial, sustainable and healthy development with a virtuous circle. The real estate industry is still the pillar of national economy, maintaining a scale of over RMB10 trillion. The industry is forever reinventing itself and will always exist. Departing from the mode of ‘high risk, high profit, high turnover’, the real estate industry in China is going into a sustainable mode of ‘medium risk, medium profit, medium turnover’. Property enterprises will compete in product quality, customer service, and health and safety. The prospect is promising.

Upon closing of the Aggregated Transaction, the Group will continue to be principally engaged in property development and property investment in the PRC. The Directors believe that the Property Holdco Disposal allows the Group to refine the structure of its assets and represents a valuable opportunity for the Group to crystallise the value and accelerate the return of its investment towards the development of the Property at a considerable profit. The Property Holdco Disposal will also generate substantial cash inflow to the Group, thereby replenishing its working capital and will lower the leverage ratio and refine the financial indicators of the Group. Further, the PM Disposal will allow the SOSH Group, which forms part of the Group, to recoup its investment towards the PM Co so as to redeploy its resources to other investments or business of the SOSH Group and allows the SOSH Group to better allocate its resources among other investments and/or business.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent valuer, in connection with its opinion of value of the Property as at 31 October 2022.



27th Floor, One Island East
Taikoo Place, 18 Westlands Road
Quarry Bay, Hong Kong

19 January 2023

The Directors
Sino-Ocean Group Holding Limited
Suite 601, One Pacific Place
88 Queensway
Hong Kong

Dear Sirs,

Re: Sino-Ocean Taikoo Li Chengdu, The Temple House and parts of Pinnacle One, No. 9 plot in East Avenue, Jinjiang District, Chengdu, Sichuan Province, the People's Republic of China (the "Property")

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with your instructions for Cushman & Wakefield Limited ("C&W") to value the captioned property in the People's Republic of China (the "PRC") in which Sino-Ocean Group Holding Limited (the "Company") together with its subsidiaries (collectively the "Group") have interests, we confirm that we have inspected the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of such Property as at 31 October 2022 (the "Valuation Date").

VALUATION BASIS

Our valuation of the Property represents its market value which in accordance with The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors is defined as 'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'.

Our valuation of the Property is on an entirety interest basis.

VALUATION ASSUMPTIONS

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

We confirm that we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of The Hong Kong Limited and The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors.

In the course of our valuation of the Property, we have relied on the information and advice given by the Company and the Company's PRC legal adviser (the "**Legal Adviser**"), Jincheng Tongda & Neal Law Firm, regarding the titles to the Property and the interests of the Company in the Property in the PRC. Unless otherwise stated in the legal opinion provided for the Property in the PRC, in valuing the Property, we have assumed that the Company has an enforceable title to the Property and has free and uninterrupted rights to use, occupy or assign the Property for the whole of the respective unexpired land use term as granted.

The status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the valuation report.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

VALUATION METHODS

In valuing the retail, office and car park portions of the Property, we have used Investment Method by capitalising the rental income derived from the existing tenancies, if any, with due provision for the reversionary potential of each constituent portion of the Property at appropriate capitalisation rates. Transactions involving large scale properties of the same nature and tenancy structure in the same district are not frequent. On the other hand, as the majority portions of the Property generate or are able to generate rental income from letting arrangements and such rental comparables are more readily available, we consider Investment Method, which is also commonly used in valuing properties of similar use type, to be the best method to value these property portions.

When using Investment Method, we have mainly made reference to lettings within the subject property as well as other relevant comparable rental evidences of properties of similar use type subject to appropriate adjustments including but not limited to location, accessibility, age, quality, trade mix, size, time and other relevant factors.

The capitalisation rates adopted in our valuation are based on our analyses of the yields of properties of similar use type after due adjustments. Such capitalisation rates are estimated with reference to the yields generally expected by the market for comparable properties of similar use type, which implicitly reflect the type and quality of the properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors. The capitalisation rates adopted are reasonable and in line with the market norm having regard to the analysed yields of transactions of the relevant use type.

Due to scarcity of transactions of hotel properties, we have not relied on Market Comparison Method. On the other hand, as the hotel and serviced apartment portions of the Property have been operated for a certain period of time with proven historical trading records, we consider Discounted Cash Flow (“DCF”) Method, which is a commonly adopted and widely acceptable method for valuing hotel properties, to be the most appropriate method to value these property portions. DCF Method involves discounting future net cash flow after operation-related and property-related capital taxes (i.e. net operating income) of the Property for a certain forecast period and the anticipated net operating income receivable thereafter being capitalised at an appropriate terminal capitalisation rate until the end of the respective unexpired land use term to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for an investment of this type. We have prepared the cash flow forecast for 10 years with reference to the current and anticipated market conditions.

The discount rate adopted in DCF Method reflects the rate of return required by a third party investor for an investment of similar use type. In determining the discount rate which reflects the inherent risks associated with investment in the Property, we take into consideration compensation for risks inherent in future cash flows, inflation, revenue growth, our understanding of the return expected by investors for similar properties as well as the level of discount rates used in valuations of similar types of properties. The discount rate adopted is reasonable and in line with the market norm having regard to the relevant analyses.

In determining the terminal capitalisation rate for assessing the terminal value, we have had due regard, among other things, to (i) our analyses of known sales transactions of properties of similar use types, or (ii) where transactions of properties of similar use types are not available, the discount rate we have adopted, our forecasted change in revenue over the 10-year forecast period, and the duration of the remaining land use term of the Property. The terminal capitalisation rate adopted is reasonable and in line with the market norm having regard to the relevant analyses.

MARKET VOLATILITY

The outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may

fluctuate rapidly and materially over a short period of time. Our valuation of the Property is valid only at the Valuation Date and any subsequent changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

SOURCE OF INFORMATION

We have accepted advice given by the Company on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of guest rooms and car parking spaces, facilities, particulars of occupancy, rental incomes and revenue, site and floor areas, interest attributable to the Company and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents of the Property provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise you to make reference to the original Chinese editions of the documents and consult the Legal Adviser regarding the legality and interpretation of these documents.

TITLE INVESTIGATION

We have been provided with extracts of documents relating to the titles of the Property, but no title searches have been made. Moreover, we have not inspected the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the Property and we have therefore relied on the advice given by the Company or the Company's Legal Adviser regarding the interests of the Company in the Property.

SITE INSPECTION

Tia Zhou, Valuer of our Chengdu Office, inspected the exterior and, where possible, the interior of the Property on 28 January 2022. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the Property is free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the documents handed to us are correct.

CURRENCY

Unless otherwise stated, all monetary sums stated in our valuation are in Renminbi (“RMB”), the official currency in the PRC.

INDEPENDENCE

We hereby confirm that C&W and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the Property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

INTENDED USE OF REPORT

This valuation report is issued for the use of the Company for regulatory disclosure purpose.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited

Grace S.M. Lam
MRICS, MHKIS, RPS (GP)
Senior Director
Valuation & Advisory Services, Greater China

Note: Ms. Grace S.M. Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2022																
Sino-Ocean Taikoo Li Chengdu, The Temple House and parts of Pinnacle One, No. 9 plot in East Avenue, Jinjiang District, Chengdu, Sichuan Province, the PRC 中國四川省成都市錦江區東大街9號地塊、遠洋太古里(成都)、博舍及睿東中心部份寫字樓	<p>The composite development comprises a retail complex, an office tower, a serviced apartment building, a hotel and car parking spaces erected on several pieces of land.</p> <p>The development was completed in between 2014 and 2018. Portions of the completed development have been sold. The subject property therefore contains the unsold portions of the development.</p> <p>The development is situated in the core area of the central business district of Chengdu and is connected to one of the entrances to the mass rail transit.</p> <p>According to the information provided by the Company, the gross floor area of the Property is as follows:</p>	<p>As at the Valuation Date, parts of the retail development, held for investment, with a total lettable floor area of approximately 73,410 sq.m. were subject to various tenancies or letters of intent with the latest one due to expire in November 2030 at a total monthly rent of approximately RMB61,000,000.</p> <p>The remainders of the retail portions were vacant.</p> <p>The office portions were held for owner-occupation.</p> <p>The car parking spaces, held for investment, were let on monthly or hourly bases.</p> <p>The hotel and serviced apartment were operated and managed by the owner.</p>	<p>RMB12,748,000,000</p> <p>(RENMINBI TWELVE BILLION SEVEN HUNDRED AND FORTY EIGHT MILLION)</p> <p>(50% interest attributable to the Company: RMB6,374,000,000)</p>																
	<table border="1"> <thead> <tr> <th>Uses</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>122,163.950</td> </tr> <tr> <td>Office</td> <td>3,160.140</td> </tr> <tr> <td>Hotel</td> <td>18,256.370</td> </tr> <tr> <td>Serviced apartment</td> <td>10,206.060</td> </tr> <tr> <td>Car park</td> <td>58,832.780</td> </tr> <tr> <td>Others</td> <td>24,839.960</td> </tr> <tr> <td>Total</td> <td>237,459.260</td> </tr> </tbody> </table>	Uses	Gross Floor Area (sq.m.)	Retail	122,163.950	Office	3,160.140	Hotel	18,256.370	Serviced apartment	10,206.060	Car park	58,832.780	Others	24,839.960	Total	237,459.260		
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Serviced apartment	10,206.060																		
Car park	58,832.780																		
Others	24,839.960																		
Total	237,459.260																		
	<p>The land use rights of the Property have been granted for terms due to expire on 20 February 2051 for commercial use, commercial and financial uses, and public services and amenities.</p>																		

Notes:

- (1) According to various Realty Title Certificates, the realty title of portions of the Property has been vested in 成都銀港置業有限公司 (Chengdu Yin Gang Real Estate Company Limited) (“Yin Gang”) and/or 成都乾豪置業有限公司 (Chengdu Qianhao Real Estate Company Limited) (“Qianhao”) for terms due to expire on 20 February 2051 with key details as follows:

Certificate No.	Portion	Owner	Apportioned Site Area* (sq.m.)	Gross Floor Area (sq.m.)
(2020) 0097371	Block 1 commercial	Qianhao	1,045.17	1,758.80
(2020) 0097479	Block 2 commercial	Qianhao	986.96	1,917.17
(2020) 0097442	Block 3 commercial	Qianhao	1,029.23	1,934.67
(2020) 0097459	Block 4 commercial	Yin Gang	936.72	2,187.62
(2020) 0097454	Block 5 commercial	Yin Gang	913.24	1,943.42
(2020) 0097452	Block 6 commercial	Yin Gang	612.94	1,505.13
(2020) 0097449	Block 7 commercial	Yin Gang	676.67	1,857.16
(2020) 0097467	Block 8 commercial	Yin Gang	1,064.70	2,537.41
(2020) 0097598	Block 9 commercial	Yin Gang	902.25	2,540.04
(2020) 0097350	Block 10 commercial	Qianhao	647.57	1,619.50
(2020) 0097320	Block 11 commercial	Qianhao	544.81	1,508.89
(2020) 0097345	Block 12 commercial	Qianhao	792.96	2,191.82
(2020) 0097335	Block 13 commercial	Qianhao	1,199.21	2,788.53
(2020) 0097346	Block 14 commercial	Qianhao	472.73	919.90
(2020) 0097418	Block 15 commercial	Qianhao	966.94	2,087.48
(2020) 0097622	Block 16 commercial	Qianhao	948.88	2,265.31
(2020) 0097357	Block 17 commercial	Qianhao	1,504.90	3,385.65
(2020) 0097358	Block 18 commercial	Qianhao	468.79	977.21
(2020) 0097208	Block 19 commercial	Qianhao	1,689.13	3,556.86
(2020) 0073056	Block 20 commercial	Qianhao	784.49	1,963.26
(2020) 0097378	Block 21 commercial	Qianhao	1,385.14	2,778.15
(2020) 0097292	Block 22 commercial	Qianhao	636.17	1,553.77
(2020) 0097391	Block 23 commercial	Qianhao	1,455.85	3,467.08
(2020) 0097430	Block 24 commercial	Qianhao	1,478.35	3,591.96
(2020) 0097476	Block 25 commercial	Qianhao	1,499.40	3,128.18
(2020) 0097383	Block 26 commercial	Qianhao	825.34	1,933.75
(2020) 0097373	Block 27 commercial	Qianhao	1,184.97	2,763.79
(2020) 0097429	Block 28 commercial	Qianhao	608.85	641.88
(2018) 0005887	Block 28 commercial	Qianhao	1,318.94	3,911.34
(2018) 0005921	Block 29 commercial	Qianhao	299.81	815.30
(2018) 0196757	Block 30 commercial	Qianhao	1,038.09	1,976.03
(2020) 0040337	Hotel	Qianhao	5,748.26	27,865.20
(2020) 0034767	Car parking	Qianhao	29,380.38	58,832.78
(2020) 0034822	Underground commercial and storage	Qianhao	3,470.32	6,948.83
(2020) 0035991/ (2020) 0035992	Underground commercial	Qianhao/ Yin Gang	27,012.56	54,088.54
Total			95,530.72	215,742.41

Realty Title Certificates of substantial portions of the Property have been obtained. As advised by the Group, those non-income generating portions of the Property such as amenities, ancillary facilities etc. would not be issued with individual Realty Title Certificates.

- (2) According to Building Ownership Certificate No. 4357096 registered on 23 March 2015, the building ownership of the enlarged office portions of the Property with a gross floor area of 98,820.08 sq.m. has been vested in 成都乾豪置業有限公司 (Chengdu Qianhao Real Estate Company Limited).

*As advised by the Company, the majority portions of the office spaces have been subsequently sold and delivered to other parties leaving behind 3,160.140 sq.m. for owner occupation. Therefore the scope being valued is less than the areas stipulated in the above Building Ownership Certificate.

- (3) We have been provided with a legal opinion issued by the Company's Legal Adviser, which contains, *inter alia*, the following information:

(a) 成都乾豪置業有限公司 (Chengdu Qianhao Real Estate Company Limited) and 成都銀港置業有限公司 (Chengdu Yin Gang Real Estate Company Limited) have legally obtained and are the legal owners of the land use rights of the Property;

(b) 成都乾豪置業有限公司 (Chengdu Qianhao Real Estate Company Limited) and 成都銀港置業有限公司 (Chengdu Yin Gang Real Estate Company Limited) have obtained all approvals and permissions for obtaining the land use rights of the Property;

(c) 成都乾豪置業有限公司 (Chengdu Qianhao Real Estate Company Limited) and 成都銀港置業有限公司 (Chengdu Yin Gang Real Estate Company Limited) have fully settled the land premium;

(d) 成都乾豪置業有限公司 (Chengdu Qianhao Real Estate Company Limited) and 成都銀港置業有限公司 (Chengdu Yin Gang Real Estate Company Limited) are entitled to legally occupy, use and lease the land use rights and the Property; and

(e) The Property is subject to a legal charge for a term loan commencing on 25 January 2021 and expiring on 24 January 2031.

- (4) In the course of our valuation, we have adopted capitalisation rates ranging from 6% to 6.5% having regard to analysis of the rates of return of relevant market segment which indicate yields ranging mostly from 6% to 7% for commercial premises. We have adopted a discount rate of 9% in valuing the hotel and serviced apartment portions.

We have made reference to the prevailing room rate and occupancy rate of hotels of similar calibre in the range of RMB1,000–RMB1,500 per night and 20%–40% subject to the scale of the hotel, respectively.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Graval Consulting Limited, an independent valuer, in connection with its opinion of value of the PM Sale Stakes as at 30 September 2022.



Graval Consulting Limited
Unit 2401-02, 24/F
Shui On Centre
6-8 Harbour Road
Hong Kong

19 January 2023

The Board of Directors
Sino-Ocean Group Holding Limited, Sino-Ocean Service Holding Limited
Suite 601
One Pacific Place
88 Queensway
Hong Kong

Dear Sirs/Madams,

Re: Valuation of 50% Equity Interest in 成都乾豪物業服務有限公司 (the “**Target Company**”)

In accordance with your instructions, we have conducted a valuation of the Market Value (as defined below) of 50% equity interest in the Target Company. The Target Company is a private company incorporated in the People’s Republic of China (the “**PRC**”) which is principally engaged in the provision of property management services in the PRC. We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value as at 30 September 2022 (the “**Valuation Date**”).

This report states the purpose of valuation, premise of value, company profile, sources of information, describes the investigation and analysis, methodology and assumptions of our valuation, limiting conditions, remarks, and presents our opinion of value.

1. PURPOSE OF VALUATION

Graval Consulting Limited (“**Graval**”) acknowledges that this report is being solely prepared for the directors and management of Sino-Ocean Group Holding Limited and Sino-Ocean Service Holding Limited (collectively referred to as the “**Clients**”) for public documentation purpose only and this valuation report will be appended into a circular of Sino-Ocean Group Holding Limited.

We must state that this report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

2. PREMISE OF VALUE

Our valuation has been prepared in accordance with the International Valuation Standards published by the International Valuation Standards Council, which states that valuations undertaken for inclusion in financial statements shall be provided to meet the requirement of the financial reporting standards that are applicable, including the Hong Kong Financial Reporting Standards and the Hong Kong Accounting Standards.

Our valuation is based on the going concern premise and conducted on a basis of market value (“**Market Value**”) which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

3. COMPANY PROFILE

3.1. Background of the Clients

Sino-Ocean Group Holding Limited is an investment holding company principally engaged in property development and property investment in the PRC. It engaged in property development in Beijing Region, Bohai Rim Region, Eastern Region, Southern Region, Central Region and Western Region. It operates its business through two major segments: property development and property investment.

Sino-Ocean Service Holding Limited is a PRC-based company mainly engaged in property management related businesses. It mainly operates through three sectors: the property management and commercial operational service sector, the community value-added service sector, and the non-property owner value-added services sector. It mainly conducts business within the PRC.

3.2. Background of the Target Company

The Target Company is a limited liability company incorporated in the PRC in 2014. The Target Company is a joint venture indirectly owned as to 50% by Sino-Ocean Service Holding Limited and 50% by Swire Properties Limited as at the Valuation Date. It is principally engaged in the provision of property management services to a retail-led mixed-use development known as Sino-Ocean Taikoo Li (Chengdu) located at Jinjiang District, Chengdu, the PRC.

4. SOURCES OF INFORMATION

We relied on the following major documents and information in our valuation analysis. Some of the information and materials are furnished by the management of the Clients and/or their representatives (the “**Management**”). Other information is extracted from public sources such as government sources, the website of The Stock Exchange of Hong Kong Limited and Bloomberg.

The major documents and information include but not limited to the following:

- Company background and business description of the Target Company;
- Legal documentations of the Target Company;
- Historical financial information of the Target Company including income statements and balance sheets; and
- Financial and economic data sourced from Bloomberg.

In the course of our valuation, we had discussion with the Management on the industry and business development of the Target Company. Furthermore, we have made reference to or reviewed the above information and data and assumed such information and data are true, accurate and complete without independent verification except as expressly described herein. However, we consider that we have obtained adequate information from the sources described above to provide a reliable opinion of value.

We must emphasise that the realisation of the prospective financial information is dependent on the continuing validity of the assumptions on which it is based. Actual results are likely to be different from those shown in the prospective financial information because events and circumstances frequently do not occur as expected, and the differences may be material.

5. INVESTIGATION AND ANALYSIS

Our investigation includes our discussion with the Management in relation to the historical performance, prospect, industry and other relevant information of the Target Company. In addition, we have made relevant enquiries and obtained other public sources of financial and business information as we consider necessary for the purpose of this valuation.

The valuation of the Target Company requires consideration of all pertinent factors, which may affect the operations of the business and its ability to generate future investment returns. The factors considered in this valuation include the following:

- Business nature and operations of the Target Company;
- Historical financial and operational information of the Target Company;
- Proposed business development of the Target Company;
- Nature and terms of the relevant agreements, contracts, licenses, permits and rights held by the Target Company;
- Regulations and rules of the relevant industries;
- Economic and industry data affecting the market and other dependent industries;

- Market-derived investment returns of similar businesses; and
- General economic outlook.

6. VALUATION METHODOLOGY

6.1. Valuation Approaches

There are three generally accepted valuation approaches; namely the market, cost, and income approach.

Market Approach

The market approach provides an indication of value by comparing a business entity with identical or comparable (that is similar) assets for which price information is available. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, we will first look for an indication of value from the prices of other similar companies or equity interest in companies that were sold recently.

The right transactions employed in analysing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell. The derived multiples (such as price-to-earnings, price-to-sales and price-to-book ratios) based on the analysis of those transactions are then applied to the fundamental financial variables of the subject business entity to derive an indication of value.

Cost Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for a business entity than the cost to obtain a business entity of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of a business entity and making deductions for physical deterioration and all other relevant forms of obsolescence.

From a valuation perspective, we will restate the values of all types of assets and liabilities of a business entity from book values, i.e. historical cost minus depreciation, to appropriate standards of value. After the restatement, we can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", to arrive at the value of the equity interest of the business entity.

Income Approach

The income approach provides an indication of value by converting future cash flows to a single current value. Under the income approach, the value of a business entity is determined by reference to the value of income, cash flow or cost savings generated by the business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the life of the business entity.

Based on this valuation principle, the income approach estimates the future economic benefits and discounts these benefits to the present value using a discount rate appropriate for the risks associated with realizing those benefits. Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

6.2. Selection of Approach

To select the most appropriate approach, we have considered the purpose of this valuation and the resulting premise of value as well as the availability and reliability of information related to the Target Company to perform this analysis. We have also considered the relative advantages and disadvantages of each approach having regard to the nature and circumstances of the Target Company.

In this valuation, the cost approach is not applied as the valuation of the Target Company is conducted on a going concern basis; therefore, the cost of reproducing and replacing its assets is inappropriate as such method ignores the future economic benefits of the business as a whole. The income approach is inappropriate as this approach requires detailed operational information and long-term financial projections of the Target Company but such information is not available. We have therefore solely relied on the market approach in determining our opinion of value.

There are two common methods under market approach, namely, guideline public company method and guideline transaction method. The guideline transaction method is not adopted due to lack of recent market transactions with similar nature as the Target Company. The valuation of the Target Company was developed through the guideline public company method. The method requires the research of comparable companies' benchmark multiples and selection of an appropriate multiple. In order to compare the profitability of the Target Company with the comparable companies, we have adopted the price-to-earnings ratio ("**P/E Ratio**") under the guideline public company method in our valuation.

7. VALUATION ASSUMPTIONS

7.1. Comparable Search

In searching for the comparable companies, the selection criteria have been adopted as follows:

- Publicly listed in Hong Kong with liquid market trading and sufficient information;
- Principal place of business based in the PRC; and
- Major revenue generated from commercial property management related business.

As sourced from Bloomberg, on best effort basis, an exhaustive list of comparable companies that meets the above criteria is shown below:

Company Name	Bloomberg Stock Code
Riverine China Holdings Limited	1417 HK Equity
Powerlong Commercial Management Holdings Limited	9909 HK Equity
Financial Street Property Co., Limited	1502 HK Equity
Excellence Commercial Property & Facilities Management Group Limited	6989 HK Equity
Xingye Wulian Service Group Co. Ltd.	9916 HK Equity
E-Star Commercial Management Company Limited	6668 HK Equity

7.2. Market Multiples

As sourced from Bloomberg, the trailing P/E Ratios and market capitalizations of the comparable companies as at the Valuation Date are listed in below table:

Company Name	Market Capitalization (USD million)	Trailing P/E Ratio
Riverine China Holdings Limited	56.75	14.62
Powerlong Commercial Management Holdings Limited	270.26	3.98
Financial Street Property Co., Limited	111.81	6.41
Excellence Commercial Property & Facilities Management Group Limited	427.51	5.53
Xingye Wulian Service Group Co. Ltd.	41.27	5.98
E-Star Commercial Management Company Limited	175.42	7.24

We observed that there was a difference in company size among the Target Company and the selected comparable companies. Larger companies usually have lower risks because of their business scale and stability. This implies that the market's expected rate of return for larger companies are lower and they are valued at higher pricing multiples usually. Therefore, we considered adjusting the multiples appropriate.

The trailing P/E Ratio of each comparable company was adjusted using the following formula:

$$\text{Adjusted P/E Ratio} = \frac{1}{\left(\frac{1}{\text{P/E Ratio}} + \theta\right)}$$

θ = Difference in size premium between the Target Company and the comparable company (sourced from Kroll Cost of Capital Navigator)

For the parameter θ , it was used as an adjustment to reflect the difference in size between the comparable companies and the Target Company. The size premiums of the Target Company and the comparable companies were respectively extracted from Kroll Cost of Capital Navigator, based on their market capitalizations. Then, the size premium differentials were adopted to capture the size difference between the Target Company and the comparable companies.

The trailing P/E Ratios sourced from Bloomberg were adjusted for difference in company size in the table below:

Company Name	Trailing P/E Ratio	θ	Adjusted P/E Ratio
Riverine China Holdings Limited	14.62	0%	14.62 (outlier)
Powerlong Commercial Management Holdings Limited	3.98	8.83%	2.94
Financial Street Property Co., Limited	6.41	0%	6.41
Excellence Commercial Property & Facilities Management Group Limited	5.53	9.07%	3.68
Xingye Wulian Service Group Co. Ltd.	5.98	0%	5.98
E-Star Commercial Management Company Limited	7.24	4.83%	5.36
Average (excluding the outlier)			4.88

7.3. Discount for Lack of Marketability (“DLOM”)

The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner chooses to sell. The DLOM reflects the fact that there is no ready market for shares in privately held companies which are typically not readily marketable compared to similar interest in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

We have adopted the DLOM of 25.60% in this valuation, based on our Black-Scholes option pricing model.

7.4. Calculation Details

Based on the parameters above and proposed dividends of Renminbi (“RMB”) 60,000,000 that the Target Company plans to pay its shareholders (“**Proposed Dividend Distribution**”), the calculation is shown as follows:

	Parameter	Unit	Formula	Input
a.	Net profit of the Target Company (excluding non-recurring items) from January to September 2022	RMB		43,523,593
b.	Trailing 12-month net profit	RMB	(a)/9 x 12	58,031,458
c.	Adjusted P/E Ratio			4.88
d.	Equity value before adjustments	RMB	(b) x (c)	283,028,803
e.	Less: Proposed Dividend Distribution	RMB		60,000,000
f.	100% equity value before DLOM	RMB	(d) – (e)	223,028,803
g.	Adjustment for DLOM			(1–25.60%)
h.	100% equity value after DLOM	RMB	(f) x (g)	165,925,598
i.	50% equity value after DLOM	RMB		82,962,799
j.	Rounded value	RMB		83,000,000

Note: Dollar amounts are rounded to the nearest integer.

7.5. General Assumptions

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value. The following key assumptions have been made in this valuation:

- The valuation was primarily based on the historical financial information provided to us. Non-recurring items (such as revenues and expenses regarding car park sales and renovation) were excluded from deriving the net profit from January to September 2022;
- The Proposed Dividend Distribution was considered in the valuation;

- To continue as a going concern, the Target Company has, or will have, the resources (financial, human and physical) needed to successfully carry out current and future business operations;
- The information made available to us by the Clients is truthful, accurate and without any hidden or unexpected conditions associated with the Target Company that might adversely affect the reported values;
- Interest rates and exchange rates in the localities for the operations of the Target Company will not differ materially from those presently prevailing;
- The contractual parties of the relevant agreements will act in accordance with the terms and conditions of the agreements and understandings between the parties and the relevant agreements will be renewable upon expiry, if applicable;
- All relevant consents, business certificates, licenses or other legislative or administrative approvals from any local, provincial or national government, or private entity or organization required to operate in the localities where the Target Company operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- There will be no major changes in the political, legal, technological, economic or financial conditions and taxation laws in the localities in which the Target Company operates or intends to operate, which would adversely affect the business of the Target Company.

8. LIMITING CONDITIONS

Our conclusion of the value is derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. No opinion is intended to be expressed for matters which require legal, audit or other specialised expertise, which is out of valuers' capacity.

In preparing this report, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Clients and/or their representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the truth and accuracy of such information. Our report was used as part of the analysis of the Clients in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of our derived value rests solely with the Clients.

Public industry and statistical information have been obtained from the sources that we deem to be reputable. However, we make no representation as to the accuracy and completeness of such information, and have accepted the information without any verification.

The Management has reviewed and agreed on the report, and confirmed the basis, assumptions, calculations and results are appropriate and reasonable. The use of and/or the validity of the report is subject to the terms of proposal and the full settlement of the fees and all the expenses.

We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported result. Further, we assume no responsibility for changes in market conditions, government policy or other events after the Valuation Date. We cannot provide assurance on the achievability of the results estimated by the Clients and/or the Target Company because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecast results is dependent on actions, plans and assumptions of the Management.

We have not investigated the title to or any legal liabilities of the Target Company and have assumed no responsibility for the title to the Target Company.

In accordance with our standard practices, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. Furthermore, the report and conclusion of value are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of value represents the consideration based on information furnished by the Clients and other sources. No responsibility is accepted to any third party for the whole or any part of its contents.

Save as and except for the purpose stated above, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Actual transactions involving the valuation subject might be concluded at a higher or lower value, depending upon the circumstances of the transaction, and the knowledge and motivation of the buyers and sellers at that time.

9. REMARKS

Our opinion of value is presented in RMB unless otherwise stated.

We hereby confirm that we have neither present nor prospective interests in the Target Company, the Clients and their associated companies or the value reported herein.

10. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, we are of the opinion that the Market Value of 50% equity interest in the Target Company as at the Valuation Date was stated as **RMB83,000,000 (RENMINBI EIGHTY-THREE MILLION ONLY)**.

Respectfully submitted,
For and on behalf of
GRAVAL CONSULTING LIMITED

Kelvin C.H. Chan, *CFA, FCCA, RICS Registered Valuer, MRICS*
Chairman

Analysed and reported by : **Terry S.W. Hui**, *CFA, FRM, MRICS*
Director

: **Marvin T.Y. Chan**
Senior Analyst

Mr. Kelvin C.H. Chan is a Chartered Financial Analyst (CFA) Charterholder, a chartered member of the Royal Institution of Chartered Surveyors (RICS) and a fellow member of the Association of Chartered Certified Accountants (ACCA). He has been working in the financial industry since 1996, with experiences covering the area of corporate banking, equity analysis and business valuation.

Mr. Terry S.W. Hui holds the CFA designation, the Financial Risk Manager (FRM) designation and a membership of RICS. He has over 10-year experience in providing valuation and related advisory services to listed and private companies of different industries in the PRC, Hong Kong and Singapore in connection with financial reporting and merger and acquisition.

Mr. Marvin T.Y. Chan obtained his Bachelors' Degree in Business Administration majoring in Finance from the University of Washington. He has been working in the financial industry since 2019, with past experience in asset management, investment advisory, and financial market research.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of the Directors and chief executives in the Company and its associated corporation(s)

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(i) Long position in the Shares and the underlying Shares

Name of Directors	Nature of interest	No. of Shares held (long position)	No. of underlying Shares comprised in share options (Note i)	Total	Approximate percentage in the Company's total issued share capital (Note iv)
Mr. LI Ming	Founder of discretionary trust	127,951,178 (Note ii)	—	127,951,178	1.680%
	Beneficiary of trust	14,914,200 (Note iii)	—	14,914,200	0.196%
	Beneficial owner	65,445,000	75,000,000	140,445,000	1.844%
Mr. WANG Honghui	Beneficial owner	273,295	—	273,295	0.004%
Mr. CUI Hongjie	Beneficial owner	369,571	—	369,571	0.005%
Ms. HUANG Xiumei	—	—	—	—	—
Mr. ZHAO Peng	—	—	—	—	—
Mr. HOU Jun	—	—	—	—	—
Mr. CHEN Ziyang	—	—	—	—	—
Mr. ZHAN Zhong	—	—	—	—	—
Mr. HAN Xiaojing	Beneficial owner	460,000	1,800,000	2,260,000	0.030%
Mr. SUEN Man Tak	Beneficial owner	120,000	1,800,000	1,920,000	0.025%
Mr. WANG Zhifeng	Beneficial owner	120,000	1,800,000	1,920,000	0.025%
Mr. JIN Qingjun	Beneficial owner	120,000	1,800,000	1,920,000	0.025%
Ms. LAM Sin Lai Judy	Beneficial owner	—	1,800,000	1,800,000	0.024%

Notes:

- (i) The share options were granted pursuant to the share option schemes of the Company, the details of which are set out in the section headed “SHARE OPTION SCHEMES OF THE COMPANY” in the 2022 interim report of the Company dated 31 August 2022.
- (ii) The 127,951,178 Shares are held by a discretionary trust of which Mr. LI Ming is the founder.
- (iii) The 14,914,200 Shares are held by a discretionary trust of which Mr. LI Ming, his spouse and his son are the beneficiaries.
- (iv) Calculated based on the Company’s total number of issued Shares of 7,616,095,657 Shares as at the Latest Practicable Date.

(ii) Long position in the shares of associated corporation(s) of the Company

Name of Director	Name of associated corporation	Nature of Interest	No. of ordinary shares of associated corporation held (long position)	Approximate percentage of total issued share capital of associated corporation (Note)
Mr. WANG Honghui	Gemini Investments (Holdings) Limited	Beneficial owner	132,000	0.021%

Note: Calculated based on Gemini Investments (Holdings) Limited’s total number of issued ordinary shares of 635,570,000 shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests of the substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO, the persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholders	Capacity	Long/short position	No. of Shares held	Approximate percentage in the Company's total issued share capital (Note iii)
China Life Insurance (Group) Company ("China Life Insurance Group") (Note i)	Interest of controlled corporation	Long	2,253,459,151	29.59%
Dajia Insurance Group Co., Ltd.* (大家保險集團有限責任公司) ("Dajia Insurance Group") (Note ii)	Interest of controlled corporation	Long	2,252,646,115	29.58%

Notes:

- (i) The 2,253,459,151 Shares were registered in the name of, and beneficially owned by, China Life. China Life Insurance Group was interested in 68.37% of China Life. China Life Insurance Group was deemed to be interested in these Shares by virtue of the SFO.
- (ii) The 2,252,646,115 Shares were registered in the name of, and beneficially owned by, Dajia Life Insurance. Dajia Insurance Group was interested in 99.98% of Dajia Life Insurance. Dajia Insurance Group was deemed to be interested in these Shares by virtue of the SFO.
- (iii) Calculated based on the Company's total number of issued Shares of 7,616,095,657 Shares as at the Latest Practicable Date.
- (iv) As at the Latest Practicable Date, each of the following Directors was a director and/or an employee of the aforementioned Shareholders:

Name of Directors	Position(s) held
Ms. HUANG Xiumei	Management of China Life Insurance Group's subsidiary(ies)
Mr. ZHAO Peng	An assistant general manager and board secretary of Dajia Insurance Group and a director of Dajia Life Insurance
Mr. HOU Jun	The deputy general manager of the investment management department of China Life Insurance Group
Mr. CHEN Ziyang	The chief investment officer and general manager of the investment management department of Dajia Insurance Group
Mr. ZHAN Zhong	The vice president of China Life

Save as disclosed herein, as at the Latest Practicable Date, the Directors were not aware of any other person (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which was not determinable by the employer within one year without payment of any compensation (other than statutory compensation).

4. INTERESTS IN ASSETS AND CONTRACTS AND COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which was significant in relation to the business of the Group, and none of the Directors was directly or indirectly interested in any assets which had been, since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

5. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who have given advice, letter, report or opinion for incorporation and as contained in this circular:

Name	Qualification
Cushman & Wakefield Limited	Independent professional valuer
Graval Consulting Limited	Independent professional valuer

As at the Latest Practicable Date, each of the experts identified above had no shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the experts identified above had no direct or indirect interests in any assets which had been, since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the experts identified above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report and references to its name in the form and context in which they are included.

6. LITIGATION

So far as the Directors were aware, as at the Latest Practicable Date, no member of the Group was involved in any litigation or claim of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Group) were entered into by members of the Group within the two years immediately preceding the issue of this circular which are or may be material:

- (a) the cooperation framework agreement dated 18 July 2021 entered into by Sino-Ocean Holding Group (China) Limited (遠洋控股集團(中國)有限公司) (“**Sino-Ocean China**”) (a wholly-owned subsidiary of the Company), Fortune Joy Ventures Limited (瑞喜創投有限公司) and Tianjin Yuanpu Enterprise Management Consulting Co., Ltd.* (天津遠璞企業管理諮詢有限公司) in relation to the capital contribution by Sino-Ocean China (or its subsidiary(ies) or fellow subsidiary(ies)) to Active Growth Ventures Limited (動發創投有限公司), details of which are set out in the announcement of the Company dated 18 July 2021;
- (b) the sale and purchase agreement dated 13 October 2021 entered into among Fast Fame Capital Investment Limited (迅榮創富有限公司) (a wholly-owned subsidiary of the Company), Sino-Ocean China, Jade Fortune Global Limited (翠運環球有限公司), Beijing Yuanrui Enterprise Management Consulting Co., Ltd.* (北京遠睿企業管理諮詢有限公司) and Beijing Skyriver CBD Property Co., Ltd.* (北京天江通睿置業有限公司) (the “**Project Company**”) in relation to the disposal of (i) the entire issued share capital of Super Goal Development Limited (崇高發展有限公司) (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, details of which are set out in the announcement and circular of the Company dated 13 October 2021 and 24 November 2021, respectively;
- (c) the subscription agreement between New Shine Global Limited (新耀環球有限公司) (the “**Sponsor Limited Partner**”) (a wholly-owned subsidiary of the Company), and Brilliant Day Limited (卓日有限公司) (the “**General Partner**”) in relation to the investment in Sino-Ocean Prime Office Partners I LP (the “**Partnership**”) by

the Sponsor Limited Partner executed by the Sponsor Limited Partner on 13 October 2021 which was subsequently dated 10 December 2021 (being the date of closing of the Partnership) by the General Partner, details of which are set out in the announcement and circular of the Company dated 13 October 2021 and 24 November 2021, respectively;

- (d) 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 of the Partnership (other than Soaring City Limited (騰城有限公司) (the “**Special Limited Partner**”))) and the Special Limited Partner in relation to the Partnership, details of which are set out in the announcement and circular of the Company dated 13 October 2021 and 24 November 2021, respectively;
- (e) the subscription agreement dated 19 November 2021 entered into between (i) Jovial Step International Limited (樂階國際有限公司) (“**Jovial Step**”) (a wholly-owned subsidiary of the Company), (ii) Sino-Ocean Logistics Property Holding Limited (遠洋物流地產控股有限公司) (the “**Logistics Property Company**”) and (iii) Ocean Thrive Global Limited (海昌環球有限公司) in relation to the subscription by Jovial Step of 30,000 shares in the Logistics Property Company, representing 30% of the enlarged issued share capital thereof, details of which are set out in the announcement of the Company dated 19 November 2021;
- (f) a subscription agreement dated 29 December 2021 entered into between Big Profit Creation Limited (巨利創建有限公司) (“**Big Profit**”) (a wholly-owned subsidiary of the Company) and Sino-Ocean Yuntai Data Technology Co., Limited (遠洋雲泰數據科技有限公司) (the “**Target IDC Company**”) (a non wholly-owned subsidiary of the Company), in relation to the subscription by Big Profit of certain shares in the Target IDC Company, representing approximately 24.83% of the enlarged issued share capital thereof, details of which are set out in the announcement of the Company dated 29 December 2021;
- (g) a framework agreement dated 12 August 2022 entered into between (i) Ocean Homeplus Property Service Corporation Limited* (遠洋億家物業服務股份有限公司) (the “**Purchaser**”) (a non wholly-owned subsidiary of the Company), and (ii) Dalian Sky-Upright Property Limited* (大連正乾置業有限公司) (a wholly-owned subsidiary of the Company) and Sino-Ocean Capital Limited* (遠洋資本有限公司) (collectively, the “**Vendors**”) in relation to the acquisition by the Purchaser of 50% equity interests in Tianjin Xihe Supply Chain Services Co., Ltd.* (天津熙合供應鏈服務有限公司) from each of the Vendors, details of which are set out in the joint announcement of the Company and Sino-Ocean Service dated 12 August 2022;
- (h) the First Master Agreement;
- (i) the Second Master Agreement; and

- (j) the Third Master Agreement.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.sinooceangroup.com) and the Stock Exchange (www.hkexnews.hk) from the date of this circular until 14 days thereafter:

- (a) the First Master Agreement;
- (b) the Second Master Agreement;
- (c) the Third Master Agreement;
- (d) the valuation report of the Property, the text of which is set out in Appendix II to this circular;
- (e) the valuation report of the PM Sale Stakes, the text of which is set out in Appendix III to this circular;
- (f) the letters of consent from the experts identified in the section headed “QUALIFICATION AND CONSENT OF EXPERTS” above in this appendix; and
- (g) this circular.

9. GENERAL

- (a) The registered office of the Company is Suite 601, One Pacific Place, 88 Queensway, Hong Kong.
- (b) The principal place of business of the Company is 31–33 Floor, Tower A, Ocean International Center, 56 Dongsihuanzhonglu, Chaoyang District, Beijing, PRC.
- (c) The company secretary of the Company is Mr. SUM Pui Ying who is a fellow member of Hong Kong Institute of Certified Public Accountants and a fellow member of The Institute of Chartered Accountants in England and Wales.
- (d) The Company’s share registrar is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (e) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail over its Chinese text.