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DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN A PROPERTY DEVELOPMENT COMPANY IN THE PRC

THE ACQUISITION

The Board is pleased to announce that on 8 February 2023, following completion of the bidding process through the Shandong Property Right Exchange Center, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Property Right Transaction Agreement with the Seller, pursuant to which the Purchaser has agreed to acquire, and the Seller has agreed to sell, the entire equity interests in the Target Company and the Seller's Loan at an aggregate consideration of RMB1,584,414,201.

The Target Company is a state-owned enterprise established under the laws of the PRC. Its principal asset is the Land situated at the Beihu Core Area, Jinan City, Shandong Province, the PRC with a total land area of 137,504 sq.m. and a total gross floor area of approximately 534,600 sq.m. for residential and commercial purposes.

Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company, and the financial results of the Target Company will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition pursuant to the Property Right Transaction Agreement exceed(s) 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

The Board is pleased to announce that on 8 February 2023, following completion of the bidding process through the Shandong Property Right Exchange Center (山東產權交易中心), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Property Right Transaction Agreement with the Seller, pursuant to which the Purchaser has agreed to acquire, and the Seller has agreed to sell, the entire equity interests in the Target Company and the Seller's Loan at an aggregate consideration of RMB1,584,414,201.

Sino-Ocean Group Holding Limited

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

Stock Code : 03377

The principal terms of the Property Right Transaction Agreement are set out below.

THE PROPERTY RIGHT TRANSACTION AGREEMENT

Date

8 February 2023

Parties

- (1) the Purchaser, a wholly-owned subsidiary of the Company, as purchaser; and
- (2) the Seller, as seller.

Subject matter

Pursuant to the Property Right Transaction Agreement, the Purchaser has agreed to purchase, and the Seller has agreed to sell, the entire equity interests in the Target Company and the Seller's Loan.

The Target Company is a state-owned enterprise established under the laws of the PRC. Its principal asset is the Land situated at the Beihu Core Area, Jinan City, Shandong Province, the PRC with a total land area of 137,504 sq.m. and a total gross floor area of approximately 534,600 sq.m. for residential and commercial purposes. Further information on the Target Company is set out in the section headed "INFORMATION ON THE TARGET COMPANY" in this announcement.

Consideration and payment terms

The aggregate consideration for the Acquisition is RMB1,584,414,201, of which RMB1 is the consideration for the entire equity interests in the Target Company and RMB1,584,414,200 is the consideration for the Seller's Loan. The consideration for the Seller's Loan represents the dollar-for-dollar amount of the Seller's Loan.

The Consideration shall be paid by the Purchaser in the following manners:

- (i) the first instalment amount of the Consideration is RMB475,324,261 (representing approximately 30% of the Consideration), in respect of which the earnest money in the amount of RMB475,324,260, which has been paid to the Shandong Property Right Exchange Center for participating in the bidding process, will be applied towards partial payment of the first instalment and the balance of RMB1 shall be paid to the designated bank account of the Shandong Property Right Exchange Center within three business days from the date of issuance of the property right transaction certificate (產權交易憑證) in respect of the Acquisition by the Shandong Property Right Exchange Center; and
- (ii) the remaining balance in the amount of RMB1,109,089,940 shall be paid within three months from the date of the Property Right Transaction Agreement. The interest accrued during such period shall be calculated and paid based on the prevailing bank loan rate.

The Consideration together with accrued interest will be funded by internal resources of the Group and/or external financing.

In deciding to submit the tender for the Acquisition at the Consideration (being the minimum bidding price), the Group took into account a number of factors including, among other things, the assets and liabilities values of the Target Company, the costs incurred by the Target Company in respect of the Land (including the acquisition costs and relevant taxes), the prevailing market price of acquisitions of comparable land parcels in the vicinity of the Land, the current property market conditions and the strategic location and development potential of the Land.

Completion

Pursuant to the terms of the Property Right Transaction Agreement, within five business days after receipt of the property right transaction certificate in respect of the Acquisition to be issued by the Shandong Property Right Exchange Center, the parties shall complete the registration for changes in property rights with the relevant authorities.

INFORMATION ON THE TARGET COMPANY

The Target Company is a state-owned enterprise established under the laws of the PRC. Its principal business is property development and its principal asset is the Land situated at the Beihu Core Area, Jinan City, Shandong Province, the PRC with a total land area of 137,504 sq.m. and a total gross floor area of approximately 534,600 sq.m. for residential and commercial purposes.

Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company, and the financial results of the Target Company will be consolidated into the financial statements of the Group.

Set out below is the financial information of the Target Company prepared in accordance with the PRC Accounting Standards for Business Enterprises:

	From 18 September 2021 (being the date of establishment of the Target Company) to 31 December 2021 (audited)	For the year ended 31 December 2022 (unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss before taxation	1,381	1,731
Net loss after taxation	1,381	1,731

As at 31 December 2022, the unaudited net liability value of the Target Company was approximately RMB3,112,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition will enable the Group to acquire the entire equity interests in the Target Company, which holds the land use rights of the Land. The Group intends to develop residential and commercial properties for sale on the Land. In view of the location and the designated use of the Land, the Board considers that the Acquisition offers a good opportunity for the Group to enhance its presence in Jinan City, the PRC and its portfolio and landbank with a view to bringing about more investment returns for the Shareholders.

Having considered the above, the Directors consider that the terms of the Property Right Transaction Agreement and the transactions as contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY, THE GROUP AND THE PURCHASER

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

The Group is a leading large-scale property developer with developments in key economic regions in the PRC, including the Beijing Region, the Bohai Rim Region, the Eastern Region, the Southern Region, the Central Region and the Western Region. The core businesses of the Group are development of residential property, investment property development and operation, property services and whole-industrial chain construction services, with its scope of businesses also covering senior living service, internet data center, logistics real estate, real estate financing, etc.

The Purchaser is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company. The Purchaser is principally engaged in property development.

INFORMATION ON THE SELLER

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller is a company established under the laws of the PRC with limited liability and is principally engaged in property development and management. The Seller is a wholly-owned subsidiary of Jinan City Construction Group Co., Ltd. (濟南城市建設集團有限公司), which is a state-owned enterprise ultimately owned as to approximately 91.8520% by the SASAC of Jinan People's Government and as to approximately 8.1480% by the Shandong Provincial Department of Finance.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Seller and its ultimate beneficial owners is a third party independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition pursuant to the Property Right Transaction Agreement exceed(s) 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire equity interests in the Target Company and the Seller’s Loan by the Purchaser from the Seller pursuant to the Property Right Transaction Agreement
“Board”	the board of Directors
“Company”	Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03377)
“Consideration”	RMB1,584,414,201, being the aggregate consideration for the Acquisition
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	four parcels of land situated at the Beihu Core Area, Jinan City, Shandong Province, the PRC (中國山東省濟南市北湖核心區) with a total land area of 137,504 sq.m. and a total gross floor area of approximately 534,600 sq.m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Property Right Transaction Agreement”	the property right transaction agreement dated 8 February 2023 and entered into between the Purchaser and the Seller in relation to the Acquisition

“Purchaser”	Beijing Yuanshengchang Real Estate Development Co., Ltd.* (北京遠盛昌房地產開發有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission
“Seller”	Shandong Detian Real Estate Co., Ltd.* (山東德天置業有限公司), a company established under the laws of the PRC with limited liability
“Seller’s Loan”	a loan owing by the Target Company to the Seller (inclusive of interest) in the amount of RMB1,584,414,200
“Shareholder(s)”	shareholder(s) of the Company
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shandong Detian Jiaye Real Estate Co., Ltd.* (山東德天嘉業置業有限公司), a company established under the laws of the PRC with limited liability
“%”	per cent

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

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

Hong Kong, 8 February 2023

As at the date of this announcement, the Board comprises Mr. LI Ming, Mr. WANG Honghui and Mr. CUI Hongjie as executive Directors; Ms. HUANG Xiumei, Mr. ZHAO Peng, Mr. HOU Jun, Mr. CHEN Ziyang and Mr. ZHAN Zhong as non-executive Directors; and Mr. HAN Xiaojing, Mr. SUEN Man Tak, Mr. WANG Zhifeng, Mr. JIN Qingjun and Ms. LAM Sin Lai Judy as independent non-executive Directors.

* For identification purposes only