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## **DISCLOSEABLE TRANSACTION IN RELATION TO THE SALE AND LEASEBACK ARRANGEMENTS**

### **THE SALE AND LEASEBACK ARRANGEMENTS**

On 24 February 2023, (i) Guangdong Ruihe, a non wholly-owned subsidiary of the Company, as lessee entered into the Ruihe Agreements with Chengtong Financial Leasing as lessor; and (ii) Nanfang Yuntai, a non wholly-owned subsidiary of the Company, as lessee entered into the Yuntai Agreements with Chengtong Financial Leasing as lessor, pursuant to which Chengtong Financial Leasing will purchase the Leased Assets from the relevant Lessee and such Leased Assets will be leased back to the relevant Lessee for a term of five years, subject to early termination in accordance with the terms and conditions of the relevant Sale and Leaseback Agreements.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Sale and Leaseback Arrangements as contemplated under the Sale and Leaseback Agreements on an aggregated basis exceed(s) 5% but are all less than 25%, the Sale and Leaseback Arrangements constitute 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.

### **INTRODUCTION**

On 24 February 2023, (i) Guangdong Ruihe, a non wholly-owned subsidiary of the Company, as lessee entered into the Ruihe Agreements with Chengtong Financial Leasing as lessor; and (ii) Nanfang Yuntai, a non wholly-owned subsidiary of the Company, as lessee entered into the Yuntai Agreements with Chengtong Financial Leasing as lessor, pursuant to which Chengtong Financial Leasing will purchase the Leased Assets from the relevant Lessee and such Leased Assets will be leased back to the relevant Lessee for a term of five years, subject to early termination in accordance with the terms and conditions of the relevant Sale and Leaseback Agreements. The principal terms of the Sale and Leaseback Arrangements are set out below.

## **THE SALE AND LEASEBACK ARRANGEMENTS**

### **Subject matter**

In each of the Sale and Leaseback Arrangements, subject to the fulfilment of the conditions as set out in the relevant Sale and Leaseback Agreements (including but not limited to the provision of all necessary documents or information by the Lessees evidencing their ownerships in the Leased Assets, the obtaining of all necessary approvals by the Lessees in relation to the Sale and Leaseback Arrangements, the payment of the security money by the Lessees, and the signing and the coming into effect of the security agreements), Chengtong Financial Leasing will purchase the Leased Assets from the relevant Lessee and such Leased Assets will be leased back to the relevant Lessee for a term of five years commencing from the date on which the Purchase Price in respect of the relevant Leased Assets is paid by Chengtong Financial Leasing ("**Lease Term**"), subject to early termination in accordance with the terms and conditions of the relevant Sale and Leaseback Agreements.

If any of the conditions under the relevant Sale and Leaseback Agreement(s) is not satisfied on or before 24 April 2023, Chengtong Financial Leasing shall have the right to unilaterally terminate the relevant Sale and Leaseback Agreement(s).

### **Purchase Price**

The Purchase Price was agreed between the relevant Lessee and Chengtong Financial Leasing with reference to the appraised value of the relevant Leased Assets as assessed by way of cost method by an independent professional PRC valuer.

### **Legal title of the Leased Assets**

Chengtong Financial Leasing owns the legal title of the Leased Assets during the Lease Term.

### **Lease payments**

The total amount of lease payments over the Lease Term in respect of each Sale and Leaseback Arrangement shall be paid by the relevant Lessee to Chengtong Financial Leasing in accordance with the payment schedule as set out in the relevant Sale and Leaseback Agreements.

The total amount of lease payments in respect of each Sale and Leaseback Arrangement represents the sum of the relevant lease principal amount (being the amount of the relevant Purchase Price to be paid by Chengtong Financial Leasing) and the lease interests which will be calculated on the then outstanding lease principal amount with a floating interest rate to be determined at a fixed premium over the relevant LPR from time to time.

The lease interest rate will be subject to review on 1 January every year during the Lease Term. In the event that the relevant LPR changes, the lease interest rate will be adjusted to a rate at the aforesaid fixed premium over the new LPR, except in the case where the relevant Lessee has overdue lease payment and have not paid all overdue payments and liquidated damages, the interest rate to be applied will not be adjusted when the relevant LPR is reduced.

The interest rate applicable to each of the Sale and Leaseback Arrangements (including the applicable LPR and the premium) is one of the major commercial terms negotiated between the parties on an arm's length basis and may vary on a case-by-case basis depending on a number of factors, such as the relevant amount of lease principal, the lease term, the overall return rate attained by Chengtong Financial Leasing taking into account the aggregate amount of lease interests and other receivables (if any), the prevailing market conditions and the movement of the LPR.

### **Lessee's right to repurchase the Leased Assets**

Upon the Lessee(s) having paid all the lease payments and other payables (if any) to Chengtong Financial Leasing in accordance with the terms of the relevant Sale and Leaseback Agreements, the Lessee(s) shall have the right to repurchase the relevant Leased Assets under the relevant Sale and Leaseback Agreements at a nominal consideration of RMB1.00.

### **Credit enhancement measures**

Each of Guangdong Ruihe and Nanfang Yuntai will pay a security money to Chengtong Financial Leasing for the performance of its obligations under the Ruihe Arrangement and the Yuntai Arrangement respectively. The amount of the security money was determined on a case-by-case basis after evaluating the background and creditability etc. of the relevant Lessee. If the relevant Lessee fails to fully perform any obligation under the relevant Sale and Leaseback Arrangement, Chengtong Financial Leasing has the right to apply the security money to set off against any amount owed to it in the following order: liquidated damages, other payables including but not limited to damages (if any), outstanding and prospective lease payments and repurchase price. If the Lessee has fully performed all its obligations under the relevant Sale and Leaseback Arrangement, Chengtong Financial Leasing shall return the security money to it upon its presentation of the receipt(s) of the security money.

For further details of other credit enhancement measures available for each of the Sale and Leaseback Arrangements, please refer to the table below.

## Material terms of each of the Sale and Leaseback Arrangements

The general terms and conditions of each of the Sale and Leaseback Arrangements are substantially the same. Their respective key terms are summarised as follows:

	<b>Ruihe Arrangement</b>	<b>Yuntai Arrangement</b>
<b>Date of the relevant Sale and Leaseback Agreements</b>	24 February 2023	24 February 2023
<b>Lessor</b>	Chengtong Financial Leasing	Chengtong Financial Leasing
<b>Lessee</b>	Guangdong Ruihe	Nanfang Yuntai
<b>Leased Assets</b>	<ul style="list-style-type: none"> <li>(i) Certain diesel generator sets for data centre, switch control cabinets, containers and ancillary equipment and facilities</li> <li>(ii) Certain system equipment for data centre, external power equipment and ancillary equipment and facilities</li> </ul>	<ul style="list-style-type: none"> <li>(i) Certain diesel generator sets for data centre, combined system cabinets, drain pumps and ancillary equipment and facilities</li> <li>(ii) Certain system equipment for data centre, external power engineering and ancillary equipment and facilities</li> </ul>
<b>Purchase Price</b>	RMB225 million	RMB250 million
<b>Appraised value of the Leased Assets</b>	Approximately RMB232.86 million as at 31 October 2022	Approximately RMB265.47 million as at 31 October 2022
<b>Lease Term</b>	Five years	Five years
<b>Interest rate</b>	Floating interest rate, which is determined at a fixed premium over the five-year LPR from time to time	Floating interest rate, which is determined at a fixed premium over the five-year LPR from time to time
<b>Lease payments</b>	Approximately RMB253.46 million, payable in 20 quarterly instalments during the Lease Term	Approximately RMB281.62 million, payable in 20 quarterly instalments during the Lease Term
<b>Credit enhancement measures</b>	<ul style="list-style-type: none"> <li>(i) Security money of RMB4.14 million to be paid by Guangdong Ruihe;</li> <li>(ii) Irrevocable guarantee from Beijing Yuntai and SOG China;</li> <li>(iii) Receivables pledge created by Guangdong Ruihe and Beijing Yuntai; and</li> <li>(iv) Share pledge created by Beijing UNIQcloud over the entire equity interest in Guangdong Ruihe</li> </ul>	<ul style="list-style-type: none"> <li>(i) Security money of RMB4.60 million to be paid by Nanfang Yuntai;</li> <li>(ii) Irrevocable guarantee from Beijing Yuntai and SOG China;</li> <li>(iii) Receivables pledge created by Nanfang Yuntai and Beijing Yuntai; and</li> <li>(iv) Share pledge created by Beijing UNIQcloud over the entire equity interest in Nanfang Yuntai</li> </ul>

## **FINANCIAL EFFECTS AND USE OF PROCEEDS**

It is expected that according to the Hong Kong Financial Reporting Standards, the transaction as contemplated under the Sale and Leaseback Arrangements shall be accounted for as financing arrangements and therefore would not have any significant immediate effect on the earnings of the Group for the year ending 31 December 2023.

The funding from the Sale and Leaseback Arrangements would be used for replenishing the working capital of the Group and refinancing existing financing arrangements.

## **REASONS FOR AND BENEFITS OF THE SALE AND LEASEBACK ARRANGEMENTS**

The Sale and Leaseback Arrangements are financing arrangements that would enable the Group to further optimise its cash flows and extend the Group's financing channels, thereby further replenishing the working capital of the Group, while allowing the Group to continue to utilise the Leased Assets at the same time.

Having considered the above, the Directors consider that the terms of the Sale and Leaseback Agreements and the Sale and Leaseback Arrangements 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, SOG CHINA, BEIJING UNIQLLOUD, BEIJING YUNTAI AND THE LESSEES**

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.

SOG China is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

Beijing UNIQLoud is a company established under the laws of the PRC with limited liability and a non wholly-owned subsidiary of the Company. It is principally engaged in the business of operation of internet data centre(s).

Beijing Yuntai is a company established under the laws of the PRC with limited liability and is controlled by Beijing UNIQLoud through contractual arrangement. It is a licenced company set up by Beijing UNIQLoud for operation of internet data centre(s).

Guangdong Ruihe is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Beijing UNIQLoud. It is principally engaged in the business of operation of internet data centre(s).

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Nanfang Yuntai is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Beijing UNIQLoud. It is principally engaged in the business of operation of internet data centre(s).

## **INFORMATION ON CHENGTONG FINANCIAL LEASING**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Chengtong Financial Leasing is a company established under the laws of the PRC with limited liability and is principally engaged in leasing business. Chengtong Financial Leasing is a wholly-owned subsidiary of China Chengtong Development Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00217). China Chengtong Development Group Limited and its subsidiaries are principally engaged in leasing, bulk commodity trade, property development and investment, marine recreation services and hotel business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Chengtong Financial Leasing and its ultimate beneficial owner 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 Sale and Leaseback Arrangements as contemplated under the Sale and Leaseback Agreements on an aggregated basis exceed(s) 5% but are all less than 25%, the Sale and Leaseback Arrangements constitute 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:

"Beijing UNIQLoud"	Beijing UNIQLoud Technology Co., Ltd.* (北京雲泰數通互聯網科技有限公司), a company established under the laws of the PRC with limited liability and a non wholly-owned subsidiary of the Company
"Beijing Yuntai"	Beijing Yuntai Datacom Internet Technology Co., Ltd.* (北京雲泰數通互聯網科技有限公司), a company established under the laws of the PRC with limited liability and an entity controlled by Beijing UNIQLoud through the contractual arrangement
"Board"	the board of Directors
"Chengtong Financial Leasing"	Chengtong Financial Leasing Company Limited* (誠通融資租賃有限公司), a company established under the laws of the PRC with limited liability
"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)

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“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangdong Ruihe”	Guangdong Ruihe Cloud Technology Co., Ltd.* (廣東瑞和雲科技有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Beijing UNIQloud
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Term”	has the meaning ascribed to it under the section headed “THE SALE AND LEASEBACK ARRANGEMENTS — Subject matter” in this announcement
“Leased Assets”	the leased assets under the Ruihe Arrangement and/or the Yuntai Arrangement (as the case may be)
“Lessees”	collectively, Guangdong Ruihe and Nanfang Yuntai
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPR”	the loan prime rate as promulgated by the National Interbank Funding Center under the authority of the People’s Bank of China
“Nanfang Yuntai”	Nanfang Yuntai Internet Technology Co., Ltd.* (南方雲泰互聯網科技有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Beijing UNIQloud
“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
“Purchase Price”	the consideration payable by Chengtong Financial Leasing for the purchase of the Leased Assets from the relevant Lessee
“RMB”	Renminbi, the lawful currency of the PRC
“Ruihe Agreements”	collectively, two sets of the agreements in respect of two batches of leased assets, all dated 24 February 2023 and signed between Guangdong Ruihe and Chengtong Financial Leasing, namely, (1) leaseback assets transfer agreement, and (2) finance lease agreement (sale and leaseback)
“Ruihe Arrangement”	the sale and leaseback arrangement under the Ruihe Agreements
“Sale and Leaseback Agreements”	collectively, the Ruihe Agreements and the Yuntai Agreements
“Sale and Leaseback Arrangements”	collectively, the Ruihe Arrangement and the Yuntai Arrangement

“Shareholder(s)”	shareholder(s) of the Company
“SOG China”	Sino-Ocean Holding Group (China) Limited (遠洋控股集團(中國)有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yuntai Agreements”	collectively, two sets of the agreements in respect of two batches of leased assets, all dated 24 February 2023 and signed between Nanfang Yuntai and Chengtong Financial Leasing, namely, (1) leaseback assets transfer agreement, and (2) finance lease agreement (sale and leaseback)
“Yuntai Arrangement”	the sale and leaseback arrangement under the Yuntai Agreements
“%”	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, 27 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*