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## INSIDE INFORMATION

### INFORMATION UPDATE ON CORPORATE BONDS OF A SUBSIDIARY

(Stock code: 03377)

(Debt stock codes: 5782, 5869, 5276, 5623, 40115, 40670, 40760, 5202)

This announcement is made by Sino-Ocean Group Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) and Rule 37.47B(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the inside information announcement of the Company dated 18 July 2023 (the “**Announcement**”) relating to risk warning regarding and suspension of trading of the Corporate Bonds (also known as the “**18 Sino-Ocean 01**”) issued by Sino-Ocean Holding Group (China) Limited (遠洋控股集團(中國)有限公司) (“**SOG China**”), a wholly-owned subsidiary of the Company. Capitalised terms used herein shall have the same meanings as defined in the Announcement unless otherwise defined.

The Board hereby informs the Shareholders, holders of debt securities of the Group and potential investors of the following updates on the Corporate Bonds:

#### **BACKGROUND ON PROPOSED ADJUSTMENT OF REPAYMENT ARRANGEMENT FOR THE CORPORATE BONDS**

As mentioned in the Announcement, the repayment date of the Corporate Bonds is 2 August 2023 and the principal and interest are payable on 2 August 2023.

Since the first half of 2023, the Group has all along comprehensively arranged the repayment of public debts that are due during the year with the sales and operating plan, the feasibility of debts rolling financing and the asset disposal plan. However, the liquidity has not improved as expected. Since the second quarter of 2023, affected by industry performance and the pace of the launch of its own property projects, the Group’s sales and cash collection remained weak, and coupled with various capital supervision measures, the Group’s available funds on its books continued to decrease, and the simultaneous advancement of the implementation of the disposal of assets is also subject to greater uncertainty. In terms of financing, the refinancing of the Group’s credit bonds continued to stagnate and it has become increasingly difficult to draw down normal project financing. For the above reasons, the Group’s overall liquidity is under high

pressure, and it is relatively difficult to repay the Corporate Bonds in full on time. SOG China intends to negotiate with the holders of the Corporate Bonds to adjust the repayment arrangement for the Corporate Bonds.

## **PRODUCTION AND OPERATION OF THE GROUP**

From 2022 to the first half of 2023, the Group has taken a number of countermeasures to ensure the settlement of debts in the open market and the delivery of properties, including but not limited to enhancing sales, accelerating cash collection, disposal of assets and control and reduction of expenses.

In 2022, the Group completed contracted sales of approximately RMB100.29 billion and delivered a total of 55,000 units of properties. In the first half of 2023, the Group completed contracted sales of approximately RMB35.66 billion and delivered 16,000 residential units. However, on a year-on-year comparison, the contracted sales for 2022 and the first half of 2023 decreased by 26% and 17% respectively, and the average price of contracted sales declined by 8% and 23% respectively, and sales performance continued to constrain the operating cash inflow.

Since 2022, the Group has made every effort to facilitate the disposal of assets, realising the sale of high-quality assets in core cities such as Beijing and Chengdu, the People's Republic of China (the "PRC"), with returning funds of over RMB10 billion for liquidity improvement and property project delivery. Since 2023, the Group has still been endeavouring to promote the sale of potential projects. However, as market buyers are gradually decreasing, the disposal of assets has become more difficult with longer cyclical periods, and the implementation of the disposal is subject to a certain degree of uncertainty.

In facing the challenges in operating and financing cash inflow, the Group stringently controlled overhead expenses (including measures such as salary cuts for the senior management team and staff downsizing) and adjusted the pace of investment and land acquisition in a timely manner. With policy support such as the "16 Articles on Finance", the Group sought to roll over part of its non-public market debts and strived to ensure that its public market debts were repaid on schedule. From 2022 to the first half of 2023, the Group's cumulative net repayment in the public market exceeded RMB20 billion.

Since July 2023, under the situation that industry sales performance continued to go weak, the Group has been in failed attempts to raise funds by various means, and available funds on its books were nearly used up, so it was relatively difficult to repay the Corporate Bonds in full on time.

## **RESPONSE MEASURES AND CONVENING OF A MEETING OF THE HOLDERS OF THE CORPORATE BONDS**

As mentioned in the Announcement, SOG China will maintain communication with the holders of the Corporate Bonds, hold a meeting of the holders of the Corporate Bonds, negotiate a diversified debt resolution plan, and protect and safeguard the legitimate rights and interests of its investors. SOG China has maintained close communication with the holders of the Corporate Bonds, striving to maximise the satisfaction of the rights and interests of the investors within the scope of its ability and properly complete the rollover works.

In this regard, SOG China has published a notice of the meeting of the holders of the Corporate Bonds and a notice of supplementary resolutions on 17 July 2023 and 24 July 2023, respectively, whereby an online meeting of the holders of the Corporate Bonds (the **“Meeting of the Holders of the Corporate Bonds”**) will be convened by SOG China during the period from 27 July 2023 to 29 July 2023 for the purpose of considering matters as detailed below:

**(1) Amending the rules of the meetings of the holders of the Corporate Bonds**

According to the prospectus for public offering of the Corporate Bonds (the **“Prospectus for Public Offering of the Corporate Bonds”**) and the rules for the meetings of the holders of the Corporate Bonds, a notice of a meeting of the holders of the Corporate Bonds shall be given at least 10 working days prior to the convening of a meeting to all holders of the Corporate Bonds and the relevant attendees.

In order to protect the interests of the holders of the Corporate Bonds, and optimise the process of convening the meetings of the holders of the Corporate Bonds, and having taken into consideration the actual situation of SOG China, it is proposed to amend the covenants on the issuance of notice of a meeting 10 working days prior to the convening of a meeting and the relevant legal liabilities, which is proposed to amend as: a notice of a meeting of the holders of the Corporate Bonds shall be given at least 3 working days prior to the convening of a meeting to all holders of the Corporate Bonds and the relevant attendees.

**(2) Adjusting the arrangement for the repayment of principal and interest of the Corporate Bonds and the provision of credit enhancement measures, and adding the terms of a grace period for the repayment of principal and interest of the Corporate Bonds**

In view of the current operating conditions of SOG China and in order to steadily push forward the repayment of principal and interest of the Corporate Bonds, the consent of the holders of the Corporate Bonds is sought to further adjust the arrangement for the repayment of principal and interest of the Corporate Bonds in the following manners, and SOG China undertakes to add the credit enhancement and protection measures in respect of the repayment of the Corporate Bonds as set out below:

- (i) As to the repayment of principal of the Corporate Bonds, the balance of which amounts to RMB2 billion as at the date of this announcement:

In accordance with the covenants on the repayment date of the Corporate Bonds as specified in the Prospectus for Public Offering of the Corporate Bonds, the repayment date of the Corporate Bonds is 2 August 2023. In case of statutory holidays or rest days, it will be postponed to the first trading day thereafter; no additional interest will be accrued on each interest payment.

If approved at the Meeting of the Holders of the Corporate Bonds by vote, the principal repayment period of the Corporate Bonds will be adjusted to twelve months from 2 August 2023 (the “**Repayment Date Adjustment Period**”). The current coupon rate of the Corporate Bonds will remain unchanged during the Repayment Date Adjustment Period (bearing interest at 4.0% per annum). SOG China will repay the principal of the Corporate Bonds during the Repayment Date Adjustment Period after the date of passing the resolutions in accordance with the following arrangements:

- (a) 10% of the principal (i.e. RMB200 million) to be repaid on 2 September 2023;
- (b) 5% of the principal (i.e. RMB100 million) to be repaid on the second day of each of the months in October, November and December 2023 and February and May 2024, i.e. a total of 25% of the principal (i.e. RMB500 million) will be repaid accordingly; and
- (c) the remaining 65% of the principal (i.e. RMB1.3 billion) to be repaid on 2 August 2024.

The above dates are referred to as the “**Repayment Date(s)**”. In case of statutory holidays or rest days, it will be postponed to the first trading day thereafter, and no additional interest will be accrued on the interest payment during the postponed period.

- (ii) As to the repayment of interest of the Corporate Bonds:

In accordance with the covenants on the interest accrual period and interest payment dates as specified in the Prospectus for Public Offering of the Corporate Bonds, the interest accrual period for the Corporate Bonds is from 2 August 2018 to 1 August 2023, and the interest payment date for the Corporate Bonds is 2 August of each year during the interest accrual period. In case of statutory holidays, it will be postponed to the first trading day thereafter.

If approved at the Meeting of the Holders of the Corporate Bonds by vote, the interest payment dates of the Corporate Bonds will be 2 August 2023, 2 September 2023, 2 October 2023, 2 November 2023, 2 December 2023, 2 February 2024, 2 May 2024 and 2 August 2024. The current coupon rate of the Corporate Bonds during the Repayment Date Adjustment Period remains unchanged (bearing interest at 4.0% per annum), and the additional interest is still accrued on the basis of the then balance of the principal amount of the Corporate Bonds to be settled.

Specifically:

- (a) as for the interest (in the amount of RMB80 million) incurred on the Corporate Bonds for the period from 2 August 2022 to 1 August 2023, SOG China will pay in a lump sum on 2 August 2023; and

- (b) as for the interest incurred on the Corporate Bonds for the period from 2 August 2023 to 1 August 2024, SOG China will pay on each Repayment Date (i.e. 2 September 2023, 2 October 2023, 2 November 2023, 2 December 2023, 2 February 2024, 2 May 2024 and 2 August 2024) the interest incurred on the principal of the Corporate Bonds repayable on such Repayment Date from 2 August 2023 to such Repayment Date.

In case of statutory holidays or rest days, it will be postponed to the first working day thereafter, and no additional interest will be accrued on the interest payment during the postponed period.

- (iii) Adding credit enhancement and protection measures for the Corporate Bonds:

If the arrangement for the repayment of principal and interest of the Corporate Bonds under items (i) and (ii) above is approved at the Meeting of the Holders of the Corporate Bonds, SOG China undertakes to add the following credit enhancement and protection measures: SOG China will provide a pledge guarantee for the Corporate Bonds with the revenue rights attached to 50% equity interest in Beijing Yuanxin Real Estate Development Co., Ltd.\* (北京遠新房地產開發有限公司), which is a project company holding a commercial complex in Beijing, the PRC, known as Grand Canal Place, and sign legally valid credit enhancement document(s) and contract(s) by 28 September 2023 (inclusive).

If the aforesaid resolutions on adjusting the arrangement for the repayment of principal and interest of the Corporate Bonds and the provision of credit enhancement measures are considered and approved at the Meeting of the Holders of the Corporate Bonds, such resolutions will be legally binding on all holders of the Corporate Bonds from the date of consideration and approval of such resolutions, and the arrangement for the repayment of principal and interest of the Corporate Bonds and the credit enhancement and protection measures will be adjusted accordingly, whilst the relevant covenants in the relevant public offering documents, such as the Prospectus for Public Offering of the Corporate Bonds, will no longer be applicable. Such adjustment of repayment plan of the Corporate Bonds does not constitute an event of default under the Corporate Bonds.

- (iv) Adding the terms of a grace period for the repayment of principal and interest of the Corporate Bonds:

In view of the current operating conditions of SOG China and in order to steadily push forward the repayment of principal and interest of the Corporate Bonds, the consent of the holders of the Corporate Bonds is sought for a grace period of 15 consecutive trading days to be granted to the dates of repayment of the principal and interest of the Corporate Bonds during its term.

If SOG China makes full repayment of the interest or principal payable of the Corporate Bonds within 15 consecutive trading days from the dates of repayment of the principal and interest during the term of the Corporate Bonds (the "**Grace Period**"), it will not constitute a default on the part of SOG China in respect of the Corporate Bonds. For the avoidance of doubt, SOG China will not be deemed to be in default before the expiry of the Grace Period, no default interest will be imposed during the Grace Period, no

default payment, overdue interest, default interest or other payment will be set up or incurred separately, and interest will continue to be payable at the coupon rate of the Corporate Bonds.

### **(3) Demanding SOG China to fully repay the principal and interest of the Corporate Bonds on schedule**

In accordance with the Prospectus for Public Offering of the Corporate Bonds and the rules for the meetings of the holders of the Corporate Bonds, the convenor of the Meeting of the Holders of the Corporate Bonds has received the following provisional resolution from more than 10% of holders of the Corporate Bonds with voting rights and the trustee manager: "Demanding Sino-Ocean Holding Group (China) Limited to fully repay the principal and interest of the 18 Sino-Ocean 01 bonds on the scheduled date (2 August 2023)".

In this regard, SOG China explains that, in the event that this provisional resolution is finally approved, as SOG China could not make full repayment, there will be a default in respect of the Corporate Bonds. SOG China reminds all bondholders to pay attention to the relevant risks.

### **UNDERTAKING NOT TO EVADE AND REVOKE DEBTS**

The rollover plan in respect of the adjustment of the arrangement for the repayment of the principal and interest of the Corporate Bonds and the provision of credit enhancement measures as well as the addition of terms of a grace period for the repayment of the principal and interest of the Corporate Bonds as set forth above in paragraph (2) of the section of "RESPONSE MEASURES AND CONVENING OF A MEETING OF THE HOLDERS OF THE CORPORATE BONDS" currently provided by SOG China is a plan that could be offered by SOG China after due consideration of the requests of investors and having taken into account its own debt repayment abilities.

In order to protect the legitimate rights and interests of the holders of the Corporate Bonds, SOG China undertakes that it will not evade and revoke debts in respect of the Corporate Bonds. In the event that it is estimated that it will not be able to repay the principal and/or interest of the Corporate Bonds on time, or it will fail to repay the principal and/or interest of the Corporate Bonds on time when they become due, it will formulate a reasonable debt repayment plan and proposal in a timely manner for the consideration of the holders of the Corporate Bonds, and will strictly implement and enforce the debt repayment plan.

SOG China attaches great importance to the risk mitigation of debts and will continue to (amongst others) facilitate sales and accelerate cash collection, dispose of assets and control expenditures in an effort to repay its debts, and it will strictly comply with the provisions and requirements of the relevant laws and regulations, and conscientiously fulfil the information disclosure obligations, and safeguard and maintain the legitimate rights and interests of investors.

Further information of the Corporate Bonds is available on the website of The Shanghai Stock Exchange (<http://www.sse.com.cn>).

Further announcement(s) will be made by the Company as and when required in accordance with the relevant rules and regulations.

**The matters to be considered at the Meeting of the Holders of the Corporate Bonds will be subject to the approval by the holders of the Corporate Bonds. Shareholders, holders of debt securities of the Group and potential investors are advised (i) not to rely solely on the information contained in this announcement and (ii) to exercise caution when dealing in the securities of the Company. When in doubt, Shareholders, holders of debt securities of the Group and potential investors are advised to seek professional advice from professional or financial advisers.**

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

Hong Kong, 25 July 2023

*As at the date of this announcement, the Board comprises Mr. LI Ming, Mr. WANG Honghui, Mr. CUI Hongjie and Ms. CHAI Juan as executive directors; Mr. ZHAO Peng, Mr. ZHANG Zhongdang, Mr. YU Zhiqiang and Mr. SUN Jinfeng as non-executive directors; and Mr. HAN Xiaojing, Mr. JIN Qingjun, Mr. LYU Hongbin, Mr. LIU Jingwei and Mr. JIANG Qi as independent non-executive directors.*