

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

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**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF ASSETS  
AND  
NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser  
to the Independent Board Committee and the Independent Shareholders**



Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise.

A notice convening the EGM to be held at Meeting Room, 2nd Floor, Tower A, No. A518 East Road of Chaoyang Sports Center, Chaoyang District, Beijing, PRC on Wednesday, 11 October 2023 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

A letter from the Board is set out on pages 5 to 26 of this circular. A letter from the Independent Board Committee is set out on pages 27 to 28 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 29 to 55 of this circular.

A form of proxy for use at the EGM is enclosed to this circular and is also published on the websites of the Company ([www.sinooceanservice.com](http://www.sinooceanservice.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). If you intend to appoint a proxy to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (i.e., not later than 10:00 a.m. on Monday, 9 October 2023 (Hong Kong Time)), or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

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## DEFINITIONS

*In this circular, the following expressions have the following meanings unless the context otherwise requires:*

“Abstained Directors”	Mr. Cui Hongjie and Mr. Zhu Xiaoxing, each being a non-executive Director
“Acquisition”	collectively, the Parking Spaces Acquisition and the Commercial Properties Acquisition
“Assets Transfer Framework Agreements”	collectively, the Parking Spaces Transfer Framework Agreement and the Commercial Properties Transfer Framework Agreement
“Board”	the board of Directors
“Commercial Properties Acquisition”	the acquisition by the Ocean Homeplus Group of certain commercial properties from the Sino-Ocean Connected Persons pursuant to the Commercial Properties Transfer Framework Agreement
“Commercial Properties Transfer Framework Agreement”	the commercial properties transfer framework agreement dated 21 July 2023 entered into by Ocean Homeplus (on behalf of each relevant member of the Ocean Homeplus Group) and SOG China (on behalf of each relevant Sino-Ocean Connected Person) in relation to the Commercial Properties Acquisition
“Company”	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 and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 06677)
“Conditions Precedent”	the conditions precedent to the completion of the Acquisition
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Meeting Room, 2nd Floor, Tower A, No. A518 East Road of Chaoyang Sports Center, Chaoyang District, Beijing, PRC on Wednesday, 11 October 2023 at 10:00 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Assets Transfer Framework Agreements and the transactions as contemplated thereunder
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong

## DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board, comprising all the independent non-executive Directors, namely Dr. Guo Jie, Mr. Ho Chi Kin Sammy and Mr. Leung Wai Hung, established for the purpose of advising the Independent Shareholders in respect of the Assets Transfer Framework Agreements and the transactions as contemplated thereunder
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Assets Transfer Framework Agreements and the transactions as contemplated thereunder
“Independent Shareholders”	Shareholders other than Shine Wind and its associates
“Latest Practicable Date”	20 September 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set forth in Appendix 10 to the Listing Rules
“Ocean Homeplus”	Ocean Homeplus Property Service Corporation Limited* (遠洋億家物業服務股份有限公司), a company established under the laws of the PRC with limited liability, which is a wholly-owned subsidiary of the Company
“Ocean Homeplus Group”	Ocean Homeplus and its subsidiaries
“Parking Spaces Acquisition”	the acquisition by the Ocean Homeplus Group of certain parking spaces from the Sino-Ocean Connected Persons pursuant to the Parking Spaces Transfer Framework Agreement
“Parking Spaces Transfer Framework Agreement”	the parking spaces transfer framework agreement dated 21 July 2023 entered into by Ocean Homeplus (on behalf of each relevant member of the Ocean Homeplus Group) and SOG China (on behalf of each relevant Sino-Ocean Connected Person) in relation to the Parking Spaces Acquisition

## DEFINITIONS

“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
“Receivables”	the refundable deposit receivables, which arose from payments of various refundable deposits for potential investments made by the Group to a related party (being a member of the SOGH Group) during the year ended 31 December 2022, due from the SOGH Group (for the avoidance of doubt, excluding the Group) to the Group, the balance of which amounted to RMB626,350,000 as at the Latest Practicable Date, the background and details of which are set out in note 23 to the consolidated financial statements of the Group in the annual report of the Company for the year ended 31 December 2022, and which will be settled in full upon completion of the Acquisition
“Restricted Target Assets”	has the meaning ascribed thereto under the section headed “The Assets Transfer Framework Agreements — Arrangement in relation to certain Target Assets where their land use rights are subject to existing charges” in this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Settlement Agreement”	has the meaning ascribed thereto under the section headed “The Assets Transfer Framework Agreements — Subject matter” in this circular
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company with a par value of HKD0.10 each
“Shareholder(s)”	shareholder(s) of the Company
“Shine Wind”	Shine Wind Development Limited (耀勝發展有限公司), a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of Sino-Ocean Group and a controlling Shareholder
“Sino-Ocean Connected Persons”	SOG China and its subsidiaries, and singly a “Sino-Ocean Connected Person”

## DEFINITIONS

“Sino-Ocean Group”	Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03377), which is a controlling Shareholder
“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
“SOGH Group”	Sino-Ocean Group and its subsidiaries
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	collectively, (i) 4,961 parking spaces under the Parking Spaces Transfer Framework Agreement and (ii) 168 commercial properties under the Commercial Properties Transfer Framework Agreement, and singly a “Target Asset”
“Underlying Transaction Agreements”	has the meaning ascribed thereto under the section headed “The Assets Transfer Framework Agreements — Subject matter” in this circular
“%”	per cent

*In this circular, unless the context otherwise requires, the terms “associate(s)”, “close associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(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



*Executive Directors:*

Mr. Yang Deyong  
Ms. Zhu Geying

*Non-executive Directors:*

Mr. Cui Hongjie  
Mr. Zhu Xiaoxing

*Independent non-executive Directors:*

Dr. Guo Jie  
Mr. Ho Chi Kin Sammy  
Mr. Leung Wai Hung

*Registered office:*

Cricket Square, Hutchins Drive  
PO Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

*Headquarters in the PRC:*

2nd Floor, Tower A  
No. A518 East Road of  
Chaoyang Sports Center  
Chaoyang District  
Beijing, PRC

*Principal place of business in Hong Kong:*

Suite 601, One Pacific Place  
88 Queensway  
Hong Kong

25 September 2023

*To the Shareholders*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO  
THE ACQUISITION OF ASSETS  
AND  
NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the joint announcement of the Company and Sino-Ocean Group dated 21 July 2023 in relation to the Assets Transfer Framework Agreements and the transactions as contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) further details of the Assets Transfer Framework Agreements and the transactions as contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the valuation report of the Target Assets; and (v) other information as required under the Listing Rules, together with a notice of the EGM and the form of proxy.

Sino-Ocean Service Holding Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 06677

## LETTER FROM THE BOARD

### THE ACQUISITION OF ASSETS

On 21 July 2023, Ocean Homeplus (a wholly-owned subsidiary of the Company) (on behalf of each relevant member of the Ocean Homeplus Group) and SOG China (on behalf of each relevant Sino-Ocean Connected Person) entered into the Assets Transfer Framework Agreements, pursuant to which the Ocean Homeplus Group has conditionally agreed to acquire, and the Sino-Ocean Connected Persons have conditionally agreed to sell, the Target Assets at an aggregate consideration of RMB626,350,000, among which the consideration for the Parking Spaces Acquisition and the Commercial Properties Acquisition is RMB473,920,000 and RMB152,430,000, respectively.

The principal terms of the Assets Transfer Framework Agreements are substantially the same, details of which are set out below.

### THE ASSETS TRANSFER FRAMEWORK AGREEMENTS

#### Date

21 July 2023

#### Parties

- (1) Ocean Homeplus (a wholly-owned subsidiary of the Company) (on behalf of each relevant member of the Ocean Homeplus Group); and
- (2) SOG China (on behalf of each relevant Sino-Ocean Connected Person).

#### Subject matter

The Ocean Homeplus Group has conditionally agreed to acquire, and the Sino-Ocean Connected Persons have conditionally agreed to sell, (i) 4,961 parking spaces which are located in the PRC pursuant to the Parking Spaces Transfer Framework Agreement, and (ii) 168 commercial properties (with a total GFA of approximately 12,901 sq.m. in aggregate) which are located in the PRC pursuant to the Commercial Properties Transfer Framework Agreement.

For further details of the Target Assets, please refer to the section headed “Information on the Target Assets” in this circular.

The acquisition of the Target Assets will be carried out by way of (i) (with respect to the target parking spaces in respect of which the direct transfer of property ownership right is not available under PRC laws and regulations) an assignment of the right of use, including the right to occupy, use, benefit from and dispose of the parking spaces; or (ii) (with respect to the target commercial properties) a direct transfer of the property ownership right.

## LETTER FROM THE BOARD

In the PRC, trading in parking spaces can be carried out by the assignment of right of use in the parking spaces where the direct transfer of property ownership right is not available under PRC laws and regulations, for example, existing PRC policies currently only allow the assignment of right of use in some non-air raid shelter parking spaces instead of transfer of property ownership right. If the procedures to transfer property ownership right in the target parking spaces directly can be completed in the future (for example, due to any relaxation of the existing PRC policies), the Sino-Ocean Connected Persons shall actively cooperate with the Ocean Homeplus Group to carry out the transfer of property ownership right in such target parking spaces.

Each of the Assets Transfer Framework Agreements is a framework agreement which contains the principles, mechanisms and terms and conditions upon which the parties thereto are to carry out the Parking Spaces Acquisition and the Commercial Properties Acquisition respectively. Following the signing of the Assets Transfer Framework Agreements, (i) each vendor (being a Sino-Ocean Connected Person) and the respective purchaser (being a member of the Ocean Homeplus Group) shall separately enter into an asset transfer agreement or a right of use transfer agreement (as the case may be) and relevant ancillary documents (collectively, the “**Underlying Transaction Agreements**”) for the purpose of (a) registration of transfer of property ownership right or (b) effecting the assignment of the right of use in the Target Asset(s); and (ii) Ocean Homeplus and SOG China shall, and SOG China shall procure its relevant subsidiary to, enter into a settlement agreement (the “**Settlement Agreement**”) in the form satisfactory to Ocean Homeplus, pursuant to which the consideration for the Acquisition payable by the Ocean Homeplus Group shall be offset against the Receivables in its entirety. In the event the resolution to approve either of the Parking Spaces Transfer Framework Agreement or the Commercial Properties Transfer Framework Agreement is vetoed in the EGM, the Group believes that the outstanding Receivables might not likely be settled in the short-to-medium term in cash but the Group would continue to endeavour to settle the Receivables with the SOGH Group as soon as possible in any event.

The refundable deposits paid by the Group constituting the Receivables were partially funded by proceeds further to the initial public offering of shares of the Company in December 2020 (the “**IPO Proceeds**”) under the business objective of pursuing selective strategic investment and acquisition opportunities as set out in the Company’s prospectus dated 7 December 2020, and such payment was therefore in line with the Company’s business plan, strategy and direction as set out therein. The refundable deposits, to the extent funded by the IPO Proceeds, had been subsequently refunded to the Group, and the outstanding balance of the Receivables, which amounted to RMB626,350,000 as at the Latest Practicable Date, was not funded by the IPO Proceeds.

### **Consideration and payment terms**

The aggregate consideration for the Acquisition is RMB626,350,000, among which the consideration for the Parking Spaces Acquisition and the Commercial Properties Acquisition is RMB473,920,000 and RMB152,430,000, respectively. It was agreed by Ocean Homeplus and SOG China under the Assets Transfer Framework Agreements that the consideration for the Acquisition payable by the Ocean Homeplus Group shall be offset

## LETTER FROM THE BOARD

against the Receivables in its entirety, and thus no separate cash payment will be made by the Ocean Homeplus Group to the Sino-Ocean Connected Persons for the purpose of the Acquisition. The consideration for the Acquisition payable by the Ocean Homeplus Group shall be settled and offset against the Receivables in its entirety (pursuant to which the Receivables will be settled in full) at the time when the delivery of all of the Target Assets has been completed.

The consideration for the Acquisition was determined after arm's length negotiations between the parties to the Assets Transfer Framework Agreements with reference to, among others, (i) the valuation of the Target Assets as at 31 May 2023 in the aggregate amount of RMB894,910,000 (among which the valuation of the target parking spaces under the Parking Spaces Acquisition and the target commercial properties under the Commercial Properties Acquisition as at 31 May 2023 was RMB677,120,000 and RMB217,790,000, respectively), conducted by an independent valuer in the PRC using market comparison method; (ii) the prevailing market prices for the property projects of which the Target Assets form part; (iii) the prevailing market prices for the comparable assets in the proximity; (iv) the prevailing property market conditions; and (v) the bulk purchase arrangement, with a discount of approximately 30% having been applied to the valuation of the Target Assets as at 31 May 2023 for the aggregate amount payable for the Acquisition as agreed by the parties on an arm's length basis.

### Conditions Precedent

Conditions Precedent include:

- (a) completion of legal due diligence on the Target Assets by the Ocean Homeplus Group with the results thereof being satisfactory to the Ocean Homeplus Group;
- (b) all representations, warranties and undertakings made by the Sino-Ocean Connected Persons to the Ocean Homeplus Group under the Assets Transfer Framework Agreements, the Underlying Transaction Agreements and the Settlement Agreement being true, accurate and complete;
- (c) the Underlying Transaction Agreements and the Settlement Agreement having been signed by the relevant parties and taken effect and remaining in full force;
- (d) all necessary internal authorisations and approvals in relation to the Acquisition having been obtained by the Ocean Homeplus Group, including the approval by the Independent Shareholders as required under the Listing Rules;
- (e) all necessary internal authorisations and approvals in relation to the Acquisition having been obtained by the Sino-Ocean Connected Persons;
- (f) if applicable, all necessary governmental and regulatory approvals in relation to the Acquisition having been obtained; and

## LETTER FROM THE BOARD

- (g) with respect to the Target Assets the property ownership right of which is to be transferred and where the transfer of the property ownership right is registrable under the relevant local policies, all application materials required for the registration of transfer of the property ownership right in the Target Assets by the relevant vendors to the relevant purchasers having been prepared and signed by the relevant parties (as required), such that the Ocean Homeplus Group could proceed to apply for the registration of transfer of the property ownership rights to the relevant authorities on its own accord.

The Conditions Precedent as set out in sub-paragraphs (c) to (f) above are not waivable, and the Conditions Precedent as set out in sub-paragraphs (a) to (b) and (g) above are waivable by the Ocean Homeplus Group.

The parties shall use all reasonable endeavours to procure the above Conditions Precedent be fulfilled on or before 31 December 2023 (or such later date to be agreed between the parties to the Assets Transfer Framework Agreements in writing). In the event that any of the Conditions Precedent is not fulfilled (or waived, if applicable) by such date due to any reason attributable to any party to the Assets Transfer Framework Agreements, the non-defaulting party shall have the right to terminate the Assets Transfer Framework Agreements unilaterally.

### **Delivery and completion**

The Target Assets shall be delivered by the relevant vendors to the relevant purchasers on the date on which all of the Conditions Precedent have been fulfilled (or waived, if applicable).

With respect to the Target Assets the property ownership right of which is to be transferred and where the transfer of the property ownership right is registrable under the relevant local policies, the application materials with respect to the registration of transfer of property ownership right in such Target Assets by the relevant vendors to the relevant purchasers shall be submitted to the relevant authorities within 30 business days from the date on which all of the Conditions Precedent have been fulfilled (or waived, if applicable), and the procedures in respect of the registration of transfer of property ownership right in such Target Assets by the relevant vendors to the relevant purchasers shall be completed within 30 days of the submission, and receipt by the relevant authorities, of the respective application materials.

### **Arrangement in relation to certain Target Assets where their land use rights are subject to existing charges**

Under the Parking Spaces Acquisition, the land use rights of the parking spaces from two projects which comprised a total of 727 parking spaces, representing approximately 15% of the total number of target parking spaces (the “**Restricted Target Assets**”), are subject to existing charges. The value of the Restricted Target Assets as at 31 May 2023 as appraised by the independent valuer was RMB47,780,000, whilst the consideration of the Restricted Target Assets is RMB33,440,000, representing approximately 5.34% of the total consideration under the Acquisition. As advised by Cushman & Wakefield Limited, the

## LETTER FROM THE BOARD

independent valuer of the Target Assets, it has taken into account the status of the Restricted Target Assets, in respect of which (as mentioned in detail below) SOG China shall, and shall procure the relevant Sino-Ocean Connected Persons holding the Restricted Target Assets to, use the best commercial endeavours to promptly release such charges to avoid any impact on the resale of such Restricted Target Assets by the Ocean Homeplus Group. The independent valuer made no allowance in the valuation of the Target Assets for any charges, mortgages or amounts owing on the properties when it assessed the appraised value of the Restricted Target Assets, which is in line with common valuation practice. For details of the valuation of the Target Assets, please refer to the valuation report of the Target Assets as at 31 July 2023 as set out in Appendix III to this circular.

Among the Restricted Target Assets, 287 parking spaces are subject to an existing charge with a term ending on 7 January 2024 (with the mortgage amount of the land use rights of the property project of which they form part being approximately RMB238 million), and the remaining 440 parking spaces are subject to an existing charge with a term ending on 30 June 2024 (with the mortgage amount of the construction in progress of the property project of which they form part being approximately RMB394.9 million). If the liabilities pertaining to the charges in respect of the Restricted Target Assets are settled in accordance with the corresponding obligations and in their entirety, the charges in respect of the Restricted Target Assets would be released accordingly. Due to the restrictions by local PRC governments on the transfer of parking spaces, the acquisition of the Restricted Target Assets will take the form of transfer of rights of use to the Group. As advised by the PRC legal adviser of the Company, upon completion of the Acquisition and so long as the Group has the rights of use over the Restricted Target Assets, albeit there being existing charges, the Group is permitted under PRC laws to transfer such rights of use to other parties, provided that the relevant PRC laws and relevant policies regarding the transfer of parking spaces for residential projects in the PRC are complied with, and that such parking spaces should be offered to the owners of the corresponding residential property projects of which the Restricted Target Assets form part on a priority basis.

Pursuant to the Parking Spaces Transfer Framework Agreement, SOG China shall, and shall procure the relevant Sino-Ocean Connected Persons holding the Restricted Target Assets to, use the best commercial endeavours to promptly release such charges to avoid any impact on the resale of such Restricted Target Assets by the Ocean Homeplus Group. Any taxation and expenses arising from such release of charges shall be borne by the relevant Sino-Ocean Connected Persons. In the event of the relevant charges not being able to be discharged by the respective deadlines on 7 January 2024 or 30 June 2024 due to the exercise of rights over the existing charges over the Restricted Target Assets by the relevant creditors resulting from any payment default on the part of the relevant Sino-Ocean Connected Persons, which in turn leads to the Ocean Homeplus Group not being able to possess, benefit from or dispose of the Restricted Target Assets, the Ocean Homeplus Group has the right to request the Sino-Ocean Connected Persons to replace the Restricted Target Assets with other parking spaces or alternate assets of identical value and to the satisfaction of the Ocean Homeplus Group, and any costs or taxation incurred therefrom shall be borne by SOG China. To the extent any replacement of the Restricted Target Assets with other parking spaces or alternate assets of identical value triggers requirements under the Listing Rules, the Company will re-comply with such Listing Rules and further

<b>LETTER FROM THE BOARD</b>
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announce accordingly. Further, SOG China shall fully indemnify the Ocean Homeplus Group of any losses arising from the exercise of rights over the existing charges over the Restricted Target Assets by the relevant creditors.

In view of (i) the relatively small percentage of the Target Assets which are subject to existing charges whose total consideration represents only approximately 5.34% of the total consideration under the Acquisition; (ii) the saleability of the Restricted Target Assets before the release of the charges; and (iii) the contractual provisions explained above which serve to minimise any impact on the saleability of the Restricted Target Assets and protect the Group from any risk of default on the part of SOG China and the relevant Sino-Ocean Connected Persons in securing the release of such charges, the Group believes that the acquisition of the Restricted Target Assets is fair and reasonable and in the interest of the Company and the Shareholders.

### INFORMATION ON THE TARGET ASSETS

The Target Assets comprise (i) 4,961 parking spaces located at the Beijing Region, the Bohai Rim Region and the Eastern Region in the PRC, and (ii) 168 commercial properties located at the Bohai Rim Region and the Western Region in the PRC (with a total GFA of approximately 12,901 sq.m. in aggregate). The property ownership right and/or right of use (as the case may be) of the Target Assets are held by the Sino-Ocean Connected Persons. As the Target Assets form part of the property projects developed by the SOGH Group, no original acquisition cost for the Target Assets is available. During the two years ended 31 December 2021 and 2022, the relevant financial information in relation to the Target Assets is as follows:

	<b>For the year ended 31 December 2021 (unaudited) (RMB'000)</b>	<b>For the year ended 31 December 2022 (unaudited) (RMB'000)</b>
<b>Net profit before taxation</b>		
Target parking spaces under the Parking Spaces Acquisition	46	—
Target commercial properties under the Commercial Properties Acquisition	75	517
Total (i.e. all Target Assets)	121	517
<b>Net profit after taxation</b>		
Target parking spaces under the Parking Spaces Acquisition	35	—
Target commercial properties under the Commercial Properties Acquisition	56	388
Total (i.e. all Target Assets)	91	388

## LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors having made reasonable enquiries, as the Target Assets are inventories of the SOGH Group which are held and intended for sale, no large-scale leasing activities regarding the Target Assets have been carried out by the SOGH Group, and the Sino-Ocean Connected Persons had only leased out a small portion of the Target Assets (being (i) sporadic parking spaces of some property projects; and (ii) some small ground-level stores) over the two years ended 31 December 2021 and 2022. As such, the rental income generated by the Target Assets (as set out in detail below under the paragraphs headed “Summary of Tenancy Information”) was low when compared to the value of the Target Assets as at 31 May 2023 as appraised by an independent professional valuer (i.e. RMB894,910,000). Notwithstanding the low rental income generated by the Target Assets, given (i) that the consideration for the Acquisition was determined after arm’s length negotiations between the parties to the Assets Transfer Framework Agreements with reference to the factors as set out in the above section headed “The Assets Transfer Framework Agreements — Consideration and payment terms”, including but not limited to the valuation of the Target Assets as appraised by an independent valuer, (ii) the factors which have been taken into account in selecting the Target Assets as set out in the below section headed “Reasons for and Benefits of the Acquisition”, and (iii) that the Target Assets are to be acquired by the Group for purpose of resale instead of generating rental income, the Acquisition and its consideration are fair and reasonable and in the interest of the Company and the Shareholders.

To the best knowledge, information and belief of the Directors having made reasonable enquiries, although the Target Assets are inventories of the SOGH Group held for sale, which therefore no large scale leasing activities regarding the Target Assets have been carried out by the SOGH Group, the Sino-Ocean Connected Persons (as vendors of the Target Assets) had leased out a small portion of the Target Assets which generated rental income prior to the Acquisition. Therefore, for prudence’s sake, the Target Assets were treated as revenue-generating assets with an identifiable income stream under Rule 14.67(6)(b)(i) of the Listing Rules. As such, the Company is required to include in this circular a profit and loss statement for the three preceding financial years on the identifiable net income stream of the Target Assets in strict compliance with the requirements of Rule 14.67(6)(b)(i) of the Listing Rules, and such profit and loss statement must be reviewed by the auditor or reporting accountants. In the case of the Company, such period covers the three financial years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023 (the “**Relevant Period**”).

## LETTER FROM THE BOARD

The Company has been in close communication with Sino-Ocean Group in respect of the financial information required under Rule 14.67(6)(b)(i) of the Listing Rules, and has encountered the following practical difficulties to gather and collate all required financial information for the preparation of the profit and loss statement of the Target Assets for the Relevant Period (the “**Profit and Loss Statement**”):

- (a) as advised by Sino-Ocean Group, the Target Assets only form a part of the assets of its property portfolio in the PRC. Pursuant to applicable accounting standards, Sino-Ocean Group only prepares profit and loss statements based on individual legal entities. There is no accounting requirement for independent reporting on the liabilities, debts, income or expenses in respect of an individual asset, so long as the legal entity holding such assets has prepared, among others, consolidated accounting and cost allocation. As such, Sino-Ocean Group has treated the aforesaid property portfolio as a whole and did not single out and prepare financial information on each of the Target Assets on a standalone basis; furthermore, Sino-Ocean Group did not grant permission for the Company to gain full access to the underlying books and records of the Sino-Ocean Connected Persons within the Relevant Period since such books and records contain other confidential information not relevant to the Acquisition and that Sino-Ocean Group is under no legal obligation to provide such information to the Company;
- (b) Sino-Ocean Group further advised that the Target Assets were inventories intended for sale, and thus no dedicated team had been established to manage leasing activities in respect of the Target Assets. As a result, the corresponding administrative cost of the aforementioned leasing activities was considered as immaterial and accordingly, no dedicated operating costs have been allocated by the relevant Sino-Ocean Connected Persons with respect to the Target Assets; and
- (c) the financial information regarding the Target Assets over the Relevant Period has not been separately disclosed in Sino-Ocean Group’s annual reports, nor can it be found in the public domain.

As an alternative, Sino-Ocean Group advised that it is only feasible for it to provide the underlying gross rental income summary and tenancy agreements in relation to the Target Assets for purpose of Rule 14.67(6)(b)(i) of the Listing Rules.

As the Company would not be able to compile the Profit and Loss Statement for inclusion in this circular as required under Rule 14.67(6)(b)(i) of the Listing Rules, the Company has applied to the Stock Exchange for a waiver from strict compliance with the requirements under Rule 14.67(6)(b)(i) of the Listing Rules.

## LETTER FROM THE BOARD

The Directors are of the view that omission of the Profit and Loss Statement would not render this circular materially incomplete or misleading or deceptive, nor would it create undue risk for the Shareholders, on the following grounds:

- (a) the rental income generated from the Target Assets during the Relevant Period was insignificant as compared to their asset value. For the year ended 31 December 2022, the gross rental income for the Target Assets amounted to approximately RMB517,000, representing only 0.058% of their total asset value of RMB894,910,000 on 31 May 2023 as appraised by an independent professional valuer. Given that only a comparatively small portion of the Target Assets are subject to tenancy (the gross income of which for the two years ended 31 December 2021 and 31 December 2022 respectively has been duly set out in this circular), the rental income generated from such Target Assets and the historical profit and loss figures thereof are not meaningful when ascertaining the value of the Target Assets;
- (b) the inclusion of the historical profit and loss figures of the Target Assets would also not be useful or material to the Group in determining the consideration of the Acquisition given that the consideration for the Acquisition was determined after arm's length negotiations between the parties to the Assets Transfer Framework Agreements with reference to, among others, the valuation of the Target Assets undertaken by an independent professional valuer, the report of which is set out as Appendix III to this circular (which sets out, among others, details regarding the title (supported by a legal opinion where applicable), occupancy, description and tenure and market value as at 31 July 2023 of the Target Assets); and
- (c) the Company is prepared to make alternative disclosures in this circular (the "**Alternative Disclosures**") as detailed below, which, together with the valuation report as set out in Appendix III to this circular and the unaudited pro forma financial information of the Group to illustrate the effect of the Acquisition on assets and liabilities of the Group as if the Acquisition had been completed on 30 June 2023 as set out in Appendix II to this circular, shall provide sufficient and meaningful information to the Shareholders in assessing the Acquisition and the Target Assets.

In respect of the Alternative Disclosures, the Company has obtained from Sino-Ocean Group (i) copies of the tenancy agreements of the Target Assets entered into between the relevant Sino-Ocean Connected Persons and the tenants covering the Relevant Period (where applicable) (the "**Tenancy Agreement(s)**") and (ii) a list of basic information on the existing tenancies in respect of the Target Assets, including, among other things, the identity of tenants, monthly rent and the terms of the tenancies (collectively with the Tenancy Agreements, the "**Tenancy Information**") which the Company had checked against the underlying Tenancy Agreements, a summary of which is set out below.

## LETTER FROM THE BOARD

Pursuant to the Tenancy Agreements, the tenant under each of the Tenancy Agreements is responsible for all insurance, maintenance and repair charges, water, gas, electricity, other utilities expenses supplied to the Target Assets and for all telecommunication services and other services supplied to the Target Assets. However, due to limited information available, the Directors are unable to ascertain whether there were any other expenses such as depreciation, finance costs and tax incurred for the Relevant Period. As such, the expenses with respect to the Target Assets on a standalone basis cannot be ascertained and it is therefore not possible to prepare the Profit and Loss Statement with the lack of such information.

The Stock Exchange has granted a waiver to the Company from strict compliance with Rule 14.67(6)(b)(i) of the Listing Rules, subject to the condition that the Company will disclose the waiver (including the details of and reasons for the waiver and the Alternative Disclosures) in this circular.

### Summary of Tenancy Information

#### *Gross Rental Income of the Target Assets which were leased out (the “Relevant Target Assets”) for the Relevant Period*

	For the year ended 31 December			For the period ended
	2020	2021	2022	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Gross rental income</b>				
Target parking spaces under the Parking Spaces Acquisition	46	46	—	—
Target commercial properties under the Commercial Properties Acquisition	—	75	517	467
Total (i.e. all Target Assets)	46	121	517	467

# LETTER FROM THE BOARD

## *Gross Rental Income Summary of the Relevant Target Assets for the Relevant Period*

Type	Description	Tenant	Lease period	For the year ended 31 December			For the	Monthly rent
				2020	2021	2022	period ended	
				RMB	RMB	RMB	30 June	
				(unaudited)	(unaudited)	(unaudited)	(unaudited)	RMB
<i>Note 1</i>								
Parking Spaces	42 parking spaces situated in Ocean Crown, Wangtong Road, Chaoyang District, Beijing, the PRC	Zhongyuan Hotel Property Management Co., Ltd.* (中遠酒店物業管理有限公司) <i>Note 2</i>	1/1/2020– 31/12/2021	50,400	50,400	—	—	4,200
Commercial Properties	A unit situated in Sino-Ocean Prospect, No. 30, Lisu Road, Shubo Avenue, Yunyan District, Guiyang, the PRC (“Sino-Ocean Prospect”)	Tenant A	1/7/2021– 30/6/2024	—	10,521	31,563	21,042	3,507
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant B	1/12/2022– 30/11/2025	—	—	3,001	6,002	3,001
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant C	1/5/2021– 30/6/2024	—	22,384	111,920	67,152	11,192
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant D	15/4/2021– 15/10/2024	—	—	49,041	24,521	4,087
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant E	1/6/2021– 31/5/2024	—	11,156	66,936	33,468	5,578
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant F	15/9/2021– 14/9/2024	—	7,854	28,798	5,236	2,618
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant G	15/8/2022– 14/8/2025	—	—	9,350	4,675	3,117
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant H	1/9/2021– 31/8/2024	—	12,489	45,792	24,978	4,163
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant H	1/9/2021– 31/8/2024	—	17,051	62,521	34,102	5,684
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant I	15/11/2022– 14/11/2025	—	—	1,494	2,988	2,988
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant I	15/11/2022– 14/11/2025	—	—	1,519	3,038	3,038
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant J	15/10/2022– 14/10/2025	—	—	4,989	1,663	3,326
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant K	1/6/2021– 31/5/2024	—	—	44,541	22,271	3,712
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant L	1/8/2022– 31/7/2025	—	—	17,350	23,134	5,783
Commercial Properties	Three units situated in Sino-Ocean Prospect	Tenant M	1/5/2022– 30/4/2027	—	—	85,106	51,063	17,021
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant N	1/1/2023– 31/12/2024	—	—	—	14,629	4,876
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant O	1/1/2023– 31/12/2024	—	—	—	13,831	4,610
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant P	1/3/2023– 28/2/2026	—	—	—	8,096	4,048
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant P	1/3/2023– 28/2/2026	—	—	—	11,844	3,948
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant Q	1/3/2023– 28/2/2026	—	—	—	7,554	3,777
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant R	1/3/2023– 28/2/2026	—	—	—	18,260	6,087
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant S	1/4/2023– 31/3/2026	—	—	—	10,621	3,540
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant T	1/4/2023– 31/3/2026	—	—	—	11,075	3,692

## LETTER FROM THE BOARD

Type	Description	Tenant	Lease period	For the year ended 31 December			For the period ended	Monthly rent
				2020	2021	2022	2023	
				RMB	RMB	RMB	RMB	RMB
				(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant U	1/4/2023–31/3/2026	—	—	—	4,754	1,585
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant V	1/4/2023–31/3/2026	—	—	—	9,526	3,175
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant U	1/4/2023–31/3/2026	—	—	—	8,999	3,000
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant U	1/4/2023–31/3/2026	—	—	—	5,834	1,945
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant V	1/4/2023–31/3/2026	—	—	—	9,426	3,142
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant W	1/5/2023–30/4/2026	—	—	—	14,370	7,185
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant X	15/5/2023–14/5/2026	—	—	—	5,324	3,550
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant Y	15/5/2023–14/5/2026	—	—	—	2,867	1,911
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant Z	1/6/2023–31/5/2026	—	—	—	4,485	4,485
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant AA	1/6/2023–31/5/2026	—	—	—	2,851	2,851
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant BB	1/6/2023–31/5/2026	—	—	—	5,706	5,706
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant CC	1/6/2023–31/5/2028	—	—	—	7,478	7,478
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant DD	15/6/2023–14/6/2026	—	—	—	1,927	3,854
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant EE	15/6/2023–14/6/2026	—	—	—	1,710	3,421
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant FF	15/6/2023–14/6/2026	—	—	—	894	1,788
Commercial Properties	A unit situated in Sino-Ocean Prospect	Tenant DD	15/6/2023–14/6/2026	—	—	—	2,085	4,171
<b>Total Gross Rental Income</b>				<u>50,400</u>	<u>131,855</u>	<u>563,921</u>	<u>509,479</u>	
<b>Total Gross Rental Income excluding value-added tax</b>				<u>46,239</u>	<u>120,967</u>	<u>517,358</u>	<u>467,412</u>	
<b>Gross Rental Income (rounded to the nearest thousand)</b>				<u>46</u>	<u>121</u>	<u>517</u>	<u>467</u>	

*Note 1*

*Note 1:* The monthly rent was extracted from the Tenancy Agreements, whereas the gross rental income for the Relevant Period was recorded based on accrual basis.

*Note 2:* Zhongyuan Hotel Property Management Co., Ltd. is a wholly-owned subsidiary of the Company and such parking spaces were used as temporary parking spaces as part of its provision of property management services for properties under its management.

Based on the Tenancy Information, there are a total of 40 Tenancy Agreements covering a total GFA of 5,368.26 sq.m. (comprising 1 Tenancy Agreement for 42 target parking spaces situated in Ocean Crown covering a total GFA of 1,816.31 sq.m. and 39 Tenancy Agreements for 41 target commercial properties situated in Sino-Ocean Prospect covering a total GFA of 3,551.95 sq.m.) during the Relevant Period with the earliest tenancy having expired in December 2021 and the latest tenancy expiring in May 2028.

## LETTER FROM THE BOARD

### Agreed-Upon Procedures conducted with respect to the Relevant Target Assets

BDO Limited, the auditor of the Company, has undertaken procedures in accordance with the Hong Kong Standard on Related Services 4400 (Revised) “Agreed-Upon Procedures Engagements” issued by the Hong Kong Institute of Certified Public Accountants, with respect to the Relevant Target Assets and the Tenancy Agreements.

BDO Limited has performed the procedures described below:

- (a) obtained the gross rental income summary of the Relevant Target Assets for the Relevant Period prepared by the management of the SOGH Group (the “**Gross Rental Income Summary**”), and checked its arithmetical accuracy;
- (b) compared the particulars of the lease periods and the corresponding rental income shown in the Gross Rental Income Summary to respective copies of tenancy agreements which are provided by the management of the SOGH Group;
- (c) compared the total amount of gross rental income for the Relevant Period as stated in the Gross Rental Income Summary to the corresponding amounts shown in the gross rental income of the Relevant Target Assets for the Relevant Period; and
- (d) recalculated the income tax expense for the Relevant Period as stated in the Gross Rental Income Summary based on the statutory tax rate of 25% of the gross rental income for the corresponding periods and checked its arithmetical accuracy.

BDO Limited’s findings are:

- (e) obtained the Gross Rental Income Summary for the Relevant Period and found it to be arithmetically accurate;
- (f) compared the particulars of the lease periods and the corresponding rental income shown in the Gross Rental Income Summary to respective copies of tenancy agreements provided by the management of the SOGH Group and found them to be in agreement;
- (g) compared the total amounts of gross rental income for the Relevant Period as shown in the Gross Rental Income Summary to the corresponding amounts shown in the gross rental income of the Relevant Target Assets for the Relevant Period and found the amounts to be in agreement; and
- (h) recalculated the income tax expense for the Relevant Period as stated in the Gross Rental Income Summary based on the statutory tax rate of 25% of the gross rental income and found it to be arithmetically accurate.

## LETTER FROM THE BOARD

As the above procedures do not constitute an assurance engagement, BDO Limited does not express an opinion or an assurance conclusion. Had BDO Limited performed additional procedures, other matters might have come to its attention that would have been reported to the Company.

### FINANCIAL EFFECT OF THE ACQUISITION

Immediately upon completion of the Acquisition, it is expected that the Target Assets will be classified as inventories of the Group and the Group's inventories would increase by approximately RMB416.44 million. The inventories would be recognised at the acquisition costs, which was arrived at by deducting other direct acquisition costs of approximately RMB51.40 million from the net carrying amount of the Receivables, being approximately RMB467.84 million as at the date of derecognition, in respect of which the Receivables balance of RMB626.35 million as at the Latest Practicable Date was impaired by approximately RMB158.51 million as at 30 June 2023 due to expected credit losses. Due to the derecognition of the Receivables further to its set-off against the consideration for the Acquisition, the Group's deferred tax assets would be reversed and decreased by approximately RMB23.78 million. In addition, as the consideration for the Acquisition payable by the Group will be offset against the Receivables in its entirety, the Group's prepayments and other receivables would decrease by approximately RMB467.84 million, being the carrying amount of the Receivables as set out above. The trade and other payables would be decreased by the amount of other direct acquisition costs of approximately RMB51.40 million, and such decrease would be partially offset by the transaction costs related to the publication of the joint announcement of the Company and Sino-Ocean Group dated 21 July 2023 and this circular in relation to the Acquisition of approximately RMB2.21 million as the transaction costs would not be fully settled upon the completion of the Acquisition. In view of the above, approximately RMB23.78 million and RMB2.21 million would be incurred as income tax expenses and operating expenses on the profit and loss of the Group respectively.

It is also expected that the subsequent resale of the Target Assets would result in an increase of the revenue of the Group. As the consideration for the Acquisition payable by the Ocean Homeplus Group shall be offset against the Receivables in its entirety and no separate cash payment will be made by the Ocean Homeplus Group to the Sino-Ocean Connected Persons for the purpose of the Acquisition, and in view of the above, the net effect of Acquisition is such that the Group's net assets would be decreased by approximately RMB25.99 million. For further details, please refer to Appendix II to this circular headed "UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP".

### REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is a comprehensive property management service provider with extensive geographic coverage in the PRC and is primarily engaged in the provision of, among others, a variety of value-added services to property owners and residents of the properties under its management as well as non-property owners. The Group is committed to further expanding its business scale and diversifying the service offerings.

## LETTER FROM THE BOARD

With respect to the Parking Spaces Acquisition, the parking spaces trading business segment did not only complement the Group's principal businesses, but was also proven to be economically viable and profitable given its high gross profit margin in the past few years, with increasing contribution to the Group's revenue. Besides, in view of the combined impact of significant growth in car ownership and relatively low vehicle-to-parking space ratios in the PRC in recent years, the parking spaces trading market in the PRC is considered to have room for development potential. Through the Parking Spaces Acquisition and subsequent resale of the target parking spaces to property owners and residents of the properties under its management, the Group would be able to capture the business opportunities arising from the parking spaces trading market to broaden the income base of the Group, thereby bringing about more considerable return to the Shareholders. The expansion of the scale of the parking spaces trading business segment would also facilitate the establishment of a more diverse community value-added business structure and is hence in line with the Group's business strategies to continue to provide and develop diversified and differentiated high-quality value-added services.

In respect of the Commercial Properties Acquisition, the Company has established a commercial asset management platform which engages in the provision of commercial operational services since the second half of 2021 and has been continuously gaining insight into the PRC consumer market and doing judgements on future trends. Retail assets (i.e. the target assets under the Commercial Properties Acquisition), in light of their proximity to residential areas, serve as important venues for the residents of properties in the community to purchase necessary consumer goods. In comparison with bulk assets such as shopping malls and office buildings, retail assets are subject to relatively lower capital threshold and have relatively higher mobility and market demand and hence would be more suitable for the customer groups served by the Group as property management services provider. Through the Commercial Properties Acquisition and subsequent resale of such retail assets as an extension of and a complement to its offering of traditional property management services, it would not only diversify the service offerings of the Group in the property brokerage business segment, but also enable the Group to further address the lifestyle and daily needs of end-users of the property projects under its management and hence deepen the business development on community value-added services.

In terms of the selection of the Target Assets, the Target Assets have been selected from a wide range of properties held by the Sino-Ocean Connected Persons located in various regions in the PRC with various quality and characteristics (in terms of type, location, legal title and rights, delivery status, etc.). The Company has carefully considered the following criteria before finally determining the assets to be acquired:

- (1) **Focus on parking spaces:** in order to fully utilise the resources allocated to the parking spaces trading business segment which the Group has been recently expanding, the selection of assets was made with a focus on parking space assets and hence more than 75% of the total consideration for the Acquisition was attributable to the acquisition of target parking spaces;

## LETTER FROM THE BOARD

- (2) **Location of the assets:** the Target Assets are all located in first-tier and second-tier cities (including Beijing, Tianjin, Jinan, Qingdao, Yangzhou, Hangzhou, Nanjing and Guiyang) in the PRC whilst potential assets that are not located in first-tier or second-tier cities were excluded. Based on historical sales statistics and market research, the areas in which the Target Assets are located generally have high market demands and long-term development prospects;
- (3) **Quality of the assets:** the Target Assets form part of property projects with high accessibility, good local reputation and satisfactory levels of resident occupancy rate (according to the market research conducted by the Group in June 2023, without taking into account three property projects which were delivered in 2023, the average occupancy rate of the nine property projects comprising the rest of the Target Assets amounted to around 60% with the occupancy rate of three property projects in particular exceeding 90%) whilst potential property projects with low resident occupancy rate (which implies lower demand for the parking spaces and retail assets situated there) were excluded;
- (4) **Synergies with the Group’s property management business:** as the relevant property projects comprising the Target Assets are, or are expected to be, under the management of the Group, the Group is in a good position to promote the value of the Target Assets by leveraging on its professional property and community asset management capabilities and facilitate the resale of the Target Assets by utilising the cumulative market information (including the requirements of potential purchasers) and sales strategies of the projects under management;
- (5) **Clear legal title:** as advised by the PRC legal adviser of the Company, the results of the legal due diligence show that the title and ownership rights or rights of use (as the case may be) with respect to the Target Assets are unambiguous and there exists no disputes arising therefrom;
- (6) **No risk of late delivery:** potential property projects of which the construction or delivery has not been completed yet were not selected, and only those of which the construction or delivery has been completed were selected, thereby eliminating any risk of delay in delivery, and the Target Assets could be delivered to the Group for resale upon completion of the Acquisition; and
- (7) **Free from encumbrances to the extent practicable:** the Group has selected assets which are free from encumbrances to the extent practicable, and as mentioned in the above section headed “The Assets Transfer Framework Agreements — Arrangement in relation to certain Target Assets where their land use rights are subject to existing charges”, where the relevant assets (i.e. the Restricted Target Assets) are subject to existing charges, the term of such charges shall end no later than the first half of 2024 and the Parking Spaces Transfer Framework Agreement clearly sets out certain protective provisions in favour of the Ocean Homeplus Group, thereby minimising the risks associated with such encumbrances.

## LETTER FROM THE BOARD

In view of (i) the type, location and quality of the Target Assets (which in turn suggests high saleability to maximise the potential return from the sale or resale of the Target Assets), (ii) the results of the legal due diligence conducted by the PRC legal adviser of the Company which show that the title and ownership rights or rights of use (as the case may be) with respect to the Target Assets are unambiguous and there exists no disputes arising therefrom, and (iii) the synergies that the Group's property management business can bring to the future sale of the Target Assets, and given that the consideration for the Acquisition represents a discount of approximately 30% to the valuation of the Target Assets as at 31 May 2023 as a whole which offers a level of downside protection to the Group, the Group expects that the Target Assets could be resold at a considerable return and the risk of holding unsold and vacant assets could be lowered. The management of the Group will also periodically review and refine the strategies in relation to the resale of the Target Assets in inventory taking into account the prevailing market conditions, with a view to boosting the sales volume and maximising the sales return.

As for the consideration for the Acquisition, the Group was able to bargain a discount of approximately 30% to the valuation of the Target Assets as at 31 May 2023 for the aggregate amount of the consideration payable for the Acquisition, thereby maximising the potential gain from the resale of the Target Assets and hence the contribution to the Group's revenue. With respect to the Parking Spaces Acquisition in particular, assuming that the target parking spaces are resold at the valuation price, it is expected that the profits generated by the resale of the target parking spaces would potentially outweigh the profits generated by the existing business model of exclusive parking spaces sales agency services, under which at least 20% of the selling price of relevant parking spaces is expected to be generated as the exclusive sales agency fees receivable by the Group. Therefore, it is believed that the Parking Spaces Acquisition would not only expedite the expansion of the scale of the parking spaces trading business segment of the Group and the diversification of the value-added service offerings, but also further enhance its overall profitability and revenue contribution to the Group.

In addition, the consideration for the Acquisition payable by the Ocean Homeplus Group shall be offset against the Receivables in its entirety, and thus no separate cash payment will be made by the Ocean Homeplus Group to the Sino-Ocean Connected Persons for the purpose of the Acquisition. Accordingly, the Acquisition will not have any impact on the Group's cash flow and liquidity.

Taking into consideration of the aforesaid, the Directors (including all the independent non-executive Directors whose views are set forth in the letter from the Independent Board Committee but excluding the Abstained Directors) are of the view that the terms of the Assets Transfer Framework Agreements and the transactions as contemplated thereunder, which were determined after arm's length negotiations between the parties thereto, are on normal commercial terms, and are fair and reasonable, and although the entering into of the Assets Transfer Framework Agreements was not made in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### INFORMATION ON THE COMPANY, THE GROUP AND OCEAN HOMEPLUS

The Company is an investment holding company and the Group is a comprehensive property management service provider with extensive geographic coverage in the PRC. The 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 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 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.

Ocean Homeplus is a company established under the laws of the PRC with limited liability, a wholly-owned subsidiary of the Company. It is principally engaged in property management business in the PRC.

### INFORMATION ON SINO-OCEAN GROUP, THE SOGH GROUP AND SOG CHINA

Sino-Ocean Group, a controlling Shareholder, is principally engaged in investment holding. The SOGH 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 SOGH 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 Sino-Ocean Group. It is principally engaged in investment holding.

### IMPLICATIONS UNDER THE LISTING RULES

SOG China is a wholly-owned subsidiary of Sino-Ocean Group, a controlling Shareholder, and thus a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Acquisition under the Assets Transfer Framework Agreements in aggregate exceed(s) 5%, the Acquisition is subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## LETTER FROM THE BOARD

Further, as one or more of the applicable percentage ratios in respect of the Acquisition under the Assets Transfer Framework Agreements in aggregate exceed(s) 25% but are all less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors was in any way materially interested in the Acquisition. Nevertheless, the Abstained Directors (namely Mr. Cui Hongjie and Mr. Zhu Xiaoxing) have abstained from voting on the board resolutions approving the Acquisition by virtue of their directorship and/or senior positions in Sino-Ocean Group and/or its associates (other than the Group).

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee (comprising all independent non-executive Directors) has been established to advise the Independent Shareholders in respect of the Assets Transfer Framework Agreements and the transactions as contemplated thereunder, and to advise the Independent Shareholders on how to vote at the EGM. A letter from the Independent Board Committee is set out on pages 27 to 28 of this circular.

Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Assets Transfer Framework Agreements and the transactions as contemplated thereunder. A letter from the Independent Financial Adviser is set out on pages 29 to 55 of this circular.

### **BOOK CLOSURE FOR EGM ATTENDANCE**

In order to ascertain the right to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 6 October 2023 to Wednesday, 11 October 2023 (both days inclusive) during which period no transfer of Shares will be registered.

Shareholders are reminded that in order to be entitled to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 5 October 2023.

### **EGM**

A notice convening the EGM to be held at Meeting Room, 2nd Floor, Tower A, No. A518 East Road of Chaoyang Sports Center, Chaoyang District, Beijing, PRC on Wednesday, 11 October 2023 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. At the EGM, ordinary resolutions will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the Assets Transfer Framework Agreements and the transactions as contemplated thereunder by way of poll.

## **LETTER FROM THE BOARD**

A form of proxy for use at the EGM is enclosed to this circular and is also published on the websites of the Company ([www.sinooceanservice.com](http://www.sinooceanservice.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). If you intend to appoint a proxy to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (i.e., not later than 10:00 a.m. on Monday, 9 October 2023 (Hong Kong Time)), or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

### **VOTING AT THE EGM**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

In the case of an equality of votes on a poll, the chairman of the meeting shall, subject to the Company's articles of association, be entitled to casting vote in addition to any other vote he may have.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Shine Wind and its associates (which held 822,282,500 Shares in aggregate, representing approximately 69.45% of the total number of issued Shares, as at the Latest Practicable Date), none of the other Shareholders has a material interest in the transactions as contemplated under the Assets Transfer Framework Agreements and is required to abstain from voting on the relevant resolutions at the EGM.

### **RECOMMENDATION**

The Directors (including all the independent non-executive Directors whose views are set forth in the letter from the Independent Board Committee but excluding the Abstained Directors) consider that the terms of the Assets Transfer Framework Agreements and the transactions as contemplated thereunder, which were determined after arm's length negotiations between the parties thereto, are on normal commercial terms, and are fair and reasonable, and although the entering into of the Assets Transfer Framework Agreements was not made in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including all the independent non-executive Directors but excluding the Abstained Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Assets Transfer Framework Agreements and the transactions as contemplated thereunder.

**LETTER FROM THE BOARD**

**ADDITIONAL INFORMATION**

Your attention is drawn to (i) the letter from the Independent Board Committee; (ii) the letter from the Independent Financial Adviser; and (iii) the additional information set out in the appendices to this circular.

Yours faithfully,  
By order of the Board  
**Sino-Ocean Service Holding Limited**  
**Yang Deyong**  
*Joint Chairman*

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*The following is the full text of the letter from the Independent Board Committee to the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular, setting out its recommendation to the Independent Shareholders in respect of the Assets Transfer Framework Agreements and the transactions as contemplated thereunder.*



25 September 2023

*To the Independent Shareholders*

Dear Sir or Madam,

### **MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF ASSETS**

We refer to the circular of the Company dated 25 September 2023 (the “**Circular**”) of which this letter forms a part. Terms defined in the Circular shall bear the same meanings herein unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to advise you in respect of the Assets Transfer Framework Agreements and the transactions as contemplated thereunder. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

Having taken into account the advice of the Independent Financial Adviser, we are of the opinion that the Assets Transfer Framework Agreements and the transactions as contemplated thereunder are on normal commercial terms, fair and reasonable. Although the entering into of the Assets Transfer Framework Agreements was not made in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Assets Transfer Framework Agreements and the transactions as contemplated thereunder.

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

We also draw the attention of the Independent Shareholders to (i) the letter from the Board; (ii) the letter from the Independent Financial Adviser; and (iii) the additional information set out in the appendices to the Circular.

Yours faithfully,  
For and on behalf of the  
**Independent Board Committee**

**Dr. Guo Jie**  
*Independent non-executive  
Director*

**Mr. Ho Chi Kin Sammy**  
*Independent non-executive  
Director*

**Mr. Leung Wai Hung**  
*Independent non-executive  
Director*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and Independent Shareholders in relation to the Assets Transfer Framework Agreements and the transactions contemplated thereunder for inclusion in this circular.*



**紅日資本有限公司**  
**RED SUN CAPITAL LIMITED**

Room 310, 3/F,  
China Insurance Group Building,  
141 Des Voeux Road Central,  
Hong Kong

Tel: (852) 2857 9208  
Fax: (852) 2857 9100

25 September 2023

*To: The Independent Board Committee and the Independent Shareholders of  
Sino-Ocean Service Holding Limited*

Dear Sirs,

### **MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF ASSETS**

#### **I. INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the Assets Transfer Framework Agreements and the transactions contemplated thereunder, details of which are contained in the letter from the Board (the “**Letter from the Board**”) as set out in the circular to the Shareholders dated 25 September 2023 (the “**Circular**”). Unless otherwise specified, terms defined in the Circular have the same meanings in this letter.

As set out in the Letter from the Board, on 21 July 2023, Ocean Homeplus (a wholly-owned subsidiary of the Company) (on behalf of each relevant member of the Ocean Homeplus Group) and SOG China (on behalf of each relevant Sino-Ocean Connected Person) entered into the Assets Transfer Framework Agreements, pursuant to which the Ocean Homeplus Group has conditionally agreed to acquire, and the Sino-Ocean Connected Persons have conditionally agreed to sell, the Target Assets at an aggregate consideration of RMB626,350,000 (the “**Consideration**”), among which the consideration for the Parking Spaces Acquisition and the Commercial Properties Acquisition is RMB473,920,000 and RMB152,430,000, respectively.

As at the Latest Practicable Date, SOG China is a wholly-owned subsidiary of Sino-Ocean Group, a controlling Shareholder, and thus a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As one or more of the applicable percentage ratios in respect of the Acquisition under the Assets Transfer Framework Agreements in aggregate exceed(s) 5%, the Acquisition is subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, as one or more of the applicable percentage ratios in respect of the Acquisition under the Assets Transfer Framework Agreements in aggregate exceed(s) 25% but are all less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### II. THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Guo Jie, Mr. Ho Chi Kin Sammy and Mr. Leung Wai Hung, has been established to advise the Independent Shareholders in respect of the Assets Transfer Framework Agreements and the transactions contemplated thereunder. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

Our appointment has been approved by the Independent Board Committee. Our role as the independent financial adviser is to give our recommendation to the Independent Board Committee and the Independent Shareholders as to whether the transactions as contemplated under the Assets Transfer Framework Agreements are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole, and how the Independent Shareholders should vote in respect of the relevant resolutions to approve the transactions contemplated under the Assets Transfer Framework Agreements at the EGM.

### III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, Sino-Ocean Group or any relevant parties in connection with the Assets Transfer Framework Agreements. Accordingly, we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the transactions contemplated under the Assets Transfer Framework Agreements.

In the last two years, save for our appointment as the independent financial adviser for (i) the renewal of certain continuing connected transactions pursuant to the master services framework agreements entered into between the Company and Sino-Ocean Group; and (ii) the discloseable and continuing connected transactions pursuant to the exclusive parking space sales agency services framework agreement entered into between the Company and Sino-Ocean Group, details of which are set out in the circulars of the Company dated 13 January 2023, respectively, we have not acted as an independent financial adviser to the independent board committee of the Company and/or the Independent Shareholders.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser and the engagement as stated above as the independent financial adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules.

### IV. BASIS OF OUR ADVICE

In formulating our advice, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Group, the Directors and/or senior management of the Company (the “**Management**”). We have assumed that all information, representations and opinions contained or referred to in the Circular or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions and representations made by the Directors in the Circular have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Circular.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group, SOGH Group and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the transactions contemplated under the Assets Transfer Framework Agreements, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### V. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

#### 1. Information of the Group and Ocean Homeplus

As set out in the Letter from the Board, the Group is a comprehensive property management service provider with extensive geographic coverage in the PRC. In addition to property management services and commercial operational services, the Group also provides a variety of value-added services to property owners and residents of the properties under its management as well as non-property owners.

Set out below is a summary of the audited consolidated statements of financial position as at 31 December 2021 and 2022 as extracted from, where applicable, the Company's annual report for the year ended 31 December 2022 (the "2022 Annual Report") and the unaudited consolidated statements of financial position as at 30 June 2023 as extracted from the Company's interim report for the six months ended 30 June 2023 (the "2023 Interim Report"):

*Summary of the consolidated statement of financial position as extracted from the 2022 Annual Report and 2023 Interim Report*

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited and restated)	2021 RMB'000 (audited and restated)
<b>Total assets</b>			
— Prepayments and other receivables	1,011,753	1,183,019	275,894
— Trade and note receivables	1,309,123	1,170,746	650,764
— Intangible assets	721,128	731,649	164,263
— Cash and cash equivalents	624,411	472,540	2,526,828
<b>Total liabilities</b>			
— Trade and other payables	1,311,969	1,362,887	1,063,687
— Contract liabilities	590,292	457,825	396,242
— Deferred income tax liabilities	57,116	62,859	18,015
<b>Equity attributable to the owners of the Company</b>	<b>2,185,763</b>	<b>2,257,158</b>	<b>2,452,553</b>

*Note:* For the avoidance of doubt, only selected major asset and liability components are disclosed in the table above.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Financial position as at 31 December 2022 and 30 June 2023*

Based on the 2023 Interim Report, total assets of the Group as at 30 June 2023 amounted to approximately RMB4,258.6 million, which primarily comprised of (i) trade and note receivables, which amounted to approximately RMB1,309.1 million as at 30 June 2023, representing an increase of approximately RMB138.4 million as compared to approximately RMB1,170.7 million (restated) as at 31 December 2022, primarily attributable to the expansion in operation scale and the adverse economic conditions, which slowed down the collection of trade receivables; (ii) prepayments and other receivables, which amounted to approximately RMB1,011.8 million<sup>1</sup> as at 30 June 2023, representing a decrease of approximately RMB171.3 million as compared to approximately RMB1,183.0 million (restated) as at 31 December 2022, which mainly include prepayment to suppliers, other receivables and prepaid tax; (iii) intangible assets which amounted to approximately RMB721.1 million as at 30 June 2023, representing a decrease of approximately RMB10.5 million as compared to approximately RMB731.6 million as at 31 December 2022, primarily attributable to amortisation during the period; and (iv) cash and cash equivalents of approximately RMB624.4 million as at 30 June 2023 as compared to approximately RMB472.5 million (restated) as at 31 December 2022.

With reference to the 2023 Interim Report, total liabilities of the Group as at 30 June 2023 amounted to approximately RMB2,022.0 million, which primarily comprised of (i) trade and other payables, which amounted to approximately RMB1,312.0 million as at 30 June 2023, representing a decrease of approximately RMB50.9 million as compared to approximately RMB1,362.9 million (restated) as at 31 December 2022, which primarily comprised of trade payables due to external third parties, and other payables in relation to deposits and amounts collected on behalf of property owners; (ii) contract liabilities, which amounted to approximately RMB590.3 million as at 30 June 2023, representing an increase of approximately RMB132.5 million as compared to approximately RMB457.8 million (restated) as at 31 December 2022, which was in line with the increase in revenue from property management and commercial operational services; and (iii) deferred income tax liabilities, which amounted to approximately RMB57.1 million as at 30 June 2023, representing a decrease of approximately RMB5.7 million as compared to approximately RMB62.9 million as at 31 December 2022.

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<sup>1</sup> As set out in the 2023 Interim Report, it was noted that as disclosed in Note 18 to the condensed consolidated interim financial statements, included in “Prepayments and other receivables” of the Group as at 31 December 2022 were refundable deposit receivable of RMB1,019 million due from a fellow subsidiary of the Company in relation to funds made by the Group for certain potential investments. In respect of this receivable, the allowance for expected credit loss recognised amounted to RMB258 million, and the predecessor auditors modified its audit opinion on the Group’s consolidated financial statements for the year ended 31 December 2022. For further details, please refer to the sections headed “Report on review of condensed consolidated interim financial statements” as set out on page 49 to 51 of the 2023 Interim Report and “Independent auditor’s report” as set out on page 97 to 104 of the 2022 Annual Report.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 30 June 2023, the equity attributable to owners of the Company amounted to approximately RMB2,185.8 million, representing a decrease of approximately RMB71.4 million as compared to approximately RMB2,257.2 million (restated) as at 31 December 2022.

### *Financial position as at 31 December 2021 and 2022*

Based on the 2022 Annual Report and the 2023 Interim Report, total assets of the Group as at 31 December 2022 amounted to approximately RMB4,260.4 million, which primarily comprised of (i) prepayments and other receivables, which amounted to approximately RMB1,183.0 million (restated) as at 31 December 2022, representing an increase of approximately RMB907.1 million as compared to approximately RMB275.9 million (restated) as at 31 December 2021, primarily attributable to the increase of refundable deposits paid to related parties for obtaining potential investment opportunities; (ii) trade and note receivables, which amounted to approximately RMB1,170.7 million (restated) as at 31 December 2022, representing an increase of approximately RMB520.0 million as compared to approximately RMB650.8 million (restated) as at 31 December 2021, primarily attributable to the adverse industry and economic conditions, which slowed down the collection of trade receivables; (iii) intangible assets, which amounted to approximately RMB731.6 million as at 31 December 2022, representing an increase of approximately RMB567.4 million as compared to approximately RMB164.3 million as at 31 December 2021, primarily attributable to the goodwill of approximately RMB369.7 million and the property management contracts and customer relationships of approximately RMB203.0 million arising from the acquisitions of equity interests of subsidiaries; and (iv) cash and cash equivalents of approximately RMB472.5 million (restated) as at 31 December 2022 compared to approximately RMB2,526.8 million (restated) as at 31 December 2021.

With reference to the 2022 Annual Report and the 2023 Interim Report, total liabilities of the Group as at 31 December 2022 amounted to approximately RMB1,952.1 million, which primarily comprised of (i) trade and other payables, which amounted to approximately RMB1,362.9 million (restated) as at 31 December 2022, representing an increase of approximately RMB299.2 million as compared to approximately RMB1,063.7 million (restated) as at 31 December 2021, which primarily comprised of trade payables due to external third parties, and other payables in relation to deposits and amounts collected on behalf of property owners; (ii) contract liabilities, which amounted to approximately RMB457.8 million (restated) as at 31 December 2022, representing an increase of approximately RMB61.6 million as compared to approximately RMB396.2 million (restated) as at 31 December 2021, primarily attributable to the expansion of business activities; and (iii) deferred income tax liabilities, which amounted to approximately RMB62.9 million as at 31 December 2022, representing an increase of approximately RMB44.8 million as compared to approximately RMB18.0 million as at 31 December 2021.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 December 2022, the equity attributable to owners of the Company amounted to approximately RMB2,257.2 million (restated), representing a decrease of approximately RMB195.4 million as compared to approximately RMB2,452.6 million (restated) as at 31 December 2021.

In addition, as set out in the Letter from the Board, Ocean Homeplus 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 property management business in the PRC.

### **2. Information of Sino-Ocean Group and SOG China**

As set out in the Letter from the Board, Sino-Ocean Group, a controlling Shareholder, is principally engaged in investment holding. The SOGH 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 SOGH 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. In addition, SOG China is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sino-Ocean Group. It is principally engaged in investment holding.

### **3. Reasons for and benefits of entering into the Assets Transfer Framework Agreements**

The following reasons for and benefits of entering into the Assets Transfer Framework Agreements have been extracted from the Letter from the Board and summarised below.

The Group is a comprehensive property management service provider with extensive geographic coverage in the PRC and is primarily engaged in the provision of, among others, a variety of value-added services to property owners and residents of the properties under its management as well as non-property owners. It is noted that the Group is committed to further expanding its business scale and diversifying the service offerings.

With respect to the Parking Spaces Acquisition, the Board is of the view that not only does the parking spaces trading business segment complement the Group's principal businesses, it also broadens the Group's revenue base. Through the Parking Spaces Acquisition and subsequent resale of the target parking spaces to property owners and residents of the properties under its management, the Group would be able to capture the business opportunities arising from the parking spaces trading market, further broaden the income base of the Group as well as enhance the return to the Shareholders. The expansion of the scale of the parking spaces trading business segment would also facilitate the establishment of a more diverse community

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

value-added business structure and hence be in line with the Group's business strategies to continue to provide and develop diversified and differentiated high-quality value-added services.

In respect of the Commercial Properties Acquisition, the Company has established a commercial asset management platform which engages in the provision of commercial operational services since the second half of 2021 and has been continuously gaining insight into the PRC consumer market. Retail assets (i.e. the target assets under the Commercial Properties Acquisition), in light of their proximity to residential areas, serve as important venues for the residents of properties in the community to purchase necessary consumer goods. Through the Commercial Properties Acquisition and subsequent resale of such retail assets as an extension of and a complement to the Group's offering of traditional property management services, not only would it diversify the service offerings of the Group in property brokerage business segment, but it also enables the Group to further address the lifestyle and daily needs of end-users of the property projects under its management and hence deepen the business development on community value-added services.

The Target Assets were selected from a wide range of properties held by the Sino-Ocean Connected Persons located in various regions in the PRC with various quality and characteristics (in terms of type, location, legal title and rights, delivery status, etc.), the Group has applied a set of selection criteria and conducted due diligence on the Target Assets prior to determining the assets to be acquired. These selection criteria/consideration factors included, among others, (i) a focus on parking space assets; (ii) locations of the assets; (iii) quality of assets; (iv) synergies with the Group's property management business; (v) legal title; (vi) risk of late delivery; and (vii) free from encumbrances to the extent practicable. Going forward, the Management will also periodically review and refine its strategies in relation to the resale of the Target Assets in its inventory taking into account the prevailing market conditions, with a view to boosting sales volume and maximising the sales return. Please refer to the section headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" in the Letter from the Board for further details.

It is also noted that the consideration for the Acquisition represents a discount of approximately 30% to the valuation of the Target Assets as at 31 May 2023 as a whole, which would offer a level of downside protection to the Company.

In addition, the consideration for the Acquisition payable by the Ocean Homeplus Group shall be offset against the Receivables in its entirety, and thus no separate cash payment will be made by the Ocean Homeplus Group to the Sino-Ocean Connected Persons for the purpose of the Acquisition. Accordingly, the Acquisition will not have any impact on the Group's cash flow and liquidity.

Having considered the factors above, in particular, (i) the Group is principally engaged in the provision of, among others, a variety of value-added services to property owners and residents of the properties under its management as well as non-property owners; (ii) the entering into of the Assets Transfer Framework

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Agreements facilitates the further expansion of the Group's existing parking space trading business as well as its existing commercial asset management platform which enhances the Group's business scale and diversifies its service offerings in the relevant areas; (iii) the Target Assets have been selected by the Management based on a set of selection criteria as part of the Group's risk management procedures; (iv) the consideration for the Acquisition that represents a discount of approximately 30% to the valuation of the Target Assets as at 31 May 2023 as a whole, which offers a level of downside protection to the Company; and (v) the Management is of the view that the resale of the Target Assets will broaden the revenue base of the Group and enhance its profitability, we concur with the view of the Directors that the Assets Transfer Framework Agreements and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

#### 4. Principal terms of the Assets Transfer Framework Agreements

The principal terms of the Assets Transfer Framework Agreements are summarised and set out below:

- Date:** 21 July 2023
- Parties:** (1) Ocean Homeplus (a wholly-owned subsidiary of the Company) (on behalf of each relevant member of the Ocean Homeplus Group); and
- (2) SOG China (on behalf of each relevant Sino-Ocean Connected Person)
- Subject matter:** The Ocean Homeplus Group has conditionally agreed to acquire, and the Sino-Ocean Connected Persons have conditionally agreed to sell, (i) 4,961 parking spaces which are located in the PRC pursuant to the Parking Spaces Transfer Framework Agreement; and (ii) 168 commercial properties (with a total GFA of approximately 12,901 sq.m. in aggregate) which are located in the PRC pursuant to the Commercial Properties Transfer Framework Agreement.

For further details of the Target Assets, please refer to the section headed "INFORMATION ON THE TARGET ASSETS" as set out in the Letter from the Board.

The acquisition of the Target Assets will be carried out by way of (i) (with respect to the target parking spaces in respect of which the direct transfer of property ownership right is not available under PRC laws and regulations) an assignment of the right of use, including the right to occupy, use, benefit from and dispose of the parking spaces; or (ii) (with respect to the target commercial properties) a direct transfer of the property ownership right.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In the PRC, trading in parking spaces can be carried out by the assignment of right of use in the parking spaces where the direct transfer of property ownership right is not available under PRC laws and regulations, for example, existing PRC policies currently only allow the assignment of right of use in some non-air raid shelter parking spaces instead of transfer of property ownership right. If the procedures to transfer property ownership right in the target parking spaces directly can be completed in the future (for example, due to any relaxation of the existing PRC policies), the Sino-Ocean Connected Persons shall actively cooperate with the Ocean Homeplus Group to carry out the transfer of property ownership right in such target parking spaces.

Each of the Assets Transfer Framework Agreements is a framework agreement which contains the principles, mechanisms and terms and conditions upon which the parties thereto are to carry out the Parking Spaces Acquisition and the Commercial Properties Acquisition respectively. Following the signing of the Assets Transfer Framework Agreements, (i) each vendor (being a Sino-Ocean Connected Person) and the respective purchaser (being a member of the Ocean Homeplus Group) shall separately enter into an asset transfer agreement or a right of use transfer agreement (as the case may be) and relevant ancillary documents (collectively, the “**Underlying Transaction Agreements**”) for the purpose of (a) registration of transfer of property ownership right or (b) effecting the assignment of the right of use in the Target Asset(s); and (ii) Ocean Homeplus and SOG China shall, and SOG China shall procure its relevant subsidiary to, enter into a settlement agreement (the “**Settlement Agreement**”) in the form satisfactory to Ocean Homeplus, pursuant to which the consideration for the Acquisition payable by the Ocean Homeplus Group shall be offset against the Receivables in its entirety.

For further details, please refer to the section headed “THE ASSETS TRANSFER FRAMEWORK AGREEMENTS” as set out in the Letter from the Board.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

**Consideration and payment terms:** The aggregate consideration for the Acquisition is RMB626,350,000, among which the consideration for the Parking Spaces Acquisition and the Commercial Properties Acquisition is RMB473,920,000 and RMB152,430,000, respectively. It was agreed by Ocean Homeplus and SOG China under the Assets Transfer Framework Agreements that the consideration for the Acquisition payable by the Ocean Homeplus Group shall be offset against the Receivables in its entirety, and thus no separate cash payment will be made by the Ocean Homeplus Group to the Sino-Ocean Connected Persons for the purpose of the Acquisition. The consideration for the Acquisition payable by the Ocean Homeplus Group shall be settled and offset against the Receivables in its entirety (pursuant to which the Receivables will be settled in full) at the time when the delivery of all of the Target Assets has been completed.

The consideration for the Acquisition was determined after arm's length negotiations between the parties to the Assets Transfer Framework Agreements with reference to, among others, (i) the valuation of the Target Assets as at 31 May 2023 in the aggregate amount of RMB894,910,000 (among which the valuation of the target parking spaces under the Parking Spaces Acquisition and the target commercial properties under the Commercial Properties Acquisition as at 31 May 2023 is RMB677,120,000 and RMB217,790,000, respectively), conducted by an independent valuer in the PRC using market comparison method; (ii) the prevailing market prices for the property projects of which the Target Assets form part; (iii) the prevailing market prices for the comparable assets in the proximity; (iv) the prevailing property market conditions; and (v) the bulk purchase arrangement, with a discount of approximately 30% having been applied to the valuation of the Target Assets as at 31 May 2023 for the aggregate amount payable for the Acquisition as agreed by the parties on arm's length basis.

**Conditions Precedent:** Conditions Precedent include:

- (a) completion of legal due diligence on the Target Assets by the Ocean Homeplus Group with the results thereof being satisfactory to the Ocean Homeplus Group;
- (b) all representations, warranties and undertakings made by the Sino-Ocean Connected Persons to the Ocean Homeplus Group under the Assets Transfer Framework Agreements, the Underlying Transaction Agreements and the Settlement Agreement being true, accurate and complete;

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- (c) the Underlying Transaction Agreements and the Settlement Agreement having been signed by the relevant parties and taken effect and remaining in full force;
- (d) all necessary internal authorisations and approvals in relation to the Acquisition having been obtained by the Ocean Homeplus Group, including the approval by the Independent Shareholders of the Company as required under the Listing Rules;
- (e) all necessary internal authorisations and approvals in relation to the Acquisition having been obtained by the Sino-Ocean Connected Persons;
- (f) if applicable, all necessary governmental and regulatory approvals in relation to the Acquisition having been obtained; and
- (g) with respect to the Target Assets the property ownership right of which is to be transferred and where the transfer of the property ownership right is registrable under the relevant local policies, all application materials required for the registration of transfer of the property ownership right in the Target Assets by the relevant vendors to the relevant purchasers having been prepared, signed by the relevant parties (as required), such that the Ocean Homeplus Group could proceed to apply for the registration of transfer of the property ownership rights to the relevant authorities on its own accord.

The Conditions Precedent as set out in sub-paragraphs (c) to (f) above are not waivable, and the Conditions Precedent as set out in sub-paragraphs (a) to (b) and (g) above are waivable by the Ocean Homeplus Group.

The parties shall use all reasonable endeavours to procure the above Conditions Precedent be fulfilled on or before 31 December 2023 (or such later date to be agreed between the parties to the Assets Transfer Framework Agreements in writing). In the event that any of the Conditions Precedent is not fulfilled (or waived, if applicable) by such date due to any reason attributable to any party to the Assets Transfer Framework Agreements, the non-defaulting party shall have the right to terminate the Assets Transfer Framework Agreements unilaterally.

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**Delivery and completion:** The Target Assets shall be delivered by the relevant vendors to the relevant purchasers on the date on which all of the Conditions Precedent have been fulfilled (or waived, if applicable).

With respect to the Target Assets the property ownership right of which is to be transferred and where the transfer of the property ownership right is registrable under the relevant local policies, the application materials with respect to the registration of transfer of property ownership right in such Target Assets by the relevant vendors to the relevant purchasers shall be submitted to the relevant authorities within 30 business days from the date on which all of the Conditions Precedent have been fulfilled (or waived, if applicable), and the procedures in respect of the registration of transfer of property ownership right in such Target Assets by the relevant vendors to the relevant purchasers shall be completed within 30 days of the submission, and receipt by the relevant authorities, of the respective application materials.

**Arrangement in relation to certain Target Assets where their land use rights are subject to existing charges:** Under the Parking Spaces Acquisition, the land use rights of the parking spaces from two projects which comprised a total of 727 parking spaces, representing approximately 15% of the total number of target parking spaces (the “**Restricted Target Assets**”) are subject to existing charges. The value of the Restricted Target Assets as at 31 May 2023 as appraised by the independent valuer was RMB47,780,000, whilst the consideration of the Restricted Target Assets is RMB33,440,000, representing approximately 5.34% of the total consideration under the Acquisition. As advised by Cushman & Wakefield Limited, the independent valuer of the Target Assets, it has taken into account the status of the Restricted Target Assets, in respect of which SOG China shall, and shall procure the relevant Sino-Ocean Connected Persons holding the Restricted Target Assets to, use the best commercial endeavours to promptly release such charges to avoid any impact on the resale of such Restricted Target Assets by the Ocean Homeplus Group. The independent valuer made no allowance in the valuation of the Target Assets for any charges, mortgages or amounts owing on the properties when it assessed the appraised value of the Restricted Target Assets, which is in line with common valuation practice. For details of the valuation of the Target Assets, please refer to the valuation report of the Target Assets as at 31 July 2023 as set out in Appendix III to this circular.

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Among the Restricted Target Assets, 287 parking spaces are subject to an existing charge with a term ending on 7 January 2024 (with the mortgage amount of the land use rights of the property project of which they form part being approximately RMB238 million), and the remaining 440 parking spaces are subject to an existing charge with a term ending on 30 June 2024 (with the mortgage amount of the construction in progress of the property project of which they form part being approximately RMB394.9 million). If the liabilities pertaining to the charges in respect of the Restricted Target Assets are settled in accordance with the corresponding obligations and in their entirety, the charges in respect of the Restricted Target Assets would be released accordingly. Due to the restrictions by local PRC governments on the transfer of parking spaces, the acquisition of the Restricted Target Assets will take the form of transfer of rights of use to the Group. As advised by the PRC legal adviser of the Company, upon completion of the Acquisition and so long as the Group has the rights of use over the Restricted Target Assets, albeit there being existing charges, the Group is permitted under PRC laws to transfer such rights of use to other parties, provided that the relevant PRC laws and relevant policies regarding the transfer of parking spaces for residential projects in the PRC are complied with, and that such parking spaces should be offered to the owners of the corresponding residential property projects of which the Restricted Target Assets form part on a priority basis.

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Pursuant to the Parking Spaces Transfer Framework Agreement, SOG China shall, and shall procure the relevant Sino-Ocean Connected Persons holding the Restricted Target Assets to, use the best commercial endeavours to promptly release such charges to avoid any impact on the resale of such Restricted Target Assets by the Ocean Homeplus Group. Any taxation and expenses arising from such release of charges shall be borne by the relevant Sino-Ocean Connected Persons. In the event of the relevant charges not being able to be discharged by the respective deadlines on 7 January 2024 or 30 June 2024 due to the exercise of rights over the existing charges over the Restricted Target Assets by the relevant creditors resulting from any payment default on the part of the relevant Sino-Ocean Connected Persons, which in turn leads to the Ocean Homeplus Group not being able to possess, benefit from or dispose of the Restricted Target Assets, the Ocean Homeplus Group has the right to request the Sino-Ocean Connected Persons to replace the Restricted Target Assets with other parking spaces or alternate assets of identical value and to the satisfaction of the Ocean Homeplus Group, and any costs or taxation incurred therefrom shall be borne by SOG China. To the extent any replacement of the Restricted Target Assets with other parking spaces or alternate assets of identical value triggers requirements under the Listing Rules, the Company will re-comply with such Listing Rules and further announce accordingly. Further, SOG China shall fully indemnify the Ocean Homeplus Group of any losses arising from the exercise of rights over the existing charges over the Restricted Target Assets by the relevant creditors.

In view of (i) the relatively small percentage of the Target Assets which are subject to existing charges whose total consideration represents only approximately 5.34% of the total consideration under the Acquisition; (ii) the saleability of the Restricted Target Assets before the release of the charges; and (iii) the contractual provisions explained above which serve to minimise any impact on the saleability of the Restricted Target Assets and protect the Group from any risk of default on the part of SOG China and the relevant Sino-Ocean Connected Persons in securing the release of such charges, the Group believes that the acquisition of the Restricted Target Assets is fair and reasonable and in the interest of the Company and the Shareholders.

**5. Our analysis and assessment on the principal terms of the Assets Transfer Framework Agreements**

With a view to assessing the fairness and reasonableness of the terms of the Assets Transfer Framework Agreements, we have carried out the following analysis and considered factors as set out below.

***5.1 Background of the Receivables***

As set out in the Letter from the Board, the Receivables represent the amount of refundable deposit receivables, which arose from payments of various refundable deposits for potential investments made by the Group to a related party (being a member of the SOGH Group) during the year ended 31 December 2022, due from the SOGH Group (for the avoidance of doubt, excluding the Group) to the Group as at the Latest Practicable Date, background and details of the Receivables are set out in note 23 — prepayments and other receivables to the consolidated statement of financial position of the Group in the 2022 Annual Report.

***5.2 Background information of the SOGH Group***

Based on information available and our discussion with the Management, we noted that (i) the strict implementation of various PRC government policies, including, among others, the three red lines\* (三條紅線) in relation to (a) the debt-to-asset ratio; (b) the net debt ratio; and (c) the cash and short term debt ratio, with the intention to promote long term sustainable development of the PRC property industry; and (ii) the U.S. Federal Reserve's monetary policies of maintaining a relatively high interest rate environment with a view to containing inflation during the majority of 2022 and throughout 2023 (up to the Latest Practicable Date), have contributed to a tightening of onshore and offshore credits and a challenging operating environment for many PRC property developers.

Against this backdrop, we have reviewed the annual report of Sino-Ocean Group for the year ended 31 December 2022, with a view to gaining an understanding on the SOGH Group's financial status. In this connection, we noted that (i) revenue of the SOGH Group decreased from approximately RMB64.2 billion for the year ended 31 December 2021 to approximately RMB46.1 billion for the year ended 31 December 2022; (ii) the SOGH Group recorded a loss attributable to its shareholders of approximately RMB15.9 billion for the year ended 31 December 2022 compared to a profit attributable to its shareholders of approximately RMB2.7 billion for the year ended 31 December 2021; (iii) bank and others borrowings (current portion and non-current portion) of the SOGH Group increased from approximately RMB92.2 billion as at 31 December 2021 to approximately RMB97.0 billion as at 31 December 2022; and (iv) the gearing ratio of the SOGH Group as at 31 December 2021 and 2022 was approximately 48% and 66%, respectively.

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As confirmed by the Management, whilst the Company has previously requested the SOGH Group (for the avoidance of doubt, excluding the Group) to settle the Receivables in the form of cash, the Company has also considered accepting suitable non-cash assets from the SOGH Group (for the avoidance of doubt, excluding the Group) (the “**Asset Settlement**”) as an alternative with a view to facilitating and expediting the settlement of the Receivables and reducing its relevant credit exposure in relation to the Receivables.

### **5.3 Our analysis on Market Precedents**

The primary objective of the Assets Transfer Framework Agreements is to facilitate the effective settlement of the Receivables due from the SOGH Group (for the avoidance of doubt, excluding the Group) through the Asset Settlement. On this basis, we have conducted market research and identified Market Precedents (defined hereafter) with a view to establish whether it is market practice for companies listed on the Stock Exchange to conduct asset settlement through non-cash assets in the recent past. In this connection, we have conducted market research on announcement(s) and/or circular(s) in relation to asset settlement using non-cash assets (assets in this context refer to both tangible and intangible assets and includes businesses, companies, listed and unlisted securities) or transaction of a similar nature issued since 1 January 2023 up to the date of the joint announcement of the Company and Sino-Ocean Group dated 21 July 2023 in relation to the Assets Transfer Framework Agreements and the transactions as contemplated thereunder (the “**Joint Announcement**”), being a review period of around six months preceding the date of the Joint Announcement, by the companies listed on the Stock Exchange (the “**Market Precedents**”) on a non-exhaustive basis, set out in a tabular format below:

Company name (stock code)	Market capitalisation as at the date of the Joint Announcement	Date of announcement/ circular ( <i>where applicable</i> )	Connected transaction	Brief description of the transaction/asset settlement
Golden Ponder Holdings Limited (“ <b>Golden Ponder</b> ”) (1783)	HK\$377 million	21 March 2023 (announcement), 14 April 2023 (circular)	Yes	Golden Ponder proposed to issue shares to its creditors to settle outstanding loans in the amount of approximately HK\$41.5 million

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Company name (stock code)	Market capitalisation as at the date of the Joint Announcement	Date of announcement/ circular ( <i>where applicable</i> )	Connected transaction	Brief description of the transaction/asset settlement
JBB Builders International Limited ("JBB Builders") (1903)	HK\$270 million	13 April 2023 (announcement) ( <i>Note 1</i> )	No	Amendment of terms in relation to the settlement of outstanding contract sum in the amount of approximately RM59 million, payable by an independent third party to JBB Builders. The settlement terms, both prior to and after the amendments, involved the use of (i) properties; and (ii) monthly instalments in cash, for settlement
GOME Retail Holdings Limited ("GOME Retail") (493)	HK\$3,869 million	18 January 2023 (announcement), 10 March 2023 (circular)	Yes	GOME Retail proposed to issue shares under specific mandate to two of its creditors to settle relevant outstanding loans in the amount of HK\$780 million in aggregate
Quam Plus International Financial Limited (formerly known as China Tonghai International Financial Limited ("China Tonghai")) (952)	HK\$1,103 million	13 February 2023 (circular) ( <i>Note 2</i> )	Yes	Extension of long stop date for settlement agreement in relation to a creditor of China Tonghai to transfer certain minority shareholding positions of a company to China Tonghai to settle (i) debt A in the amount HK\$691 million and US\$103 million; and (ii) debt B in the amount of HK\$480 million
A-Living Smart City Services Co., Ltd. ("A-Living Services") (3319)	HK\$6,802 million	13 February 2023 and 30 June 2023 (announcement)	Yes	A-Living Services elected to accept unsold property assets from its creditor to settle outstanding payables due from such creditor arising from the continuing connected transactions agreements of approximately RMB282.3 million
Da Sen Holdings Group Limited ("Da Sen") (1580)	HK\$147 million	20 January 2023 (announcement)	No	Da Sen proposed to issue shares to a creditor for the settlement of approximately HK\$4.4 million owed by Da Sen to the creditor

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Company name (stock code)	Market capitalisation as at the date of the Joint Announcement	Date of announcement/ circular ( <i>where applicable</i> )	Connected transaction	Brief description of the transaction/asset settlement
GOME Retail Holdings Limited (493)	HK\$3,869 million	2 January 2023 (announcement)	No	GOME Retail proposed to issue shares under general mandate to a creditor to settle certain debt amount in the sum of approximately HK\$415.63 million

*Notes:*

- (1) Various announcements of JBB Builders in connection with the master supplemental agreement, including, among others, the original settlement terms, were issued during 2022, and the corresponding circular was dated 19 July 2022.
- (2) Various announcements of China Tonghai in connection with the settlement arrangements and subsequent supplemental agreements were issued during 2021, 2022 and 2023.

We noted that the Market Precedents, included both connected transactions and transactions with independent third party(ies), were conducted by various listed issuers, which may have different principal businesses, varied in sizes and financial position. Nonetheless, the rationale and nature of the underlying transactions of the Market Precedents and the Assets Transfer Framework Agreements are considered to be comparable as the subject debt owner(s) permits the subject creditor(s) to settle the relevant outstanding amount by non-cash asset(s) in lieu of cash payment. Furthermore, the Market Precedents covered transactions entered into between the subject listed issuer and (i) connected person(s); or (ii) independent third party(ies), so as to ensure the Market Precedents are able to capture both connected and non-connected transactions from the market, thus such would provide a larger coverage of the market and therefore be a more comprehensive market reference than if it only includes connected transactions or non-connected transactions.

On this basis, the Market Precedents, selected based on the stated criteria, are considered to be appropriate as a market reference for assessing whether the Asset Settlement is in line with general market practice. Based on our review and analysis on the Market Precedents as set out above, we considered that it is not an uncommon market practice for a listed issuer to accept or use non-cash asset(s) as a mean to settle outstanding payment(s) due from/to another party.

#### **5.4 Background information of the Target Assets**

As set out in the Letter from the Board, the Target Assets comprise of (i) 4,961 parking spaces under 10 property development projects located at the Beijing Region, the Bohai Rim Region and the Eastern Region in the PRC (the “**Type I Assets**”); and (ii) 168 commercial properties located under two property

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development projects at the Bohai Rim Region and the Western Region in the PRC (with a total GFA of approximately 12,901 sq.m. in aggregate) (the “**Type II Assets**”).

Pursuant to the Asset Transfer Framework Agreements, the acquisition of the Target Assets will be carried out by way of (i) (with respect to the target parking spaces in respect of which the direct transfer of property ownership right is not available under PRC laws and regulations) an assignment of the right of use, including the right to occupy, use, benefit from and dispose of the parking spaces; or (ii) (with respect to target commercial properties) a direct transfer of the property ownership right.

As the Target Assets form part of the property projects developed by the SOGH Group, no original acquisition cost for the Target Assets is available.

As the Type I Assets and Type II Assets are situated across 10 property development projects and two property development projects, respectively, certain of these projects were still under development during the year ended 31 December 2021 and 2022, respectively. On this basis, we considered that the financial information in relation to the Target Assets as set out in the Letter from the Board as useful background information, but not directly relevant for our evaluation of the reasonableness of the Consideration. Instead, our analysis will primarily focus on the appraised value of the Target Assets, which is set out under section headed “5.5 Our work performed in relation to the appraised value of the Target Assets” in this letter below.

As set out in the Letter from the Board and after discussion with the Management, we noted that the relevant property projects comprising the Target Assets are, or are expected to be under the management of the Group, in respect of which the Group has good knowledge and is familiarised with the background and characteristics of the Target Assets. Given such knowledge and the relevant experience possessed by the Group, it is expected that the Group will be well-positioned to resell the Target Assets.

In addition, pursuant to the Assets Transfer Framework Agreements, the Target Assets were acquired by the Group at a discount of approximately 30% of the valuation of the Target Assets (with reference to the Valuation Report, which is prepared under market comparison method) for the aggregate amount payable for the Acquisition.

The above arrangement should be able to safeguard the interests of the Group by reducing the risks of holding unsold and vacant assets over a prolonged period of time and unforeseeable circumstances which may negatively affect the estimated resale value of the relevant Target Assets in the future. For the details of the Valuation Report, please refer to the section headed “5.5 Our work performed in relation to the appraised value of the Target Assets” in this letter below.

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In respect of the selection of the Type I Assets from a pool of car parking spaces of not less than 30 property development projects, as set out in the Letter from the Board and after discussion with the Management, various factors were taken into consideration, among others, the marketability and saleability, and the status of the title and ownership rights including (i) their respective locations (mainly across the Beijing Region, the Bohai Rim Region and the Eastern Region in the PRC, which are sizeable economic regions in the PRC with sustainable development potentials) and accessibility; and (ii) title and ownership after conducting the due diligence (the “**Due Diligence**”), such as the review of legal documents of the respective assets and local policies with respect to the trading in parking spaces as well as the Valuation Report, and no material defect on the Target Assets which will affect the saleability was found and that the results of the Due Diligence were to the satisfaction of the Company.

In this connection, we have obtained and reviewed, among others, (i) the assessment report prepared by the responsible personnel in connection with the marketability and saleability of the car parking spaces under the Type I Assets, which sets out details and analysis, such as residential units to car parking space ratio, information and status of the subject property development project (i.e. prior to or after delivery of vacant possession, occupancy rate, etc.), description and analysis on the subject property development project; (ii) the Due Diligence documents, such as the legal opinion on, among others, the title of the Type I Assets; and (iii) discussed with Cushman & Wakefield Limited (the “**Independent Valuer**”) regarding the basis of the valuation in connection with the Type I Assets.

In respect of the selection of each of the Type II Assets from a pool of not less than nine commercial properties, as set out in the Letter from the Board and after discussion with the Management, various factors were taken into consideration, among others, the marketability and saleability and the status of the title and ownership rights, including (i) their respective locations (mainly across the Bohai Rim Region and the Western Region in the PRC, which are sizeable economic regions in the PRC with sustainable development potentials) and accessibility; and (ii) title and ownership after conducting the due diligence (i.e. the Due Diligence), such as the review of legal documents of the respective assets and legal opinion (where applicable) as well as the Valuation Report, and no material defect on the Target Assets which will affect the saleability was found and that the results of the Due Diligence were to the satisfaction of the Company. In this connection, we have obtained and reviewed, among others, (i) the assessment report prepared by the responsible personnel in connection with the marketability and saleability of the two commercial properties under the Type II Assets, representing both of the commercial properties under the Type II Assets, which set out details and analysis, such as information and status of the subject commercial property project, including occupancy rate, description and analysis on the subject commercial property project, such as the commercial operating environment and customers’ community; (ii) the Due Diligence documents, such

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as the legal opinion on the title of the two commercial properties under the Type II Assets; and (iii) discussed with the Independent Valuer regarding the basis of the valuation in connection with the Type II Assets.

Based on our work performed, we considered that the effective implementation of the selection criteria and the relevant procedures should safeguard the interests of the Company and the Shareholders as a whole.

### *5.5 Our work performed in relation to the appraised value of the Target Assets*

The Consideration for (i) the right of use of Type I Assets; and (ii) Type II Assets is RMB626,350,000, which was determined after arm's length negotiation between the parties to the Assets Transfer Framework Agreements with reference to, among others, the value as at 31 May 2023 appraised by the Independent Valuer in the amount of RMB894,910,000.

The value of the Target Assets as appraised by the Independent Valuer as at 31 July 2023 (the "**Appraised Value**") comprised of (i) the right of use of Type I Assets, the appraised value of which amounted to RMB677,120,000; and (ii) Type II Assets, the appraised value of which amounted to RMB217,790,000.

In assessing the Appraised Value, we have reviewed and discussed with representative of the Independent Valuer, the methodology of, and basis of and assumptions adopted for, the Appraised Value of (i) the right of use of Type I Assets; and (ii) Type II Assets, as set out in the Valuation Report in Appendix III to the Circular.

We have discussed with the engagement team of the Independent Valuer as to their expertise, valuation experience, their scope of work and valuation procedures conducted in relation to the valuation of (i) the right of use of Type I Assets; and (ii) the Type II Assets. We also noted that the Independent Valuer reviewed the background information and other relevant data concerning the Target Assets, reviewed the applicable legal documents, titles/registrations/permits/licenses relating to the right of use of Type I Assets and the Type II Assets and has taken into account the status of the Restricted Target Assets, in respect of which SOG China shall, and shall procure the relevant Sino-Ocean Connected Persons holding the Restricted Target Assets to, use the best commercial endeavours to promptly release such charges to avoid any impact on the resale of such Restricted Target Assets by the Ocean Homeplus Group. The Independent Valuer made no allowance in the valuation for any charges, mortgages or amounts owing on the properties when it assessed the appraised value of the Restricted Target Assets, which is in line with common valuation practice.

As set out in the Letter from the Board, any taxation and expenses arising from such release of charges shall be borne by the relevant Sino-Ocean Connected Persons. We also noted from the Letter from the Board that in the event of the exercise of rights over the existing charges over the Restricted Target Assets by

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the relevant creditors resulting from any payment default on the part of the relevant Sino-Ocean Connected Persons, which in turn leads to the Ocean Homeplus Group not being able to possess, benefit from or dispose of the Restricted Target Assets, the Ocean Homeplus Group has the right to request the Sino-Ocean Connected Persons to replace the Restricted Target Assets with other parking spaces or alternate assets of identical value and to the satisfaction of the Ocean Homeplus Group, and any costs or taxation incurred therefrom shall be borne by SOG China (the “**Safeguard Mechanism**”). Furthermore, SOG China shall fully indemnify the Ocean Homeplus Group of any losses arising from the exercise of rights over the existing charges over the Restricted Target Assets by the relevant creditors.

On this basis, we considered the implementation of the Safeguard Mechanism for the Restricted Target Assets and the indemnity by SOG China of any losses arising from the exercise of rights over the existing charges over the Restricted Target Assets by the relevant creditors to be in the interests of the Company and its Shareholders as a whole and as the Restricted Target Assets formed part of the assets under the Acquisition which is carried out for the purpose of offsetting the Receivables, we consider it to be fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### *Basis of the Valuation*

As set out in the Valuation Report, it was compiled with “The HKIS Valuation Standards 2020” issued by the Hong Kong Institute of Surveyors.

According to the Valuation Report, the market value 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.”*

On this basis, the Appraised Value of the right of use of Type I Assets and the Type II Assets as set out in the Valuation Report would represent the market value of the right of use of Type I Assets and the Type II Assets.

### *Methodology of the Valuation*

According to the Valuation Report and based on our discussion with the Independent Valuer for the methodologies, basis and assumptions adopted by the Independent Valuer, we understood that the Independent Valuer has considered three generally accepted methods, namely the cost method, the market comparison method and income method in the Valuation.

The cost method (also known as depreciated replacement costs method) considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for

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accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history. The income method provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

Market comparison method assuming sale of the property in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market. When using market comparison method, the Independent Valuer made reference to transactions involving similar scale properties of similar use type subject to appropriate adjustments including but not limited to location, accessibility, age, quality, size, time and other relevant factors. For the purpose of cross-checking the Appraised Value arrived at using the market comparison method, the Independent Valuer has used the rental capitalisation method by capitalising the existing rental of all lettable units of each of the properties for the respective unexpired terms of contractual tenancies whilst vacant units are assumed to be let at their respective market rents as at the valuation date. Upon expiry of the existing tenancies, each unit is assumed to be let at its market rent as at the valuation date, which is in turn capitalised for the unexpired term of the land use right under which the property is held. The summation of the capitalised value of the term rental for the leased portion, the capitalised value of the reversion market rental as appropriately deferred for the leased portion and the capitalised value of the vacant portion provides the market value of each of the properties.

Having considered relevant factors and information available, the Independent Valuer adopted the market comparison method in valuing the properties and/or the right of use, which are held by SOGH Group for sale in the PRC, assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties. Given that the properties are ancillary commercial podium units and the right of use of car parking spaces, comparable sales transactions and information about such sales are generally available, the Independent Valuer considered that the adoption of the market comparison method is in line with the market practice.

### *Our view*

Based on our analysis and work performed, we considered that the Appraised Value as set out in the Valuation Report, which was compiled in accordance with “The HKIS Valuation Standards 2020” issued by the Hong Kong Institute of Surveyors, determined by the Independent Valuer after their work performed, is an appropriate reference point to assess the fair and reasonableness of the Consideration under the Assets Transfer Framework Agreements.

***5.6 Our work performed on the internal control procedures in relation to the Assets Transfer Framework Agreements***

In connection with the internal control procedures adopted by the Company to govern the transactions contemplated under Assets the Transfer Framework Agreements, we have discussed with the Management and reviewed the relevant information/sample documents provided by the Company, and understand that (i) prior to the entering into of the Assets Transfer Framework Agreements, compliance and risk control department of the Group was responsible for obtaining and reviewing the relevant legal documents, legal opinions from external legal advisers, due diligence related information on the subject Target Assets, and providing a summary report of the above; (ii) investment and development department, compliance and risk control department, capital market department, value-added business department, operation management department, finance department and senior management of the Group jointly reviewed the feasibility study report provided by compliance and risk control department and assessed which assets to be selected based on the criteria as mentioned under the section headed “5.4 Background information of the Target Assets” in this letter above; and (iii) based on (a) the opinions and advice provided by each of the abovementioned department; and (b) the analysis as set out in the feasibility report, investment and development department advised the Management on whether or not to include the subject assets as part of the Target Assets.

Having considered the above analysis and work performed, based on the samples obtained and reviewed, the effective implementation of the above internal control procedures shall safeguard the interests of the Company through the selection of quality assets for the transactions under the Assets Transfer Framework Agreements.

***5.7 Potential financial effects of the Assets Transfer Framework Agreements***

*Revenue and earnings*

As set out in the Letter from the Board, although the Acquisition pursuant to the Assets Transfer Framework Agreements is not considered to be a transaction in the ordinary and usual course of business of the Group, the subsequent resale of Target Assets will increase the revenue of the Group.

The transaction costs related to the publication of the joint announcement and the circular in relation to the Acquisition amounted to approximately RMB2.21 million and the Management estimated that approximately RMB23.78 million would be incurred as income tax expenses.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Assets*

As set out in the Letter from the Board, immediately upon completion of the Acquisition, it is expected that the Target Assets will be classified as inventories of the Group and the Group's inventories would increase by approximately RMB416.44 million. The inventories would be recognised at the acquisition costs, further details of the makeup and components of the acquisition costs are set out under section headed "FINANCIAL EFFECT OF THE ACQUISITION" in the Letter from the Board. In addition, the Consideration payable by the Group shall be offset against the Receivables in its entirety, the amount of the Group's prepayments and other receivables would decrease by approximately RMB467.84 million, being the net carrying amount of the Receivables. As the consideration for the Acquisition payable by the Ocean Homeplus Group shall be offset against the Receivables in its entirety and no separate cash payment will be made by the Ocean Homeplus Group to the Sino-Ocean Connected Persons for the purpose of the Acquisition, and in view of the above, the net effect of Acquisition is such that the Group's net assets would decrease by approximately RMB25.99 million. For further details, please refer to Appendix II to the circular headed "UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP".

### **VI. RECOMMENDATION**

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the above principal factors and reasons, in particular:

- (i) the reasons for and benefits of entering into the Assets Transfer Framework Agreements;
- (ii) our analysis on Market Precedents as set out in the section headed "5.3 Our analysis on Market Precedents";
- (iii) our work performed on the background of the Target Assets as set out in the section headed "5.4 Background information of the Target Assets", in particular the selection of the Target Assets;
- (iv) the Appraised Value of the Target Assets and our work performed as set out in the section headed "5.5 Our work performed in relation to the appraised value of the Target Assets"; and
- (v) as set out in the section headed "5.6 Our work performed on the internal control procedures in relation to the Assets Transfer Framework Agreements,

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

we consider that the Assets Transfer Framework Agreements, (a) although the transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Group, (b) the terms thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM to approve the Assets Transfer Framework Agreements.

Yours faithfully,  
for and on behalf of  
**Red Sun Capital Limited**  
**Lewis Lai**  
*Managing Director*

*Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has over 16 years of experience in the corporate finance industry.*

\* *For identification purposes only*

## 1. CONSOLIDATED FINANCIAL STATEMENTS

The financial information of the Group for each of the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 is disclosed in the following annual reports of the Company which have been published on both the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.sinoceanservice.com](http://www.sinoceanservice.com)). Quick links to such financial information are set out below:

- annual report of the Company for the year ended 31 December 2022 (pages 105 to 181):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042401065.pdf>

- annual report of the Company for the year ended 31 December 2021 (pages 95 to 163):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0413/2022041300896.pdf>

- annual report of the Company for the year ended 31 December 2020 (pages 75 to 155):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0421/2021042100422.pdf>

## 2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2023, 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 lease liabilities of approximately RMB11.9 million of which RMB5.1 million were classified as current liabilities and approximately RMB6.8 million were classified as non-current liabilities.

Save as aforesaid or as otherwise disclosed above, at the close of business on 31 July 2023, the Group had no outstanding indebtedness in respect of any borrowings, mortgages, charges or debentures, loan capital, bank loans and overdrafts, term loans or other loans, debt securities or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments, finance lease commitments, guarantees or other material contingent liabilities or indebtedness.

## 3. WORKING CAPITAL

The Directors are satisfied after due and careful consideration and taking into account the present internal financial resources available to the Group, the effect of the Acquisition and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for at least twelve months from the date of this circular.

#### 4. 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 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

#### 5. FINANCIAL AND TRADING PROSPECTS

As disclosed in the annual report of the Company for the year ended 31 December 2022, during 2022, the Group was dedicated to expanding the GFA under management, pushing both GFA under management and contracted GFA to exceed the RMB100 million mark. The Group consistently acquired quality projects and built benchmarks for the industry, persisted on streamlining management and gradually optimised standardisation of the service system. The Group explored new operation model, embraced smart services and prioritised service quality to achieve new height in customer satisfaction. The Group adhered to the starting point of creating quality services with an artisan's spirit and raising owner satisfaction. The services of the Group were user-centric and aimed to raise customer satisfaction to achieve a sustainable and high quality expansion.

In 2023, the Group is committed to further expanding its business scale and diversifying the service offerings and is determined to become a branded superior integrated property management service provider in the PRC. The Group seeks to enhance its ability to develop third-party customers by continuously optimising the deployment in advantageous cities and diversifying channels and continue to deepen cultivation in first- and second-tier cities and other strategic cities in regions where it has established a heavy presence, while making intensive efforts to engage in cities with high energy level and expand its detailed operation to magnify the effect of regional synergetic management and procure quality and efficiency enhancement at the projects. The Group would also seek to diversify to other sectors such as public facilities, logistic parks and schools in an expedited move to establish its presence across multiple sectors and enhance its competence in integrated development in order to complement intensive development of its principal business lines of residential and commercial properties, and explore property management services for a diverse range of sectors through channel development and strategic cooperation and act swiftly to complement its existing portfolio with sectors that offer growth potential and synergy such as hospital, schools, government buildings and industrial parks.

On top of persistence in its principal business, the Group will also proactively adjust its business mix based on its inherent strengths. In connection with community value-added services, the Group will devote intensive efforts to the four principal business focuses of "community living, leasing and sale, home decoration and spatial resources" in a bid to enhance precision of the vertical business. In addition to reinforcing the foundation of the principal business, the Group will also explore the new value-added service of community retirement in active response to policy support. In connection with value-added services to non-property owners, the Group will emphasise the forging of specialised servicing capabilities while refining value-added service types to form one-stop engineering

maintenance service solutions. The Group will enhance its ability to operate the commercial office buildings property management platform in further enhancement of its operating and management competence, while identifying the needs of customer groups in the commercial office building segment with in-depth effort to optimise end-to-end service chain regime comprising rudimentary property management service and light-asset commercial asset management service, with a view to expanding the commercial office building segment to increase profitability and enhance core competitiveness. The Group will explore complementary feature services compatible with the commercial assets and consolidate its teams and resources for property management and commercial operational services to further leverage the operational advantage of commercial asset management platform, where marketing activities will be designed on the back of multi-dimensional data tests and computations and intelligence-based analyses, as the Group optimises its operational and management strategy primarily through digitalisation to enhance the ability in detailed operation and increase the operating efficiency of the projects.

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP****Introduction**

The following is an illustrative unaudited pro forma condensed consolidated statement of assets and liabilities (“**Unaudited Pro Forma Financial Information**”) of the Company and its subsidiaries (collectively referred to as the “**Group**”) as at 30 June 2023 in connection with the acquisition of the Parking Spaces and the Commercial Properties (the “**Acquisition**”). The Unaudited Pro Forma Financial Information presented below is prepared to illustrate the effect of the Acquisition on assets and liabilities of the Group as if the Acquisition had been completed on 30 June 2023.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited condensed consolidated statement of financial position as at 30 June 2023 extracted from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2023, after making the pro forma adjustments relating to the Acquisition that are directly attributable to the Acquisition and not related to future events or decisions; and factually supportable.

The Unaudited Pro Forma Financial Information has been prepared by Directors in accordance with Rule 4.29 of the Listing Rules, for illustrative purpose only and is based on a number of assumptions, estimates, uncertainties and currently available information. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual assets and liabilities of the Group that would have been attained had the Acquisition been completed on 30 June 2023 nor purport to predict the Group’s future assets and liabilities.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the interim report published by the Group for the six months ended 30 June 2023, and other financial information included elsewhere in the circular.

**B. UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF  
ASSETS AND LIABILITIES AS AT 30 JUNE 2023**

	The Group as at 30 June 2023 <i>RMB'000</i> (unaudited) <i>(Note 1)</i>	Pro forma adjustments			The Group after Acquisition as at 30 June 2023 <i>RMB'000</i> (unaudited)
		<i>RMB'000</i> <i>(Note 2)</i>	<i>RMB'000</i> <i>(Note 3)</i>	<i>RMB'000</i> <i>(Note 4)</i>	
<b>NON-CURRENT ASSETS</b>					
Investment properties	73,578	—	—	—	73,578
Property, plant and equipment	109,286	—	—	—	109,286
Intangible assets	721,128	—	—	—	721,128
Right-of-use assets	13,533	—	—	—	13,533
Investments in joint ventures	60,520	—	—	—	60,520
Deferred tax assets	102,712	(23,776)	—	—	78,936
	<u>1,080,757</u>	<u>(23,776)</u>	<u>—</u>	<u>—</u>	<u>1,056,981</u>
<b>CURRENT ASSETS</b>					
Inventories	206,321	467,845	(51,404)	—	622,762
Trade and note receivables	1,309,123	—	—	—	1,309,123
Prepayments and other receivables	1,011,753	(467,845)	—	—	543,908
Contract assets	21,342	—	—	—	21,342
Restricted bank deposits	4,930	—	—	—	4,930
Cash and cash equivalents	624,411	—	—	—	624,411
	<u>3,177,880</u>	<u>—</u>	<u>(51,404)</u>	<u>—</u>	<u>3,126,476</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	1,296,434	—	(51,404)	2,212	1,247,242
Contract liabilities	590,292	—	—	—	590,292
Lease liabilities	5,573	—	—	—	5,573
Current tax liabilities	50,187	—	—	—	50,187
	<u>1,942,486</u>	<u>—</u>	<u>(51,404)</u>	<u>2,212</u>	<u>1,893,294</u>
<b>NET CURRENT ASSETS/LIABILITIES</b>	<u>1,235,394</u>	<u>—</u>	<u>—</u>	<u>(2,212)</u>	<u>1,233,182</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>2,316,151</u>	<u>(23,776)</u>	<u>—</u>	<u>(2,212)</u>	<u>2,290,163</u>
<b>NON-CURRENT LIABILITIES</b>					
Trade and other payables	15,535	—	—	—	15,535
Lease liabilities	6,904	—	—	—	6,904
Deferred tax liabilities	57,116	—	—	—	57,116
	<u>79,555</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>79,555</u>
<b>NET ASSETS</b>	<u>2,236,596</u>	<u>(23,776)</u>	<u>—</u>	<u>(2,212)</u>	<u>2,210,608</u>

*Notes:*

1. The unaudited condensed consolidated statement of assets and liabilities of the Group as at 30 June 2023 is extracted from the published interim report of the Company for the six months ended 30 June 2023. The auditor expressed a modified conclusion on the unaudited condensed consolidated financial statements of the Group as at 30 June 2023 due to limitation of scope on refundable deposit receivable by the Group.
2. The adjustment reflect (i) the derecognition of the refundable deposit receivables with a carrying amount of RMB467,845,000 as at 30 June 2023, due to a substantial modification of contract terms regarding the refundable deposits receivables for the purpose of offsetting the consideration of the Acquisition, (ii) the reversal of deferred tax assets arise from the expected credit losses of the refundable deposit receivables as at 30 June 2023 due to the derecognition, and (iii) recognition of inventories at cost, which represents the fair value of the refundable deposit receivables of RMB467,845,000 given to acquire the Assets at the time of the Acquisition.

The carrying amount of the refundable deposit receivables at the date of derecognition is RMB467,845,000, which is after the expected credit losses of RMB158,505,000 whereas the Assets obtained also has a carrying amount of RMB467,845,000. Accordingly, no gain or loss is recognised in profit or loss on derecognition of refundable deposit receivables.

The Assets are classified as inventories as the Group will held them for sale in its ordinary course of business after the completion of the Acquisition. The Assets is initially measured at cost and subsequently at the lower of cost and net realisable value. Change in that value will be recognised in profit or loss.

3. The adjustment reflect the recognition of other costs of purchase directly attributed to the Acquisition and hence form part of the cost of inventories. The amount represented (i) the stamp duty of RMB313,000, which will be payable by the Group, and (ii) the input value-added tax of RMB51,717,000, which will be recoverable from the tax authority by offsetting with the output value-added tax, after the completion of the Acquisition and hence recognised as other payables.
4. The adjustment reflects the recognition of the transaction costs directly attributable to the preparation of the joint announcement and this circular, which are estimated to be approximately RMB2,212,000.
5. No adjustments have been made to reflect any trading or other transactions of the Group entered into subsequent to 30 June 2023.

**C. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report from BDO Limited, the independent reporting accountant, in respect of the unaudited pro forma financial information of the Group as set out in this Appendix and prepared for the sole purpose of inclusion in this circular.*

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the directors of Sino-Ocean Service Holding Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Sino-Ocean Service Holding Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma condensed consolidated statement of assets and liabilities of the Group as at 30 June 2023 and related notes as set out on pages II-1 to II-3 of Appendix II to the circular issued by the Company dated 25 September 2023 (the “**Circular**”) in connection with the proposed acquisition of the Parking Spaces and the Commercial Properties (the “**Acquisition**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in pages II-1 to II-3 of Appendix II to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group’s financial position as at 30 June 2023 as if the Acquisition had taken place at 30 June 2023. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s unaudited condensed consolidated interim financial statements for the six months period ended 30 June 2023, on which a review report with a modified conclusion has been issued.

**Directors’ Responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of the unaudited pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the

Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

### **BDO Limited**

*Certified Public Accountants*  
Hong Kong

25 September 2023

*The following is the text of a letter, summary of valuations and valuation report prepared for the purpose of incorporation in this Circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of values of the property interests agreed to be acquired by the Company as at 31 July 2023.*



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

25 September 2023

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

Dear Sirs,

#### **INSTRUCTIONS, PURPOSE & VALUATION DATE**

In accordance with the instructions from Sino-Ocean Service Holding Limited (the “**Company**”) for us to value the target properties comprising of (i) the right of use of 4,961 parking spaces and (ii) 168 ancillary commercial podium units held by Sino-Ocean Group Holding Limited and its subsidiaries (hereinafter together referred to as the “**SOGH Group**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of such properties as at 31 July 2023 (the “**Valuation Date**”).

#### **DEFINITION OF MARKET VALUE**

Our valuation of each of the properties and the rights of use represents their respective market value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (the “**HKIS**”) 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”.

We confirm that the valuations are undertaken in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors.

Our valuation of each property or right of use is on entirety interest basis.

## VALUATION BASIS AND ASSUMPTIONS

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

In the course of our valuations, we have relied on the information and advice given by the Company's PRC legal adviser, Kejie Associates (柯傑律師事務所), regarding the titles to the properties and the interests of the SOGH Group in the properties in the PRC. Unless otherwise stated in the legal opinion, in valuing the property interests, we have assumed that the SOGH Group has an enforceable title to each of the property interests and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted and that any premium payable has already been fully paid.

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 respective valuation report.

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

## METHOD OF VALUATION

In valuing the properties and the rights of use, which are held by the SOGH Group for sale in the PRC, we have adopted Market Comparison Method assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties. Given that the properties are ancillary commercial podium units and car parking spaces, comparable sales transactions and information about such sales are generally available, we have therefore adopted Market Comparison Method which is in line with the market practice.

Set out below are the key assumptions used in our valuations:

Market unit price (net of value-added tax ("VAT")) for

- (I) Car parking space: RMB58,000 to RMB401,000 per lot
- (II) Commercial (First Floor): RMB18,800 to RMB24,000 per sq.m. on gross floor area ("GFA") basis

## SOURCE OF INFORMATION

In the course of our valuations, we have relied on the information and advice given by the Company and the Company's legal adviser, Kejie Associates (柯傑律師事務所), regarding the title to the properties and the interests of the SOGH Group in the properties in the PRC.

In respect of all properties, we have accepted advice given by the Company and the SOGH Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, rental incomes, site and floor areas, interest attributable to the SOGH Group 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 valuations. 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 properties in the PRC provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents.

## TITLE INVESTIGATION

We have been provided with extracts of documents relating to the properties in the PRC. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of each property interest 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 interest in the PRC.

## SITE INSPECTION

We inspected the exterior and, wherever possible, the interior of the properties in June 2023. 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 properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services.

Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of the documents handed to us are correct.

**CURRENCY**

Unless otherwise stated, all monetary amounts stated in the summary of valuations and valuation report are in Renminbi (“**RMB**”), the official currency of the PRC.

**OTHER DISCLOSURE**

We hereby confirm that Cushman & Wakefield Limited and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the property interests or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

We have been appointed by the Company and Sino-Ocean Group Holding Limited respectively to prepare valuations of the property interests for public disclosure purposes with each of the aforesaid instructing parties fully aware of and giving consent to us conducting valuations of the property interests at the same time respectively. The Company and Sino-Ocean Group Holding Limited understand and agree that our valuations are carried out on an impartial basis without bias to any party concerned.

We enclose herewith our summary of valuations and 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 Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a 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 valuations competently.

## SUMMARY OF VALUATIONS

## Property interests held by the SOGH Group for sale in the PRC

No.	Property name	Market value in existing state as at 31 July 2023 (RMB)	Interest attributable to the SOGH Group (%)	Market value in existing state attributable to SOGH Group as at 31 July 2023 (RMB)
1	The right of use in portions of underground parking spaces of Ocean Crown	16,840,000	100	16,840,000
2	The right of use in portions of underground parking spaces of Harmony Mansion	24,480,000	100	24,480,000
3	The right of use in portions of underground parking spaces of Ocean Mansion Plots B	38,250,000	100	38,250,000
4	The right of use in portions of underground parking spaces of Phases 1, 2 and 3 of Sino-Ocean Harmony	58,630,000	100	58,630,000
5	The right of use in portions of underground parking spaces of Phases 1 and 2 of Sino-Ocean Prospect	31,590,000	100	31,590,000
6	The right of use in portions of underground parking spaces of Sino-Ocean Landscape	31,130,000	100	31,130,000
7	The right of use in portions of underground car parking spaces of River Mansion	14,460,000	100	14,460,000
8	The right of use in portions of underground car parking spaces of Royal Mansion	16,650,000	100	16,650,000
9	The right of use in portions of underground parking spaces of Xixi Mansion	381,930,000	100	381,930,000
10	The right of use in portions of underground parking spaces of Ocean Seasons	63,160,000	100	63,160,000
11	The commercial portions of Sino-Ocean Prospect	131,010,000	100	131,010,000
12	The commercial portions of Happy Light Year	86,780,000	100	86,780,000
	<b>Total</b>	<b>894,910,000</b>		<b>894,910,000</b>

## VALUATION REPORT

## Property interests held by the SOGH Group for sale in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2023
1. The right of use in portions of underground parking spaces of Ocean Crown, Wangtong Road, Chaoyang District, Beijing, the PRC  (中華人民共和國北京市朝陽區望通路遠洋萬和公館部分地下車位使用權)	The property comprises 42 unsold car parking spaces of Ocean Crown, which was completed in 2015.  The property is located in Central Business District of Beijing. Developments nearby are mainly office and residential in nature. The property is served by several public bus routes and is close to the Wangjingdong subway station.  The total gross floor area of the property is 1,816.31 sq.m..  The land use rights of the property have been granted for a term of 50 years due to expire on 18 April 2060 for car parking use.	As at the Valuation Date, the property was vacant and completed for sale.	RMB16,840,000  (RENMINBI SIXTEEN MILLION EIGHT HUNDRED AND FORTY THOUSAND)  (100% interest attributable to the SOGH Group: RMB16,840,000)

## Notes:

- (1) According to 42 Real Estate Title Certificates dated between 24 February 2018 and 1 March 2018, the land use rights of the property comprising a total site area of 8,096.37 sq.m., and the building ownership of the property with a total gross floor area of approximately 1,816.31 sq.m. have been vested in 北京遠新資產管理有限公司 (Beijing Yuanxin Asset Management Co., Ltd.) for a term of 50 years due to expire on 18 April 2060 for parking use, with details as follows:

Block.	Certificate No.	Issue Date	Building Use	Gross Floor Area (sq.m.)
9-11	(2018)0025143	24 February 2018	underground parking	40.72
9-11	(2018)0025147	24 February 2018	underground parking	44.02
9-11	(2018)0025152	24 February 2018	underground parking	44.02
9-11	(2018)0025169	24 February 2018	underground parking	28.17
9-11	(2018)0025012	24 February 2018	underground parking	40.72
9-11	(2018)0025034	24 February 2018	underground parking	46.10
9-11	(2018)0025038	24 February 2018	underground parking	46.10

Block.	Certificate No.	Issue Date	Building Use	Gross Floor Area (sq.m.)
9-11	(2018)0025058	24 February 2018	underground parking	44.02
9-11	(2018)0025076	24 February 2018	underground parking	44.02
9-11	(2018)0025084	24 February 2018	underground parking	44.02
9-11	(2018)0026451	1 March 2018	underground parking	48.02
9-11	(2018)0025089	24 February 2018	underground parking	48.02
9-11	(2018)0025091	24 February 2018	underground parking	47.54
9-11	(2018)0025097	24 February 2018	underground parking	47.54
9-11	(2018)0025074	24 February 2018	underground parking	44.02
9-11	(2018)0025092	24 February 2018	underground parking	48.02
9-11	(2018)0025068	24 February 2018	underground parking	48.02
9-11	(2018)0025067	24 February 2018	underground parking	48.02
9-11	(2018)0025080	24 February 2018	underground parking	40.72
9-11	(2018)0025090	24 February 2018	underground parking	44.02
9-11	(2018)0025102	24 February 2018	underground parking	44.02
9-11	(2018)0025103	24 February 2018	underground parking	48.02
9-11	(2018)0025144	24 February 2018	underground parking	44.02
9-11	(2018)0025157	24 February 2018	underground parking	44.02
9-11	(2018)0025165	24 February 2018	underground parking	44.02
9-11	(2018)0025166	24 February 2018	underground parking	44.02
9-11	(2018)0025176	24 February 2018	underground parking	42.26
9-11	(2018)0025178	24 February 2018	underground parking	28.17
9-11	(2018)0026450	1 March 2018	underground parking	44.02
9-11	(2018)0025116	24 February 2018	underground parking	44.02
9-11	(2018)0025216	24 February 2018	underground parking	48.02
9-11	(2018)0025223	24 February 2018	underground parking	44.02
9-11	(2018)0025226	24 February 2018	underground parking	44.02
9-11	(2018)0025205	24 February 2018	underground parking	44.02
9-11	(2018)0025201	24 February 2018	underground parking	48.02
9-11	(2018)0025198	24 February 2018	underground parking	44.02
3	(2018)0025183	24 February 2018	underground parking	38.86
3	(2018)0025189	24 February 2018	underground parking	38.86
3	(2018)0025191	24 February 2018	underground parking	38.86
3	(2018)0025210	24 February 2018	underground parking	38.86
3	(2018)0025212	24 February 2018	underground parking	38.86
3	(2018)0025128	24 February 2018	underground parking	37.45
<b>Total</b>				<b><u>1,816.31</u></b>

- (2) In valuing the market value of the property, we have adopted Market Comparison Method. We have made reference to relevant sales comparables in the locality. The comparables are selected mainly based on the following criteria: (i) the transaction took place in the past one year; (ii) comparables located in the same district; (iii) the nature of the comparables are similar to the property. The unit prices of these comparables range from about RMB360,000 to RMB430,000 per carpark lot.

Details of the carpark sales comparables considered are listed below:

<b>Comparable</b>	<b>Achieved Unit Price</b> <i>(RMB/lot)</i>
Kuntai Garay Central	410,000
SHOKAI Guofengshangyue	360,000
C&D Wangjing Yangyun	430,000

The major adjustments made to arrive at our valuation, include but not limited to the following:

<b>Factor</b>	<b>Adjustment</b>
Accessibility	0% to 4%
Age and maintenance	-2% to 0%

In arriving at the key assumption, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to location, accessibility, neighborhood environment, and physical characteristics, such as building age and maintenance, size, floor and other relevant matters between the property and the comparables. The general basis of adjustment is that if the property is better than the comparable, an upward adjustment is made. Alternatively, if the property is inferior to or less desirable than the comparable, a downward adjustment is made.

- (3) We have been provided with a legal opinion on the title of the property issued by the Company's PRC legal adviser which contains, inter-alia, the following information:
- (a) 北京遠新資產管理有限公司 (Beijing Yuanxin Asset Management Co., Ltd.) has legal, effective and complete ownership of the property, and has obtained Real Estate Title Certificate, and is recognized and protected by the PRC Laws and regulations, and has right to legally possess, use, benefit from and otherwise dispose of the land use rights and building ownership of the property;
  - (b) The property is free from mortgage, sequestration, or any other encumbrances from the third parties;
  - (c) 北京遠新資產管理有限公司 (Beijing Yuanxin Asset Management Co., Ltd.) is not allowed to transfer the property ownership directly under the PRC laws and regulations but is allowed to transfer the property in the form of an assignment of the right of use, and the aforesaid transfer of the right of use of the property is legitimate and valid. Subject to the requirements of applicable PRC laws and the relevant policies on the transfer of car parking spaces for residential developments, the Company has the right to benefit from the property and may transfer the right of use of the property to other parties during the period of the assignment, meanwhile the Company shall give priority to meeting the needs of the individual owners of Ocean Crown;
  - (d) 北京遠新資產管理有限公司 (Beijing Yuanxin Asset Management Co., Ltd.) purchased the property through a direct transfer of the property ownership right. The transfer agreement is legitimate and valid, and all consideration of the property stated in the transfer agreement have been paid and settled.
- (4) Yilia Shi, 5 years of experience in the valuation of properties in Beijing, inspected the property on 16 June 2023.

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2023
2. The right of use in portions of underground parking spaces of Harmony Mansion, Block 18b, southern section of Sino-Singapore Tianjin Eco-City, Binhai New District, Tianjin, the PRC  (中華人民共和國 天津市 濱海新區 中新天津生態城 南部片區18b地塊 萬和府部分地下車位使用權)	The property comprises 240 unsold car parking spaces of Harmony Mansion, which was completed in 2022.  The property is located in Sino-Singapore Tianjin Eco-City. Developments nearby are mainly residential in nature. The property is served by several public bus routes and is close to the provincial road, Zhong Xin Da Road.  The total gross floor area of the property is 3,079.92 sq.m..  The land use rights of the property have been granted for a term of 70 years due to expire on 14 January 2079 for residential use.	As at the Valuation Date, the property was vacant and completed for sale.	RMB24,480,000  (RENMINBI TWENTY-FOUR MILLION FOUR HUNDRED AND EIGHTY THOUSAND)  (100% interest attributable to the SOGH Group: RMB24,480,000)

*Notes:*

- (1) According to Real Estate Title Certificate No. (2020)1010157 (land portion) dated 15 December 2020, the land use rights of the property, comprising a total site area of 72,182.3 sq.m. have been vested in 天津市遠方置業有限公司 (Tianjin Yuan Fang Property Co., Ltd.) for a term of 70 years due to expire on 14 January 2079 for residential use.

The property constitutes parts of the scope of the above-said certificate.

- (2) According to Planning Permit for Construction Works (2020) 0049 dated 8 December 2020, the construction works of the project block 18b, southern section of Sino-Singapore Tianjin Eco-City, with a total permitted gross floor area of 79,684 sq.m. is in compliance with the construction works requirements and has been approved.

The property constitutes parts of the scope of the above-said permit.

- (3) According to Permit for Commencement of Construction Works No.1204102020121401121 dated 14 December 2020, the construction works with a total gross floor of 110,684.00 sq.m. was permitted for construction.

The property constitutes parts of the scope of the above-said permit.

- (4) According to Construction Works Completion Examination Form, the construction works with a total gross floor area of 111,106.05 sq.m. was completed.

The property constitutes parts of the scope of the above-said form.

- (5) In valuing the market value of the property, we have adopted Market Comparison Method. We have made reference to relevant sales comparables in the locality. The comparables are selected mainly based on the following criteria: (i) the transaction took place in the past one year; (ii) comparables located in the same district; (iii) the nature of the comparables are similar to the property. The unit prices of these comparables range from about RMB100,000 to RMB110,000 per carpark lot.

Details of the carpark sales comparables considered are listed below:

<b>Comparable</b>	<b>Achieved Unit Price</b> <i>(RMB/lot)</i>
Wanda Plaza	100,000
Agile Riverside County	110,000
Yicheng Xuefu No.1	108,000

The major adjustments made to arrive at our valuation, include but not limited to the following:

<b>Factor</b>	<b>Adjustment</b>
Accessibility	0% to 5%
Frontage	0% to 3%

In arriving at the key assumption, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to location, accessibility, neighborhood environment, and physical characteristics, such as building age and maintenance, size, floor and other relevant matters between the property and the comparables. The general basis of adjustment is that if the property is better than the comparable, an upward adjustment is made. Alternatively, if the property is inferior to or less desirable than the comparable, a downward adjustment is made.

- (6) We have been provided with a legal opinion on the title of the property issued by the Company's PRC legal adviser which contains, inter-alia, the following information:
- (a) 天津市遠方置業有限公司 (Tianjin Yuan Fang Property Co., Ltd.) is in the process of applying for Real Estate Title Certificate, which is expected to be completed by the end of September 2023;
  - (b) 天津市遠方置業有限公司 (Tianjin Yuan Fang Property Co., Ltd.) has right to legally possess, use, benefit from and otherwise dispose of the land use rights and building ownership of the property;
  - (c) The property is free from mortgage, sequestration, or any other encumbrances from the third parties;
  - (d) 天津市遠方置業有限公司 (Tianjin Yuan Fang Property Co., Ltd.) is not allowed to transfer the property ownership directly under the PRC laws and regulations but is allowed to transfer the property in the form of an assignment of the right of use, and the aforesaid transfer of the right of use of the property is legitimate and valid with a term due to expire on 14 January 2079. Subject to the requirements of applicable PRC laws and the relevant policies on the transfer of car parking spaces for residential developments, the Company has the right to benefit from the property and

may transfer the right of use of the property to other parties during the period of the assignment, meanwhile the Company shall give priority to meeting the needs of the individual owners of Harmony Mansion;

- (e) All land premium of the property stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (7) Ada Wang, 7 years of experience in the valuation of properties in Tianjin, inspected the property on 19 June 2023.

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2023
3. The right of use in portions of underground parking spaces of Ocean Mansion Plots B, Jingshi Road, Huaiyin District, Jinan, the PRC  (中華人民共和國 濟南市 槐蔭區 經十路 萬和府B地塊部分地下 車位使用權)	<p>The property comprises the unsold 209 car parking spaces of Ocean Mansion, which was completed in 2022.</p> <p>The property is located in the western part of Jinan City. Developments nearby are mainly business and residential in nature. The property is served by several public bus routes and is about 4 kilometers away from Jinan Railway Station.</p> <p>The total gross floor area of the property is 5,609.92 sq.m..</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 6 March 2089 for residential use.</p>	As at the Valuation Date, the property was vacant and completed for sale.	<p>RMB38,250,000</p> <p>(RENMINBI THIRTY-EIGHT MILLION TWO HUNDRED AND FIFTY THOUSAND)</p> <p>(100% interest attributable to the SOGH Group: RMB38,250,000)</p>

*Notes:*

- (1) According to Real Estate Title Certificate No. (2022) 0040470 dated 2 March 2022, the land use rights of the property, comprising a total site area of 42,719.00 sq.m., and the building ownership of the property with a total gross floor area of 5,609.92 sq.m. have been vested in 山東遠祥置業有限公司 (Shandong Yuanxiang Real Estate Co., Ltd.) for a term of 70 years due to expire on 6 March 2089 for residential use.
- (2) In valuing the market value of the property, we have adopted Market Comparison Method. We have made reference to relevant sales comparables in the locality. The comparables are selected mainly based on the following criteria: (i) the transaction took place in the past one year; (ii) comparables located in the same district; (iii) the nature of the comparables are similar to the property. The unit prices of these comparables range from about RMB179,400 to RMB208,000 per carpark lot.

Details of the carpark sales comparables considered are listed below:

<b>Comparable</b>	<b>Achieved Unit Price</b> <i>(RMB/lot)</i>
Jade Lane Project	179,400
Lingxiu City Project	197,400
Poly Tianxi Project	208,000

The major adjustments made to arrive at our valuation, include but not limited to the following:

<b>Factor</b>	<b>Adjustment</b>
Transportation	-4% to 6%
Accessibility	-4% to 6%

In arriving at the key assumption, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to location, accessibility, neighborhood environment, and physical characteristics, such as building age and maintenance, size, floor and other relevant matters between the property and the comparables. The general basis of adjustment is that if the property is better than the comparable, an upward adjustment is made. Alternatively, if the property is inferior to or less desirable than the comparable, a downward adjustment is made.

- (3) We have been provided with a legal opinion on the title of the property issued by the Company's PRC legal adviser which contains, inter-alia, the following information:
- (a) 山東遠祥置業有限公司 (Shandong Yuanxiang Real Estate Co., Ltd.) has legal, effective and complete ownership of the property, and has obtained Real Estate Title Certificate, and is recognized and protected by the PRC Laws and regulations, and has right to legally possess, use, benefit from and otherwise dispose of the land use rights and building ownership of the property;
  - (b) The property is free from mortgage, sequestration, or any other encumbrances from the third parties;
  - (c) 山東遠祥置業有限公司 (Shandong Yuanxiang Real Estate Co., Ltd.) is not allowed to transfer the property ownership directly under the PRC laws and regulations but is allowed to transfer the property in the form of an assignment of the right of use, and the aforesaid transfer of the right of use of the property is legitimate and valid with a term due to expire on 6 March 2089. Subject to the requirements of applicable PRC laws and the relevant policies on the transfer of car parking spaces for residential developments, the Company has the right to benefit from the property and may transfer the right of use of the property to other parties during the period of the assignment, meanwhile the Company shall give priority to meeting the needs of the individual owners of Ocean Mansion Plot B;
  - (d) All land premium of the property stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (4) Lilyan Wu, 2 years of experience in the valuation of properties in Jinan, inspected the property on 15 June 2023.

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2023
<p>4. The right of use in portions of underground parking spaces of Phases 1, 2 and 3 of Sino-Ocean Harmony, Intersection of Lishuang Road and Jingang Road, Xiqing District, Tianjin, the PRC</p> <p>(中華人民共和國 天津市 西青區 梨雙路與津港公路交口 萬和城1期、2期及3期 部分地下車位使用權)</p>	<p>The property comprises 715 unsold car parking spaces of Phases 1 to 3 of Sino-Ocean Harmony, which was completed in between 2012 and 2015.</p> <p>The property is located in Xiqing District. Developments nearby are mainly commercial and residential in nature. The property is served by several public bus routes and is close to the Jiefang South Road subway station.</p> <p>The total gross floor area of the property is 11,484.00 sq.m..</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 10 February 2080 for residential use.</p>	<p>As at the Valuation Date, the property was vacant and completed for sale.</p>	<p>RMB58,630,000</p> <p>(RENMINBI FIFTY-EIGHT MILLION SIX HUNDRED AND THIRTY THOUSAND)</p> <p>(100% interest attributable to the SOGH Group: RMB58,630,000)</p>

Notes:

- (1) According to 3 Real Estate Title Certificates, the land use rights of the property, comprising a total site area of 31,955.3 sq.m. and the building ownership of the property with a gross floor area of approximately 62,075.15 sq.m. have been vested in 天津市遠贏置業有限公司 (Tianjin Yuan Ying Property Co., Ltd.) for a term of 70 years due to expire on 2 October 2080 for residential use, with details as follows:

<b>Block</b>	<b>Certificate No.</b>	<b>Issue Date</b>	<b>Building Use</b>	<b>Gross Floor Area</b> (sq.m.)
1	111011304874	4 November 2013	Non-residential	22,597.29
2	111011404873	18 March 2014	Non-residential	26,836.36
3	1017531	11 December 2015	Non-residential	12,641.50
<b>Total</b>				<b><u>62,075.15</u></b>

The property constitutes parts of the scope of the above-said certificates.

- (2) In valuing the market value of the property, we have adopted Market Comparison Method. We have made reference to relevant sales comparables in the locality. The comparables are selected mainly based on the following criteria: (i) the transaction took place in the past one year; (ii) comparables located in the same district; (iii) the nature of the comparables are similar to the property. The unit prices of these comparables range from about RMB80,000 to RMB100,000 per carpark lot.

Details of the carpark sales comparables considered are listed below:

<b>Comparable</b>	<b>Achieved Unit Price</b> (RMB/lot)
Meiyu Garden	88,000
Zhengrong Runjing Costal	80,000
Art Mansion Mingyue	100,000

The major adjustments made to arrive at our valuation, include but not limited to the following:

<b>Factor</b>	<b>Adjustment</b>
Location and environment	0% to 5%
Age and maintenance	-10% to 5%

In arriving at the key assumption, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to location, accessibility, neighborhood environment, and physical characteristics, such as building age and maintenance, size, floor and other relevant matters between the property and the comparables. The general basis of adjustment is that if the property is better than the comparable, an upward adjustment is made. Alternatively, if the property is inferior to or less desirable than the comparable, a downward adjustment is made.

- (3) We have been provided with a legal opinion on the title of the property issued by the Company's PRC legal adviser which contains, inter-alia, the following information:
- (a) 天津市遠贏置業有限公司 (Tianjin Yuan Ying Property Co., Ltd.) has legal, effective and complete ownership of the property, and has obtained Real Estate Title Certificate, and has right to legally possess, use, benefit from and otherwise dispose of the land use rights and building ownership of the property;
  - (b) The property is free from mortgage, sequestration, or any other encumbrances from the third parties;
  - (c) 天津市遠贏置業有限公司 (Tianjin Yuan Ying Property Co., Ltd.) is not allowed to transfer the property ownership directly under the PRC laws and regulations but is allowed to transfer the property in the form of an assignment of the right of use, and the aforesaid transfer of the right of use of the property is legitimate and valid with a term due to expire on 10 February 2080. Subject to the requirements of applicable PRC laws and the relevant policies on the transfer of car parking spaces for residential developments, the Company has the right to benefit from the property and may transfer the right of use of the property to other parties during the period of the assignment, meanwhile the Company shall give priority to meeting the needs of the individual owners of Sino-Ocean Harmony;
  - (d) All land premium of the property stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (4) Ada Wang, 7 years of experience in the valuation of properties in Tianjin, inspected the property on 20 June 2023.

## VALUATION REPORT

	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Market value in existing state as at 31 July 2023</b>
5.	<p>The right of use in portions of underground parking spaces of Phases 1 and 2 of Sino-Ocean Prospect, 311,312 Gui Hang Road, Dongli District, Tianjin, the PRC</p> <p>(中華人民共和國天津市東麗區歸航路311號312號遠洋風景1期、2期部分地下車位使用權)</p>	<p>The property comprises 390 unsold car parking spaces of Phases 1 to 2 of Sino-Ocean Prospect, which was completed in 2012.</p> <p>The property is located in Dongli District. Developments nearby are mainly residential in nature. The property is served by several public bus routes and is close to the Zhang Gui Zhuang subway station.</p> <p>The total gross floor area of the property is 6,405.00 sq.m..</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 13 June 2077 for residential use.</p>	<p>As at the Valuation Date, the property was vacant and completed for sale.</p>	<p>RMB31,590,000</p> <p>(RENMINBI THIRTY-ONE MILLION FIVE HUNDRED AND NINETY THOUSAND)</p> <p>(100% interest attributable to the SOGH Group: RMB31,590,000)</p>

*Notes:*

- (1) According to 2 Real Estate Title Certificates, the land use rights of the property, comprising a total site area of 165,897.5 sq.m. and the building ownership of the property with a total gross floor area of approximately 53,498.67 sq.m. have been vested in 天津宇華房地產開發有限公司 (Tianjin Yu Hua Real Estate Development Co., Ltd.) for a term of 70 years due to expire on 13 June 2077 for residential use, with details as follows:

<b>Block</b>	<b>Certificate No.</b>	<b>Issue Date</b>	<b>Building Use</b>	<b>Gross Floor Area (sq.m.)</b>
1	110011510523	26 May 2015	Non-residential	36,400.50
2	110011309788	19 July 2013	Non-residential	17,098.17
<b>Total</b>				<b>53,498.67</b>

The property constitutes parts of the scope of the above-said certificates.

- (2) In valuing the market value of the property, we have adopted Market Comparison Method. We have made reference to relevant sales comparables in the locality. The comparables are selected mainly based on the following criteria: (i) the transaction took place in the past one year; (ii) comparables located in the same district; (iii) the nature of the comparables are similar to the property. The unit prices of these comparables range from about RMB90,000 to RMB100,000 per carpark lot.

Details of the carpark sales comparables considered are listed below:

<b>Comparable</b>	<b>Achieved Unit Price</b> <i>(RMB/lot)</i>
Smart Science City	90,000
Yudong Yuan	100,000
Dahua Bay	90,000

The major adjustments made to arrive at our valuation, include but not limited to the following:

<b>Factor</b>	<b>Adjustment</b>
Age and maintenance	-3% to 0%

In arriving at the key assumption, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to location, accessibility, neighborhood environment, and physical characteristics, such as building age and maintenance, size, floor and other relevant matters between the property and the comparables. The general basis of adjustment is that if the property is better than the comparable, an upward adjustment is made. Alternatively, if the property is inferior to or less desirable than the comparable, a downward adjustment is made.

- (3) We have been provided with a legal opinion on the title of the property issued by the Company's PRC legal adviser which contains, inter-alia, the following information:
- (a) 天津宇華房地產開發有限公司 (Tianjin Yu Hua Real Estate Development Co., Ltd.) has legal, effective and complete ownership of the property, and has obtained Real Estate Title Certificate, and has right to legally possess, use, benefit from and otherwise dispose of the land use rights and building ownership of the property;
  - (b) The property is free from mortgage, sequestration, or any other encumbrances from the third parties;
  - (c) 天津宇華房地產開發有限公司 (Tianjin Yu Hua Real Estate Development Co., Ltd.) is not allowed to transfer the property ownership directly under the PRC laws and regulations but is allowed to transfer the property in the form of an assignment of the right of use, and the aforesaid transfer of the right of use of the property is legitimate and valid with a term due to expire on 13 June 2077. Subject to the requirements of applicable PRC laws and the relevant policies on the transfer of car parking spaces for residential developments, the Company has the right to benefit from the property and may transfer the right of use of the property to other parties during the period of the assignment, meanwhile the Company shall give priority to meeting the needs of the individual owners of Sino-Ocean Prospect;

- (d) All land premium of the property stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (4) Ada Wang, 7 years of experience in the valuation of properties in Tianjin, inspected the property on 19 June 2023.

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2023
6. The right of use in portions of underground parking spaces of Sino-Ocean Landscape, No. 377, Guanchang Village, Jimo District, Qingdao, the PRC  (中華人民共和國青島市即墨區官場村377號遠洋山水部分地下車位使用權)	The property comprises 440 unsold car parking spaces of Sino-Ocean Landscape, which was completed in 2023.  The property is located in Jimo District of Qingdao. Developments nearby are mainly office and residential in nature. The property is served by several public bus routes and is close to the Aoshanwei subway station.  The total gross floor area of the property is 5,463.46 sq.m..  The land use rights of the property have been granted for terms of 70 years due to expire on 24 January 2091 for residential use.	As at the Valuation Date, the property was vacant and completed for sale.	RMB31,130,000  (RENMINBI THIRTY-ONE MILLION ONE HUNDRED AND THIRTY THOUSAND)  (100% interest attributable to the SOGH Group: RMB31,130,000)

*Notes:*

- (1) According to State-owned Land Use Certificate No. (2021) 0002910 (land portion) dated 29 January 2021, the land use rights of the property comprising a total site area of 43,811.00 sq.m. have been vested in青島遠茂置業有限公司 (Qingdao Yuanmao Real Estate Co., Ltd.) due to expire on 24 January 2091 for residential use and due to expire on 24 January 2061 for commercial use.

The property constitutes parts of the scope of the above-said certificate.

- (2) According to Planning Permit for Construction Land Use No. 370201202139004 dated 2 February 2021, the proposed construction land use of the property complies with the town planning requirements and permit for construction of a site area of 43,811.00 sq.m.

The property constitutes parts of the scope of the above-said permit.

- (3) According to 4 Planning Permits for Construction Works dated 9 April 2021 in favour of青島遠茂置業有限公司 (Qingdao Yuanmao Real Estate Co., Ltd.), the construction works of the project with a total permitted gross floor area of 118,772.00 sq.m. is in compliance with the construction works requirements and has been approved.

Permit No.	Project Name	Gross Floor Area (sq.m.)
370201202139003	Sino-Ocean Landscape Phase I	29,423.71
370201202139004	Sino-Ocean Landscape Phase II	29,740.69
370201202139005	Sino-Ocean Landscape Phase III	41,609.35
370201202139006	Sino-Ocean Landscape Phase IV	<u>17,998.25</u>
<b>Total</b>		<b><u><u>118,772.00</u></u></b>

The property constitutes parts of the scope of the above-said permits.

- (4) According to 4 Permits for Commencement of Construction Works, the construction works of the property were permitted for construction with details as follows:

Permit No.	Project Name	Gross Floor Area (sq.m.)
370282202104270101	Sino-Ocean Landscape Phase I	29,423.71
370282202105240101(SUP)	Sino-Ocean Landscape Phase II	29,740.69
370282202104160101	Sino-Ocean Landscape Phase III	41,609.35
370282202104160201	Sino-Ocean Landscape Phase IV	<u>17,998.25</u>
<b>Total</b>		<b><u><u>118,772.00</u></u></b>

The property constitutes parts of the scope of the above-said permits.

- (5) According to Completion Certificate, the underground carparking portion with a total gross floor area of 31,150.00 sq.m. was completed, with details are as follows:

Certificate No.	Project Name	Use	Gross Floor Area (sq.m.)
2023-006	Sino-Ocean Landscape Phase I	underground carparking	7,784.73
2023-007	Sino-Ocean Landscape Phase II		7,281.52
2023-008	Sino-Ocean Landscape Phase III		12,292.56
2023-009	Sino-Ocean Landscape Phase IV		<u>3,791.19</u>
<b>Total</b>			<b><u><u>31,150.00</u></u></b>

The property constitutes parts of the scope of the above-said certificates.

- (6) In valuing the market value of the property, we have adopted Market Comparison Method. We have made reference to relevant sales comparables in the locality. The comparables are selected mainly based on the following criteria: (i) the transaction took place in the past one year; (ii) comparables located in the same district; (iii) the nature of the comparables are similar to the property. The unit prices of these comparables range from about RMB70,000 to RMB100,000 per carpark lot.

Details of the carpark sales comparables considered are listed below:

<b>Comparable</b>	<b>Achieved Unit Price</b> <i>(RMB/lot)</i>
Wanke Zijun	75,000
Qingdao Blue Wave Bay	70,000
Lushang Jiankang City	100,000

The major adjustments made to arrive at our valuation, include but not limited to the following:

<b>Factor</b>	<b>Adjustment</b>
Accessibility	0% to 5%
Prestige	-10% to 0%
Frontage	-4% to 0%

In arriving at the key assumption, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to location, accessibility, neighborhood environment, and physical characteristics, such as building age and maintenance, size, floor and other relevant matters between the property and the comparables. The general basis of adjustment is that if the property is better than the comparable, an upward adjustment is made. Alternatively, if the property is inferior to or less desirable than the comparable, a downward adjustment is made.

- (7) We have been provided with a legal opinion on the title of the property issued by the Company's PRC legal adviser which contains, inter-alia, the following information:
- (a) 青島遠茂置業有限公司 (Qingdao Yuanmao Real Estate Co., Ltd.) has legal, effective, and complete rights of use of the property, and has right to legally possess, use, benefit from and otherwise dispose of the property;
  - (b) The construction in progress of the property project of which the property forms part is mortgaged to Shanghai Pudong Development Bank Qingdao branch with mortgage amount of approximately RMB394.9 million, and mortgage term from 1 July 2021 to 30 June 2024;
  - (c) 青島遠茂置業有限公司 (Qingdao Yuanmao Real Estate Co., Ltd.) is not allowed to transfer the property ownership directly under the PRC laws and regulations but is allowed to transfer the property in the form of an assignment of the right of use, and the aforesaid transfer of the right of use of the property is legitimate and valid with a term due to expire on 24 January 2091. Subject to the requirements of applicable PRC laws and the relevant policies on the transfer of car parking spaces for residential developments, the Company has the right to benefit from the property and may transfer the right of use of the property to other parties during the period of the assignment, meanwhile the Company shall give priority to meeting the needs of the individual owners of Sino-Ocean Landscape;
  - (d) All land premium of the property stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (8) Hannah Sun, 5 years of experience in the valuation of properties in Qingdao, inspected the property on 15 June 2023.

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2023
7. The right of use in portions of underground car parking spaces of River Mansion, West of Anlin Road and north of Mingcheng Road, Guangling District, Yangzhou, the PRC  (中華人民共和國揚州市廣陵區安林路西側、名城路北側大河宸章部分地下車位使用權)	<p>The property comprises 241 unsold car parking spaces of River Mansion, which was completed in 2021.</p> <p>The property is located in Guangling Industrial Park of Yangzhou. Developments nearby are mainly residential in nature. The property is served by several public bus routes.</p> <p>The total gross floor area of the property is 7,618.57 sq.m..</p> <p>The land use rights of the property have been granted for terms of 70 years due to expire on 1 April 2090 for residential use.</p>	As at the Valuation Date, the property was vacant and completed for sale.	<p>RMB14,460,000</p> <p>(RENMINBI FOURTEEN MILLION FOUR HUNDRED AND SIXTY THOUSAND)</p> <p>(100% interest attributable to the SOGH Group: RMB14,460,000)</p>

*Notes:*

- (1) According to Real Estate Title Certificate No. (2020)0025287 dated 8 April 2020, the land use right of the property comprising a total site area of 26,700 sq.m. has been vested in 揚州遠杭置業有限公司 (Yangzhou Yuanhang Property Co., Ltd.) for a term of 70 years due to expire on 1 April 2090 for residential use.

The property constitutes parts of the scope of the above-said certificate.

- (2) According to Planning Permit for Construction Land No. 3210002020G0010 dated 19 March 2020, the proposed construction land use of the property complies with the town planning requirements and permit for construction of a site area of 26,700 sq.m.

The property constitutes parts of the scope of the above-said permit.

- (3) According to Planning Permit for Construction Works No. 3210002020G2218 dated 8 May 2020, the construction works of the property with a total permitted gross floor area of 19,230.12 sq.m. is in compliance with the construction works requirements and has been approved.

The property constitutes parts of the scope of the above-said permit.

- (4) According to Permit for Commencement of Construction Works No. 321002202005210201 dated 21 May 2020, the construction of the property with a total permitted gross floor area of 19,230.12 sq.m. is in compliance with the construction works requirements and has been approved.

The property constitutes parts of the scope of the above-said permit.

- (5) According to Construction Works Completion Examination Form No. 3210022004140101-JX-001 dated 8 January 2022, the project with a total gross floor area of 63,418.90 sq.m. was completed.

The property constitutes parts of the scope of the above-said form.

- (6) According to Commodity Housing Pre-sale Permit No. 20200255 dated 18 December 2020, the property with a total gross floor area of 15,824.80 sq.m. was permitted for pre-sale.

The property constitutes parts of the scope of the above-said permit.

- (7) In valuing the market value of the property, we have adopted Market Comparison Method. We have made reference to relevant sales comparables in the locality. The comparables are selected mainly based on the following criteria: (i) the transaction took place in the past one year; (ii) comparables located in the same district; (iii) the nature of the comparables are similar to the property. The unit prices of these comparables range from about RMB60,000 to RMB68,000 per carpark lot.

Details of the carpark sales comparables considered are listed below:

<b>Comparable</b>	<b>Achieved Unit Price</b> <i>(RMB/lot)</i>
Junyue Mansion	68,000
Chinaoverseas Park	60,000
Jinyu Longjing	60,000

The major adjustments made to arrive at our valuation, include but not limited to the following:

<b>Factor</b>	<b>Adjustment</b>
Location and environment	0% to 5%
Age and maintenance	0% to 5%

In arriving at the key assumption, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to location, accessibility, neighborhood environment, and physical characteristics, such as building age and maintenance, size, floor and other relevant matters between the property and the comparables. The general basis of adjustment is that if the property is better than the comparable, an upward adjustment is made. Alternatively, if the property is inferior to or less desirable than the comparable, a downward adjustment is made.

- (8) We have been provided with a legal opinion on the title of the property issued by the Company's PRC legal adviser which contains, inter-alia, the following information:
- (a) 揚州遠杭置業有限公司 (Yangzhou Yuanhang Property Co., Ltd.), despite not being able to obtain Real Estate Title Certificate, the Company has legal, effective, and complete ownership of the property, and has right to legally possess, use, benefit from and otherwise dispose of the land use rights and building ownership of the property;
  - (b) The property is free from mortgage, sequestration, or any other encumbrances from the third parties;

- (c) 揚州遠杭置業有限公司 (Yangzhou Yuanhang Property Co., Ltd.) is not allowed to transfer the property ownership directly under the PRC laws and regulations but is allowed to transfer the property in the form of an assignment of the right of use, and the aforesaid transfer of the right of use of the property is legitimate and valid with a term due to expire on 1 April 2090. Subject to the requirements of applicable PRC laws and the relevant policies on the transfer of car parking spaces for residential developments, the Company has the right to benefit from the property and may transfer the right of use of the property to other parties during the period of the assignment, meanwhile the Company shall give priority to meeting the needs of the individual owners of Sino-River Mansion;
- (d) All land premium of the property stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (9) Jon Yang, 12 years of experience in the valuation of properties in Nanjing and Yangzhou, inspected the property on 20 June 2023.

## VALUATION REPORT

	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Market value in existing state as at 31 July 2023</b>
8.	The right of use in portions of underground car parking spaces of Royal Mansion, East side of Yingbin Road and south side of Jianxin Road, Guangling District, Yangzhou, the PRC  (中華人民共和國揚州市廣陵區迎賓路東側、建新路南側廣陵宸章部分地下車位使用權)	The property comprises 287 unsold car parking spaces of Royal Mansion, which was completed in 2022.  The property is located in Guangling Industrial Park of Yangzhou. Developments nearby are mainly residential in nature. The property is served by several public bus routes.  The total gross floor area of the property is 8,082.12 sq.m..  The land use rights of the property have been granted for terms of 70 years due to expire on 21 October 2090 for residential use.	As at the Valuation Date, the property was vacant and completed for sale.	RMB16,650,000  (RENMINBI SIXTEEN MILLION SIX HUNDRED AND FIFTY THOUSAND)  (100% interest attributable to the SOGH Group: RMB16,650,000)

*Notes:*

- (1) According to Real Estate Title Certificate No. (2020)0140657 dated 6 November 2020, the land use right of the property comprising a total site area of 25,055 sq.m. has been vested in 揚州遠陵置業有限公司 (Yangzhou Yuanling Property Co., Ltd.) for a term of 70 years due to expire on 21 October 2090 for residential use.

The property constitutes parts of the scope of the above-said certificate.

- (2) According to Planning Permit for Construction Works No. 321002202050025 dated 25 November 2020, the construction works of the property with a total permitted gross floor area of 17,004.99 sq.m. is in compliance with the construction works requirements and has been approved.

The property constitutes parts of the scope of the above-said permit.

- (3) According to Permit for Commencement of Construction Works No. 321002202012170101 dated 17 December 2020, the construction of the property with a total permitted gross floor area of 17,004.99 sq.m. is in compliance with the construction works requirements and has been approved.

The property constitutes parts of the scope of the above-said permit.

- (4) According to Construction Works Completion Examination Form No. 3210022010290101-JX-001 dated 24 November 2022, the project with a total gross floor area of 63,155.10 sq.m. was completed.

The property constitutes parts of the scope of the above-said form.

- (5) According to Commodity Housing Pre-sale Permit No. 20210195 dated 8 November 2021, the property with a total gross floor area of 12,157.37 sq.m. was permitted for pre-sale.

The property constitutes parts of the scope of the above-said permit.

- (6) In valuing the market value of the property, we have adopted Market Comparison Method. We have made reference to relevant sales comparables in the locality. The comparables are selected mainly based on the following criteria: (i) the transaction took place in the past one year; (ii) comparables located in the same district; (iii) the nature of the comparables are similar to the property. The unit prices of these comparables range from about RMB60,000 to RMB68,000 per carpark lot.

Details of the carpark sales comparables considered are listed below:

<b>Comparable</b>	<b>Achieved Unit Price</b> <i>(RMB/lot)</i>
Junyue Mansion	68,000
Chinaoverseas Park	60,000
Jinyu Longjing	60,000

The major adjustments made to arrive at our valuation, include but not limited to the following:

<b>Factor</b>	<b>Adjustment</b>
Age and maintenance	0% to 5%

In arriving at the key assumption, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to location, accessibility, neighborhood environment, and physical characteristics, such as building age and maintenance, size, floor and other relevant matters between the property and the comparables. The general basis of adjustment is that if the property is better than the comparable, an upward adjustment is made. Alternatively, if the property is inferior to or less desirable than the comparable, a downward adjustment is made.

- (7) We have been provided with a legal opinion on the title of the property issued by the Company's PRC legal adviser which contains, inter-alia, the following information:
- (a) 揚州遠陵置業有限公司 (Yangzhou Yuanling Property Co., Ltd.), despite not being able to obtain Real Estate Title Certificate, the Company has legal, effective, and complete ownership of the property, and has right to legally possess, use, benefit from and otherwise dispose of the land use rights and building ownership of the property;
  - (b) The land use rights of the property project of which the property forms part are mortgaged to Shanghai Pudong Development Bank Yangzhou branch with mortgage amount of approximately RMB238 million, and mortgage term from 7 January 2021 to 7 January 2024;
  - (c) 揚州遠陵置業有限公司 (Yangzhou Yuanling Property Co., Ltd.) is not allowed to transfer the property ownership directly under the PRC laws and regulations but is allowed to transfer the property in the form of an assignment of the right of use, and the aforesaid transfer of the right of use of the property is legitimate and valid with a term due to expire on 21 October 2090. Subject to the requirements of applicable PRC laws and the relevant policies on the transfer of car parking

spaces for residential developments, the Company has the right to benefit from the property and may transfer the right of use of the property to other parties during the period of the assignment, meanwhile the Company shall give priority to meeting the needs of the individual owners of Sino-Royal Mansion;

- (d) All land premium of the property stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (8) Jon Yang, 12 years of experience in the valuation of properties in Nanjing and Yangzhou, inspected the property on 20 June 2023.

## VALUATION REPORT

	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Market value in existing state as at 31 July 2023</b>
9.	<p>The right of use in portions of underground parking spaces of Xixi Mansion, 822 Wenyi West Road Zhangba Second Road, Yuhang District, Hangzhou, the PRC</p> <p>(中華人民共和國 杭州市 餘杭區 文一西路822號 西溪公館部分地下車位 使用權)</p>	<p>The property comprises 1,370 unsold car parking spaces of Xixi Mansion (including 420 civil defence car parking spaces), which was completed in 2020.</p> <p>The property is located in Yuhang District of Hangzhou. Developments nearby are mainly commercial and residential. The property is served by several public bus routes and is close to the Jinchanglu subway station.</p> <p>The property has a total gross floor area of 20,890.00 sq.m..</p> <p>The land use rights of the property have been granted for terms of 70 years due to expire on 31 July 2080 for car residential use.</p>	<p>As at the Valuation Date, the property was vacant and completed for sale.</p>	<p>RMB381,930,000</p> <p>(RENMINBI THREE HUNDRED EIGHTY-ONE MILLION NINE HUNDRED AND THIRTY THOUSAND)</p> <p>(100% interest attributable to the SOGH Group: RMB381,930,000)</p>

*Notes:*

- (1) According to 2 State-owned Land Use Certificates dated 20 April 2011, the land use rights of the property with a total site area of 163,394.50 sq.m. have been vested in 浙江國恒西溪置業有限公司 (Zhejiang Guoheng Xixi Property Co., Ltd.) for terms due to expire on 31 July 2080 for residential use, and 31 July 2050 for commercial use.

<b>Certificate No.</b>	<b>Use</b>	<b>Expiry date of land use term</b>	<b>Site area (sq.m.)</b>
(2011)118-308	Commercial and residential	31 July 2080	80,588.60
(2011)118-309	Commercial and residential	31 July 2080	82,805.90
<b>Total</b>			<b><u>163,394.50</u></b>

The property constitutes parts of the scope of the above-said certificates.

- (2) According to Planning Permit for Construction Land Use dated 12 January 2011, the construction site of land with a total site area of 161,395.00 sq.m. with details as follows:

Permit No.	Use	Site area (sq.m.)
201101518006	Commercial and residential	80,589.00
201101518007	Commercial and residential	80,806.00
<b>Total</b>		<b><u>161,395.00</u></b>

The property constitutes parts of the scope of the above-said permit.

- (3) According to Permits for Commencement of Construction Works Nos. 201101518056 and 201101518068 dated 15 July 2011, the construction of the property was permitted for construction with details as follows:

Use	Building No.	Gross Floor Area (sq.m.)		
		Total	Aboveground	Underground
Commercial and residential	Building Nos. 28, 29, 37 and basement, North Plot	56,073.69	40,614.10	15,459.59
Commercial and residential	Building No. 19, South Plot	15,275.15	11,524.86	3,750.29
<b>Total</b>		<b><u>71,348.84</u></b>	<b><u>52,138.96</u></b>	<b><u>19,209.88</u></b>

The property constitutes parts of the scope of the above-said permits.

- (4) According to the Permits for Commencement of Construction Works, the property with a total gross floor area of 361,565.50 sq.m. was completed, with details are as follows:

Permit No.	Issue Date	Building No.	Gross Floor Area (sq.m.)
330110201609200101	20 September 2016	Residential Building Nos. A-1, A-3, B-13, B-20, Kindergarten and Basement	156,875.12
330110201610270201	27 October 2016	Residential Building Nos. B-1, B-12, C-1, C-13 and Basement	204,690.34
<b>Total</b>			<b><u>361,565.50</u></b>

The property constitutes parts of the scope of the above-said permits.

- (5) According to 2 Construction Works Completion Examination Forms, the property was completed on 14 December 2020 with a total gross floor area of approximately 361,565.46 sq.m.

<b>Form No.</b>	<b>Issue Date</b>	<b>Building Use</b>	<b>Gross Floor Area</b> (sq.m.)
31110020201214102	14 December 2020	Commercial and residential	156,875.12
31110020201214106	21 September 2020	Commercial and residential	204,690.34
<b>Total</b>			<b><u>361,565.46</u></b>

The property constitutes parts of the scope of the above-said forms.

- (6) In valuing the market value of the property, we have adopted Market Comparison Method. We have made reference to relevant sales comparables in the locality. The comparables are selected mainly based on the following criteria: (i) the transaction took place in the past one year; (ii) comparables located in the same district; (iii) the nature of the comparables are similar to the property. The unit prices of these comparables range from about RMB23,000 to RMB30,000 per carpark lot.

Details of the carpark sales comparables considered are listed below:

<b>Comparable</b>	<b>Achieved Unit Price</b> (RMB/lot)
Fuyue Xiangxi	300,000
Europe and America Financial City	230,000
Dongyuanyin Future	250,000

The major adjustments made to arrive at our valuation, include but not limited to the following:

<b>Factor</b>	<b>Adjustment</b>
Age and maintenance	1% to 7%
Size	-5% to 5%

In arriving at the key assumption, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to location, accessibility, neighborhood environment, and physical characteristics, such as building age and maintenance, size, floor and other relevant matters between the property and the comparables. The general basis of adjustment is that if the property is better than the comparable, an upward adjustment is made. Alternatively, if the property is inferior to or less desirable than the comparable, a downward adjustment is made.

- (7) We have been provided with a legal opinion on the title of the property issued by the Company's PRC legal adviser which contains, inter-alia, the following information:

- (a) 浙江國恒西溪置業有限公司 (Zhejiang Guoheng Xixi Property Co., Ltd.) has legal, effective, and complete right of use, and has right to legally possess, use, benefit from and otherwise dispose of the 950 non-civil-defence car parking spaces. 浙江國恒西溪置業有限公司 (Zhejiang Guoheng Xixi Property Co., Ltd.) is not allowed to transfer the property ownership of the aforesaid 950 car parking spaces directly under the PRC laws and regulations but is allowed to transfer in the form of an assignment of the right of use, and the aforesaid transfer of the right of use of the 950 car parking spaces is legitimate and valid with a term due to expire on 31 July 2080. Subject to the requirements of applicable PRC laws and the relevant policies on the transfer of car parking spaces for residential

developments, the Company has the right to benefit from the property and may transfer the right of use of the property to other parties during the period of the assignment, meanwhile the Company shall give priority to meeting the needs of the individual owners of Sino-Xixi Mansion;

- (b) 遠洋億家物業服務股份有限公司杭州分公司 (Sino-Ocean Yijia Property Service Co., Ltd Hangzhou Branch) has completed the registration procedure for the regular use of civil defence works with regards to the 420 civil defence car parking spaces. According to Article 25 of the Administrative Regulation on the Development and Utilisation of Urban Underground Space, the construction party has right to self-operate, transfer, and lease the underground space in accordance with the PRC laws. 浙江國恒西溪置業有限公司 (Zhejiang Guoheng Xixi Property Co., Ltd.) has right to legally possess, use, benefit from and otherwise dispose of the aforesaid 420 civil defence car parking spaces. Subject to the restrictions on civil defence works in Hangzhou, civil defence works may be requisitioned during war times, the aforesaid 420 civil defence car parking spaces may only be traded on a lease basis. The aforesaid lease is legitimate and effective, and the lease term shall not exceed 20 years. The lease may be renewed upon expiration, with the due date for the use of the civil defense parking space being 31 July 2080. Subject to the requirements of applicable PRC laws and the relevant policies on the transfer of car parking spaces for residential developments, the Company has the right to benefit from the property and may transfer the right of use of the property to other parties during the period of the assignment, meanwhile the Company shall give priority to meeting the needs of the individual owners of Sino-Xixi Mansion and it should be clearly agreed that the lessee must cooperate with the country in the event of expropriation at the war times;
  - (c) The property (including 1,370 unsold car parking spaces) is free from mortgage, sequestration, or any other encumbrances from the third parties;
  - (d) All land premium of the property (including 1,370 unsold car parking spaces) stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (8) Leslie Zeng, 3 years of experience in the valuation of properties in Hangzhou, inspected the property on 19 June 2023.

## VALUATION REPORT

	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Market value in existing state as at 31 July 2023</b>
10.	The right of use in portions of underground parking spaces of Ocean Seasons Phases West of Ningli Road, Lishui District, Nanjing, the PRC  (中華人民共和國 南京市 溧水區 寧溧公路以西 萬和四季 部分地下車位使用權)	The property comprises 1,027 unsold car parking spaces of Ocean Seasons, which was completed in 2020.  The property is located in Lishui Industrial New Town of Nanjing. Developments nearby are mainly office and residential in nature. The property is served by several public bus routes.  The total gross floor area of the property is 13,201.46 sq.m..  The land use rights of the property have been granted for terms of 70 years for residential use and 40 years for underground carparking use due to expire on 3 June 2088 and 3 June 2058 respectively.	As at the Valuation Date, the property was vacant and completed for sale.	RMB63,160,000  (RENMINBI SIXTY-THREE MILLION ONE HUNDRED AND SIXTY THOUSAND)  (100% interest attributable to the SOGH Group: RMB63,160,000)

*Notes:*

- (1) According to the 1,027 Real Estate Transfer Registration Contact Forms, the land use rights of the property comprising a total site area of 74,676.43 sq.m. and the building ownership of the property with a total gross floor area of 13,201.46 sq.m. have been vested in 南京遠乾置業有限公司 (Nanjing Yuanqian Real Estate Co., Ltd.) for a term of 40 years due to expire on 3 June 2058.
- (2) According to the Planning Permit for Construction Land No. 320117201810244 dated 7 May 2018, the proposed construction land use of the property complies with the town planning requirements and permit for construction of a site area of 74,676.43 sq.m..

The property constitutes parts of the scope of the above-said permit.

- (3) According to Planning Permit for Construction Works No. 3201172201810570 dated 22 August 2018, the construction works of the property with a total permitted gross floor area 188,761 sq.m. is in compliance with the construction works requirements and has been approved.

The property constitutes parts of the scope of the above-said permit.

- (4) According to 3 Permits for Commencement of Construction Works, the constructions of the property were permitted for construction with details as follows:

Permit No.	Gross Floor Area (sq.m.)		
	Total GFA	Aboveground	Underground
320124201809070401	71,696.80	44,417.20	27,279.60
320124202006051201	96,601.80	71,644.24	24,957.56
320124202004091101	<u>20,423.79</u>	16,723.79	3,700
<b>Total</b>	<b><u>188,722.39</u></b>		

The property constitutes parts of the scope of the above-said permits.

- (5) According to Construction Works Completion Examination Form No. 32011720200015 dated 6 October 2020, the project with a total gross floor area of 131,463.41 sq.m. was completed.

The property constitutes parts of the scope of the above-said form.

- (6) According to Commodity Housing Pre-sale Permit No. 202005015 dated 25 December 2020, the property was permitted for sale.

The property constitutes parts of the scope of the above-said permit.

- (7) In valuing the market value of the property, we have adopted Market Comparison Method. We have made reference to relevant sales comparables in the locality. The comparables are selected mainly based on the following criteria: (i) the transaction took place in the past one year; (ii) comparables located in the same district; (iii) the nature of the comparables are similar to the property. The unit prices of these comparables range from about RMB60,000 to RMB72,000 per carpark lot.

Details of the carpark sales comparables considered are listed below:

Comparable	Achieved Unit Price (RMB/lot)
Qinhuaiyuanzhu	72,000
Yadong Tongcheng Scene	60,000
Oaktree City	70,000

The major adjustments made to arrive at our valuation, include but not limited to the following:

Factor	Adjustment
Age and maintenance	0% to 3%
Location and environment	-5% to 0%

In arriving at the key assumption, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to location, accessibility, neighborhood environment, and physical characteristics, such as building age and maintenance, size, floor and other relevant matters between the property and the comparables. The general basis of adjustment is that if the property is better than the comparable, an upward adjustment is made. Alternatively, if the property is inferior to or less desirable than the comparable, a downward adjustment is made.

- (8) We have been provided with a legal opinion on the title of the property issued by the Company's PRC legal adviser which contains, inter-alia, the following information:
- (a) 南京遠乾置業有限公司 (Nanjing Yuanqian Real Estate Co., Ltd.) has legal, effective and complete ownership of the property, and has obtained Real Estate Title Certificate and also Real Estate Transfer Registration Contact Forms of the property, and has right to legally possess, use, benefit from and otherwise dispose of the land use rights and building ownership of the property;
  - (b) The property is free from mortgage, sequestration, or any other encumbrances from the third parties;
  - (c) 南京遠乾置業有限公司 (Nanjing Yuanqian Real Estate Co., Ltd.) is not allowed to transfer the property ownership directly under the PRC laws and regulations but is allowed to transfer the property in the form of an assignment of the right of use, and the aforesaid transfer of the right of use of the property is legitimate and valid with a term due to expire on 3 June 2058. Subject to the requirements of applicable PRC laws and the relevant policies on the transfer of car parking spaces for residential developments, the Company has the right to benefit from the property and may transfer the right of use of the property to other parties during the period of the assignment, meanwhile the Company shall give priority to meeting the needs of the individual owners of Ocean Seasons;
  - (d) All land premium of the property stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (9) Jon Yang, 12 years of experience in the valuation of properties in Nanjing and Yangzhou, inspected the property on 19 June 2023.

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2023
11. The commercial portions of Sino-Ocean Prospect, No. 30 Lisu Road, Shubo Avenue, Yunyan District, Guiyang, the PRC  (中華人民共和國貴陽市雲岩區數博大道黎蘇路30號遠洋風景商業用房)	<p>The property includes 101 unsold commercial units, which was completed in 2021.</p> <p>The property is located in Yunyan District of Guiyang.</p> <p>The nearby development projects are mainly commercial and residential in nature. There are multiple public bus routes nearby, near the Mawangmiao Subway Station.</p> <p>The total gross floor area of the property is 7,363.16 sq.m..</p> <p>The land use rights of the property have been granted for a term of 40 years for commercial use, due to expire on 2 August 2059.</p>	<p>As at the Valuation Date, portion of the property with a total gross floor area of 3,984.58 sq.m. was subject to various tenancies with the latest tenancy due to expire in June 2028 at a total monthly rental of approximately RMB173,100 (exclusive of VAT), whilst the remaining was vacant.</p>	<p>RMB131,010,000</p> <p>(RENMINBI ONE HUNDRED THIRTY-ONE MILLION AND TEN THOUSAND)</p> <p>(100% interest attributable to the SOGH Group: RMB131,010,000)</p>

*Notes:*

- (1) According to 101 Real Estate Title Certificates, the land use rights of the property, comprising a total site area of 30,250 sq.m. and the building ownership of the property with a gross floor area of approximately 7,363.16 sq.m. have been vested in 貴州築宸府置業有限公司 (Guizhou Zhuchenfu Real Estate Co., Ltd) for a term of 40 years due to expire on 2 August 2059 for commercial use.

- (2) According to 6 Registration Certificates for Commodity Housing, the construction works with a total gross floor area of 10,361.26 sq.m. were permitted for pre-sale with details as follows:

<b>Certificate No.</b>	<b>Issue Date</b>	<b>Building No.</b>	<b>Gross Floor Area (sq.m.)</b>
(2022)0002	10 January 2022	A1	656.87
(2022)0003	10 January 2022	A2	728.68
(2021)0261	24 November 2021	A13	356.77
(2021)0238	29 November 2021	Basement Commercial of A2, A3, A5, A10, A11, A12 and Underground Carparks	6,120.91
(2022)0013	10 January 2022	B16	867.93
(2022)0014	10 January 2022	B17	1,630.10
<b>Total</b>			<b><u>10,361.26</u></b>

The property constitutes parts of the scope of the above-said certificates.

- (3) In valuing the market value of the property, we have adopted Market Comparison Method. We have made reference to relevant sales comparables in the locality. The comparables are selected mainly based on the following criteria: (i) the transaction took place in the past one year; (ii) comparables located in the same district; (iii) the nature of the comparables are similar to the property. The unit prices of these comparables range from about RMB20,311 to RMB26,338 per sq.m. for commercial units.

Details of the commercial sales comparables considered are listed below:

<b>Comparable</b>	<b>GFA (sq.m.)</b>	<b>Achieved Unit Price (RMB/sq.m.)</b>
Level 1-2, Xiyuetai	79	20,311
Level 1, Wanke lushan	33	26,338
Level 1, Guanshanhu Jinmao	50	23,279

The major adjustments made to arrive at our valuation, include but not limited to the following:

<b>Factor</b>	<b>Adjustment</b>
Accessibility	3% to 5%

In arriving at the key assumption, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to location, accessibility, neighborhood environment, and physical characteristics, such as building age and maintenance, size, floor and other relevant matters between the property and the comparables. The general basis of adjustment is that if the property is better than the comparable, an upward adjustment is made. Alternatively, if the property is inferior to or less desirable than the comparable, a downward adjustment is made.

Generally, Level 1 achieved rent are usually higher than those on the basement and upper levels of a commercial building. Depending on this situation, floor level discount with downwards adjustment (the higher the level, more downwards adjustment based on Level 1 is applied) are then applied to arrive at market value for each level of the property.

- (4) We have been provided with a legal opinion on the title of the property issued by the Company's PRC legal adviser which contains, inter-alia, the following information:
- (a) 貴州築宸府置業有限公司 (Guizhou Zhuchenfu Real Estate Co., Ltd), except for the 41 commercial properties that have been leased out, has legal, effective and complete ownership of the aforesaid 101 commercial properties, and has obtained Real Estate Title Certificate, and has right to legally possess, use, benefit from and otherwise dispose of the land use rights and building ownership of the property;
  - (b) The property is free from mortgage, sequestration, or any other encumbrances from the third parties;
  - (c) All land premium of the property stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (5) Henry Zhang, 6 years of experience in the valuation of properties in Chongqing, inspected the property on 19 June 2023.

## VALUATION REPORT

	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Market value in existing state as at 31 July 2023</b>
12.	<p>The commercial portions of Happy Light Year, The Weiyi Car Centre, South of the Yong Yang West Road, Wuxing District New City, Tianjin, the PRC</p> <p>(中華人民共和國 天津市 武清區新城 雍陽西道南側 威壹汽車中心, 悅光年部分商業用房)</p>	<p>The property comprises the unsold commercial portion of Happy Light Year, which was completed in 2022.</p> <p>The property is located in Wuxing District. Developments nearby are mainly commercial and residential in nature. The property is served by several public bus routes and is close to the Wuqing Railway Station.</p> <p>There are 67 commercial properties in Happy Light Year. The total gross floor area of the property is 5,537.44 sq.m..</p> <p>The land use rights of the property have been granted for a term of 40 years due to expire on 30 September 2055 for commercial use.</p>	<p>As at the Valuation Date, the property was vacant and completed for sale.</p>	<p>RMB86,780,000</p> <p>(RENMINBI EIGHTY-SIX MILLION SEVEN HUNDRED AND EIGHTY THOUSAND)</p> <p>(100% interest attributable to the SOGH Group: RMB86,780,000)</p>

*Notes:*

- (1) According to 67 Real Estate Title Certificates, the land use rights of the property, comprising a total site area of 354,224.40 sq.m. and the building ownership of the property with a total gross floor area of approximately 5,537.44 sq.m. have been vested in 贏家(天津)房地產開發有限公司 (Yingjia (Tianjin) Real Estate Development Co., Ltd.) for a term of 40 years due to expire on 30 September 2055 for commercial use.

- (2) In valuing the market value of the property, we have adopted Market Comparison Method. We have made reference to relevant sales comparables in the locality. The comparables are selected mainly based on the following criteria: (i) the transaction took place in the past one year; (ii) comparables located in the same district; (iii) the nature of the comparables are similar to the property. The unit prices of these comparables range from about RMB17,839 to RMB18,921 per sq.m. for commercial units.

Details of the commercial sales comparables considered are listed below:

<b>Comparable</b>	<b>GFA</b> <i>(sq.m.)</i>	<b>Achieved Unit Price</b> <i>(RMB/sq.m.)</i>
Level 1, Huacai City	53	18,921
Level 1, Sunshine Garden	80	17,839
Level 1, Tuanjie Xili	84	18,900

The major adjustments made to arrive at our valuation, include but not limited to the following:

<b>Factor</b>	<b>Adjustment</b>
Accessibility	0% to 5%
Age and Maintenance	0% to 5%

In arriving at the key assumption, appropriate adjustments and analysis have been made to allow for the differences in various aspects including but not limited to location, accessibility, neighborhood environment, and physical characteristics, such as building age and maintenance, size, floor and other relevant matters between the property and the comparables. The general basis of adjustment is that if the property is better than the comparable, an upward adjustment is made. Alternatively, if the property is inferior to or less desirable than the comparable, a downward adjustment is made.

Generally, Level 1 achieved rent are usually higher than those on the basement and upper levels of a commercial building. Depending on this situation, floor level discount with downwards adjustment (the higher the level, more downwards adjustment based on Level 1 is applied) are then applied to arrive at market value for each level of the property.

- (3) We have been provided with a legal opinion on the title of the property issued by the Company's PRC legal adviser which contains, inter-alia, the following information:
- 赢家(天津)房地產開發有限公司 (Yingjia (Tianjin) Real Estate Development Co., Ltd.) has legal, effective and complete ownership of the property, and has obtained Real Estate Title Certificate, and has right to legally possess, use, benefit from and otherwise dispose of the land use rights and building ownership of the property;
  - The property is free from mortgage, sequestration, or any other encumbrances from the third parties;
  - All land premium of the property stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
- (4) Robert Liang, 16 years of experience in the valuation of properties in Tianjin, inspected the property on 20 June 2023.

## 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 executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive 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 to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

#### (i) Interests in the Company

Nil.

#### (ii) Interests in an associated corporation of the Company

Name of Directors	Name of associated corporation	Nature of interests	Class of shares held	Number of shares held <sup>(1)</sup>	Approximate percentage of shareholding interest <sup>(2)</sup>
Yang Deyong	Sino-Ocean Group	Beneficial owner	Ordinary shares	118,777	0.002%
Zhu Geying	Sino-Ocean Group	Beneficial owner	Ordinary shares	38,531	0.001%
Cui Hongjie	Sino-Ocean Group	Beneficial owner	Ordinary shares	369,571	0.005%
Zhu Xiaoxing	Sino-Ocean Group	Beneficial owner	Ordinary shares	249	0.000%

*Notes:*

- (1) All interests stated are long positions.
- (2) The shareholding percentage is calculated based on the total number of issued shares of Sino-Ocean Group of 7,616,095,657 as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which was required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(b) Interests of the substantial shareholders of the Company**

As at the Latest Practicable Date, so far as the Directors were aware, the following persons (other than the Directors or chief executive of the Company) had interests and/or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company pursuant to 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:

Name of Shareholders	Capacity and nature of interests	Number of Shares held <sup>(3)</sup>	Approximate percentage of shareholding in the Company <sup>(4)</sup>
Sino-Ocean Group	Interest of controlled corporation <sup>(1)</sup>	822,282,500	69.45%
Shine Wind	Beneficial owner	800,000,000	67.57%
	Interest of controlled corporation <sup>(2)</sup>	22,282,500	1.88%

*Notes:*

- (1) Shine Wind is a wholly-owned subsidiary of Sino-Ocean Group and therefore Sino-Ocean Group is deemed to be interested in the Shares held by Shine Wind.
- (2) 22,282,500 Shares are held by a company in which Shine Wind is indirectly interested as to 49% and therefore, Shine Wind is deemed to be interested in these Shares by virtue of the SFO.
- (3) All interests stated are long positions.

- (4) The shareholding percentage is calculated based on the Company's total number of issued Shares of 1,184,000,000 Shares as at the Latest Practicable Date.
- (5) As at the Latest Practicable Date, each of the following Directors was a director and/or an employee of Sino-Ocean Group:

Name of Directors	Position(s) held
Mr. Cui Hongjie	Executive director and executive president of Sino-Ocean Group and general manager of the construction management centre of Sino-Ocean Group and its subsidiaries
Mr. Zhu Xiaoxing	A key management of Sino-Ocean Group and its associates

Save as disclosed above, 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 and/or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company pursuant to 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' INTEREST IN CONTRACTS AND ASSETS

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2022 (being 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.

### 4. MATERIAL CONTRACTS

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

- (a) a framework agreement dated 12 August 2022 entered into between (i) Ocean Homeplus and (ii) Dalian Sky-Upright Property Limited\* (大連正乾置業有限公司) and Sino-Ocean Capital Limited\* (遠洋資本有限公司) (collectively, the "Vendors") in relation to the acquisition by Ocean Homeplus 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 Group dated 12 August 2022 and the circular of the Company dated 5 October 2022;

- (b) a master agreement dated 15 December 2022 entered into among the Company, Sino-Ocean Group, Beijing Yichi Property Services Company Limited\* (北京億馳物業服務有限公司) (a wholly-owned subsidiary of the Company) (the “**PM Seller**”) and Beijing Great Well Consultancy Company Limited\* (北京浩倡諮詢有限公司) (the “**PM Purchaser**”) as well as certain other parties in relation to, amongst others, the sale by the PM Seller of 15% equity interest in Chengdu Qianhao Property Services Company Limited\* (成都乾豪物業服務有限公司) (the “**PM Co**”) to the PM Purchaser, details of which are set out in the joint announcement of the Company and Sino-Ocean Group dated 15 December 2022;
- (c) a master agreement dated 15 December 2022 entered into among the Company, Sino-Ocean Group, the PM Seller and the PM Purchaser in relation to the sale by the PM Seller of 35% equity interest in the PM Co to the PM Purchaser, details of which are set out in the joint announcement of the Company and Sino-Ocean Group dated 15 December 2022;
- (d) an equity transfer agreement dated 24 February 2023 entered into between Ocean Homeplus and Beijing Qianyuan Property Co., Ltd.\* (北京乾遠置業有限公司) (“**Beijing Qianyuan**”) in relation to the acquisition by Ocean Homeplus of the entire equity interests in Sino-Ocean Mechatronics Equipment Technology Development Co., Ltd.\* (遠洋機電設備技術發展有限公司) from Beijing Qianyuan, details of which are set out in the announcement of the Company dated 24 February 2023;
- (e) the Parking Spaces Transfer Framework Agreement; and
- (f) the Commercial Properties Transfer Framework Agreement.

## 5. LITIGATION AND CLAIMS

As at the Latest Practicable Date, so far as the Directors were aware, no member of the Group was involved in any litigation or claims 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.

## 6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates was considered to have an interest in a business apart from the Group’s business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

## 7. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who have given an opinion or advice on the information contained in this circular:

<b>Name</b>	<b>Qualification</b>
Red Sun Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
BDO Limited	Certified Public Accountants
Cushman & Wakefield Limited	independent professional valuer

Each of the experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its opinion, letter or advice (as the case may be) and references to its name in the form and context in which they respectively appear.

Each of the experts confirmed that it did not have any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of any member of the Group as at the Latest Practicable Date.

As at the Latest Practicable Date, each of the experts was not interested, directly or indirectly, in any assets which had been, since 31 December 2022 (being 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 which were proposed to be acquired or disposed of by or leased to any member of the Group.

## 8. SERVICE CONTRACTS

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

## 9. MISCELLANEOUS

- (a) 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.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

- (c) The headquarters of the Company in the PRC is at 2nd Floor, Tower A, No. A518 East Road of Chaoyang Sports Center, Chaoyang District, Beijing, PRC.
- (d) The principal place of business of the Company in Hong Kong is at Suite 601, One Pacific Place, 88 Queensway, Hong Kong.
- (e) The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited.
- (f) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited.
- (g) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

#### 10. DOCUMENTS ON DISPLAY

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

- (a) the letter from the Board, the text of which is set out on pages 5 to 26 of this circular;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 27 to 28 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 29 to 55 of this circular;
- (d) the Parking Spaces Transfer Framework Agreement;
- (e) the Commercial Properties Transfer Framework Agreement;
- (f) the report on the unaudited pro forma financial information of the Group upon completion of the Acquisition, the text of which is set out in Appendix II to this circular;
- (g) the valuation report of the Target Assets, the text of which is set out in Appendix III to this circular;
- (h) the consent letters referred to in the paragraph headed “Qualification and consent of experts” in this Appendix; and
- (i) this circular.

## NOTICE OF EGM



**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**EGM**”) of Sino-Ocean Service Holding Limited (the “**Company**”) will be held at Meeting Room, 2nd Floor, Tower A, No. A518 East Road of Chaoyang Sports Center, Chaoyang District, Beijing, PRC on Wednesday, 11 October 2023 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolutions. Capitalised terms contained in the circular dated 25 September 2023 issued by the Company shall have the same meanings when used herein unless otherwise specified.

### **ORDINARY RESOLUTIONS**

(1) “**THAT:**

- (a) the Parking Spaces Transfer Framework Agreement, a copy of which has been produced to the EGM and marked “A” and initialed by the chairman of the EGM for identification purpose, and the transactions as contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one Director be and is hereby authorised to do all such acts and things and to sign and execute all such documents, instruments and agreements for and on behalf of the Company as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with paragraph (a) of this resolution.”

(2) “**THAT:**

- (a) the Commercial Properties Transfer Framework Agreement, a copy of which has been produced to the EGM and marked “B” and initialed by the chairman of the EGM for identification purpose, and the transactions as contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one Director be and is hereby authorised to do all such acts and things and to sign and execute all such documents, instruments and agreements for and on behalf of the Company as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with paragraph (a) of this resolution.”

Yours faithfully,  
By order of the Board  
**Sino-Ocean Service Holding Limited**  
**Yang Deyong**  
*Joint Chairman*

Hong Kong, 25 September 2023  
Sino-Ocean Service Holding Limited  
(Incorporated in the Cayman Islands with limited liability)

Stock Code : 06677

## NOTICE OF EGM

*Notes:*

- (a) The register of members of the Company will be closed from Friday, 6 October 2023 to Wednesday, 11 October 2023 (both days inclusive), during which period no transfer of shares in the Company can be registered. In order to be entitled to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 5 October 2023.
- (b) Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a Shareholder. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time fixed for holding the EGM (i.e., not later than 10:00 a.m. on Monday, 9 October 2023 (Hong Kong Time)), or any adjourned meeting. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof should he/she so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.
- (c) The Chinese translation of this notice is for reference only, and in the event of any inconsistency between the English and Chinese versions, the English version shall prevail.
- (d) As at the date of this notice, the Board comprises two executive Directors, namely, Mr. Yang Deyong and Ms. Zhu Geying; two non-executive Directors, namely, Mr. Cui Hongjie and Mr. Zhu Xiaoxing; and three independent non-executive Directors, namely, Dr. Guo Jie, Mr. Ho Chi Kin Sammy and Mr. Leung Wai Hung.