遠洋服務
SINO-OCEAN SERVICE

CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF PARKING SPACES IN THE PRC

THE ACQUISITION

On 22 December 2023, the Purchaser (a wholly-owned subsidiary of the Company) and the Seller entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Seller has conditionally agreed to sell, the Target Assets at an aggregate consideration of RMB30,262,400.

The Target Assets comprise 196 parking spaces all of which are located in the Property, being a grade-A office building situated at the core area of the Central Business District, Chaoyang District, Beijing, the PRC.

LISTING RULES IMPLICATIONS

The Seller 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 exceed(s) 0.1% but are all less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Lessee is a wholly-owned subsidiary of the Fund, of which the general partner is a wholly-owned subsidiary of an associate of Sino-Ocean Group and in which Sino-Ocean Group indirectly holds approximately 28.57% limited partnership interests, and thus a connected person of the Company. Accordingly, the New Leasing and Operation Services Agreement (which will be entered into in adherence to the Existing Leasing and Operation Services Agreement in respect of the Target Assets) will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Sino-Ocean Service Holding Limited
(Incorporated in the Cayman Islands with limited liability)
Stock Code : 06677

As all the applicable percentage ratios in respect of each of (1) the largest annual cap of the Lease Payments and (2) the largest annual cap of the Management Fees under the New Leasing and Operation Services Agreement are less than 5%, and each of (1) the largest annual cap of the Lease Payments and (2) the largest annual cap of the Management Fees is less than HK$3 million, each of (1) the lease of the Target Assets to the Lessee and (2) the provision of property management services of the Target Assets to the Lessee under the New Leasing and Operation Services Agreement on a standalone basis will constitute a de minimis transaction and will be fully exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE ACQUISITION

On 22 December 2023, the Purchaser (a wholly-owned subsidiary of the Company) and the Seller entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Seller has conditionally agreed to sell, the Target Assets at an aggregate consideration of RMB30,262,400.

The principal terms of the Sale and Purchase Agreement are set out below.

THE SALE AND PURCHASE AGREEMENT

Date

22 December 2023

Parties

(1) the Purchaser (a wholly-owned subsidiary of the Company); and

(2) the Seller.

Subject matter

The Purchaser has conditionally agreed to acquire, and the Seller has conditionally agreed to sell, the Target Assets, being 196 parking spaces which are located in the Property, being a grade-A office building situated at the core area of the Central Business District, Chaoyang District, Beijing, the PRC pursuant to the Sale and Purchase Agreement.

For further details of the Target Assets, please refer to the section headed "INFORMATION ON THE TARGET ASSETS" in this announcement.

The acquisition of the Target Assets will be carried out by way of a direct transfer of the property ownership right.

Consideration and payment terms

The consideration for the Acquisition is RMB30,262,400, which shall be payable by the Purchaser to the Seller within three business days after all of the Conditions Precedent have been fulfilled (or waived, if applicable). The consideration of the Acquisition will be funded by the internal resources of the Group.

The consideration for the Acquisition was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to, among others, (i) the valuation of the Target Assets as at 31 October 2023 in the aggregate amount of RMB37,833,292 (the "**Valuation**"), conducted by Cushman & Wakefield Shenzhen Valuation Co., Ltd. Beijing Branch (深圳市戴德梁行土地房地產評估有限公司北京分公司) (the "**Valuer**"), an independent professional valuer in the PRC; (ii) the prevailing market prices for the comparable assets in the proximity; (iii) the prevailing property market conditions; and (iv) the existing leasing arrangement under the Existing Leasing and Operation Services Agreement.

Regarding the valuation approaches used, considering that the Target Assets are underground parking spaces, comparable transaction information (in respect of the market comparison approach) and rental information (in respect of the income approach) are generally available, therefore, both the market comparison approach and the income approach have been adopted by the Valuer to appraise the market value of the Target Assets as at 31 October 2023, and as confirmed by the Valuer, the adoption of each of the above valuation approaches for the Target Assets is also in line with market practice. Sale prices and rent of samples comparable to the Target Assets as adopted by these two approaches could be obtained substantially in the market, and the applicability and valuation results of these two approaches are relatively close. As a result, the arithmetic mean of the valuation of the Target Assets based on these two approaches has been adopted as the final Valuation. The key assumptions of the Valuation are, among others, as follows:

(a) the Valuation has not taken into account additions or deductions to the appraised value as a result of extraordinary terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by persons associated with the sale, or any specific element of value;

(b) the Valuation has not taken into account any charges, mortgages or amounts owing in respect of each of the Target Assets nor any expenses or taxation which may be incurred upon the disposal of the Target Assets in the event a disposal materialises;

(c) it was assumed that the Target Assets are free from encumbrances, restrictions and outgoings of any onerous nature which could affect the value of the Target Assets;

(d) it was assumed that the transferable land use rights in respect of the Target Assets have been granted at a nominal annual land use fee and that any land premium payable has been fully paid;

(e) the opinion given by the Group regarding the titles of the Target Assets has been relied upon by the Valuer, and the Valuer has also assumed that the owner of each of the Target Assets has free and uninterrupted rights to use or transfer the Target Assets for the whole of the unexpired land use term as granted; and

(f) the statuses of the titles, major approvals and licenses in connection with the Target Assets are in accordance with the information provided by the Group.

In terms of work conducted by the Valuer and the source and nature of information upon which it has relied, the Valuer has, among others, obtained from the Group documents and information in respect of the Target Assets, such as title documents, property planning documents, property types, completion date, floor area and occupancy statuses, and the Valuer has concluded that they had no reasons to doubt the authenticity and accuracy of the documents and information provided to them by the Group which are significant to the Valuation. The Valuer further confirmed that there was no limitation as to its scope of work in respect of the Valuation. The Valuer has also inspected the exterior and to the extent possible, the interior of the Target Assets, and no serious damage to the Target Assets was found.

Conditions Precedent

The Conditions Precedent are as follows:

(a) completion of legal due diligence on the Target Assets by the Purchaser with the results thereof being satisfactory to the Purchaser;

(b) a letter of declaration in respect of the waiver of the right of first refusal under the Existing Leasing and Operation Services Agreement having been executed by the Lessee and received by the Purchaser;

(c) all representations, warranties and undertakings made by the Seller to the Purchaser under the Sale and Purchase Agreement being true, accurate, complete and not misleading;

(d) the Sale and Purchase Agreement having been executed and taken effect and remaining in full force;

(e) all necessary internal authorisations and approvals in relation to the Acquisition having been obtained by the Purchaser;

(f) all necessary internal authorisations and approvals in relation to the Acquisition having been obtained by the Seller;

(g) if applicable, all necessary governmental and regulatory approvals in respect of the execution of the Sale and Purchase Agreement and the Acquisition having been obtained by the Purchaser and the Seller; and

(h) all application materials required for the registration of transfer of the property ownership right in the Target Assets by the Seller to the Purchaser having been prepared and signed by the relevant parties (as required), such that the Purchaser could proceed to apply for the registration of transfer of the property ownership right to the relevant authorities on its own accord.

The Conditions Precedent as set out in sub-paragraphs (d) to (g) above are not waivable, and the Conditions Precedent as set out in sub-paragraphs (a) to (c) and (h) above are waivable by the Purchaser.

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 Sale and Purchase Agreement in writing). In any 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 Sale and Purchase Agreement, the non-defaulting party shall have the right to terminate the Sale and Purchase Agreement unilaterally.

Delivery and completion

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

The application materials with respect to the registration of transfer of property ownership right in the Target Assets by the Seller to the Purchaser 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 the Target Assets by the Seller to the Purchaser shall be completed within 90 business days (or such later date to be agreed between the parties to the Sale and Purchase Agreement in writing) of the submission to, and receipt by the relevant authorities, of the respective application materials.

INFORMATION ON THE TARGET ASSETS

The Target Assets comprise 196 parking spaces located in the Property, being a grade-A office building situated at the core area of the Central Business District, Chaoyang District, Beijing, the PRC. The property ownership right in the Target Assets is currently held by the Seller. The Target Assets are currently not subject to any mortgage, but are subject to the terms of the Existing Leasing and Operation Services Agreement, pursuant to which, among others, (i) the Target Assets have been leased to the Lessee, which is a project company holding the Property (for the avoidance of doubt, excluding the Target Assets); (ii) the Lessee shall have the right of first refusal over the Target Assets; (iii) PM Co has been providing carpark management services relating to the Target Assets; and (iv) any subsequent purchaser of the Target Assets shall adhere to the existing leasing and operation arrangement under the Existing Leasing and Operation Services Agreement.

For the years ended 31 December 2021 and 2022 and the ten months ended 31 October 2023, the relevant financial information in relation to the Target Assets is as follows:

	For the year ended 31 December 2021 (unaudited) *(RMB'000)*	**For the year ended 31 December 2022 (unaudited)** *(RMB'000)*	**For the ten months ended 31 October 2023 (unaudited)** *(RMB'000)*
Net profit before taxation of the Target Assets	3,682	1,445	993
Net profit after taxation of the Target Assets	2,762	1,084	745

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

THE NEW LEASING AND OPERATION SERVICES AGREEMENT

As part of the Acquisition and in adherence to the Existing Leasing and Operation Services Agreement, pursuant to the Sale and Purchase Agreement, on the date on which all of the Conditions Precedent have been fulfilled (or waived, if applicable), the Purchaser (a wholly-owned subsidiary of the Company), the Lessee and PM Co (a wholly-owned subsidiary of the Company) will enter into the New Leasing and Operation Services Agreement, pursuant to which, the Purchaser as the new owner of the Target Assets will continue to lease the Target Assets to the Lessee, and PM Co will continue to provide carpark management services relating to the Target Assets.

The principal terms of the New Leasing and Operation Services Agreement are set out below.

Parties

(1) the Purchaser (a wholly-owned subsidiary of the Company);

(2) the Lessee; and

(3) PM Co (a wholly-owned subsidiary of the Company).

Term

The New Leasing and Operation Services Agreement shall take effect on the signing date and last for a term of three years.

Subject matter

The Purchaser will lease the Target Assets to the Lessee, and PM Co will provide carpark management services relating to the Target Assets.

The Lessee may enter into separate tenancy agreements in respect of the sub-lease of the Target Assets with third parties. The Lessee may determine the amount of rent and receive the rent in full in respect of such separate tenancy agreements.

Right of first refusal

In line with the current arrangement under the Existing Leasing and Operation Services Agreement, the Lessee will also be granted a right of first refusal whereby if the Purchaser decides to sell any of the Target Assets (the "**Assets for Sale**") to any third party purchaser (the "**Sale**"), the Lessee shall have the priority to purchase the Assets for Sale on conditions no less favourable than the Sale. If the Lessee elects not to purchase the Assets for Sale, the Purchaser may then sell the Assets for Sale to such third party purchaser at the price and according to the terms of the Sale, and such third party purchaser shall adhere to the leasing and operation arrangement under the New Leasing and Operation Services Agreement.

Pricing and payment terms

Lease Payments

The Lessee will pay a contracting fee of RMB1,548,894.19 (inclusive of value-added tax) per annum in respect of all of the Target Assets (the "**Lease Payments**"), which is payable by instalments on a quarterly basis, to the Purchaser.

With reference to the above annual Lease Payments as agreed by the parties in the New Leasing and Operation Services Agreement, which were arrived at on normal commercial terms after arm's length negotiations with reference to (i) the prevailing market rent of similar properties in the vicinity; (ii) the prevailing property market conditions; (iii) the long-term bulk lease arrangement in respect of all of the Target Assets; and (iv) the existing leasing arrangement under the Existing Leasing and Operation Services Agreement, it is expected that the annual cap in relation to the Lease Payments for each year during the three-year term of the New Leasing and Operation Services Agreement shall not exceed RMB1,548,894.19.

Management Fees

The Lessee will pay a management fee of RMB200 (inclusive of value-added tax) per month per parking space (the "**Management Fees**") to PM Co for the carpark management services relating to the Target Assets provided by PM Co. The Management Fees will be accrued and payable quarterly.

With reference to the above unit price of the Management Fees as agreed by the parties in the New Leasing and Operation Services Agreement, which was arrived at on normal commercial terms after arm's length negotiations with reference to (i) the nature, size and location of the relevant properties; (ii) the scope of the property management services; (iii) the Group's expected operational costs (including, among others, labour costs, material costs and administrative costs) in relation to the provision of the property management services; and (iv) the fees charged by other property management service providers for similar services in respect of similar types of properties in the market, it is expected that the annual cap in relation to the Management Fees for each year during the three-year term of the New Leasing and Operation Services Agreement shall not exceed RMB470,400.

The provision of the carpark management services relating to the Target Assets by PM Co formed and shall continue to form part of the continuing connected transactions pursuant to the 2023–2025 Master Property Management Services Agreement and a new master property management services agreement which the Company expects to enter into and shall take effect from 1 January 2026 as an extension of the 2023–2025 Master Property Management Services Agreement (subject to, among others, any disclosure and approval requirements under the Listing Rules which shall be announced as and when required under the Listing Rules), and the Management Fees payable by the Lessee to PM Co shall in any event be subject to the relevant annual caps under the 2023–2025 Master Property Management Services Agreement of RMB365 million, RMB435 million and RMB540 million respectively for the years ending 31 December 2023, 2024 and 2025 (to the extent applicable, subject to the effective date of the New Leasing and Operation Services Agreement) and the relevant annual caps under the new master property management services agreement. For details of the 2023–2025 Master Property Management Services Agreement, please refer to the announcement and circular of the Company in relation to continuing connected transactions dated 11 November 2022 and 13 January 2023, respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE ENTERING INTO OF THE NEW LEASING AND OPERATION SERVICES AGREEMENT

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.

With respect to the Acquisition, the parking spaces trading business segment does not only complement the Group's principal businesses but has 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. Taking into account (1) the overall low pricing of parking spaces in Beijing; (2) the significant growth in car ownership in the PRC in recent years; and (3) the relatively low vehicle-to-parking space ratios in the PRC, the parking spaces trading market in the PRC is considered to have room for development potential. Through the Acquisition, 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.

The Group has taken a careful and selective approach to choosing the Target Assets, using strict criteria such as location, title, ownership, marketability, and conducting due diligence to ensure that the Target Assets are saleable and have clear title and ownership rights. According to the due diligence results, the title and ownership rights with respect to the Target Assets are unambiguous and there are no disputes arising from them. The Target Assets are located in the core business area in Beijing, which is conveniently located and highly accessible and has long-term development prospects. Additionally, the Target Assets will be subject to the New Leasing and Operation Services Agreement of a long term that can provide a stable and long-term cash flow in terms of the Lease Payments to the Group prior to any subsequent resale of the Target Assets. The Group is also in a favourable position to promote the value of the Target Assets by leveraging its professional property and community asset management capabilities, as the Target Assets have been and will continue to be under the management of the Group. The Group can 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. In view of the quality and development prospects of the Target Assets as mentioned above, the Group expects that the Target Assets could be resold to third party purchaser(s) or the Lessee upon its exercise of right of first refusal under the New Leasing and Operation Services Agreement 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, taking into account the prevailing market conditions, with a view to boosting the sales volume and maximising the sales return.

As for the consideration of the Acquisition, the Group was able to negotiate a discount of around 20% to the Valuation of the Target Assets. This would offer a level of downside protection to the Group, and maximise the potential gain from the resale of the Target Assets. Therefore, the Acquisition is believed to 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, while further enhancing its overall profitability and revenue contribution to the Group.

With respect to the New Leasing and Operation Services Agreement which is in adherence to the Existing Leasing and Operation Services Agreement and forms an integral part of the Acquisition, the Lessee, a wholly-owned subsidiary of the Fund of which the limited partners include reputable global sovereign wealth fund(s) or government affiliated institutional investor(s) with a longstanding track records of investment in various sectors, as the long-term lessee of the Target Assets under the Existing Leasing and Operation Services Agreement, had good and stable historical payment records, ensuring steady revenue contribution in terms of the Lease Payments and the Management Fees to the Group during the term of the New Leasing and Operation Services Agreement on one hand, and lowering the risk of recoverability of lease payments from individual end-user tenants on the other.

Taking into consideration of the aforesaid, the Directors (including the independent non-executive Directors but excluding the Abstained Directors) are of the view that (1) the terms of the Sale and Purchase Agreement 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 Sale and Purchase Agreement was not made in the ordinary and usual course of business of the Group, it is in the interests of the Company and its Shareholders as a whole; and (2) the terms of the New Leasing and Operation Services Agreement 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 the entering into of the New Leasing and Operation Services Agreement will be made in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

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 transactions as contemplated under the Sale and Purchase Agreement and the New Leasing and Operation Services Agreement. Nevertheless, the Abstained Directors have abstained from voting on the Board resolutions approving the Sale and Purchase Agreement and the New Leasing and Operation Services Agreement and the transactions as contemplated thereunder by virtue of their directorship and/or senior positions in Sino-Ocean Group and/or its associates (other than the Group).

INFORMATION ON THE COMPANY, THE GROUP, THE PURCHASER AND PM CO

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.

The Purchaser 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.

PM Co 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.

INFORMATION ON SINO-OCEAN GROUP, THE SOGH GROUP AND THE SELLER

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.

The Seller 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.

INFORMATION ON THE LESSEE

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessee is a company established under the laws of the PRC with limited liability and is principally engaged in property development business in the PRC. As at the date of this announcement, the Lessee is wholly-owned by the Fund. The general partner of the Fund is Brilliant Day Limited (卓日有限公司), which is a wholly-owned subsidiary of Fortune Joy Ventures Limited (瑞喜創投有限公司), an investment holding company which is in turn directly or indirectly owned as to 49% by Sino-Ocean Group, 25.5% by Leading Bright Investment Limited, 12.75% by Huamao Focus Limited and 12.75% by Ancient Jade (South) Holdings Limited. Leading Bright Investment Limited is wholly-owned by Bright Success Limited Partnership, the general partner of which is ultimately beneficially owned by Leung Chung Wai. Huamao Focus Limited is 87% owned by Huamao Property Holdings Ltd, which is in turn (i) 40.48% owned by Siberite Limited, a company ultimately owned as to 50% by Chia Seok Eng and 50% by Lin Minghan; (ii) 41.84% owned by RCA02, interests in the ordinary shares of which are all ultimately owned by the equity partners of international law firm Maples and Calder; and (iii) 17.68% owned by Risun Holdings Limited, a company owned as to 80% by Fang Chao and 20% by Liu Jun. Ancient Jade (South) Holdings Limited is wholly-owned by Lin Zheying. The limited partners of the Fund include the SOGH Group (for the avoidance of doubt, excluding the Group) (holding approximately 28.57% limited partnership interests), a wholly-owned subsidiary of Fortune Joy Ventures Limited (as a special limited partner), and global sovereign wealth fund(s) or government affiliated institutional investor(s) (holding approximately 71.43% limited partnership interests in aggregate).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed in this announcement, the ultimate beneficial owners of the Lessee are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

The Seller 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 exceed(s) 0.1% but are all less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Lessee is a wholly-owned subsidiary of the Fund, of which the general partner is a wholly-owned subsidiary of an associate of Sino-Ocean Group and in which Sino-Ocean Group indirectly holds approximately 28.57% limited partnership interests, and thus a connected person of the Company. Accordingly, the New Leasing and Operation Services Agreement (which will be entered into in adherence to the Existing Leasing and Operation Services Agreement in respect of the Target Assets) will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of each of (1) the largest annual cap of the Lease Payments and (2) the largest annual cap of the Management Fees under the New Leasing and Operation Services Agreement are less than 5%, and each of (1) the largest annual cap of the Lease Payments and (2) the largest annual cap of the Management Fees is less than HK$3 million, each of (1) the lease of the Target Assets to the Lessee and (2) the provision of property management services of the Target Assets to the Lessee under the New Leasing and Operation Services Agreement on a standalone basis will constitute a de minimis transaction and will be fully exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

"2023–2025 Master Property Management Services Agreement"	an agreement dated 11 November 2022 entered into between the Company (on behalf of each member of the Group) and Sino-Ocean Group (on behalf of each Sino-Ocean Connected Person) in relation to the provision of property management services by the Group to the Sino-Ocean Connected Persons (as amended and supplemented from time to time), details of which are set out in the announcement and circular of the Company in relation to continuing connected transactions dated 11 November 2022 and 13 January 2023, respectively
"Abstained Directors"	Mr. Cui Hongjie and Mr. Zhu Xiaoxing, each being a non-executive Director

"Acquisition"	the transfer of the Target Assets from the Seller to the Purchaser as contemplated under the Sale and Purchase Agreement
"Assets for Sale"	has the meaning ascribed in "THE NEW LEASING AND OPERATION SERVICES AGREEMENT — Subject matter — Right of first refusal" in this announcement
"Board"	the board of Directors
"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
"Existing Leasing and Operation Services Agreement"	the existing leasing and operation services agreement entered into between the Seller, the Lessee and PM Co in relation to the leasing and operation services arrangement in respect of certain parking spaces comprising the Target Assets
"Fund"	Sino-Ocean Prime Office Partners I LP, an exempted limited partnership established under the laws of the Cayman Islands
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Lease Payments"	has the meaning ascribed in "THE NEW LEASING AND OPERATION SERVICES AGREEMENT — Pricing and payment terms — Lease Payments" in this announcement
"Lessee"	Beijing Longzeyuan Real Estate Co., Ltd.* (北京龍澤源置業有限公司), a company established under the laws of the PRC with limited liability
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Management Fees"	has the meaning ascribed in "THE NEW LEASING AND OPERATION SERVICES AGREEMENT — Pricing and payment terms — Management Fees" in this announcement
"New Leasing and Operation Services Agreement"	the leasing and operation services agreement to be entered into by the Purchaser, the Lessee and PM Co in relation to the leasing and operation services arrangement in respect of the Target Assets

"PM Co"	Zhongyuan Hotel Property Management Co., Ltd.* (中遠酒店物業管理有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
"Property"	a grade-A office building known as Ocean Office Park (遠洋光華國際) situated at the 11th Building, Jin Tong West Road, Chaoyang District, Beijing, the PRC (中國北京市朝陽區金桐西路11幢), which, for the avoidance of doubt, excludes the Target Assets
"Purchaser"	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 and a wholly-owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Sale"	has the meaning ascribed in "THE NEW LEASING AND OPERATION SERVICES AGREEMENT — Subject matter — Right of first refusal" in this announcement
"Sale and Purchase Agreement"	the sale and purchase agreement dated 22 December 2023 entered into by the Purchaser and the Seller in relation to the sale and purchase of the Target Assets
"Seller"	Beijing Yuanxin Asset Management Co., Ltd.* (北京遠新資產管理有限公司), a company established under the laws of the PRC with limited liability
"Shareholder(s)"	shareholder(s) of the Company
"Sino-Ocean Connected Person(s)"	Sino-Ocean Group and its associates, excluding the Group
"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
"SOGH Group"	Sino-Ocean Group and its subsidiaries
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Assets"	collectively, a total of 196 parking spaces located in the Property
"Valuation"	has the meaning ascribed in "THE SALE AND PURCHASE AGREEMENT — Consideration and payment terms" in this announcement

"Valuer"	has the meaning ascribed in "THE SALE AND PURCHASE AGREEMENT — Consideration and payment terms" in this announcement
"%"	per cent

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

By order of the Board of
Sino-Ocean Service Holding Limited
YANG Deyong
Joint Chairman

Hong Kong, 22 December 2023

As at the date of this announcement, the Board comprises Mr. Yang Deyong and Ms. Zhu Geying as executive Directors, Mr. Cui Hongjie and Mr. Zhu Xiaoxing as non-executive Directors, and Dr. Guo Jie, Mr. Ho Chi Kin Sammy and Mr. Leung Wai Hung as independent non-executive Directors.

* *For identification purposes only*