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VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF EQUITY INTERESTS AND CREDITOR'S RIGHTS IN THE TARGET COMPANY

THE DISPOSAL

On 7 June 2024, the Company, the Sellers (both being wholly-owned subsidiaries of the Company), the Purchasers and the Target Company entered into the Sale and Purchase Agreement, pursuant to which the Sellers conditionally agreed to dispose of, and the Purchasers conditionally agreed to acquire, the Target Equity Interests and the Target Creditor's Rights. In accordance with the terms of the Sale and Purchase Agreement, the Company, Seller 1, Purchaser 2 (Equity) and Purchaser 2 (Debt) also entered into the Purchaser 2 Agreement in relation to, among other things, the waiver of the right of first refusal by Purchaser 2 (Equity) (as an existing shareholder of the Target Company) and the adjustment and payment of the consideration payable by Purchaser 2 (Equity) for the Disposal.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal exceed(s) 75%, the Disposal constitutes a very substantial disposal of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Further, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Purchaser 1 is a limited partnership whose limited partnership interest is held as to approximately 99.99% by China Life Insurance, a substantial Shareholder which holds approximately 29.59% of the total issued share capital of the Company, and approximately 0.01% by a wholly-owned subsidiary of China Life Insurance (Group) Company, which is the holding company of China Life Insurance. Purchaser 1 is therefore an associate of China Life Insurance and thus a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Disposal Agreements and the transactions as contemplated thereunder (including the Disposal). As at the date of this announcement, China Life Insurance is a substantial Shareholder, and hence will abstain from voting on the resolution(s) to be proposed at the EGM to approve the Disposal Agreements and the transactions as contemplated thereunder (including the Disposal). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no other Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the EGM.

GENERAL

An Independent Board Committee, comprising the independent non-executive Directors, has been established to advise the Independent Shareholders on the Disposal Agreements and the transactions as contemplated thereunder (including the Disposal). The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details on the Disposal Agreements and the transactions as contemplated thereunder (including the Disposal); (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser with its recommendation to the Independent Board Committee and Independent Shareholders; (iv) the valuation report of the Property; and (v) other information as required under the Listing Rules together with the notice of the EGM and a form of proxy, is expected to be despatched to the Shareholders on or before 25 June 2024.

THE DISPOSAL

On 7 June 2024, the Company, the Sellers (both being wholly-owned subsidiaries of the Company), the Purchasers and the Target Company entered into the Sale and Purchase Agreement, pursuant to which the Sellers conditionally agreed to dispose of, and the Purchasers conditionally agreed to acquire, the Target Equity Interests and the Target Creditor's Rights. In accordance with the terms of the Sale and Purchase Agreement, the Company, Seller 1, Purchaser 2 (Equity) and Purchaser 2 (Debt) also entered into the Purchaser 2 Agreement in relation to, among other things, the waiver of the right of first refusal by Purchaser 2 (Equity) (as an existing shareholder of the Target Company) and the adjustment and payment of the consideration payable by Purchaser 2 (Equity) for the Disposal.

THE SALE AND PURCHASE AGREEMENT

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

Date: 7 June 2024

Parties:

- (i) the Company;
- (ii) Seller 1, being a wholly-owned subsidiary of the Company;
- (iii) Seller 2, being a wholly-owned subsidiary of the Company;
- (iv) Purchaser 1;
- (v) Purchaser 2 (Equity);
- (vi) Purchaser 2 (Debt); and
- (vii) the Target Company.

Subject matter

The Sellers conditionally agreed to sell and the Purchasers conditionally agreed to acquire the Target Equity Interests and the Target Creditor's Rights at the total consideration of RMB4 billion.

1. *Transfer of Target Equity Interests*

Purchaser 1 and Purchaser 2 (Equity) conditionally agreed to acquire and the Sellers conditionally agreed to sell an aggregate of 64.79% equity interests in the Target Company at the total consideration of RMB3,875,171,911.36, details of which are as follows:

- (i) Purchaser 1 conditionally agreed to acquire an aggregate of 49.895% equity interests in the Target Company, which include:
 - (a) 20.105% equity interests in the Target Company to be disposed of by Seller 1 at the consideration of RMB1,202,505,498.96; and
 - (b) 29.79% equity interests in the Target Company to be disposed of by Seller 2 at the consideration of RMB1,781,777,608.26.
- (ii) Purchaser 2 (Equity) conditionally agreed to acquire and Seller 1 conditionally agreed to sell 14.895% equity interests in the Target Company at the consideration of RMB890,888,804.14.

2. Transfer of Target Creditor's Rights

Purchaser 1 and Purchaser 2 (Debt) conditionally agreed to acquire the Target Creditor's Rights in the aggregate amount of RMB124,828,088.64 on a dollar-for-dollar basis, which is equivalent to the book value of the outstanding principal and interest of the Target Creditor's Rights in the Target Company as at 31 December 2023. Purchaser 1 and Purchaser 2 (Debt) conditionally agreed to acquire the Target Creditor's Rights in the amount of RMB96,130,536.85 and RMB28,697,551.79, respectively, which is the proportionate amount of the Target Creditor's Rights corresponding to the percentage of equity interests in the Target Company to be acquired by Purchaser 1 and Purchaser 2 (Equity) under the Sale and Purchase Agreement.

The transfer of an aggregate of 49.895% equity interests and corresponding creditor's rights in the Target Company to Purchaser 1 and the transfer of 14.895% equity interests and corresponding creditor's rights in the Target Company to Purchasers 2 are inter-conditional.

Payment terms

The consideration for the Disposal shall be payable in two instalments.

1. First instalment in the total amount of RMB3.8 billion

Upon satisfaction of the conditions precedent to the payment of the first instalment (as set out in the sub-section headed "*Conditions precedent to the payment of the first instalment*" herein below), Sellers Entities shall issue a confirmation letter to each of the Purchasers to confirm the satisfaction of the conditions precedent to the payment of the first instalment. Within 10 business days (subject to a grace period of 5 business days after expiry) after the Purchasers have received, reviewed and acknowledged the confirmation letters, the Purchasers shall pay the first instalment of the consideration for the Disposal in an aggregate amount of RMB3.8 billion to the Sellers in the following manners:

- (i) Purchaser 1 shall pay the consideration in the total amount of RMB1,236,573,989.20 to Seller 1, of which RMB96,130,536.85 is the consideration payable by Purchaser 1 for the portion of the Target Creditor's Rights to be acquired by Purchaser 1, and RMB1,140,443,452.35 is the partial consideration payable by Purchaser 1 for the acquisition of the Target Equity Interests held by Seller 1;
- (ii) Purchaser 1 shall pay the consideration in the amount of RMB1,689,818,972.67 to Seller 2, which is the partial consideration payable by Purchaser 1 for the acquisition of the Target Equity Interests held by Seller 2; and
- (iii) Purchaser 2 (Debt) shall pay the consideration in the amount of RMB28,697,551.79 to Seller 1 for the portion of the Target Creditor's Rights to be acquired by Purchaser 2 (Debt), and Purchaser 2 (Equity) shall pay the partial consideration to Seller 1 for the acquisition of the Target Equity Interests held by Seller 1 in the amount of RMB844,909,486.34.

Conditions precedent to the payment of the first instalment

Payment of the first instalment of consideration shall be subject to the satisfaction (unless otherwise waived or altered by mutual consent of the Purchasers) of, among others, the following conditions:

- (i) the transaction documents of the Disposal, including but not limited to the New Shareholders Agreement, having been lawfully signed and becoming effective;
- (ii) the conditions precedent to the Disposal, the details of which are set out in the section headed "Conditions precedent to the Disposal" in this announcement, having been fully satisfied;
- (iii) the representation and warranties made by Sellers Entities to Purchaser 1 and Purchasers 2 respectively under the Sale and Purchase Agreement remaining true and valid;
- (iv) if a declaration on concentration of business operators in relation to the Disposal is required pursuant to the applicable PRC laws or the requirements of the regulatory authorities, the obtaining of the required anti-trust approval documents;
- (v) completion of arrangements in respect of the existing board representatives (four out of eight) and management appointed by the Sellers to the Target Company, such that the four board representatives currently appointed by the Sellers will be reappointed by Purchaser 1, one of which will be a director of the Company nominated by China Life Insurance, and the change or resignation of the designated management personnel appointed by the Sellers to the Target Company shall be completed in accordance with the Sale and Purchase Agreement;
- (vi) the existing shareholders' agreement and its supplemental agreement(s) entered into among the Sellers, Purchaser 2 (Equity) and Jiangtai Authority Entity having been terminated, and the New Shareholders Agreement among Purchaser 1, Purchaser 2 (Equity) and Jiangtai Authority Entity having been entered into;
- (vii) the registration of changes and filing in relation to the transfer of the Target Equity Interests having been completed, and the change of shareholders of the Target Company in its register of shareholders having been completed;
- (viii) the transfer of certain items of the Target Company, including but not limited to business licences, stamps and financial data of the Target Company, from the Sellers Entities to the Purchasers no later than the date of completion of the Disposal;
- (ix) save for the disclosed debts and external guarantees and the debts to be incurred by the Target Company due to daily operations after the date of the Sale and Purchase Agreement and with the prior consent of the Purchasers, the Target Company not having any other liabilities, contingent liabilities, or external guarantees;
- (x) save for the disclosed contracts and the contracts to be signed by the Target Company as required for daily operations after the date of the Sale and Purchase Agreement and with the prior consent of the Purchasers, the Target Company not having any undisclosed contracts that are being performed;

- (xi) the Target Company not having any undisclosed or pending lawsuits, arbitrations, seizures, enforcements, administrative penalties, etc., and it has no outstanding tax payable;
- (xii) save for provision of security with the land use rights of the project plot and the buildings on the project plot for the existing syndicated project loan of the Target Company, there being no other encumbrances such as mortgage, seizure or pledge of accounts receivable in relation to INDIGO II. There being no encumbrances such as mortgage or seizure on assets of the Target Company other than INDIGO II;
- (xiii) Sellers Entities having complied with the agreed covenants in relation to the transition period (i.e. the period between the date of signing of the Sale and Purchase Agreement and the date of completion of the Disposal). There being no breach of such covenants by Sellers Entities, or in the case of a breach (if any), it has been substantially corrected;
- (xiv) all required internal and external approval, filing, registration and disclosure procedures for the Disposal having been completed by Sellers Entities and remaining valid;
- (xv) relevant regulatory authorities not having taken any action to restrict, prevent or otherwise prohibit Purchaser 1 from the acquisition of Target Equity Interests and Target Creditor's Rights;
- (xvi) Sellers having fulfilled all relevant obligations in reaching a written arrangement with Purchaser 2 (Equity) in relation to waiver of the right of first refusal by Purchaser 2 (Equity) (as an existing shareholder of the Target Company) in relation to the disposal of the portion of the Target Equity Interests to be acquired by Purchaser 1 under the Disposal (please refer to the section headed "PURCHASER 2 AGREEMENT" in this announcement for details of such written arrangement); and
- (xvii) in relation to the designated account for receiving the consideration, Seller 1 and Seller 2 having signed a bank account supervision agreement with relevant parties including the Purchasers. The funds in the designated account will be supervised by such relevant parties and shall be utilized for repayment of certain existing debts owed by the related parties of Seller Entities to the relevant creditors.

2. Second instalment in the total amount of RMB0.2 billion

Upon satisfaction of the conditions precedent to the payment of the second instalment (as set out in the sub-section headed "*Conditions precedent to the payment of the second instalment*" herein below), the remaining consideration for the Disposal in the amount of RMB0.2 billion shall be paid in the following manners:

- (i) Purchaser 1 shall pay the consideration in the amount of RMB62,062,046.61 to Seller 1, and shall pay the consideration in the amount of RMB91,958,635.59 to Seller 2; and
- (ii) Purchaser 2 (Equity) shall pay the consideration in the amount of RMB45,979,317.80 to Seller 1.

Conditions precedent to the payment of the second instalment

Payment of the second instalment of consideration shall be subject to the satisfaction of (unless otherwise waived or altered by mutual consent of the Purchasers), among others, the following conditions:

- (i) the conditions precedent to the payment of the first instalment, the details of which are summarised in the section headed “*Conditions precedent to the payment of the first instalment*” in this announcement, having been fully satisfied;
- (ii) the relevant matters in relation to the settlement of certain construction fees for part of the Land between Sino-Ocean Construction and the Target Company and handover and exit works in relation to the replacement of its general contractor and the electrical and mechanical (E&M) engineering general contractor having been completed in accordance with the requirements of the Sale and Purchase Agreement;
- (iii) creditor’s rights and debts between Sino-Ocean Construction and the Target Company having been fully settled;
- (iv) Sellers Entities shall cooperate with, and shall ensure Sino-Ocean Construction and other entities to cooperate with, the Target Company to complete the replacement of the general contractor and the electrical and mechanical (E&M) general contractor for part of the Land; and
- (v) there being no breach by Sellers Entities of the Sale and Purchase Agreement, or in the case of a breach (if any), it has been substantially corrected.

Subject to the terms of the Sale and Purchase Agreement, if any of the conditions precedent to the payment of the second instalment cannot be satisfied within 1 year after the signing of the Sale and Purchase Agreement for reasons not due to the Purchasers, Purchaser 1 and Purchaser 2 (Equity) are no longer required to pay the aforementioned second instalment in the total amount of RMB0.2 billion.

Conditions precedent to the Disposal

Completion of the Disposal is conditional upon, among other things, the satisfaction of the following conditions precedent (unless otherwise waived or altered by mutual consent of the Purchasers) within 90 days after signing of the Sale and Purchase Agreement:

- (1) Sellers Entities shall procure the Target Company and Beijing Municipal Commission of Planning and Natural Resources to sign written document(s) or Beijing Municipal Commission of Planning and Natural Resources to issue written document(s) approving the transfer of the Target Equity Interests by Beijing Municipal Commission of Planning and Natural Resources;

- (2) Sellers Entities shall procure the Target Company and Beijing Municipal Commission of Planning and Natural Resources to sign a supplementary agreement or other written document(s), or other government agencies acceptable to the Purchasers to issue written document(s) on arrangements acceptable to the Purchasers on matters of subsequent transfer of the equity interests in the Target Company by its shareholders to other entities, the property rights registration for INDIGO II, and the extension of the completion date of construction of INDIGO II;
- (3) Sellers Entities shall ensure that the equity pledge and equity freeze of the respective shareholders of the Sellers, and the pledge of revenue rights attached to the equity interests in the Target Company on the part of the Sellers, and all matters in relation to such equity pledge, equity freeze, and pledge of revenue rights that may affect the Disposal are properly handled in accordance with the requirements of the Purchasers. Sellers Entities shall issue written confirmation document(s) and relevant supporting materials to the Purchasers in this regard;
- (4) in respect of the existing syndicated project loan of the Target Company, the Target Company shall reach an arrangement acceptable to all parties in accordance with the requirements of the Purchasers, and the Target Company shall sign a valid agreement acceptable to the Purchasers with the relevant entities regarding the aforementioned matters. Sellers Entities shall ensure their full cooperation to complete such matters, and ensure that the Target Company notifies the lending banks of such project loan and/or obtain consent from the lending banks if such notification or consent is required in relation to the Disposal pursuant to the relevant syndicated project loan agreements;
- (5) Sellers Entities shall be responsible for coordinating with Jiangtai Authority Entity to issue a written document on the consent to the transfer of the Target Equity Interests and the waiver of the right of first refusal;
- (6) Sellers Entities shall ensure that the Target Company obtains the consents and approvals required in each agreement signed by the Target Company, and issues a confirmation letter to the Purchasers confirming the completion of the aforementioned matters;
- (7) the arrangements in relation to the PM Co and relevant service agreement(s) between the PM Co and the Target Company which are acceptable to Purchaser 1 and Purchaser 2 (Equity) have been reached and corresponding written agreements which are acceptable to Purchaser 1 and Purchaser 2 (Equity) have been signed, and Sellers Entities shall cooperate in this regard;
- (8) except for agreements in relation to the general contracting of construction of part of the Land for INDIGO II between Sino-Ocean Construction and the Target Company and the relevant service agreements between the PM Co and the Target Company, all agreements, contracts or collaboration arrangements between the Target Company and Sellers Entities and their related parties have been terminated in accordance with the requirements of the Purchasers, and the termination agreements shall be acceptable to the Purchasers and shall specify fee settlement and payment matters under the respective agreements;

- (9) Sellers Entities shall ensure that the use of all information systems and approval platforms that belong to Sellers Entities and their related parties by the Target Company has been terminated in accordance with the Purchasers' requirements. Sellers Entities shall hand over all data, information and materials to the Target Company in accordance with the Purchasers' requirements, and cooperate with the Target Company to launch new systems and new platforms;
- (10) the relevant construction blueprints of INDIGO II have passed the review, and the Target Company has obtained a new construction permit for designated part of the Land and all drainage permits required for INDIGO II project;
- (11) in respect of the demolition, vacancy, and resettlement agreements signed by the Target Company, Sellers Entities, after the signing of the Sale and Purchase Agreement, shall coordinate as soon as possible with the Target Company, the Jiangtai Township Government or its subsidiaries to sign relevant written documents as acceptable to the Purchasers;
- (12) all parties have reached an agreement on the transaction documents in relation to the Disposal, and the Company shall be responsible for coordinating with Jiangtai Authority Entity to sign the relevant transaction documents to complete all transactional arrangements under the Sale and Purchase Agreement;
- (13) Sellers Entities shall ensure that Sino-Ocean Construction issues a letter of undertaking to the Purchasers on the date of signing of the Sale and Purchase Agreement in relation to the matters mentioned under paragraphs (ii) and (iv) under the section headed "*Conditions precedent to the payment of the second instalment*" in this announcement;
- (14) Sellers Entities shall perform necessary internal decision-making procedures for the signing and performance of the relevant transaction documents in relation to the Disposal, and make necessary disclosures and obtain necessary approvals in accordance with applicable laws and regulations, including approval from the Shareholders on the Disposal; and
- (15) Purchasers (including the limited partner(s) and executive partner(s) of Purchaser 1) shall
 - (i) perform the necessary internal decision-making procedures and external publicity procedures for signing the relevant transaction documents in relation to the Disposal; and
 - (ii) obtain any consent, approval, order or authorization from any applicable government agency; or make any applicable registration, qualification review, designation, declaration or filing with any government agency (including but not limited to, obtaining written or electronic approval documents of the antitrust review on concentration of business operators in relation to the Disposal), except for reporting to the National Financial Regulatory Administration and filing with the Asset Management Association of China.

If the aforementioned conditions precedent cannot be fulfilled within 90 days after the date of the Sale and Purchase Agreement, Purchaser 1 and Purchaser 2 (Equity) may jointly agree to grant a grace period (as determined by Purchaser 1 and Purchaser 2 (Equity) after negotiation) and notify the Sellers in writing. If such conditions precedent cannot be satisfied within the grace period (if any), Purchaser 1 and Purchaser 2 (Equity) may jointly decide to terminate the Sale and Purchase Agreement without assuming any liability.

Completion

Completion of the Disposal shall take place on the date on which (i) the registration of changes in relation to the Target Equity Interests to be acquired by Purchaser 1 and Purchaser 2 (Equity) with the market supervision and management authorities has been completed; and (ii) each of Purchaser 1 and Purchaser 2 (Equity) has been registered as a shareholder of the Target Company in its register of shareholders.

Right of first offer (優先報價權)

Although the Purchasers shall have the right to transfer or dispose of equity interests in the Target Company and/or its corresponding creditor's rights to parties other than the Company, the terms of the Sale and Purchase Agreement offer the Company the right of first offer to buy-back the Target Equity Interests and the Target Creditor's Rights then held by the Purchasers at a certain point in time after completion of the Disposal as agreed with the relevant purchaser at a fixed consideration or on an agreed basis for formulating the consideration, enabling the Group to have the opportunity to re-participate in the INDIGO II project when its financial position improves. Details of the right of first offer are as follows.

1. **Right of first offer in relation to the equity interests and creditor's rights in the Target Company held by Purchaser 1**

Provided that the terms on forfeiture of the right of first offer of the Company in the Sale and Purchase Agreement have not been triggered, the Company shall be entitled to exercise the right of first offer in respect of Purchaser 1 as follows:

(1) *Right of first offer for the Period*

Subject to the judgment and internal decision-making of Purchaser 1 with regard to the market changes, Purchaser 1 intends to continue to hold the 49.895% equity interests in the Target Company for a period of 5 years from the date of completion of the Disposal. Upon the expiry of 5 years from the completion date and prior to 30 September 2037 (the "**Period**"), in the event that Purchaser 1 intends to transfer part or all of the equity interests held by Purchaser 1 in the Target Company, Purchaser 1 shall issue a notice to the Company and the Company shall confirm whether it will exercise its right of first offer in respect of such equity interests and creditor's rights (if any) as set out in the notice in accordance with the terms of the Sale and Purchase Agreement.

(2) *Right of first offer upon the expiry of a 5-year term*

Upon the expiry of 5 years from the completion date, if Purchaser 1 holds equity interests in the Target Company at that time, the Company shall be entitled to exercise the right of first offer in accordance with the Sale and Purchase Agreement in respect of all equity interests in the Target Company then held by Purchaser 1 and all creditor's rights in the Target Company then held by Purchaser 1 (if any).

In the event that the Company intends to exercise the aforesaid right of first offer, a formal notice in writing (the "**5-Year Term Exercise Notice**") shall be issued by the Company to Purchaser 1 in accordance with the terms of the Sale and Purchase Agreement.

(3) *Right of first offer upon the expiry of a 7-year term*

If the Company does not issue the 5-Year Term Exercise Notice as stipulated in paragraph (2) above, upon the expiry of 7 years from the completion date, if Purchaser 1 holds equity interests in the Target Company at that time, the Company shall be entitled to exercise the right of first offer in accordance with the Sale and Purchase Agreement in respect of all equity interests in the Target Company then held by Purchaser 1 and all creditor's rights in the Target Company then held by Purchaser 1 (if any).

In the event that the Company intends to exercise the aforesaid right of first offer, a formal notice in writing (the "**7-Year Term Exercise Notice**") shall be issued by the Company to Purchaser 1 in accordance with the terms of the Sale and Purchase Agreement.

(4) *Right of first offer at the end of the Period*

If the Company does not issue the 5-Year Term Exercise Notice and the 7-Year Term Exercise Notice as stipulated in paragraphs (2) and (3) above respectively, upon the expiry of the period ending 30 September 2037, if Purchaser 1 still holds equity interests in the Target Company at that time, the Company shall be entitled to exercise the right of first offer in accordance with the Sale and Purchase Agreement in respect of all equity interests in the Target Company then held by Purchaser 1 and all creditor's rights in the Target Company then held by Purchaser 1 (if any).

In the event that the Company intends to exercise the aforesaid right of first offer, a formal notice in writing shall be issued by the Company to Purchaser 1 in accordance with the terms of the Sale and Purchase Agreement.

For the avoidance of doubt, the aforesaid arrangement for the Company to enjoy the right of first offer does not restrict the right of Purchaser 1 to dispose of its equity interests and/or creditor's rights in the Target Company in any manner, and Purchaser 1 has the right to transfer, set up security on, dispose of and/or make other arrangements of any kind for equity interests held by and/or creditor's rights of Purchaser 1 in the Target Company unless otherwise provided in the New Shareholders Agreement.

In the event that the Company exercises the right of first offer in accordance with the Sale and Purchase Agreement, the consideration payable to Purchaser 1 for the proposed acquisition shall not be less than the higher of the following two amounts as determined between Purchaser 1 and the Company through negotiations based on the aforementioned principles:

- (i) the investment amount of Purchaser 1 for the acquisition of the equity interests and creditor's rights in the Target Company to be transferred by Purchaser 1 in the proposed transfer (as calculated and determined by Purchaser 1) plus an amount calculated on the basis of 8% IRR (for a period commencing from the date on which Purchaser 1 pays the first instalment of the consideration of the Disposal in accordance with the Sale and Purchase Agreement and ending on the date on which Purchaser 1 recovers its entire investment amount for the acquisition of the equity interests and creditor's rights in the Target Company to be transferred by Purchaser 1 in the proposed transfer) over the investment amount of Purchaser 1; and

- (ii) the appraisal value of the equity interests and/or creditor's rights to be transferred in accordance with the then relevant requirements for the supervision and regulation of state-owned assets.

2. Right of first offer in relation to the equity interests and creditor's rights in the Target Company held by Purchasers 2

Provided that the terms on forfeiture of the right of first offer of the Company have not been triggered, the Company shall be entitled to exercise the right of first offer in respect of Purchasers 2 in accordance with the following provisions:

(1) Right of first offer upon the expiry of a 2-year term

Upon the expiry of 2 years from the date on which Seller 1 first receives the consideration paid by Purchasers 2 in accordance with the Sale and Purchase Agreement, if Purchaser 2 (Equity) is still holding equity interests in the Target Company at that time, the Company shall be entitled to exercise the right of first offer in accordance with the Sale and Purchase Agreement in respect of the 14.895% equity interests in the Target Company then held by Purchaser 2 (Equity) and the outstanding creditor's rights then held by Purchaser 2 (Debt), being the carrying amount of the portion of the Target Creditor's Rights in the Target Company acquired by Purchaser 2 (Debt) under the Disposal.

In the event that the Company intends to exercise the aforesaid right of first offer, a formal notice in writing (the "**2-Year Term Exercise Notice**") shall be issued by the Company to Purchaser 2 (Equity) upon the expiry of 2 years from the date on which Seller 1 first receives the consideration paid by Purchasers 2 in accordance with the Sale and Purchase Agreement.

(2) Right of first offer upon the expiry of a 3-year term

If the Company does not issue a 2-Year Term Exercise Notice as stipulated in paragraph (1) above, upon the expiry of 3 years from the date on which Seller 1 first receives the consideration paid by Purchasers 2 in accordance with the Sale and Purchase Agreement, if Purchaser 2 (Equity) is still holding equity interests in the Target Company at that time, the Company shall be entitled to exercise the right of first offer in accordance with the Sale and Purchase Agreement in respect of the 14.895% equity interests in the Target Company then held by Purchaser 2 (Equity) and the outstanding creditor's rights then held by Purchaser 2 (Debt), being the carrying amount of the portion of the Target Creditor's Rights in the Target Company acquired by Purchaser 2 (Debt) under the Disposal.

In the event that the Company intends to exercise the aforesaid right of first offer, a formal notice in writing (the "**3-Year Term Exercise Notice**") shall be issued by the Company to Purchaser 2 (Equity) upon the expiry of 3 years from the date on which Seller 1 first receives the consideration paid by Purchasers 2 in accordance with the Sale and Purchase Agreement.

For the avoidance of doubt, Purchasers 2 shall have the right to transfer, dispose of and/or make other arrangements of any kind at its sole discretion for equity interests held by Purchaser 2 (Equity) in the Target Company and/or all the creditor's rights of Purchaser 2 (Debt) in the Target Company, unless otherwise provided in the New Shareholders Agreement.

In the case that the Company decides to exercise any of such rights of first offer pursuant to the terms of the Sale and Purchase Agreement and the Purchaser 2 Agreement (as further elaborated in the section headed "PURCHASER 2 AGREEMENT" below) and signs transfer agreement(s) with Purchaser 1 and/or Purchasers 2, the Company will make announcement(s) as and when appropriate pursuant to the requirements of the Listing Rules.

PURCHASER 2 AGREEMENT

In accordance with the terms of the Sale and Purchase Agreement, on 7 June 2024, the Company, Seller 1, Purchaser 2 (Equity) and Purchaser 2 (Debt) entered into the Purchaser 2 Agreement in relation to, among other things, the waiver of the right of first refusal by Purchaser 2 (Equity) (as an existing shareholder of the Target Company) in relation to the disposal of the portion of the Target Equity Interests to be acquired by Purchaser 1 under the Disposal, the adjustment and payment of the consideration payable by Purchaser 2 (Equity) in relation to the Disposal, and the Company's exercise of its right of first offer and the payment of the relevant consideration.

Waiver of the right of first refusal by Purchaser 2 (Equity)

Subject to the payment of RMB184 million by Seller 1 to Purchaser 2 (Equity), Purchaser 2 (Equity) agreed to waive its right of first refusal in relation to the 49.895% equity interests in the Target Company held in aggregate by the Sellers that is intended to be transferred to Purchaser 1 according to the Sale and Purchase Agreement.

Adjustment and payment of consideration by Purchaser 2 (Equity) under the Sale and Purchase Agreement

If the Company and Seller 1 do not pay the consideration in relation to the waiver of the right of first refusal in accordance with the terms of the Purchaser 2 Agreement, Purchaser 2 (Equity) shall have the right to set off an amount equivalent to the aforesaid consideration (i.e. RMB184 million) in relation to the waiver of the right of first refusal against the first instalment of consideration payable by Purchaser 2 (Equity) to Seller 1 under the Sale and Purchase Agreement in relation to the Disposal.

Company's exercise of its right of first offer under the Sale and Purchase Agreement and the payment of the relevant consideration

If the Company exercises its right of first offer in respect of the 14.895% equity interests in the Target Company held by Purchaser 2 (Equity) and the outstanding creditor's rights, forming part of the Target Creditor's Rights in the Target Company acquired by Purchaser 2 (Debt) under the Disposal, in accordance with the terms of the Sale and Purchase Agreement, it is agreed under the Purchaser 2 Agreement that the total consideration payable by the Company to Purchasers 2 for the acquisition of the equity interests and the corresponding creditor's rights shall be as follows:

- (i) in the event that the Company issues a 2-Year Term Exercise Notice, the total consideration shall be approximately RMB906 million, plus the carrying amount of the outstanding principal of and interests on the Target Creditor's Rights in the Target Company acquired by Purchaser 2 (Debt) under the Disposal; and
- (ii) in the event that the Company issues a 3-Year Term Exercise Notice, the total consideration shall be approximately RMB1,006 million, plus the carrying amount of the outstanding principal of and interests on the Target Creditor's Rights in the Target Company acquired by Purchaser 2 (Debt) under the Disposal.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established under the laws of the PRC with limited liability. As at the date of this announcement, the Target Company is accounted for as a joint venture of the Company in the consolidated financial statements of the Group and is owned as to 35% by Seller 1, 29.79% by Seller 2, 35% by Purchaser 2 (Equity) (a wholly-owned subsidiary of Swire Properties) and 0.21% by Jiangtai Authority Entity (wholly-owned by the Jiangtai Township Government), respectively. The Target Company is principally engaged in property development and is mainly responsible for the development and operation of the Property for the proposed development of a project named INDIGO II. Located in Dawangjing Business Circle, Beijing with strong business atmosphere, INDIGO II is intended to be developed into a flagship commercial complex.

Set out below is the financial information of the Target Company prepared in accordance with the PRC Accounting Standards for Business Enterprises for each of the two financial years ended 31 December 2022 and 31 December 2023:

	For the year ended 31 December 2022	For the year ended 31 December 2023
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)
Net loss before taxation	4,575	1,405,957
Net loss after taxation	4,575	1,405,957

The unaudited net asset value of the Target Company as at 30 April 2024 prepared in accordance with the PRC Accounting Standards for Business Enterprises was approximately RMB8.0 billion. The unaudited net asset value of the Target Company as at 30 April 2024 prepared in accordance with the Hong Kong Financial Reporting Standards (taking into account the valuation of the Property as at 30 April 2024) was approximately RMB8.4 billion.

VALUATION OF THE PROPERTY

When performing the valuation of the Property, the independent property valuer, Cushman & Wakefield Limited, has firstly assessed the development value as if completed of each constituent portion of the Property (i.e. the retail, office and hotel portions respectively). The development value as if completed represents the aggregate value of each constituent portion of the Property assuming it were completed at the valuation date (i.e. 30 April 2024). In arriving at the final valuation of the Property, the independent property valuer has also taken into account the development costs that will be incurred to complete the development. As advised by the independent property valuer, such valuation method is commonly adopted to evaluate properties under development in the PRC.

In assessing the development value as if completed of the retail and office portions of the Property, the independent property valuer has used investment method by capitalising the market rent of each constituent portion of the Property at an appropriate capitalisation rate. References have been made to the lettings of relevant comparable evidence of properties of similar use type in Beijing, with appropriate adjustments in terms of, among others, location, accessibility, age, quality, trade mix, size and time, have been analysed by the independent property valuer to determine the market rent under the investment method.

In assessing the development value as if completed of the hotel portion of the Property, the independent property valuer has used discounted cash flow method by discounting future net cash flow after operation-related and property-related capital taxes (i.e. net operating income) of the Property for a certain forecast period and the anticipated net operating income receivable thereafter being capitalised at an appropriate terminal capitalisation rate until the end of the respective unexpired land use term to its present value by using an appropriate discount rate. A 10-year cash flow forecast has been prepared by the independent property valuer with reference to, among others, the prevailing room rate and occupancy rate of hotels of similar calibre in Beijing as well as current and anticipated market conditions.

Further details will be disclosed in the valuation report of the Property to be contained in the circular.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon completion of the Disposal, the Company will cease to have any interest in the Target Company.

It is estimated that the Group will record an unaudited loss on the Disposal of approximately RMB1,763 million, which is calculated with reference to the net consideration for the Target Equity Interests and Target Creditor's Rights (i.e. RMB3,816 million) minus (i) the audited carrying value of the Group's long-term equity investment of the Target Equity Interests as at 31 December 2023 of approximately RMB5,461 million and (ii) the book value of the Target Creditor's Rights as at 31 December 2023 of approximately RMB118 million in the consolidated financial statements of the Group. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group may be different from the above and will be subject to the review and final audit of the auditors of the Group.

The proceeds from the Disposal are expected to be used for repayment of relevant priority indebtedness and necessary payment obligations.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group has been facing significant liquidity pressure and difficulty in accessing typical financing channels amid the downturn of the real estate market in the PRC. As disclosed in the 2023 annual report of the Company, as at 31 December 2023, the Group's current liabilities were in excess of current assets by approximately RMB8.45 billion. In addition, the Group had total borrowings of approximately RMB96.14 billion, of which approximately RMB69.75 billion were repayable within one year and approximately RMB11.03 billion were repayable from one to two years, while the Group had cash and cash equivalents of approximately RMB1.99 billion only. As disclosed in the 2023 annual report of the Company, the auditor of the Company issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2023, citing multiple uncertainties relating to going concern. The Group announced a holistic restructuring of its offshore debts, which is still in progress as at the date of this announcement, and the payments of all the Group's offshore debts (except for payments which would facilitate or be incidental to the debt restructuring having regard to the rights and priorities of the relevant creditors) were suspended. Please refer to the announcements of the Company dated 15 September 2023, 12 October 2023, 10 November 2023, 8 February 2024 and 30 April 2024 for further details on the proposed holistic debt restructuring of the Group.

To improve its liquidity and to obtain funds to meet its financial needs and commitments, the Group has been proactively formulating various plans and measures, including seeking potential purchasers in respect of its assets on terms which are in the best interests of the Company and its stakeholders taken as a whole. INDIGO II is one of the property assets that is of a meaningful size and is considered suitable for realisation.

In view of its current liquidity position, the Group encounters extreme difficulties in funding the Target Company in relation to the INDIGO II project development according to the schedule as planned. As disclosed in the circular of the Company dated 24 February 2021 in relation to, among other things, the investment in the Target Company, the total investment amount in the Target Company by its shareholders shall be RMB23 billion, of which the Group has already contributed approximately RMB6.3 billion (representing both Target Equity Interests and Target Creditor's Rights) as of 30 April 2024 as a 64.79% shareholder. As such, for as long as the Group remains a shareholder of the Target Company, it is expected that a substantial amount of the total investment amount remains to be contributed by the Group in respect of INDIGO II in its capacity as a 64.79% shareholder given that the project is only at its construction stage. The basement and superstructure work of INDIGO II are currently in progress, and are expected to be completed between 2025 and 2026, such that no near-term cash return to the Group is expected from INDIGO II. Unlike residential property projects where completed units are usually sold to property buyers and thus able to recoup a significant portion or all of the original investment within a shorter time frame, the INDIGO II project is an office-led mixed-use development which is expected to be held by the Target Company for long-term investment purpose, such that future cash inflow from the project is expected to be mainly from future rental income from the properties. Considering the project's circumstances, it is imperative to secure funds to support the project's normal development and construction, as well as subsequent operation. The Disposal will not only enable the Group to realise its investment in the Target Company and recoup immediate cash resources for the repayment of relevant priority indebtedness and necessary payment obligations, but also release the Group from future funding obligations to the project, which the Group would have a difficulty to in view of its current financial and liquidity position.

Based on the existing shareholders' agreement in respect of the Target Company, during the period up to the date of completion of the development of the INDIGO II project, neither the Sellers nor Purchaser 2 (Equity) may transfer any equity interest in the Target Company (other than an intra-group transfer or transfer of a 29.79% equity interest in the Target Company by the Sellers to a third party investor as approved by Purchaser 2 (Equity), subject to the right of last refusal as explained below) without the unanimous approval of the remaining shareholders of the Target Company. In addition, Purchaser 2 (Equity) is entitled to a right of last refusal such that it may reject the introduction of investor identified and/or require the Sellers to transfer the 14.895% equity interests in the Target Company and the corresponding creditor's rights to it. The above provisions in the existing shareholders' agreement render any realisation of the Group's interests in the Target Company impossible without the consent of other shareholders of the Target Company, therefore complicating the sales process. The fact that the Target Equity Interests do not represent a full control of the underlying project, meaning that any new purchaser would need to cooperate with the other existing shareholders of the Target Company to complete the project, has further increased the difficulty for the Sellers in finding suitable buyers. Despite the Group's dedicated efforts of over a year and a half in actively seeking and negotiating with various counterparties, no formal proposal has been received from parties (other than the Purchasers) as of the date of this announcement.

The Group is expected to receive a consideration of approximately RMB3.9 billion for the Target Equity Interests. The above consideration was determined after arm's length negotiations between the Company, the Sellers and the Purchasers, and was determined with reference to, among others, (i) the unaudited net asset value of the Target Company as at 30 April 2024 prepared in accordance with the Hong Kong Financial Reporting Standards (taking into account the valuation of the Property as at 30 April 2024) of approximately RMB8.4 billion; (ii) the valuation of the Property as at 30 April 2024 in the amount of approximately RMB12.2 billion carried out by Cushman & Wakefield Limited, an independent property valuer, as set out in the section above headed "VALUATION OF THE PROPERTY"; (iii) a discount of approximately 29% to the above unaudited net asset value of the Target Company attributable to the Target Equity Interests as agreed and based on arm's length negotiations with the Purchasers, taking into account the urgency of the Group to realise its interests in INDIGO II in order to alleviate the Group's current liquidity pressure, which relates to the individual limitations/circumstances of the Group as opposed to a general willing seller in the market not subject to such limitations/circumstances; and (iv) the reasons for and benefits of the Disposal as stated in this section.

When determining the proposed payment of RMB184 million by Seller 1 to Purchaser 2 (Equity) under the Purchaser 2 Agreement, the Group has taken into account, among others, (i) the aforementioned transfer restrictions under the existing shareholders' agreement in respect of the Target Company that make it impossible for the Group to dispose of its Target Equity Interests and the Target Creditor's Rights to third parties during the construction stage of INDIGO II without the consent from Purchaser 2 (Equity), and the willingness of Purchaser 2 (Equity), as a current shareholder of the Target Company, not to exercise the right of first refusal and separately to provide the required consent for the investment in the Target Company by Purchaser 1; (ii) as opposed to the case of Purchaser 1 who will have the right to appoint representatives (four out of eight) to the Target Company's board (to replace the four current representatives appointed by the Group), Purchaser 2 (Equity)'s acquisition of the 14.895% equity interests in the Target Company would not enable it to increase its current representation (four out of eight) at the Target Company's board, such that it only represents an acquisition of economic interests in the Target Company; (iii) the stated intention for Purchaser 1 to acquire 49.895% equity interests in and relevant debts of the Target Company from the Group, as disclosed in the announcement of the Company dated 29 April 2024, and Purchaser 2 (Equity) is the only willing and serious buyer for the remaining portion (i.e. 14.895% equity interests in and relevant debts of the Target Company), after the Group's dedicated selling efforts for over a year and a half in actively seeking interested buyers; and (iv) if the Group continues to hold the remaining 14.895% equity interests in the Target Company, it will continue to have future funding obligations to INDIGO II, the future return from which will only be realised in the long term as described above, as such, it is the most sensible way for the Group to dispose of the remaining 14.895% equity interests in the Target Company so as to ease the Group's immediate and imminent financial and liquidity needs, and to release the Group from the future funding obligations to INDIGO II.

Given the prime location and development plan of the Property, the Company considers INDIGO II to be a development project with attractive prospect. While the Disposal would provide the Group with the much required liquidity and would release its funding obligations to INDIGO II, any future opportunity to re-participate in the INDIGO II project is desirable. Although the Purchasers shall have the right to transfer or dispose of equity interests in the Target Company and/or its corresponding creditor's rights to parties other than the Company, the terms of the Sale and Purchase Agreement offer the Company the right of first offer to buy-back the Target Equity Interests and the Target Creditor's Rights then held by the Purchasers at a certain point in time after completion of the Disposal as agreed with the relevant purchaser at a fixed consideration or on an agreed basis for formulating the consideration, enabling the Group to have the opportunity to re-participate in the INDIGO II project when its financial position improves and provided that the terms on forfeiture of such right as stated in the Sale and Purchase Agreement have not been triggered.

Despite that a one-time loss is expected as a result of the Disposal, the Group considers that the Disposal would be the most appropriate option to help alleviate the Group's current liquidity crunch with a substantial and immediate cash inflow. The Group therefore considers that the resultant loss on the Disposal would be unavoidable but acceptable, taking into account the liquidity pressures and difficulties faced by the Group.

Having made prudent assessments on the above and considered the liquidity of the Group and the prevailing market conditions, the Directors (excluding (i) the independent non-executive Directors whose views will be set forth in the circular after taking into account the recommendation of the Independent Financial Adviser; and (ii) the Abstained Directors), after balancing the immediate benefits of the Disposal that would be brought to the Group and the resultant loss on the Disposal, are of the view that the terms of the Disposal Agreements and the transactions as contemplated thereunder (including the Disposal and the payment to Purchaser 2 (Equity) in relation to the waiver of the right of first refusal by Purchaser 2 (Equity)) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Abstained Directors, namely Ms. CHAI Juan, Mr. ZHANG Zhongdang and Mr. YU Zhiqiang, all being Directors nominated by China Life Insurance, have abstained from voting on the relevant Board resolution(s) approving the Disposal Agreements and the transactions as contemplated thereunder (including the Disposal). Save as aforementioned, none of the other Directors has a material interest in the Disposal Agreements and the transactions as contemplated thereunder and is required to abstain from voting on the relevant resolution(s).

POSSIBLE CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF THE DISPOSAL

Upon completion of the Disposal, the Target Company will be owned as to 49.895% by Purchaser 1, which is an associate of China Life Insurance (a substantial Shareholder), and therefore the Target Company will become a connected person of the Company. As the Group may continue to provide certain consultancy services (such as construction consultancy services) to the Target Company, the provision by the Group of such consultancy services to the Target Company will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. If necessary, the Group will make further announcement for such possible continuing connected transactions as and when appropriate in accordance with the applicable Listing Rules.

INFORMATION ON THE COMPANY, THE GROUP AND THE SELLERS

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

The Group is a leading large-scale property developer with developments in key economic regions in the PRC, including the Beijing Region, the Bohai Rim Region, the Eastern Region, the Southern Region, the Central Region and the Western Region. The core businesses of the Group include 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 and real estate fund, etc., forming a unique advantage in the field of asset-light agent construction.

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

INFORMATION ON THE PURCHASERS

Purchaser 1

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Purchaser 1 is a limited partnership established under the laws of the PRC whose limited partnership interest is held as to approximately 99.99% by China Life Insurance and approximately 0.01% by a wholly-owned subsidiary of China Life Insurance (Group) Company, the holding company of China Life Insurance. Purchaser 1 is principally engaged in equity investment, investment management, asset management, etc.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, China Life Insurance is a joint stock limited liability company incorporated under the laws of the PRC which is listed on the Stock Exchange (Stock Code: 02628) and The Shanghai Stock Exchange (Stock Code: 601628) and is a substantial shareholder of the Company which holds approximately 29.59% of the total issued share capital of the Company as at the date of this announcement. China Life Insurance is one of the leading life insurance companies in the PRC. It offers personal insurance businesses, including life insurance, health insurance and accident insurance businesses, reinsurance relating to the above insurance businesses, use of funds permitted by applicable PRC laws and regulations or the State Council of the PRC (中華人民共和國國務院), as well as all types of personal insurance services, consulting business and agency business, sale of securities investment funds, and other businesses permitted by the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, China Life Insurance (Group) Company is the holding company of China Life Insurance and is held as to 90% and 10% by the Ministry of Finance of the PRC (中華人民共和國財政部) and the National Council for Social Security Fund (全國社會保障基金理事會), respectively. It offers insurance policies to groups and individuals, which are managed by China Life Insurance under the policy management agreements.

Purchasers 2

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Purchaser 2 (Equity) and Purchaser 2 (Debt) is wholly-owned by Swire Properties. Purchaser 2 (Equity) is principally engaged in investment holding while Purchaser 2 (Debt) is principally engaged in property investment. Swire Properties is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange. The principal activities of Swire Properties and its subsidiaries are: (a) property investment, that is the development, leasing and management of commercial, retail and some residential properties; (b) property trading, that is the development and construction of properties, principally residential apartments, for sale; and (c) investment in and operation of hotels.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, other than being a joint venture partner of certain projects of the Group, each of Purchaser 2 (Equity) and Purchaser 2 (Debt) and their ultimate beneficial owners is a third party independent of the Company and connected persons (as defined under the Listing Rules) of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal exceed(s) 75%, the Disposal constitutes a very substantial disposal of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Further, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Purchaser 1 is a limited partnership whose limited partnership interest is held as to approximately 99.99% by China Life Insurance, a substantial Shareholder which holds approximately 29.59% of the total issued share capital of the Company, and approximately 0.01% by a wholly-owned subsidiary of China Life Insurance (Group) Company, which is the holding company of China Life Insurance. Purchaser 1 is therefore an associate of China Life Insurance and thus a connected person of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Disposal Agreements and the transactions as contemplated thereunder (including the Disposal). As at the date of this announcement, China Life Insurance is a substantial Shareholder, and hence will abstain from voting on the resolution(s) to be proposed at the EGM to approve the Disposal Agreements and the transactions as contemplated thereunder (including the Disposal). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no other Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the EGM.

GENERAL

An Independent Board Committee, comprising the independent non-executive Directors, has been established to advise the Independent Shareholders on the Disposal Agreements and the transactions as contemplated thereunder (including the Disposal). The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details on the Disposal Agreements and the transactions as contemplated thereunder (including the Disposal); (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser with its recommendation to the Independent Board Committee and Independent Shareholders; (iv) the valuation report of the Property; and (v) other information as required under the Listing Rules together with the notice of the EGM and a form of proxy, is expected to be despatched to the Shareholders on or before 25 June 2024.

Completion of the Disposal is subject to fulfilment of the conditions precedent as set out in the Sale and Purchase Agreement (including but not limited to the approval by the Independent Shareholders at the EGM), and the Disposal may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company. If in doubt, Shareholders and potential investors are recommended to consult their professional adviser(s).

DEFINITIONS

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

“2-Year Term Exercise Notice”	has the meaning ascribed to it under the section headed “THE SALE AND PURCHASE AGREEMENT — Right of first offer (優先報價權)” in this announcement
“3-Year Term Exercise Notice”	has the meaning ascribed to it under the section headed “THE SALE AND PURCHASE AGREEMENT — Right of first offer (優先報價權)” in this announcement
“5-Year Term Exercise Notice”	has the meaning ascribed to it under the section headed “THE SALE AND PURCHASE AGREEMENT — Right of first offer (優先報價權)” in this announcement
“7-Year Term Exercise Notice”	has the meaning ascribed to it under the section headed “THE SALE AND PURCHASE AGREEMENT — Right of first offer (優先報價權)” in this announcement
“Abstained Directors”	collectively, Ms. CHAI Juan, Mr. ZHANG Zhongdang and Mr. YU Zhiqiang, each being a Director nominated by China Life Insurance
“Board”	the board of Directors

“China Life Insurance”	China Life Insurance Company Limited (中國人壽保險股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC which is listed on the Main Board of the Stock Exchange (Stock Code: 02628) and The Shanghai Stock Exchange (Stock Code: 601628), being a substantial shareholder of the Company
“Company”	Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03377)
“Director(s)”	director(s) of the Company
“Disposal”	the disposal by the Sellers of (i) an aggregate of 64.79% equity interests in the Target Company and (ii) creditor’s rights held by Seller 1 in the Target Company in the aggregate amount of RMB124,828,088.64
“Disposal Agreements”	collectively, the Sale and Purchase Agreement and the Purchaser 2 Agreement
“EGM”	the extraordinary general meeting of the Company to be held to, among other things, consider and if thought fit, approve the Disposal Agreements and the transactions as contemplated thereunder (including the Disposal)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company whose members comprise independent non-executive Directors, namely Mr. HAN Xiaojing, Mr. JIN Qingjun, Mr. LYU Hongbin, Mr. LIU Jingwei and Mr. JIANG Qi, to advise the Independent Shareholders on the Disposal Agreements and the transactions as contemplated thereunder (including the Disposal)
“Independent Financial Adviser”	Halcyon Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal Agreements and the transactions as contemplated thereunder (including the Disposal)
“Independent Shareholder(s)”	Shareholder(s) who are not required by the Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM to approve the Disposal Agreements and the transactions as contemplated thereunder (including the Disposal)

“IRR”	an annual compounded, cumulative internal rate of return that produces a net present value of all cash flows (positive and negative) from an investment equal to zero
“Jiangtai Authority Entity”	Beijing Xingtai Hongxin Asset Management Co., Ltd.* (北京星泰泓信資產管理有限公司), a collective enterprise established under the laws of the PRC with limited liability, indirectly and wholly owned by the Jiangtai Township Government (將台鄉政府), in the Chaoyang Prefecture (朝陽區) of Beijing, the PRC
“Land”	two parcels of land where the Property is situated
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Shareholders Agreement”	the new shareholders’ agreement among Purchaser 1, Purchaser 2 (Equity) and Jiangtai Authority Entity with respect to the new arrangements governing the Target Company upon completion of the Disposal
“Period”	has the meaning ascribed to it under the section headed “THE SALE AND PURCHASE AGREEMENT — Right of first offer (優先報價權)” in this announcement
“PM Co”	Beijing INDIGO Property Services Company Limited* (北京頤堤港物業服務有限公司), a company established under the laws of the PRC with limited liability and a joint venture of Sino-Ocean Service Holding Limited (a non-wholly owned subsidiary of the Company with its shares listed on the Main Board of the Stock Exchange (Stock Code: 06677)), being the property management company for INDIGO II
“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”	the development site for a proposed development to be known as INDIGO II located at Tuofangying Village, Jiangtai Town, Chaoyang District, Beijing, the PRC
“Purchaser 1”	China Life Qihang Phase I (Tianjin) Equity Investment Fund Partnership (Limited Partnership) (國壽啟航壹期(天津)股權投資基金合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Purchasers”	collectively, Purchaser 1 and Purchasers 2
“Purchasers 2”	collectively, Purchaser 2 (Equity) and Purchaser 2 (Debt)

“Purchaser 2 (Debt)”	Beijing Sanlitun South Property Management Company Limited* (北京三里屯南區物業管理有限公司, a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Swire Properties
“Purchaser 2 (Equity)”	Shiny Harbour Limited (緻港有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Swire Properties
“Purchaser 2 Agreement”	the agreement dated 7 June 2024 entered into among the Company, Seller 1 and Purchasers 2 in relation to, among others, the waiver of the right of first refusal by Purchaser 2 (Equity), the adjustment of payment of consideration payable by Purchaser 2 (Equity) in relation to the Disposal and the exercise of the right of first offer by the Company and the payment of the relevant consideration
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 7 June 2024 entered into among the Company, the Sellers, the Purchasers and the Target Company in relation to the Disposal
“Seller 1”	Beijing Yingyu Enterprise Management Consulting Co., Ltd.* (北京穎煜企業管理諮詢有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Seller 2”	Tianjin Yigangtong Enterprise Management Co., Ltd.* (天津頤港通企業管理有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Sellers”	collectively, Seller 1 and Seller 2
“Sellers Entities”	collectively, the Company and the Sellers
“Shareholder(s)”	shareholder(s) of the Company
“Sino-Ocean Construction”	Sino-Ocean International Construction Co., Ltd.* (遠洋國際建設有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company, being the existing general contractor and the electrical and mechanical (E&M) engineering general contractor for a designated portion of the Land
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Swire Properties”	Swire Properties Limited (太古地產有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01972)

“Target Company”	Beijing Xingtaitonggang Properties Company Limited* (北京星泰通港置業有限公司), a company established under the laws of the PRC with limited liability
“Target Creditor’s Rights”	all creditor’s rights held by Seller 1 in the Target Company in relation to the loans lent by Seller 1 to the Target Company
“Target Equity Interests”	an aggregate of 64.79% equity interests in the Target Company
“%”	percent

In this announcement, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “continuing connected transaction(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.

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

Hong Kong, 7 June 2024

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

* For identification purposes only