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SHIMAO PROPERTY HOLDINGS LIMITED

世茂房地產控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 813)**

## **DISCLOSEABLE TRANSACTION: ANNOUNCEMENT RELATING TO THE AMENDMENT AGREEMENT**

Reference is made to the announcements made by Shimao Property Holdings Limited (the “**Company**”) on 14 January 2018 (the “**First Announcement**”) and 18 May 2018 (the “**Second Announcement**”), together with the First Announcement, the “**Announcements**”) in relation to the Acquisition. Unless otherwise defined below, capitalised terms used herein shall have the same meanings as defined in the Announcements.

### **THE AMENDMENT AGREEMENT**

On 29 April 2019, the Purchaser, the Nominee, the Target Company and Vendor A entered into an amendment agreement (the “**Amendment Agreement**”), pursuant to which the parties have agreed, as far as between the parties, the respective rights and obligations of the parties under the Agreement shall be modified.

Set out below are the material terms of the Amendment Agreement:

1. the Purchaser shall acquire the land use rights concerning the Project Land as well as the non-Project Land, being DK-1, DK-2A, DK-2B, DK-5 and DK-6 which are located in Weiyang District, Xi'an City, the PRC (together with the Project Land, the “**Modified Project Land**”), together with the liabilities and expenses attached to the non-Project Land use rights acquired, and Vendor A shall discontinue the development and operation of the non-Project Land and cease to have any interest and rights in the Target Company and its assets (including the Modified Project Land) upon completion of the acquisition (the “**Modified Acquisition**”);

2. the total Consideration, taking into account of the additional consideration payable by the Group to Vendor A for the acquisition of the Modified Project Land and the payments to third parties, shall be increased by RMB916,250,000 (the “**Additional Consideration**”) to RMB3,241,700,000;
3. the Purchaser (or a company designated by the Purchaser) shall set up a bank account at a bank designated by Vendor A, and shall enter into a custodian agreement with Vendor A and the bank (the “**Custodian Bank**”). Within five days of the date on which the custodian agreement is entered into, the Purchaser (or a company designated by the Purchaser) shall deposit RMB20,000,000 into such account. Within one day after the deposit of RMB20,000,000 into such account, Vendor A shall cooperate with the Target Company to submit all necessary documents to the relevant PRC governmental authorities for the registration of transfer of Vendor A’s 32.5% of the equity interest of the Target Company to the Purchaser (or its nominee). Upon completion of such registration and certification by the Custodian Bank, the Custodian Bank will release the sum to Vendor A; and
4. the outstanding amount of Consideration and Additional Consideration payable to Vendor A under the Agreement and the Amendment Agreement shall be paid by the Purchaser in stages pursuant to the terms of the Amendment Agreement.

Save as disclosed above, all other material terms and conditions of the Agreement remain unchanged and continue to be in full force and effect.

### **Basis of determination of the Additional Consideration**

The Additional Consideration was determined after arm’s length negotiations between the Purchaser and Vendor A on normal commercial terms, taking into account of various factors including, (i) the value and development prospect and the potential of the non-Project Land and the average market price or assessed value of similar plots of land in the proximity, (ii) the development costs incurred by the Target Company for the non-Project Land prior to the date of the Amendment Agreement; (iii) the costs paid or payable by the Vendors pursuant to the agreements entered into between the Vendors and other third party(ies) in relation to the non-Project Land; and (iv) the liabilities and expenses attached to the non-Project Land use right.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE AMENDMENT AGREEMENT**

Since the original scope of the Agreement did not include the non-Project Land, the Company is of the view that the continual development of the non-Project Land in accordance with the terms of the Agreement may impose unforeseen legal and financial risks to the Target Company. As such, after arm’s length negotiations with Vendor A, the parties decided to include the non-Project Land in the scope of the Agreement as well.

Having considered the reasons for and benefits as mentioned above. The Directors are of the view that the terms of the Amendment Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company is in the progress of negotiating the same arrangement with Vendor B. Further update announcement in relation to the negotiations will be made by the Company as and when required under the Listing Rules.

## **LISTING RULES IMPLICATIONS**

Taking into account that the Agreement and the Amendment Agreement were all entered into by the Group and Vendor A in relation to the Modified Acquisition, which constitutes a single series of transactions, such series of transactions should be aggregated as if they were one transaction pursuant to Rule 14.22 of the Listing Rules. Given the highest applicable ratio (as defined in the Listing Rules) in respect of the Modified Acquisition is less than 25%, and that the Agreement constituted a discloseable transaction for the Company under the Listing Rules, the Modified Acquisition, when aggregated with the Agreement, constituted a discloseable transaction for the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

As the Target Company is considered an insignificant subsidiary (as defined in the Listing Rules) of the Company under 14A.09 of the Listing Rules, Vendor A is not regarded as a connected person of the Company. Hence the execution of the Amendment Agreement does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

On behalf of the Board  
**Shimao Property Holdings Limited**  
**Hui Wing Mau**  
*Chairman*

Hong Kong, 29 April 2019

*As at the date of this announcement, the Board comprises three Executive Directors, namely, Mr. Hui Wing Mau (Chairman), Mr. Hui Sai Tan, Jason (Vice Chairman and President) and Ms. Tang Fei; one Non-executive Director, namely, Mr. Liu Sai Fei; and three Independent Non-executive Directors, namely, Ms. Kan Lai Kuen, Alice, Mr. Lu Hong Bing and Mr. Lam Ching Kam.*