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SHIMAO GROUP HOLDINGS LIMITED

世茂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 813)

POTENTIAL CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 14 May 2020 in relation to the Investments.

On 11 September 2020, the Company, Best Cosmos, Shimao Services, the Investors and Mr. Hui, among others, entered into the Amendment Deed pursuant to which the parties agreed that Best Cosmos and the Company shall be released from the Redemption Undertaking and in substitution, Mr. Hui will assume all liabilities and obligations relating to the Redemption Undertaking.

Mr. Hui is the Chairman, an Executive Director and the controlling shareholder of the Company. Accordingly, the entering into of the Amendment Deed and the potential exercise of the Redemption Undertaking pursuant thereto by the Investors against Mr. Hui could constitute a connected transaction for the Company. As the applicable percentage ratios involved in the repurchase of the Investments in Shimao Services in the event of the Redemption Undertaking is exercised by the Investors is more than 0.1% but less than 5%, the transfer of the Redemption Undertaking to Mr. Hui is subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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Mr. Hui, among others, entered into the Amendment Deed pursuant to which the parties agreed that Best Cosmos and the Company shall be released from the Redemption Undertaking and in substitution, Mr. Hui will assume all liabilities and obligations relating to the Redemption Undertaking. Set out below is a summary of the Amendment Deed:

THE AMENDMENT DEED

Date: 11 September 2020

Parties:

- (1) the Company;
- (2) Best Cosmos;
- (3) Shimao Services;
- (4) BVI Company;
- (5) Origin Prime;
- (6) Super Rocket;
- (7) Shanghai Aoling;
- (8) Shanghai Jiashu;
- (9) Shimao Tiancheng;
- (10) Suifenhe Shifu;
- (11) the Investors; and
- (12) Mr. Hui.

Subject Matter

Under the original terms of the Investments, the Investors shall have the right to request the Company and Best Cosmos to repurchase all or a portion of the equity interests held by the Investors in Shimao Services if: (a) Shimao Services does not achieve the Listing by 8 May 2022, (b) any of the Company, Best Cosmos, Shimao Services and the Shimao Services Group Companies is in material breach of any of their representations, warranties and covenants under the transactions documents of the Investments, or (c) the occurrence of a change of control event in Shimao Services (each a “**Redemption Event**”).

Under the Amendment Deed, the parties agreed that Best Cosmos and the Company shall be released from the Redemption Undertaking and in substitution, Mr. Hui will assume all liabilities and obligations relating to the Redemption Undertaking.

Redemption Price

In the event that the Investors request Mr. Hui to purchase all the Investors’ equity interests in Shimao Services, the consideration payable by Mr. Hui to the Investors would be a sum equivalent to the original subscription price paid by the Investors for all their interests in Shimao Services (totalling approximately US\$244.54 million) plus interest at 8% per annum less any declared and paid dividends on the Investors’ equity interests in Shimao Services.

No consideration is payable by or to Mr. Hui for assuming the obligations and liabilities of the Redemption Undertaking from Best Cosmos or the Company.

Other Terms

The Redemption Undertaking in the event of paragraph (a) under the Redemption Event in the section headed “Subject Matter” above will terminate and lapse if Shimao Services achieved the Listing. The Redemption Undertaking in the event of paragraphs (b) and (c) under the Redemption Event in the section headed “Subject Matter” above will terminate and lapse on the one calendar day before the first submission of the listing application form with the Stock Exchange, provided that, the Redemption Undertaking shall automatically be restored in full force when the Listing fails to be successfully completed.

REASON FOR THE AMENDMENT

The Amendment Deed will serve to release Best Cosmos and the Company from the financial burden of the need to repurchase the Investments in Shimao Services in case of a Redemption Event.

The Directors, including the Independent Non-executive Directors but excluding Mr. Hui and Mr. Jason Hui, are of the view that the Amendment Deed were concluded fair and reasonable and on normal commercial terms, and the entering into of the Amendment Deed is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

The Company is principally engaged in investment holding. The Group is one of the leading property developers in the PRC and is principally engaged in the development of residential and commercial properties, with extensive presence in the businesses of property investment, commercial properties operation and management, property management, and hotel investment and operation.

Best Cosmos

Best Cosmos is a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

Shimao Services

Shimao Services is a subsidiary of the Company. It is the holding company of the Shimao Services Group Companies.

The Shimao Services Group Companies

Each of the Shimao Services Group Companies is a subsidiary of Shimao Services. The Shimao Services Group is principally engaged in the provision of (a) property management services for residential and other properties including but not limited to government and public facilities; (b) community value-added services; and (c) value-added services to non-property owners in the PRC.

Investors

The Investors are SCC Growth V 2020-B, L.P., SCC Growth IV Holdco A, Ltd. and Image Frame.

SCC Growth V 2020-B, L.P. is an exempted limited partnership formed under the laws of the Cayman Islands. SCC Growth IV Holdco A, Ltd. is an exempted company with limited liability incorporated under the laws of the Cayman Islands. The sole shareholder of SCC Growth IV Holdco A, Ltd. is Sequoia Capital China Growth Fund IV, L.P.. Both SCC Growth V 2020-B, L.P. and Sequoia Capital China Growth Fund IV, L.P. are investment funds whose primary purpose is to make equity investments in private companies. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, each of SCC Growth V 2020-B, L.P. and SCC Growth IV Holdco A, Ltd. and their ultimate beneficial owners are independent of and not connected with the Company or its connected persons.

Image Frame is an investment holding company and is a wholly-owned subsidiary of Tencent. Tencent is a leading provider of Internet value-added services in China, including communications and social, entertainment, media, advertising, FinTech and cloud services. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Image Frame and its ultimate beneficial owners are independent of and not connected with the Company or its connected persons.

Mr. Hui

Mr. Hui is the Chairman, an Executive Director and the controlling shareholder of the Company.

LISTING RULES IMPLICATIONS

Mr. Hui is the Chairman, an Executive Director and the controlling shareholder of the Company. Accordingly, the entering into of the Amendment Deed and the potential exercise of the Redemption Undertaking pursuant thereto by the Investors against Mr. Hui could constitute a connected transaction for the Company. As the applicable percentage ratios involved in the repurchase of the Investments in Shimao Services in the event of the Redemption Undertaking is exercised by the Investors is more than 0.1% but less than 5%, the transfer of the Redemption Undertaking to Mr. Hui is subject to the reporting and announcement requirements and is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Hui and Mr. Jason Hui are considered to be interested in the transactions contemplated under the Amendment Deed and have abstained from voting for the resolution to approve the Amendment Deed.

DEFINITIONS

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

“Amendment Deed”	the Deed of Amendment to the Shareholders Agreement dated 11 September 2020;
“Best Cosmos”	Best Cosmos Limited, a company incorporated in the British Virgin Islands with limited liability;
“Board”	the board of Directors of the Company;
“BVI Company”	Shimao Services (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability;

“Company”	Shimao Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	Director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Image Frame”	Image Frame Investment (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Tencent;
“Investments”	the investments by the Investors in Shimao Services in the aggregate amount of approximately US\$244.54 million;
“Investors”	SCC Growth V 2020-B, L.P., SCC Growth IV Holdco A, Ltd. and Image Frame;
“Listing”	a listing of the shares of Shimao Services on the main board of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Hui”	Mr. Hui Wing Mau, the Chairman, an Executive Director and the controlling shareholder of the Company;
“Mr. Jason Hui”	Mr. Hui Sai Tan, Jason, the Vice Chairman, President and an Executive Director of the Company, chairman and an executive director of Shimao Services, and the son of Mr. Hui;
“Origin Prime”	Origin Prime Property Services Limited (銳純物業服務有限公司), a company incorporated in Hong Kong with limited liability;
“PRC”	the People’s Republic of China;
“Redemption Undertaking”	the undertaking in relation to redemption provided by the Company and Best Cosmos and assumed by Mr. Hui to the Investors under the Shareholders Agreement as detailed in this announcement;
“Shareholders”	shareholders of the Company;
“Shareholders Agreement”	the shareholders agreement of Shimao Services dated 8 May 2020;

“Shanghai Aoling”	Shanghai Aoling Enterprise Management Co., Ltd.* (上海奧聆企業管理有限公司), a company incorporated in the PRC with limited liability;
“Shanghai Jiashu”	Shanghai Jiashu Enterprise Management Co., Ltd.* (上海嘉樞企業管理有限公司), a company incorporated in the PRC with limited liability;
“Shimao Services”	Shimao Services Holdings Limited (世茂服務控股有限公司), a subsidiary of the Company incorporated in the Cayman Islands with limited liability;
“Shimao Services Group”	Shimao Services and its subsidiaries;
“Shimao Services Group Companies”	the BVI Company, Origin Prime, Super Rocket, Shanghai Aoling, Shanghai Jiashu, Shimao Tiancheng, Suifenhe Shifu and the subsidiaries of any of the foregoing;
“Shimao Tiancheng”	Shimao Tiancheng Property Services Group Co., Ltd.* (世茂天成物業服務集團有限公司), a company incorporated in the PRC with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Suifenhe Shifu”	Suifenhe Shifu Houseware Co., Ltd.* (綏芬河世福家居用品有限公司), a company incorporated in the PRC with limited liability;
“Super Rocket”	Super Rocket Limited (迅起有限公司), a company incorporated in Hong Kong with limited liability;
“Tencent”	Tencent Holdings Limited (騰訊控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	percentage.

** for identification purposes only*

On behalf of the Board
Shimao Group Holdings Limited
Hui Sai Tan, Jason
Vice Chairman and President

Hong Kong, 11 September 2020

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