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SHIMAO SERVICES HOLDINGS LIMITED

世茂服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 873)

**PROPOSED ISSUE OF CONVERTIBLE BONDS BY
A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY
UNDER GENERAL MANDATE**

Lead Manager

Morgan Stanley

On 19 October 2021 (after trading hours), the Company, the Issuer and the Lead Manager entered into the Agreement in relation to the issue of the Bonds.

Subject to the fulfillment or waiver (if applicable) of the conditions set out below under the section headed “Conditions of the Agreement”, Morgan Stanley as the Lead Manager, agreed to subscribe for, or to procure subscribers to subscribe for, the Bonds to be issued by the Issuer in the aggregate principal amount of HK\$3,110 million. The Bonds will be unconditionally and irrevocably guaranteed by the Company.

Based on an initial Conversion Price of HK\$18.22 per Share and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 170,691,547 Shares, representing approximately 7.22% of the issued share capital of the Company as at the date of this announcement and approximately 6.73% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds.

The gross proceeds from the Bonds Issue will be HK\$3,110 million. The Company intends to use the net proceeds for potential mergers and acquisitions, business expansion, general working capital and general corporate uses.

Application will be made for the listing and quotation of the Bonds on the SGX.

An application will be made to the Listing Committee of the HKEX for the listing of, and permission to deal in, the Conversion Shares.

The Shares which may fall to be issued upon the conversion of the Bonds will be issued under the General Mandate. As the total number of Conversion Shares which may fall to be issued upon full conversion of the Bonds will fall within the limit of the General Mandate, no Shareholders’ approval will be required for the issue of the Bonds or the Conversion Shares.

Completion of the Bonds Issue is subject to the satisfaction or waiver (if applicable) of the conditions precedent set out in the Agreement, and it may or may not materialise. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.

THE BONDS ISSUE

On 19 October 2021 (after trading hours), the Company, the Issuer and the Lead Manager entered into the Agreement in relation to the issue of the Bonds.

The principal terms of the Agreement are set out below.

Subject matter

Subject to the fulfillment or waiver (if applicable) of the conditions set out below under the section headed “Conditions of the Agreement”, Morgan Stanley as the Lead Manager, agreed to subscribe for, or to procure subscribers to subscribe for, the Bonds to be issued by the Issuer in an aggregate principal amount of HK\$3,110 million.

The Lead Manager and its ultimate beneficial owner are third parties independent of the Company and the connected persons of the Company. It is expected that none of the subscribers of the Bonds and their respective ultimate beneficial owners will be connected persons (as defined in the Listing Rules) of the Company.

Based on an initial Conversion Price of HK\$18.22 per Share and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 170,691,547 Shares, representing approximately 7.22% of the issued share capital of the Company as at the date of this announcement and approximately 6.73% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Bonds.

The Conversion Price was determined by the Company and the Lead Manager after arm’s length negotiations with reference to the price of the Shares on the HKEX and after a book-building exercise. The Conversion Shares have a nominal value of HK\$0.01 each and a market value of approximately HK\$2,871 million based on the closing price of the Shares of HK\$16.82 per Share on 19 October 2021, the date of execution of the Agreement.

Conditions of the Agreement

The obligations of the Lead Manager to subscribe and pay for the Bonds are conditional upon:

- (1) **Due Diligence:** the Lead Manager being satisfied with the results of its due diligence investigations with respect to the Issuer, the Company and their respective subsidiaries, and the offering circular shall have been prepared in form and content satisfactory to the Lead Manager;
- (2) **Contracts:** the execution and delivery (on or before the Closing Date) of the other Contracts, each in a form satisfactory to the Lead Manager, by the respective parties;
- (3) **Delivery of the Lock-up Undertaking:** each Controlling Shareholder shall have delivered a signed lock-up undertaking dated the date of the Agreement;
- (4) **Listing:** the SGX shall have granted approval-in-principle to list the Bonds and the HKEX shall have agreed to list the new Shares upon conversion of the Bonds (or, in each case, the Lead Manager being satisfied that such listings will be granted);

- (5) **Comfort Letters and Officer Certificates:** upon the Publication Date and on the Closing Date, there shall have been delivered to the Lead Manager comfort letters and a certificate of no default, dated the Publication Date in the case of the first letter and dated the Closing Date in the case of subsequent letters, in each case addressed to the Lead Manager, from: (i) PricewaterhouseCoopers, Certified Public Accountants to the Company, in a form satisfactory to the Lead Manager; and (ii) an authorised signatory of each of the Issuer and the Company;
- (6) **Legal Opinions:** on or prior to the Closing Date, there shall have been delivered to the Lead Manager, each in a form satisfactory to the Lead Manager, certain legal opinions on the laws of various jurisdictions dated the Closing Date, and such other resolutions, consents, authorisations and documents relating to the issue of the Bonds, as the Lead Manager may reasonably require in writing prior to the Closing Date;
- (7) **Compliance:** at the Closing Date (i) the representations and warranties of the Issuer and the Company in the Agreement shall be true, accurate and correct in all respects at, and as if made on such date; (ii) the Issuer and the Company shall have performed all of their respective obligations in the Agreement expressed to be performed on or before such date; and (iii) there shall have been delivered to the Lead Manager a certificate, dated as of such date, of a duly authorised officer of the Issuer and the Company to such effect;
- (8) **Other consents:** on or prior to the Closing Date there shall have been delivered to the Lead Manager copies of all consents and approvals required in relation to the issue of the Bonds and the performance of the obligations of the Issuer and the Company under each Contract and the Bonds (including, without limitation, any consents and approvals required from all lenders and relevant governmental and regulatory authorities);
- (9) **Material Adverse Change:** after the date hereof up to and at the Closing Date there shall not have occurred any change (nor any development or event involving a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Issuer, the Company or of the Group, which, in the opinion of the Lead Manager, is material and adverse in the context of the issue and Offering of the Bonds; and
- (10) **Chief Financial Officer's Certificates:** on the Publication Date, there having been delivered to the Lead Manager a certificate signed by the chief financial officer of the Company.

The Lead Manager may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the above conditions precedent (other than condition (2)).

The Bonds Issue is not inter-conditional with the Placing.

Lock-up Undertakings

Company's undertakings

Neither the Issuer, the Company nor any of their respective subsidiaries or affiliates over which it exercises management or voting control, nor any person acting on behalf of any of them (other than the Lead Manager, as to whom no undertaking is given) will, for a period from the date of the Agreement up to 90 days after the Closing Date (both dates inclusive), without the prior written consent of the Lead Manager, (a) issue, offer, sell, contract to sell, pledge, encumber or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in, any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing; subject to certain exceptions.

Shareholders' undertakings

Each Controlling Shareholder undertakes that none of such Controlling Shareholder, nor any other subsidiaries or affiliates over which they exercise management or voting control, nor any person acting on the Controlling Shareholder's or their behalf will, for a period from the date of the Agreement up to 90 days after the Closing Date (both dates inclusive), without the prior written consent of the Lead Manager (a) issue, offer, sell, contract to sell, pledge, encumber or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in, any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing.

Termination

The Lead Manager may, by notice to the Issuer and the Company given at any time prior to payment of the subscription monies for the Bonds to the Issuer, terminate the Agreement in any of the following circumstances:

- (1) if there shall have come to the notice of the Lead Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Agreement or any failure to perform any of the Issuer's or the Company's undertakings or agreements in the Agreement;
- (2) if any of the conditions precedent to the Agreement has not been satisfied or waived (if applicable) by the Lead Manager on or prior to the Closing Date, as the case may be;
- (3) if in the opinion of the Lead Manager, there shall have been, since the date of the Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls as such would in the Lead Manager's view, be likely to prejudice materially the success of the Offering or the distribution of the Bonds or dealings in the Bonds in the secondary market;
- (4) if there shall have occurred a general moratorium on commercial banking activities in the PRC, the United Kingdom, United States, Hong Kong or Singapore by any PRC, United Kingdom, New York State, United States Federal, Hong Kong or Singapore authorities which would in the Lead Manager's view be likely to prejudice materially the success of the Offering and distribution of the Bonds or dealings in the Bonds in the secondary market;
- (5) if, in the opinion of the Lead Manager (after prior discussion with the Company to the extent practicable), there shall have occurred any event or series of events, whether or not in continuation (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God, epidemic or pandemic) which would in the Lead Manager's view be likely to prejudice materially the success of the Offering or the distribution of the Bonds or dealings in the Bonds in the secondary market; or
- (6) if, in the opinion of the Lead Manager, on or after the date hereof there shall have occurred either of the following events: (i) a suspension or material limitation of trading in securities generally on the New York Stock Exchange, the Nasdaq Stock Market, Inc., the London Stock Exchange plc, or the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded; or (ii) a suspension in trading in the Company's securities on the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded; or (iii) a change or development involving a prospective change in taxation or a prospective material adverse change in existing laws or regulations, affecting the Issuer, the Company, the Group, the Bonds, the Guarantee and the new Shares to be issued upon conversion of the Bonds or the transfer thereof.

Principal terms of the Bonds

The principal terms of the Bonds are summarised below:

Issuer:	Crystal Idea Group Limited, a wholly owned subsidiary of the Company.
Principal amount of the Bonds:	HK\$3,110 million
Issue price:	100% of the aggregate principal amount of the Bonds plus accrued interest, if any, from 2 November 2021 to the Closing Date.
Interest:	2.25% per annum, payable in arrear on 2 May 2022 and the Maturity Date.
Guarantee:	<p>The Company has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed.</p> <p>The Guarantee constitutes direct, unsubordinated, unconditional and (subject to the negative pledge in the terms and conditions of the Bonds) unsecured obligations of the Company.</p>
Conversion Period:	Each Bondholder has the right to convert the Bonds held by it into Shares at any time on or after 13 December 2021 up to (a) the close of business on the date falling 10 trading days prior to the Maturity Date, or (b) if such Bond shall have been called for redemption before the Maturity Date, then up to the close of business on a date no later than seven business days prior to the date fixed for redemption thereof, or (c) if notice requiring redemption has been given by the holder of such Bond, up to the close of business on the business day prior to the giving of such notice, provided that the principal amount of such Bond shall be at least HK\$2,000,000.
Conversion Price:	<p>The initial Conversion Price is HK\$18.22 per Share, which represents:</p> <p>(i) a premium of approximately 8.32% to the closing price of HK\$16.82 per Share as quoted on the HKEX on 19 October 2021 (being the last trading day on which the Agreement was signed);</p>

- (ii) a premium of approximately 9.89% to the average closing price of approximately HK\$16.58 per Share for the last 5 consecutive trading days up to and including 19 October 2021; and
- (iii) a premium of approximately 12.04% to the average closing price of HK\$16.26 per Share for the last 10 consecutive trading days up to and including 19 October 2021.

The Conversion Price is subject to adjustment upon the occurrence of certain prescribed events, including but not limited to, (i) consolidation, subdivision, redesignation or reclassification of Shares, (ii) capitalisation of profits or reserves, (iii) capital distribution, (iv) rights issues of Shares or options over Shares at less than 95% of the current market price, (v) rights issues of other securities, (vi) issues at less than 95% of the current market price by the Company, (vii) other issues of equity related securities at less than 95% of the current market price, (viii) modifications of rights of conversion, exchange or subscription attaching to equity related securities so that the consideration per Share is less than the current market price after such modification, (ix) other offers to the Company's shareholders, or (x) Change of Control, as further detailed in the Terms and Conditions of the Bonds. The Conversion Price may not be reduced so that, on conversion of the Bonds, Shares would be issued at a discount to their par value.

Ranking of Shares:

The Conversion Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

Maturity:

Unless previously redeemed, converted or purchased and cancelled as provided in the terms and conditions of the Bonds, the Issuer will redeem each Bond at an amount equal to 100% of its principal amount on the Maturity Date.

Redemption at option of the Issuer:

On giving not less than 30 nor more than 60 days' notice to the Bondholders and to the trustee and principal agent in writing, the Issuer may redeem all, but not some only, of the Bonds for the time being outstanding at their principal amount (together with any interest accrued to but excluding the date fixed for redemption but unpaid) if at least 90% in principal amount of the Bonds originally issued have already been converted, redeemed or purchased and cancelled.

Redemption for taxation reasons: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders and to the trustee and principal agent in writing, if (a) the Issuer (or if the Guarantee has been called, the Company) has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands (in the case of a payment by the Issuer) or the Cayman Islands or Hong Kong (in the case of a payment by the Company) or, in each case, the PRC or, in any such case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 19 October 2021, and (b) such obligation cannot be avoided by the Issuer (or the Company, as the case may be) taking reasonable measures available to it. Bondholders have the right to elect for the Bonds not to be redeemed but with no entitlement to any additional amounts.

Redemption for delisting and
Change of Control:

Following the occurrence of any of the following events:

(i) when the Shares cease to be listed or admitted to trading, or are suspended for a period equal to or exceeding 30 consecutive trading days, on the HKEX or, if applicable, an alternative stock exchange; or

(ii) a Change of Control occurs,

the Bondholders will have the right by notice given to the paying agent not later than 30 days following any such event, or if later, 30 days following the giving of notice by the Issuer to the Bondholders of such event to require the Issuer to redeem all or some only of that Bondholder's Bonds on the 14th day following the expiry of such 30-day period, at a redemption price equal to their principal amount (together with any interest accrued to but excluding the date fixed for redemption but unpaid).

Purchases:	The Issuer, the Company or any of their respective subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase the Bonds at any price in the open market or otherwise. Any Bonds so purchased, while held by or on behalf of the Issuer, the Company or any such subsidiary, shall not entitle the holder to vote at any meetings of the holders of the Bonds and shall be deemed not to be outstanding for certain purposes.
Voting rights:	Before conversion of the Bonds, Bondholders will not have any right to attend or vote in any general meeting of the Company by virtue of their being Bondholders.
Transferability:	The Bonds are freely transferable subject to conditions.
Status:	The Bonds constitute direct, unsubordinated, unconditional and (subject to the negative pledge in the terms and conditions of the Bonds) unsecured obligations of the Issuer and will at all times rank <i>pari passu</i> and without any preference or priority among themselves.

Application for listing

Application will be made for the listing and quotation of the Bonds on the SGX.

An application will be made to the Listing Committee of the HKEX for the listing of, and permission to deal in, the Conversion Shares.

General Mandate

At the annual general meeting held on 26 May 2021, the Directors were granted a general mandate to issue up to 472,794,600 Shares (the “**General Mandate**”), representing 20% of the total number of Shares of the Company in issue as at the date of the annual general meeting. As at the date of this announcement, the Directors have not exercised their power to allot and issue any new Shares pursuant to such General Mandate and 472,794,600 Shares remain available for issuance under such General Mandate.

The Shares which may fall to be issued upon the conversion of the Bonds will be issued under the General Mandate. As the initial Conversion Price of HK\$18.22 per Conversion Share is at a premium to the benchmarked price as defined under Rule 13.36(5) of the Listing Rules, the Conversion Shares may be issued under the General Mandate.

After taking into account (i) the number of Conversion Shares which may fall to be issued upon full conversion of the Bonds and (ii) the number of new Shares to be allotted and issued upon completion of the Placing, the allotment and issue of the Conversion Shares will fall within the limit of the General Mandate. Accordingly, no Shareholders’ approval will be required for the issue of the Bonds or the Conversion Shares.

REASON FOR AND BENEFITS OF THE BONDS ISSUE AND USE OF PROCEEDS

The Directors consider that the Bonds Issue represents an opportunity to raise capital for the Company and provide sufficient funding for the Company's business expansion.

Going forwards, the Company intends to implement the following strategies: (i) continue to expand our business scale through multiple channels; (ii) diversify people-oriented and property-oriented value-added service offerings; (iii) improve service quality to enhance customer satisfaction and loyalty; (iv) improve our information technology system and smart technologies to enhance our operational capabilities; (v) improve our management policies and mechanisms and human resource management; and (vi) capitalize on and integrate the resources of our strategic investors.

The net proceeds of the Bonds Issue will be used for potential mergers and acquisitions, business expansion, general working capital and general corporate uses.

The gross proceeds from the Bonds Issue is HK\$3,110 million. The net proceeds (after deducting related expenses and professional fees) from the Bonds Issue are estimated to be approximately HK\$3,085 million. The net price per Conversion Share is estimated to be approximately HK\$18.07. The Conversion Shares have a market price of HK\$2,871 million based on the closing price of the shares on 19 October 2021, the date of the Agreement.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD

On 29 October 2020, the Company allotted and issued 352,942,000 Shares pursuant to the Global Offering (as defined in the prospectus of the Company (the "**Prospectus**") dated 20 October 2020) raising funds of approximately HK\$5,694.6 million which are to be applied for the purposes as disclosed in the Prospectus. On 20 November 2020, the Company allotted and issued 11,031,000 additional Shares pursuant to the over-allotment option under the Global Offering and net proceeds of approximately HK\$179.4 million was received by the Company, which are to be applied for the purposes as disclosed in the Prospectus. As of 30 June 2021, (i) approximately RMB960.6 million was used to continue to expand business scale through multiple channels; (ii) approximately RMB73.1 million was used to diversify people-oriented and property-oriented value-added service offerings; (iii) approximately RMB10.0 million was used to improve the information technology system and smart technologies; and (iv) approximately RMB10.8 million was used to attract and nurture talent; and approximately RMB4,071.4 million remain unutilized.

Save as disclosed, the Company has not conducted any equity fund raising activity in the past twelve-month period immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after the full conversion of the Bonds will be as follows:

	As at the date of this announcement		Immediately after full conversion of the Bonds		Immediately after full conversion of the Bonds but after Placing	
	No. of Shares	% (Note 2)	No. of Shares	% (Note 2)	No. of Shares	% (Note 2)
Mr. Hui (Note 1)	1,600,142,501	67.69	1,600,142,501	63.13	1,600,142,501	60.39
Other Shareholders	763,830,499	32.31	763,830,499	30.14	763,830,499	28.83
Placees	0	0.00	0	0.00	115,000,000	4.34
Bondholders	0	0.00	170,691,547	6.73	170,691,547	6.44
Total no. of issued share (Note 3)	<u>2,363,973,000</u>	<u>100</u>	<u>2,534,664,547</u>	<u>100</u>	<u>2,649,664,547</u>	<u>100</u>

Notes:

- (1) These interests comprise (i) 10,856,342 Shares held directly by Shiyang Finance Limited, a company which is directly wholly-owned by Mr. Hui; (ii) 31,934,159 Shares held directly by Gemfair Investments Limited, a company which is directly wholly-owned by Mr. Hui; (iii) 1,550,486,179 Shares held by Best Cosmos Limited (which is directly wholly-owned by Shimao Group Holdings Limited); and (iv) 6,865,821 Shares held by Best Cosmos Limited as the trustee under the share award scheme adopted by Shimao Group Holdings Limited on 3 May 2021.
- (2) The percentage figures included in the shareholding structure have been subject to rounding adjustment.
- (3) The Company repurchased 500,000 Shares (the “**Repurchased Shares**”) on 16 September 2021 but such Repurchased Shares have not yet been cancelled. The Repurchased Shares will be cancelled in due course and the issued share capital will be adjusted accordingly.

INFORMATION ON THE PARTIES

The Company

The Company is an investment holding company and the Group is principally engaged in the provision of (i) property management services; (ii) community value-added services; (iii) value-added services to non-property owners; and (iv) city services in the PRC.

Issuer

The Issuer is a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company.

Lead manager

Morgan Stanley & Co., International plc is a company incorporated in the United Kingdom. It, together with its subsidiary undertakings, provides financial services to corporations, governments and financial institutions across a global client base.

GENERAL

The Bonds will not be offered to the public in Hong Kong and it is not expected that any of the Bonds will be placed to any connected persons of the Company.

The Bonds have not been and will not be registered under the U.S. Securities Act. The Bonds will only be offered outside of the United States in an offshore transaction in compliance with Regulation S under the U.S. Securities Act.

Completion of the Bonds Issue is subject to the satisfaction or waiver (if applicable) of the conditions precedent set out in the Agreement and it may or may not materialise. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.

This announcement is not a prospectus for the purposes of the European Union's Regulation (EU) 2017/1129.

Prohibition of Sales to EEA Retail Investors – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (ii) a customer within the meaning of the provisions of the UK's Financial Services and Markets Act 2000, as amended (“**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the UK by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation (EU) No 1286/2014 as it forms part of domestic law in the UK by virtue

of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The communication of this announcement and any other document or materials relating to the issue of the Bonds described herein is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the UK’s FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the UK. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the UK who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”)), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “**relevant persons**”). In the UK, the Bonds described in the offering circular are only available to, and any investment or investment activity to which the offering circular relates will be engaged in only with, relevant persons. Any person in the UK that is not a relevant person should not act or rely on the offering circular or any of its contents.

DEFINITIONS

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

“Agency Agreement”	an agency agreement (as amended or supplemented from time to time) to be entered into among the Issuer, the Company, the trustee and the agents named therein in relation to the Bonds;
“AGM”	the annual general meeting of the Company held on 26 May 2021;
“Agreement”	the agreement dated 19 October 2021 entered into among the Issuer, the Company and the Lead Manager in relation to the Bonds Issue;
“Board”	the board of Directors of the Company;
“Bondholder(s)”	holder(s) of the Bonds;
“Bonds”	senior unsecured guaranteed convertible bonds to be issued by the Issuer and guaranteed by the Company;
“Bonds Issue”	the issue of the Bonds;

“Change of Control”

means the occurrence of one or more of the following events:

- (i) the direct or indirect disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its subsidiaries, taken as a whole, to any person other than one or more Permitted Holders;
- (ii) the Company consolidates with, or merges with or into, any person (other than one or more Permitted Holders) pursuant to a transaction in which any of the outstanding voting stock of the Company or such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the voting stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) voting stock of the surviving or transferee person constituting a majority of the outstanding shares of voting stock of such surviving or transferee person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;
- (iii) the Permitted Holders are collectively the beneficial owners of less than 35% of the total voting power of the voting stock of the Company;
- (iv) any person or group (as such terms are used in Sections 13(d) and 14(d) of the U.S. Securities Exchange Act of 1934, as amended) is or becomes the beneficial owner (as such term is used in Rule 13d-3 of the U.S. Securities Exchange Act of 1934, as amended), directly or indirectly, of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the Permitted Holders;
- (v) individuals who on the issue date constituted the Board, together with any new Directors whose election by the Board was approved by a vote of at least a majority of the Directors then in office who were either Directors or whose election was previously so approved, cease for any reason to constitute a majority of the Board then in office;
- (vi) the adoption of a plan relating to the liquidation or dissolution of the Company; or

	(vii) the Company ceasing to be the direct or indirect beneficial owners of 100% of the total voting power of the voting stock of the Issuer;
“Closing Date”	the closing date for the Bonds Issue, which is 2 November 2021 or such later date, not being later than 16 November 2021, as the Issuer, the Company and the Lead Manager may agree;
“Company”	Shimao Services Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the HKEX (Stock Code: 873);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Contracts”	means the Agreement, the Agency Agreement and the Trust Deed;
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise refers to Mr. Hui, Best Cosmos Limited, Shimao Group Holdings Limited, Gemfair Investments Limited, Overseas Investment Group International Limited and Shiying Finance Limited;
“Conversion Price”	HK\$18.22 per Share subject to adjustment in the manner provided in the terms and conditions of the Bonds;
“Conversion Shares”	Shares to be allotted and issued by the Company upon conversion of the Bonds;
“Directors”	the directors of the Company;
“General Mandate”	the general mandate granted to the Directors pursuant to the relevant resolution of the Shareholders passed at the AGM;
“Group”	the Company and its subsidiaries;
“Guarantee”	the Company’s guarantee of the due payment payable by the Issuer under the Bonds and the Trust Deed;
“HKEX”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administration Region of the PRC;

“Issuer”	Crystal Idea Group Limited, a company incorporated under the laws of the British Virgin Islands with limited liabilities and a wholly owned subsidiary of the Company;
“Lead Manager”	Morgan Stanley;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maturity Date”	31 October 2022;
“Morgan Stanley”	Morgan Stanley & Co. International plc;
“Mr. Hui”	means Mr. Hui Wing Mau, the ultimate Controlling Shareholder (as defined in the Listing Rules);
“Offering”	the offer and sale of the Bonds in an institutional offering outside the United States in reliance on Regulation S under the Securities Act;
“Permitted Holders”	means any or all of the following: <ul style="list-style-type: none"> (i) Mr. Hui (whether directly or indirectly); and (ii) certain affiliates of (i) above;
“Placing”	the placing of 115,000,000 new Shares pursuant to a placing and subscription agreement to be entered into by the Company with certain placing agents on or about the date of this announcement, details of which are set out in the announcement of the Company dated 20 October 2021;
“Placing Closing Date”	the date of closing of the Placing;
“PRC”	the People’s Republic of China;
“Publication Date”	the date of publication of the offering circular in relation to the Bonds, which shall be not later than three business days prior to the Closing Date or such other date as may be agreed among the Issuer, the Company and the Lead Manager;
“SGX”	Singapore Exchange Securities Trading Limited;
“Shareholder(s)”	holder(s) of the Share(s);
“Share(s)”	ordinary share(s) of the Company;

“Trust Deed”	a trust deed (as amended or supplemented from time to time) constituting the Bonds between the Issuer, the Company and the trustee for the holders of the Bonds;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended;
“United States”	The United States of America; and
“%”	per cent.

On behalf of the Board
Shimao Services Holdings Limited
Hui Sai Tan, Jason
Chairman

Hong Kong, 20 October 2021

As at the date of this announcement, the Board of the Company comprises four Executive Directors, namely Mr. Hui Sai Tan, Jason (Chairman), Mr. Ye Mingjie (President), Mr. Cao Shiyang and Mr. Cai Wenwei; two Non-executive Directors, namely, Ms. Tang Fei and Mr. Sun Yan; and three Independent Non-executive Directors, namely, Ms. Kan Lai Kuen, Alice, Mr. Gu Yunchang and Ms. Zhou Xinyi.