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**世茂集團**

**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)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF INTERESTS IN PROJECT COMPANY**

**THE DISPOSAL**

On 12 October 2022, the First Vendor, the Second Vendor and the Project Company entered into the Agreement with the Purchaser under which the First Vendor and the Second Vendor agreed to sell the Sale Shares, representing 45% of the registered capital of the Project Company, and the Second Vendor agreed to assign the rights to the Sale Debt, to the Purchaser for an aggregate consideration of RMB1,750 million.

The Project Company is a property development company and holds the Project, an integrated mixed-use property development in Nanjing. Upon completion of the Disposal, the Group will cease to have any interests in the Project Company.

**LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **THE DISPOSAL**

On 12 October 2022, the First Vendor, the Second Vendor and the Project Company entered into the Agreement with the Purchaser in relation to the Disposal. The salient terms of the Disposal are summarized below:

### **Subject matter**

The First Vendor and the Second Vendor agreed to sell the Sale Shares, representing 45% of the registered capital of the Project Company to the Purchaser. The Second Vendor agreed to assign the rights to the Sale Debt to the Purchaser.

### **Consideration**

The aggregate consideration for the Disposal is RMB1,750 million, which comprises RMB306,769,972.01 in respect of the sale of the Sale Shares and RMB1,443,230,027.99 in respect of the assignment of the Sale Debt. The consideration was determined after arm's length negotiations between the parties with reference to the valuation of the Vendors' 45% interest in the Project Company as at 31 March 2022 in the amount of approximately RMB294,229,000, as appraised by an independent valuer using the asset-based approach, the amount of the Sale Debt, the financial position of the Project Company and the current property market condition in the PRC.

The consideration will be payable by the Purchaser upon the satisfaction or waiver of the conditions as stipulated in the Agreement.

### **Conditions**

Completion of the Disposal is conditional upon, among others:

- (i) the Sale Shares having been transferred to the Purchaser; and
- (ii) the Vendors having provided the Purchaser with their internal approval documents for the transactions contemplated under the Agreement.

### **Other terms**

If (i) the Purchaser or its designee engages a party other than the Vendors or the designee of the Vendors for the management of the construction and sale of the residential part of the Project; (ii) the Purchaser or its designee engages the Vendors or the designee of the Vendors for the management of the construction and sale of the residential part of the Project, and the management fee is less than RMB150 million; or (iii) the Purchaser or its designee unilaterally terminates the engagement of the Vendors or the designee of the Vendors for the management of the construction and sale of the residential part of the Project, the Purchaser or its designee shall within 5 business days of the receipt of the notice by the Vendors, pay the Vendors a sum of RMB150 million, less any amount already paid by the Purchaser to the Vendors or the designee of the Vendors for the management of the construction and sale of the residential part of the Project.

## INFORMATION ON THE PROJECT COMPANY

The Project Company is a limited liability company established in the PRC in 2020. It is owned as to 43.6364% by the First Vendor and as to 1.3636% by the Second Vendor. The remaining 55% of the equity interests in the Project Company is owned by an independent third party. The Project Company is currently being accounted as a subsidiary of the Company.

The principal business of the Project Company is the development of an integrated mixed-use property development located at 中國南京市棲霞區堯化街道興智科技城 (Xingzhi Science and Technology City, Yaohua Street, Qixia District, Nanjing, the PRC\*) (the “**Project**”). The Project has a land area of 226,113.77 sq.m. (including underground space of 26,460.97 sq.m.), and comprises residential, commercial and offices, social and greenbelt spaces. The development is divided into different phases and construction is underway. A small part of the Project has already obtained pre-sale permit.

Set out below is the consolidated financial information of the Project Company for the two years ended 31 December 2021 prepared in accordance with generally accepted accounting principles in the PRC:

|                                | <b>For the year ended 31 December</b> |                             |
|--------------------------------|---------------------------------------|-----------------------------|
|                                | <b>2020</b>                           | <b>2021</b>                 |
|                                | <i>RMB'000</i><br>(Audited)           | <i>RMB'000</i><br>(Audited) |
| Net loss before/after taxation | 88,059                                | 76,999                      |

The unaudited net asset value of the Project Company as at 31 August 2022 was approximately RMB482 million.

Subject to final audit, it is expected that the Group will realise a loss on disposal of approximately RMB145 million, which is calculated by reference to the carrying value of the Project Company as at 31 August 2022. The proceeds from the Disposal are currently intended to be used for the repayment of onshore indebtedness of the Group, which will facilitate the resumption of work and production for the Group's projects.

Upon completion of the Disposal, the Group will no longer have any interest in the Project Company. As such, the Project Company shall cease to be a subsidiary of the Company.

## REASONS FOR THE DISPOSAL

As disclosed in the announcement of the Company dated 11 January 2022, the Company may consider disposing certain of its properties to reduce its indebtedness. The Disposal is being carried out as part of the measures in reducing the indebtedness of the Company.

As the Disposal is being carried out after arm's length negotiations and on normal commercial terms, the Directors are of the view that the terms of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and all the stakeholders as a whole.

## LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## INFORMATION ON THE PARTIES

### The Company

The Company is an investment holding company. The Group is principally engaged in the development and investment of residential and commercial properties, property management, commercial properties operation and hotel operation in the PRC.

### The First Vendor

The First Vendor is an investment holding company incorporated in Hong Kong with limited liability. It is an indirect wholly-owned subsidiary of the Company.

### The Second Vendor

The Second Vendor is a limited liability company established in the PRC and is principally engaged in the business of management and technical consulting. It is an indirect wholly-owned subsidiary of the Company.

### The Purchaser

The Purchaser is a limited partnership established in the PRC and is principally engaged in investment activities with its own funds. Its general partner and executive partner is 信達資本管理有限公司 (Cinda Capital Management Co., Ltd.\*) (“**Cinda Capital**”). Its limited partners are China Cinda Asset Management Co., Ltd. (“**China Cinda**”) and 五礦國際信託有限公司 (Minmetals International Trust Co., Ltd.\*) (“**Minmetals International**”).

Based on the information available as at the date hereof, Cinda Capital is a wholly-owned subsidiary of China Cinda, the shares of which are listed on the main board of the Stock Exchange (stock code: 1359). The ultimate beneficial owners of Minmetals International are Minmetals Capital Company Limited, 青海省政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the Government of Qinghai Province\*) and 西寧市工業和信息化局 (西寧市政府國有資產監督管理委員會) (Industry and Information Technology Bureau of Xining Municipality\* (State-owned Assets Supervision and Administration Commission of the Government of Xining Municipality\*)). Minmetals Capital Company Limited is principally engaged in the financial business, and its shares are listed on the Shanghai Stock Exchange (stock code: 600390).

To the best knowledge of the Directors, having made reasonable enquiry, the Purchaser and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

## DEFINITIONS

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

|                       |   |
|-----------------------|---|
| “Agreement”           | the agreement dated 12 October 2022 between the Vendors, the Project Company and the Purchaser;   |
| “Board”               | the board of directors of the Company;  |
| “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 (stock code: 813); |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules;   |
| “Director(s)”         | the director(s) of the Company;   |
| “Disposal”            | the sale of the Sale Shares and the assignment of the Sale Debt to the Purchaser;   |
| “First Vendor”        | Blooming Prosperity Limited (繁興有限公司), a company incorporated in Hong Kong with limited liability;   |
| “Group”               | the Company and its subsidiaries;   |
| “Listing Rules”       | the Rules Governing the Listing of Securities on the Stock Exchange;  |
| “PRC”                 | the People’s Republic of China;   |
| “Project”             | has the meaning ascribed to it under the section headed “INFORMATION ON THE PROJECT COMPANY” in this announcement;  |
| “Project Company”     | 南京萬智源置業有限公司 (Nanjing Wanzhiyuan Real Estate Co., Ltd.*), a limited liability company established in the PRC;  |
| “Purchaser”           | 蕪湖信思達投資合夥企業(有限合夥) (Wuhu Xinsida Investment Partnership Enterprise (Limited Partnership)*), a limited partnership established in the PRC;  |
| “RMB”                 | Renminbi, the lawful currency of the PRC;   |
| “Sale Debt”           | RMB1,443,230,027.99, the debts owing by the Project Company to the Second Vendor as at 31 March 2022;   |

|                  |  |
|------------------|--|
| “Sale Shares”    | 45% of the registered capital of the Project Company;  |
| “Second Vendor”  | 上海裴悦企業管理有限公司 (Shanghai Peiyue Enterprise Management Co., Ltd.*), a limited liability company established in the PRC; |
| “sq.m.”          | square meters;   |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited;   |
| “Vendors”        | the First Vendor and the Second Vendor; and  |
| “%”              | per cent.  |

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

Hong Kong, 12 October 2022

*As at the date of this announcement, the Board comprises five Executive Directors, namely, Mr. Hui Wing Mau (Chairman), Mr. Hui Sai Tan, Jason (Vice Chairman and President), Ms. Tang Fei, Mr. Lu Yi (Executive President) and Mr. Xie Kun; one Non-executive Director, namely, Mr. Ye Mingjie; and three Independent Non-executive Directors, namely, Mr. Lyu Hong Bing, Mr. Lam Ching Kam and Mr. Fung Tze Wa.*

\* For identification purpose only.