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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)**

## CONNECTED TRANSACTIONS

### **Connected Transactions**

On 24 April 2024, certain branch companies of Shanghai Runshang (an indirect wholly-owned subsidiary of the Company) entered into the Agreements with certain indirect wholly-owned subsidiaries of Shimao Group Holdings, pursuant to which the Group will acquire from the Shimao Group certain car parking spaces and storage units for an aggregate consideration of approximately RMB36,473,237.

### **Listing Rules Implications**

As each of the vendors of the Agreements is an indirect wholly-owned subsidiary of Shimao Group Holdings, and Shimao Group Holdings is the controlling shareholder of the Company, the Acquisitions constitute connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Acquisitions, either standalone or when aggregated with the Previous Acquisitions, are more than 0.1% but less than 5%, the Acquisitions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## THE ACQUISITIONS

### **The First Agreement**

#### *Date*

24 April 2024

#### *Parties*

- (i) the First Vendor, as the seller; and
- (ii) the First Purchaser, the Minhou Branch of Shanghai Runshang, as the purchaser.

### ***Subject matter***

The assets to be acquired under the First Agreement are 180 car parking spaces located at the 國風長安 (Guofeng Chang'an\*) project, a residential property project developed by the Shimao Group located at 中國福建省福州市倉山區上渡街李厝山路 56 號 (No.56 Licuoshan Road, Shangdu Street, Cangshan District, Fuzhou, Fujian Province, PRC\*). The project has already been completed and delivered to homeowners.

### ***Consideration***

An aggregate of RMB36,000,000, which was determined by the parties after arm's length negotiations with reference to the valuation on the car parking spaces conducted by an independent valuer using the market approach.

The consideration will be paid before 19 May 2024 and will be satisfied by the internal resources of the Group.

## **The Second Agreement**

### ***Date***

24 April 2024

### ***Parties***

- (i) the Second Vendor, as the seller; and
- (ii) the Second Purchaser, the Zhangjiagang Branch of Shanghai Runshang, as the purchaser.

### ***Subject matter***

The assets to be acquired under the Second Agreement are 10 storage units with an aggregate construction area of approximately 254 square meters located at the 世茂天城 (Shimao Tiancheng\*) project, a residential property project developed by the Shimao Group located at 中國江蘇省徐州市雲龍區津鋪東路 24 號 (No.24 Jinpudong Road, Yunlong District, Xuzhou, Jiangsu Province, PRC\*). The project has already been completed and delivered to homeowners.

### ***Consideration***

An aggregate of RMB473,237, which was determined by the parties after arm's length negotiations with reference to the valuation on the storage units conducted by an independent valuer using the market approach.

The consideration will be paid before 19 May 2024 and will be satisfied by the internal resources of the Group.

## **FINANCIAL INFORMATION ABOUT THE TARGET ASSETS**

The Target Assets comprise an aggregate of 180 car parking spaces and 10 storage units in two projects of the Shimao Group. Since these assets were developed by the First Vendor and the Second Vendor, and the costs of the related car parking spaces and storage units have been apportioned, there are no separately accounts on the book value or relevant original acquisition costs. Based on the valuation as determined by an independent valuer, the appraised value of the Target Assets was approximately RMB38,446,000 as at 31 March 2024.

## **VALUATION INFORMATION ABOUT THE TARGET ASSETS**

The independent valuer has adopted the market approach in the valuation of the Target Assets in view of the fact that there are generally market price references and information on similar comparable properties available in the surrounding markets for the car parking spaces and storage units, as well as the valuation methodology using the market approach is also consistent with market practice, which is more intuitively reflect the market value of the Target Assets as compared with the cost approach and the income approach.

The key assumptions underlying the valuation of the Target Assets include (i) a combination of purpose as stated in the deeds and actual use of the properties, and taking into account of the actual use as the highest and best purpose for the use of the properties; (ii) the titles to the car parking spaces and storage units are free from any defects; and (iii) the area as stated in the title deeds as the current valuation scope.

The basis of the valuation of the Target Assets are determined with comparable reference to (i) car parking spaces and storage units that are the same or similar to the purpose of the properties to be assessed; (ii) the market transaction price or quotation is relatively close to the valuation date which generally not exceeding 12 months; (iii) for car parking spaces, there is no significant difference between the area of the properties to be assessed, with an area range from 18 square meters to 75 square meters (the actual area of use in the comparable cases has been recognized as a standard car parking space), and need to be located in the same supply and demand zone or business district of the properties to be assessed and the distance should be within 6 kilometers; and (iv) for storage units, an area range is from 14 square meters to 33 square meters and need to be located in the same supply and demand zone or business district of the properties to be assessed and the distance should be within 1 kilometer.

## **REASONS FOR THE ACQUISITIONS**

The two projects at which the Target Assets are located have all been completed and delivered to homeowners. Since the real estate marketing teams for these projects are about to withdraw from these projects and the Group as a provider for ongoing property services, the Company considers that the Acquisitions and the taking over of the Target Assets will be more convenient for the Group to manage, sell or lease these assets going forward.

The Company is of the view that the demand for car parking spaces and storage units for the residents of these projects remains stable. Based on (i) the floor area, location, positioning and industry trends of the Target Assets; (ii) the Group's expected operating costs for providing resale services; and (iii) the convenience of managing such assets going forward, the Company considers that the Acquisitions would enable the Group to provide better services to homeowners in these projects, and will also present an opportunity for the Group to realise such assets and bring valuable returns to the Shareholders.

The Directors (including the independent non-executive Directors) are of the view that the Acquisitions are being carried out after arm's length negotiations and under normal commercial terms and in the ordinary course of business of the Group, the Acquisitions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As each of the vendors of the Agreements is an indirect wholly-owned subsidiary of Shimao Group Holdings, and Shimao Group Holdings is the controlling shareholder of the Company, the Acquisitions constitute connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Acquisitions, either standalone or when aggregated with the Previous Acquisitions, are more than 0.1% but less than 5%, the Acquisitions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INFORMATION ON THE PARTIES**

### ***(a) The Company***

The Company is an investment holding company and the Group is principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners and city services.

### ***(b) Shanghai Runshang***

Shanghai Runshang is a limited liability company established in the PRC and is principally engaged in the provision of real estate agency services in the PRC. Shanghai Runshang is an indirect wholly-owned subsidiary of the Company, and each of the First Purchaser and the Second Purchaser is a branch company of Shanghai Runshang.

### ***(c) Shimao Group Holdings***

Shimao Group Holdings is an investment holding company. Shimao Group are principally engaged in the development and investment of residential and commercial properties, property management, commercial properties operation and hotel operation in the PRC. As at the date of this announcement, Shimao Group Holdings is the controlling shareholder of the Company which indirectly holds approximately 63% of the issued share capital of the Company and is hence a connected person of the Company.

### ***(d) The First Vendor***

The First Vendor is a limited liability company established in the PRC and is principally engaged in the business of property development. It is an indirect wholly-owned subsidiary of Shimao Group Holdings.

### ***(e) The Second Vendor***

The Second Vendor is a limited liability company established in the PRC and is principally engaged in the business of property development. It is an indirect wholly-owned subsidiary of Shimao Group Holdings.

## GENERAL

Mr. Hui Sai Tan, Jason, Mr. Ye Mingjie and Ms. Tang Fei are also directors of Shimao Group Holdings, and are considered to have material interests in the transactions contemplated under the Agreements. As such, each of them has abstained from voting on the Board resolutions for approving the Acquisitions.

## DEFINITIONS

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

“Acquisitions”	the acquisition of the Target Assets by the Group as provided under the Agreements;
“Agreements”	the First Agreement and the Second Agreement;
“Board”	the board of Directors of the Company;
“Company”	Shimao Services 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: 873);
“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)”	the director(s) of the Company;
“First Agreement”	the agreement dated 24 April 2024 entered into between the First Vendor and the First Purchaser;
“First Purchaser”	上海潤尚房地產經紀有限公司閩侯分公司 (Shanghai Runshang Real Estate Agent Co., Ltd. Minhou Branch*), the Minhou Branch Company of Shanghai Runshang;
“First Vendor”	福州世茂新體驗置業有限公司 (Fuzhou Shimao Xintiyuan Property Co., Ltd.*), an indirect wholly-owned subsidiary of Shimao Group Holdings;
“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;

“Previous Acquisitions”	the acquisition of an aggregate of 134 car parking spaces and 261 storage units in three projects of Shimao Group on 29 December 2023, details of which are set out in the announcement of the Company dated 29 December 2023;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Agreement”	the agreement dated 24 April 2024 entered into between the Second Vendor and the Second Purchaser;
“Second Purchaser”	上海潤尚房地產經紀有限公司張家港分公司 (Shanghai Runshang Real Estate Agent Co., Ltd. Zhangjiagang Branch*), the Zhangjiagang Branch Company of Shanghai Runshang;
“Second Vendor”	徐州世茂新城房地產開發有限公司 (Xuzhou Shimao Xincheng Real Estate Development Co., Ltd.*), an indirect wholly-owned subsidiary of Shimao Group Holdings;
“Shanghai Runshang”	上海潤尚房地產經紀有限公司 (Shanghai Runshang Real Estate Agent Co., Ltd.*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Shimao Group”	Shimao Group Holdings and its subsidiaries
“Shimao Group Holdings”	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);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Assets”	the assets to be acquired by the Group pursuant to the Agreements; and
“%”	per cent.

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

Hong Kong, 24 April 2024

*As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Hui Sai Tan, Jason (Chairman), Mr. Ye Mingjie (President) and Mr. Cao Shiyang; one Non-executive Director, namely, Ms. Tang Fei; and three Independent Non-executive Directors, namely, Mr. Gu Yunchang, Ms. Zhou Xinyi and Mr. Hui Wai Man, Lawrence.*

*\* For identification purposes only*