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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 SHAREHOLDINGS OF THE TARGET COMPANIES**

THE DISPOSAL

The Board announces that on 17 December 2021, the Vendor (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchasers, pursuant to which the Vendor agreed to sell and the Purchasers agreed to purchase the Sale Shares and the Sale Loans at the aggregate consideration of HK\$2,086,348,056.

Upon Completion, the Company will cease to have any interest in the Target Companies. The Target Companies are special purpose vehicles established for the purpose of owning, developing, financing, marketing and managing the property development project in South West Kowloon known as “Grand Victoria (維港滙)”.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to notification and announcement requirements under the Listing Rules.

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The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are summarised as follows:

Date

17 December 2021

Parties

Vendor : the Vendor, an indirect wholly-owned subsidiary of the Company

Purchasers : (1) EHL;
(2) GAL; and
(3) SCL.

The Purchasers are existing shareholders of the Target Companies and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchasers and their ultimate beneficial owners are Independent Third Parties.

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell (i) the Sale Shares, and (ii) the Sale Loans (of approximately HK\$2,857,074,280 and part of which are interest-bearing at such rate as agreed between the relevant parties from time to time) to EHL, GAL and SCL (as to 20%, 50% and 30% of all the Sale Shares and Sale Loans, respectively).

Neither the Vendor nor the Purchasers shall be obliged to complete the sale and purchase of the Sale Shares or the assignment of the Sale Loans unless the sale and purchase of the Sale Shares and the assignment of the Sale Loans to each of the Purchasers are completed simultaneously.

Consideration

The aggregate consideration for the Sale Shares and the Sale Loans (i.e. the Consideration) payable by the Purchasers to the Vendor shall be HK\$2,086,348,056, which shall be payable by EHL (as to HK\$412,520,693), GAL (as to HK\$1,033,128,237) and SCL (as to HK\$640,699,126).

The Consideration shall be settled in full in cash by the Purchasers at Completion.

The Consideration was determined based on arm's length negotiations between the Vendor and the Purchasers with reference to the valuation of the property underlying the development project in South West Kowloon known as "Grand Victoria (維港滙)" conducted by an independent professional valuer and the prevailing market condition of the project.

Conditions precedent

Completion is conditional upon (a) the issued share capitals of each of the Target Companies having been enlarged on a pro-rata basis for the purpose of Completion, (b) the relevant consent from the financing bank of a wholly-owned subsidiary of Asia Bright Development Limited having been obtained, and (c) the corresponding supplemental financing documents (if required) having been executed, on or before the Completion Date.

If any of the conditions precedent set out above has not been satisfied or waived (as the case may be) on or before the Completion Date, the Sale and Purchase Agreement shall terminate.

As at the date of this announcement, the above conditions precedent have been fulfilled.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Group expects to recognise a loss on the Disposal of approximately HK\$770 million before costs and expenses relating to the Disposal in the financial year ending 31 December 2021, which is calculated by reference to the difference between the Consideration and the current carrying value of the Target Companies. The actual gain or loss on the Disposal to be recorded by the Company is subject to audit and may be different from the estimated amount.

The net proceeds from the Disposal are expected to be used for business development, to repay the Company's debts and for general corporate purposes of the Group.

Upon Completion, the Company will cease to have any interest in the Target Companies.

INFORMATION OF THE GROUP

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 People's Republic of China.

The Vendor

The Vendor is a limited liability company incorporated under the laws of the British Virgin Islands and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding. As at the date of this announcement, the Vendor holds 22.5% of the issued share capital in each of the Target Companies and the corresponding shareholder's loans.

INFORMATION OF THE PURCHASERS

EHL is a limited liability company incorporated under the laws of the British Virgin Islands and is principally engaged in investment holding. It is ultimately beneficially owned by S E A Holdings Limited (stock code: 251), which is an investment holding company and the activities of its principal subsidiaries are property investment, property development, hotel operation and financial investment. S E A Holdings Limited and its subsidiaries currently operate in Hong Kong and the United Kingdom. As at the date of this announcement, EHL holds 10% of the issued share capital in each of the Target Companies and the corresponding shareholder's loans.

GAL is a limited liability company incorporated under the laws of the British Virgin Islands and is principally engaged in investment holding. It is ultimately beneficially owned by Wheelock and Company Limited. As at the date of this announcement, GAL holds 22.5% of the issued share capital in each of the Target Companies and the corresponding shareholder's loans.

SCL is a limited liability company incorporated under the laws of Hong Kong and is principally engaged in investment holding. It is ultimately beneficially owned by Sino Land Company Limited (stock code: 83), which is an investment holding company and its principal businesses include property development and investment, investment in securities, financing, hotel and building management and services. As at the date of this announcement, SCL holds 22.5% of the issued share capital in each of the Target Companies and the corresponding shareholder's loans.

INFORMATION ON THE TARGET COMPANIES

Asia Bright Development Limited

Asia Bright Development Limited is a limited liability company incorporated under the laws of Hong Kong and is principally engaged in investment holding. Its audited consolidated loss (before and after taxation) for the years ended 31 December 2019 and 2020 and for the period from 1 January 2021 to 31 October 2021 were HK\$531,495, HK\$52,049,121 and HK\$82,518,000, respectively. Its unaudited net liabilities as at 31 October 2021 was HK\$504,893.

Star Galaxy Limited

Star Galaxy Limited is a limited liability company incorporated under the laws of Hong Kong and is principally engaged in property management. It has not yet commenced business operations since incorporation.

Grand Victoria Finance Company Limited

Grand Victoria Finance Company Limited is a limited liability company incorporated under the laws of Hong Kong and is principally engaged in providing mortgage loan financing. Its unaudited loss (before and after taxation) for the period from 4 December 2020 (date of incorporation) to 31 October 2021 was HK\$53,000. Its unaudited net liabilities as at 31 October 2021 was HK\$52,280.

The Target Companies are special purpose vehicles established for the purpose of owning, developing, financing, marketing and managing the property development project erected on The Remaining Portion of New Kowloon Inland Lot No.6549 (i.e. 6 Lai Ying Street and 8 Lai Ying Street, South West Kowloon, Hong Kong), also known as “Grand Victoria (維港滙)”, with a site area of approximately 15,748 square metres.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors consider that the Disposal will provide additional working capital for the Group and improve cash flow of the Group. The Directors consider that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable, and the Disposal is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to notification and announcement requirements under the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Board”	the board of Directors;
“Company”	Shimao Group 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 Stock Exchange (stock code: 813);
“Completion”	completion of the Disposal in accordance with the Sale and Purchase Agreement;
“Completion Date”	the date of Completion, being 17 December 2021 or such other date as the Vendor and the Purchasers may mutually agree in writing;
“connected persons”, “percentage ratio” and “subsidiary(ies)”	each has the meaning as ascribed to it under the Listing Rules;
“Consideration”	the aggregate consideration for the Sale Shares and the Sale Loans;
“Director(s)”	director(s) of the Company;

“Disposal”	the disposal of the Sale Shares and the Sale Loans by the Vendor to the Purchasers pursuant to the Sale and Purchase Agreement;
“EHL”	Enlightenment Harmony Limited 啟怡有限公司;
“GAL”	Goodwill Ardent Limited;
“Group”	the Company and its subsidiaries;
“HK\$”	the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is(are) independent of the Company and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchasers”	collectively, EHL, GAL and SCL;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 17 December 2021 entered into between the Vendor and the Purchasers in respect of the Disposal;
“Sale Loans”	all the sums advanced by the Vendor to the Target Companies or their subsidiaries (including any interest accrued thereon) which remain outstanding as at the Completion Date;
“Sale Shares”	such number of issued shares in each of the Target Companies as held by the Vendor as at the Completion Date, which shall represent 22.5% of the issued share capital in each of the Target Companies;
“SCL”	Sky Champ Limited 紹祥有限公司;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Companies”	collectively, Asia Bright Development Limited 加耀發展有限公司, Star Galaxy Limited 得倫有限公司 and Grand Victoria Finance Company Limited, being special purpose vehicles established for the purpose of owning, developing, financing, marketing and managing the property development project erected on The Remaining Portion of New Kowloon Island Lot No.6549 (i.e. 6 Lai Ying Street and 8 Lai Ying Street, South West Kowloon, Hong Kong), also known as “Grand Victoria (維港滙)”;

“Vendor” Fortune Spring Ventures Limited, an indirect wholly-owned subsidiary of the Company; and

“%” per cent.

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

Hong Kong, 17 December 2021

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 and Mr. Xie Kun; one Non-executive Director, namely, Mr. Ye Mingjie; and three Independent Non-executive Directors, namely, Ms. Kan Lai Kuen, Alice, Mr. Lyu Hong Bing and Mr. Lam Ching Kam.