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SHIMAO 世茂房地產

SHIMAO PROPERTY HOLDINGS LIMITED

世茂房地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 813)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING

**Goldman
Sachs**

Placing Agents



Morgan Stanley

On 17 January 2020, the Company entered into the Agreement with the Vendor, Mr. Hui and the Placing Agents in respect of the Placing and the Subscription.

The Placing Agents have conditionally agreed to place, on a fully underwritten basis, 158,000,000 existing Shares at the Placing Price of HK\$29.58 per Share.

Pursuant to the Agreement, the Vendor has conditionally agreed to subscribe at the Placing Price for the same number of new Shares as the Placing Shares that have been placed by the Placing Agents.

The net proceeds to be received by the Company from the Subscription, after deducting related fees and expenses, are estimated to be approximately HK\$4,638 million.

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:04 a.m. on 17 January 2020 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 20 January 2020 following the publication of this announcement.

On 17 January 2020, the Company entered into the Agreement with the Vendor, Mr. Hui and the Placing Agents. The principal terms of the Agreement are set out below.

AGREEMENT

Date

17 January 2020

Parties

- (1) the Company;
- (2) the Vendor;
- (3) Mr. Hui; and
- (4) the Placing Agents.

As at the date of this announcement, the Vendor holds 1,947,984,000 Shares, representing approximately 59.0% of the existing issued share capital of the Company. The Vendor is wholly owned by Mr. Hui, an Executive Director and the Chairman of the Board.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Placing Agents and their respective ultimate beneficial owners is independent of, and not connected with, the Company and the connected persons of the Company.

PLACING

Number of Placing Shares

The Placing Agents have conditionally agreed to place, on a fully underwritten basis, 158,000,000 existing Shares, representing approximately 4.79% of the issued share capital of the Company as at the date of this announcement and about 4.57% of the issued share capital as enlarged by the Subscription.

Placing Price

The Placing Price is HK\$29.58 per Share and represents:

- i. a discount of approximately 7.85% to the closing price of HK\$32.10 per Share as quoted on the Stock Exchange on 16 January 2020, the Last Trading Day; and
- ii. a discount of approximately 3.36% to the average closing price of approximately HK\$30.61 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day.

The Placing Price was determined after arm's length negotiations among the Company, the Vendor and the Placing Agents with reference to the prevailing market price of the Shares and market demand for the Placing Shares.

The Directors (including the Independent Non-executive Directors) consider that the Placing Price to be fair and reasonable under the current market conditions and is in the best interests of the Company and the Shareholders as a whole.

Rights

The Placing Shares will be sold free from all liens, charges and encumbrances, and together with all rights attaching to them as at the date of the Agreement, including the right to receive all dividends declared, made or paid on or after the date of the Agreement.

Independence of the Placing Agents and the Placees

It is expected that the Placing Shares will be placed by the Placing Agents to not less than six independent professional, institutional and/or individual investors. It is not expected that any placee will become a substantial shareholder of the Company as a result of the Placing.

The Placing Agents and the placees to be procured by the Placing Agents are or will be (as the case may be) independent of the directors, chief executive or substantial shareholders of the Company or any of their respective associates.

Conditions of the Placing

Completion of the Placing is conditional upon the fulfilment of the following conditions:

- (a) before completion of the Placing, there shall not have occurred:
 - (i) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Group taken as a whole; or
 - (ii) any suspension or limitation of trading (i) in any of the Company's securities by the Stock Exchange (save and except for trading halt of not more than 1 day in relation to the Placing and the Subscription), or (ii) generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the New York Stock Exchange or the Nasdaq National Market; or
 - (iii) any event, or series of events beyond the reasonable control of the Placing Agents (including, without limitation, any calamity, act of government, strike, labour dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, outbreak or escalation of hostilities, act of terrorism and act of God) involving any of Hong Kong, the Cayman Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any other jurisdictions relevant to any member of the Group (together, the "**Relevant Jurisdictions**"), or the declaration by any of the Relevant Jurisdictions of a national emergency or war or a state of emergency or other calamity or crisis; or
 - (iv) any material disruption in commercial banking or securities settlement or clearance services in any of the Relevant Jurisdictions and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in any of the Relevant Jurisdictions; or
 - (v) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in any of the Relevant Jurisdictions or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation; or
 - (vi) any new law or regulation or any change or development involving a prospective change in existing laws or regulations in any of the Relevant Jurisdictions which in the sole opinion of the Placing Agents has or is likely to have material adverse effect, on the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Company and its subsidiaries taken as a whole or to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith;

- (b) the representations and warranties made by any of the Company and the Vendor pursuant to the Agreement being true and accurate and not misleading as of the date of the Agreement and the Closing Date;
- (c) each of the Company and the Vendor having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Agreement on or before the Closing Date; and
- (d) the Placing Agents having received on the Closing Date an opinion from the counsel to the Placing Agents to the effect that the offer and sale of the Placing Shares by the Placing Agents as set forth in the Agreement are not required to be registered under the Securities Act, and such other matters as the Placing Agents shall reasonably request, as the case may be, such opinion to be in form and substance reasonably satisfactory to the Placing Agents.

The Placing Agents in their sole discretion may waive any of the foregoing conditions, in whole or in part and with or without conditions, by notice to the Company and the Vendor.

In the event the Placing Agents terminate the Agreement in accordance with its terms, the obligations of parties under the Agreement will cease and determine and no party will have any claim against any other party save for any antecedent breach.

Completion of the Placing

The parties expect that the Placing will be completed on the Closing Date.

SUBSCRIPTION

Number of new Shares to be subscribed

158,000,000 new Shares to be subscribed by the Vendor, representing approximately 4.79% of the issued share capital of the Company as at the date of this announcement and approximately 4.57% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Price

The subscription price per new Share is equivalent to the Placing Price of HK\$29.58 per Share.

The Subscription Shares have a nominal value of HK\$15,800,000 and a market value of HK\$5,071.8 million, based on the closing price of HK\$32.10 per Share on the Last Trading Day. The net price of per Subscription Share is HK\$29.35 per Share.

The subscription price per new Share, being equal to the Placing Price, was determined after arm's length negotiations between the Company and the Vendor with reference to the Placing Price.

The Directors (including the Independent Non-executive Directors) consider that the terms of the Subscription are fair and reasonable under the current market conditions and are in the interest of the Company and the Shareholders as a whole.

General mandate to issue the Subscription Shares

The issue of the Subscription Shares will not be subject to Shareholders' approval and the Subscription Shares will be issued under the General Mandate. The Company has not issued any Shares pursuant to the General Mandate.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription including the right to any dividends or distributions after the date of completion of the Subscription.

Conditions of the Subscription

The Subscription is conditional upon:

- (1) completion of the Placing; and
- (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares.

None of the conditions stated above can be waived.

In the event that the conditions are not fulfilled within 14 days after the date of the Agreement (or such later date as may be agreed among the parties), the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise.

Completion of the Subscription

Completion of the Subscription will take place on the second Business Day (or such other time and/or date as the Vendor, the Company and the Placing Agents may agree in writing) after the date upon fulfillment of the last of the above conditions.

As the Vendor (a controlling Shareholder) is a connected person of the Company and the Subscription constitutes a connected transaction of the Company exempt under Rule 14A.92(4) of the Listing Rules, if the Subscription is not completed within 14 days after the date of the Agreement, the relevant provisions of the Listing Rules in relation to connected transaction will apply (including the independent Shareholders' approval requirement) to the Subscription, unless otherwise waived by the Stock Exchange. Further announcement will be made if this occurs.

Application for listing

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

LOCK-UP UNDERTAKINGS

Each of the Vendor and Mr. Hui undertakes to the Placing Agents that (except for the sale of the Placing Shares pursuant to the Agreement) for a period of 90 days from the Closing Date, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will:

- (a) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or
- (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of Shares,

whether any such transaction described in (a) or (b) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or

- (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above,

unless with the prior written consent of the Placing Agents.

The Company undertakes to the Placing Agents, and each of the Vendor and Mr. Hui undertakes to the Placing Agents to procure, that for a period of 90 days from the Closing Date, the Company will not, except for the Subscription Shares and save pursuant to (1) the terms of any employee share option scheme of the Company as announced by the Company in accordance with the Listing Rules or (2) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association:

- (a) effect or arrange or procure placement of existing or new Shares or any other securities (in whatever form), allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares; or
- (b) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (a) above; or
- (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above,

unless with the prior written consent of the Placing Agents.

EFFECT ON THE SHAREHOLDING STRUCTURE

Assuming there is no change to the issued share capital of the Company from the date of this announcement to the date of completion of the Placing and the Subscription, the shareholding structure of the Company before and after completion of the Placing and the Subscription is summarised as follows:

	Before completion of Placing and completion of Subscription		After completion of Placing but before completion of Subscription		After completion of Placing and Subscription	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Mr. Hui and his associates (<i>Note 1</i>)	2,299,242,942	69.64	2,141,242,942	64.86	2,299,242,942	66.46
Other Shareholders	1,002,250,522	30.36	1,002,250,522	30.36	1,002,250,522	28.97
Placees	–	–	158,000,000	4.79	158,000,000	4.57
Total issued share capital	<u>3,301,493,464</u>	<u>100</u>	<u>3,301,493,464</u>	<u>100</u>	<u>3,459,493,464</u>	<u>100</u>

Notes:

- (1) These 2,299,242,942 Shares represent the interest in the Company held by the Vendor (1,947,984,000 Shares) and Shiyang Finance Limited (351,258,942 Shares), companies which are directly wholly-owned by Mr. Hui.
- (2) The percentage figures included in the shareholding structure have been subject to rounding adjustment.

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

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

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Group is principally engaged in property development, property investment and hotel operation in the PRC.

The Directors consider that the Placing and the Subscription represent an opportunity to raise capital for the Company while broadening its Shareholder and capital base. The Directors are of the view that the Placing and the Subscription would strengthen the financial position of the Group and provide working capital to the Group.

The Directors consider that the terms of the Agreement (including the Subscription Price and the Placing Price) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS FROM THE SUBSCRIPTION

The net proceeds to be received by the Company from the Subscription, after deducting related fees and expenses, are estimated to be approximately HK\$4,638 million.

The Company intends to apply such net proceeds for the development of the projects, to repay the Company's debts and for general working capital of the Group.

As the Placing and the Subscription may or may not proceed to completion, Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:04 a.m. on 17 January 2020 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 20 January 2020 following the publication of this announcement.

DEFINITIONS

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

“2019 AGM”	the annual general meeting of the Company held on 18 June 2019;
“Agreement”	the agreement dated 17 January 2020 entered into among the Company, the Vendor, Mr. Hui and the Placing Agents in relation to the Placing and the Subscription;
“Board”	the board of Directors;
“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong;
“Closing Date”	22 January 2020 or such other date as the Vendor and the Placing Agents may agree in writing;
“Company”	Shimao Property 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);
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;

“General Mandate”	the general authority granted to the Directors to issue up to 660,298,692 Shares, representing 20% of the total number of Shares in issue as at date of the 2019 AGM pursuant to an ordinary resolution passed at the 2019 AGM;
“Group”	the Company and its subsidiaries and the expression “member of the Group” shall be construed accordingly;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Last Trading Date”	16 January 2020, being the last full trading day prior to the date of the Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Hui”	Mr. Hui Wing Mau, an Executive Director, Chairman of the Board and a controlling Shareholder (as defined in the Listing Rules);
“Placing”	the placing of the Placing Shares by the Placing Agents to places at the Placing Price pursuant to the Agreement;
“Placing Agents”	Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited and Morgan Stanley & Co. International plc.;
“Placing Price”	HK\$29.58 per Placing Share;
“Placing Shares”	the Shares to be placed by the Placing Agents pursuant to the Placing;
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement;
“Securities Act”	the U.S. Securities Act of 1933, as amended;
“Shares”	ordinary shares of the Company;

“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Agreement;
“Subscription Price”	HK\$29.58 per Subscription Share;
“Subscription Shares”	158,000,000 Shares to be subscribed by the Vendor pursuant to the Subscription;
“Vendor”	Gemfair Investments Limited, a company incorporated in the British Virgin Islands, the seller of the Placing Shares; and
“%”	per cent.

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

Hong Kong, 17 January 2020

As at the date of this announcement, the Board of the Company 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.