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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)**

**CONNECTED TRANSACTION  
DISPOSAL OF A SUBSIDIARY  
BY SHANGHAI SHIMAO CO., LTD,  
A SUBSIDIARY OF SHIMAO GROUP HOLDINGS LIMITED**

**The Disposal**

The Board announces that on 15 March 2021, the Vendor entered into the Disposal Agreement with the Purchaser under which the Vendor agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company to the Purchaser and the Purchaser agreed to assist the Target Company to repay the Debt by cash for an aggregate consideration of approximately AUD103.795 million.

The Vendor is owned as to 99.005% by Shanghai Shimao. Upon completion of the Disposal, Shanghai Shimao will no longer have any interest in the Target Company and the Target Company will cease to be accounted as a subsidiary of the Group.

**Listing Rules Implications**

As the Purchaser is beneficially owned as to 100% by Mr. Hui (the Chairman, an Executive Director and the controlling shareholder of the Company), the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements and exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## THE DISPOSAL AGREEMENT

On 15 March 2021, the Vendor and the Purchaser entered into the Disposal Agreement in respect of the Disposal. The salient terms of the Disposal Agreement are summarized below:

### Subject matter

Pursuant to the Disposal Agreement, the Vendor has agreed to sell the Sale Shares to the Purchaser and the Purchaser has agreed to assist the Target Company to repay the Debt by cash. The Sale Shares represent the entire issued share capital of the Target Company and as at 31 December 2020, the Debt amounted to approximately AUD99,204,200.

### Consideration

The aggregate consideration for the Disposal is approximately AUD103.795 million, which comprises (i) AUD4,590,842 payable in cash for the sale of the Sale Shares; and (ii) the amount of the Debt payable by the Purchaser in cash for the Target Company to repay the Debt.

The consideration was determined after arm's length negotiations between the parties to the Disposal Agreement with reference to the valuation of the total equity interest, asset and liabilities of the Target Company as at 31 December 2020, as appraised by an independent valuer engaged by Shanghai Shimao.

10% of the consideration for the Sale Shares (the "**Deposit**") will be payable by the Purchaser within 10 business days of the receipt of the payment notification issued by the Vendor when the internal procedures with respect to the Disposal have been complied with by Shanghai Shimao, the 99.005% beneficial owner of the Vendor. The balance of the consideration will be payable when the necessary PRC and Australian approval procedures in respect of the Disposal have been completed.

### Conditions

Completion of the Disposal is conditional upon the satisfaction of the following conditions:

- (a) Shanghai Shimao having complied with the necessary PRC regulatory requirements with respect to the Disposal;
- (b) the Purchaser having lodged an application under the *Foreign Acquisitions and Takeovers Act 1975 (Cth)* in respect of the Disposal within 3 months after the date of the Disposal Agreement or such later date that may be agreed between the Vendor and the Purchaser, and either:
  - (i) the Treasurer of the Commonwealth of Australia (the "**Treasurer**") (or his delegate) providing a written no objection notification in respect of the transactions contemplated under the Disposal Agreement; or
  - (ii) the Treasurer ceasing to be empowered to make any order prohibiting the Purchaser from acquiring the Sale Shares and the Debt; and

- (c) the Target Company has repaid all outstanding bank loan and the Purchaser has paid the Deposit.

The Purchaser may rescind or negotiate with the Vendor in writing to extend the Disposal Agreement if condition (b) above has not been satisfied within 6 months after the date of the Disposal Agreement.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a limited liability company registered in Australia in 2016 and is principally engaged in investment holding. The Target Group is principally engaged in the operation of the cattle stations in Western Australia.

The audited consolidated net asset value of the Target Company was approximately RMB21,891,037.31 as at 31 December 2020. The audited consolidated financial results of the Target Company for the two years immediately preceding the date of the Disposal Agreement are as follows:

	For the year ended 31 December	
	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss before and after income tax	<u>(29,104.12)</u>	<u>(32,276.54)</u>

Subject to final audit, it is expected that the Vendor will realise a gain on disposal of approximately AUD226,861.12, which is calculated by reference to the carrying value of the Target Company as at 31 December 2020. The proceeds from the Disposal are currently intended to be used by Vendor as general working capital.

Upon completion of the Disposal, Shanghai Shimao will no longer have any interest in the Target Company and the Target Company will cease to be accounted as a subsidiary of the Group.

## **REASONS FOR THE TRANSACTIONS**

Due to the difficult operational environment (including the continuous drought in many regions of Australia, and the significant impact on equipment and product transportation due to the outbreak of the COVID-19 pandemic), the agribusiness of the Target Group has been operating at a loss in the past few years. As the Target Group has been in a state of loss for many consecutive years, combined with the above-mentioned unfavorable factors, it is impossible to foresee when the Target Group could return to profit. Given the uncertainty on future earnings, in order to reduce operating risks and maintain the profitability and sustainable development, the Shanghai Shimao Group decided to sell the entire equity interest in the Target Company.

As the Disposal is being carried out after arm's length negotiation and on normal commercial terms, the Directors (including the Independent Non-executive Directors but excluding Mr. Hui and Mr. Jason Hui) are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole and the terms of the Disposal Agreement were concluded fair and reasonable and on normal commercial terms.

## **LISTING RULES IMPLICATIONS**

As the Purchaser is beneficially owned as to 100% by Mr. Hui (the Chairman, an Executive Director and a controlling shareholder of the Company), the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements and exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Hui and Mr. Jason Hui are considered to be interested in the transactions contemplated under the Disposal Agreement and have abstained from voting for the Board resolution proposed to approve the Disposal Agreement.

## **INFORMATION ON THE PARTIES**

### **The Company**

The Company is principally engaged in investment holding. The Group is one of the leading property developers in the PRC and is principally engaged in the development of residential and commercial properties, with extensive presence in the businesses of property investment, commercial properties operation and management, property management, and hotel investment and operation.

### **Shanghai Shimao**

Shanghai Shimao is a 63.92%-owned subsidiary of the Company. The Shanghai Shimao Group is principally engaged in commercial properties investment, development, operation and management.

### **The Vendor**

The Vendor is principally engaged in investment holding. It is owned as to 99.005% by Shanghai Shimao.

### **The Purchaser**

The Purchaser is principally engaged in investment holding. It is beneficially owned as to 100% by Mr. Hui.

## DEFINITIONS

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

“AUD”	Australian dollars, the lawful currency of Australia;
“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;
“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;
“Debt”	AUD99,204,200, the debts owing by the Target Company to the Vendor and its associates;
“Director(s)”	the director(s) of the Company;
“Disposal”	the sale of the Sale Shares by the Vendor to the Purchaser and for the Purchaser to assist the Target Company to repay the Debt by cash;
“Disposal Agreement”	the sale and purchase agreement dated 15 March 2021 between the Vendor and the Purchaser in relation to the Disposal;
“Group”	the Company and its subsidiaries;
“Independent Shareholders”	the Shareholders other than Mr. Hui and his associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Hui”	Mr. Hui Wing Mau, the Chairman, an Executive Director and the controlling shareholder of the Company;
“Mr. Jason Hui”	Mr. Hui Sai Tan, Jason, the Vice Chairman, President and an Executive Director of the Company, and the son of Mr. Hui;
“PRC”	the People’s Republic of China;
“Purchaser”	Comic Eagle Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned as to 100% by Mr. Hui;

“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Date”	the date on which completion of the sale of the Sale Shares and funds have been deposited by the Purchaser to the Target Company for repaying the Debt, which shall take place on the date as agreed by the Vendor and the Purchaser upon the Purchaser is recorded as the sole shareholder of the Target Company and filing with the Australia Securities and Investments Commission is completed;
“Sale Shares”	100% of the issued share capital of the Target Company as at the date of the Disposal Agreement and on the Sale Date;
“Shanghai Shimao”	上海世茂股份有限公司 (Shanghai Shimao Co., Ltd.), a limited liability company established in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600823), and a 63.92%-owned subsidiary of the Company;
“Shanghai Shimao Group”	Shanghai Shimao and its subsidiaries;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Shimao Aoya Holding Pty Ltd, a company registered in Australia and is wholly owned by the Vendor as at the date of the Disposal Agreement;
“Target Group”	the Target Company and its subsidiaries;
“Vendor”	世茂环禹 (上海) 实业合伙企业 (有限合伙) (Shimao Huanyu (Shanghai) Industry Limited Partnership), a limited partnership established in the PRC; and
“%”	per cent.

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

Hong Kong, 15 March 2021

*As at the date of this announcement, the Board 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; 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.*