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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)

**PLACING OF EXISTING SHARES
AND TOP-UP SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

Placing Agents



J.P.Morgan Morgan Stanley

(in alphabetical order)

On 6 December 2021 (after trading hours), the Company entered into the Agreement with the Vendor and the Placing Agents in respect of the Placing and the Subscription.

Pursuant to the Agreement, the Placing Agents conditionally agreed to act as agents for the Vendor (to the exclusion of all others) to place, on a several and not joint nor joint and several and fully underwritten basis, 145,000,000 existing Shares in their respective allocation proportions at the Placing Price of HK\$8.14 per Share and the Vendor conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to the Vendor, the same number of new Shares as the Placing Shares at the Placing Price 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\$1,172.8 million.

On 6 December 2021, the Company entered into the Agreement with the Vendor and the Placing Agents. The principal terms of the Agreement are set out below.

AGREEMENT

Date

6 December 2021 (entered into after trading hours)

Parties

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

As at the date of this announcement, the Vendor holds 2,045,746,316 Shares, representing approximately 56.0% 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 is independent of, and not connected with, the Company and the connected persons of the Company.

PLACING

Number of Placing Shares

The Placing Agents conditionally agreed to act as agents for the Vendor (to the exclusion of all others) to place, on a several and not joint nor joint and several and fully underwritten basis, 145,000,000 existing Shares in their respective allocation proportions, representing approximately 3.97% of the issued share capital of the Company as at the date of this announcement and approximately 3.82% of the issued share capital as enlarged by the Subscription (assuming there will be no change in the issued share capital of the Company from the date of this announcement to completion of the Subscription save for the issue of the Subscription Shares).

Placing Price

The Placing Price is HK\$8.14 per Share and represents:

- i. a discount of approximately 8.54% to the closing price of HK\$8.9 per Share as quoted on the Stock Exchange on 6 December 2021, the Last Trading Day; and
- ii. a discount of approximately 9.43% to the average closing price of HK\$8.988 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 consider that the Placing Price is 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 Transaction Date, including the right to receive all dividends declared, made or paid on or after the Transaction Date.

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;
 - (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;
 - (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 U.S., the United Kingdom, any other member of the European Economic Area 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;
 - (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;
 - (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 have 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 as specified in the Agreement.

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 and liabilities specified therein.

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

145,000,000 new Shares to be allotted and issued to the Vendor and subscribed by the Vendor, representing approximately 3.97% of the issued share capital of the Company as at the date of this announcement and approximately 3.82% of the issued share capital of the Company as enlarged by the Subscription (assuming there will be no change in the issued share capital of the Company from the date of this announcement to completion of the Subscription save for the issue of the Subscription Shares).

Subscription Price

The Subscription Price per new Share is equivalent to the Placing Price of HK\$8.14 per Share. The Subscription Shares have a nominal value of HK\$14,500,000 and a market value of HK\$1,290.5 million, based on the closing price of HK\$8.9 per Share on the Last Trading Day. The net price per Subscription Share is HK\$8.09.

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 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 Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the 2021 AGM.

Under the General Mandate, a maximum of 353,769,746 new Shares may be allotted and issued by the Company. As at the date of this announcement, the General Mandate has not been utilised. Accordingly, the allotment and issue of the Subscription Shares is not subject to the approval of the Shareholders.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the completion date of the Subscription, including the right to any dividends or distributions declared, made or paid after the date of allotment.

Conditions of the Subscription

The Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to completion of the Subscription); and
- (b) completion of the Placing.

None of the conditions stated above can be waived.

In the event that the conditions stated above 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 transactions 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

The Vendor undertakes and will procure Shiyong Finance Limited, a company wholly-owned by Mr. Hui, to undertake 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 it 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 the Vendor 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 from time to time; 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 (1) as at the date of this announcement; (2) immediately after completion of the Placing but before the Subscription; and (3) immediately after completion of the Placing and the Subscription is summarised as follows:

	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Mr. Hui (<i>Note 1</i>)	2,422,840,586	66.33	2,277,840,586	62.36	2,422,840,586	63.79
Mr. Hui Sai Tan, Jason (<i>Note 2</i>)	3,682,198	0.10	3,682,198	0.10	3,682,198	0.10
Other Shareholders	1,226,309,104	33.57	1,226,309,104	33.57	1,226,309,104	32.29
Placees	–	–	145,000,000	3.97	145,000,000	3.82
Total issued share capital	<u>3,652,831,888</u>	<u>100</u>	<u>3,652,831,888</u>	<u>100</u>	<u>3,797,831,888</u>	<u>100</u>

Notes:

- (1) These 2,422,840,586 Shares represent the interest in the Company held by the Vendor (2,045,746,316 Shares) and Shiyang Finance Limited (377,094,270 Shares), companies which are directly wholly-owned by Mr. Hui.
- (2) Mr. Hui Sai Tan, Jason, being the Vice Chairman and President and an executive director of the Company, is the son of Mr. Hui.
- (3) 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 activities 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\$1,172.8 million.

The Company intends to apply such net proceeds to repay the Company's debts and for general corporate purposes 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.

DEFINITIONS

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

“2021 AGM”	the annual general meeting of the Company held on 8 June 2021;
“Agreement”	the agreement of 6 December 2021 entered into among the Company, the Vendor 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”	9 December 2021 or such other date as the Vendor and the Placing Agents may agree in writing;

“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);
“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 353,769,746 Shares, representing 10% of the total number of Shares in issue as at date of the 2021 AGM pursuant to an ordinary resolution passed at the 2021 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 Day”	6 December 2021, 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”	Morgan Stanley & Co. International plc., J.P. Morgan Securities (Asia Pacific) Limited and The Hongkong and Shanghai Banking Corporation Limited;
“Placing Price”	HK\$8.14 per Placing Share (exclusive of all brokerage, Hong Kong stamp duty, transaction levies of the Securities and Futures Commission and trading fees of the Stock Exchange);
“Placing Shares”	145,000,000 Shares currently owned by the Vendor and to be placed by the Placing Agents pursuant to the Agreement;

“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;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“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\$8.14 per Subscription Share;
“Subscription Shares”	145,000,000 Shares to be subscribed by the Vendor pursuant to the Subscription;
“Transaction Date”	the date when the sale of the Placing Shares shall be reported as a cross-trade to the Stock Exchange which shall be 7 December 2021 where the cross-trade can be reported to the Stock Exchange in accordance with its rules, or such other date as the Vendor and the Placing Agents may agree in writing;
“U.S.”	the United States of America;
“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 Group Holdings Limited
Hui Wing Mau
Chairman

Hong Kong, 7 December 2021

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; 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.