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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 29 December 2023, 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 RMB40,663,540.

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 on an aggregated basis 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

29 December 2023

Parties

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

Subject matter

The assets to be acquired under the First Agreement are 19 car parking spaces located at the 瓏瀾庭 (Cuican Lanting*) project, a residential property project developed by the Shimao Group located at 杭州市余杭區良渚街道儲運路 (Chuyun Road, Liangzhu Street, Yuhang District, Hangzhou*). The project has already been completed and delivered to homeowners.

Consideration

An aggregate of RMB5,049,000, 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 30 December 2023 and will be satisfied by the internal resources of the Group.

The Second Agreement

Date

29 December 2023

Parties

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

Subject matter

The assets to be acquired under the Second Agreement are 115 car parking spaces located at the 翔安嘉年華 (Xiang'an Jianianhua*) project, a residential property project developed by the Shimao Group located at 廈門市翔安區鼓鑼東一里 1-17 號、東二里 1-5 號 (Nos. 1-17, Guluo East-One-Lane and Nos. 1-5, Guluo East-Two-Lane, Xiang'an District, Xiamen*). The project has already been completed and delivered to homeowners.

Consideration

An aggregate of RMB20,493,000, 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 30 December 2023 and will be satisfied by the internal resources of the Group.

The Third Agreement

Date

29 December 2023

Parties

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

Subject matter

The assets to be acquired under the Third Agreement are 261 storage units with an aggregate construction area of approximately 3,575 square meters located at 世茂五里河花園 (Shimao Wulihe Garden*) project, a residential property project developed by the Shimao Group located at 瀋陽市和平區文體路5號 (No. 5 Wenti Road, Heping District, Shenyang*). The project has already been completed and delivered to homeowners.

Consideration

An aggregate of RMB15,121,539.92 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 30 December 2023 and will be satisfied by the internal resources of the Group.

FINANCIAL INFORMATION ABOUT THE TARGET ASSETS

The Target Assets comprise an aggregate of 134 car parking spaces and 261 storage units in three projects of the Shimao Group. Since these assets were developed by the First Vendor, the Second Vendor and the Third 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 RMB43,170,000 as at 15 December 2023.

REASONS FOR THE ACQUISITIONS

The three 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 on an aggregated basis 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. Each of the First Purchaser, the Second Purchaser and the Third 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.

(f) The Third Vendor

The Third 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, the Second Agreement and the Third 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 29 December 2023 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杭州分公司 (Shanghai Runshang Real Estate Agent Co., Ltd. Hangzhou Branch*), the Hangzhou Branch Company of Shanghai Runshang;
“First Vendor”	杭州世茂新領航房地產有限責任公司 (Hangzhou Shimao Xin Linghang 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;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Agreement”	the agreement dated 29 December 2023 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廈門分公司 (Shanghai Runshang Real Estate Agent Co., Ltd. Xiamen Branch*), the Xiamen Branch Company of Shanghai Runshang;
“Second Vendor”	福建世茂嘉年華房地產開發有限公司 (Fujian Shimao Carnival 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;
“Third Agreement”	the agreement dated 29 December 2023 entered into between the Third Vendor and the Third Purchaser;
“Third Purchaser”	上海潤尚房地產經紀有限公司瀋陽分公司 (Shanghai Runshang Real Estate Agent Co., Ltd. Shenyang Branch*), the Shenyang Branch Company of Shanghai Runshang;
“Third Vendor”	瀋陽世茂新發展置業有限公司 (Shenyang Shimao New Development Real Estate Co., Ltd.*), an indirect wholly-owned subsidiary of Shimao Group Holdings; and
“%”	per cent.

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

Hong Kong, 29 December 2023

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*