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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)

**FURTHER INFORMATION IN RELATION TO
DISCLOSEABLE TRANSACTION
FORMATION OF THE PARTNERSHIP**

Reference is made to the announcement of the Company dated 22 December 2025 in relation to the formation of the partnership regarding the investment and operation of a sewage treatment project in Xingcheng City, Huludao, Liaoning Province, the PRC (the “**Announcement**”). The Company would like to provide the following additional information on the Partnership for the reference of the Shareholders and investors of the Company. Unless provided otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

Further Information on Huludao Yongsheng and its ultimate majority beneficial owner

Huludao Yongsheng is a specialized project management consulting firm focusing on environmental protection engineering and municipal public works, as well as engaging in the provision of comprehensive operation and integrated renovation services for ecological environment protection projects from planning, construction management to operational optimization. It also provides integrated full-lifecycle services for sewage treatment plant renovation and construction projects.

As noted in the Announcement, Huludao Yongsheng is ultimately majority owned by Mr. Chen Zhiqiang, who is also its legal representative. Mr. Chen Zhiqiang is a senior engineer and a registered professional in engineering construction in the PRC and has over 20 years’ experience in water environment remediation and municipal engineering. He has extensive experience in project planning, project management and operation as well as project implementation in sewage treatment project and environmental protection related projects.

Information on the size of Huludao Yongsheng Group and its track record of projects

Huludao Yongsheng Group has approximately 100 employees, including professional teams specializing in operation and management, engineers and technical services, maintenance and environmental protection. These professionals possess in-depth knowledge and experience in the operation, management, planning, execution, and implementation of environmental protection and sewage treatment projects. Leveraging on its more than 15 years of extensive hands-on industry experience, robust resources, and its solid foundation of cooperation with relevant local government department, the Huludao Yongsheng Group has in recent years successfully carried out 13 government projects, including the following four major large-scale sewage treatment projects in multiple phases.

No.	Project Name	Principal Works
1.	Lushan City “Integrated Urban-Rural” Sewage Treatment Project	<p>The project comprises:</p> <p>(i) Urban Sewage Pipeline Network Reconstruction (New Construction): Construction of 56.6km of DN300 ~ DN800 sewage pipes and 6 sewage pumping stations; remediation of 131ha of residential areas and 157ha of urban villages, alongside CCTV inspection and repair of stormwater/sewage networks on main municipal roads, plus rectification of misconnections and cross-connections;</p> <p>(ii) Lushan City Sewage Treatment Plant Expansion Works: Expansion of the capacity of the existing sewage treatment plant by 10,000 m³/day with process flow of pre-treatment, Bio-Film & Membrane (BFM) process and continuous sand filter, with effluent quality meeting Grade A Class I standards of the “Urban Sewage Treatment Plant Pollutant Discharge Standard”; and</p> <p>(iii) Sewage Treatment Construction in the Towns of Lushan City: Construction of sewage treatment plants and supporting pipeline networks for five townships in Lushan City, including Lianan Town, Hengtang Town, Hualin Town, Bailu Town, and Shahushan Town.</p>
2.	Datong City Yudong Second Sewage Treatment Plant and Supporting Pipeline Network Project	<p>The project involves the construction of the Datong Yudong Second Sewage Treatment Plant with a designed capacity of 60,000m³/day. The construction of supporting pipeline network totaling 9,925m in length, comprising 7,268m of inflow pipelines and 2,657m of outflow pipelines. The project uses a “Bardenpho biological tank, high-density sedimentation tank, deep-bed denitrification filter, ozone oxidation, and biological activated carbon” sequence for sewage treatment. Sludge is processed with a “belt thickener and high-pressure plate-and-frame deep dewatering system”.</p>
3.	Design and Construction General Contracting for the Expansion Project of Sewage Treatment Plant in Shiyang Town, Tianquan County	<p>The project involved modifying and expanding the existing sewage treatment plant, increasing its capacity by 5,000 m³/day to a total of 10,000 m³/day. On-site works primarily comprised of the distribution shaft, fine screen, vortex grit chamber, AAO tank, secondary sedimentation tank, disc filter, UV disinfection channel, sludge storage and reuse tanks, sludge dewatering room and storage shed, blower room and electrical substation, water quality instrumentation room. Off-site works include the construction of 14km of supporting sewage pipelines and ancillary facilities.</p>

4.	General Contracting for Phase I of Reclaimed Water Utilisation Project in the Central Urban Area in Xinyang City	<p>The project involved the construction of 12.744km of new pipelines and ancillary facilities in Xinyang's Central Urban District for the Huayu Power Plant and urban river replenishment with reclaimed water, covering the main municipal roads and the Xinyang Municipal Sewage Treatment Plant. A new reclaimed water pumping station with a capacity of 40,000m³/day was added, and the existing station at the Xinyang's First Sewage Treatment Plant was upgraded.</p> <p>New construction of the reclaimed water pumping station will include civil engineering works, landscaping, surfacing and roadworks (including repairs). Renovation of the existing reclaimed water pumping station includes the replacement of single-stage double-suction centrifugal pumps (185KW), electrical systems, and inlet/outlet pipeline systems. The central urban area reclaimed water pipeline network involves ductile iron pipes for sewage (DN800, DN400, DN300, DN200); DN300 welded steel pipes crossing the Beijing-Guangzhou and Ningxia-Xi'an high-speed rail lines and waterways; road demolition and restoration (asphalt and concrete surface); and hydrants for roadside irrigation. The Huayu Power Plant network includes DN800 ductile sewage pipes and asphalt roadwork restoration.</p>
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The four projects above are of similar scale, scope and technical requirements to the project to be constructed in Xingcheng City, Huludao, Liaoning Province, the PRC. The Company thus considers that based on Huludao Yongsheng's experience and management capabilities in the execution of the above projects, Huludao Yongsheng is capable of being the general partner in the Partnership to execute the project in Xingcheng City.

Factors considered by the Board in determining profit-sharing arrangement of the Partnership

In determining the profit-sharing arrangement of the Partnership, the Board has taken into consideration the following factors as a whole:

- (1) The Partnership will focus on specific business scope including government and social operational asset management and operations, government public utility asset management and operations, project consulting and municipal project operations. The core competitiveness of these businesses relies heavily on Huludao Yongsheng's extensive industry experience in the areas of high-quality social resources, government resource integration capabilities, as well as its professional project implementation and operational management capabilities, rather than its sole capital investment in the Partnership;
- (2) According to the cooperative structure of the Partnership, Shanghai Shima Tianjing is an investor committed for the primary capital contribution of 99%, while Huludao Yongsheng would contribute 1% to the capital of the Partnership and will also be responsible for the management of the Partnership. Given Huludao Yongsheng is fully responsible for the core tasks, including project strategic planning and resource matching, government relations, negotiation and coordination, formulation of operational plan and end-to-end project management, its industry expertise is essential to the Partnership's profitability objectives and the ability of the Partnership in obtaining the sewage treatment project in Xingcheng City from the local government;

- (3) Given the business commercial principle of “risk-return alignment and proportionality between resource contribution and value return” among Shanghai Shimao Tianjing and Huludao Yongsheng, as well as any debt for the Partnership to be borne by Shanghai Shimao Tianjing will be limited up to its capital contribution amount, whereas Huludao Yongsheng shall bear unlimited liability for the debts to the Partnership;
- (4) Huludao Yongsheng has been deeply involved in the construction and operation of government projects for many years. Given its profound industry expertise and government related projects experience, it possesses a significant competitive advantage and could greatly increase the certainty and success rate of obtaining the specific project for the Partnership; and
- (5) During the consultation and negotiation period with the Huludao Xingcheng Housing and Urban-Rural Construction Bureau (the “**Xingcheng Construction Bureau**”) on the sewage treatment project and until the Partnership has finally secured the project, Huludao Yongsheng shall be solely responsible for all office, travel and other related expenses in relation to the initial phase of the project.

Given the above, the Board is thus of the view that the 50:50 profit-sharing arrangement between Shanghai Shimao Tianjing and Huludao Yongsheng is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Remuneration arrangement of Huludao Yongsheng and its ultimate beneficial owners

Except the 50:50 profit-sharing arrangement between Shanghai Shimao Tianjing and Huludao Yongsheng, Huludao Yongsheng and/or its ultimate beneficial owners will not receive any form of remuneration from the Partnership.

Internal control procedures of the Partnership

Shanghai Shimao Tianjing, as a limited partner of the Partnership, has adopted the following internal control procedures to monitor Huludao Yongsheng’ performance of its responsibilities:

- (a) Information submission: the general partner will submit reports and other relevant documents on the status of the development of the project for review on a monthly basis to Shanghai Shimao Tianjing, ensuring transparency;
- (b) Specialized review: the management team of Shanghai Shimao Tianjing will conduct a dual-layer review of the documents submitted by the general partner and make suggestions if necessary;
- (c) Major decisions: the Partnership will convene a general meeting to review and discuss significant matters, with Shanghai Shimao Tianjing holding veto right;
- (d) Periodic reviews: Shanghai Shimao Tianjing will periodically conduct on-site audits on the general partner’s performance and promptly address any issues as appropriate and necessary; and
- (e) Fund management procedures: the Partnership will adopt the financial management system of the Company in the management of its funds. All capital expenditures (including online banking and over-the-counter transfers) would need to be pre-approved by the responsible persons of both parties. The corporate seal and finance seal will be kept by Shanghai Shimao Tianjing and Shanghai Shimao Tianjing shall have copies of all banking records and records of authorized signatories of the Partnership in order to ensure that the use of funds of the

Partnership is compliant and controllable, and to safeguard the full amount of the capital contributed by Shanghai Shimao Tianjing will not be utilized until the Partnership has secured the sewage treatment project in Xingcheng City.

Latest progress of the sewage treatment project in Xingcheng City

It is submitted that the Partnership has not yet secured the sewage treatment project in Xingcheng City as at the date of this announcement. In the current stage, the Partnership is still in the process of preliminary planning, research and data collection and has not yet entered the final implementation phase. In the event that the underlying project cannot be secured within one year from the date of the Partnership Agreement, Shanghai Shimao Tianjing has the right to terminate the arrangement upon which Huludao Yongsheng shall refund the full amount of the capital contributed by Shanghai Shimao Tianjing together with interest thereon calculated based on one-year LPR within three business days from the termination of the Partnership Agreement.

Huludao Yongsheng and its ultimate beneficial owners will assist with the negotiations with the Xingcheng Construction Bureau regarding the Xingcheng City sewage treatment project. As of the date of this announcement, a subsidiary of the Group has entered into a strategic cooperation agreement with the Xingcheng Construction Bureau in relation to cooperation on the proposed sewage treatment project. Upon the internal approval procedures of the Xingcheng Construction Bureau have been completed and the project has officially been granted to the Partnership, the Partnership will construct and renovate the sewage treatment plants in phases. The Xingcheng Construction Bureau will appoint or arrange the Partnership to operate and manage the project, while remaining responsible for the daily maintenance of the city's drainage pipeline network.

The Partnership currently has a team of eight staff with various roles during the current negotiation stage. Once the Partnership has secured the sewage treatment project in Xingcheng City, the Partnership will add manpower and resources in phases based on project progress.

The project is currently in a critical phase. In accordance with local government requirements, Shanghai Shimao Tianjing has completed its full capital contribution of RMB280,170,000 in cash, demonstrating its financial strength as a limited partner and reinforcing the government's confidence in the project's funding. As at the date of this announcement, Huludao Yongsheng has not yet fulfilled its capital commitment. However, this payment will be made in cash before 31 March 2026 in accordance with the terms of the Partnership Agreement.

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

Hong Kong, 5 February 2026

As at the date of this announcement, the Board comprises two Executive Directors, namely Mr. Hui Sai Tan, Jason (Chairman) and Mr. Shao Liang (President); and three Independent Non-executive Directors, namely, Mr. Gu Yunchang, Ms. Zhou Xinyi and Mr. Hui Wai Man, Lawrence.