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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)**

## **DISCLOSEABLE TRANSACTIONS**

### **INTRA-GROUP TRANSFERS**

#### **EQUITY TRANSFER TRANSACTIONS**

Reference is made to the Announcement in relation to the Issue Proposal and the Transfer Transactions.

As disclosed in the Announcement, each of the Issue Proposal and completion of the Transfer Transactions is conditional upon, among other matters, the Issue Proposal having obtained the approval from the CSRC. As the approval for the application of the Issue Proposal has yet to be obtained from the CSRC as at the date of this announcement, on 11 October 2016, Shanghai Shimao entered into the Equity Transfer Agreements to substitute the Qianhai Shimao Agreements, the Nanchang Shuicheng Agreement and the Hangzhou Shimao Agreement respectively for the furtherance of the Equity Transfer Transactions as originally contemplated, utilising internal financial resources. Accordingly, the Issue Proposal and the Transfer Transactions will not proceed.

#### **THE SHANGHAI QIANSHE TRANSFER**

On 29 August 2016, Hongsheng Investment (a non wholly-owned subsidiary owned as to 95% by the Company) entered into the Shanghai Qianshe Agreement with Xingxi Investment (another non wholly-owned subsidiary owned as to 58.92% by the Company), pursuant to which Hongsheng Investment agreed to sell, and Xingxi Investment agreed to acquire, the entire equity interests in Shanghai Qianshe.

#### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Equity Transfer Transactions (on an aggregated basis as if they were one transaction) exceeds 5% but is less than 25%, the Equity Transfer Transactions constitute discloseable transactions for the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Shanghai Qianshe Transfer, on a stand-alone basis, does not constitute a notification transaction on the basis that none of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceeds 5%. The Shanghai Qianshe Transfer, when aggregated with the Equity Transfer Transactions, constitute discloseable transactions for the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **(I) EQUITY TRANSFER TRANSACTIONS**

Reference is made to the Announcement in relation to the Issue Proposal and the Transfer Transactions. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless defined herein otherwise.

As disclosed in the Announcement, each of the Issue Proposal and completion of the Transfer Transactions is conditional upon, among other matters, the Issue Proposal having obtained the approval from the CSRC. As the approval for the application of the Issue Proposal has yet to be obtained from the CSRC as at the date of this announcement, on 11 October 2016, Shanghai Shimao entered into the Equity Transfer Agreements to substitute the Qianhai Shimao Agreements, the Nanchang Shuicheng Agreement and the Hangzhou Shimao Agreement respectively for the furtherance of the Equity Transfer Transactions as originally contemplated, utilising internal financial resources. Accordingly, the Issue Proposal and the Transfer Transactions will not proceed.

Principal terms of each of the Equity Transfer Agreements are set out below:

### ***(A) THE NEW QIANHAI SHIMAO AGREEMENT***

#### **Date**

11 October 2016

#### **Parties**

- (i) Shanghai Shimao (as purchaser); and
- (ii) Shimao Jianshe (as vendor).

#### **Subject Matter**

Shanghai Shimao has conditionally agreed to acquire, and Shimao Jianshe has conditionally agreed to sell, 51% equity interests in Qianhai Shimao.

#### **QH Consideration**

The QH Consideration is RMB2,452,058,500 which shall be paid by Shanghai Shimao in cash in the following manner:

- (i) approximately RMB490,411,700, representing 20% of the QH Consideration, shall be payable within 30 days from the effective date of the New Qianhai Shimao Agreement; and

- (ii) approximately RMB1,961,646,800, representing 80% of the QH consideration, shall be payable within one year from the QH Completion Date.

The QH Consideration was arrived at arm's length negotiation between the parties on normal commercial terms on basis of the appraisal report issued by an independent valuer. The QH Consideration will be funded by the Group's internal resources.

### **Conditions Precedent**

The New Qianhai Shimao Agreement shall be effective upon the satisfaction of all of the following conditions:

- (i) the board and the general meeting of Shanghai Shimao having approved the New Qianhai Shimao Agreement and the relevant matters contemplated thereunder;
- (ii) the controlling shareholders of Shimao Jianshe having approved the New Qianhai Shimao Agreement and the relevant matters contemplated thereunder in accordance with the applicable laws; and
- (iii) if necessary, the transactions contemplated under the New Qianhai Shimao Agreement having obtained the relevant approval from, or completed the relevant registration with, the foreign investment departmental authorities.

### **Completion**

Upon satisfaction of all of the conditions precedent above, completion of the New Qianhai Shimao Agreement shall take place on the QH Completion Date.

Upon completion of the New Qianhai Shimao Agreement, Shanghai Shimao will be directly interested in 51% equity interests in Qianhai Shimao. Qianhai Shimao will remain as a subsidiary of the Company and will be consolidated in the accounts of the Company.

## ***(B) THE NEW NANCHANG SHUICHENG AGREEMENT***

### **Date**

11 October 2016

### **Parties**

- (i) Shanghai Shimao (as purchaser);
- (ii) Shimao Jianshe (as one of the vendors); and
- (iii) Shanghai Shiyong (as one of the vendors).

## **Subject Matter**

Shanghai Shimao has conditionally agreed to acquire, and Shimao Jianshe and Shanghai Shiying have conditionally agreed to sell, 100% equity interests in Nanchang Shuicheng.

## **NC Consideration**

The NC Consideration is RMB670,620,600 which shall be paid by Shanghai Shimao in cash in the following manner:

- (i) approximately RMB134,124,100, representing 20% of the NC Consideration, shall be payable within 30 days from the effective date of the New Nanchang Shuicheng Agreement; and
- (ii) approximately RMB536,496,500, representing 80% of the NC Consideration, shall be payable within one year from the NC Completion Date.

The NC Consideration was arrived at arm's length negotiation between the parties on normal commercial terms on basis of the appraisal report issued by an independent valuer. The NC Consideration will be funded by the Group's internal resources.

## **Conditions Precedent**

The New Nanchang Shuicheng Agreement shall be effective upon the satisfaction of all of the following conditions:

- (i) the board and the general meeting of Shanghai Shimao having approved the New Nanchang Shuicheng Agreement and the relevant matters contemplated thereunder; and
- (ii) each of the controlling shareholders of Shimao Jianshe and Shanghai Shiying having approved the New Nanchang Shuicheng Agreement and the relevant matters contemplated thereunder in accordance with the applicable laws.

## **Completion**

Upon satisfaction of all of the conditions precedent above, completion of the New Nanchang Shuicheng Agreement shall take place on the NC Completion Date.

Upon completion of the New Nanchang Shuicheng Agreement, Shanghai Shimao will be directly interested in 100% equity interests in Nanchang Shuicheng. Nanchang Shuicheng will remain as a subsidiary of the Company and will be consolidated in the accounts of the Company.

## ***(C) THE NEW HANGZHOU SHIMAO AGREEMENT***

### **Date**

11 October 2016

## **Parties**

- (i) Shanghai Shimao (as purchaser); and
- (ii) Far Flourish (as vendor).

## **Subject Matter**

Shanghai Shimao has conditionally agreed to acquire, and Far Flourish has conditionally agreed to sell, 100% equity interests in Hangzhou Shimao.

## **HZ Consideration**

The HZ Consideration is RMB1,547,763,600 which shall be paid by Shanghai Shimao in cash in the following manner:

- (i) approximately RMB309,552,700, representing 20% of the HZ Consideration, shall be payable within 30 days from the effective date of the New Hangzhou Shimao Agreement; and
- (ii) approximately RMB1,238,210,900, representing 80% of the HZ Consideration, shall be payable within one year from the HZ Completion Date.

The HZ Consideration was arrived at arm's length negotiation between the parties on normal commercial terms on basis of the appraisal report issued by an independent valuer. The HZ Consideration will be funded by the Group's internal resources.

## **Conditions Precedent**

The New Hangzhou Shimao Agreement shall be effective upon the satisfaction of all of the following conditions:

- (i) the board and the general meeting of Shanghai Shimao having approved the New Hangzhou Shimao Agreement and the relevant matters contemplated thereunder;
- (ii) the board of Far Flourish and its controlling shareholders having approved the New Hangzhou Shimao Agreement and the relevant matters contemplated thereunder in accordance with the applicable laws; and
- (iii) if necessary, the transactions contemplated under the New Hangzhou Shimao Agreement having obtained the relevant approval from, or completed the relevant registration with, the foreign investment departmental authorities.

## **Completion**

Upon satisfaction of all of the conditions precedent above, completion of the New Hangzhou Shimao Agreement shall take place on the HZ Completion Date.

Upon completion of the New Hangzhou Shimao Agreement, Shanghai Shimao will be directly interested in 100% equity interests in Hangzhou Shimao. Hangzhou Shimao will remain as a subsidiary of the Company and will be consolidated in the accounts of the Company.

## **(II) THE SHANGHAI QIANSHE TRANSFER**

On 29 August 2016, Hongsheng Investment (a non wholly-owned subsidiary owned as to 95% by the Company) entered into the Shanghai Qianshe Agreement with Xingxi Investment (another non wholly-owned subsidiary owned as to 58.92% by the Company), pursuant to which Hongsheng Investment agreed to sell, and Xingxi Investment agreed to acquire, the entire equity interests in Shanghai Qianshe.

Principal terms of the Shanghai Qianshe Agreement are set out below:

### **Date**

29 August 2016

### **Parties**

- (i) Hongsheng Investment (as vendor); and
- (ii) Xingxi Investment (as purchaser).

### **Subject Matter**

Subject to the terms of the Shanghai Qianshe Agreement, Xingxi Investment agreed to acquire the entire equity interests in Shanghai Qianshe.

### **Consideration**

The consideration for the Shanghai Qianshe Transfer is RMB5,000,000 which have already been paid by Xingxi Investment to Hongsheng Investment.

The consideration for the Shanghai Qianshe Transfer was determined after arm's length negotiation between the parties after taking into account the appraisal report issued by an independent valuer. The net proceeds from the Shanghai Qianshe Transfer will be used for development of existing projects and for general working capital of the Company.

### **Completion**

As at the date of this announcement, completion of the Shanghai Qianshe Transfer has taken place upon completion of all necessary procedures in relation to the change of shareholding of Shanghai Qianshe.

### (III) INFORMATION ON THE PARTIES

The Group is a large-scale developer and owner of high quality real estate projects in the PRC. The Group (excluding members of Shanghai Shimao Group) specialises in developing mid-to high-end residential, retail and office properties for sale and also attractive and well-located hotel, retail and office properties for long term investment holding purposes.

Shanghai Shimao Group is primarily engaged in the development and operation of commercial properties. As at the date of this announcement, the Company indirectly owned a 58.92% equity interests in Shanghai Shimao.

#### *In respect of the Equity Transfer Transactions*

Qianhai Shimao is a 51%-owned company of Shimao Jianshe established in the PRC, and is the project company for a commercial and office development, namely, Shenzhen Qianhai Shimao Financial Centre, with a gross floor area of 193,697.60 sq.m. situated at 3 Jie Fang, 19 Dan Yuan, Nanshan District, Shenzhen, Guangdong Province, PRC.

Nanchang Shuicheng is an indirect wholly-owned subsidiary of the Company established in the PRC, and is owned as to 40% by Shanghai Shiyong and 60% by Shimao Jianshe, being the project company for a commercial and office development, namely, Nanchang Shimao APM, with a gross floor area of 165,444 sq.m. (which obtained the construction planning permission).

Hangzhou Shimao is an indirect wholly-owned subsidiary of the Company established in the PRC, and is the project company for a commercial and office development, namely, Hangzhou Shimao Wisdom Tower, with a gross floor area of 371,839 sq.m. situated at the junction of Planned Xie Tong Road and Planned Jie Fang Qiao Road North-eastern side, Xi Xing Road, Binjiang District, Hangzhou, Zhejiang Province, PRC.

The following table summarises the unaudited financial information of Qianhai Shimao, Nanchang Shuicheng and Hangzhou Shimao:

	<u>Qianhai Shimao</u>			<u>Nanchang Shuicheng</u>			<u>Hangzhou Shimao</u>		
	As at 31 December 2014 (RMB'000)	As at 31 December 2015 (RMB'000)	As at 30 June 2016 (RMB'000)	As at 31 December 2014 (RMB'000)	As at 31 December 2015 (RMB'000)	As at 30 June 2016 (RMB'000)	As at 31 December 2014 (RMB'000)	As at 31 December 2015 (RMB'000)	As at 30 June 2016 (RMB'000)
Total assets	1,782,973	5,747,891	6,737,062	760,754	1,406,402	1,736,169	1,434,109	2,768,359	3,315,041
Net assets	1,221,551	4,075,724	4,211,002	341,263	384,439	421,117	1,411,515	1,409,727	1,402,500
	For the year ended 31 December 2014 (RMB'000)	For the year ended 31 December 2015 (RMB'000)	For the six months ended 30 June 2016 (RMB'000)	For the year ended 31 December 2014 (RMB'000)	For the year ended 31 December 2015 (RMB'000)	For the six months ended 30 June 2016 (RMB'000)	For the year ended 31 December 2014 (RMB'000)	For the year ended 31 December 2015 (RMB'000)	For the six months ended 30 June 2016 (RMB'000)
Revenue	-	-	-	-	583,630	182,046	-	-	-
Net Profit (before tax)	(2,030)	1,490,071	180,370	(4,821)	79,561	50,551	(57)	(2,384)	(9,637)
Net Profit (after tax)	(1,522)	1,117,554	135,277	(3,616)	43,176	36,678	(43)	(1,788)	(7,227)

The above unaudited financial information is prepared in accordance with Hong Kong Financial Reporting Standards.

As the Equity Transfer Transactions are equity transactions under common control, Qianhai Shimao, Nanchang Shuicheng and Hangzhou Shimao shall remain as subsidiaries of the Company and will be consolidated in the accounts of the Group upon completion of the Equity Transfer Transactions, it is expected that the Group will not recognise material gain or loss from the Equity Transfer Transactions in the income statement. The difference between the consideration and the net book value of the assets will be accounted for in the equity interests of attributable to shareholders of the Company.

### ***In respect of the Shanghai Qianshe Transfer***

Shanghai Qianshe is a subsidiary owned as to 95% by the Company and is principally engaged in investment management, investment consultancy, enterprise management consultancy, environmental technology, provision of technical advisory service on architectural engineering. New Pilot is a company established in the PRC, its equity interests are directly owned as to 51% by Shanghai Qianshe and as to 19% by a wholly-owned subsidiary of the Company, as at the date of this announcement. New Pilot is principally engaged in property development, being the project company for a commercial and office development with a gross floor area of 113,800 sq.m. situated at the south side of the junction of Xing Lin Wan Road and Ji Mei Da Road, Ji Mei New City, Section 11-12 Ji Mei District, Xiamen City, PRC.

Set out below is a summary of certain unaudited consolidated financial information of Shanghai Qianshe for the period from 19 August 2015 (date of incorporation) to 31 December 2015:

	<i>Approximately (RMB'000)</i>
Turnover	-
Net loss before taxation	(4,056)
Net loss after taxation	(3,042)

The unaudited consolidated total asset value and net asset value of Shanghai Qianshe as at 31 March 2016 were approximately RMB5,454,550,000 and approximately RMB2,205,174,000 respectively.

Upon completion of the Shanghai Qianshe Transfer, Shanghai Shimao (through its wholly-owned subsidiary i.e. Xingxi Investment) has been interested in the entire equity interests in Shanghai Qianshe. Each of Shanghai Qianshe and New Pilot remained as a subsidiary of the Company and continues to be consolidated in the accounts of the Company. Accordingly, it is expected that the Group will not recognise material gain or loss from the Shanghai Qianshe Transfer.

### **(IV) REASONS FOR, AND BENEFITS OF, THE EQUITY TRANSFER TRANSACTIONS AND THE SHANGHAI QIANSHE TRANSFER**

The directors of the Company considered that the Equity Transfer Transactions and the Shanghai Qianshe Transfer as originally contemplated form part of the essential steps of the Group to implement the business delineation arrangement pursuant to the Non-competition Agreement and is in line with the development strategies of the Group. To achieve the aforesaid purposes, the Group entered into the Equity Transfer Agreements in substantially similar terms so as to proceed with the proposed equity transfer of each of Qianhai Shimao, Nanchang Shuicheng and Hangzhou Shimao as originally contemplated. Please refer to the



section headed “Reasons and benefits of Issue Proposal and the Transfer Transactions” in the Announcement for details.

The directors of the Company are of the view that the Equity Transfer Transactions and the Shanghai Qianshe Transfer are in the interests of the Company and the terms of each of the Equity Transfer Agreements and the Shanghai Qianshe Agreements are on normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **(V) LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Equity Transfer Transactions (on an aggregated basis as if they were one transaction) exceeds 5% but is less than 25%, the Equity Transfer Transactions constitute discloseable transactions for the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Shanghai Qianshe Transfer, on a stand-alone basis, does not constitute a notification transaction on the basis that none of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceeds 5%. The Shanghai Qianshe Transfer, when aggregated with the Equity Transfer Transactions, constitute discloseable transactions for the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **(VI) DEFINITIONS**

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

“Announcement”	the announcement of the Company dated 14 March 2016 in relation to the Issue Proposal and the Transfer Transactions
“Equity Transfer Agreements”	collectively, the New Qianhai Shimao Agreement, the New Nanchang Shuicheng Agreement and the New Hangzhou Shimao Agreement
“Equity Transfer Transactions”	collectively, the transactions contemplated under the New Qianhai Shimao Agreement, the New Nanchang Shuicheng Agreement and the New Hangzhou Shimao Agreement
“Hongsheng Investment”	上海泓晟投資管理有限公司 (Shanghai Hongsheng Investment and Management Co., Ltd.*), a 95%-owned subsidiary of the Company established in the PRC, being the vendor under the Shanghai Qianshe Transfer
“HZ Completion Date”	a date falling within 60 working days after all of the conditions precedent of the New Hangzhou Shimao Agreement are satisfied or such other date as the parties may agree
“HZ Consideration”	the sum of RMB1,547,763,600, being the consideration for the transfer of 100% equity interests in Hangzhou Shimao pursuant to the New Hangzhou Shimao Agreement

“NC Completion Date”	a date falling within 60 working days after all of the conditions precedent of the New Nanchang Shuicheng Agreement are satisfied or such other date as the parties may agree
“NC Consideration”	the aggregate sum of RMB670,620,600, being the consideration for the transfer of an aggregate of 100% equity interests in Nanchang Shuicheng pursuant to the New Nanchang Shuicheng Agreement
“New Hangzhou Shimao Agreement”	the equity transfer agreement dated 11 October 2016 entered into between Shanghai Shimao, as purchaser, and Far Flourish, as vendor, in relation to the transfer of 100% equity interests in Hangzhou Shimao
“New Nanchang Shuicheng Agreement”	the equity transfer agreement dated 11 October 2016 entered into between Shanghai Shimao, as purchaser, and Shimao Jianshe and Shanghai Shiyong, each as a vendor, in relation to the transfer of 100% equity interests in Nanchang Shuicheng
“New Pilot”	廈門世茂新領航置業有限公司 (Xiamen Shimao New Pilot Real Estate Co., Ltd.*), a company established in the PRC and directly owned as to 51% by Shanghai Qianshe and as to 19% by a wholly-owned subsidiary of the Company
“New Qianhai Shimao Agreement”	the equity transfer agreement dated 11 October 2016 entered into between Shanghai Shimao, as purchaser, and Shimao Jianshe, as vendor, in relation to the transfer of 51% equity interests in Qianhai Shimao
“QH Completion Date”	a date falling within 60 working days after all of the conditions precedent of the New Qianhai Shimao Agreement are satisfied or such other date as the parties may agree
“QH Consideration”	the sum of RMB2,452,058,500, being the consideration for the transfer of 51% equity interests in Qianhai Shimao pursuant to the New Qianhai Shimao Agreement
“Shanghai Qianshe”	上海乾懾投資管理有限公司 (Shanghai Qianshe Investment and Management Co., Ltd.*), a 95%-owned subsidiary of the Company established in the PRC before the Shanghai Qianshe Transfer, being the target company under the Shanghai Qianshe Transfer
“Shanghai Qianshe Agreement”	the equity transfer agreement dated 29 August 2016 entered into between Hongsheng Investment and Xingxi Investment in relation to the Shanghai Qianshe Transfer

“Shanghai Qianshe Transfer”	the disposal of the entire equity interests in Shanghai Qianshe by Hongsheng Investment to Xingxi Investment pursuant to the terms and conditions of the Shanghai Qianshe Agreement, which is subject to aggregation with the Equity Transfer Transactions for determining the applicable percentage ratio(s) pursuant to the Listing Rules
“Shanghai Shimao”	Shanghai Shimao Co., Ltd. (上海世茂股份有限公司), a company established in the PRC with its shares listed on the Shanghai Stock Exchange (stock code: 600823) and a 58.92%-owned subsidiary of the Company as at the date of this announcement
“Shanghai Shimao Group”	Shanghai Shimao and its subsidiaries
“Xingxi Investment”	上海杏熙投資諮詢有限公司 (Shanghai Xingxi Investment Consultancy Co., Ltd.*), a wholly-owned subsidiary of Shanghai Shimao established in the PRC, being the purchaser under the Shanghai Qianshe Transfer. Xingxi Investment is principally engaged in investment consultancy, enterprise management consultancy, meeting services, marketing planning and corporate image planning
“%”	per cent.

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

Hong Kong, 11 October 2016

*As at the date of this announcement, the Board of the Company comprises five executive directors, namely, Mr. Hui Wing Mau (Chairman), Mr. Hui Sai Tan, Jason (Vice Chairman), Ms. Tang Fei, Mr. Liao Lujiang and Mr. Kan Naigui; one non-executive director, namely, Mr. Liu Sai Fei; and three independent non-executive directors, namely, Ms. Kan Lai Kuen, Alice, Mr. Lu Hong Bing and Mr. Lam Ching Kam.*

*\* For identification purposes only*