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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Shimao Group Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular is not, and does not form any part of, an offer to buy or sell or the solicitation of an offer to buy or sell any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, and may not be offered, sold or otherwise transferred within the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the Company and will contain detailed information about the Company and management, as well as financial statements. The Company does not intend to register any part of any offering referred to herein in the United States.



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)

**POSSIBLE TRANSACTIONS IN CONNECTION WITH THE PROPOSED
RESTRUCTURING, INVOLVING, AMONG OTHERS:**

- (1) ISSUE OF MANDATORY CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE;**
- (2) CONNECTED TRANSACTION — ISSUE OF LONG-TERM NOTES
TO CONTROLLING SHAREHOLDER;**
- (3) CONNECTED TRANSACTION — ISSUE OF MANDATORY CONVERTIBLE
BONDS TO CONTROLLING SHAREHOLDER;**
- (4) INCREASE IN AUTHORISED SHARE CAPITAL;**
- AND**
- (5) NOTICE OF EGM**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 6 to 28 of this circular. A letter from the Independent Board Committee is set out on pages 29 to 30 of this circular. A letter from Opus Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 31 to 62 of this circular.

A notice convening the EGM of Shimao Group Holdings Limited to be held at 11:30 a.m. on Wednesday, 15 January 2025 at The Function Room 1-2, 2/F, The Harbourview, 4 Harbour Road, Wanchai, Hong Kong is set out on pages 69 to 71 of this circular. A proxy form for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy forms will not preclude you from attending and voting in person at the meeting or any adjourned meeting or meetings should you so desire.

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 13 December 2024 in relation to the possible transactions set out in this circular;
“Board”	the board of directors of the Company;
“Company”	Shimao Group Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 813);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholder”	Mr. Hui Wing Mau and his associates, the controlling shareholder of the Company, holding approximately 63.8% of the issued share capital of the Company as at the Latest Practicable Date;
“Controlling Shareholder MCB”	zero coupon mandatory convertible bonds to be issued to the Controlling Shareholder to set off against part of the Shareholder Loans;
“Controlling Shareholder MCB Conversion Shares”	new Shares to be issued upon the conversion of the Controlling Shareholder MCB;
“Controlling Shareholder Notes”	9.5 years long-term notes in the principal amount of US\$600 million to be issued to the Controlling Shareholder to set off against part of the Shareholder Loans;
“Conversion Price”	HK\$6.00, the initial conversion price per Share (subject to adjustment) for the MCB and the Controlling Shareholder MCB;
“CSA”	the creditor support agreement dated 25 March 2024 entered into by, among others, the Company and the Participating Creditors, as amended from time to time;
“CSA Amendment Agreement”	the amendment agreement dated 26 July 2024 to amend certain terms of the CSA;
“Director(s)”	the director(s) of the Company;

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“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and approve the proposed issue of the MCB (including the grant of the Specific Mandate for the issue of the MCB Conversion Shares) and the increase in the authorised share capital of the Company, and for the Independent Shareholders to consider and approve the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors established to advise the Independent Shareholders on the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares);
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares);
“Independent Shareholders”	Shareholders not required under the Listing Rules to abstain from voting on the resolutions to be proposed at the EGM to approve the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares);
“In-scope Debt”	the indebtedness of the Company, Shimao Property Holdings (BVI) Limited and Shimao Investment Holdings Limited under any debt instrument listed in the CSA;
“Last Trading Day”	12 December 2024, the last trading day of the Shares immediately prior to the date of the Announcement;

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“Latest Practicable Date”	23 December 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Term Instruments”	long term notes or long term loans that may be elected by and/or allocated to Scheme Creditors as Restructuring Consideration under the Proposed Restructuring;
“Mandatory Conversion Date”	the date(s) on which the MCB (or the Remaining MCB Issue Amount) will be mandatorily converted into MCB Conversion Shares;
“MCB”	zero coupon mandatory convertible bonds to be issued by the Company to the Scheme Creditors and the holders of certain Out-of-scope Debt;
“MCB Conversion Shares”	Shares to be issued upon the conversion of the MCB;
“Offshore Debt”	offshore indebtedness of the Company;
“Original Issue Date”	the issue date of the MCB;
“Out-of-scope Debt”	financial indebtedness incurred outside the PRC by offshore members of the Group that will not be subject to the Scheme, which include certain of the Company’s guarantee obligations for certain onshore debts, project loans for certain projects of the Group outside the PRC, certain bilateral loans, and for the purpose of this circular, the definition of “Out-of-scope Debt” shall exclude the Shareholder Loans. All the counter-parties of the Out-of-scope Debt are independent third parties and not a connected person of the Company;
“Participating Creditors”	persons holding beneficial interests (or, with respect to loans, legal and beneficial interests) as principal in the Offshore Debt that are in support of the Proposed Restructuring;
“PRC”	the People’s Republic of China;
“Proposed Restructuring”	the proposed consensual restructuring of the offshore indebtedness of the Company, to be conducted materially in the manner envisaged by, and materially on the terms of the CSA;

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“Remaining MCB Issue Amount”	the outstanding remaining amount of MCB held after each conversion;
“Restructuring Consideration”	the restructuring consideration to be distributed to the Scheme Creditors on the Restructuring Effective Date in exchange for the release and discharge of the relevant claims of the Scheme Creditors under the In-scope Debt against the Company;
“Restructuring Effective Date”	the day on which all conditions precedent to the Proposed Restructuring have been satisfied or waived, where all outstanding In-scope Debt will be exchanged in full for the Restructuring Consideration and following such exchange, the In-scope Debt will be cancelled, all guarantees and security (if any) in connection with the In-scope Debt will be released and the Restructuring Consideration will be issued and become effective;
“Scheme”	the scheme of arrangement proposed to be effected between the Company and the Scheme Creditors for the purpose of implementing the Proposed Restructuring;
“Scheme Creditor Principal Amount”	the outstanding principal amount of the Offshore Debt held by a Scheme Creditor at the Scheme record time;
“Scheme Creditors”	persons holding beneficial interests (or, with respect to existing loans a lender and/or finance party under the relevant loan, facility or other agreements) as principal in the In-scope Debt at the time designated by the Company for the determination of claims of the Scheme Creditors for the purpose of voting at the Scheme Meeting;
“Scheme Document”	all documents, agreements and instruments necessary for the implementation of the Proposed Restructuring pursuant to the Scheme;
“Scheme Meeting”	a meeting of the Scheme Creditors to be held to approve the Scheme;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time;
“SGX”	Singapore Exchange Securities Trading Limited;
“Shareholders”	holders of Shares;

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“Shareholder Loans”	loans in the aggregate principal amount of HK\$3,963 million and HK\$3,839 million extended by companies wholly owned by the Controlling Shareholder to the Company and subsidiaries of the Company, respectively;
“Shares”	ordinary shares of the Company;
“Short Term Instruments”	short term notes or short term loans that may be elected by Scheme Creditors as Restructuring Consideration under the Proposed Restructuring;
“Specific Mandate”	the specific mandate to be granted by the Shareholders at the EGM for the issue of the MCB Conversion Shares upon the conversion of the MCB;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Term Sheet”	the key terms of the Proposed Restructuring which was appended to the CSA;
“US\$”	United States dollar, the lawful currency of the United States of America;
“Work Fee”	work fee in the form of MCB that will be paid to certain Scheme Creditors in accordance with the work fee letters entered; and
%	per cent.

All references in this circular to times and dates are references to Hong Kong times and dates unless otherwise specified.

All percentages stated in this circular are approximations and certain amounts and percentage figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Hui Sai Tan, Jason

(Chairman and President)

Mr. Xie Kun

Mr. Zhao Jun

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Non-executive Directors:

Ms. Hui Mei Mei, Carol

Mr. Shao Liang

Principal place of business in Hong Kong:

38th Floor, Tower One

Lippo Centre

89 Queensway

Hong Kong

Independent Non-executive Directors:

Mr. Lyu Hong Bing

Mr. Lam Ching Kam

Mr. Fung Tze Wa

30 December 2024

To the Shareholders

Dear Sir or Madam,

**POSSIBLE TRANSACTIONS IN CONNECTION WITH THE PROPOSED
RESTRUCTURING, INVOLVING, AMONG OTHERS:**

- (1) ISSUE OF MANDATORY CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE;**
- (2) CONNECTED TRANSACTION — ISSUE OF LONG-TERM NOTES TO
CONTROLLING SHAREHOLDER;**
- (3) CONNECTED TRANSACTION — ISSUE OF MANDATORY CONVERTIBLE
BONDS TO CONTROLLING SHAREHOLDER;**
- (4) INCREASE IN AUTHORISED SHARE CAPITAL;**
- AND**
- (5) NOTICE OF EGM**

1. INTRODUCTION

Reference is made to the Announcement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the EGM relating to (i) the proposed issue of the MCB (including the grant of the Specific Mandate for the issue of the MCB Conversion Shares), (ii) the proposed issue of the Controlling Shareholder Notes, (iii) the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares), and (iv) the proposed increase in the authorised share capital of the Company, and (v) to give you notice of the EGM.

2. BACKGROUND

Reference is made to the announcements of the Company dated 25 March 2024, 2 May 2024, 31 May 2024, 26 June 2024, 26 July 2024, 30 August 2024, 2 October 2024, 31 October 2024, 26 November 2024, 2 December 2024 and 17 December 2024, and the Announcement (the “**Announcements**”) in relation to the proposed restructuring of the Offshore Debt.

As set out in the Announcements, the Company proposed to implement the Proposed Restructuring through the Scheme. As of the Latest Practicable Date, Scheme Creditors holding 80.72% in principal amount of the In-scope Debt have demonstrated their support to the Proposed Restructuring by either acceding to the CSA or agreeing to accede to the CSA.

By such accession, the Participating Creditors have undertaken to take all such actions as are necessary to, among other things, vote in favour of the Scheme in respect of the aggregate outstanding principal amount of all Offshore Debt held by them at the Scheme Meeting.

Restructuring Consideration

Under the terms of the Proposed Restructuring, Scheme Creditors will be offered, at their election, four options as Restructuring Consideration. The four options involve (i) the issue of short term instruments in the form of either short term notes or short term loans, (ii) long term instruments in the form of either long term notes or long term loans, (iii) zero coupon mandatory convertible bonds that are convertible into new shares of the Company, and (iv) a combination of different securities. A brief summary of the four options is set out below:

Option 1 – Short Term Instruments

Scheme Creditors may elect Short Term Instruments as Restructuring Consideration. The Short Term Instruments will be in the form of either short term notes (the “**Short Term Notes**”) or short term loan (the “**Short Term Loan**”).

The Short Term Notes and the Short Term Loan will be issued by the Company with a tenor of 6 years. The aggregate principal amount of Short Term Notes and Short Term Loan allocated to all Scheme Creditors under the Option 1 and the Option 4 (see below) shall not exceed US\$4.0 billion. The Short Term Instruments allocated to each Scheme Creditor under Option 1 is subject to the amount of Short Term Instrument allocated to all Scheme Creditors under the Option 4 and fallback mechanism such that excess amount of the Scheme Creditor Principal Amount that cannot be exchanged into the Short Term Instrument shall be allocated to the Option 2. The details of such fallback mechanism are set out in the Term Sheet for the Proposed Restructuring.

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Interest will be accrued and payable semi-annually in arrears on an amount equal to 50% of the outstanding principal amount of the Short Term Notes or the Short Term Loan (as the case may be) in the following manner:

- for the first four years after the Restructuring Effective Date: either in cash or in kind at the election of the Company; and
- starting from the fifth year after the Restructuring Effective Date: fully in cash;

at the following interest rates:

- 5.0% per annum if interest will be fully paid in cash; or
- 6.0% per annum if any portion of the interest is paid in kind.

Mandatory redemption of the Short Term Notes

The Company will redeem on or prior to each mandatory redemption date as set out in the table below, the Short Term Notes in an aggregate principal amount of no less than the principal amount set forth below at a redemption price equal to 50% of the principal amount of the Short Term Notes redeemed, plus any accrued and unpaid interest on 50% of the outstanding principal amount of the Short Term Notes so redeemed up to (but excluding) such Mandatory Redemption Date.

Mandatory Redemption Date	Principal amount to be redeemed (% of Original Issue Amount, on a cumulative basis)
3.5th anniversary date of the Restructuring Effective Date	25%
4.5th anniversary date of the Restructuring Effective Date	50%
5.5th anniversary date of the Restructuring Effective Date	75%
6th anniversary date of the Restructuring Effective Date	100%

LETTER FROM THE BOARD

Repayment of the Short Term Loan

The Company will, on or prior to each repayment date, repay no less than the repayment amount as set forth in the schedule below at a repayment price equal to 50% of the principal amount of the Short Term Loan, plus any accrued and unpaid interest on 50% of the outstanding principal amount of the Short Term Loan up to (but excluding) such repayment date.

Repayment Date	Repayment Amount (% of original issue amount, on a cumulative basis)
6 months after the Restructuring Effective Date	0.025%
1st anniversary date of the Restructuring Effective Date	0.050%
1.5th anniversary date of the Restructuring Effective Date	0.075%
2nd anniversary date of the Restructuring Effective Date	0.100%
2.5th anniversary date of the Restructuring Effective Date	0.125%
3rd anniversary date of the Restructuring Effective Date	0.150%
3.5th anniversary date of the Restructuring Effective Date	25.150%
4th anniversary date of the Restructuring Effective Date	25.175%
4.5th anniversary date of the Restructuring Effective Date	50.175%
5th anniversary date of the Restructuring Effective Date	50.175%
5.5th anniversary date of the Restructuring Effective Date	75.175%
6th anniversary date of the Restructuring Effective Date	100%

Option 2 – Long Term Instruments

Scheme Creditors may elect Long Term Instruments as Restructuring Consideration. The Long Term Instruments will be in the form of either long term notes (the “**Long Term Notes**”) or long term loan (the “**Long Term Loan**”).

The Long Term Notes and the Long Term Loan will be issued by the Company with a tenor of 8.5 years. The aggregate principal amount of Long Term Notes and Long Term Loan allocated to all Scheme Creditors under the Option 2 and the Option 4 (see below) shall not exceed US\$4.0 billion. The Long Term Instrument allocated to each Scheme Creditor under Option 2 is subject to the amount of Long Term Instrument allocated to all Scheme Creditors under the Option 4 and fallback mechanism such that excess amount of the Scheme Creditor Principal Amount that cannot be exchanged into the Long Term Instrument shall be allocated to the Option 3. The details of such fallback mechanism are set out in the Term Sheet.

Interest will be accrued and payable semi-annually in arrears on the outstanding principal amount of the Long Term Instrument in the following manner:

- for the first six years after the Restructuring Effective Date: 2.0% per annum if interest is paid in cash or 3.0% per annum if any portion is paid in kind; and
- starting from the seventh year after the Restructuring Effective Date: 2.0% per annum, entirely in cash.

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Tenor and Original Issue Amount of each tranche of the Long Term Notes

- 7-year Series A Long Term Notes in principal amount equal to 25% of the Original Issue Amount of the Long Term Notes, due 7 years after the Restructuring Effective Date;
- 8-year Series B Long Term Notes in principal amount equal to 37.5% of the Original Issue Amount of the Long Term Notes, due 8 years after the Restructuring Effective Date; and
- 8.5-year Series C Long Term Notes in principal amount equal to 37.5% of the Original Issue Amount of the Long Term Notes, due 8.5 years after the Restructuring Effective Date.

Repayment Schedule of the Long Term Loan

Repayment Date	Repayment Amount (% of original issue amount, on a cumulative basis)
6 months after the Restructuring Effective Date	0.025%
1st anniversary date of the Restructuring Effective Date	0.050%
1.5th anniversary date of the Restructuring Effective Date	0.075%
2nd anniversary date of the Restructuring Effective Date	0.100%
2.5th anniversary date of the Restructuring Effective Date	0.125%
3rd anniversary date of the Restructuring Effective Date	0.150%
3.5th anniversary date of the Restructuring Effective Date	0.175%
4th anniversary date of the Restructuring Effective Date	0.200%
4.5th anniversary date of the Restructuring Effective Date	0.225%
5th anniversary date of the Restructuring Effective Date	0.250%
5.5th anniversary date of the Restructuring Effective Date	0.275%
6th anniversary date of the Restructuring Effective Date	0.300%
6.5th anniversary date of the Restructuring Effective Date	0.325%
7th anniversary date of the Restructuring Effective Date	25.325%
7.5th anniversary date of the Restructuring Effective Date	25.325%
8th anniversary date of the Restructuring Effective Date	62.825%
8.5th anniversary date of the Restructuring Effective Date	100%

Option 3 – Zero coupon mandatory convertible bonds

Scheme Creditors may elect zero coupon mandatory convertible bonds that are convertible into new shares of the Company as Restructuring Consideration. Details of the MCB are set out in the paragraph headed “3. PROPOSED ISSUE OF MCB UNDER SPECIFIC MANDATE” below.

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Option 4 – Combination of different securities

Scheme Creditors may also elect a fixed combination of different securities as Restructuring Consideration. Under this option, the combination of the Scheme Creditor Principal Amount of such Scheme Creditor shall comprise Short Term Instrument (in the form of either Short Term Notes or Short Term Loan at such Scheme Creditor's election) in a principal amount equal to 32% of such Scheme Creditor Principal Amount and accrued interest thereon up to (but excluding) 31 December 2023, Long Term Instrument (in the form of either Long Term Notes or Long Term Loan at such Scheme Creditor's election) in a principal amount equal to 32% of such Scheme Creditor Principal Amount and accrued interest thereon up to (but excluding) 31 December 2023, and MCB in principal amount equal to 36% of such Scheme Creditor Principal Amount and accrued interest thereon up to (but excluding) 31 December 2023.

The rights of all Scheme Creditors under the Proposed Restructuring are equal.

Other offshore indebtedness

Not all of the Company's offshore indebtedness will be subject to the Scheme. The Company is a guarantor or borrower of certain offshore and onshore loans that will be restructured bilaterally in consultation with the creditors. Broadly, such other indebtedness comprises: (i) the Shareholder Loans, and (ii) the Out-of-scope Debt. A brief summary of such other offshore indebtedness is set out below:

(i) Shareholder Loans

The Controlling Shareholder, has through companies wholly owned by him provided loans in the aggregate principal amount of HK\$3,963 million to the Company, and loans in the aggregate principal amount of HK\$3,839 million to subsidiaries of the Company. Pursuant to the Proposed Restructuring, such Shareholder Loans will be exchanged as to US\$600 million of the outstanding principal amount into the Controlling Shareholder Notes, and the balance of the aggregate principal amount of outstanding Shareholder Loans into the Controlling Shareholder MCB.

(ii) Out-of-scope Debt

The Out-of-scope Debt comprises certain of the Company's guarantee obligations for certain onshore debts, project loans for certain projects of the Group outside the PRC, and certain bilateral loans. The aggregate amount of such Out-of-scope Debt is approximately US\$18.7 billion. Some of such Out-of-scope Debt have been restructured on a bilateral basis and are no longer in default. The reasons that such Out-of-scope Debt has not been included in the Scheme are as follows:

- (a) For the project loans, they were secured by valuable security and/or other forms of credit enhancement, and the Company is of the view that it would not be fair to include such secured creditors in the same Scheme as the other unsecured Scheme Creditors;
- (b) For the unsecured bilateral loans, the borrower is a subsidiary of the Company and the Company is not an obligor, such indebtedness could not be restructured under the Company's Scheme; and

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- (c) For the Company's guarantee obligations for the onshore debts, which made up the majority of the Out-of-scope Debt, the relevant creditors are onshore banks, government regulated institutions, private investors and other financial institutions based in the PRC. Based on feedback from various onshore creditors, the Company understands that a majority of such lenders are not able to participate in an offshore scheme of arrangement, including the Scheme, due to internal policies or regulatory constraints. Furthermore, most of the Company's guaranteed onshore debts are partially or fully secured by assets onshore. These secured creditors have the benefit of mortgages over certain of the Group's property guarantees provided by the underlying project company, debentures, account charges and /or share charges over the issued shares in the relevant borrower. The onshore creditors are expected to receive substantial recoveries from onshore collateral and therefore it is unlikely these secured creditors will agree to participate in the Scheme, in which these secured creditors would be expected to participate with their crystallized deficiency claims. The Group has been informed by various lenders that if the Company's guarantee obligations are released under the Scheme, the onshore creditors may take steps to enforce the onshore security. This would be detrimental to the Group's operations generally and would also diminish the potential returns available to all of the Group's unsecured creditors generally, including the Scheme Creditors.

For the reasons above, the Group has decided that it would be in the best interest of all creditors to deal with each tranche of the Out-of-scope Debt on a bilateral basis.

As the Out-of-scope Debt and the Shareholder Loans do not form part of the Scheme, creditors of the Out-of-scope Debt and the Controlling Shareholder have no discretionary rights to elect the four options stated above as Restructuring Consideration.

Conditions precedent for the Proposed Restructuring

The Proposed Restructuring is conditional upon the following conditions being satisfied, or waived by the majority of the Participating Creditors prior to or at the occurrence of the Restructuring Effective Date:

- (1) the obtaining of all relevant approvals or consents (including without limitation such approvals or consents (including any approvals of the Shareholders) that may be necessary or required from applicable government or regulatory authorities for the consummation of the Proposed Restructuring and necessary approvals for the issuance and conversion of MCB);
- (2) delivery of relevant court orders in respect of a scheme of arrangement;
- (3) the settlement in full of all professional fees associated with the Proposed Restructuring that the Company is obligated to pay;
- (4) the settlement of the early cash consent fee and the base cash consent fee payable to the Participating Creditors in accordance with the terms of the CSA;
- (5) the Shares shall remain listed and traded on the Stock Exchange;

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- (6) all loans and other debt owing by any member of the Group to the Controlling Shareholder or any of his affiliated or related individuals, entities or representatives shall have been converted into the Controlling Shareholder MCB and/or the Controlling Shareholder Notes, or otherwise irrevocably released and discharged; and
- (7) the satisfaction of each of the conditions precedent contained in the Scheme Document.

On the Restructuring Effective Date, all outstanding In-scope Debt will be exchanged in full for Restructuring Consideration and following such exchange, the In-scope Debt shall be cancelled, all guarantees and security (if any) in connection with the In-scope Debt shall be released, and the Restructuring Consideration shall be issued and become effective in accordance with their terms.

This circular sets out the details on the key terms of the MCB and the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB to the Controlling Shareholder.

3. PROPOSED ISSUE OF MCB UNDER SPECIFIC MANDATE

The principle terms of the MCB are set out below:

Issuer:	The Company
Principal amount:	Up to US\$12,662,513,247, assuming all Scheme Creditors have elected MCB as the only Restructuring Consideration, plus the amount issued as Work Fee under the Proposed Restructuring and the amount potentially to be issued to fully settle certain of the Out-of-scope Debt.
Issue date:	Restructuring Effective Date
Interest:	The MCB are not interest bearing
Maturity:	One year from the original issue date
Conversion Price:	The Conversion Price per MCB Conversion Share is HK\$6.00. The Conversion Price represents: (a) a premium of approximately 404.2% to the closing price of the Shares of HK\$1.19 on the date of the Announcement; (b) a premium of approximately 368.7% to the average closing price of the Shares of HK\$1.28 for the five trading days immediately prior to the date of the Announcement; (c) a premium of approximately 445.5% to the closing price of the Shares of HK\$1.10 on the Latest Practicable Date; and

LETTER FROM THE BOARD

- (d) a premium of approximately 710.8% to the closing price of HK\$0.74 per Share on the date of the CSA (as amended by the CSA Amendment Agreement dated 26 July 2024).

The Conversion Price was determined after arms' length negotiations between the Company and an ad hoc group of the Scheme Creditors after taking into account, among other things, the Share price performance and the assessment of acceptability of the Scheme Creditors towards the terms of the Proposed Restructuring with a view to achieving a sustainable capital structure. The Conversion Price is at a premium to the closing price of HK\$0.475 and HK\$0.74 per Share as quoted on the Stock Exchange on 25 March 2024 and 26 July 2024, the dates of the CSA and the CSA Amendment Agreement, respectively, is value accretive for existing Shareholders and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conversion:

Voluntary Conversion:

- (a) Any holder of the MCB may deliver a conversion notice to convert all or part of the MCB it holds into MCB Conversion Shares at the conversion price of HK\$6.00 per MCB Conversion Share within 15 business days from the later of (a) the Original Issue Date of the MCB and (b) the date that the conditional listing approval from the Stock Exchange in respect of the MCB Conversion Shares underlying the MCB becomes unconditional and fully effective; and
- (b) Any holder of the MCB may deliver a conversion notice to convert all of the MCB it holds into MCB Conversion Shares at the conversion price of HK\$6.00 per MCB Conversion Share during the tenor of the MCB, however, such conversion shall only be effected as soon as practicable after the aggregate principal amount elected for conversion reaches US\$500 million, or, if the aggregate principal amount elected for conversion does not amount to US\$500 million, such conversion shall be effected on the next immediate Mandatory Conversion Date.

LETTER FROM THE BOARD

Mandatory Conversion:

The Remaining MCB Issue Amount that are outstanding post the voluntary conversion made pursuant to (a) above shall be mandatorily converted into MCB Conversion Shares by instalments in accordance with the following schedule, provided that the amount of MCB to be mandatorily converted on or prior to each Mandatory Conversion Date in accordance with the table below shall be reduced by the amount of MCB converted on or prior to such Mandatory Conversion Date in accordance with (b) under the voluntary conversion above:

Mandatory Conversion Date	Remaining MCB Issue Amount to be Converted (% of Remaining MCB Issue Amount, on a cumulative basis)	Conversion Price
The date falling 3 months after the Original Issue Date	25% of the Remaining MCB Issue Amount	HK\$6.00
The date falling 6 months after the Original Issue Date	50% of the Remaining MCB Issue Amount	HK\$6.00
The date falling 9 months after the Original Issue Date	75% of the Remaining MCB Issue Amount	HK\$6.00
The date falling 12 months after the Original Issue Date	100% of the Remaining MCB Issue Amount	HK\$6.00

Adjustment events:

The Conversion Price may be adjusted if new Shares are being issued at below the market price, or upon the occurrence of certain adjustment events including:

- (a) an alteration to the nominal value of the Shares as a result of consolidation, sub-division, redesignation or reclassification;
- (b) an issue (other than in lieu of cash dividend and other than issue that would amount to capital distribution) of any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account);
- (c) an issue by way of a scrip dividend where the aggregate value of such issue exceeds the amount of the relevant cash dividend or the relevant part thereof and which would not have constituted a capital distribution;
- (d) a capital distribution to the Shareholders;

LETTER FROM THE BOARD

- (e) an issue of Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than 80 per cent. of the current market price per Share on the date of the first public announcement of the terms of the issue or grant;
- (f) an issue of other securities to all or substantially all Shareholders as a class by way of rights, or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any other securities;
- (g) an issue (otherwise than as mentioned in paragraph (e) above) of any Shares (other than Shares issued on the exercise of the conversion rights attaching to the MCB) or issue or grant (otherwise than as mentioned in paragraph (e) above) any options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, in each case at a price per Share which is less than 80 per cent. of the current market price on the date of the first public announcement of the terms of such issue;
- (h) other issues of securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 80 per cent. of the current market price on the date of the first public announcement of the terms of issue of such securities;
- (i) modification of the rights of conversion, exchange or subscription attached to any such securities as are mentioned in paragraph (h) above (other than in accordance with the terms of such securities), so that the consideration per Share is reduced and is less than 80 per cent. of the current market price on the date of announcement of the proposal for such modification; and
- (j) issues, sale or distribution by the Company or any of its subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity of any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them.

LETTER FROM THE BOARD

Maximum number of MCB Conversion Shares to be issued: Assuming full conversion of the MCB at the conversion price of HK\$6.00 per Share and based on the agreed exchange rate of US\$1 = HK\$7.82, up to 16,503,475,598 MCB Conversion Shares will be issued¹.

The MCB Conversion Shares represent:

- (a) approximately 434.5% of the existing issued share capital of the Company as at the Latest Practicable Date;
- (b) approximately 81.3% of the issued share capital of the Company as enlarged by the issue of such MCB Conversion Shares; and
- (c) approximately 79.3% of the issued share capital of the Company as enlarged by (i) the issue of such MCB Conversion Shares, and (ii) the issue of the Controlling Shareholder MCB Conversion Shares upon full conversion of the Controlling Shareholder MCB.

The MCB Conversion Shares, upon full conversion, will have an aggregate nominal value of HK\$1,650,347,559.80. Based on the closing price of the Shares of HK\$1.29 on the Last Trading Day, and assuming full conversion, the MCB Conversion Shares have a value of approximately HK\$21,289,483,521.40.

Optional redemption: The MCB may not be redeemed unless and until all Short Term Instruments and Long Term Instruments that might be issued under the Proposed Restructuring are fully repaid and/or cancelled.

Ranking: The MCB constitutes direct, unsubordinated, unconditional, unguaranteed and unsecured obligations of the Company, and shall at all times rank pari passu and without any preference or priority among themselves.

Voting rights: The holder(s) of the MCB shall not have any right to attend or vote in any general meeting of the Company.

Transferability: The MCB are freely transferable subject to conditions.

Specific Mandate

The MCB Conversion Shares will be issued under the Specific Mandate proposed to be sought from the Shareholders at the EGM.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the MCB Conversion Shares. An application will be made for the listing and quotation of the MCB on the SGX.

¹ The number of MCB Conversion Shares disclosed here has corrected the rounding error as set out in the Announcement.

LETTER FROM THE BOARD

4. PROPOSED ISSUE OF THE CONTROLLING SHAREHOLDER NOTES

The principle terms of the Controlling Shareholder Notes are set out below:

Issuer:	The Company
Principal amount:	US\$600 million
Tenor:	9.5 years after the Restructuring Effective Date, and shall be redeemed at maturity.
Interest:	Interest will be accrued and payable in kind only, semi-annually in arrears on the outstanding principal amount of the Controlling Shareholder Notes at 2.0% per annum, commencing from the Restructuring Effective Date.
Guarantees:	The Controlling Shareholder Notes will share the guarantees provided by certain subsidiaries of the Group on the obligations of the Company under the Short Term Instruments and the Long Term Instruments.
Collateral:	The Controlling Shareholder Notes will share the collateral provided by the Company for the Short Term Instruments and Long Term Instruments, comprising, among others, (i) pledge over 100% of the shares of the major offshore subsidiaries of the Group, (ii) pledge over certain shares of Shimao Services Holdings Limited, (iii) pledge and assignment of any receivable that is over US\$80 million of the Company of certain offshore subsidiaries of the Group, and (iv) pledge over certain designated bank accounts.
Ranking:	The Controlling Shareholder Notes will rank pari passu with the Short Term Instruments and Long Term Instruments, and are guaranteed general obligations of the Company on a senior basis, senior in right of payment to any existing and future obligations of the Company as expressly provided by the instrument, at least pari passu in right of payment against the Company with respect to all unsecured, unsubordinated indebtedness.

An application will be made for the listing and quotation of the Controlling Shareholder Notes on the SGX.

LETTER FROM THE BOARD

5. PROPOSED ISSUE OF THE CONTROLLING SHAREHOLDER MCB

The principle terms of the Controlling Shareholder MCB are set out below:

Issuer: The Company

Principal amount: US\$397,758,525, being the outstanding principal amount of the Shareholder Loans, less US\$600 million which will be exchanged into the Controlling Shareholder Notes, and translated at the agreed exchange rate of US\$1 = HK\$7.82.

Maximum number of Controlling Shareholder MCB Conversion Shares to be issued: Assuming full conversion of the Controlling Shareholder MCB at the conversion price of HK\$6.00 per Share, 518,411,944 Controlling Shareholder MCB Conversion Shares² will be issued at the agreed exchange rate of US\$1 = HK\$7.82.

The Controlling Shareholder MCB Conversion Shares represent:

- (a) approximately 13.7% of the existing issued share capital of the Company as at the Latest Practicable Date;
- (b) approximately 12.0% of the issued share capital of the Company as enlarged by the issue of the Controlling Shareholder MCB Conversion Shares; and
- (c) approximately 2.5% of the issued share capital of the Company as enlarged by (i) the issue of the Controlling Shareholder MCB Conversion Shares, and (ii) the issue of the MCB Conversion Shares upon full conversion of the MCB.

The Controlling Shareholder MCB Conversion Shares, upon full conversion, will have an aggregate nominal value of HK\$51,841,194.40. Based on the closing price of the Shares of HK\$1.29 on the Last Trading Day, and assuming full conversion, the Controlling Shareholder MCB Conversion Shares have a value of approximately HK\$668,751,407.80.

Save as disclosed above, all other terms of the Controlling Shareholder MCB, including the conversion terms, are the same as the MCB.

² The number of Controlling Shareholder MCB Conversion Shares disclosed here has corrected the rounding error as set out in the Announcement.

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Specific mandate

The Controlling Shareholder MCB Conversion Shares will be issued under a specific mandate to be sought from the Independent Shareholders at the EGM.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Controlling Shareholder MCB Conversion Shares. An application will be made for the listing and quotation of the Controlling Shareholder MCB on the SGX.

6. EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities in the past 12 months immediately before the Latest Practicable Date.

7. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company:

- (a) as at the Latest Practicable Date;
 - (b) immediately upon full conversion of the MCB;
 - (c) immediately upon full conversion of the MCB and the Controlling Shareholder MCB; and
- further assuming that:
- (i) there is no other change in the issued share capital from the Latest Practicable Date up to the full conversions of the Controlling Shareholder MCB and the MCB;
 - (ii) no single creditor of either the In-scope Debt or the Out-of-scope Debt will hold 10% or more of the issued share capital of the Company upon full conversion of the MCB;

LETTER FROM THE BOARD

- (iii) all Scheme Creditors have elected the MCB as the sole Restructuring Consideration;
and
- (iv) the aggregate amount of MCB to be issued to the Scheme Creditors and holders of certain of the Out-of-scope Debt is US\$12,662,513,247.

	As at the Latest Practicable Date		Upon full conversion of the MCB		Upon full conversion of the MCB and the Controlling Shareholder MCB	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Controlling Shareholder	2,422,840,586	63.8	2,422,840,586	11.9	2,941,252,530	14.1
Scheme Creditors and holders of certain Out-of-scope Debt	–	–	16,503,475,598	81.3	16,503,475,598	79.3
Other Shareholders	1,374,991,302	36.2	1,374,991,302	6.8	1,374,991,302	6.6
Total	3,797,831,888	100.0	20,301,307,486	100.0	20,819,719,430	100.0

Note: The number of Shares disclosed in the table above and the two tables below have corrected the rounding errors in the tables set out in the Announcement.

Based on indications received from Scheme Creditors thus far, the Company believes that it is highly unlikely that all Scheme Creditors will select MCB as the sole Restructuring Consideration. As such, the following tables further illustrate, based on indications from the Scheme Creditors and the Company's best estimate, the range of likely changes in the shareholding structure of the Company.

Low-end Probable Case

Based on indications received from Scheme Creditors and assuming that both Short Term Instruments and Long Term Instruments would be fully subscribed by the Scheme Creditors and none of the holders of the Out-of-scope Debt will receive MCB (the “**Low-end Probable Case**”), Scheme Creditors would receive Shares representing approximately 58.0% of the Company's issued Shares upon full conversion of the MCB and the Controlling Shareholder MCB. The amount of MCB to be issued under the Low-end Probable Case is US\$4,575,363,347, including Restructuring Consideration for the Scheme Creditors, accrued and unpaid interest and Work Fee.

	As at the Latest Practicable Date		Upon full conversion of the MCB		Upon full conversion of the MCB and the Controlling Shareholder MCB	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Controlling Shareholder	2,422,840,586	63.8	2,422,840,586	24.8	2,941,252,530	28.6
Scheme Creditors	–	–	5,963,223,562	61.1	5,963,223,562	58.0
Other Shareholders	1,374,991,302	36.2	1,374,991,302	14.1	1,374,991,302	13.4
Total	3,797,831,888	100.0	9,761,055,450	100.0	10,279,467,394	100.0

LETTER FROM THE BOARD

High-end Probable Case

Based on indications received from Scheme Creditors and assuming that Short Term Instruments would be fully subscribed, US\$2,000,000,000 of Long Term Instruments would be subscribed by and/or allocated to the Scheme Creditors, and none of the holders of the Out-of-scope Debt will receive MCB (the “**High-end Probable Case**”), Scheme Creditors would receive Shares representing approximately 66.5% of the Company’s issued Shares upon full conversion of the MCB and the Controlling Shareholder MCB. The amount of MCB to be issued under the High-end Probable Case is US\$6,575,363,347, including Restructuring Consideration for the Scheme Creditors, accrued and unpaid interest and Work Fee.

	As at the Latest Practicable Date		Upon full conversion of the MCB		Upon full conversion of the MCB and the Controlling Shareholder MCB	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Controlling Shareholder	2,422,840,586	63.8	2,422,840,586	19.6	2,941,252,530	22.8
Scheme Creditors	–	–	8,569,890,228	69.3	8,569,890,228	66.5
Other Shareholders	1,374,991,302	36.2	1,374,991,302	11.1	1,374,991,302	10.7
Total	3,797,831,888	100.0	12,367,722,116	100.0	12,886,134,060	100.0

The scenarios for both the Low-end Probable Case and the High-end Probable Case are for illustration purpose only. The Company is of the view that the amount of MCB that will be issued as part of the Proposed Restructuring will likely fall between the Low-end Probable Case and the High-end Probable Case.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, based on the disclosure of interests filings on the Company that were publicly available on the Disclosure of Interests Online (DION) System, save for the Controlling Shareholder, no creditor holding In-scope Debt or Out-of-scope Debt had reported any notifiable interest in 5% or more of the Shares of the Company under Part XV of the SFO.

Based on the shareholding tables above, if no Controlling Shareholder MCB will be issued to the Controlling Shareholder, it is expected that the public float of the Company upon full conversion of the MCB will be approximately 88.1% (maximum case), 80.4% (High-end Probable Case) and 75.2% (Low-end Probable Case) of the issued share capital of the Company, respectively. If the Controlling Shareholder MCB will be issued to the Controlling Shareholder, it is expected that the public float of the Company upon full conversion of the MCB and the Controlling Shareholder MCB will be approximately 85.9% (maximum case), 77.2% (High-end Probable Case) and 71.4% (Low-end Probable Case) of the issued share capital of the Company, respectively. As such, the Company is of the view that the conversion of the MCB and the Controlling Shareholder MCB will not give rise to any public float compliance issue for the Company.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Scheme Creditors or any holder of Out-of-scope Debt will hold 30% or more of the voting rights of the Company upon the conversion of the MCB and the Controlling Shareholder MCB. Scheme Creditors and holder of Out-of-scope Debt should be mindful that if any person, together with parties acting in concert (within the meaning of the Takeovers Code) with him, would acquire 30% or more of the voting rights of the Company following the conversion of the MCB and the Controlling Shareholder MCB, he may incur an obligation to make a general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by him and parties acting in concert with him under the Takeovers Code. If there is any doubt, Scheme Creditors and holder of Out-of-scope Debt who elect for the MCB should consult their own professional advisers on their obligations (if any) under the Takeovers Code.

8. REASONS FOR AND BENEFITS OF THE POSSIBLE TRANSACTIONS IN CONNECTION WITH THE PROPOSED RESTRUCTURING

The Company is a company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the development and investment of residential and commercial properties, property management, commercial properties operation and hotel operation in the PRC.

Since late 2021, the property market in the PRC has experienced a significant downturn. With plummeting sales and difficulties in securing new fundings under the difficult market conditions, the Company has experienced severe liquidity issue. The Company and its advisors have been actively engaging with its stakeholders on the restructuring of its offshore debts. On 25 March 2024, the Company announced a restructuring proposal and the CSA.

Through extensive dialogues with stakeholders, Scheme Creditors holding 80.72% in principal amount of the In-scope Debt have demonstrated their support to the Proposed Restructuring by either acceding to the CSA or agreeing to accede to the CSA.

The Proposed Restructuring is intended to (a) deleverage the Company, (b) allow adequate financial flexibility and sufficient runway to stabilise the business, and (c) protect the rights and interests, and maximise the value, for all stakeholders.

The Proposed Restructuring will be implemented through the Scheme, the effect of which is that once the Scheme becomes effective, all the claims under the In-scope Debt of the Scheme Creditors will be discharged and extinguished and the Scheme Creditors will be prohibited from making any claim against the Company in respect of its portion of the In-scope Debt.

No net proceeds will be received by the Group from the issue of the instruments under the Proposed Restructuring, including the MCB, the Controlling Shareholder MCB and the Controlling Shareholder Notes. The issue of the MCB will be applied towards the satisfaction of the Restructuring Consideration and Work Fee of the Proposed Restructuring and potential settlement of certain Out-of-scope Debt. As part of the Proposed Restructuring, the Controlling Shareholder MCB, which have the same conversion price and similar terms as the MCB, and the Controlling Shareholder Notes, which other than the tenor have similar terms as the Long Term Instruments, will be issued and applied towards setting off the Shareholder Loans.

LETTER FROM THE BOARD

The Proposed Restructuring will serve to reduce the overall debt size and debt pressure of the Group, enhance its net asset value and improve its overall financial position. As the term of each of the instruments under the Proposed Restructuring will be longer than one year, upon completion of the Proposed Restructuring, the indebtedness of the Company with respect to the In-scope Debt in the principal amount of US\$11,453,786,379, all of which are now regarded as current liabilities of the Company, will be reclassified as non-current liabilities of the Company, thereby improving the liquidity of the Company. The MCB and the Controlling Shareholder MCB would also increase the capital base of the Company upon conversion.

The Directors (with respect to the proposed issue of the Controlling Shareholder Notes and the Controlling Shareholder MCB, exclude Mr. Hui Sai Tan, Jason and Ms. Hui Mei Mei, Carol (appointed as a Non-executive Director on 5 December 2024), who are the son and daughter of the Controlling Shareholder respectively, and the members of the Independent Board Committee whose views are included in this circular, after being advised by the Independent Financial Adviser) consider the terms of the proposed issue of the MCB, the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB are fair and reasonable based on current market conditions and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Mr. Hui Sai Tan, Jason is the son of the Controlling Shareholder and is considered to have a material interest in the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB. Accordingly, he has abstained from voting on the Board resolutions passed on 3 December 2024 in respect of the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB. Save as disclosed above, no other Director has a material interest in the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB.

9. LISTING RULES IMPLICATIONS

Proposed issue of the MCB

The MCB Conversion Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM. The proposed issue of the MCB and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Shareholders at the EGM. The issue of the MCB Conversion Shares is conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the MCB Conversion Shares.

Proposed issue of the Controlling Shareholder Notes

The Controlling Shareholder is a connected person of the Company under Chapter 14A of the Listing Rules. As the Controlling Shareholder Notes are secured and share the same security and guarantee package of the Short Term Instruments and Long Term Instruments that might be issued under the Proposed Restructuring, the proposed issue of the Controlling Shareholder Notes to the Controlling Shareholder constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Proposed issue of the Controlling Shareholder MCB

The Controlling Shareholder is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the proposed issue of the Controlling Shareholder MCB to the Controlling Shareholder constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Controlling Shareholder MCB Conversion Shares will be issued under a specific mandate to be sought from the Independent Shareholders at the EGM. The issue of the Controlling Shareholder MCB Conversion Shares is further conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Controlling Shareholder MCB Conversion Shares.

10. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to facilitate the Proposed Restructuring, and to accommodate the future business development of the Group and to provide the Group with greater flexibility to raise funds in the future, the Board proposed to increase the authorised share capital of the Company.

The Board proposes to seek the approval of the Shareholders by way of an ordinary resolution at the EGM to increase the authorised share capital of the Company from HK\$500,000,000 divided into 5,000,000,000 Shares to HK\$2,500,000,000 divided into 25,000,000,000 Shares by creating an additional 20,000,000,000 unissued Shares, such Shares will rank pari passu in all respects.

The Board believes that the proposed increase in authorised share capital is necessary for the Proposed Restructuring to proceed and will provide the Company with greater flexibility in future. The Board thus considers the proposed increase in authorised share capital is in the interests of the Company and the Shareholders as a whole.

11. EXTRAORDINARY GENERAL MEETING

The EGM will be held to consider and, if thought fit, pass the ordinary resolutions to approve the proposed issue of the MCB (including the grant of the Specific Mandate for the issue of the MCB Conversion Shares), the proposed issue of the Controlling Shareholder Notes, the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares) and the proposed increase in the authorised share capital of the Company. A notice convening the EGM to be held at The Function Room 1-2, 2/F, The Harbourview, 4 Harbour Road, Wanchai, Hong Kong at 11:30 a.m. on Wednesday, 15 January 2025 is set out on pages 69 to 71 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed.

LETTER FROM THE BOARD

For determining the identity of the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 10 January 2025 to Wednesday, 15 January 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of Shares should ensure that all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 9 January 2025.

Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjournment thereof should you so wish, and in such case, the instrument appointing the proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions set out in the notice of the EGM will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

The Controlling Shareholder and Mr. Hui Sai Tan, Jason (the son of the Controlling Shareholder), holding in aggregate approximately 63.9% of the total number of Shares in issue as at the Latest Practicable Date, are interested in the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares), shall abstain from voting for the resolutions to be proposed at the EGM to approve the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares). Save as disclosed above, to the best of the Directors' knowledge, no Shareholder is required to abstain from voting for the resolutions to be proposed at the EGM to approve the proposed issue of the MCB (including the grant of the Specific Mandate for the issue of the MCB Conversion Shares), the proposed issue of the Controlling Shareholder Notes, the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares) and the proposed increase in the authorised share capital of the Company.

LETTER FROM THE BOARD

12. INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on whether the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares) are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and whether the terms of which are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and how to vote on the resolutions at the EGM. Opus Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

13. RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 29 to 30 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM regarding the ordinary resolutions for approving the issue of the Controlling Shareholder Notes and the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares).

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 31 to 62 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the issue of the Controlling Shareholder Notes and the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares), and the principal factors and reasons taken into consideration in arriving at its advice.

The Directors (including the members of the Independent Board Committee whose opinion have been set forth in the “Letter from the Independent Board Committee” of this circular after having been advised by the Independent Financial Adviser in this regard) consider the proposed issue of the MCB (including the grant of the Specific Mandate for the issue of the MCB Conversion Shares), the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares) are on normal commercial terms and such terms are fair and reasonable based on current market conditions and in the interests of the Company and the Shareholders as a whole. The Directors are also of the view that the proposed increase in the authorised share capital of the Company is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the members of the Independent Board Committee) recommend the Shareholders and/or the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM for approving the proposed issue of the MCB (including the grant of the Specific Mandate for the issue of the MCB Conversion Shares), the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares), and the proposed increase in the authorised share capital of the Company.

LETTER FROM THE BOARD

14. GENERAL

Completion of the transactions set out in this circular is subject to, among other things, the satisfaction or waiver of the conditions precedent to the Proposed Restructuring as set out in this circular. The transactions set out in this circular may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

30 December 2024

To the Independent Shareholders,

Dear Sir/Madam,

**PROPOSED ISSUE OF LONG-TERM NOTES AND
PROPOSED ISSUE OF MANDATORY CONVERTIBLE BONDS
TO THE CONTROLLING SHAREHOLDER**

We refer to the circular of the Company dated 30 December 2024 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalized terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you on the terms of the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares).

Opus Capital has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard. Details of the advice of the Independent Financial Adviser, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out in the section headed “Letter from the Independent Financial Adviser” on pages 31 to 62 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendix to the Circular.

After taking into consideration the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with the views of the Independent Financial Adviser that although the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB are not in the ordinary and usual course of business of the Company, the terms of the Controlling Shareholder Notes and the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares) are on normal commercial terms, fair and reasonable based on current market conditions and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the EGM to approve the issue of the Controlling Shareholder Notes and the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares).

Yours faithfully,
Independent Board Committee

Mr. Lyu Hong Bing
*Independent Non-executive
Director*

Mr. Lam Ching Kam
*Independent Non-executive
Director*

Mr. Fung Tze Wa
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the full text of a letter of advice from Opus Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares) for the purpose of inclusion in this circular.



18th Floor, EC Healthcare Tower (Central)
19-20 Connaught Road Central
Central, Hong Kong

30 December 2024

To: The Independent Board Committee and the Independent Shareholders of Shimao Group Holdings Limited

Dear Sir or Madam,

CONNECTED TRANSACTIONS
(1) ISSUE OF LONG-TERM NOTES TO CONTROLLING SHAREHOLDER;
AND
(2) ISSUE OF MANDATORY CONVERTIBLE BONDS TO
CONTROLLING SHAREHOLDER

INTRODUCTION

We refer to our appointment by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares) (collectively the “**Controlling Shareholder Proposal**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 30 December 2024 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined or the context requires otherwise.

As set out in the Circular, reference is made to the announcements of the Company dated 25 March 2024, 2 May 2024, 31 May 2024, 26 June 2024, 26 July 2024, 30 August 2024, 2 October 2024, 31 October 2024, 26 November 2024, 2 December 2024, 17 December 2024 and the Announcement (collectively the “**Announcements**”) in relation to the proposed restructuring of the Offshore Debt.

According to the Announcements, the Company proposed to implement the Proposed Restructuring through the Scheme. As of the Latest Practicable Date, Scheme Creditors holding 80.72% in principal amount of the In-scope Debt have demonstrated their support to the Proposed Restructuring by either acceding to the CSA or agreeing to accede to the CSA.

By such accession, the Participating Creditors have undertaken to take all such actions as are necessary to, among other things, vote in favour of the Scheme in respect of the aggregate outstanding principal amount of all Offshore Debt held by them at the Scheme Meeting.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Under the terms of the Proposed Restructuring, Scheme Creditors will be offered, at their election, four (4) options as Restructuring Consideration. The four options involve (i) the issue of short term instruments in the form of either short term notes or short term loans; (ii) long term instruments in the form of either long term notes or long term loans; (iii) zero coupon mandatory convertible bonds that are convertible into new shares of the Company; and (iv) a combination of different securities mentioned in (i) to (iii) above.

The Controlling Shareholder, has through companies wholly owned by him, also provided loans in the aggregate principal amount of HK\$3,963 million to the Company, and loans in the aggregate principal amount of HK\$3,839 million to subsidiaries of the Company. Pursuant to the Proposed Restructuring, such Shareholder Loans will be exchanged as to US\$600 million of the outstanding principal amount into the Controlling Shareholder Notes, and the balance of the aggregate principal amount of outstanding Shareholder Loans into the Controlling Shareholder MCB.

The Controlling Shareholder is a connected person of the Company under Chapter 14A of the Listing Rules. As the Controlling Shareholder Notes are secured and share the same security and guarantee package of the Short Term Instruments and Long Term Instruments that might be issued under the Proposed Restructuring, the proposed issues of the Controlling Shareholder Notes and Controlling Shareholder MCB to the Controlling Shareholder constitute connected transactions for the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Controlling Shareholder MCB Conversion Shares will be issued under a specific mandate to be sought from the Independent Shareholders at the EGM. The issue of the Controlling Shareholder MCB Conversion Shares is further conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Controlling Shareholder MCB Conversion Shares. The issue of the Controlling Shareholder MCB Conversion Shares to the Controlling Shareholder is also a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened and held for, among others, the Independent Shareholders to consider and, if thought fit, to approve by way of poll, the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares).

Mr. Hui Sai Tan, Jason ("**Mr. Jason Hui**"), being the chairman, president and an executive Director, is the son of the Controlling Shareholder and is considered to have a material interest in the Controlling Shareholder Proposal. Accordingly, he has abstained from voting on the Board resolutions passed on 3 December 2024 in respect of the Controlling Shareholder Proposal. Ms. Hui Mei Mei, Carol who was appointed as a non-executive Director on 5 December 2024 is the daughter of the Controlling Shareholder. Save as disclosed above, no other Director has a material interest in the Controlling Shareholder Proposal.

The Controlling Shareholder and Mr. Jason Hui collectively hold in aggregate approximately 63.9% of the total number of Shares in issue as at the Latest Practicable Date and are interested in the Controlling Shareholder Proposal. They shall abstain from voting for the resolutions to be proposed at the EGM to approve the Controlling Shareholder Proposal. Save as disclosed above, to the best of the Directors' knowledge, no other Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM to approve the Controlling Shareholder Proposal and the proposed increase in the authorised share capital of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lyu Hong Bing, Mr. Lam Ching Kam and Mr. Fung Tze Wa, has been formed to advise the Independent Shareholders on (a) whether the proposed issues of the Controlling Shareholder Notes and the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares) (i) are conducted in the ordinary and usual course of business of the Group; (ii) are in the interests of the Company and the Shareholders as a whole; and (iii) whose terms are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and (b) how to vote on the resolutions at the EGM. Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in the same respect has been approved by the Independent Board Committee pursuant to the Rule 13.84 of the Listing Rules.

OUR INDEPENDENCE

We do not have any relationship with, or interest in, the Group, the Controlling Shareholder or other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this appointment, we have not (i) acted in the capacity as financial adviser or as an independent financial adviser to the Company; (ii) provided any services to the Company; or (iii) had any relationship with the Company. Apart from normal independent financial advisory fee paid or payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, the Controlling Shareholder or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider ourselves independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company's annual report for the year ended 31 December ("**FY**") 2023 (the "**2023 Annual Report**");
- (ii) the Company's interim report for the six months ended 30 June ("**HY**") 2024 (the "**2024 Interim Report**");
- (iii) CSA and CSA Amendment Agreement; and
- (iv) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the Controlling Shareholder Proposal and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in respect of the Controlling Shareholder Proposal, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

Business profile

The Company is a company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the development and investment of residential and commercial properties, property management, commercial properties operation and hotel operation in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial information

The following is a summary of the financial results of the Group for FY2022, FY2023, HY2023 and HY2024, as extracted from 2023 Annual Report and 2024 Interim Report:

Table 1: Highlights of the financial results of the Group

	Unaudited		Audited	
	HY2024	HY2023	FY2023	FY2022
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	29,194,689	30,393,587	59,463,712	63,040,148
– Sales of properties	23,174,321	24,393,824	46,985,856	50,260,189
– Hotel operation income	1,074,075	1,058,595	2,295,484	1,746,286
– Commercial properties operation income	825,594	860,547	1,740,254	1,889,052
– Property management income, and others	4,120,699	4,080,621	8,442,118	9,144,621
Cost of sales	(29,179,830)	(27,269,253)	(53,615,805)	(57,758,774)
Gross profit	14,859	3,124,334	5,847,907	5,281,374
Operating loss	(14,232,355)	(1,787,968)	(13,249,715)	(2,300,012)
Loss attributable to equity holders of the Company	(22,667,515)	(12,057,786)	(21,030,181)	(21,492,478)

Source: 2023 Annual Report and 2024 Interim Report

FY2023 vs FY2022

During FY2023, the Group recorded revenue of approximately RMB59.5 billion, representing a decrease of approximately 5.7% from approximately RMB63.0 billion for FY2022. Such decrease in revenue was primarily due to the slower completion progress than expected. Approximately 79.0% of the revenue were generated from the sales of properties as compared to approximately 79.7% in FY2022, and approximately 21.0% of the revenue from hotel operation, commercial properties operation, property management and others as compared to approximately 20.3% in FY2022.

The Group's cost of sales for FY2023 was approximately RMB53.6 billion, representing a decrease of approximately 7.2% as compared to the cost of sales of approximately RMB57.8 billion for FY2022, which was generally in line with the decline in revenue of the Group during the same period. The Group recorded gross profit of approximately RMB5.8 billion for FY2023, representing an increase of approximately 9.4% from the gross profit of approximately RMB5.3 billion for FY2022. The gross profit margin of the Group was approximately 9.8% for FY2023, which showed a slight improvement compared to the gross profit margin of approximately 8.4% for FY2022.

The Group recorded loss attributable to the Shareholders of approximately RMB21.0 billion for FY2023, representing a small improvement in loss of approximately 2.3% from approximately RMB21.5 billion for FY2022. Such fluctuation was influenced by various factors, including, among others, (i) increase in losses from bankruptcy and disposal of subsidiaries; (ii) increase in fair value losses on investment properties; and (iii) decrease in exchange losses. After excluding the after-tax impact of non-recurring or non-cash items, loss from core business attributable to the Shareholders for FY2023 increased by approximately RMB1.7 billion or 13.3%, from approximately RMB12.8 billion for FY2022 to approximately RMB14.5 billion for FY2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

HY2024 vs HY2023

During HY2024, the revenue of the Group continued to register a decline to approximately RMB29.2 billion, representing a decrease of approximately 3.9% from approximately RMB30.4 billion for HY2023. 79.4% of the revenue for HY2024 was generated from the sales of properties (HY2023: 80.3%) and 20.6% from hotel operation, commercial properties operation, property management and others (HY2023: 19.7%).

Despite the drop in revenue, the Group's cost of sales for HY2024 increased by approximately 7.0%, from approximately RMB27.3 billion for HY2023 to approximately RMB29.2 billion for HY2024, which was mainly due to an increase in provision for impairment losses on properties. Gross profit of the Group experienced a significant decline of over 99.5% to approximately RMB14.9 million for HY2024 from approximately RMB3.1 billion for HY2023. With gross profit margin for HY2024 at approximately 0.1%, as compared with 10.3% for HY2023, the decrease was mainly due to (i) higher average costs recognised, such as land cost and construction cost; and (ii) increase in provision for impairment losses on properties, which was affected by the continuous downturn in the real estate industry.

The loss attributable to equity holders of the Company for HY2024 increased to approximately RMB22.7 billion from approximately RMB12.1 billion for HY2023, representing a continuous deterioration of approximately 88.0%. Apart from the substantial drop in gross profit as mentioned above, the drastic increase in loss was also attributable to other net losses that increased from RMB264.7 million to RMB10.9 billion, a nearly 40-fold increase, resulting from impairment of assets classified as held for sale, impairment loss on right-of-use assets and losses from the liquidation of several subsidiaries which were adjudged bankrupt.

The following is a summary of the financial positions of the Group as at 30 June 2024 and 31 December 2023 respectively, as extracted from the 2024 Interim Report:

Table 2: Highlights of the financial positions of the Group

	Unaudited 30 June 2024 (RMB'000)	Audited 31 December 2023 (RMB'000)
Non-current assets	96,207,751	115,518,303
Current assets	389,376,839	427,732,092
Non-current liabilities	62,542,029	72,132,923
Current liabilities	398,500,108	419,866,442
Equity/(liabilities) attributable to equity holders of the Company	(7,754,675)	14,715,951

Source: 2024 Interim Report

As at 30 June 2024, total assets and liabilities of the Group were approximately RMB485.6 billion and RMB461.0 billion respectively, as compared to total assets and liabilities of approximately RMB543.3 billion and RMB492.0 billion as at 31 December 2023 respectively, registering a decrease of approximately 10.6% and 6.3% respectively. The Group recorded a net current liability position of approximately RMB9.1 billion as at 30 June 2024. With the loss for the period of HY2024 at approximately RMB22.7 billion, it resulted in turning the positive equity

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

attributable to the Shareholders from approximately RMB14.7 billion as at 31 December 2023 to a net liability of approximately RMB7.8 billion as at 30 June 2024. The net liability and net current liability positions pose a grave concern to the Group as discussed below.

Going concern issue and the need for the Proposed Restructuring

It was noted from the 2023 Annual Report that, while the Board has prepared the consolidated financial statements of the Company as at 31 December 2023 on a going concern basis, the Company's auditor, ZHONGHUI ANDA CPA Limited ("Zhonghui"), has given a disclaimer of opinion (the "**Disclaimer of Opinion**") on the consolidated financial statements of the Company for FY2023. The basis of the Disclaimer of Opinion indicated the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern, and therefore the Group may not be able to realise its assets and discharge its liabilities in the normal course of business, details of which are summarised as follows:

- (i) the Group incurred a loss attributable to the Shareholders of approximately RMB21.0 billion for FY2023 and approximately RMB21.5 billion for FY2022, respectively;
- (ii) as at 31 December 2023, the Group had borrowings in total of approximately RMB264.0 billion, out of which approximately RMB199.4 billion or 75.6% will be due for repayment within FY2024, while the Group's total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB21.4 billion, the amount of which only represented an approximate 10.7% of the current borrowings due in FY2024;
- (iii) as at 31 December 2023, the Group had not repaid borrowings of approximately RMB169.4 billion in aggregate according to their scheduled repayment dates;
- (iv) up to the date of the independent auditor's report, the Group had not repaid borrowings with the outstanding amount of RMB174.1 billion in aggregate according to the Group's scheduled repayment dates; and
- (v) the Group was involved in various litigation and arbitration cases related to the Group's consolidated borrowing or financial guarantees and other matters.

We note that it is not the first year the Company's consolidated financial statements of the Company received a disclaimer of opinion from Zhonghui. In fact, Zhonghui issued a disclaimer of opinion on the Company's consolidated financial statements for each of FY2022 and FY2021 under very similar circumstances as the Disclaimer of Opinion.

As set out in the 2024 Interim Report, as part of the updated development and auditor's views towards the Disclaimer of Opinion, it was noted that there was no progress as at 30 June 2024 to change Zhonghui's view on the Disclaimer of Opinion in order to give a bearing on the forthcoming annual audit of the Company for FY2024. In the 2024 Interim Report, the Company explained that the uncertainty regarding on-going operations of the Group was mainly influenced by external factors, including the current property market in the PRC and the development of the Proposed Restructuring. As discussed with the Management, the Company emphasised that it had communicated with Zhonghui regarding the recent operational status and progress of the Proposed Restructuring and Zhonghui expressed that they were not able to provide any concrete view at the moment. Zhonghui emphasised that it will assess the audit evidence to be obtained in the forthcoming annual audit of the Company for FY2024 and re-evaluate its audit opinion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For HY2024, the Group incurred a loss attributable to the Shareholders of approximately RMB22.7 billion. As at 30 June 2024, the Group had borrowings of approximately RMB256.6 billion, out of which approximately RMB201.6 billion or 78.6% will be due for repayment within the next twelve months, while its total cash (including cash and cash equivalents and restricted cash) only amounted to approximately RMB18.7 billion. As at 30 June 2024, the Group had not repaid borrowings of RMB172.8 billion in aggregate according to their scheduled repayment dates. Up to the date of 2024 Interim Report at 29 August 2024, the Group had not repaid borrowings with the outstanding amount of RMB175.4 billion in aggregate according to their scheduled repayment dates.

On 5 April 2024, the Company received a winding-up petition against the Company (the “**Petition**”) filed by China Construction Bank (Asia) Corporation Limited at the High Court of Hong Kong (the “**High Court**”) in connection with a financial obligation of the Company in the amount of approximately HK\$1,579.5 million. The Company announced on 2 December 2024 that the winding-up petition filed at the High Court against the Company was dismissed by consent.

Based on the above, we note that the Company is facing significant pressure on its working capital and liquidity position. The challenging financial position also cast doubt on the Company as a going-concern.

2. Background information of the Controlling Shareholder

The Controlling Shareholder is Mr. Hui Wing Mau and his associates. As at the Latest Practicable Date, the Controlling Shareholder, through two companies wholly owned by him, held 2,422,840,586 Shares, representing approximately 63.8% of the issued share capital of the Company.

3. Reasons for and benefits of the possible transactions in connection with the Proposed Restructuring

The Group is principally engaged in the development and investment of residential and commercial properties, property management, commercial properties operation and hotel operation in the PRC.

Since late 2021, the property market in the PRC has experienced a significant downturn. With plummeting sales and difficulties in securing new fundings under difficult market conditions, the Company has experienced severe liquidity issue. The Company and its advisors have been actively engaging with its stakeholders on the restructuring of its offshore debts. On 25 March 2024, the Company announced a restructuring proposal and the CSA.

Through extensive dialogues with stakeholders, Scheme Creditors holding 80.72% in principal amount of the In-scope Debt have demonstrated their support to the Proposed Restructuring by either acceding to the CSA or agreeing to accede to the CSA.

The Proposed Restructuring is intended to (a) deleverage the Company; (b) allow adequate financial flexibility and sufficient runway to stabilise the business; and (c) protect the rights and interests, and maximise the value, for all stakeholders (the “**Key Restructuring Objectives**”).

The Proposed Restructuring will be implemented through the Scheme, the effect of which is that once the Scheme becomes effective, all the claims under the In-scope Debt of the Scheme Creditors will be discharged and extinguished and the Scheme Creditors will be prohibited from making any claim against the Company in respect of its portion of the In-scope Debt.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

No net proceeds will be received by the Group from the issue of the instruments under the Proposed Restructuring, including the MCB, the Controlling Shareholder MCB and the Controlling Shareholder Notes. The issue of the MCB will be applied towards the satisfaction of the Restructuring Consideration and Work Fee of the Proposed Restructuring, and potential settlement of certain Out-of-scope Debt. The issue of the Controlling Shareholder MCB and the Controlling Shareholder Notes will be applied towards setting off the Shareholder Loans.

The Proposed Restructuring will serve to reduce the overall debt size and debt pressure of the Group, enhance its net asset value and improve its overall financial position. As the term of each of the instruments under the Proposed Restructuring will be longer than one year, upon completion of the Proposed Restructuring, the indebtedness of the Company with respect to the In-scope Debt in the principal amount of US\$11,453,786,379, all of which are now regarded as current liabilities of the Company, will be reclassified as non-current liabilities of the Company, thereby improving the liquidity of the Company. The MCB and the Controlling Shareholder MCB, upon conversion, would also increase the capital base of the Company.

As stated in the Letter from the Board, the Controlling Shareholder, has through companies wholly owned by him, provided loans in the aggregate principal amount of HK\$3,963 million to the Company, and loans in the aggregate principal amount of HK\$3,839 million to subsidiaries of the Company. Pursuant to the Proposed Restructuring, such Shareholder Loans will be exchanged as to US\$600 million of the outstanding principal amount into the Controlling Shareholder Notes, and the balance of the aggregate principal amount of outstanding Shareholder Loans into the Controlling Shareholder MCB.

In relation to the Disclaimer of Opinion given by Zhonghui, it is noted from the independent auditor's report for FY2023 that the consolidated financial statements of the Group for FY2023 have been prepared on a going concern basis as the Directors have been undertaking a number of plans and measures to mitigate the liquidity pressure and improve its financial position. The Group's ability to continue as a going concern largely depends upon the successful implementation of these measures, which are subject to multiple uncertainties, including (i) the success of completing the proposed offshore debt restructuring plans (i.e. the Proposed Restructuring) and extension of onshore debts with multiple lenders and creditors; (ii) the Group's ability to successfully obtain other alternative financing and borrowings; (iii) the success of resolving the pending litigations of the Group; (iv) the success of business strategy plan to accelerate the sales of its properties; and (v) the success of disposing its equity interests in certain project development companies to generate additional cashflow.

We note from the 2024 Interim Report that the Directors held this similar view as at 30 June 2024 and prepared the interim consolidated financial statements of the Group for HY2024 on a going concern basis.

In view of the above factors, in particular of consecutive losses incurred by the Group for FY2021, FY2022, FY2023 and HY2024, as well as the net current liability position of the Group as at 30 June 2024 of approximately RMB9.1 billion with the pressing need to move forward to achieve the Key Restructuring Objectives, therefore we are of the view that the Proposed Restructuring (including the proposed issues of Controlling Shareholder Notes and Controlling Shareholder MCB), though not conducted in the ordinary course of business of the Group, is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Principal terms of the Controlling Shareholder MCB

We outlined below the principal terms and conditions of the Controlling Shareholder MCB as extracted from the Letter from the Board under the section headed “5. PROPOSED ISSUE OF THE CONTROLLING SHAREHOLDER MCB”:

Issuer:	The Company
Principal amount:	US\$397,758,525, being the outstanding principal amount of the Shareholder Loans, less US\$600 million which will be exchanged into the Controlling Shareholder Notes, and translated at the agreed exchange rate of US\$1 = HK\$7.82.
Maximum number of Controlling Shareholder MCB Conversion Shares to be issued:	Assuming full conversion of the Controlling Shareholder MCB at the conversion price of HK\$6.00 per Share, 518,411,944 Controlling Shareholder MCB Conversion Shares will be issued at the agreed exchange rate of US\$1 = HK\$7.82. The Controlling Shareholder MCB Conversion Shares represent: (a) approximately 13.7% of the existing issued share capital of the Company as at the Latest Practicable Date; (b) approximately 12.0% of the issued share capital of the Company as enlarged by the issue of the Controlling Shareholder MCB Conversion Shares; and (c) approximately 2.5% of the issued share capital of the Company as enlarged by (i) the issue of the Controlling Shareholder MCB Conversion Shares; and (ii) the issue of the MCB Conversion Shares upon full conversion of the MCB. The Controlling Shareholder MCB Conversion Shares, upon full conversion, will have an aggregate nominal value of HK\$51,841,194.40. Based on the closing price of the Shares of HK\$1.29 on the Last Trading Day, and assuming full conversion, the Controlling Shareholder MCB Conversion Shares have a value of approximately HK\$668,751,407.80.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Save as disclosed above, all other terms of the Controlling Shareholder MCB, including the conversion terms, are the same as the MCB. Please refer to the principal terms of the MCB as extracted from the Letter from the Board under the section headed “3. PROPOSED ISSUE OF MCB UNDER SPECIFIC MANDATE” as set out below:

Issuer:	The Company
Principal amount:	Up to US\$12,662,513,247, assuming all Scheme Creditors have elected MCB as the only Restructuring Consideration, plus the amount issued as Work Fee under the Proposed Restructuring and the amount potentially to be issued to fully settle certain of the Out-of-scope Debt.
Issue date:	Restructuring Effective Date
Interest:	The MCB are not interest bearing
Maturity:	One year from the original issue date
Conversion Price:	The Conversion Price per MCB Conversion Share is HK\$6.00. The Conversion Price represents: (a) a premium of approximately 404.2% to the closing price of the Shares of HK\$1.19 on the date of the Announcement; (b) a premium of approximately 368.7% to the average closing price of the Shares of HK\$1.28 for the five trading days immediately prior to the date of the Announcement; (c) a premium of approximately 445.5% to the closing price of the Shares of HK\$1.10 on the Latest Practicable Date; and (d) a premium of approximately 710.8% to the closing price of HK\$0.74 per Share on the date of the CSA (as amended by the CSA Amendment Agreement dated 26 July 2024).
Conversion:	<u>Voluntary Conversion:</u> (a) Any holder of the MCB may deliver a conversion notice to convert all or part of the MCB it holds into MCB Conversion Shares at the conversion price of HK\$6.00 per MCB Conversion Share within 15 business days from the later of (a) the Original Issue Date of the MCB and (b) the date that the conditional listing approval from the Stock Exchange in respect of the MCB Conversion Shares underlying the MCB becomes unconditional and fully effective; and

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- (b) Any holder of the MCB may deliver a conversion notice to convert all of the MCB it holds into MCB Conversion Shares at the conversion price of HK\$6.00 per MCB Conversion Share during the tenor of the MCB, however, such conversion shall only be effected as soon as practicable after the aggregate principal amount elected for conversion reaches US\$500 million, or, if the aggregate principal amount elected for conversion does not amount to US\$500 million, such conversion shall be effected on the next immediate Mandatory Conversion Date.

Mandatory Conversion:

The Remaining MCB Issue Amount that are outstanding post the voluntary conversion made pursuant to (a) above shall be mandatorily converted into MCB Conversion Shares by instalments in accordance with the following schedule, provided that the amount of MCB to be mandatorily converted on or prior to each Mandatory Conversion Date in accordance with the table below shall be reduced by the amount of MCB converted on or prior to such Mandatory Conversion Date in accordance with (b) under the voluntary conversion above:

Mandatory Conversion Date	Remaining MCB Issue Amount to be Converted (% of Remaining MCB Issue Amount, on a cumulative basis)	Conversion Price
The date falling 3 months after the Original Issue Date	25% of the Remaining MCB Issue Amount	HK\$6.00
The date falling 6 months after the Original Issue Date	50% of the Remaining MCB Issue Amount	HK\$6.00
The date falling 9 months after the Original Issue Date	75% of the Remaining MCB Issue Amount	HK\$6.00
The date falling 12 months after the Original Issue Date	100% of the Remaining MCB Issue Amount	HK\$6.00

Adjustment events:

The Conversion Price may be adjusted if new Shares are being issued at below the market price, or upon the occurrence of certain adjustment events including:

- (a) an alteration to the nominal value of the Shares as a result of consolidation, sub-division, redesignation or reclassification;

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- (b) an issue (other than in lieu of cash dividend and other than issue that would amount to capital distribution) of any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account);
- (c) an issue by way of a scrip dividend where the aggregate value of such issue exceeds the amount of the relevant cash dividend or the relevant part thereof and which would not have constituted a capital distribution;
- (d) a capital distribution to the Shareholders;
- (e) an issue of Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than 80 per cent. of the current market price per Share on the date of the first public announcement of the terms of the issue or grant;
- (f) an issue of other securities to all or substantially all Shareholders as a class by way of rights, or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any other securities;
- (g) an issue (otherwise than as mentioned in paragraph (e) above) of any Shares (other than Shares issued on the exercise of the conversion rights attaching to the MCB) or issue or grant (otherwise than as mentioned in paragraph (e) above) any options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, in each case at a price per Share which is less than 80 per cent. of the current market price on the date of the first public announcement of the terms of such issue;

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- (h) other issues of securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 80 per cent. of the current market price on the date of the first public announcement of the terms of issue of such securities;
- (i) modification of the rights of conversion, exchange or subscription attached to any such securities as are mentioned in paragraph (h) above (other than in accordance with the terms of such securities), so that the consideration per Share is reduced and is less than 80 per cent. of the current market price on the date of announcement of the proposal for such modification; and
- (j) issues, sale or distribution by the Company or any of its subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity of any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them.

**Maximum number of MCB
Conversion Shares to be
issued:**

Assuming full conversion of the MCB at the conversion price of HK\$6.00 per Share and based on the agreed exchange rate of US\$1 = HK\$7.82, up to 16,503,475,598 MCB Conversion Shares will be issued.

The MCB Conversion Shares represent:

- (a) approximately 434.5% of the existing issued share capital of the Company as at the Latest Practicable Date;
- (b) approximately 81.3% of the issued share capital of the Company as enlarged by the issue of such MCB Conversion Shares; and
- (c) approximately 79.3% of the issued share capital of the Company as enlarged by (i) the issue of such MCB Conversion Shares, and (ii) the issue of the Controlling Shareholder MCB Conversion Shares upon full conversion of the Controlling Shareholder MCB.

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The MCB Conversion Shares, upon full conversion, will have an aggregate nominal value of HK\$1,650,347,559.80. Based on the closing price of the Shares of HK\$1.29 on the Last Trading Day, and assuming full conversion, the MCB Conversion Shares have a value of approximately HK\$21,289,483,521.40.

Optional redemption:

The MCB may not be redeemed unless and until all Short Term Instruments and Long Term Instruments that might be issued under the Proposed Restructuring are fully repaid and/or cancelled.

Ranking:

The MCB constitutes direct, unsubordinated, unconditional, unguaranteed and unsecured obligations of the Company, and shall at all times rank pari passu and without any preference or priority among themselves.

Voting rights:

The holder(s) of the MCB shall not have any right to attend or vote in any general meeting of the Company.

Transferability:

The MCB are freely transferable subject to conditions.

Specific mandate

The Controlling Shareholder MCB Conversion Shares will be issued under a specific mandate to be sought from the Independent Shareholders at the EGM.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Controlling Shareholder MCB Conversion Shares. An application will be made for the listing and quotation of the Controlling Shareholder MCB on the SGX.

5. Principal terms of the Controlling Shareholder Notes

We outlined below the principal terms and conditions of the Controlling Shareholder Notes as extracted from the Letter from the Board under the section headed “4. PROPOSED ISSUE OF THE CONTROLLING SHAREHOLDER NOTES”:

Issuer:

The Company

Principal amount:

US\$600 million

Tenor:

9.5 years after the Restructuring Effective Date, and shall be redeemed at maturity

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Interest:	Interest will be accrued and payable in kind only, semi-annually in arrears on the outstanding principal amount of the Controlling Shareholder Notes at 2.0% per annum, commencing from the Restructuring Effective Date.
Guarantees:	The Controlling Shareholder Notes will share the guarantees provided by certain subsidiaries of the Group on the obligations of the Company under the Short Term Instruments and the Long Term Instruments.
Collateral:	The Controlling Shareholder Notes will share the collateral provided by the Company for the Short Term Instruments and Long Term Instruments, comprising, among others, (i) pledge over 100% of the shares of the major offshore subsidiaries of the Group, (ii) pledge over certain shares of Shimao Services Holdings Limited, (iii) pledge and assignment of any receivable that is over US\$80 million of the Company of certain offshore subsidiaries of the Group, and (iv) pledge over certain designated bank accounts.
Ranking:	The Controlling Shareholder Notes will rank pari passu with the Short Term Instruments and Long Term Instruments, and are guaranteed general obligations of the Company on a senior basis, senior in right of payment to any existing and future obligations of the Company as expressly provided by the instrument, at least pari passu in right of payment against the Company with respect to all unsecured, unsubordinated indebtedness.

An application will be made for the listing and quotation of the Controlling Shareholder Notes on the SGX.

6. Evaluation of the key terms of the Controlling Shareholder MCB and the Controlling Shareholder Notes

(a) Share price comparisons

Pursuant to the terms of the Controlling Shareholder MCB, the Conversion Price of the Controlling Shareholder MCB essentially mirrors that of the MCB, whether under the Voluntary Conversion or the Mandatory Conversion as stated in section 4 headed “Principal terms of the Controlling Shareholder MCB” above.

As set out in the Letter from the Board, the Conversion Price was determined after arms’ length negotiations between the Company and an ad hoc group of the Scheme Creditors after taking into account, among other things, the Share price performance and the assessment of acceptability of the Scheme Creditors towards the terms of the Proposed Restructuring with a view to achieving a sustainable capital structure. The Conversion Price is at a premium to the closing price of HK\$0.475 and HK\$0.74 per Share as quoted on the Stock Exchange on 25 March 2024 and 26 July 2024, the dates of the CSA and the CSA Amendment Agreement, respectively.

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The Conversion Price per MCB Conversion Share is HK\$6.00. The Conversion Price represents:

- (a) a premium of approximately 404.2% to the closing price of the Shares of HK\$1.19 on the date of the Announcement;
- (b) a premium of approximately 368.7% to the average closing price of the Shares of HK\$1.28 for the five trading days immediately prior to the date of the Announcement;
- (c) a premium of approximately 710.8% to the closing price of HK\$0.74 per Share on the date of the CSA (as amended by the CSA Amendment Agreement dated 26 July 2024); and
- (d) a premium of approximately 445.5% over the closing price of HK\$1.10 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

(b) Historical share price performance

In order to assess the fairness and reasonableness of the initial Conversion Price at HK\$6.00 for the Controlling Shareholder MCB Conversion Share, we have reviewed the daily closing prices of the Shares from 12 December 2023, being approximately one year prior to the Last Trading Day (the “**Review Period**”). We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices of the Shares and having factored into the capital market assessment of the Company for the most part in 2024. Such comparison is relevant for the assessment of the fairness and reasonableness of the initial Conversion Price. The following diagram sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:

Chart 1: Movement of the closing prices of the Shares during the Review Period



Source: website of the Stock Exchange

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As illustrated in chart 1 above, the closing prices of the Shares fluctuated in a range between the lowest of HK\$0.295 per Share on 19 April 2024 to the highest of HK\$2.81 per Share on 2 October 2024 during the Review Period. It should be noted that the initial Conversion Price (i.e. HK\$6.00) is significantly higher than the entire range of the closing prices of the Shares during the Review Period, and represents premiums of more than 1,900% and 100% over the lowest and highest closing Share prices respectively.

Apart from the customary announcements made by the Company in terms of its interim and/or annual results announcements, and the issue of interim and/or annual reports and circular for its annual general meeting during the Review Period, other notable events included announcements on the Proposed Restructuring and the negotiation progress and update with creditors on the terms of the Proposed Restructuring that spanned across a nine month period from March to December 2024 and a discloseable transaction relating to a disposal of a project company announced on 14 March 2024.

The closing prices of the Shares oscillated between HK\$0.295 to HK\$0.65 during the period from 12 December 2023 to 9 May 2024. The closing Shares price jumped to HK\$0.96 on 10 May 2024 from HK\$0.60 on the previous trading day, and continued to fluctuate between HK\$0.46 to HK\$1.32 during the period up to 30 September 2024. The closing Share price leapt again to HK\$2.81 on 2 October 2024 from HK\$1.11 on the previous trading day, probably fused by progress made on the Proposed Restructuring when the Company announced update and further amendments to the term sheet of the Offshore Debt vis-à-vis the Proposed Restructuring on 2 October 2024. The closing prices of the Shares subsequently retreated in the following few days to HK\$1.62 on 8 October 2024 and traded between HK\$1.04 and HK\$1.72 during the period from 9 October 2024 to 12 December 2024.

As advised by the Management, other than the events mentioned above, the Management were not aware of any events that led to the fluctuation trend in the closing prices of the Shares during the Review Period.

Independent Shareholders should note that this favourable feature of the initial Conversion Price set at a significant premium to the relevant closing Share prices essentially means that there is a similar significant haircut on the principal amounts of the In-scope Debt where the Shareholder Loans form a part. This feature, as explained by the Management, is aimed in improving the overall capital structure of the Group, thereby enabling the Group to achieve meaningful and sustainable deleverage, which is the focus of the Key Restructuring Objectives.

In light of the above analysis, we note in particular the following terms: (i) the initial Conversion Price (i.e. HK\$6.00) is significantly above the range of the Share closing prices during the Review Period; (ii) the initial Conversion Price represents a premium of more than 100% over the highest closing Share price during the Review Period of HK\$2.81; and (iii) the initial Conversion Price represents a premium of 445.5% over the closing Share price as at the Latest Practicable Date of HK\$1.10. In conclusion, this represents a favourable feature to the Independent Shareholders as discussed above.

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(c) Comparable Mandatory Convertible Bonds

To assess the fairness and reasonableness of the key terms of the Controlling Shareholder MCB, including the interest rate, conversion price and term to maturity, we have conducted independent research of the proposed issue of mandatory convertible bonds to either connected persons and/or independent third parties announced by companies listed on the Main Board of the Stock Exchange in which their circulars were issued during the period from 19 November 2021 and ending on the Last Trading Day, being a period of over three (3) years prior to the Last Trading Day (the “**Comparison Period**”). Based on the above selection criteria, we have identified a total of 6 mandatory convertible bonds (the “**Comparable MCBs**”) to provide an assessment of the recent market practice in relation to the key terms of mandatory convertible bonds under similar market conditions. We have considered the issuance of mandatory convertible bonds to both connected persons and independent third parties in our research since the terms of such issuance were arrived at based on the prevailing market conditions regardless of whether the subscribers are connected persons or not, and this represents an unbiased reference on market terms, therefore it is fairly relevant in providing a reference to our evaluation of the terms of Controlling Shareholder MCB. We consider that the Comparison Period is appropriate since it provided, in our opinion, a reasonable and meaningful number of samples for our analysis purpose and the Comparable MCBs as a whole provides a fair and representative sample.

Independent Shareholders should note that the principal businesses, market capitalisations, profitability and financial positions of the companies in relation to the Comparable MCBs may not be similar to those of the Company, and we have not conducted any in-depth investigation into respective businesses and operations of such companies. As the Comparable MCBs can provide a general reference of the key terms for similar transactions in Hong Kong under the current market conditions, we consider, to the best of our knowledge and ability, that the list of Comparable MCBs is exhaustive, fair and representative during the Comparison Period in assessing the fairness and reasonableness of the key terms of the Controlling Shareholder MCB.

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Table 3: Analysis of the Comparable MCBs

Date of circular	Stock code	Name of company	Issue to connected person	Principal amount (approx.)	Term to maturity (year)	Interest rate per annum (%)	Premium/(discount) of conversion price ^{Note 1} over/to		Dilution effect of existing public shareholders (excluding public mandatory convertible bond holders) for conversion of mandatory convertible bond ^{(%) Note 2}
							the closing price as at last trading day prior to/on date of announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement (%)	the average closing price of five (5) trading days up to and including the last trading day prior to/on date of announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement (%)	
29 Nov 2024	1638	Kaisa Group Holdings Ltd. – Tranche A – Tranche B – Tranche C – Tranche D – Tranche E – Tranche F – Tranche G – Tranche H	No	US\$300,000,000		0.00	4,103.54	4,202.54	25.14
				US\$400,000,000		0.00	4,103.54	4,202.54	
				US\$500,000,000		0.00	4,103.54	4,202.54	
				US\$800,000,000	N/A ^(Note 3)	0.00	3,484.07	3,568.48	
				US\$800,000,000		0.00	3,484.07	3,568.48	
				US\$1,000,000,000		0.00	3,484.07	3,568.48	
				US\$1,000,000,000		0.00	3,484.07	3,568.48	
				US\$2,092,219,129		0.00	3,484.07	3,568.48	
5 Nov 2024	1238	Powerlong Real Estate Holdings Limited	No	up to US\$558,166,990	4.00	0.00	378.57	388.34	6.75

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Date of circular	Stock code	Name of company	Issue to connected person	Principal amount (approx.)	Term to maturity (year)	Interest rate per annum (%)	Premium/(discount) of conversion price ^{Note 1} over/to		Dilution effect of existing public shareholders (excluding public mandatory convertible bond holders) for conversion of mandatory convertible bond ^{(%) Note 2}
							the closing price as at last trading day prior to/on date of announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement (%)	the average closing price of five (5) trading days up to and including the last trading day prior to/on date of announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement (%)	
1 Nov 2024	3377	Sino-Ocean Group Holding Limited	No	US\$4,018,000,000					18.77
		- Class A	To connected and non-connected persons	US\$833,000,000	2.00	0.00	289.33	292.47	
		- Class B	To connected and non-connected persons	US\$1,450,000,000	2.00	0.00	1,412.00	1,424.19	
		- Class C	To connected and non-connected persons	US\$1,175,000,000	2.00	0.00	4,438.67	4,475.27	
		- Class D	No	US\$561,000,000	2.00	0.00	2,870.67	2,894.62	

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Date of circular	Stock code	Name of company	Issue to connected person	Principal amount (approx.)	Term to maturity (year)	Interest rate per annum (%)	Premium/(discount) of conversion price ^{Note 1} over/to		Dilution effect of existing public shareholders (excluding public mandatory convertible bond holders) for conversion of mandatory convertible bond ^{(%) Note 2}
							the closing price as at last trading day prior to/on date of announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement (%)	the average closing price of five (5) trading days up to and including the last trading day prior to/on date of announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement (%)	
15 Dec 2023	3883	China Aoyuan Group Limited	No	US\$143,000,000	5.00	0.00	(44.07)	(42.61)	18.13
13 Jun 2023	1918	Sunac China Holdings Limited							29.44
		– mandatory convertible bond	No	US\$2,200,000,000	5.00	0.00	(12.66)	(14.89)	
		– controlling shareholder bond	Yes	US\$450,000,000	5.00	0.00	(12.66)	(14.89)	

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Date of circular	Stock code	Name of company	Issue to connected person	Principal amount (approx.)	Term to maturity (year) (or less)	Interest rate per annum (%)	Premium/(discount) of conversion price ^{Note 1} over/to		Dilution effect of existing public shareholders (excluding public mandatory convertible bond) ^{Note 2}
							the closing price as at last trading day prior to/on date of announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement (%)	the average closing price of five (5) trading days up to and including the last trading day prior to/on date of announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement (%)	
8 Jul 2022	1592	Anchorstone Holdings Limited	No	up to HK\$200,000,000	1.00 (or less)	2.00	(10.91)	(10.08)	8.85
				Maximum	5.00	2.00	4,438.67	4,475.27	29.44
				Minimum	1.00	0.00	(44.07)	(42.61)	6.75
				Average	3.11	0.12	2,296.47	2,343.63	17.85
813		The Company – Controlling Shareholder MCB – MCB	Yes	US\$397,758,525	1.00	0.00	710.81	704.29	(4.35) ^{Note 4}
			No	US\$12,662,513,247	1.00	0.00	710.81	704.29	(29.43) ^{Note 5} (29.60) ^{Note 6}

Dilution effect of full conversion of both Controlling Shareholder MCB and MCB

Source: website of the Stock Exchange

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Notes:

1. Conversion prices of respective Comparable MCBs are extracted from the respective conversion prices as stated in the section relating to effects on shareholding structure of respective companies in their respective circulars.
2. To provide meaningful references for dilution effect caused by conversion of Controlling Shareholder MCB and/or the MCB, dilution effect of conversion of the respective Comparable MCBs is calculated based on (i) the assumption of conversion of the respective Comparable MCBs only without taking into account the effects on the shareholding structuring caused by other securities; and (ii) all other applicable assumptions regarding respective Comparable MCBs as stated in the section relating to effects on the shareholding structure of respective companies in their respective circulars. For illustrative purpose, the dilution effect percentage is calculated by taking the shareholding percentage of the public shareholders as at the latest practicable date as disclosed in the respective circulars and deduct the shareholding percentage of the public shareholders (excluding respective mandatory convertible bondholders who have been included as public shareholders after the conversion of the Comparable MCBs) assuming only full conversion of the Comparable MCBs respectively.
3. The terms to maturity of the mandatory convertible bonds of Kaisa Group Holdings Ltd. were not disclosed in its circular dated 29 November 2024 as the issue date of the mandatory convertible bonds of Kaisa Group Holdings Ltd., which is the restructuring effective date, has yet to be announced.
4. Dilution effect of conversion of the Controlling Shareholder MCB is calculated for illustration purpose only, based on the assumptions that (i) there is no other change in the issued share capital from the Latest Practicable Date up to the full conversions of the Controlling Shareholder MCB; and (ii) full conversion of the Controlling Shareholder MCB only and none of the MCB is converted.
5. Dilution effect of conversion of the MCB is calculated for illustration purpose only, based on the assumptions that (i) there is no other change in the issued share capital from the Latest Practicable Date up to the full conversions of the MCB; (ii) no single creditor of either the In-scope Debt or the Out-of-scope Debt will hold 10% or more of the issued share capital of the Company upon full conversion of the MCB; (iii) all Scheme Creditors have elected the MCB as the sole Restructuring Consideration; (iv) the aggregate amount of MCB to be issued to the Scheme Creditors and holders of certain of the Out-of-scope Debt is US\$12,662,513,247; and (v) full conversion of the maximum principal amount of the MCB and no Controlling Shareholder MCB is converted.
6. Dilution effect of full conversion of both Controlling Shareholder MCB and MCB is calculated for illustration purpose only, based on the assumptions that (i) there is no other change in the issued share capital from the Latest Practicable Date up to the full conversions of the Controlling Shareholder MCB and the MCB; (ii) no single creditor of either the In-scope Debt or the Out-of-scope Debt will hold 10% or more of the issued share capital of the Company upon full conversion of the MCB; (iii) all Scheme Creditors have elected the MCB as the sole Restructuring Consideration; (iv) the aggregate amount of MCB to be issued to the Scheme Creditors and holders of certain of the Out-of-scope Debt is US\$12,662,513,247; and (v) full conversion of both of the Controlling Shareholder MCB and the maximum principal amount of the MCB.

Interest rate

As shown in the table above, we note that the interest rates of the Comparable MCBs ranged from nil to 2.00% per annum, with an average interest rate of approximately 0.12% per annum. As the Controlling Shareholder MCB do not bear any interest (i.e. zero-coupon), we consider that the feature of zero interest is in the interests of the Company and the Shareholders as a whole.

Term to maturity

The terms to maturity of the Comparable MCBs ranged from 1.00 year (or less) to 5.00 years, with an average term of approximately 3.11 years. The term to maturity of the Controlling Shareholder MCB is one (1) year from the original issue date of the Controlling Shareholder MCB with the outstanding principal amount of the Controlling Shareholder MCB mandatorily converted into new Shares at maturity, and falls within such range but is below the average term of the Comparable MCBs. In view of the fact that the tenure of the Controlling Shareholder MCB mirrors that of the MCB and issue of the Controlling Shareholder MCB demonstrates the Controlling Shareholder's strong support for the Proposed Restructuring, we consider that the term to maturity of the Controlling Shareholder MCB is justifiable, fair and reasonable. Independent Shareholders should also

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note that despite the term to maturity of the Controlling Shareholder MCB is 1 year, at least 25% of which will be converted into new Shares every quarter under its mandatory conversion feature. We view this as a favourable term to the Independent Shareholders because the sooner the Controlling Shareholder MCB are converted, the faster the Group is de-leveraged.

Conversion Price

As set out in the table above, we note that the conversion price to: (i) the closing price on the last trading day prior to/on date of announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement in relation to the respective Comparable MCBs ranged from a premium of approximately 4,438.67% to a discount of approximately 44.07%, with an average premium of approximately 2,296.47%; and (ii) the average closing price of the last five (5) trading days prior to/on date of the announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement in relation to the respective Comparable MCBs ranged from a premium of approximately 4,475.27% to a discount of approximately 42.61%, with an average premium of approximately 2,343.63%. As the initial Conversion Price is: (a) at a premium of approximately 710.81% over the closing price of HK\$0.74 per Share on the date of the CSA Amendment Agreement; and (b) at a premium of approximately 704.29% over the average closing price per Share for the last five (5) consecutive trading days up to and including the date of the CSA Amendment Agreement, such premiums as represented by the initial Conversion Price is within the respective range and below the respective average premium of the Comparable MCBs. In view of the fact that the initial Conversion Price of the Controlling Shareholder MCB is same as that of the MCB and the premiums as represented by the initial Conversion Price is within the respective range of the Comparable MCBs, we consider the Conversion Price is justifiable.

Dilution effect

We note that the dilution effect to the existing public shareholders (excluding mandatory convertible bondholders who are considered as public) of the Comparable MCBs ranged from approximately 6.75% to approximately 29.44% with the average dilution effect of approximately 17.85%. As stated under the section headed “7. Possible dilution effect on the shareholding interests of the other Shareholders” below, assuming (i) full conversion of the MCB at the Conversion Price of HK\$6.00 per Share (assuming MCB in the aggregate principal amount of US\$12,662,513,247 will be issued by the Company); and (ii) full conversion of the Controlling Shareholder MCB at the same Conversion Price of HK\$6.00 per Share, the shareholding interests of the other Shareholders would be diluted by approximately 29.60%, which is above the range and the average of the Comparable MCBs. Independent Shareholders should however note that such significant dilution would not be solely caused by the Controlling Shareholder MCB, in fact the principal amount of the Controlling Shareholder MCB of US\$397,758,525 only represents a fraction (i.e. approximately 3.05%) of the aggregate principal amount of MCB and Controlling Shareholder MCB totally US\$13,060,271,772. Most of the dilution would be caused by the full conversion of the MCB, where the principal amounts of all the Comparable MCBs pale in comparison with that of the MCB. In view of the fact that (i) the Conversion Price represents a premium of approximately 710.81% over the closing price of HK\$0.74 per Share on the date of the CSA Amendment Agreement; (ii) the dilution effect of the

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Controlling Shareholder MCB alone would be approximately 4.35% (assuming full conversion of the Controlling Shareholder MCB and none of the MCB is converted), which is below the minimum dilution effect of the Comparable MCBs, we consider that the dilution effect of the Controlling Shareholder MCB is justifiable.

We also note that (i) the dilution effect of full conversion of the maximum principal amount of the MCB (i.e. approximately 29.43%) is based on the assumption that all Scheme Creditors have elected the MCB as the sole Restructuring Consideration; (ii) with reference to the Letter from the Board, the Company is of the view that the amount of the MCB that will be issued as part of the Proposed Restructuring will likely fall between the Low-end Probable Case and the High-end Probable Case, with the assumptions that Short Term Instruments would be fully subscribed, all or part of the Long Term Instruments would be subscribed and none of the holders of the Out-of-scope Debt will receive MCB. If this scenario materialises, the actual principal amount of the MCB to be converted into MCB Conversion Shares would be less than the maximum principal amount (which is US\$12,662,513,247), and accordingly the dilution effect caused by conversion of the MCB would definitely be less than 29.43%; and (iii) the term to maturity of the MCB is only one year and the MCB will be mandatorily converted into MCB Conversion Shares in equal instalments every 3 months after the Original Issue Date. This could enable the Company to achieve de-leveraging in a short period of time, retain a relatively sustainable and healthier capital structure and in turn benefits the Independent Shareholders. In view of the above, we consider that the dilution effect of conversion of the MCB is acceptable.

(d) Comparable Notes

To assess the fairness and reasonableness of the key terms of the Controlling Shareholder Notes, including the interest rate and term to maturity, we have conducted independent research of the recent proposed issue of long term/medium term notes to either connected persons and/or independent third parties initially announced by companies listed on the Main Board of the Stock Exchange. We have considered the issuance of long term/medium term notes with the term to maturity of more than 1 year to both connected persons and independent third parties in our research since the terms of such issuance are arrived at based on prevailing market conditions regardless of whether the subscribers are connected persons or not and represent an unbiased reference on market terms, therefore providing a targeted reference in our evaluation of the terms of the Controlling Shareholder Notes. Based on the above selection criteria, we have identified a total of 18 comparable issue of long term/medium term notes (the “**Comparable Notes**”), which was announced from 1 September 2024, being approximately three (3) months prior to the Last Trading Day (the “**CN Comparison Period**”), to provide a general reference for the recent market practice in relation to the key terms of the long term/medium term notes under similar market condition. We consider that the CN Comparison Period is appropriate since it provided, in our opinion, a reasonable and meaningful number of samples for our analysis purpose and the Comparable Notes as a whole provides a fair and representative sample.

Independent Shareholders should note that the principal businesses, market capitalisations, profitability and financial positions of the companies in relation to the Comparable Notes may not be similar to those of the Company, and we have not conducted any in-depth investigation into respective businesses and operations of such companies. As the Comparable Notes can provide a general reference of the key terms for similar transactions in Hong Kong under the current market conditions, we consider, to the best of our knowledge and ability, that the list of Comparable Notes is exhaustive, fair and representative during the Comparison Period in assessing the fairness and reasonableness of the key terms of the Controlling Shareholder Notes.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 4: Analysis of the Comparable Notes

Date of announcement	Stock code	Name of company	Issue to connected person	Principal amount	Term to maturity (year)	Interest rate (per annum)
11 Dec 2024	1052	Yueshiu Transport Infrastructure Limited	No	RMB600,000,000	2.00	1.93%
29 Nov 2024	149	China Agri-Products Exchange Limited	No	HK\$41,000,000	12.00	4.10%
28 Nov 2024	9988	Alibaba Group Holding Limited	No			
		– Notes due 2030		US\$1,000,000,000	6.00	4.875%
		– Notes due 2035		US\$1,150,000,000	11.00	5.250%
		– Notes due 2054		US\$500,000,000	30.00	5.625%
28 Nov 2024	9988	Alibaba Group Holding Limited	No			
		– Notes due 2028		RMB8,400,000,000	4.00	2.65%
		– Notes due 2029		RMB5,000,000,000	5.00	2.80%
		– Notes due 2034		RMB2,500,000,000	10.00	3.10%
		– Notes due 2044		RMB1,100,000,000	20.00	3.50%
6 Nov 2024	207	Joy City Property Limited	No	RMB1,400,000,000	3.00	3.20%
29 Oct 2024	3377	Sino-Ocean Group Holding Limited	Yes	US\$2,200,000,000	4.00	3.00%
28 Oct 2024	1398	Industrial and Commercial Bank of China Limited	No	RMB40,000,000,000	10.00	2.37%
24 Oct 2024	152	Shenzhen International Holdings Limited	No	RMB4,000,000,000	3.00	2.21%
12 Oct 2024	2666	Genertec Universal Medical Group Company Limited	No	RMB1,000,000,000	3.00	2.50%
26 Sep 2024	257	China Everbright Environment Group Limited	No	RMB1,500,000,000	5.00	2.23%
25 Sep 2024	1848	China Aircraft Leasing Group Holdings Limited	No	RMB1,000,000,000	2.00	2.70%
25 Sep 2024	3690	Meituan	No	US\$1,200,000,000	4.00	4.50%
25 Sep 2024	3690	Meituan	No	US\$1,300,000,000	5.00	4.625%
19 Sep 2024	1816	CGN Power Co., Ltd.	No	RMB2,400,000,000	3.00	1.99%
18 Sep 2024	914	Anhui Conch Cement Company Limited	No	RMB3,500,000,000	5.00	2.12%
18 Sep 2024	914	Anhui Conch Cement Company Limited	No	RMB3,500,000,000	5.00	2.10%
15 Sep 2024	1186	China Railway Construction Corporation Limited	No	RMB3,500,000,000	3.00	2.60%
13 Sep 2024	3899	CIMC Enric Holdings Limited	No	RMB1,500,000,000	5.00	2.37%
		Maximum			30.0	5.625%
		Minimum			2.00	1.93%
		Average			6.96	3.15%
		Controlling Shareholder Notes	Yes	US\$600,000,000	9.5	2.00%

Source: website of the Stock Exchange

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Interest rate

As shown in the table above, we note that the interest rates of the Comparable Notes ranged from 1.93% to 5.625% per annum, with an average interest rate of approximately 3.15% per annum. As the interest rate of the Controlling Shareholder Notes is 2.0%, which is within the range of interest rates of the Comparable Notes and below the average of the interest rates of the Comparable Notes, with no cash outflows expected from the Group since it is payable in-kind only, we consider that it is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Term to maturity

The terms to maturity of the Comparable Notes ranged from 2.00 years to 30.00 years, with an average term of approximately 6.96 years. The maturity of the Controlling Shareholder Notes which is 9.50 years from the Restructuring Effective Date falls within such range and is higher than the average term of the Comparable Notes. It is also worth noting that the term to maturity of the Controlling Shareholder Notes of 9.50 years is slightly longer than the tenure of Long Term Instruments to be issued to independent third party Scheme Creditors which carries a tenure of 8.5 years only. In view of the fact that the relatively long tenure of the Controlling Shareholder Notes demonstrates the Controlling Shareholder's support to the Proposed Restructuring, we consider that the term to maturity of the Controlling Shareholder Notes is justifiable, fair and reasonable.

(e) Restructuring Notes

In view of the fact that the above analysis on the Comparable Notes issuance was of a general nature, which is unlike the Controlling Shareholder Notes that are proposed to be issued for the Proposed Restructuring, we have further examined those long term/medium term notes issued as part of a debt restructuring exercise. Based on the above selection criteria, we have identified a total of 5 comparable issues of long term/medium term notes as part of a debt restructuring exercise (the “**Restructuring Notes Comparables**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 5: Analysis of the Restructuring Notes Comparables

Date of circular	Stock code	Name of company	Issue to connected person	Principal amount	Term to maturity (year)	Interest rate (per annum)
29 Nov 2024	1638	Kaisa Group Holdings Ltd. – Tranche A – Tranche B – Tranche C – Tranche D – Tranche E – Tranche F	No	US\$400,000,000 US\$600,000,000 US\$1,000,000,000 US\$1,200,000,000 US\$1,800,000,000 Depends on allocation	Not disclosed	5.00% or 5.50% or 6.00% or 6.50% ^{Note} 5.25% or 6.25% ^{Note} 5.50% or 6.50% ^{Note} 5.75% or 6.75% ^{Note} 6.00% or 7.00% ^{Note} 6.25% or 7.25% ^{Note}
5 November 2024	1238	Powerlong Real Estate Holdings Limited – New Medium Term Notes – New Long Term Notes	No	Depends on selection Up to US\$238,558,389	5.00 7.50	2.75-3.50% 2.0-2.75%
1 November 2024	3377	Sino-Ocean Group Holding Limited	Yes	up to US\$2,200,000,000	3.00-8.00	3.00%
15 December 2023	3883	China Aoyuan Group Limited – Aoyuan New Notes – Aoyuan Perpetuals – Add Hero Notes (Tranche A) – Add Hero Notes (Tranche B) – Add Hero Notes (Tranche C)	No No No No No No	US\$500,000,000 US\$1,600,000,000 US\$650,000,000 US\$500,000,000 US\$650,000,000	8.00 perpetual US\$150,000,000: 3.00 US\$200,000,000: 5.00 US\$300,000,000: 6.00 7.00 8.00	5.50% zero interest to 9% Year 22 and onwards: 9% is increased by 3.00% per year 7.50% 8.00% 8.80%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of circular	Stock code	Name of company	Issue to connected person	Principal amount	Term to maturity (year)	Interest rate (per annum)
13 June 2023	1918	Sunac China Holdings Limited	No			
		– Tranche A		US\$500,000,000	2.00	5.00%
		– Tranche B		US\$500,000,000	3.00	5.25%
		– Tranche C		US\$1,000,000,000	4.00	5.50%
		– Tranche D		US\$1,500,000,000	5.00	5.75%
		– Tranche E		US\$1,500,000,000	6.00	6.00%
		– Tranche F		US\$1,000,000,000	7.00	6.25%
		– Tranche G		Up to US\$1,000,000,000	8.00	6.50%
		– Tranche H		Depends on selection	9.00	6.50%
		Maximum			perpetual	9.00% or more
		Minimum			2.00	zero interest
		The Controlling Shareholder Notes	Yes	US\$600,000,000	9.50	2.00%

Source: website of the Stock Exchange

Note: The interest rates of the notes of Kaisa Group Holdings Ltd. vary due to (i) whether all interest with respect to such interest payment period is paid in cash or whether any portion of interest with respect to such interest payment period is paid in kind; and/or (ii) whether the original maturity is extended or not (if applicable).

Interest rate

As shown in the table above, we note that the interest rates of the Restructuring Notes Comparables ranged from zero interest to 9.00% or more per annum. As (i) the interest rate of the Controlling Shareholder Notes which is 2.0% falls within the range of the Restructuring Notes Comparables; and (ii) the interest of the Controlling Shareholder Notes will be payable in kind only, we consider that it is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Term to maturity

The terms to maturity of the Restructuring Notes Comparables ranged from 2.00 years to perpetual. The term to maturity of the Controlling Shareholder Notes, which is 9.50 years from the Restructuring Effective Date, is within the range of terms of the Restructuring Notes Comparables. It should also be noted that the term to maturity of the Controlling Shareholder Notes of 9.50 years is slightly longer than the 8.5-year tenure of Long Term Instruments to be issued to independent third party Scheme Creditors. In view of the fact that tenure of the Controlling Shareholder Notes is longer than Long Term Instruments and this shows strong support of the Controlling Shareholder to the Proposed Restructuring, we consider that the term to maturity of the Controlling Shareholder Notes is justifiable, fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

7. Possible dilution effect on the shareholding interests of the other Shareholders

As illustrated by the shareholding table contained under the section headed “7. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY” of the Letter from the Board, the shareholding interests of the other Shareholders as at the Latest Practicable Date (being members of the public as defined in Rule 8.24 of the Listing Rules) would be diluted by approximately 29.60% assuming (i) full conversion of the Controlling Shareholder MCB at the initial Conversion Price of HK\$6.00 per Share; and (ii) full conversion of the MCB at the Conversion Price of HK\$6.00 per Share (assuming MCB in the aggregate principal amount of US\$12,662,513,247 will be issued by the Company). In this regard, taking into account (i) the reasons for the issue of the Controlling Shareholder MCB and its role in assisting the Group to achieve the Key Restructuring Objectives; (ii) the premium of approximately 710.81% represented by the Conversion Price over the closing price of HK\$0.74 per Share on the date of the CSA Amendment Agreement; (iii) preservation of shareholder value while reaching resolution with the Company’s creditors amidst creditors enforcement actions; and (iv) the terms of the Controlling Shareholder MCB being fair and reasonable as demonstrated in the analysis above, we are of the view that the impact of such level of dilution to the shareholding interests of the other Shareholders is acceptable.

OPINION AND RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular:

- (i) the reasons for the Proposed Restructuring as discussed in the section headed “Reasons for and benefits of the possible transactions in connection with the Proposed Restructuring” above, in particular the pressing need to meet the Key Restructuring Objectives;
- (ii) the part capitalisation of the Shareholder Loans by way of issuance and conversion of Controlling Shareholder MCB enables the Group to mitigate a substantial cash outflow, allowing the Company to retain working capital to achieve adequate financial flexibility and sufficient runway to stabilise the business and to protect the rights and interests for all stakeholders;
- (iii) that the terms of the Controlling Shareholder MCB mirrors that of the MCB to be issued to the Scheme Creditors;
- (iv) that the initial Conversion Price is higher than the closing Share prices over the Review Period;
- (v) that the premiums represented by the initial Conversion Price are within the range of the Comparable MCBs;
- (vi) that both the interest rate and term to maturity of the Controlling Shareholder MCB fall within the range of the Comparable MCBs;
- (vii) that the potential dilutive effect on the shareholding interest of the other Shareholders arising from the conversion of the Controlling Shareholder MCB is acceptable;
- (viii) that the interest rate of the Controlling Shareholder Notes is below the average interest rate of the Comparable Notes and falls within the range of the Restructuring Notes Comparables; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ix) that the tenure of the Controlling Shareholder Notes of 9.50 years is slightly longer than the tenure of Long Term Instruments to be issued to independent third party Scheme Creditors and falls within the range of the Restructuring Notes Comparables,

we are of the view that although the proposed issues of the Controlling Shareholder Notes and the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares) are not conducted in the ordinary and usual course of business of the Group, the terms of the Controlling Shareholder Notes and the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares) are on normal commercial terms, fair and reasonable based on current market conditions so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions approving the proposed issues of the Controlling Shareholder Notes and the Controlling Shareholder MCB (including the grant of a specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares) at the EGM.

Yours faithfully,
For and on behalf of
Opus Capital Limited
Koh Kwai Yim
Managing Director

Ms. Koh Kwai Yim is the Managing Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activity. Ms. Koh has over 20 years of corporate finance experience in Asia and has participated in and completed various financial advisory and independent financial advisory transactions.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL, MCB AND CONTROLLING SHAREHOLDER MCB**(a) Share Capital**

Assuming there is no change in the authorised and issued share capital of the Company since the Latest Practicable Date, the authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon the increase in the authorised share capital of the Company, and (A) full conversion of the MCB at the Conversion Price of HK\$6.00 per Share (assuming MCB in the aggregate principal amount of US\$12,662,513,247 will be issued by the Company), and (B) full conversion of the Controlling Shareholder MCB at the same Conversion Price of HK\$6.00 per Share, in each case on the agreed exchange rate of US\$1.00 = HK\$7.82, are as follows:

(i) As at the Latest Practicable Date

<i>Authorised capital:</i>		<i>HK\$</i>
<u>5,000,000,000</u>	Shares of HK\$0.1 each	<u>500,000,000.0</u>
<i>Issued and fully paid or credited as fully paid:</i>		
<u>3,797,831,888</u>	Shares of HK\$0.1 each	<u>379,783,188.8</u>

- (ii) *Immediately upon the increase in the authorised share capital of the Company, and (A) full conversion of the MCB at the Conversion Price of HK\$6.00 per Share (assuming MCB in the aggregate principal amount of US\$12,662,513,247 will be issued by the Company), and (B) full conversion of the Controlling Shareholder MCB at the same Conversion Price of HK\$6.00 per Share, in each case on the agreed exchange rate of US\$1.00 = HK\$7.82*

Authorised capital: HK\$

<u>25,000,000,000</u>	Shares of HK\$0.1 each	<u>2,500,000,000.0</u>
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Issued and fully paid or credited as fully paid:

<u>3,797,831,888</u>	Shares of HK\$0.1 each	<u>379,783,188.8</u>
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16,503,475,598 (being the maximum number of MCB Conversion Shares to be issued upon full conversion of the MCB)	Shares of HK\$0.1 each	<u>1,650,347,559.8</u>
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518,411,944 (being the maximum number of Controlling Shareholder MCB Conversion Shares to be issued upon full conversion of the Controlling Shareholder MCB)	Shares of HK\$0.1 each	<u>51,841,194.4</u>
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<u>20,819,719,430</u>	Shares of HK\$0.1 each	<u>2,081,971,943.0</u>
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All issued Shares rank pari passu in all respects with each other, including rights to dividend and voting at general meetings of the Company.

Each of the MCB Conversion Shares and the Controlling Shareholder MCB Conversion Shares to be issued upon conversion will rank pari passu in all respects among themselves respectively and with all Shares in issue as at the date of allotment and issue of the MCB Conversion Shares and the Controlling Shareholder MCB Conversion Shares (as the case may be), including in particular, as to voting right, and the right to any dividends or distributions made or declared on or after the date of allotment and issue of the MCB Conversion Shares and the Controlling Shareholder MCB Conversion Shares. Each of the MCB Conversion Shares and the Controlling Shareholder MCB Conversion Shares will be listed and traded on the Stock Exchange.

As at the Latest Practicable Date, the Company had no treasury shares or outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into Shares or any agreement or arrangement other than the proposed issue of the MCB and the proposed issue of the Controlling Shareholder MCB as detailed in this circular.

3. DISCLOSURE OF INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix C3 to the Listing Rules, were as follows:

(i) Long position in Shares of the Company

Name of Director	Capacity/ Nature of interests	Number of Shares held	Approximately percentage of issued share capital
Hui Sai Tan, Jason	Beneficial owner	3,682,198 ⁽¹⁾	0.097%
Xie Kun	Beneficial owner	332,804 ⁽²⁾	0.009%
Shao Liang	Beneficial owner	61,388 ⁽³⁾	0.002%

Notes:

- The interests disclosed include deemed interests in 119,493 Shares granted under the 2011 Share Award Scheme of the Company.
- The interests disclosed include deemed interests in 256,504 Shares granted under the 2011 Share Award Scheme of the Company.
- The interests disclosed include deemed interests in 61,388 Shares granted under the 2011 Share Award Scheme of the Company.

(ii) Long position in shares of associated corporation – Shimao Services Holdings Limited

Name of Director	Capacity/ Nature of interests	Number of Shares held	Approximately percentage of issued share capital
Hui Sai Tan, Jason	Beneficial owner	57,129	0.002%
Xie Kun	Beneficial owner	95,215	0.004%
Shao Liang	Beneficial owner	35,016	0.001%
Zhao Jun	Beneficial owner	37,945	0.002%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had, or were deemed to have, any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix C3 to the Listing Rules.

4. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests and short positions of persons in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under section 336 of the SFO were as follows:

Long position in shares of the Company

Name of Shareholder	Capacity/ Nature of interest	Number of ordinary shares	Approximate percentage of holding
Hui Wing Mau	Interest in controlled corporation	2,422,840,586	63.80%
Gemfair Investments Limited	Beneficial owner	2,045,746,316	53.87%
Overseas Investment Group International Limited	Voting arrangement ⁽¹⁾	2,045,746,316	53.87%
Shiying Finance Limited	Beneficial owner	377,094,270	9.93%

Note:

- The interests disclosed represent the right to vote on behalf of the Shares held by Gemfair Investments Limited at general meetings of the Company, pursuant to a deed dated 12 June 2006 between Gemfair Investments Limited and Overseas Investment Group International Limited, as long as Mr. Hui Wing Mau or his close associates (directly or indirectly) hold not less than 30% interest in the Company.

Save as disclosed above, as at the Latest Practicable Date, no other person (other than the directors and chief executive of the Company) had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under section 336 of the SFO.

5. SERVICE CONTRACTS

None of the Directors has any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, Mr. Hui Sai Tan, Jason and Ms. Hui Mei Mei, Carol are directors of Overseas Investment Group International Limited and Ms. Hui Mei Mei, Carol is a director of Gemfair Investments Limited. Save for the foregoing, none of the Directors is a director or employee of a company which has interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

7. OTHER INTERESTS OF THE DIRECTORS

- (a) As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the business of the Group.

8. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with that of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

10. EXPERT AND CONSENT

The following is the qualification of the expert who has given advice or opinion contained in this circular:

Name	Qualification
Opus Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Opus Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Opus Capital:

- (a) had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) had no direct or indirect interest in any assets which had, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Shimao Group Holdings Limited (the “**Company**”) will be held at The Function Room 1-2, 2/F, The Harbourview, 4 Harbour Road, Wanchai, Hong Kong on Wednesday, 15 January 2025 at 11:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions as ordinary resolutions of the Company.

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the proposed issue of zero coupon mandatory convertible bonds of the Company (“**MCB**”) which are convertible into ordinary shares of the Company, the details of which are set out in the circular of the Company dated 30 December 2024 (the “**Circular**”), as consideration for the restructuring of the Company’s offshore indebtedness be and is hereby unconditionally approved and confirmed;
- (b) the directors of the Company be and are hereby authorised and granted a specific mandate to exercise the power of the Company to allot, issue and deal with any new shares of the Company that might be issued upon the conversion of the MCB; and
- (c) any one director of the Company be and is hereby authorised to do all such acts and things and sign, ratify or execute all such documents and take all such steps or actions as the director in his discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the proposed issue of the MCB and the transactions contemplated thereunder.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “**THAT**

- (a) the proposed issue of the 9.5 years 2.0% long-term notes in the principal amount of US\$600 million (the “**Controlling Shareholder Notes**”) to Mr. Hui Wing Mau (the “**Controlling Shareholder**”) or entities designated by the Controlling Shareholder in order to set off an equivalent amount of loan provided by the Controlling Shareholder to the Company and/or its subsidiaries, the details of which are set out in the Circular, be and is hereby unconditionally approved and confirmed; and
- (b) any one director of the Company be and is hereby authorised to do all such acts and things and sign, ratify or execute all such documents and take all such steps or actions as the director in his discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the proposed issue of the Controlling Shareholder Notes and the transactions contemplated thereunder.”

3. “**THAT**

- (a) the proposed issue of zero coupon mandatory convertible bonds of the Company (the “**Controlling Shareholder MCB**”), which are convertible into ordinary shares of the Company, to the Controlling Shareholder or entities designated by the Controlling Shareholder in order to set off an equivalent amount of loan provided by the Controlling Shareholder to the Company and/or its subsidiaries, the details of which are set out in the Circular, be and is hereby unconditionally approved and confirmed;
- (b) the directors of the Company be and are hereby authorised and granted a specific mandate to exercise the power of the Company to allot, issue and deal with any new shares of the Company that might be issued upon the conversion of the Controlling Shareholder MCB; and
- (c) any one director of the Company be and is hereby authorised to do all such acts and things and sign, ratify or execute all such documents and take all such steps or actions as the director in his discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the proposed issue of the Controlling Shareholder MCB and the transactions contemplated thereunder.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. “THAT

- (a) that the authorised share capital of the Company be increased from HK\$500,000,000 divided into 5,000,000,000 shares of HK\$0.1 each (the “Shares”) to HK\$2,500,000,000 divided into 25,000,000,000 Shares by creating an additional 20,000,000,000 unissued Shares, such Shares will rank pari passu in all respects; and
- (b) any one director of the Company be and is hereby authorised to do all such acts and things and sign, ratify or execute all such documents and take all such steps or actions as the director in his discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the proposed increase in the authorised share capital of the Company and the transactions contemplated thereunder.”

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

Hong Kong, 30 December 2024

Notes:

- 1. Any member entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares of the Company may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
- 2. A form of proxy for use at the meeting is enclosed.
- 3. The form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be under its seal or the hand of an officer, attorney or other person duly authorised.
- 4. The form of proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy thereof must be lodged at the share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be) and in default the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the EGM or at any adjourned meeting (as the case may be) should they so wish.
- 5. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either in personal or by proxy, in respect of such share as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, the vote of that one of the said persons so present whose name stands first on the register of members in respect of such share shall be accepted to the exclusion of the votes of the other joint holders.
- 6. For determining the identity of the shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 10 January 2025 to Wednesday, 15 January 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company should ensure that all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 9 January 2025.

As at the date of this notice, the Board comprises three Executive Directors, namely, Mr. Hui Sai Tan, Jason (Chairman and President), Mr. Xie Kun and Mr. Zhao Jun, two Non-executive Directors, namely Ms. Hui Mei Mei, Carol and Mr. Shao Liang, and three Independent Non-executive Directors, namely, Mr. Lyu Hong Bing, Mr. Lam Ching Kam and Mr. Fung Tze Wa.