

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

This announcement 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; AND**
- (4) INCREASE IN AUTHORISED SHARE CAPITAL**

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 and 2 December 2024 (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 date of this announcement, 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.

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.

In addition, 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.

This announcement 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.

PROPOSED ISSUE OF MCB UNDER SPECIFIC MANDATE

Under the terms of the Proposed Restructuring, Scheme Creditors will be offered, at their election and/or subject to the reallocation mechanism, zero coupon mandatory convertible bonds that are convertible into new shares of the Company as Restructuring Consideration.

Subject to the occurrence of the Restructuring Effective Date, the Company will issue the MCB to the Scheme Creditors that have elected and/or allocated with MCB for Restructuring Consideration. The MCB Conversion Shares will be issued under a specific mandate to be sought from the Shareholders at the EGM.

The proposed issue of the MCB is subject to the passing of the necessary resolution by the Shareholders at the EGM. The issue of the MCB Conversion Shares is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the MCB Conversion Shares.

PROPOSED ISSUE OF CONTROLLING SHAREHOLDER NOTES

Under the terms of the Proposed Restructuring, subject to the occurrence of the Restructuring Effective Date, the Controlling Shareholder will exchange US\$600 million of the outstanding principal amount of the Shareholder Loans into the Controlling Shareholder Notes.

The Controlling Shareholder Notes will have a tenor of 9.5 years and interest will be accrued and payable semi-annually in arrears on the outstanding amount entirely in kind at 2.0% per annum.

The Controlling Shareholder is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the 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.

PROPOSED ISSUE OF CONTROLLING SHAREHOLDER MCB

Under the terms of the Proposed Restructuring, subject to the occurrence of the Restructuring Effective Date, the Controlling Shareholder will exchange the outstanding principal amount of the Shareholder Loans, less US\$600 million of such principal amount which will be exchanged into the Controlling Shareholder Notes, into the Controlling Shareholder MCB.

The Controlling Shareholder is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the 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.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to facilitate the Proposed Restructuring, the Board proposed to increase the authorized 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. The proposed increase in the authorized share capital of the Company is subject to the approval of the Shareholders by way of an ordinary resolution.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been established to consider, and to advise the Independent Shareholders on the terms of the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB. Opus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

An EGM will be convened for the Shareholders to consider and approve the proposed issue of the MCB, including the granting 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 Controlling Shareholder MCB, including the granting of the specific mandate for the issue of the Controlling Shareholder MCB Conversion Shares.

A circular containing, among others, (a) further details on the proposed issue of the MCB, the proposed issue of the Controlling Shareholder Notes and the Controlling Shareholder MCB, and the proposed increase in the authorised share capital of the Company; (b) a letter of recommendations from the Independent Board Committee to the Independent Shareholders on the terms of the proposed issue of the Controlling Shareholder Notes and the Controlling Shareholder MCB; (c) a letter of advice from 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 Controlling Shareholder MCB; and (d) a notice convening the EGM will be despatched by the Company to the Shareholders on or before 6 January 2025.

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

1. 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 and 2 December 2024 (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 date of this announcement, 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 summary of the four options of the Restructuring Consideration will be disclosed in the circular to be despatched to the Shareholders on the transactions contemplated under this announcement.

Shareholder Loans

In addition, 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.

Conditions precedent for the 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 of the Company shall remain listed and traded on the Stock Exchange;
- (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 announcement 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.

2. 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 this 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 this announcement; and (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).

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.

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;
- (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.

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 16,503,475,599 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 date of this announcement;
- (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\$1,650,347,559.90. Based on the closing price of the Shares of HK\$1.29 on 12 December 2024, the last trading day of the Shares immediately prior to the date of this announcement, and assuming full conversion, the MCB Conversion Shares have a value of approximately HK\$21,289,483,522.70.

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.

3. 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
Interest:	Interest will be accrued and payable in kind only, semi-annually in arrears on the outstanding principal amount of the Controlling Shareholders 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.

4. 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, 518,411,943 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 date of this announcement; (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\$51,841,194.30. Based on the closing price of the Shares of HK\$1.29 on 12 December 2024, the last trading day of the Shares immediately prior to the date of this announcement, and assuming full conversion, the Controlling Shareholder MCB Conversion Shares have a value of approximately HK\$668,751,406.50.

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

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. 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 date of this announcement.

6. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company:

- (a) as at the date of this announcement;
- (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 date of this announcement 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; 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 date of this announcement		Upon full conversion of the MCB		Upon full conversion of the MCB and the Controlling Shareholder MCB	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Controlling Shareholder	2,422,840,586	63.8	2,422,840,586	11.9	2,941,252,529	14.1
Scheme Creditors and holders of certain Out-of-scope Debt	–	–	16,503,475,599	81.3	16,503,475,599	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	20,301,307,487	100.0	20,819,719,430	100.0

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 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 to the Scheme Creditors is US\$4,575,363,347.

	As at the date of this announcement		Upon full conversion of the MCB		Upon full conversion of the MCB and the Controlling Shareholder MCB	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Controlling Shareholder	2,422,840,586	63.8	2,422,840,586	24.8	2,941,252,529	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	10,279,467,393	100.0

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 to the Scheme Creditors is US\$6,575,363,347.

	As at the date of this announcement		Upon full conversion of the MCB		Upon full conversion of the MCB and the Controlling Shareholder MCB	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Controlling Shareholder	2,422,840,586	63.8	2,422,840,586	19.6	2,941,252,529	22.8
Scheme Creditors	–	–	8,569,890,229	69.3	8,569,890,229	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	12,367,722,117	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 date of this announcement, 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 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.

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.

7. 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 of 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 would also increase the capital base of the Company upon conversion.

The Directors (with respect to the proposed issue of the Controlling Shareholder MCB and the Controlling Shareholder Notes, exclude Mr. Hui Sai Tan, Jason and Ms. Hui Mei Mei, Carol (appointed as 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 will be included in the 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.

8. 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 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.

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, circular 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.

9. 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 parri 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.

10. GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been established to consider, and to advise the Independent Shareholders regarding the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB and the transactions contemplated thereunder. Opus Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

An EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve by way of poll, the proposed issue of the MCB (including the grant of the Specific Mandate for the issue of the MCB Conversion Shares), and for 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). An ordinary resolution will also be proposed at the EGM for the Shareholders to consider and approve the increase in the authorised share capital of the Company.

The Controlling Shareholder, through two companies wholly owned by him, is interested in approximately 63.8% of the total number of Shares in issue as at the date of this announcement. As the Controlling Shareholder is interested in the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB, the Controlling Shareholder and Mr. Hui Sai Tan, Jason (the son of the Controlling Shareholder and the Chairman, President and executive Director of the Company), holding in aggregate approximately 63.9% of the total number of Shares in issue 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).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, no other Shareholder is required to abstain from voting for any of the resolutions to be proposed at the EGM.

A circular containing, among others, (a) further details on the proposed issue of the MCB, the proposed issue of the Controlling Shareholder Notes and the proposed issue of the Controlling Shareholder MCB, and the proposed increase in the authorised share capital of the Company; (b) a letter of recommendations from the Independent Board Committee to the Independent Shareholders on the terms of the proposed issue of the Controlling Shareholder Notes and proposed issue of the Controlling Shareholder MCB; (c) a letter of advice from 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; and (d) a notice convening the EGM will be despatched by the Company to the Shareholders on or before 6 January 2025.

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

11. DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings:

“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 in 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 date of this announcement;
“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”	the director(s) of the Company;
“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”	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;
“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 announcement, the definition of “Out-of-scope Debt” shall exclude the Shareholder Loans. All the counterparties 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;
“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 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;
“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;
“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.

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

Hong Kong, 13 December 2024

As at the date of this announcement, 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.