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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF INTERESTS IN PROJECT COMPANY**

The Disposal

On 3 July 2025, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, the Project Company and the Guarantor, under which the Vendor agreed to sell the Sale Shares and the Sale Debts to the Purchaser for an aggregate consideration of approximately RMB156.2 million.

The Sale Shares represent 50% of the equity interests in the Project Company, which is a property development company and holds the Project, a mixed-use business and commercial complex in Beijing. Upon completion of the Disposal, the Group will cease to have any interests in the Project Company.

Listing Rules Implications

As the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

On 3 July 2025, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, the Project Company and the Guarantor in relation to the Disposal. The salient terms of the Disposal are summarized below:

Subject matter

The Vendor will sell the Sale Shares and Sale Debt to the Purchaser. The Sale Shares represent 50% of the equity interests in the Project Company and the Sale Debt is a sum of RMB6,184,171.42 owed by the Project Company to the Vendor.

Consideration

The aggregate consideration for the Disposal is RMB156,184,171.42, comprising RMB150,000,000 for the sale of the Sale Shares and RMB6,184,171.42 for the sale of the Sale Debt.

The consideration will be paid in accordance with the following manners:

- (i) RMB30,000,000 will be paid within 7 days of the signing of the Agreement by the Purchaser to an escrow account to be established by the Purchaser and a claimant against the Vendor. The Purchaser will be deemed to have paid such proceeds to the Vendor when the same are released from escrow and paid to the claimant; and
- (ii) the balance of the consideration in the sum of RMB126,184,171.42 will be settled by the Purchaser procuring the Project Company to directly transfer the titles to the designated properties in the Project, with a total area of 3,257.38 sq.m., to the Vendor or its designees. The designated properties should be available to the Vendor or its designees for the online signing of sale contracts by 31 December 2025, and the due registration procedures of the title transfers should be completed by 31 December 2027.

The consideration was determined after arm's length negotiations between the parties with reference to the valuation of the Vendor's 50% interest in the Project Company as at 28 February 2025 in the amount of approximately RMB145,946,500, as appraised by an independent valuer using the asset-based approach, the amount of the Sale Debt and the financial position of the Project Company.

Valuation and assumptions

For the valuation on the equity interests of the Project Company, the asset-based method was adopted. When selecting the valuation methodology, the three generally accepted methods, including the income method, the market method and the asset-based method, were considered. The income method was not adopted as the Project Company has not been established for a long time and, due to the special nature of its business operation with a larger upfront investment cost and deferred returns on investment, which made the historical annual performance of the Project Company of no reference value and made it difficult to predict its future income. The market method was not adopted as there is a lack of open market information on comparable transactions of a scale similar to that of the Project. As each type of the assets and liabilities of the Project Company can be verified by the on-site inspection process, and can fulfill the applicable conditions for the asset-based method and the information required for the valuation and estimation, the asset-based method was considered as an appropriate valuation method.

The key assumptions used in the valuation including two categories. The basic assumptions were the transaction has been under negotiation, there have existed open market, the assets and resources of the Project Company could continue to be operated; and the Project Company will continue to

operate as a going concern. The general assumptions are customary assumptions for valuations including no major changes in the macro-economic conditions and regulations in the jurisdiction in which the Project Company operates; no force majeure or unforeseen events that will cause a material adverse impact on the Project Company.

Based on the valuation result by the independent valuer, as of 28 February 2025, the reference date of the valuation, on a going concern basis, the Project Company had total assets of approximately RMB2,398,038,000, and an appraised value of approximately RMB2,642,174,200, a valuation premium of approximately RMB244,136,200 with an appreciation rate of 10.18%. The total liabilities of the Project Company was approximately RMB2,350,281,200, with no appraised increase or decrease. The appraised value of the entire interests of shareholders in the Project Company has been determined at approximately RMB291,893,000. The Sale Shares represent 50% of the equity interests of the Project Company, the Sale Shares thus have an appraised value of approximately RMB145,946,500.

Conditions

The Disposal is conditional upon, among others, the Agreement becoming effective, the Guarantor's guarantee to secure the due performance of the Vendor's and the Project Company's obligations under the Agreement, and the seizure order against the Sale Shares and the pledge registration of the Sale Shares having been removed.

INFORMATION ON THE PROJECT COMPANY

The Project Company is owned as to 50% by the Vendor and as to 50% by the Purchaser. The Project Company is accounted as a subsidiary of the Company.

The principal business of the Project Company is the development of a mixed-use business and commercial complex in Beijing (the "Project"). The Project is located at Yunhe Core Center Area, Tongzhou District, Beijing (北京市通州區運河核心區) covering a commercial center and 13 office buildings with a gross floor area of approximately 159,000 sq.m. Given the liquidity crisis of the Company, development of the commercial center and office buildings have been suspended since March 2024. Continued investment in development and construction is required. Following the Disposal, the Project is planned to be completed in about 2 years after the resumption of construction.

Set out below is the consolidated financial information of the Project Company for the two years ended 31 December 2024 prepared in accordance with generally accepted accounting principles in the PRC:

	For the year ended 31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(unaudited)
Net loss before taxation	11,866.06	6,176.73
Net loss after taxation	11,866.06	6,176.73

The unaudited net asset value of the Project Company as at 28 February 2025 was approximately RMB47,756,900.

Subject to final audit, it is expected that the Group will realise a gain on disposal of approximately RMB52 million, which is calculated by reference to the carrying value of the net assets of the Project Company as at 28 February 2025 and taking into account the capitalisation of the debt of RMB66,000,000 indebted to the Company's subsidiary which is owned as to 50% by each of the

Group and the Purchaser. RMB30,000,000 of the proceeds from the Disposal are intended to be used for the repayment of onshore indebtedness of the Group, and the remaining consideration of RMB126,184,171.42 will be used to pledge or repay the Group's onshore indebtedness when the ownership rights of the designated properties are transferable.

Upon completion of the Disposal, the Group will no longer have any interest in the Project Company, and the Group will be released from the guarantees, obligations and further commitments in relation to the Project Company.

REASONS FOR THE DISPOSAL

As the continuous development of the Project would require further investment by the Group, the Company, given its current liquidity issue, is no longer in a position to further invest and support the continuous development of the Project. Upon completion of the Disposal, the Purchaser will be interested in the entire 100% equity interest in the Project Company and will be responsible for the continue development of the Project and operation of the Project Company. The Disposal is being carried out to release the Group from further obligations in the Project.

As the Disposal is being carried out after arm's length negotiations and on normal commercial terms, the Directors are of the view that the terms of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and all the stakeholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INFORMATION ON THE PARTIES

The Company

The Company is an investment holding company. 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.

The Vendor

The Vendor is a limited liability company established in the PRC and is principally engaged in the business of property development. It is an indirect wholly-owned subsidiary of the Company.

The Purchaser

The Purchaser is a limited liability company established in the PRC. The Purchaser is principally engaged in the business of property development. The Purchaser is an indirect wholly-owned subsidiary of 富華國際集團有限公司 (Fuwah International Group Co. Ltd.*), which is principally engaged in real estate development, asset operation and arts and culture businesses and is ultimately 100% owned by Ms. Chan Laiwa.

Guarantor

The Guarantor is a limited liability company established in the PRC. It is the sole shareholder of the Purchaser and is principally engaged in the art and culture exchange, and the development and sale of properties.

As the Project Company is an insignificant subsidiary of the Company, the Purchaser, the Guarantor and its associates are not considered as connected person of the Company under Rule 14A.09 of the Listing Rules. To the best knowledge of the Directors, having made reasonable enquiry, the Purchaser and its ultimate beneficial owner are not connected persons of the Company.

DEFINITIONS

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

“Agreement”	the agreement dated 3 July 2025 between the Vendor, the Purchaser, the Project Company and the Guarantor in respect of the Disposal;
“Board”	the board of directors of the Company;
“Company”	Shimao Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 813);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the sale of the Sale Shares and the Sale Debt to the Purchaser;
“Group”	the Company and its subsidiaries;
“Guarantor”	富華永嘉文化集團有限公司 (Fuhua Yongjia Culture Group Co., Ltd.*), a limited liability company established in the PRC and the sole shareholder of the Purchaser;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Project”	has the meaning ascribed to it under the section headed “INFORMATION ON THE PROJECT COMPANY” in this announcement;
“Project Company”	北京富華運通房地產開發有限公司 (Beijing Fuhua Yuntong Real Estate Development Co., Ltd.*), a limited liability company established in the PRC;
“Purchaser”	富華置地有限公司 (Fuhua Property Co., Ltd.*), a limited liability company established in the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;

“Sale Debt”	RMB6,184,171.42, being the amount owed by the Project Company to the Vendor;
“Sale Shares”	50% of the registered capital of the Project Company;
“sq.m.”	square meters;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	牡丹江世茂新城房地產開發有限公司 (Mudanjiang Shimao New City Property Development Co., Ltd.*), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 3 July 2025

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.

** For identification purpose only.*