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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)

BUSINESS UPDATE

INSIDE INFORMATION

This announcement is made by Shimao Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

BUSINESS UPDATE

Due to the significant changes to the macro environment of the property sector in China since the second half of 2021 and the impact of COVID-19, the Group has experienced a noticeable decline in its contracted sales in recent months, which is expected to continue in the near term until the property sector in China stabilises. The Group’s contracted sales for the five months ended 31 May 2022 were approximately RMB34.26 billion, representing a decline of approximately 72% as compared to that of RMB121.79 billion for the corresponding period in 2021. The Group has taken various measures to mitigate the impact from adverse market conditions and enhance the Group’s liquidity, which include, among others, negotiating for extensions and waivers with respect to existing financings, minimising disruptions to the construction and operations for its projects, accelerating sales and payment collections, and disposing of certain assets.

Despite the Group’s continuing efforts to enhance its liquidity position, due to market uncertainties over debt refinancing and generally challenging operating and funding conditions, the Group experienced negative developments on its credit ratings and the occurrence of principal non-payments under certain of its offshore indebtedness.

CERTAIN NON-PAYMENTS

The 4.750% senior notes due 2022 (the “**July 2022 Notes**”) in the aggregate principal amount of US\$1,000,000,000 issued by the Company and listed on the Singapore Exchange Securities Trading Limited (with ISIN XS1637274124 and Common Code 163727412) matured on 3 July 2022. The principal amount and the accrued and unpaid interest totalling US\$1,023,750,000 became due and payable. The Company has not made payment as at the date of this announcement.

In addition, the Group did not make principal payments under certain other offshore indebtedness and has been maintaining ongoing discussion with the relevant creditors with a view to reaching amicable resolutions. If the Group is unable to reach consensual resolutions with respect to such indebtedness, the relevant creditors may have the right to demand acceleration of repayment under such indebtedness and otherwise take enforcement actions against the Group pursuant to the terms of the relevant indebtedness.

As at the date of this announcement, the Company has not received any notice of acceleration of repayment from its creditors, and has received written notice of support from the majority of the lenders of its dual currency term loan facilities pursuant to the facility agreement dated 14 September 2018 between, among others, the Company as borrower and The Hongkong and Shanghai Banking Corporation Limited as facility agent (the “**2018 Syndicated Loan**”) and its dual currency term loan facilities pursuant to the facility agreement dated 9 August 2019 between, among others, the Company as borrower and The Hongkong and Shanghai Banking Corporation Limited as facility agent (the “**2019 Syndicated Loan**”). The 2018 Syndicated Loan and the 2019 Syndicated Loan represent a meaningful portion of the Group’s offshore indebtedness. Such lenders have expressed that they are generally supportive of the Company continuing to explore the possibility of an agreement and implementation of a potential restructuring with its relevant stakeholders, and are willing to work with the Company in a way that supports the Company continuing to run its business with minimum disruption. Such lenders also expressed that it is not their present intention to take any enforcement action or other steps with a view to recovering or enforcing payment of amounts outstanding under the 2018 Syndicated Loan and the 2019 Syndicated Loan.

The Company will endeavour to continue to actively engage with its creditors and seek to implement an optimal solution that strives to treat its creditors fairly and protect the interests of the Group’s stakeholders.

ENGAGEMENT OF ADVISERS

The Company has appointed Admiralty Harbour Capital Limited as its financial adviser and Sidley Austin as its legal adviser to work with its board and management to assess the Group's capital structure, evaluate the liquidity of the Group and explore feasible solutions to ease the current liquidity issue and reach an optimal solution for the benefit of all the stakeholders as soon as practicable.

Offshore creditors of the Company may contact its financial adviser:

Admiralty Harbour Capital Limited
Address: 17/F, Prosperity Tower, 39 Queens Road Central, Hong Kong
Tel: +852 2110 1666
Email: shimao@ahfghk.com

The Group offers its sincere apologies to stakeholders for the non-fulfilment of its debt obligation as scheduled. In the meantime, the Group is committed to maintaining the stability of project construction and operations with a view to creating favourable conditions conducive to the solution to the matters of all its stakeholders.

The board of directors and the management of the Company will continue to closely monitor the development of the aforesaid issues, and assess the potential impact of these events on the business development and financial conditions of the Group and will make further announcements in due course to keep the market abreast as appropriate of any material update.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, the trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 April 2022. Trading in the shares of the Company will remain suspended until further notice.

Holders of the Company's securities and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 3 July 2022

As at the date of this announcement, the Board of the Company comprises five Executive Directors, namely, Mr. Hui Wing Mau (Chairman), Mr. Hui Sai Tan, Jason (Vice Chairman and President), Ms. Tang Fei, Mr. Lu Yi (Executive President) and Mr. Xie Kun; one Non-executive Director, namely, Mr. Ye Mingjie; and three Independent Non-executive Directors, namely, Ms. Kan Lai Kuen, Alice, Mr. Lyu Hong Bing and Mr. Lam Ching Kam.