



# SHIMAO PROPERTY HOLDINGS LIMITED

## 世茂房地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
(Stock code: 813)

PLACING OF EXISTING SHARES  
AND  
SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE  
AND  
RESUMPTION OF TRADING

Morgan Stanley  
MORGAN STANLEY & CO. INTERNATIONAL PLC



GOLDMAN SACHS (ASIA) L.L.C.



UBS Investment Bank

UBS AG

Placing Agents

On 4 May 2007, the Company, Gemfair Investments Limited (being the Controlling Shareholder of the Company, Vendor and Subscriber), and Morgan Stanley & Co. International plc, Goldman Sachs (Asia) L.L.C. and UBS AG (being the Placing Agents), entered into the Placing Agreement pursuant to which the Placing Agents have agreed, as agents of the Vendor, to procure purchasers to purchase the Placing Shares or, failing which, Morgan Stanley has agreed to purchase the Placing Shares at the Placing Price (being HK\$17.88 per Share). The Placing Agreement is subject to the conditions as set out below.

On 4 May 2007, the Subscriber entered into the Subscription Agreement with the Company pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue to the Subscriber, the New Shares at the Subscription Price (being HK\$17.88 per New Share), which is the same as the Placing Price. The Subscription Agreement is subject to the conditions as set out below.

The 305,845,000 Placing Shares represent approximately 9.95% of the issued share capital of the Company as at the date of this announcement and approximately 9.29% of the issued share capital of the Company as enlarged by the allotment and issue of the 218,460,500 New Shares.

The Placing Price represents (i) a discount of approximately 5.10% to the closing price of HK\$18.84 per Share as quoted on the Stock Exchange on 4 May 2007, being the date of the Placing Agreement and the Subscription Agreement; (ii) a premium of approximately 2.23% to the average closing price of HK\$17.49 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 4 May 2007; and (iii) a premium of approximately 0.73% to the average closing price of HK\$17.75 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 4 May 2007.

It is expected that the net proceeds from the Subscription will amount to approximately HK\$3,856 million.

Trading in the Shares was suspended at the request of the Company from 9:30 a.m. on 7 May 2007, pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 8 May 2007.

PLACING AGREEMENT

Date:

4 May 2007

Parties:

The Vendor, the Company and the Placing Agents.

Placing Agents:

To the best of the knowledge, information and belief of the Directors of the Company, having made all reasonable enquiry, the Placing Agents are third parties independent of the Group and not connected persons (as defined in the Listing Rules) of the Group.

Number of Placing Shares:

305,845,000 Shares, representing approximately 9.95% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.29% of the issued share capital of the Company as enlarged by the allotment and issue of the 218,460,500 New Shares.

The Placing Shares rank pari passu in all respects with the other issued Shares in the capital of the Company as at the date of this announcement, including the right to receive all dividends declared, made or paid on or after Closing Date, and are sold free from all liens, charges and encumbrances.

Obligations of the Placing Agents to Place the Shares

The Placing Agents have agreed, as agents of the Vendor, to procure purchasers to purchase the Placing Shares or, failing which, Morgan Stanley has agreed to purchase the Placing Shares at the Placing Price (being HK\$17.88 per Share).

The obligations of the Placing Agents under the Placing Agreement are several only (and not jointly nor as agent and several basis). The number of Placing Shares for which each of the Placing Agents shall be appointed as agent to procure purchasers under the Placing Agreement is as follows:

	Number of Placing Shares
Morgan Stanley	214,091,500
Goldman Sachs (Asia) L.L.C.	45,876,750
UBS AG	45,876,750

Should any of the Placing Agents fail to procure purchasers to purchase any of the Placing Shares, Morgan Stanley has the obligation to procure purchasers to purchase or, failing which, to purchase itself such Placing Shares.

Placee(s):

It is expected that there will be not less than six Placees, and the Placees (and their ultimate beneficial owner(s), if applicable) will be third parties independent of the Group and not connected persons (as defined in the Listing Rules) of the Group, and that no Placee will become substantial Shareholder.

Placing Price:

The Placing Price is HK\$17.88 per Share (exclusive of stamp duty, brokerage, Stock Exchange trading fees and SFC transaction levies).

The Placing Price has been arrived at after arm's length negotiations among the Company, the Vendor and the Placing Agents and represents (i) a discount of approximately 5.10% to the closing price of HK\$18.84 per Share as quoted on the Stock Exchange on 4 May 2007, being the date of the Placing Agreement and the Subscription Agreement; (ii) a premium of approximately 2.23% to the average closing price of HK\$17.49 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 4 May 2007; and (iii) a premium of approximately 0.73% to the average closing price of HK\$17.75 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 4 May 2007.

Conditions of the Placing:

Completion of the Placing is conditional upon the following conditions being met:

- (a) there shall not have occurred any breach of, or any event rendering untrue or inaccurate in any material respect, any of the representations, warranties or undertakings under the Placing Agreement;
- (b) trading generally not having been suspended or materially limited on, or by, any of the Stock Exchange, the Shanghai Stock Exchange, the New York Stock Exchange or the London Stock Exchange;
- (c) trading of any securities of the Company not being suspended on the Stock Exchange or in any over the counter market (save for such suspension pending the issue by the Company of this announcement pursuant to the Listing Rules);
- (d) a material disruption in securities settlement, payment or clearance services in Hong Kong not having occurred;
- (e) any moratorium on commercial banking activities not having been declared by Hong Kong, PRC, United States Federal or New York State authorities; or
- (f) there not having occurred any outbreak or escalation of hostilities, declaration of a national emergency or war, or any significant event, development or change in financial markets, currency exchange rates or controls or any calamity or crisis that, in Morgan Stanley's judgment in its sole discretion, is material and adverse and which, singly or together with any other event specified in this clause, makes it, in Morgan Stanley's judgment in its sole discretion, impracticable to proceed with the offer, sale or delivery of the Placing Shares on the terms and in the manner contemplated in the Placing Agreement;
- (g) the Subscription Agreement having been entered into by the parties thereto and not subsequently having been revoked, terminated or modified without the written consent of the Placing Agents;
- (h) receipt by the Placing Agents of:
  - (i) three signed originals of the Hong Kong, the British Virgin Islands and United States legal opinions from the counsels to the Vendor;
  - (ii) three certified copies of each of the board minutes of the Company and the Vendor approving the Placing and Subscription;
  - (iii) three certified copies of the Subscription Agreement;
  - (iv) three signed originals of the Lock-Up Deed of Undertaking, duly executed by each of the Company and the Vendor; and
  - (v) three certified copies of the Deed of Re-assignment, and board minutes of the parties thereto approving the execution of such deed,each in a form and substance satisfactory to Morgan Stanley.

If any of the conditions set out above shall not have been fulfilled to the satisfaction of Morgan Stanley or waived by Morgan Stanley by the Closing Date or such other date as the Company and the Placing Agents may agree, the Placing Agreement and the obligations of the Placing Agents thereunder shall cease and terminate at that time.

Completion of the Placing:

Subject to the Conditions set out above, the completion of the Placing shall take place at or before 10:00 a.m. on the Closing Date, or such other date as the Vendor and the Placing Agents may jointly agree.

Lock-up Undertaking:

The Vendor has undertaken to the Placing Agent that (except for the sale of the Placing Shares pursuant to the Placing Agreement) from the date of the Placing Agreement and on or prior to the date being 180 days after the Closing Date it will not (without the prior written consent of Morgan Stanley):

- (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any share of the Company or any interests therein (including for the avoidance of doubt the Shares to be subscribed for by the Vendor under the Subscription Agreement) or any securities convertible into or exercisable or exchangeable for any such shares or interests, or

(ii) enter into any swap or similar agreement that transfers to another, in whole or in part, the economic risk of ownership of such shares of the Company,

whether any such transaction described in (i) or (ii) above is to be settled by delivery of shares in the Company or such other securities, in cash or otherwise, or

(iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

The Company has undertaken to the Placing Agent not to, except for (A) the Shares to be issued to the Vendor pursuant to and in accordance with the terms and conditions of the Subscription Agreement, (B) any Shares of the Company which may fall to be issued upon conversion of the convertible bonds issued by the Company prior to the date of the Placing Agreement, (C) any share options which have been or may be granted under the Company’s share option plans and (D) any Shares or other securities or rights issued or granted to shareholders by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its Articles of Association or on the exercise of rights existing at the date of the Placing Agreement, and the Vendor has undertaken to the Placing Agent it will procure the Company, not to, from the date of the Placing Agreement and on and prior to the date being 180 days after the Closing Date (without the prior written agreement of Morgan Stanley):

- (i) allot, issue, offer to allot or issue, grant any option, right or warrant to subscribe, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any share of the Company or any interests therein or any securities convertible into or exercisable or exchangeable for any such shares or interests, or
- (ii) enter into any swap or similar agreement that transfers to another, in whole or in part, the economic risk of ownership of such shares of the Company,

whether any such transaction described in (i) or (ii) above is to be settled by delivery of shares in the Company or such other securities, in cash or otherwise, or

(iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

DEED OF RE-ASSIGNMENT

To facilitate the Vendor’s performance of the Placing Agreement in accordance with its terms, the Vendor and Overseas Investment Group International Limited have on 7 May 2007 entered into a deed of re-assignment pursuant to which Overseas Investment Group International Limited has re-assigned to the Vendor any and all of its rights to vote at general meetings of the Company it may have in relation to the Placing Shares.

Pursuant to a deed of assignment dated 12 June 2006 between the Vendor and Overseas Investment Group International Limited, as long as Mr. Hui Wing Mau, the Chairman and an Executive Director of the Company, or his associates (directly or indirectly) hold not less than a 30% interest in the Company, the Vendor assigns all its rights, as a holder (direct or indirect) of the Shares of the Company in which it is interested from time to time, to vote at general meetings of the Company to Overseas Investment Group International Limited. Details of the assignment of voting rights from the Vendor to Overseas Investment Group International Limited are disclosed in the prospectus of the Company dated 22 June 2006. Overseas Investment Group International Limited is the trustee of The W M Hui Unit Trust, all the units of which are held by The W M Hui Family Trust of which Mr. Hui Wing Mau and his immediate family are discretionary objects.

SUBSCRIPTION AGREEMENT

Date:

4 May 2007

Parties:

The Company and the Subscriber.

Subscription Shares:

218,460,500 Shares, representing approximately 7.11% of the Company’s existing issued share capital as at the date of this announcement, or 6.64% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares.

Subscription Price:

The Subscription Price is HK\$17.88 per New Share, which is the same as the Placing Price. The total subscription money to be paid by the Subscriber to the Company for the New Shares shall be the aggregate amount of the Subscription Price net of expenses borne or to be borne by the Company with respect to the Placing. The net price per New Share amounts to approximately HK\$17.65.

Ranking:

The New Shares will, upon issue, rank pari passu in all respects with the existing issued Shares, including the right to receive all dividends and distributions declared, made or paid at any time after the date of issue of the New Shares.

Conditions of the Subscription:

Completion of the Subscription is conditional on:

- (a) completion of the Placing; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in all of the New Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive certificates of title representing the New Shares).

In the event that any of the above conditions are not fulfilled within 14 days after the date of the Subscription Agreement (or such later date as may be agreed between the parties) then the Subscription Agreement and all rights and obligations thereunder will cease and terminate.

Completion of the Subscription:

Completion shall take place within two Business Days following the fulfilment of the conditions for Subscription, and in any event within 14 days after the date of the Subscription Agreement (i.e. by 18 May 2007 inclusive).

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The New Shares will be allotted and issued under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 26 April 2007.

COSTS AND EXPENSES OF THE PLACING AND SUBSCRIPTION

Each of the Company and the Vendor will bear its own costs and expenses incurred in relation to the Placing and Subscription. The Company and the Vendor will bear the total costs and expenses of the Placing and Subscription on a pro rata basis.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Placing and (iii) immediately after completion of the Placing and the Subscription:

Name of Shareholder	Shareholding as at the date of this announcement		Shareholding immediately after completion of the Placing		Shareholding immediately after completion of the Placing and the Subscription	
	Number of Shares	% of shareholding (approximate)	Number of Shares	% of shareholding (approximate)	Number of Shares	% of shareholding (approximate)
Vendor (note 1)	2,000,000,000	65.06	1,694,155,000	55.11	1,912,615,500	58.09
Directors (other than Mr. Hui Wing Mau)	1,418,000	0.05	1,418,000	0.05	1,418,000	0.04
Public Shareholders	1,072,638,414	34.89	1,378,483,414	44.84	1,378,483,414	41.87
Total	3,074,056,414	100.00%	3,074,056,414	100.00%	3,292,516,914	100.00%

Notes:

- (1) The entire issued share capital of the Vendor is wholly-owned by Mr. Hui Wing Mau, the Chairman and an Executive Director of the Company.

REASONS FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS

The Group is a large-scale developer and owner of high quality real estate projects in the PRC. The Group specialises in developing high-end residential, retail and office properties for sale and also attractive and well-located hotel, retail and office properties for long term investment holding purposes. The Group generally takes a large-scale and integrated approach to property development. When developing residential properties, the Group also builds hotels, commercial and leisure facilities and landscape gardens together in the same integrated property. The Group currently has various projects under development at various stages located in Shanghai, Beijing, cities in the Yangtze River Delta and in cities with rapid economic growth such as Shenyang, Fuzhou, Wuhan and Yantai.

The net proceeds from the Subscription, amounting to approximately HK\$3,856 million, will be applied by the Group to finance the Group’s existing and new projects, new investments and acquisitions in future as and when opportunities arise, and also for general working capital purposes.

The Directors consider that the Placing and the Subscription represent an opportunity to raise capital for the Company while broadening the shareholder base and the capital base of the Company. The Directors consider the terms of the Placing and the Subscription to be fair and reasonable and believe that the Placing and the Subscription are in the best interests of the Company and the Shareholders.

EQUITY FUND RAISING

Save for the funds raised from the initial public offering of the Company in June 2006, no other funds have been raised on the issue of equity securities in the 12 months immediately preceding the date of this announcement.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in the New Shares.

GENERAL

Trading in Shares was suspended at the request of the Company from 9:30 a.m. on 7 May 2007, pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares from 9:30 a.m. on 8 May 2007.

DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the meanings assigned:

“Board”	the board of Directors for the time being
“Business Day”	any day (excluding Saturday) on which banks generally are open for business in Hong Kong
“Closing Date”	subject to all the conditions of the Placing having been satisfied, 9 May 2007 (being the third Business Day after the date of the Placing Agreement), or such other date as the Vendor and the Placing Agents may agree
“Company”	Shimao Property Holdings Limited, a company incorporated under the laws of the Cayman Islands, the issued Shares of which are listed on the Stock Exchange
“Controlling Shareholder”	has the meaning ascribed to such term in Rule 1.01 of the Listing Rules
“Deed of Re-assignment”	the deed dated 7 May 2007 entered into between the Vendor and Overseas Investment Group International Limited in relation to the re-assignment of the voting rights attached to the Placing Shares
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-up Deed of Undertaking”	the lock-up deeds of undertaking, the first to be entered into by the Company and the Placing Agents, and the second to be entered into by the Vendor and the Placing Agents, pursuant to which the Company and the Vendor will respectively undertake to the Placing Agents in the terms as described in the section headed “Lock-up Undertaking” above
“Morgan Stanley”	Morgan Stanley & Co. International plc. In so far as Morgan Stanley is “dealing in securities”, as defined in Schedule 5 of the SFO, Morgan Stanley shall be doing so through its agent Morgan Stanley Dean Witter Asia Limited and only in circumstances such that none of the sub-provisions (I), (II), (III), (IV) and (V) in sub-paragraph (iv) to the definition of “dealing in securities” in Part 2 of Schedule 5 of the SFO are applicable
“New Shares”	218,460,500 new Shares to be subscribed for and allotted and issued pursuant to the terms of the Subscription Agreement
“Placees”	independent, professional, institutional or other investors selected and procured by the Placing Agents, for the placing of Placing Shares
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agents”	Morgan Stanley, Goldman Sachs (Asia) L.L.C. and UBS AG
“Placing Agreement”	the agreement dated 4 May 2007 entered into by the Company, the Vendor and the Placing Agents in relation to the Placing
“Placing Price”	HK\$17.88 per Placing Share
“Placing Shares”	305,845,000 Shares beneficially owned by the Vendor as at the date of this announcement and to be placed under the Placing Agreement
“PRC”	The People’s Republic of China
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Hong Kong Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the New Shares by the Subscriber pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the agreement entered into by the Company and the Subscriber on 4 May 2007 in relation to the Subscription
“Subscription Price”	HK\$17.88 per New Share which is the same as the Placing Price
“Vendor” or “Subscriber”	Gemfair Investments Limited, a company wholly owned by Mr. Hui Wing Mau, an executive Director and the chairman of the Company

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

Hong Kong, 7 May 2007

As at the date of this announcement, the Executive Directors are Mr. Hui Wing Mau, Mr. Hui Sai Tan, Jason, Mr. Ip Wai Shing, Mr. Tang Ping Fai and Ms. Yao Li and the Independent Non-executive Directors are Ms. Kan Lai Kuen, Alice, Mr. Lu Hong Bing, Mr. Gu Yunchang and Mr. Lam Ching Kam.