



# 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)

### ANNOUNCEMENT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

On 10 April 2007, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser and the Company pursuant to which the Purchaser agreed to acquire from the Vendor the Sale Shares, representing the entire issued share capital of Modern Way at an aggregate cash consideration of RMB1,000,000,000 (HK\$1,010,000,000).

As at the date hereof, the Vendor is holding 100% of the equity interest in the Project Company. Pursuant to the terms of the Agreement, the Vendor will carry out the Reorganization and immediately before completion of the Agreement, the Vendor will be holding 70.01% of the equity interest in the Project Company and Modern Way will be indirectly holding the remaining 29.99% of the equity interest in the Project Company. Accordingly, immediately after completion of the Agreement, the Project Company will become a joint venture entity with 70.01% of its equity interest beneficially owned by the Company indirectly through the Vendor and the remaining 29.99% of its equity interest beneficially owned by Purchaser indirectly through Modern Way. The Project Company will therefore become an indirect non-wholly owned subsidiary of the Company.

The principal asset of the Project Company is its interest in the Property located at Yingwuzhou Area, Hanyang District, Wuhan, the PRC with a site area of approximately 572,093 sq.m..

THE AGREEMENT DATED 10 APRIL 2007

**Parties**

Purchaser: Jade VIII, Inc, a company incorporated in the Cayman Islands with limited liability and indirectly wholly-owned by a real estate private equity fund managed by Morgan Stanley Real Estate, both of which are independent third parties not connected with the Directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates

Vendor: Peak Castle Assets Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly wholly-owned by the Company

Guarantor: the Company, who agreed to guarantee the due observance and performance by the Vendor of all its obligations and covenants in the Agreement

**Assets to be disposed**

Sale Shares: the entire issued share capital of Modern Way immediately before completion of the Agreement

**Consideration**

The total consideration of RMB1,000,000,000 (HK\$1,010,000,000) for the sale of the Sale Shares was determined after arm’s length negotiations on the basis that the Property will not be less than a certain size, its development potentials will not be lower than certain total saleable and/or leasable GFA, the occupants on the Property will be relocated before a certain date, the total price to be paid by the Project Company in obtaining the possession of and the valid land use rights to the Property will not be more than a certain amount, and the Purchaser will not be required to provide further financing or security for the Project Company and the Property. The total consideration is to be satisfied by 4 instalments in the following manner:

(a) as to RMB250,000,000 (HK\$252,500,000) upon completion;

(b) as to RMB250,000,000 (HK\$252,500,000) on or before the latter of completion and 30 June 2007;

(c) as to RMB250,000,000 (HK\$252,500,000) on or before the latter of completion and 30 September 2007; and

(d) as to the remaining balance of RMB250,000,000 (HK\$252,500,000) on or before the latter of completion and 31 December 2007.

**Conditions and Completion**

Completion is conditional, amongst other things, on the completion of the Reorganization, the increase in the total investment amount and the total registered capital of the Project Company to US\$199,960,000 (HK\$1,559,688,000) and US\$114,269,000 (HK\$891,298,200) respectively and Modern Way becoming indirectly interested in 29.99% of the enlarged equity interest in the Project Company. If any of the conditions of the Agreement is not fulfilled or waived by the Purchaser on or before 120 days after the date of the Agreement (or such later date as the parties may agree in writing), the Agreement may be rescinded and shall become void and of no further force and effect (except for those provisions expressed to survive rescission) and none of the parties shall have any claim against each other under the Agreement.

Completion shall take place 5 business days after the date on which the last of the conditions of the Agreement shall have been fulfilled or waived, or such other date as shall be agreed between the parties.

INFORMATION OF MODERN WAY AND THE PROJECT COMPANY

Modern Way is a company incorporated in the British Virgin Islands. As at the date of this announcement, Modern Way has an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, 1 of which was issued and allotted and was fully paid or credited as fully paid and is beneficially owned by the Vendor.

As at the date hereof, the Vendor is holding 100% of the equity interest in the Project Company. Pursuant to the terms of the Agreement, the Vendor will carry out the Reorganization and immediately before completion of the sale of Agreement, the Vendor will be holding 70.01% of the equity interest in the Project Company and Modern Way will be indirectly holding the remaining 29.99% of the equity interest in the Project Company. Accordingly, immediately after completion of the Agreement, the Project Company will become a joint venture entity with 70.01% of its equity interest beneficially owned by the Company indirectly through the Vendor and the remaining 29.99% of its equity interest beneficially owned by Purchaser indirectly through Modern Way. The Project Company will therefore become an indirect non-wholly owned subsidiary of the Company.

The Project Company is a wholly foreign-owned enterprise incorporated in the PRC on 6 June 2005. The operating period of the Project Company is 50 years commencing on 6 June 2005. Following completion of the Reorganization, the total investment amount and the registered capital of the Project Company will be US\$199,960,000 (HK\$1,559,688,000) and US\$114,269,000 (HK\$891,298,200) respectively. Pursuant to the business license of the Project Company dated 23 January 2007, its scope of business of includes property development, sale of properties, rental business and property management.

The principal asset of the Project Company is its interest in the Property located at Yingwuzhou Area, Hanyang District, Wuhan, the PRC. The Property consists of 4 plots, namely Plots A1, A2, C and D. The Property has a site area of approximately 572,093 sq.m., with a planned GFA of approximately 1.816 million sq.m., of which 1.62 million sq.m. is planned to be saleable/leasable/hotel GFA. The Property is planned to be developed into residential blocks, a five-star hotel, retail and office buildings. The development of the Property is segregated into 4 phases and the final phase is expected to be completed by 2011.

**REASONS FOR THE TRANSACTIONS**

The Group is a large-scale developer and owner of high quality real estate projects in the PRC. The Group specializes 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 property development. The Group currently has various projects of development at various stages located in Shanghai, Beijing, cities in the Yangtze River Delta and in key regional cities such as Harbin, Fuzhou, Wuhan and Yantai.

Hong Kong, 10 April 2007

\* For identification purpose only

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; the independent non-executive Directors are Ms. Kan Lai Kuen, Alice, Mr. Lu Hong Bing, Mr. Gu Yunchang and Mr. Lam Ching Kam.