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SHIMAO CHINA HOLDINGS LIMITED

世茂中國控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 649)

CLARIFICATION ANNOUNCEMENT And UNUSUAL PRICE AND VOLUME MOVEMENT

This announcement is made at the request of the Stock Exchange in response to the articles appearing in today's press and the increases in the price and trading volume of the shares of the Company on 11 November, 2004.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The board of directors (the "Board") of Shimao China Holdings Limited (the "Company") refers to the articles appearing in today's press relating to the private investment of our Chairman, Mr. Hui Wing Mau in Suifenhe, Heilongjiang, China and the possible injection of the said project into the Company. The Directors would like to clarify that as stated in the Company's announcements dated 26 October and 2 November 2004 (the "Announcements"), the Company had entered into negotiation with Mr. Hui relating to the proposed acquisition of his interest in the Suifenhe project. Currently, there is no further negotiation in progress between the parties but, as stated by Mr. Hui in the articles, the Company would not rule out the possibility of acquisition of the project. The proposed transaction, if materialise, will constitute a connected transaction and, depending on the terms of the transaction, may constitute a major transaction or a very substantial acquisition of the Company under the Listing Rules. **Shareholders and potential investors should note that the purported acquisition may or may not materialise.** Further announcement will be made by the Company as and when appropriate to comply with the Listing Rules.

According to Mr. Hui, this private investment is the property interest within the Pogranichny-Suifenhe Intertrading Economic Zone across the national border between China and Russia comprising a total site area of about 453 hectares. The land area which falls within the Chinese border is designated to be developed for commercial, hotel, industrial/storage and leisure purposes. On the Russian border of the economic zone, the property development will include, inter alia, a multi-function complex centre, a Russian shopping arcade and hotel with casino facilities operated in accordance with the laws of Russia. The project will be developed in phases, the first phase of which will cost not more than RMB2 billion while the development cost of the whole project when fully completed is currently expected to be around RMB10 billion.

Save for those disclosed above and in the Announcements, there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

The Board also noted the increases in the price and trading volume of the shares of the Company on 11 November, 2004 and wishes to state that, save as described above, the Board is not aware of any reasons for such increases.

This announcement is made by the order of the Board, the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

As at the date of this announcement, the Board comprises:

Executive Directors:

Hui Wing Mau (*Chairman*)
Chung Shui Ming, Timpson (*Chief Executive Officer*)
Hui Mei Mei, Carol (*Deputy Chairman*)
Hui Sai Tan, Jason
Ip Wai Shing
Tang Ping Fai
Yao Li

Independent non-executive Directors:

Yu Hon To, David
Lee Chack Fan
Liu Hing Hung
Lu Hong Bing

By Order of the Board
Shimao China Holdings Limited
Mok Chung Fu, Eric
Company Secretary

Hong Kong, 11 November 2004

“Please also refer to the published version of this announcement in The Standard.”