



SHIMAO INTERNATIONAL HOLDINGS LIMITED

世茂國際控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 649)

MAJOR TRANSACTIONS

Financial adviser to the Company



博大資本國際有限公司

Partners Capital International Limited

The Board announces that on 15 April 2006:

- (i) the Company, Top Ahead (a wholly owned subsidiary of the Company), the Existing OU Shareholders and Shanghai Jiangong entered into the Subscription Agreement pursuant to which Top Ahead and Shanghai Jiangong will subscribe for and OU will allot and issue 150,000,000 OU Shares (representing approximately 15.7895% of the issued share capital of OU as enlarged by the subscription under the Subscription Agreement) and 50,000,000 OU Shares (representing approximately 5.2632% of the issued share capital of OU as enlarged by the subscription under the Subscription Agreement) respectively at an issue price of RMB1.00 per OU Share to increase the registered capital of OU from RMB750,000,000 to RMB950,000,000;
- (ii) Top Ahead, Shanghai Jiangong and the Existing OU Shareholders entered into the Premium Agreement pursuant to which Top Ahead and Shanghai Jiangong agreed to pay to the Existing OU Shareholders RMB30,000,000 and RMB10,000,000 respectively, being 20% of the respective subscription amounts under the Subscription Agreement, as premium;
- (iii) the Company, Top Ahead, OU, Shanghai Shiye and Burla entered into the Joint Venture Agreement pursuant to which Top Ahead will acquire 1 Burla Share from the Nominee and a total of 14,999,999 Burla Shares will be allotted and issued to Top Ahead, Shanghai Shiye and OU, as to 7,649,999 Burla Shares, 3,750,000 Burla Shares and 3,600,000 Burla Shares respectively, for cash at par, for the purpose of investing in the Project Company. Accordingly, Top Ahead will hold 7,650,000 Burla Shares representing 51% of the issued share capital of Burla upon completion of the Joint Venture Agreement for a cash consideration of US\$7,650,000;
- (iv) the Company entered into the Deed of Undertaking in favour of the Beneficiaries pursuant to which the Company undertakes, inter alia, that it will guarantee to the Beneficiaries the due and punctual performance by Top Ahead of its obligations under the Subscription Agreement, the Supplemental Promoter Agreement and the Supplemental Articles of Association; and
- (v) Shanghai Shiye entered into the Deed in favour of the Company pursuant to which Shanghai Shiye undertakes, inter alia, that it will buy back approximately 15.7895% of the issued share capital of OU and 51% of the issued share capital of Burla from Top Ahead if Burla is unable to acquire 45% shareholding of the Project Company at a consideration of approximately US\$13,500,000.

The primary current assets of OU are (i) the cash balance of approximately HK\$627.9 million as at 31 December 2005 and (ii) its 100% interest in the Project Company, a wholly foreign owned enterprise established in Russia for the purpose of engaging in property investment and development in St. Petersburg, Russia. The Baltic Pearl Project is planned to include a mixture of residential, commercial and retail space, hotels, convention centre and other facilities.

The total consideration, being the aggregate of the subscription money of OU Shares of RMB150,000,000 (approximately HK\$144,231,000), the premium for the subscription of OU Shares of RMB30,000,000 (approximately HK\$28,846,000) and the subscription money of Burla Shares of US\$7,650,000 (approximately HK\$59,670,000), payable by Top Ahead for the Investments will be approximately HK\$232,747,000. The Company will also pay HK\$10.00 to Shanghai Shiye in consideration of Shanghai Shiye giving undertakings in favour of the Company under the Deed.

The Agreements constitute major transactions of the Company under the Listing Rules and must be made conditional on approval by the Shareholders. Pursuant to Rule 14.44 of the Listing Rules, the approval by the Shareholders may be obtained by means of the written approval of the transaction by a Shareholder who holds more than 50% of the voting rights of the Company. Given that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Agreements; and (ii) a written approval of the Agreements and the transactions contemplated thereunder has been given by the Controlling Shareholder who holds approximately 74.74% of the existing issued share capital of the Company, a special general meeting of the Shareholders will therefore not be convened for the purpose of approving the Agreements. A circular containing details of the Investments, the accountants' report of the OU Group, the financial information of the enlarged Group including the unaudited pro forma consolidated statement of assets and liabilities of the enlarged Group and the property valuation report of the land lease rights in the Land will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 18 April 2006 pending the release of this announcement. The Company has applied for resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 25 April 2006.

THE SUBSCRIPTION AGREEMENT DATED 15 APRIL 2006

Parties

A. The Existing OU Shareholders:

- Party A : 上海上實(集團)有限公司 (SIIC Shanghai (Holding) Co., Ltd.), a company incorporated in the PRC with limited liability and a subsidiary of Shanghai Industrial Investment (Holdings) Co. Ltd. which is an investment holding company wholly owned by the Shanghai municipal government;
- Party B : 上海實業發展股份有限公司 (Shanghai Industrial Development Co., Ltd.), a company incorporated in the PRC with limited liability and the shares of which are currently listed on and dealt in the Stock Exchange of Shanghai with stock code of 600748;
- Party C : 上海海外公司 (Shanghai Overseas Enterprises Corporation), a company incorporated in the PRC and a subsidiary of Shanghai Industrial Investment (Holdings) Co. Ltd. which is an investment holding company wholly owned by the Shanghai municipal government;
- Party D : 百聯集團有限公司 (Bailian Group Co., Ltd.), a state owned company incorporated in the PRC with limited liability which is a distribution conglomerates with department stores, supermarkets and convenience stores etc.;
- Party E : 錦江國際(集團)有限公司 (JinJiang International Holdings Co., Ltd.), a state owned company incorporated in the PRC with limited liability which is a travel and hotel conglomerates in the PRC;
- Party F : 上海綠地(集團)有限公司 (Shanghai Greenland (Group) Co., Ltd.), a state owned company incorporated in the PRC with limited liability which is principally engaged in property investment and development in the PRC; and
- Party G : 上海工業歐亞發展中心 (Shanghai Euro-Asian Industrial Development Center), a company incorporated in the PRC and owned by Shanghai Economic Committee which is principally engaged in the trading business and investment between the PRC and Russia.

B. The New OU Shareholders:

- Top Ahead : Top Ahead International Limited, a company incorporated in the BVI with limited liability and directly wholly owned by the Company; and
- Shanghai Jiangong : 上海建工(集團)總公司 (Shanghai Construction Group), a state owned company incorporated in the PRC which is principally engaged in property construction business in the PRC.

C. The sole shareholder of Top Ahead

- the Company : Shimao International Holdings Limited, a company incorporated in Bermuda with limited liability and the securities of which are currently listed on and dealt in the Stock Exchange with the stock code of 649

To the best knowledge of the Directors, each of the Existing OU Shareholders, Shanghai Jiangong and their respective ultimate beneficial owners is an Independent Third Party.

Subscription of OU Shares by Top Ahead

As at the date of this announcement, the registered capital of OU is RMB750,000,000 divided into 750,000,000 OU Shares of RMB1.00 each, which are owned as to 150,000,000 OU Shares, 150,000,000 OU Shares, 100,000,000 OU Shares, 100,000,000 OU Shares, 100,000,000 OU Shares, 100,000,000 OU Shares and 50,000,000 OU Shares by Party A, Party B, Party C, Party D, Party E, Party F and Party G respectively.

Pursuant to the Subscription Agreement, additional 200,000,000 OU Shares of RMB1.00 each will be allotted and issued to Top Ahead and Shanghai Jiangong, as to 150,000,000 OU Shares and 50,000,000 OU Shares respectively at an issue price of RMB1.00 per OU Share. Accordingly, OU will be owned as to approximately 15.7895%, 15.7895%, 10.5263%, 10.5263%, 10.5263%, 10.5263%, 5.2632%, 15.7895% and 5.2632% by Party A, Party B, Party C, Party D, Party E, Party F, Party G, Top Ahead and Shanghai Jiangong respectively upon completion of the Subscription.

The subscription money of RMB150,000,000 (approximately HK\$144,231,000) is to be satisfied in cash in an equivalent amount of HK\$ (based on the median exchange rate between RMB and HK\$ as quoted by the People's Bank of China on the date of payment) by Top Ahead within 90 days after all the conditions precedent are fulfilled or waived (as the case may be) and the Subscription Agreement has been approved by the relevant governmental authorities.

The primary current assets of OU are (i) the cash balance of approximately HK\$627.9 million as at 31 December 2005 and (ii) its 100% interest in the Project Company, a wholly foreign owned enterprise established in Russia for the purpose of engaging in property investment and development in St. Petersburg, Russia. It is the intention of the Existing OU Shareholders and the New OU Shareholders to transform OU from a domestic joint stock limited company into a foreign invested joint stock limited company and to invest in the Baltic Pearl Project through the Subscription.

Apart from the investment in the Project Company, it is the intention of the Existing OU Shareholders and the New OU Shareholders to use the uninvested fund of OU to invest in the trading and property development and investment projects in Russia if opportunities arise.

Conditions and Effectiveness of the Subscription Agreement

Completion is conditional upon the following major conditions precedent having been satisfied:

- (i) the warranties of each of the Existing OU Shareholders and the New OU Shareholders under the Subscription Agreement being true, complete, correct and not misleading in any material respect;
- (ii) the Existing OU shareholders and the New OU Shareholders having obtained all necessary consents and approvals from the relevant governmental and regulatory authorities (including those consents and approvals given by the Stock Exchange, Shanghai Development and Reform Commission, Shanghai State-owned Assets Supervision and Administration Commission; and Shanghai Foreign Investment Commission) or a third party for the performance of the Subscription Agreement and the transactions contemplated therein;
- (iii) the Subscription Agreement and the transactions contemplated therein having been approved by the Shareholders at a special general meeting of the Company pursuant to the Listing Rules, or if permitted by the Listing Rules, a written approval of the Subscription Agreement and the transactions contemplated therein having been given by the majority shareholder(s) in lieu of a special general meeting of the Company;
- (iv) each of the New OU Shareholders having satisfactorily completed the due diligence investigation on the assets, business, operation, accounting, taxation, legal and financial aspects of OU;
- (v) each of the New OU Shareholders having obtained a satisfactory PRC legal opinion regarding the business, operation, assets, liabilities and due establishment of OU, the legality of the OU Subscription and the obligations of the Existing OU Shareholders under the Subscription Agreement; and
- (vi) OU having obtained the written approvals from all relevant regulatory authorities (including Shanghai Development and Reform Commission, Shanghai State-owned Assets Supervision and Administration Commission; and Shanghai Foreign Investment Commission) in relation to the New OU Shareholders' investments in OU and the transformation of OU from a domestic joint stock limited company into a foreign invested joint stock limited company.

If any of the conditions precedent of the Subscription Agreement is not fulfilled or waived by the New OU Shareholders and/or the Existing OU Shareholders (as the case may be) within 4 months after the date of the Subscription Agreement or such other date as shall be agreed in writing between the parties to the Subscription Agreement, without prejudice to the Subscription Agreement as well as to the applicable laws, the Existing OU Shareholders or the New OU Shareholders (as the case may be) shall be entitled to decide in their discretion: (a) whether to postpone the deadline of the submission of the Subscription Agreement for governmental authorities' approvals; (b) whether to proceed to completion so far as practicable; or (c) to terminate the Subscription Agreement. In the event that the Subscription Agreement is terminated, none of the parties shall have any claim against the other for compensation in any aspects. As at the date hereof, the Company has no intention to waive any of the above conditions precedent. As OU is a PRC company, no approval from any Russian authorities is required for the OU Subscription.

The Supplemental Promoter Agreement and the Supplemental Articles of Association

On 15 April 2006, the Existing OU Shareholders and the New OU Shareholders also entered into the Supplemental Promoter Agreement and the Supplemental Articles of Association to increase the registered capital and to regulate the responsibilities of the shareholders of OU towards the management of the business and corporate affairs of OU. Upon the Completion, the promoters of OU will include the Existing OU Shareholders and the New OU Shareholders and the registered capital of OU will be increased to RMB950 million (approximately HK\$913.5 million). Any shareholder(s) individually or collectively holding 10% shareholding of OU is/are entitled to nominate 1 director to the board of directors of OU and the term of the appointment will be three years. Any action that may be taken by the shareholders of OU at a meeting may also be taken by a resolution in writing signed by all shareholders of OU. In the event that the Shareholder(s) of OU individually or collectively holding 10% shareholding of OU demand(s) a poll, such action should be approved by poll. The board of directors of OU will comprise 10 directors. The chairman of OU will be appointed by Party A and one of the five Deputy Chairmen will be appointed by Top Ahead. The new composition of the board of directors of OU will be nominated by the shareholders of OU upon Completion.

THE PREMIUM AGREEMENT DATED 15 APRIL 2006

On 15 April 2006, the Existing OU Shareholders and the New OU Shareholders also entered into the Premium Agreement pursuant to which, given the massive work done, including but not limited to a series of project studies, and discussion and negotiations with the local government of St. Petersburg, Russia in relation to the lease of the Land for the Baltic Pearl Project by the Existing OU Shareholders before the Subscription, Top Ahead and Shanghai Jiangong agreed to pay the Existing OU Shareholders RMB30,000,000 and RMB10,000,000 respectively, being 20% of the respective subscription amounts under the Subscription Agreement, as premium. The Existing OU Shareholders will be entitled to receive the aggregate premium of RMB40,000,000 in proportion to their respective shareholdings in OU before the Subscription. The aggregate premium of RMB40,000,000 shall be paid by the New OU Shareholders within 30 days after Completion. Except for Completion, there is no any other condition attached thereto.

THE JOINT VENTURE AGREEMENT DATED 15 APRIL 2006**Parties**

Top Ahead	:	Top Ahead International Limited, a company incorporated in the BVI with limited liability and directly wholly owned by the Company
Shanghai Shiye	:	上海實業（集團）有限公司 (Shanghai Industrial Investment (Holdings) Co. Ltd.), a company incorporated in Hong Kong with limited liability and wholly owned by Shanghai municipal government and is principally engaged in international trading, pharmaceutical, real estate, construction of infrastructure facilities and information technology
OU	:	上海海外聯合投資股份有限公司 (Shanghai Overseas United Investment Company Limited), a domestic joint stock limited company in the PRC and currently owned by the Existing OU Shareholders
the Company	:	Shimao International Holdings Limited, a company incorporated in Bermuda with limited liability and the securities of which are currently listed on and dealt in the Stock Exchange with the stock code of 649
Burla	:	Burla Group Limited, a company incorporated in the BVI with limited liability and currently owned by the Nominee

To the best knowledge of the Directors, each of Shanghai Shiye, OU, Burla and their respective ultimate beneficial owners is an Independent Third Party.

Formation of Burla

As at the date of this announcement, the authorized share capital of Burla is US\$50,000 divided into 50,000 Burla Shares of US\$1.00 each and 1 Burla Share has been issued and allotted to the Nominee.

Pursuant to the Joint Venture Agreement, within 30 days after the conditions of the Joint Venture Agreement have been fulfilled or waived, (i) the authorized share capital of Burla will be increased from US\$50,000 to US\$15,000,000 divided into 15,000,000 Burla Shares of US\$1.00 each; (ii) Top Ahead will acquire 1 Burla Share from the Nominee for a cash consideration of US\$1.00; (iii) Top Ahead will subscribe for 7,649,999 Burla Shares for a cash consideration of US\$7,649,999; (iv) Shanghai Shiye will subscribe for 3,750,000 Burla Shares for a cash consideration of US\$3,750,000; and (v) OU will subscribe for 3,600,000 Burla Shares for a cash consideration of US\$3,600,000. Upon completion of the Joint Venture Agreement, Burla will be owned as to 51%, 25% and 24% by Top Ahead, Shanghai Shiye and OU respectively.

The board of directors of Burla will comprise 5 directors, of which 3 directors, 1 director and 1 director will be appointed by Top Ahead, Shanghai Shiye and OU respectively and the chairman will be appointed by Top Ahead. The formation of Burla by the parties to the Joint Venture Agreement is for the purpose of investing in the Project Company. Pursuant to the terms of the Joint Venture Agreement, Burla will invest or acquire 45% of the issued share capital of the Project Company at a consideration of approximately US\$13,500,000 upon completion of the Joint Venture Agreement.

Conditions of the Joint Venture Agreement

Completion of the Joint Venture Agreement is conditional upon the following conditions precedent having been satisfied:

- the parties to the Joint Venture Agreement having obtained all necessary consents and approvals from the relevant governmental and regulatory authorities (including those consents and approvals from the Stock Exchange, 國家外匯管理局 (State Administration of Foreign Exchange) and 中華人民共和國商務部 (Ministry of Commerce of the People's Republic of China) or a third party for the performance of the Joint Venture Agreement and the transactions contemplated therein;
- the Joint Venture Agreement and the transactions contemplated therein having been approved by the Shareholders at a special general meeting of the Company pursuant to the Listing Rules, or if permitted by the Listing Rules, a written approval of the Joint Venture Agreement and the transactions contemplated therein having been given by the majority shareholder(s) in lieu of a special general meeting of the Company; and
- the Subscription Agreement having been completed and become effective and Top Ahead having acquired interest in approximately 15.7895% of the issued share capital of OU as enlarged by the Subscription.

If any of the above conditions is not fulfilled or waived within 4 months after the date of the Joint Venture Agreement or such other date as shall be agreed between the parties to the Joint Venture Agreement, the Joint Venture Agreement shall have no further legal force and effect but without prejudice to the rights of any party in respect of any antecedent breaches thereof. As at the date hereof, the Company has no intention to waive any of the above conditions precedent.

The undertaking by Shanghai Shiye

In the event that Shanghai Shiye is requested to provide guarantee to OU for the funding requirement of the Project Company, Shanghai Shiye will provide an unconditional and direct guarantee to OU in proportion to Shanghai Shiye's 11.25% indirect effective interest on the Project Company for the funding requirement of the Project Company (on the condition that all other shareholders of OU are also required to provide guarantee to OU in proportion to their respective indirect effective interest in the Project Company.)

THE DEED OF UNDERTAKING DATED 15 APRIL 2006**Parties**

A. The Company	:	Shimao International Holdings Limited, a company incorporated in Bermuda with limited liability and the securities of which are currently listed on and dealt in the Stock Exchange with the stock code of 649
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in favour of:

B. Beneficiaries

Party A	:	上海上實（集團）有限公司 (SIIC Shanghai (Holding) Co., Ltd.), a company incorporated in the PRC with limited liability and a subsidiary of Shanghai Industrial Investment (Holdings) Co. Ltd. which is an investment holding company wholly owned by the Shanghai municipal government
Party B	:	上海實業發展股份有限公司 (Shanghai Industrial Development Co., Ltd.), a company incorporated in the PRC with limited liability and the shares of which are currently listed on and dealt in the Stock Exchange of Shanghai with the stock code of 600748
Party C	:	上海海外公司 (Shanghai Overseas Enterprises Corporation), a company incorporated in the PRC and a subsidiary of Shanghai Industrial Investment (Holdings) Co. Ltd. which is an investment holding company wholly owned by the Shanghai municipal government
Party D	:	百聯集團有限公司 (Bailian Group Co., Ltd.), a state owned company incorporated in the PRC with limited liability which is a distribution conglomerates with department stores, supermarkets and convenience stores etc.
Party E	:	錦江國際（集團）有限公司 (JinJiang International Holdings Co., Ltd.), a state owned company incorporated in the PRC with limited liability which is a travel and hotel conglomerates in the PRC
Party F	:	上海綠地（集團）有限公司 (Shanghai Greenland (Group) Co., Ltd.), a state owned company incorporated in the PRC with limited liability which is principally engaged in property investment and development in the PRC
Party G	:	上海工業歐亞發展中心 (Shanghai Euro-Asian Industrial Development Center), a company incorporated in the PRC and owned by Shanghai Economic Committee which is principally engaged in the trading business and investment between the PRC and Russia
Shanghai Jiangong	:	上海建工（集團）總公司 (Shanghai Construction Group), a state owned company incorporated in the PRC which is principally engaged in property construction business in the PRC
OU	:	上海海外聯合投資股份有限公司 (Shanghai Overseas United Investment Company Limited), a domestic joint stock limited company in the PRC and currently owned by the Existing OU Shareholders

To the best knowledge of the Directors, each of the Existing OU Shareholders, Shanghai Jiangong, OU and their respective ultimate beneficial owners is an Independent Third Party.

- Pursuant to the Subscription Agreement, Top Ahead will hold approximately 15.7895% shareholding of OU which will directly hold 55% shareholding of the Project Company. Accordingly, Top Ahead will indirectly hold approximately 8.6842% equity interest in the Project Company through OU.
- Pursuant to the Joint Venture Agreement, Top Ahead will hold 51% shareholding of Burla which will directly hold 45% shareholding of the Project Company. Accordingly, Top Ahead will indirectly hold 22.95% equity interest in the Project Company through Burla.
- OU will hold 24% shareholding of Burla which will directly hold 45% shareholding of the Project Company pursuant to the Joint Venture Agreement. Accordingly, OU will indirectly hold 10.8% equity interest in the Project Company through Burla. As Top Ahead will hold approximately 15.7895% shareholding of OU, Top Ahead will indirectly hold approximately 1.7053% equity interest of the Project Company.

As a result, Top Ahead will indirectly hold approximately 33.3395% effective interest in the Project Company upon completion of the Investments including the subscription of 45% of the issued share capital of the Project Company by Burla.

Conditions of the Deed of Undertaking

The obligations of the Company under the Deed of Undertaking are conditional upon the following conditions precedent having been satisfied:

- the Company having obtained all necessary consents and approvals from the Stock Exchange or a third party for the entering into of the Deed of Undertaking and the Company's performance of the Subscription Agreement and the transactions contemplated therein and other related transactions through Top Ahead;
- the Deed of Undertaking and the Subscription Agreement and the transactions contemplated therein and other related transactions having been approved by the Shareholders at a special general meeting of the Company pursuant to the Listing Rules, or if permitted by the Listing Rules, a written approval of these transactions having been given by the majority shareholder(s) in lieu of a special general meeting of the Company; and
- all the conditions precedent under the Subscription Agreement having been satisfied.

If any of the above conditions is not fulfilled or waived by the Company within 4 months after the date of the Deed of Undertaking or such other date as shall be agreed by the Company, the Deed of Undertaking shall lapse automatically. As at the date hereof, the Company has no intention to waive any of the above conditions precedent.

The Undertakings

As the Company is the sole beneficial shareholder of Top Ahead, the Company undertakes to the Beneficiaries, inter alia, the following:

- the Company will guarantee to the Beneficiaries the due and punctual performance by Top Ahead of its obligations under the Subscription Agreement, the Supplemental Promoter Agreement and the Supplemental Articles of Association;
- upon completion of the Subscription Agreement and during the period when Top Ahead becomes a shareholder of OU (the "Period"), except with the prior written consent of the Beneficiaries:
 - the Company will be the sole beneficial shareholder of Top Ahead and the Company will not transfer all or any part of its shareholding in Top Ahead to any third party or procure any other third party to have any interest in Top Ahead;
 - Top Ahead will not issue any of its shares to any other third party; and
 - the Company will not pledge all or any part of its shareholding in Top Ahead to any third party.
- during the Period, in the event that Top Ahead is unable to duly pay the subscription money to OU according to the Subscription Agreement, the Supplemental Promoter Agreement or the Supplemental Articles of Association, the Company will pay the subscription money to OU directly on behalf of Top Ahead upon the receipt of the written request by all the Beneficiaries.
- during the Period, in the event that Top Ahead is requested to provide guarantee to OU for the funding requirement of the Project Company according to the Subscription Agreement, the Supplemental Promoter Agreement or the Supplemental Articles of Association or under the shareholders' and/or board resolutions of OU, the Company will provide an unconditional and direct guarantee to OU in proportion to Top Ahead's approximately 33.3395% indirect effective interest in the Project Company for the funding requirement of the Project Company (on the condition that all other shareholders of OU are also required to provide guarantee to OU in proportion to their respective indirect effective interests on the Project Company.)

THE DEED DATED 15 APRIL 2006**Parties**

Shanghai Shiye	:	上海實業（集團）有限公司 (Shanghai Industrial Investment (Holdings) Co. Ltd.), a company incorporated in Hong Kong with limited liability and wholly owned by Shanghai municipal government and is principally engaged in international trading, pharmaceutical, real estate, construction of infrastructure facilities and information technology
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in favour of:

the Company	:	Shimao International Holdings Limited, a company incorporated in Bermuda with limited liability and the securities of which are currently listed on and dealt in the Stock Exchange with the stock code of 649
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To the best knowledge of the Directors, each of Shanghai Shiye and its ultimate beneficial owners is an Independent Third Party.

Upon completion of the Subscription Agreement and the Joint Venture Agreement and all the subscription moneys being paid, Top Ahead will hold approximately 15.7895% shareholding of OU and 51% shareholding of Burla. Under the terms of the Joint Venture Agreement, if Burla cannot acquire 45% of the issued share capital of the Project Company at a consideration of approximately US\$13,500,000 six months after Burla having provided all the necessary documents pursuant to the legal requirements of the place of incorporation of the Project Company, then:

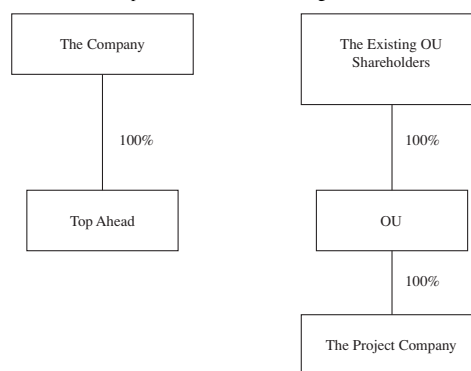
- Shanghai Shiye and/or its nominee will buy back Top Ahead's approximately 15.7895% shareholding in OU and 51% shareholding in Burla at a consideration equal to the aggregate of all subscription moneys paid for the OU Subscription and the Burla Subscription without interest;
- Shanghai Shiye will assume all obligations of the Company under the Deed of Undertaking or procure all obligations of the Company under the Deed of Undertaking to be discharged or released;
- Shanghai Shiye will procure the cancellation or transfer of, or assume all obligations of the Company under, the guarantee provided by the Company under the Deed of Undertaking; and
- Shanghai Shiye will procure the refund of the premium paid for the OU Subscription under the Premium Agreement to the Company without interest.

The Company will pay HK\$10.00 to Shanghai Shiye in consideration of Shanghai Shiye giving the above undertakings in favour of the Company.

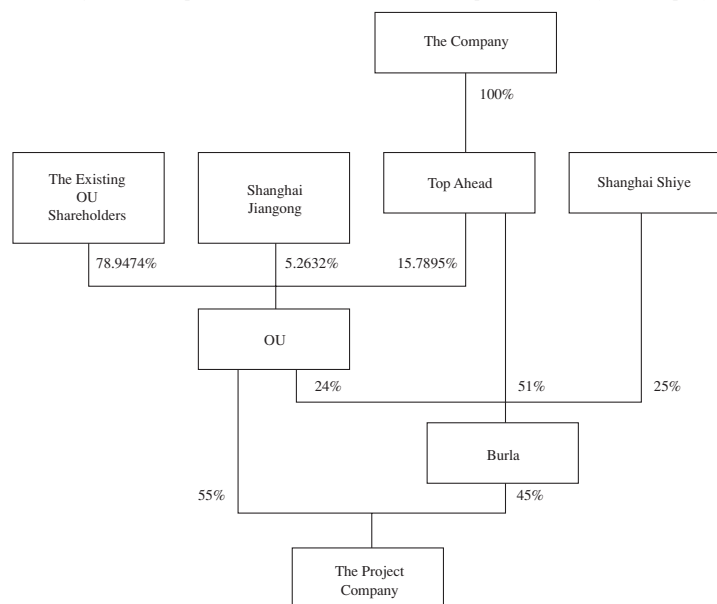
The entering into the Deed was negotiated on an arm's length basis between the Company and Shanghai Shiye as requested by the Company. In view that the Project Company is currently wholly owned by OU which is in turn controlled by the group companies of Shanghai Industrial Investment (Holdings) Co. Ltd., it is appropriate for Shanghai Shiye to buy back approximately 15.7895% of the issued share capital of OU and 51% of the issued share capital of Burla from Top Ahead in the event that Burla is unable to acquire 45% shareholding of the Project Company at a consideration of approximately US\$13,500,000.

SHAREHOLDING STRUCTURE

The diagram below shows the current corporate and shareholding structure of the Group and OU Group:



The diagram below shows the corporate and shareholding structure of the Group upon completion of the Investments including the subscription of 45% of the issued share capital of the Project Company by Burla:



THE INVESTMENTS

The main purpose of the Investments, comprising the OU Subscription, the entering into of the Premium Agreement and the Burla Subscription, is for engaging in the property investment and development in the Baltic Pearl Project.

The total consideration, being the aggregate of the subscription money for the OU Subscription of RMB150,000,000 (approximately HK\$144,231,000), the premium for the OU Subscription of RMB30,000,000 (approximately HK\$28,846,000) and the subscription money for the Burla Subscription of US\$7,650,000 (approximately HK\$59,670,000), payable by Top Ahead for the Investments will be approximately HK\$232,747,000. The Company will also pay HK\$10.00 to Shanghai Shiye in consideration of Shanghai Shiye giving undertakings in favour of the Company under the Deed.

The total consideration of approximately HK\$232,747,000 was negotiated on an arm's length basis and was determined with reference to the registered capital of OU, the unaudited consolidated net assets of the OU Group, the registered capital of Burla and the valuation surplus after deferred taxation effect of the land lease rights in the Land. The total consideration of approximately HK\$232,747,000 represents a discount of approximately 50.62% to the aggregate (i) 15.7895% of the enlarged equity of the OU Group (after adjustments for certain pre-acquisition reserves) amounting to approximately HK\$130.386 million; (ii) 51% of the issued share capital of Burla amounting to US\$7.650 million (approximately HK\$59.670 million) upon completion of Burla Subscription; and (iii) 33.3395% (being the effective interest of Top Ahead in the Project Company) of the revaluation surplus after deferred taxation effect of the land lease rights in the Land amounting to approximately HK\$281.237 million.

The funding to be injected by Top Ahead for the Investments will be financed by shareholder's loan to be advanced by the Controlling Shareholder. Pursuant to the loan agreement dated 15 April 2006, the Controlling Shareholder agreed to advance a loan in the principal amount of HK\$232,747,000 to the Company for a term of four years at the interest rate of 2% per annum and the provision of loan by the Controlling Shareholder is not interconditional on completion of any of the Agreements. The Company has an option to make repayment(s) of the shareholder's loan or to extend the repayment date for two years after the maturity date. Pursuant to Rule 14A.65(4) of the Listing Rules, as the shareholder's loan provided by the Controlling Shareholder is for the benefit of the Company on normal commercial terms where no security over the assets of the Company is granted in respect of the shareholder's loan, the shareholder's loan provided by the Controlling Shareholder is exempt from reporting, announcement, and the independent shareholders' approval requirements under the Listing Rules.

As the Controlling Shareholder is not a party to any of the Agreements and the loan agreement is not interconditional on completion of any of the Agreements, the Controlling Shareholder is not a party to the Investments. The interest rate under the shareholder's loan is 2% per annum which is substantially lower than the existing borrowing costs of the Company and is lower than the deposit rate prevailing in the market. Accordingly, the shareholder's loan is to the benefit of the Company and the interest payment to the Controlling Shareholder could not be considered as an arrangement conferring upon the Controlling Shareholder a benefit not available to the other Shareholders. In addition, pursuant to the non-competition undertaking dated 19 February 2005 entered into between the Company and other parties, Mr. Hui and the relevant parties undertake to the Company not to carry on any property business outside of the PRC, subject to certain exceptions. Accordingly, the interest of Mr. Hui in any property projects outside the PRC could only be held through the Company, under which the interests of Mr. Hui and other Shareholders are the same. On such basis, the Controlling Shareholder is not required to abstain from voting.

The structure of the Investments, including the entering into the OU Subscription and the Burla Subscription, was negotiated on an arm's length basis between the Company and the parties to the Agreements. The structure of the Investments would enable the Company to access to other investment opportunities in Russia through the OU Subscription; otherwise, solely the Burla Subscription would restrict the Company's interest to the Project Company. In addition, as more funding is required if the Company holds 33.3395% of the Project Company through capital injection to OU only, the Company considered that the existing structure of the Investments enable the Company to hold 33.3395% effective interest of the Project Company with less funding requirement is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON OU AND THE BALTIC PEARL PROJECT

OU is a domestic joint stock limited company incorporated in the PRC on 9 December 2004. As at the date of this announcement, OU has a registered capital of RMB750,000,000 divided into 750,000,000 shares of RMB1.00 each, of which 750,000,000 OU Shares were issued and allotted and are fully paid by the Existing OU Shareholders. As at the date of this announcement, OU is owned as to approximately 20%, 20%, 13.3333%, 13.3333%, 13.3333%, 13.3333% and 6.6667% by Party A, Party B, Party C, Party D, Party E, Party F and Party G respectively.

The scope of business of OU includes enterprise investments, import and export of goods and technology, development and provision of services of science technology, social economic consultation and domestic trading. The primary current assets of OU are (i) the cash balance of approximately HK\$627.9 million as at 31 December 2005 and (ii) its 100% interest in the Project Company. The Project Company, established in Russian as a wholly foreign owned enterprise on 22 March 2005 with fully paid authorised capital of RUB76,000,000 (approximately US\$2,746,000), is the project company of the Baltic Pearl Project which will be carried out at the Land. Apart from the investment in the Project Company, it is the intention of the Existing OU Shareholders and the New OU Shareholders to use the uninvested fund of OU to invest in the trading and property development and investment projects in Russia if opportunities arise.

On 14 May 2005, the Project Company as lessee entered into a lease with the Russian Party as lessor, pursuant to which the Project Company agreed to lease the Land from the Russian Party for development for a term of 8 years commencing on the official handover of the Land with a right of prolongation for a term of 49 years after completion of the development at a lump sum land rent of US\$10,000,000. The Project Company has paid the lump sum land rent for a term of 8 years of US\$10,000,000 on 23 January 2006. The official handover date of the Land is 5 January 2006.

The Land is one land parcel at Petergofskoe shosse, Krasnoselskiy raion, St. Petersburg, Russia with a total site area of 1,640,717 sq.m. which is designated to be developed as the Baltic Pearl Project. It is planned that the Baltic Pearl Project will include a multifunctional complex encompassing residential buildings, hotels, offices, shopping and entertainment facilities, health and social centres, convention centre and other facilities. Pursuant to the lease, the anticipated floor area of residential development is approximately 1,061,700 sq.m., and the estimated population is 35,400. The Project Company also undertakes to (i) design and build the social infrastructure facilities of an approximate value of US\$40,000,000 and the engineering infrastructure facilities of an approximate value of US\$200,000,000 and (ii) transfer the ownership of the social infrastructure facilities and the engineering infrastructure facilities to the city of St. Petersburg upon completion of these facilities.

The Baltic Pearl Project is planned to be divided into four areas and will be developed in four phases. It is expected that the total investment costs for the Baltic Pearl Project will be US\$1,313 million (approximately HK\$1,241.4 million), of which approximately US\$45.4 million will be funded by the shareholders of the Project Company in form of registered capital and shareholders' loans, approximately US\$500 million will be financed by loans from 中國進出口銀行 (The Export and Import Bank of China) and the remaining approximately US\$767.6 million will be generated from the sales proceeds of properties from the Project Company. The Land is currently vacant. It is expected that the construction of the Baltic Pearl Project will commence in mid 2006.

The land lease rights in the Land is valued by Sallmanns (Far East) Limited, the independent valuer, at a value of US\$154,000,000 (approximately HK\$1,201,200,000) as at 31 January 2006.

Based on the unaudited consolidated financial statements of OU Group for the period from 9 December 2004 (the date of incorporation) to 31 December 2005, OU Group recorded interest income of approximately HK\$16.967 million and OU Group recorded loss before and after taxation and extraordinary item of approximately HK\$32.654 million. Based on the unaudited consolidated balance sheet of OU Group as at 31 December 2005, the unaudited consolidated net assets of OU Group as at 31 December 2005 were approximately HK\$666.511 million. Based on the valuation of the land lease rights of the Land of US\$154,000,000 (approximately HK\$1,201,200,000) as at 31 January 2006 and the corresponding book value as at 31 December 2005, the valuation surplus after deferred taxation effect attributable to the Land amounted to approximately HK\$843.555 million.

ST. PETERSBURG, RUSSIA

Based on the data set out in Hong Kong Trade Development Council, the gross domestic products of Russia for the year ended 31 December 2003 amounted to approximately US\$430 billion whilst the estimated gross domestic products of Russia for the year ended 31 December 2004 amounted to approximately US\$582 billion.

According to the data of the Ministry of Commerce of the PRC, the PRC's total trade with Russia amounted to US\$13.2 billion for the eleven months from January 2004 to November 2004 and the total investments from foreign countries in Russia amounted to US\$18.98 billion for the first six months of 2004.

St. Petersburg, the second largest city in Russia, is situated in the north-west of Russia in the Neva River delta on the eastern coast of the gulf of Finland and occupies, together with the administratively subordinated territories, the territory of 1,439 square kilometers. The city is advantageously located at the sea routes and on land roads. It is the European gateway of Russian and is a strategic centre which is closest to the European Union countries of Russia. St. Petersburg is well-known for its unique historical and cultural monuments and matchless architectural ensembles. The city government has worked out the program of the St. Petersburg development as a world-wide-reorganized tourist center, aiming to make the city as a leader of international tourism.

According to the last census that took place in 1997, there were approximately 4,780,000 people in St. Petersburg.

REASONS FOR THE INVESTMENTS

The principal activity of the Company is investment holding. The Group's current principal business is property development and investment. The Group strategically focused on the development of the international real estate and investment business by actively exploring opportunities in overseas markets. Under the new business direction, the Group continues to aggressively enhance its competitiveness so as to capture every potential opportunity.

With the favourable backdrop of bilateral strategic partnership between the PRC and Russia, and built on the strength of the sister city relationships of Shanghai and St. Petersburg, the Existing Shareholders has acknowledged the support from the local government of St. Petersburg to develop the Baltic Pearl Project. This is being achieved by a series of project studies, and discussion and negotiations with the local government. On 18 December 2004, the foundation of the Baltic Pearl Project was laid down in the discussion between the Existing Shareholders and the mayor of St. Petersburg. Further, on 21 March 2006, 中國進出口銀行 (The Export and Import Bank of China), OU and the city government of St. Petersburg have entered into the strategic cooperation agreement in relation to the Baltic Pearl Project, pursuant to which 中國進出口銀行 (The Export and Import Bank of China) has confirmed that it will provide a US\$500 million 8 year term loan for the Baltic Pearl Project. As such, with the foundation laid down by OU in relation to the Baltic Pearl Project, the Board believes that the Investments represent the important step to further realizing the strategic business focus of the Company.

In view that the total consideration of approximately HK\$232,747,000 represents a discount of approximately 50.62% to the aggregate (i) 15.7895% of the enlarged equity of the OU Group (after adjustments for certain pre-acquisition reserves) amounting to approximately HK\$130.386 million; (ii) 51% of the issued share capital of Burla amounting to US\$7.650 million (approximately HK\$59.670 million) upon completion of Burla Subscription; and (iii) 33.3395% (being the effective interest of Top Ahead in the Project Company) of the revaluation surplus after deferred taxation effect of the land lease rights in the Land amounting to approximately HK\$281.237 million as mentioned in the section "The Investments" above, the Board considers that the payment of the premium of RMB30 million is fair and reasonable and the entering into the Premium Agreement is in the interests of the Company and the Shareholders as a whole.

The Board considers that the terms of the Agreements are on normal commercial terms and are fair and reasonable and the Investments are in the interests of the Company and the Shareholders as a whole.

GENERAL

The Agreements constitute major transactions of the Company under the Listing Rules and must be made conditional on approval by the Shareholders. Pursuant to Rule 14.44 of the Listing Rules, the approval by the Shareholders may be obtained by means of the written approval of the transaction by a shareholder who holds more than 50% of the voting rights of the Company. Given that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Agreements; and (ii) a written approval of the Agreements and the transaction contemplated thereunder has been given by the Controlling Shareholder who holds approximately 74.74% of the existing issued share capital of the Company, a special general meeting of the Shareholders will therefore not be convened for the purpose of approving the Agreements. A circular containing details of the Investments, the accountants' report of the OU Group, the financial information of the enlarged Group including the unaudited pro forma consolidated statement of assets and liabilities of the enlarged Group and the property valuation report of the land lease rights in the Land will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 18 April 2006 pending the release of this announcement. The Company has applied for resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 25 April 2006.

Terms used in this announcement:

"Agreements"	the Subscription Agreement, the Premium Agreement, the Joint Venture Agreement, the Supplemental Promoter Agreement, the Supplemental Articles of Association, the Deed of Undertaking and the Deed
"Baltic Pearl Project"	property investment and development project in St. Petersburg, Russia which is planned to include a mixture of residential, commercial and retail space, hotels, convention centre and other facilities
"Beneficiaries"	the Existing OU Shareholders; Shanghai Jiangong and OU
"Board"	the board of Directors
"Burla"	Burla Group Limited, a company incorporated in the BVI with limited liability and currently owned by the Nominee
"Burla Share(s)"	share(s) of US\$1.00 each in the share capital of Burla
"Burla Subscription"	the acquisition of 1 Burla Share from the Nominee and the subscription of 7,649,999 Burla Shares for an aggregate cash consideration of US\$7,650,000 under the Joint Venture Agreement
"BVI"	the British Virgin Islands
"Company"	Shimao International Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are currently listed on and dealt in the Stock Exchange with the stock code of 649
"Completion"	completion of the Subscription Agreement
"Controlling Shareholder"	Perfect Zone International Limited, a company incorporated in the BVI with limited liability and wholly owned by Overseas Investment Group International Limited as trustee of an unit trust, all the units of which are held by Trident Corporate Services (B.V.I.) Limited as trustee of The WM Hui Family Trust, a discretionary trust set up by Mr. Hui for the benefit of his wife and children, being the major shareholder of the Company interested in approximately 74.74% of the issued share capital of the Company as at the date of this announcement
"Deed"	the deed dated 15 April 2006 entered into between the Company and Shanghai Shiye in relation to the undertakings by Shanghai Shiye
"Deed of Undertaking"	the deed of undertaking dated 15 April 2006 entered into between the Company and the Beneficiaries in relation to the undertakings by the Company
"Director(s)"	the director(s), including the independent non-executive directors, of the Company
"Existing OU Shareholders"	Party A, Party B, Party C, Party D, Party E, Party F and Party G
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	independent third party(ies) is(are) not a connected person(s) (as defined in the Listing Rules) of the Company and also not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
"Investments"	the OU Subscription, the entering into of the Premium Agreement and the Burla Subscription

“Joint Venture Agreement”	the joint venture agreement dated 15 April 2006 entered into between the Company, Top Ahead, OU, Shanghai Shiye and Burla in relation to the formation of Burla
“Land”	one land parcel at Petergofskoe shosse, Krasnoselskiy raion, St. Petersburg, Russia with a total site area of 1,640,717 sq.m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hui”	Mr. Hui Wing Man, the Chairman of the Company and non-executive Director
“New OU Shareholders”	Top Ahead and Shanghai Jiangong
“Nominee”	OIL Officers Limited as a nominee holding one Burla Share
“OU”	上海海外聯合投資股份有限公司 (Shanghai Overseas United Investment Company Limited), a domestic joint stock limited company in the PRC and currently owned by the Existing OU Shareholders
“OU Share(s)”	share(s) of RMB1.00 each in the share capital of OU
“OU Subscription”	the subscription of 150,000,000 OU Shares for a cash consideration of RMB150,000,000 under the Subscription Agreement
“Party A”	上海上實(集團)有限公司 (SIIC Shanghai (Holding) Co., Ltd.), a company incorporated in the PRC with limited liability and a subsidiary of Shanghai Industrial Investment (Holdings) Co. Ltd. which is an investment holding company wholly owned by the Shanghai municipal government
“Party B”	上海實業發展股份有限公司 (Shanghai Industrial Development Co., Ltd.), a company incorporated in the PRC with limited liability and the shares of which are currently listed on and dealt in the Stock Exchange of Shanghai with stock code of 600748
“Party C”	上海海外公司 (Shanghai Overseas Enterprises Corporation), a company incorporated in the PRC and a subsidiary of Shanghai Industrial Investment (Holdings) Co. Ltd. which is an investment holding company wholly owned by the Shanghai municipal government
“Party D”	百聯集團有限公司 (Bailian Group Co., Ltd.), a state owned company incorporated in the PRC with limited liability which is a distribution conglomerates with department stores, supermarkets and convenience stores etc.
“Party E”	錦江國際(集團)有限公司 (JinJiang International Holdings Co., Ltd.), a state owned company incorporated in the PRC with limited liability which is a travel and hotel conglomerates in the PRC
“Party F”	上海綠地(集團)有限公司 (Shanghai Greenland (Group) Co., Ltd.), a state owned company incorporated in the PRC with limited liability which is principally engaged in property investment and development in the PRC
“Party G”	上海工業歐亞發展中心 (Shanghai Euro-Asian Industrial Development Center), a company incorporated in the PRC and owned by Shanghai Economic Committee which is principally engaged in the trading business and investment between the PRC and Russia
“PRC”	the People’s Republic of China which excludes Hong Kong, Taiwan and Macau Special Administrative Region of the PRC
“Premium Agreement”	the premium agreement dated 15 April 2006 entered into between Top Ahead, the OU Existing Shareholders and Shanghai Jiangong pursuant to which Top Ahead and Shanghai Jiangong agreed to pay the Existing OU Shareholders RMB30,000,000 and RMB10,000,000 respectively, being 20% of the respective subscription amounts under the Subscription Agreement, as premium
“Project Company”	ZAO Baltyskaya Zhemchuzhina (波羅的海明珠封閉式股份有限公司 ZAO Baltic Pearl) was established in Russian Federation as a wholly foreign owned enterprise on 22 March 2005
“Russia”	Russia Federation
“Russian Party”	Komitet po ypravleniy gorodskim imyeshstvom Sankt-Peterburga (St. Petersburg Committee for Managing City Property) (whose English name is for identification purpose only)
“Shanghai Jiangong”	上海建工(集團)總公司 (Shanghai Construction Group), a state owned company incorporated in the PRC which is principally engaged in property construction business in the PRC
“Shanghai Shiye”	上海實業(集團)有限公司 (Shanghai Industrial Investment (Holdings) Co. Ltd.), a company incorporated in Hong Kong with limited liability and wholly owned by Shanghai municipal government and is principally engaged in international trading, pharmaceutical, real estate, construction of infrastructure facilities and information technology
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription contemplated under the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 15 April 2006 entered into between the Company, Top Ahead, the Existing OU Shareholders and Shanghai Jiangong, pursuant to which Top Ahead and Shanghai Jiangong will subscribe for and OU will allot and issue 150,000,000 OU Shares and 50,000,000 OU Shares respectively at an issue price of RMB1.00 per OU Share to increase the registered capital of OU from RMB750,000,000 to RMB950,000,000
“Suifenhe Shimao Development Project”	the property development project being undertaken by 綏芬河世茂開發建設有限公司 (Suifenhe Shimao Development & Construction Company Limited), details of which are set out in the circular of the Company dated 25 May 2005
“Supplemental Articles of Association”	the supplemental articles of association entered into between the Existing OU Shareholders and the New OU Shareholders dated 15 April 2006
“Supplemental Promoter Agreement”	the supplemental promoter agreement entered into between the Existing OU Shareholders and the New OU Shareholders dated 15 April 2006
“Top Ahead”	Top Ahead International Limited, a company incorporated in the BVI with limited liability and wholly owned by the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renninbi, the lawful currency of the PRC and for the purpose of this announcement, RMB is translated into Hong Kong dollars at fixed rate of RMB1.04 = HK\$1.00
“RUB”	Rubles, the lawful currency of Russia and for the purpose of this announcement, RUB is translated into United States Dollar at fixed rate of RUB27.68 = US\$1.00
“US\$”	United States Dollar, the lawful currency of the United States of America and for the purpose of this announcement, US\$ is translated into Hong Kong dollars at fixed rate of US\$1.00 = HK\$7.80
“sq.m.”	square metres
“%”	per cent.

By Order of the Board
Shimao International Holdings Limited
Hui Wing Mau
Chairman

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

<i>Directors:</i>	<i>Independent Non-executive Directors:</i>
Hui Wing Mau (<i>Chairman and Non-executive Director</i>)	Lee Chack Fan
Hui Mei Mei, Carol (<i>Deputy Chairman and Executive Director</i>)	Liu Hing Hung
Hui Sai Tan, Jason (<i>Executive Director</i>)	Zhu Wenhui
Tung Chi Shing (<i>Executive Director</i>)	
Chan Loo Shya (<i>Executive Director</i>)	

Hong Kong, 24 April 2006

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