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Shimao International Holdings Limited

世茂國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 649)

ANNOUNCEMENT

Possible Conditional Preferential Offer By Shimao Property Holdings Limited

The Board announces that it has been informed by SPHL of the possible Conditional Preferential Offer of the Reserved Shares to Qualifying SIHL Shareholders. Details of the possible Conditional Preferential Offer are set out in this announcement.

The possible Conditional Preferential Offer may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the securities of the Company.

THE PROPOSED SPHL GLOBAL OFFERING

The Company has been informed by SPHL that SPHL has made an application for the listing of its shares on the main board of the Stock Exchange. Subject to the approval by the Listing Committee and the satisfaction of certain conditions listed below, SPHL intends to undertake the SPHL Global Offering in conjunction with the Proposed Listing. If the SPHL Global Offering proceeds, SPHL intends to make the Conditional Preferential Offer of the Reserved Shares to Qualifying SIHL Shareholders.

The SPHL Global Offering is expected to be effected by way of offering of SPHL Shares to the public in Hong Kong, placing of SPHL Shares to institutional, professional and individual investors in Hong Kong and other jurisdictions and offering of the Reserved Shares to the Qualifying SIHL Shareholders under the Conditional Preferential Offer. The Reserved Shares are expected to form part of the SPHL Shares offered under the placing.

In order to enable Shareholders to participate in the SPHL Global Offering on a preferential basis as to allocation only, SPHL has proposed that Qualifying SIHL Shareholders will be invited to apply for the Reserved Shares (representing up to approximately 5.9% of the SPHL Shares expected to be offered in the SPHL Global Offering) on an assured basis.

The SPHL Global Offering is conditional upon (amongst other things):

- (a) the Listing Committee of the Stock Exchange granting formal approval for the listing of, and permission to deal in, all the SPHL Shares in issue and to be issued; and
- (b) the underwriting agreements relating to the SPHL Global Offering having been executed and the obligations of the underwriters under the underwriting agreements becoming unconditional and not being terminated in accordance with the terms of such agreements or otherwise.

The SPHL Global Offering will not proceed if the above conditions are not satisfied, whereupon further announcement(s) will be made to keep Shareholders informed of developments.

THE POSSIBLE CONDITIONAL PREFERENTIAL OFFER

It is expected that, subject to the Listing Committee of the Stock Exchange granting formal approval for the listing of, and permission to deal in, the SPHL Shares in issue and to be issued under the SPHL Global Offering on the main board of the Stock Exchange, and the fulfilment of other conditions, as mentioned in the section headed “The Proposed SPHL Global Offering” above, Qualifying SIHL Shareholders will be invited to participate in the SPHL Global Offering by applying for Reserved Shares on an assured basis.

With a view to maintaining at least the minimum prescribed percentage of SPHL Shares in the hands of the public in compliance with the Listing Rules immediately after the SPHL Global Offering, no Reserved Shares under the Conditional Preferential Offer will be offered to Perfect Zone International Limited, the Company’s controlling shareholder, and its associates. As a result, it is currently proposed that Qualifying SIHL Shareholders, other than Perfect Zone International Limited and its associates, will be given an assured entitlement to subscribe for one Reserved Share for every whole multiple of six Shares held by them at 9:00 a.m. on the Record Date, subject to a minimum holding of 6,000 Shares. This ratio of Shares to Reserved Shares may be subject to change and the final ratio will be stated in the Prospectus. The Reserved Shares form part of the SPHL Shares to be offered in the SPHL Global Offering, and the offer price of the SPHL Shares (including the Reserved Shares) will be determined on the Price Determination Date.

Qualifying SIHL Shareholders will be permitted to apply for a number of Reserved Shares which is greater than, less than or equal to, their assured entitlements under the Conditional Preferential Offer. A valid application in respect of a number of Reserved Shares less than or equal to a Qualifying SIHL Shareholder’s assured entitlement will be accepted in full subject to the terms and conditions set out in the Prospectus and the related application forms. Where a Qualifying SIHL Shareholder applies for a number of Reserved Shares which is greater than his or her assured entitlement, his or her assured entitlement will be satisfied in full, subject as mentioned above, but the excess portion of such application will only be met to the extent that there are sufficient available Reserved Shares resulting from other Qualifying SIHL Shareholders declining to take up all or some of their assured entitlements.

Shareholders with Shares held by a nominee company should note that the Board would regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to allocation of excess Reserved Shares would not be extended to beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

The global co-ordinators (on behalf of the underwriters) of the SPHL Global Offering will allocate any Reserved Shares not taken up by the Qualifying SIHL Shareholders first to satisfy the excess applications for the Reserved Shares from other Qualifying SIHL Shareholders on a fair and reasonable basis, and thereafter, at the discretion of the global co-ordinators (on behalf of the underwriters), to investors in the placing tranche of the SPHL Global Offering.

Shareholders should note that the entitlement to Reserved Shares may not be in multiples of full board lots of SPHL Shares, and that dealings in odd lots of SPHL Shares may be below their prevailing market price. Entitlements to Reserved Shares are not transferable and there will be no trading in nil paid entitlements on the Stock Exchange. Any SPHL Shares to be issued pursuant to the Conditional Preferential Offer shall be fully paid, ranking *pari passu* in all respects with other SPHL Shares then in issue.

If the formal approval of the Listing Committee of the Stock Exchange in relation to the SPHL Global Offering is not obtained or if the SPHL Global Offering does not proceed for any other reasons, the Conditional Preferential Offer will not be made and in such case no Qualifying SIHL Shareholder will be entitled to subscribe for any Reserved Shares thereunder. Further announcement(s) will be made to update the Shareholders and investors of any significant development related to the SPHL Global Offering and the Conditional Preferential Offer as and when appropriate.

EXPECTED TIMETABLE OF SPHL GLOBAL OFFERING

Earliest time to lodge application forms for the Conditional Preferential Offer	9:00 a.m. on 22 June 2006
Application lists open for SPHL Global Offering	11:45 a.m. on 27 June 2006
Latest time to lodge application forms for the Conditional Preferential Offer	12:00 noon on 27 June 2006
Expected Price Determination Date	28 June 2006
Announcement of results of application under the Conditional Preferential Offer	4 July 2006
Despatch of share certificates of SPHL and refund cheques (if applicable) on or before	4 July 2006
Dealings in SPHL Shares on the Stock Exchange to commence on	5 July 2006

Shareholders should note that, as set out in the expected timetable of the Conditional Preferential Offer above, the application forms for Reserved Shares and the Prospectus containing, among other matters, details of the Conditional Preferential Offer, are expected to be despatched to Qualifying SIHL Shareholders on 22 June 2006 and that the latest time for lodging of completed application forms for the Reserved Shares is expected to be 12:00 noon on 27 June 2006.

GENERAL

Beneficial owners of the Shares whose Shares are registered in the names of stockbrokers or nominees as at 9:00 a.m. on the Record Date may be approached by their stockbrokers or nominees with respect to applications for the Reserved Shares. Beneficial owners of the Shares who are in any doubt about applications for the Reserved Shares should consult their stockbrokers or nominees.

In connection with the SPHL Global Offering, the price of the SPHL Shares may be stabilised in accordance with the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong). Details of any intended stabilisation and how it will be regulated under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) will be contained in the Prospectus.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate”	has the meaning as given to it in the Listing Rules
“Board”	the board of directors of the Company
“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

“Conditional Preferential Offer”	the proposed conditional preferential offering to Qualifying SIHL Shareholders to subscribe for Reserved Shares
“controlling shareholder”	has the meaning as given to it in the Listing Rules
“Director(s)”	the director(s), including the independent non-executive directors, of the Company
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholders”	registered holder(s) of the Shares, whose addresses on the register of members of the Company at 9:00 a.m. on the Record Date are outside Hong Kong
“Price Determination Date”	The date on which the offer price of the SPHL Shares is fixed for the purposes of the SPHL Global Offering
“Proposed Listing”	the proposed listing of SPHL by way of a listing of the SPHL Shares on the main board of the Stock Exchange
“Prospectus”	the prospectus to be issued by SPHL in relation to the public offer and the Conditional Preferential Offer
“Qualifying SIHL Shareholder”	Shareholders whose names appear on the register of members of the Company at 9:00 a.m. on the Record Date, other than the Overseas Shareholders
“Record Date”	20 June 2006
“Reserved Shares”	the SPHL Shares to be offered pursuant to the Preferential Offer
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“SPHL”	Shimao Property Holdings Limited, a company which is 84.02% owned by Mr. Hui Wing Mau, Chairman and non-executive director of the Company, and which is the holding company of a number of mainland China property developments and investment interests
“SPHL Global Offering”	the proposed (i) public offer to the public in Hong Kong and (ii) conditional placing to institutional, professional and other investors (of which the Conditional Preferential Offer forms part) of the SPHL Shares
“SPHL Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of SPHL
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the securities of the Company.

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

Hong Kong, 6 June 2006

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

Directors:

Hui Wing Mau (*Chairman and Non-executive Director*)

Hui Mei Mei, Carol (*Deputy Chairman and Executive Director*)

Hui Sai Tan, Jason (*Executive Director*)

Tung Chi Shing (*Executive Director*)

Chan Loo Shya (*Executive Director*)

Independent Non-executive Directors:

Lee Chack Fan

Liu Hing Hung

Zhu Wenhui

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