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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

As the conditions precedent of each of the Three Agreements have not been fulfilled or waived by the extended deadline of 29 December 2006, the Three Agreements as supplemented by the respective Extension Letter A, Extension Letter B and Extension Letter C have lapsed and have no further effect.

Reference is made to the announcements (the "Announcements") of Shimao International Holdings Limited (the "Company") dated 24 April 2006 and 13 November 2006 and the circular of the Company dated 13 June 2006 in relation to the entering into the Agreements for engaging in the property investment and development in the Baltic Pearl Project. Terms in this announcement shall have the same meanings as those defined in the Announcements unless defined otherwise.

As mentioned in the announcement of the Company dated 13 November 2006, given that additional time is required to fulfill certain conditions of the Three Agreements regarding the obtaining of necessary consents and approvals from the relevant governmental and regulatory authorities, on 13 November 2006, the parties to the Three Agreements entered into the respective Extension Letter A, Extension Letter B and Extension Letter C to extend the latest date for the fulfillment or waiver of the conditions precedent of each of the Three Agreements from four months from the date of the Three Agreements (i.e. 14 August 2006) to 29 December 2006.

As the conditions precedent of each of the Three Agreements have not been fulfilled or waived by the extended deadline of 29 December 2006, the Three Agreements as supplemented by the respective Extension Letter A, Extension Letter B and Extension Letter C have lapsed and have no further effect. It follows that the Supplemental Promoter Agreement, the Supplemental Articles of Association, the Premium Agreement and the Deed shall also have no further effect.

By Order of the Board
Shimao International Holdings Limited
Yau Kwan Shan
Company Secretary

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*)
Tung Chi Shing (*Executive Director*)
Chan Loo Shya (*Executive Director*)

Independent Non-executive Directors:

Lee Chack Fan
Liu Hing Hung
Zhu Wenhui

Hong Kong, 29 December 2006

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