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**PERFECT ZONE INTERNATIONAL
LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**SHIMAO INTERNATIONAL
HOLDINGS LIMITED
世茂國際控股有限公司**

(Incorporated in the Bermuda with limited liability)

(Stock code: 649)

JOINT ANNOUNCEMENT

**PROPOSED PRIVATISATION OF
SHIMAO INTERNATIONAL HOLDINGS LIMITED
BY PERFECT ZONE INTERNATIONAL LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
AND
CONDITIONAL OFFER TO PAY THE OPTION CANCELLATION PRICE
TO EACH OPTION HOLDER FOR CANCELLING THE SHARE OPTIONS
AND
WITHDRAWAL OF LISTING
AND
CONNECTED TRANSACTION IN RELATION TO
THE EXTENSION OF THE MATURITY DATE OF THE CONVERTIBLE NOTE
AND
RESUMPTION OF TRADING**

Financial adviser to Perfect Zone International Limited



博大資本國際有限公司

Partners Capital International Limited

THE PROPOSAL

The Directors wish to announce that on 4 April 2007, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders regarding a proposed privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act. The Offeror is wholly owned by Overseas Investment Group International Limited as trustee of an unit trust, all the units of which are held by Trident Trust Company (B.V.I.) Limited as trustee of The WM Hui Family Trust, a discretionary trust set up by Mr. Hui, being the non-executive Director and the chairman of the Company, for the benefit of his wife and children.

As at the Announcement Date, there were (i) 827,639,886 Shares in issue; (ii) 32,470,000 outstanding Options granted under the Share Option Scheme; and (iii) a Convertible Note with an outstanding principal amount of HK\$250,000,000 entitling the holder to convert into a total of 185,185,185 new Shares (based on the initial conversion price of HK\$1.35 per Share under the terms of the Convertible Note).

As at the Announcement Date, the Offeror and the parties acting in concert with it held (i) 618,571,397 Shares, representing approximately 74.74% of the issued share capital of the Company; (ii) 20,420,000 outstanding Options; and (iii) a Convertible Note with an outstanding principal amount of HK\$250,000,000. Such existing Shares held by the Offeror will not form part of the Scheme Shares and the Convertible Note will not form part of the Proposal.

As at the Announcement Date, the Scheme Shareholders were interested in 209,068,489 Shares, representing approximately 25.26% of the issued share capital of the Company. The Offeror proposes that the Scheme Shares will be cancelled in exchange for HK\$1.050 in cash for each Scheme Share. The Cancellation Price represents (a) a premium of 50.00% over the closing price of HK\$0.700 per Share as quoted on the Stock Exchange on 4 April 2007 (being the last trading day in the Shares prior to the suspension of trading in the Shares pending the issue of this announcement); (b) a premium of approximately 49.36% over the average closing price of HK\$0.703 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including 4 April 2007; and (c) a premium of approximately 38.16% over the audited consolidated net asset value per Share of approximately HK\$0.76 as at 31 December 2006. The Offeror will make an offer to all the Option Holders in consideration for their agreement to cancel their Options in accordance with the Takeovers Code. The Option Cancellation Price per Option will be HK\$0.46.

Under the Scheme, the total consideration payable for the Scheme Shares will be payable by the Offeror. The total amount of cash required for the Proposal and the Option Offer will range from approximately HK\$234.46 million to approximately HK\$253.62 million. The Offeror intends to finance the cash required for the Proposal and the Option Offer from bank borrowings and/or its own cash resources. Partners Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for the implementation of the Proposal and the Option Offer.

The Proposal is conditional upon the fulfilment or waiver, as applicable, of the conditions as described in the section headed “Conditions of the Proposal” below. All of the conditions will have to be fulfilled or waived, as applicable, on or before 30 September 2007 (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Supreme Court of Bermuda may direct), failing which the Scheme will lapse.

The listing of the Shares on the Stock Exchange will be withdrawn following the effective date of the Scheme.

EXTENSION OF THE MATURITY DATE OF THE CONVERTIBLE NOTE

On 19 April 2007, the Company entered into the Supplemental Deed with Dynamic Keen, a company wholly and beneficially owned by Mr. Hui, to extend the maturity date of the Convertible Note from 20 June 2007 to 20 June 2008. As a result of the Extension, the Convertible Note will become repayable on 20 June 2008 and the conversion period of the Convertible Note during which the whole or any part of the principal amount of the Convertible Note can be converted into new Shares will be extended to 20 June 2008 as well. Under the Listing Rules, the Extension constitutes a connected transaction for the Company and subject to the approval of the Extension Independent Shareholders at the SGM. If the approval for the amendments to the Convertible Note as contemplated under the Supplemental Deed cannot be obtained from the Extension Independent Shareholders on or before the Long Stop Date, such amendments shall not take effect.

GENERAL

The Offeror has appointed Partners Capital as its financial adviser in connection with the Proposal and the Option Offer. The Independent Board Committee has been established to advise the Proposal Independent Shareholders in connection with the Proposal and, the Option Offer and to advise the Extension Independent Shareholders in connection with the Extension. An independent financial adviser will be appointed to advise the Independent Board Committee in connection with the Proposal and the Scheme, the Option Offer and the Extension. An announcement will be made by the Company after the appointment of the independent financial adviser to advise the Independent Board Committee. The Offeror and the parties acting in concert with it will be required to abstain from voting on the Scheme at the Court Meeting.

A scheme document of the Company containing, inter alia, further details of the Proposal, the Scheme, the Option Offer, the expected timetable, an explanatory memorandum as required under the Companies Act, further information regarding the Company, the recommendation of the Independent Board Committee with respect to the Proposal, the Scheme, the Option Offer and the Extension, a letter of advice from the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of the SGM, together with proxies in relation thereto, will be despatched to the Shareholders and the Option Holders within 21 days from the publication of this announcement or as may be permitted by the Takeovers Code. A further announcement will be made regarding the expected timetable for the Proposal.

Shareholders, Option Holders and/or potential investors should be aware that the implementation of the Proposal, the Scheme and the Option Offer is subject to the conditions as set out below being fulfilled or waived, as applicable, and thus the Proposal, the Scheme and the Option Offer may or may not become effective. They should therefore exercise caution when dealing in the Shares.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 10 April 2007, pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 20 April 2007.

THE PROPOSAL

The Directors wish to announce that on 4 April 2007, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders regarding a proposed privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act. The Offeror is wholly owned by Overseas Investment Group International Limited as trustee of an unit trust, all the units of which are held by Trident Trust Company (B.V.I.) Limited as trustee of The WM Hui Family Trust, a discretionary trust set up by Mr. Hui, being the non-executive Director and the chairman of the Company, for the benefit of his wife and children.

The Proposal

As at the Announcement Date, the Scheme Shareholders were interested in 209,068,489 Shares, representing approximately 25.26% of the issued share capital of the Company. The Offeror proposes that the Scheme Shares will be cancelled in exchange for HK\$1.050 in cash for each Scheme Share. Under the Scheme as proposed:

- (1) The issued share capital of the Company shall be reduced by cancellation of the Scheme Shares.
- (2) Subject to and forthwith upon the said reduction of capital taking effect, the issued share capital of the Company shall be increased to its former amount by the creation of such number of new Shares as is equal to the number of the Scheme Shares.
- (3) Upon the Scheme becoming effective, the Company shall apply the reserve which arises in its books of account as a result of the said reduction of capital in paying up in full at par all the new Shares as created under paragraph (2) above which shall be allotted and issued to the Offeror or its nominees, credited as fully paid.

Comparison of Value

The Cancellation Price of HK\$1.050 per Scheme Share represents:

- (a) a premium of 50.00% over the closing price of HK\$0.700 per Share as quoted on the Stock Exchange on 4 April 2007 (being the last trading day in the Shares prior to the suspension of trading in the Shares pending the issue of this announcement);
- (b) a premium of approximately 49.36% over the average closing price of HK\$0.703 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including 4 April 2007;
- (c) a premium of approximately 45.63% over the average closing price of approximately HK\$0.721 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including 4 April 2007;
- (d) a premium of approximately 44.63% over the average closing price of approximately HK\$0.726 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including 4 April 2007; and
- (e) a premium of approximately 38.16% over the audited consolidated net asset value per Share of approximately HK\$0.76 as at 31 December 2006.

The Option Offer

Pursuant to the terms of the Share Option Scheme, if the Proposal is made, the Option Holders shall be entitled to exercise such Options, which confer rights to subscribe for Shares at a price of HK\$0.59 per Share. Shares issued upon exercise of the Options in accordance with the terms of the Share Option Scheme will form part of the Scheme Shares and the unexercised Options will lapse upon the Scheme becoming effective. The Offeror will make an offer to all the Option Holders in consideration for their agreement to cancel their Options in accordance with the Takeovers Code. The Option Cancellation Price per Option will be HK\$0.46, being the see through price (relative to the Cancellation Price per Scheme Share) for the Options concerned.

The Option Offer is conditional upon the Scheme becoming effective. The Company will not grant any options under the Share Option Scheme during the offer period.

As at the Announcement Date, there are 32,470,000 outstanding Options granted under the Share Option Scheme. The holdings of the outstanding Options are summarized as follows:

	Number of Options held
Ms. Hui Mei Mei, Carol (<i>Note 1</i>)	8,270,000
Mr. Tung Chi Shing (<i>Note 2</i>)	8,270,000
Mr. Chan Loo Shya (<i>Note 2</i>)	3,880,000
Other employees	<u>12,050,000</u>
Total	<u>32,470,000</u>

Notes:

- Ms. Hui Mei Mei, Carol is an executive Director and daughter of Mr. Hui and is presumed to be acting in concert with the Offeror.*
- Both Mr. Tung Chi Shing and Mr. Chan Loo Shya are executive Directors and are presumed to be acting in concert with the Offeror.*

As at the Announcement Date, Ms. Hui Mei Mei, Carol, Mr. Tung Chi Shing and Mr. Chan Loo Shya, being parties presumed to be acting in concert with the Offeror, held an aggregate of 20,420,000 Options. To the extent that any of the 20,420,000 Options held by Ms. Hui Mei Mei, Carol, Mr. Tung Chi Shing and Mr. Chan Loo Shya are exercised and converted into Shares, such Shares will form part of the Scheme Shares but Ms. Hui Mei Mei, Carol, Mr. Tung Chi Shing and Mr. Chan Loo Shya will abstain from voting at the Court Meeting.

Other securities

As at the Announcement Date, there were (i) 827,639,886 Shares in issue; (ii) 32,470,000 outstanding Options granted under the Share Option Scheme; and (iii) the Convertible Note with an outstanding principal amount of HK\$250,000,000 entitling the holder to convert into a total of 185,185,185 new Shares (based on the initial conversion price of HK\$1.35 per Share under the terms of the Convertible Note).

As the Convertible Note was solely issued to Dynamic Keen, being an investment holding company wholly and beneficially owned by Mr. Hui, which is presumed to be acting in concert with the Offeror, a comparable offer will not be made to the holder of the Convertible Note under the Proposal.

Save as disclosed above, the Company does not have any warrants, options, derivatives, convertible securities or other securities in issue. There is (i) no irrevocable commitment to accept the Proposal and the Option Offer which has been received by the Offeror or any parties acting in concert with it; (ii) no arrangements (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which might be material to the Proposal and the Option Offer; and (iii) no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal and the Option Offer.

Total consideration and financial resources

On the basis of the Cancellation Price, which was arrived at on a commercial basis after taking into account the prevailing market price and the net asset value per Share as described above and with reference to other privatisation transactions in the past few years, the Proposal values the entire issued share capital of the Company as at the Announcement Date at approximately HK\$869.02 million.

Under the Scheme, the total consideration payable for the Scheme Shares will be payable by the Offeror. The total amount of cash required for the Proposal and the Option Offer will range from (a) approximately HK\$234.46 million (including HK\$219.52 million payable for the Scheme Shares and HK\$14.94 million payable under the Option Offer) assuming no Option is exercised after the Announcement Date but before completion of the Proposal to (b) approximately HK\$253.62 million payable for the Scheme Shares assuming all the Options are exercised after the Announcement Date but before completion of the Proposal. The Offeror intends to finance the cash required for the Proposal and the Option Offer from bank borrowings and/or its own cash resources. Partners Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for the implementation of the Proposal and the Option Offer.

CONDITIONS OF THE PROPOSAL

The Scheme will become effective and binding on the Company and all Scheme Shareholders subject to the fulfilment or waiver (as applicable) of the following conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting representing not less than three-fourths in nominal value of those Scheme Shares that are voted either in person or by proxy by the Scheme Shareholders at the Court Meeting provided that (i) the Scheme is also approved (by way of poll) by a majority in number of the Proposal Independent Shareholders present and voting either in person or by proxy at the Court Meeting representing not less than three-fourths in value of those Scheme Shares that are voted either in person or by proxy by the Proposal Independent Shareholders at the Court Meeting and (ii) the Scheme is not disapproved (by way of poll) by the Proposal Independent Shareholders at the Court Meeting holding more than 10% in value of all the Shares held by the Proposal Independent Shareholders;

- (b) the passing by Shareholders (other than those who are prohibited from voting under relevant laws, rules or regulations) of a special resolution to approve and give effect to the Scheme (including the cancellation of the Scheme Shares and the reduction of the issued share capital of the Company) by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the SGM;
- (c) the sanction of the Scheme (with or without modifications) by the Supreme Court of Bermuda and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Supreme Court of Bermuda for registration;
- (d) compliance, to the extent necessary, with the procedural requirements of Section 46 of the Companies Act in relation to the reduction of the issued share capital of the Company;
- (e) all Authorisations in connection with the Proposal and the Option Offer having been obtained or made from, with or by (as the case may be) the Relevant Authorities, in Bermuda, Hong Kong and/or any other relevant jurisdictions;
- (f) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal and the Option Offer or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (g) all bank and other necessary consents which may be required under any existing contractual obligations of the Group being obtained and remaining in full force and effect without modification; and
- (h) if required, the obtaining by the Offeror of such other necessary consent, approval, authorisation, permission, waiver or exemption which may be required from any Relevant Authorities or other third parties which are necessary or desirable for the performance of the Scheme under the applicable laws and regulations.

The Offeror reserves the right to waive conditions (e), (f), (g) and (h) either in whole or in part in respect of any particular matter. Conditions (a) to (d) cannot be waived in any event. All of the above conditions will have to be fulfilled or waived, as applicable, on or before 30 September 2007 (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Supreme Court of Bermuda may direct), failing which the Scheme will lapse.

If the Scheme is approved at the Court Meeting, the Offeror will procure the voting of its beneficial interests in the Company in favour of the special resolution to be proposed at the SGM to be convened following the Court Meeting to approve and give effect to the Scheme (including the cancellation of the Scheme Shares and the reduction of the issued share capital of the Company).

OVERSEAS SHAREHOLDERS

A scheme document of the Company containing, inter alia, further details of the Proposal, the Scheme, the Option Offer, the expected timetable, an explanatory memorandum as required under the Companies Act, further information regarding the Company, the recommendation of the Independent Board Committee with respect to the Proposal, the Scheme, the Option Offer and the Extension, a letter of advice from the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of the SGM, together with proxies in relation thereto, will also be despatched to the Shareholders not resident in Hong Kong.

The making of the Proposal to Shareholders not resident in Hong Kong may be subject to the laws of the relevant jurisdictions. Such Shareholders should inform themselves appropriately and observe any applicable legal or regulatory requirements. It is the responsibility of any overseas Shareholders wishing to accept the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at the Announcement Date and immediately upon completion of the Proposal (assuming no Option is exercised after the Announcement Date but before completion of the Proposal):

	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Offeror and its parties acting in concert (<i>Note</i>)	618,571,397	74.74	827,639,886	100.00
Proposal Independent Shareholders	209,068,489	25.26	—	—
Total	827,639,886	100.00	827,639,886	100.00

The following table sets out the shareholding structure of the Company before and immediately upon completion of the Proposal (assuming all Options are exercised after the Announcement Date but before completion of the Proposal):

	Before completion of the Proposal		Upon completion of the Proposal	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Offeror (<i>Note</i>)	618,571,397	71.92	860,109,886	100.00
Ms. Hui Mei Mei, Carol, being Offeror's concert party	8,270,000	0.96	—	—
Mr. Tung Chi Shing and Mr. Chan Loo Shya, being Offeror's concert parties	12,150,000	1.41	—	—
The Offeror and its parties acting in concert	638,991,397	74.29	860,109,886	100.00
Proposal Independent Shareholders	221,118,489	25.71	—	—
Total	860,109,886	100.00	860,109,886	100.00

Note: The interests disclosed represent the interest in the Company held by the Offeror, a company which is directly wholly-owned by Overseas Investment Group International Limited as trustee of a unit trust, all the units of which are held by Trident Trust Company (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.

REASONS FOR AND BENEFITS OF THE PROPOSAL

The Group has been focusing on strategic development of its international property development and investment business. Although Shimao International Commercial and Exhibition Centre and Holiday Inn Suifenhe developed by the Group in the Municipality of Suifenhe, Heilongjiang Province, the PRC were completed and have commenced operation in August 2006, various measures were imposed by the Russian Government in 2006 and 2007 including, among others, the reduction of the weight of goods which can be carried cross-border by Russians from the PRC to Russia free of tariff and the introduction of the “Ban on Commerce” which has restricted foreigners to conduct retail business within Russia. All these measures affected not only the Sino-Russian cross-border trade but also the leasing of the Group's shopping malls and hotels. The participation of the Group in the Baltic Pearl Project in St. Petersburg of Russia has also been suspended due to the fact that certain terms on project development were not fulfilled or waived within the extended period. As a result of the provision for the share of land appreciation tax of an associate and fair value adjustment of investment properties, the Group recorded a loss attributable to the Shareholders of HK\$193,824,000 for the year ended 31 December 2006.

The trading volume of the Shares has been thin, resulting in the low liquidity of the Shares. The average daily trading volume for the 6 months up to and including 4 April 2007 (being the last trading day in the Shares prior to the suspension of trading in the Shares pending the issue of this announcement) was approximately 502,786 Shares which is equivalent to approximately 0.24% of the number of Shares held in public hands (as defined in Rule 8.24 of the Listing Rules).

Given the low liquidity of the Shares traded on the Stock Exchange and the unsatisfactory price performance of the Shares for more than one year, the Directors are of the opinion that there is currently limited exit potential for the Scheme Shareholders. Given the unsatisfactory financial performance of the Group for the year ended 31 December 2006, the ability of the Company to take advantage of its listing status to raise funds from the equity markets may be limited and any significant improvement in this regard in the foreseeable future is unlikely. Accordingly, it would not be justifiable to maintain the listing status after taking into consideration the costs and management resources associated with the maintenance of the Company's listing on the main board of the Stock Exchange.

Since the Offeror is already interested in approximately 74.74% of the issued share capital of the Company as at the Announcement Date, the Directors believe that it is unlikely that the Scheme Shareholders will receive any other general offer from a third party to acquire the Scheme Shares, as such offer would not succeed without the approval of the Offeror. In addition, Shareholders should note that no discussions have taken place (or are taking place) with any third party regarding the disposal of any of the Shares held by the Offeror and the Offeror has no intention of discontinuing the Group's businesses.

As the Cancellation Price represents a premium of approximately 49.36%, approximately 45.63% and approximately 44.63% over the 10-day, 30-day and 60-day approximate average closing price per Share as detailed above in this announcement, the Directors believe that the Proposal will provide an opportunity for all Scheme Shareholders to realise their investments in the Company at a price significantly above the prevailing market price of the Shares.

INFORMATION ON THE GROUP

The Company was incorporated in Bermuda with limited liability. 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.

The following table is a summary of the audited financials of the Group for the two years ended 31 December 2006:

	For the year ended 31 December	
	2006	2005
	<i>(audited)</i>	<i>(audited)</i>
	HK\$'000	HK\$'000
Turnover	104,943	13,987
Gross profit	51,497	11,447
Profit/(Loss) before taxation	(218,338)	163,108
Profit/(Loss) after taxation	(193,824)	109,009
Net assets	629,273	747,872

INFORMATION ON THE OFFEROR

The Offeror is 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 Trust Company (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. The board of directors of the Offeror comprises two directors, namely, Mr. Hui and Ms. Hui Mei Mei, Carol. The Offeror is also the controlling Shareholder interested in approximately 74.74% of the issued share capital of the Company as at the Announcement Date. The Offeror and its parties acting in concert had no dealing in the securities of the Company during the six months immediately prior to the Announcement Date.

INTENTIONS REGARDING THE GROUP

It is the intention of the Offeror to continue the existing business of the Group upon successful privatisation of the Company.

WITHDRAWAL OF THE LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the effective date of the Scheme. The Scheme Shareholders will be notified by way of a press announcement of the exact dates of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the scheme document, which will also contain, inter alia, further details of the Scheme.

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme is not approved or lapses.

DEALINGS DISCLOSURE

The respective associates of the Offeror and the Company are reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of the principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

WARNING

Shareholders, Option Holders and/or potential investors should be aware that the implementation of the Proposal, the Scheme and the Option Offer is subject to the conditions as set out above being fulfilled or waived, as applicable, and thus the Proposal, the Scheme and the Option Offer may or may not become effective. They should therefore exercise caution when dealing in the Shares.

EXTENSION OF THE MATURITY DATE OF THE CONVERTIBLE NOTE

Reference is made to the announcement of the Company dated 23 February 2005 and the circular of the Company dated 25 May 2005 in relation to, inter alia, the issue of the Convertible Note.

On 24 June 2005, the Company issued to Dynamic Keen a convertible note of the principal amount of HK\$250,000,000 due on the Maturity Date of 20 June 2007 and convertible into new Shares during the conversion period from 24 June 2006 up to and including the Maturity Date of 20 June 2007. The Convertible Note bears an interest of 1% per annum on the principal amount outstanding from time to time. Up to the Announcement Date, no part of the principal amount of the Convertible Note has been converted into any new Shares. The Company may at any time by giving not less than one calendar month's notice to the holder of the Convertible Note to redeem the Convertible Note prior to the Maturity Date by paying all but not part of the then outstanding principal amount of the Convertible Note together with all accrued interests thereon. If no earlier redemption is made by the Company and no conversion is made by the holder of the Convertible Note, the Company shall on the Maturity Date repay the principal moneys outstanding under the Convertible Note to the holder of the Convertible Note together with all interest accrued thereon up to and including the Maturity Date. Given that the Board intends to sell the luxurious residential project in Hong Kong in a prudent manner to maximise return for the Shareholders and the Company has yet to sell any of its luxurious residential units in Hong Kong, the Directors expect that the Company will not have sufficient cash resources in the event that the Company is required to repay the principal outstanding under the Convertible Note on the Maturity Date. As the Company is in the progress of selling the luxurious residential project in Hong Kong and Dynamic Keen has agreed to extend the Maturity Date, the Directors consider that the short term insufficient cash resources to repay the principal outstanding under the Convertible Note on the Maturity Date will not affect the level of operations of the Company.

On 19 April 2007, the Company and Dynamic Keen, being an investment holding company wholly and beneficially owned by Mr. Hui and thus a connected person of the Company, entered into the Supplemental Deed to extend the Maturity Date from 20 June 2007 to 20 June 2008. As a result of the Extension, the Convertible Note will become repayable on 20 June 2008 and the conversion period of the Convertible Note during which the whole or any part of the principal amount of the Convertible Note can be converted into new Shares will be extended to 20 June 2008 as well. Save for the amendment in the Supplemental Deed, the provisions of the Convertible Note (including the current conversion price of HK\$1.35 per Share) shall continue to remain in full force and effect and are enforceable in accordance with its terms. If the approval for the amendments to the Convertible Note as contemplated under the Supplemental Deed cannot be obtained from the Extension Independent Shareholders on or before the Long Stop Date, such amendments shall not take effect.

Under the Listing Rules, the Extension constitutes a connected transaction for the Company and is subject to the approval of the Extension Independent Shareholders at the SGM. The Directors (excluding the independent non-executive Directors whose views will be given after considering the advice from the independent financial adviser) consider that the Extension is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. The Supplemental Deed is not conditional upon the Proposal becoming effective.

The Company and Dynamic Keen also agreed under the Supplemental Deed that if the aforesaid approval from the Extension Independent Shareholders cannot be obtained on or before the current Maturity Date of 20 June 2007, the obligations of the Company to repay the principal and interests under the Convertible Note shall be suspended for the time being until after the Long Stop Date has passed. If the Company still cannot obtain such approval by the Long Stop Date, the amount (inclusive of both principal and interests) owed by the Company under the Convertible Note as of the current Maturity Date of 20 June 2007 will become a simple debt (the “Debt”) no longer convertible into new Shares. The Debt or any part of it will be repayable to Dynamic Keen upon demand at any time after the Long Stop Date and bears interests at the rate of 4% per annum with effect from the day immediately after the current Maturity Date of 20 June 2007. Dynamic Keen also agrees under the Supplemental Deed that it will not demand repayment of the Debt or any part of it within one year after the Long Stop Date unless each of the then independent non-executive Directors is of the view that the Group has sufficient cash resource for repayment of the amount demanded to be repaid and that such repayment will not adversely affect the Group’s normal course of operations. The Directors consider that the interest rate for the debt is reasonable since no security will be provided by the Company for the debt and the debt no longer carries the convertible feature of the Convertible Note.

Pursuant to Rule 13A.63(4) of the Listing Rules, the Debt which is a financial assistance provided by a connected person for the benefit of the Company on normal commercial terms (or better to the Company) where no security over the assets of the Company is granted in respect of the financial assistance, is exempt from reporting, announcement, and the independent shareholders’ approval requirements under the Listing Rules.

GENERAL

The Offeror has appointed Partners Capital as its financial adviser in connection with the Proposal and the Option Offer. The Independent Board Committee was formed, comprising Mr. Lee Chack Fan, Mr. Liu Hing Hung and Mr. Zhu Wenhui, who are all independent non-executive Directors, to advise the Proposal Independent Shareholders in connection with the Proposal and the Option Offer and to advise the Extension Independent Shareholders in connection with the Extension. As Mr. Hui, the non-executive Director, is a director of the Offeror, he has not been appointed as member of the Independent Board Committee. An independent financial adviser will be appointed to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Extension. An announcement will be made by the Company after the appointment of the independent financial adviser to advise the Independent Board Committee. The Offeror and the parties acting in concert with it will be required to abstain from voting on the Scheme at the Court Meeting.

A scheme document of the Company containing, inter alia, further details of the Proposal, the Scheme, the Option Offer, the expected timetable, an explanatory memorandum as required under the Companies Act, further information regarding the Company, the recommendation of the Independent Board Committee with respect to the Proposal, the Scheme, the Option Offer and the Extension, a letter

of advice from the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of the SGM, together with proxies in relation thereto, will be despatched to the Shareholders and the Option Holders within 21 days from the publication of this announcement or as may be permitted by the Takeovers Code. A further announcement will be made regarding the expected timetable for the Proposal.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 10 April 2007, pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 20 April 2007.

DEFINITIONS

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

“Announcement Date”	the date of this announcement
“associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Authorisations”	all the necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Proposal and the Option Offer
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Cancellation Price”	the cancellation price of HK\$1.050 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Shimao International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange
“Convertible Note”	the convertible note due 2007 issued to Dynamic Keen with an outstanding principal amount of HK\$250,000,000 entitling the holder to convert into a total of 185,185,185 new Shares on the basis of the initial conversion price of HK\$1.35 per Share
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Supreme Court of Bermuda at which the Scheme will be voted upon
“Directors”	the director(s) of the Company
“Dynamic Keen”	Dynamic Keen Developments Limited, a company incorporated in BVI and wholly and beneficially owned by Mr. Hui

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Extension”	the entering into the Supplemental Deed to extend the Maturity Date from 20 June 2007 to 20 June 2008
“Extension Independent Shareholders”	Shareholders other than Dynamic Keen and its associates (as defined under the Listing Rules) including, but not limited to, the Offeror
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Board comprising the independent non-executive Directors, namely, Lee Chack Fan, Liu Hing Hung and Zhu Wenhui
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	means 30 September 2007 or such later date as may be mutually agreed by the Company and Dynamic Keen on or before which approval for the amendments to the Convertible Note as contemplated under the Supplemental Deed shall be obtained from the Extension Independent Shareholders
“Maturity Date”	maturing date of the Convertible Note, currently being 20 June 2007
“Mr. Hui”	Mr. Hui Wing Mau, a non-executive Director and Chairman of the Company
“Offeror”	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 Trust Company (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 controlling Shareholder interested in approximately 74.74% of the issued share capital of the Company as at the Announcement Date
“Options”	share options granted by the Company to the Directors and employees of the Group pursuant to the Share Option Scheme
“Option Cancellation Price”	the price of HK\$0.46 payable by the Offeror to the Option Holders in consideration for their agreement to cancel their Options
“Option Holder(s)”	holder(s) of Option(s)
“Option Offer”	the conditional cash offer to be made by the Offeror to pay the Option Cancellation Price to each Option Holder in consideration for his/her agreement to cancel each Share Option held by him/her, further details of which are set out in the section headed “The Option Offer” in this announcement

“parties acting in concert”/ “acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Partners Capital”	Partners Capital International Limited, a corporation licensed to carry on types 1 and 6 regulated activities (dealing in securities and advising on corporate finance) under the SFO
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme
“Proposal Independent Shareholders”	Shareholders other than the Offeror and the parties acting in concert with it
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Scheme”	a scheme of arrangement under Section 99 of the Companies Act involving the cancellation of all the Scheme Shares
“Scheme Shareholder(s)”	Shareholders other than the Offeror
“Scheme Share(s)”	Share(s) held by the Scheme Shareholders
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be held to consider and approve, amongst other matters, the Proposal and the Extension or any adjournment thereof
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 13 June 2005
“Supplemental Deed”	the supplemental deed dated 19 April 2007 entered into between the Company and Dynamic Keen in relation to the Extension
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board
Perfect Zone International Limited
Hui Wing Mau
Director

By order of the board of
Shimao International Holdings Limited
Yau Kwan Shan
Company Secretary

Hong Kong, 19 April 2007

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

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information in relation to the Offeror contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement in relation to the Offeror have been arrived at after due and careful consideration and there are no other facts not contained in this announcement in relation to the Offeror, the omission of which would make any statement in this announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those of or in relation to the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than that in relation to the Offeror) the omission of which would make any statements in this announcement misleading.

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