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SHIMAO PROPERTY HOLDINGS LIMITED

世茂房地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 813)

ISSUANCE OF US\$800 MILLION 8.375% SENIOR NOTES DUE 2022

On 3 February 2015, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with HSBC, Standard Chartered Bank, Goldman Sachs, UBS, J.P. Morgan, Morgan Stanley and CLSA (A CITIC Securities Company) in connection with the Notes Issue.

The estimated net proceeds of the Notes Issue, after deduction of the underwriting discounts and commissions and other estimated expenses payable in connection with the Notes Issue, will amount to approximately US\$790.9 million and the Company intends to use the proceeds of the Notes to refinance the Group's existing indebtedness (including redemption of the 2011 Notes in part or in whole), finance its existing and new property development projects (including land premium and construction costs), and for other general corporate purposes to enhance its liquidity position. The Company may adjust the foregoing plans in response to changing market conditions and thus, reallocate the use of proceeds.

The Company has received approval in-principle for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors or the Notes.

Reference is made to the announcement of the Company dated 3 February 2015 in respect of the Notes Issue (the “**Announcement**”). The Board is pleased to announce that on 3 February 2015, the Company together with the Subsidiary Guarantors, entered into the Purchase Agreement with HSBC, Standard Chartered Bank, Goldman Sachs, UBS, J.P. Morgan, Morgan Stanley and CLSA (A CITIC Securities Company) in connection with the Notes Issue in the aggregate principal amount of US\$800 million.

THE PURCHASE AGREEMENT

Date: 3 February 2015

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors;
- (c) HSBC;
- (d) Standard Chartered Bank;
- (e) Goldman Sachs;
- (f) UBS;
- (g) J.P. Morgan;
- (h) Morgan Stanley; and
- (i) CLSA (A CITIC Securities Company).

HSBC, Standard Chartered Bank, Goldman Sachs and UBS are the joint global coordinators and HSBC, Standard Chartered Bank, Goldman Sachs, UBS, J.P. Morgan, Morgan Stanley and CLSA (A CITIC Securities Company) are the joint

bookrunners and the joint lead managers in respect of the offer and sale of the Notes. HSBC, Standard Chartered Bank, Goldman Sachs, UBS, J.P. Morgan, Morgan Stanley and CLSA (A CITIC Securities Company) are also the initial purchasers of the Notes.

The Notes will only be offered and sold by the initial purchasers of the Notes to non-U.S. persons (as defined in Regulation S) outside the United States, in compliance with Regulation S. None of the Notes will be offered to the public in Hong Kong.

Principal terms of the Notes

Notes Offered

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$800 million which will mature on 10 February 2022, unless earlier redeemed pursuant to the terms thereof.

Offering Price

The offering price of the Notes will be 100% of the principal amount of the Notes.

Interest

The Notes will bear interest from 10 February 2015 at a rate of 8.375% per annum, payable semi-annually in arrears on 10 February and 10 August of each year, commencing 10 August 2015.

Ranking of the Notes

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) at least *pari passu* in right of payment against the Company with respect to the 2011 Notes, the 2013 Notes, the 2014 Notes, the 2012 Syndicated Loan Facilities, the 2013 Syndicated Loan Facilities, the 2014 Syndicated Loan Facilities and all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations on the issue date of the Notes; (5) effectively subordinated to the secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not Subsidiary Guarantors or JV Subsidiary Guarantors.

Events of Default

The events of default under the Notes include, among others: (a) default in the payment of principal of (or premium, if any) on the Notes when the same becomes due and payable; (b) default in the payment of interest on any Notes which continues for a period of 30 consecutive days; (c) default in the performance or breach of the provisions of certain covenants, the failure by the Company to make or consummate an offer to purchase in certain manner, the failure by the Company to create, or cause certain of its subsidiaries to create a lien on the collateral in accordance with the covenants described in the Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breach of any other covenant or agreement in the Indenture or under the Notes (other than the default specified in clauses (a), (b) or (c) above); (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount of US\$20.0 million or more; (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged; (g) involuntary bankruptcy or insolvency proceedings against the Company or certain of its subsidiaries; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its subsidiaries or consent to such similar action or effect any general assignment for the benefit of creditors; (i) any Subsidiary Guarantor or JV Subsidiary Guarantor denying or disaffirming its obligations under its guarantees guaranteeing the obligations of the Notes or, except as permitted by the Indenture, any such guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect; (j) default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the security provided under the security documents or the Indenture, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the collateral created under the Notes or which adversely affects the condition or value of such collateral, taken as a whole, in any material respect; or (k) the Company or any Subsidiary Guarantor Pledgor denying or disaffirming its obligations under the security documents provided under the Notes or, other than in accordance with the Indenture and the relevant security documents provided under the Notes, any such relevant security document ceasing to be or is not in full force and effect, or the trustee ceasing to have a security interest in the collateral given under the Notes (subject to any permitted liens).

If an event of default (other than the default specified in clauses (g) and (h) above) occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company, may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an event of default specified in clauses (g) and (h) above occurs, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

Covenants

The Notes, the Indenture and the guarantees provided by the Subsidiary Guarantors will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) declare dividends on its capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of certain of its subsidiaries;
- (e) guarantee indebtedness of certain of its subsidiaries;
- (f) sell assets;
- (g) create liens;
- (h) enter into sale and leaseback transactions;
- (i) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (j) enter into transactions with shareholders or affiliates; and
- (k) effect a consolidation or merger.

Optional Redemption of the Notes

The Notes may be redeemed in the following circumstances:

- (1) At any time and from time to time on or after 10 February 2019, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on 10 February of the years indicated below:

Period	Redemption Price
2019	104.188%
2020	102.094%
2021 and thereafter	100.000%

- (2) At any time and from time to time prior to 10 February 2018, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 108.375% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.
- (3) At any time prior to 10 February 2019, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

Reasons for the Notes Issue

The Group is a large-scale developer and owner of high-quality real estate projects in China. The Group specializes in developing mid- to high-end residential, retail and office properties for sale and prime and well-located hotel, retail and office properties for long term investment. The Group has a track record of successfully bringing to market real estate projects in Shanghai, Beijing, Hangzhou, Suzhou, Nanjing, Fuzhou and other fast growing cities in China.

The Group believes that this track record, together with the strong recognition of its “Shimao” brand name, positions it well as it continues to develop and market its real estate projects in cities throughout China. In 2014, the Group expanded into the Hong Kong real estate market through land acquisition. The Group aims to continue to grow as a leading property developer and investor with a strong presence in China’s key cities and economic regions as well as Hong Kong by continuing to enhance its “Shimao” brand name, create and develop innovative and market-leading properties, pursue property diversification and increase its proportion of investment properties and hotels to achieve a balanced revenue profile and expand its business operations and land bank in a disciplined manner.

The estimated net proceeds of the Notes Issue, after deduction of the underwriting discounts and commissions and other estimated expenses payable in connection with the Notes Issue, will amount to approximately US\$790.9 million and the Company intends to use the proceeds of the Notes to refinance the Group’s existing indebtedness (including redemption of the 2011 Notes in part or in whole), finance its existing and new property development projects (including land premium and construction costs), and for other general corporate purposes to enhance its liquidity position. The Company may adjust the foregoing plans in response to changing market conditions and thus, reallocate the use of proceeds.

Listing and rating

The Company has received approval in-principle for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors or the Notes. No listing of the Notes has been sought in Hong Kong.

The Notes are expected to be rated BB- by Standard & Poor’s Rating Services, BB+ by Fitch Ratings and Ba3 by Moody’s Investors Services Inc.

Clarification

The Company would like to clarify certain information set out in the Announcement as follows:

- (1) the phrase “land grant contract” stated in the first line of the paragraph headed “Nanjing Qixia Project” on page 5 of the Announcement should be revised to read “land grant confirmation letter”; and

- (2) the paragraph headed “Nanjing Pukou Project” on page 6 of the Announcement should be revised to read “In December 2014, the Group entered into a joint venture agreement with an independent third party to acquire a parcel of land situated in Pukou, Nanjing for a consideration of approximately RMB1,640.0 million (US\$264.4 million) and expected to comprise low-rise and high-rise residential properties, with an aggregate site area of approximately 137,437 sq.m. and a planned GFA of approximately 264,552 sq.m.. Pursuant to the joint venture agreement, the Group will hold a 49% equity interest in the joint venture.”.

DEFINITIONS

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

“2011 Notes”	11% senior notes due 2018 issued by the Company on 8 March 2011
“2012 Syndicated Loan Facilities”	multi-currency term loan facilities, comprising a US\$610,000,000 facility and a HK\$468,000,000 facility owed by the Group to a group of lenders
“2013 Notes”	6.625% senior notes due 2020 issued by the Company on 14 January 2013
“2013 Syndicated Loan Facilities”	multi-currency term loan facilities, comprising a US\$320,000,000 facility and a HK\$1,950,000,000 facility, owed by the Group to a group of lenders
“2014 Notes”	8.125% senior notes due 2021 issued by the Company on 22 January 2014
“2014 Syndicated Loan Facilities”	multi-currency term loan facilities, comprising a US\$665,000,000 facility and a HK\$555,000,000 facility, owed by the Group to a group of lenders
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement

“CLSA (A CITIC Securities Company)”	CLSA Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Company”	Shimao Property Holdings Limited, an exempted company incorporated with limited liability in the Cayman Islands, the securities of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Goldman Sachs”	Goldman Sachs (Asia) L.L.C., one of the joint global coordinators, joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Group”, “we”, “our” and “us”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, one of the joint global coordinators, joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Indenture”	the written agreement between the Company, the Subsidiary Guarantors, as guarantors, and Citicorp International Limited, as trustee, that specified the terms of the Notes including the interest rate of the Notes and the maturity date
“J.P. Morgan”	J.P. Morgan Securities plc, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“JV Subsidiary Guarantee”	limited-recourse guarantees given by the JV Subsidiary Guarantors on the Notes
“JV Subsidiary Guarantor”	each subsidiary of the Company which in the future provides a JV Subsidiary Guarantee

“Morgan Stanley”	Morgan Stanley & Co. International plc, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Notes”	the 8.375% guaranteed senior notes due 2022 in the aggregate principal amount of US\$800 million to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“Purchase Agreement”	the agreement dated 3 February 2015 entered into between, among others, the Company, HSBC, Standard Chartered Bank, Goldman Sachs, UBS, J.P. Morgan, Morgan Stanley and CLSA (A CITIC Securities Company) and the Subsidiary Guarantors in relation to the Notes Issue
“Regulation S”	Regulation S under the Securities Act
“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Standard Chartered Bank”	Standard Chartered Bank, one of the joint global coordinators, joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	the guarantees provided by the Subsidiary Guarantors in respect of the Notes
“Subsidiary Guarantors”	the subsidiaries of the Company which guarantee the Notes, provided that the Subsidiary Guarantors will not include (a) those organised under the laws of the PRC and (b) certain non-guarantor subsidiaries

“Subsidiary Guarantor Pledgors”	certain subsidiaries of the Company that on the issue date of the Notes will provide pledges over their stock in the Subsidiary Guarantors held by them to secure the obligations of the Company under the Indenture and the Notes and of such Subsidiary Guarantor Pledgors under their guarantees provided to secure the Company’s obligations under the Notes
“UBS”	UBS AG, Hong Kong Branch, one of the joint global coordinators, joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“United States”	the United States of America
“US\$”	United States dollar(s)
“%”	per cent

On behalf of the Board
Shimao Property Holdings Limited
Hui Wing Mau
Chairman

Hong Kong, 4 February 2015

As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Hui Wing Mau (Chairman), Mr. Hui Sai Tan, Jason (Vice Chairman), Mr. Xu Younong, Ms. Tang Fei and Mr. Liao Lujiang; one non-executive director, namely, Mr. Liu Sai Fei; and three independent non-executive directors, namely, Ms. Kan Lai Kuen, Alice, Mr. Lu Hong Bing and Mr. Lam Ching Kam.