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SHIMAO  **世茂房地產**

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\$500 MILLION 5.20% SENIOR NOTES
DUE 2025**

On 23 January 2018, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with China International Capital Corporation, HSBC, Morgan Stanley, BNP Paribas, China CITIC Bank International, Deutsche Bank and Standard Chartered Bank 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\$495 million and the Company intends to use the net proceeds of the Notes Issue outside the PRC to refinance its existing indebtedness and for business development and other general corporate purposes. The Company may adjust the foregoing plans in response to changing market conditions and thus, reallocate the use of proceeds.

MiFID II professionals/ECPs-only/No PRIIPs KID — Manufacturer target market (MIFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA.

Approval in-principle has been received for the listing and quotation of the Notes on the official list of the SGX-ST. Admission to the official list of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors or any other subsidiary or associated company of the Company, the Notes or the Subsidiary Guarantees. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this announcement.

Reference is made to the announcement of the Company dated 23 January 2018 in respect of the Notes Issue. The Board is pleased to announce that on 23 January 2018, the Company together with the Subsidiary Guarantors, entered into the Purchase Agreement with China International Capital Corporation, HSBC, Morgan Stanley, BNP Paribas, China CITIC Bank International, Deutsche Bank and Standard Chartered Bank in connection with the Notes Issue.

THE PURCHASE AGREEMENT

Date: 23 January 2018

Parties to the Purchase Agreement

- (a) the Company;
- (b) the Subsidiary Guarantors;

- (c) China International Capital Corporation;
- (d) HSBC;
- (e) Morgan Stanley;
- (f) BNP Paribas;
- (g) China CITIC Bank International;
- (h) Deutsche Bank; and
- (i) Standard Chartered Bank.

China International Capital Corporation, HSBC and Morgan Stanley are the joint global coordinators, joint bookrunners and joint lead managers, and BNP Paribas, China CITIC Bank International, Deutsche Bank and Standard Chartered Bank are the joint bookrunners and joint lead managers in respect of the offer and sale of the Notes. China International Capital Corporation, HSBC, Morgan Stanley, BNP Paribas, China CITIC Bank International, Deutsche Bank and Standard Chartered Bank are also the initial purchasers of the Notes.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of China International Capital Corporation, HSBC, Morgan Stanley, BNP Paribas, China CITIC Bank International, Deutsche Bank and Standard Chartered Bank is an independent third party and not a connected person of the Company and its connected persons.

The Notes and the Subsidiary Guarantees have not been, and will not be, registered under the Securities Act. The Notes will only be offered outside the United States in offshore transactions to non-U.S. persons in compliance with Regulation S under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Notes will be offered to the public in Hong Kong.

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Principal terms of the Notes

The following is a summary of certain provisions of the Notes and the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, the Notes, the Subsidiary Guarantees, and the JV Subsidiary Guarantees, if any.

Notes Offered

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$500 million which will mature on 30 January 2025, unless earlier redeemed under 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 at a rate of 5.20% per annum from 30 January 2018, payable semi-annually in arrears on 30 January and 30 July of each year, commencing 30 July 2018.

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 2015 Notes, the 2017 Notes and all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (4) on the issue date and for so long as any 2015 Notes remains outstanding 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 (other than the collateral); and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which do not provide Subsidiary Guarantees or JV Subsidiary Guarantees.

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\$50.0 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 clause (g) or (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 clause (g) or (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 Subsidiary Guarantees 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) make investments or other specified restricted payments;
- (c) issue or sell capital stock of certain of its subsidiaries;
- (d) guarantee indebtedness of certain of its subsidiaries;
- (e) sell assets;
- (f) create liens;
- (g) enter into sale and leaseback transactions;
- (h) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (i) enter into transactions with shareholders or affiliates; and
- (j) 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 30 January 2022, 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 30 January of the years indicated below:

<u>Period</u>	<u>Redemption Price</u>
2022	102.600%
2023	101.300%
2024 and thereafter	100.000%

- (2) At any time and from time to time prior to 30 January 2021, 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 105.20% of the principal amount of the Notes redeemed, 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 30 January 2022, 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 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\$495 million and the Company intends to use the net proceeds of the Notes Issue outside the PRC to refinance its existing indebtedness and for business development and other general corporate purposes. The Company may adjust the foregoing plans in response to changing market conditions and thus, reallocate the use of proceeds.

Listing

Approval in-principle has been received for the listing and quotation of the Notes on the official list of the SGX-ST. Admission to the official list of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors or any other subsidiary or associated company of the Company, the Notes or the Subsidiary Guarantees. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this announcement.

No listing of the Notes has been or will be sought in Hong Kong.

DEFINITIONS

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

“2015 Notes”	8.375% senior notes due 2022 issued by the Company
“2017 Notes”	4.75% senior notes due 2022 issued by the Company
“Board”	the board of Directors
“China CITIC Bank International”	China CITIC Bank International Limited
“China International Capital Corporation”	China International Capital Corporation Hong Kong Securities Limited
“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
“Deutsche Bank”	Deutsche Bank AG, Hong Kong Branch
“Directors”	the directors of the Company
“ECPs”	Eligible Counterparties
“EEA”	European Economic Area
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“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
“JV Subsidiary Guarantees”	limited-recourse guarantees provided by the JV Subsidiary Guarantors on the Notes

“JV Subsidiary Guarantors”	certain subsidiaries of the Company, other than the Subsidiary Guarantors, that guarantee the Company’s obligations under the Notes
“MiFID II”	Markets in Financial Instruments Directive (II) (2014/65/EU)
“Morgan Stanley”	Morgan Stanley & Co. International plc
“Notes”	the US\$500 million 5.20% guaranteed senior notes due 2025 to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“PRIIPs”	Packages retail investment and insurance products (2009/92/EC)
“Purchase Agreement”	the agreement dated 23 January 2018 entered into between, the Company, China International Capital Corporation, HSBC, Morgan Stanley, BNP Paribas, China CITIC Bank International, Deutsche Bank, Standard Chartered Bank and the Subsidiary Guarantors in relation to the Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Standard Chartered Bank”	Standard Chartered Bank
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	guarantees to be provided by the Subsidiary Guarantors in respect of the Notes
“Subsidiary Guarantors”	certain existing subsidiaries of the Company which guarantee the Notes

“Subsidiary Guarantor Pledgors”	certain subsidiaries of the Company that will pledge the capital stock of the Subsidiary Guarantors held by them to secure the obligations of the Company under the Notes and the Indenture and of such Subsidiary Guarantors under their Subsidiary Guarantees
“United States” or “U.S.”	the United States of America
“US\$”	United States dollar, the lawful currency of the United States
“%”	per cent

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

Hong Kong, 24 January 2018

As at the date of this announcement, the Board comprises four Executive Directors, namely, Mr. Hui Wing Mau (Chairman), Mr. Hui Sai Tan, Jason (Vice Chairman), 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.