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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

HIGHLIGHTS

Results Highlights

1. Turnover recorded RMB10.02 billion, a significant increase of 102% compared with the corresponding period in 2009.

2. Gross profit increased by 133% to RMB3.32 billion (1H 2009: RMB1.43 billion). The gross profit margin increased to 33% from 29% of the corresponding period in 2009.

3. Profit attributable to shareholders significantly increased by 76% to RMB2.11 billion. Excluding fair value gains of investment properties and deemed gain on disposal of minority interests, net profit from core business attributable to shareholders amounted to RMB1.57 billion, an increase of 425% compared with same period in 2009.

4. Revenue from hotels, investment properties and others increased by 54% to RMB608 million, primarily attributable to the World Expo 2010 in Shanghai.

5. Basic earnings per share was RMB59.5 cents, an increase of 67% compared with same period in 2009.

6. The Board declared the payment of an interim dividend of HK15 cents per share, an increase of 50% compared with same period last year.

7. As at 30 June 2010, the Group's available funds amounted to RMB17.7 billion, including cash on hand of RMB9.3 billion and the balance of the available undrawn banking facilities of RMB8.4 billion.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the interim results report of Shimao Property Holdings Limited ("Shimao Property" or the "Company" and together with its subsidiaries, the "Group") for the six months ended 30 June 2010.

2010 Interim Results

Since the beginning of 2010, the housing prices and land prices of some cities in China went up on the basis of the rise in 2009 due to the on-going tense demand and supply situation. Panic home buying re-emerged in some cities of focus. The rise in speculative home buying activities drew the central government's serious attention. On 17 April 2010, the State Council issued the Notice of the State Council on Resolutely Curbing the Soaring of Housing Prices in Some Cities (《國務院關於堅決遏制部分城市房價過快上漲的通知》) (Guo Fa [2010] No. 10), which requested curbing the soaring of housing prices. Affected by the central government's regulatory measures on the property market, the property market fell into a period of deep sluggishness with reduced transactions. In contrast, the property market of many second and third-tier cities where most of the demand was for self-use was generally stable.

As early as 2006, Shimao Property turned its strategic focus to second and third-tier cities. It exploited the potential of the second and third-tier cities in the course of urbanization and avoided the business concentration risk associated with a single district or city. Accordingly, the results of the first half of 2010 were better than those of the corresponding period of last year despite the new regulatory measures on the property market by the central government.

During the period under review, we reported recognised revenue of RMB10.02 billion, representing an increase of 102% over the same period of 2009. Operating profit increased by 72% to approximately RMB3.81 billion. Profit attributable to shareholders amounted to RMB2.11 billion, a significant increase of 76% compared with last year. Excluding after-tax-and-minority-interests of fair value gains on the investment properties of RMB539 million (1H 2009: such fair value gains was RMB40 million and another deemed gain on disposal of minority interests net of taxes of RMB860 million), core profit attributable to shareholders amounted to approximately RMB1.57 billion (1H 2009: RMB299 million), representing a year-on-year increase of 425%.

As a token of gratitude to our shareholders' support, the board of directors (the "Board") declared the payment of an interim dividend of HK15 cents (1H 2009: HK10 cents) per share for the six months ended 30 June 2010.

Market Review and Outlook

Continuing the uprising trend of end of last year, the overall operating environment of the real estate market of China saw a growth along with the steady economic growth at the beginning of the year, witnessing a massive release of the suppressed purchasing power with rising prices. According to the National Bureau of Statistics of China, RMB1.9747 trillion was invested on property development in the first six months of 2010, representing a year on year increase of 38.1%, of which investment on commercial and residential units amounted to RMB1.3692 trillion, representing a year on year growth of 34.4%. During that period, the sales of new housing was better than expected with areas sold amounting to 394 million sq.m., representing a year on year growth of 15.4%. Property prices continued to grow on a year on year basis. In June 2010, the housing sales prices of the 70 large and medium cities rose by 11.4% year on year.

Due to such rapid rise of property prices, the central government was left with no choice but to issue a series of regulatory measures in mid-April to implement the toughest contractionary housing mortgage policies ever to curb soaring prices. The measures aimed at implementing macro control over the property market were designed to primarily address the supply-side issues, including gradual increase of land supply and houses for the low-income group by administrative means. Consequently, the market saw a sharp decline in property sales with stagnant though not significantly falling prices. At present, there are numerous speculations over whether the central government will further tighten housing credit.

Looking at the GDP for the first six months of the year, the growth of the second quarter GDP slowed down to 10.3% from the 11.9% year on year growth of the first quarter, which was lower than expected and indicated a significant downside risk to economic growth. In the meantime, inflation was mild. The CPI in June was lower than expected standing at 2.9% and is estimated to go further down in the fourth quarter. PPI also peaked and went down to 6.4%. On 20 July, the CPC Central Committee convened a forum with attendants from outside the Party. During the forum, Premier Wen Jiabao emphasized that no matter they were long-standing institutional or structural problems, or outstanding, acute problems arising from the economy, all must be dealt with under the premise that the economic development must be maintained steady and relatively fast, and that a foundation must be laid for the steady and relatively fast development of the economy in the coming year and an even longer time. The Politburo of the Communist Party convened a meeting on 22 July and emphasized that the prevailing proactive fiscal policy and moderately lax monetary policy must be continued, the continuity and stability of the macro-economic policy must be maintained and in the meantime, the relevancy and flexibility of the macro-control must be enhanced. It should be noted that the central government's view on "continuity of policies" remains unchanged and amid slowing economic growth, both maintenance and enhancement of economic growth are expected to be continued. Consequently, we can see that China's primary task is to maintain steady and relatively fast economic growth.

To Implement Geographic and Product Diversification and Seize All Opportunities

China's urbanization ratio is approximately 47% and is expected to reach 55% in 2020, this entails tremendous demand for new housing as well as upgrading of infrastructure and environment in various cities. Among first-tier cities, Beijing and Shanghai have reached an urbanization ratio of approximately 70% while the average ratio of second- and third-tier cities is only 40%. This implies that there is still significant demand for residential housing and thus there is considerable room for further development. In addition, due to the fact that different regions exhibit different development conditions, development levels of property markets and directions of the flow of hot money, property prices in most second- and third-tier cities are relatively reasonable and even inexpensive when comparing with first-tier cities. Following a surge in prices last year, signs of residential property bubble in first-tier cities became more obvious. We believe that governments of different levels will respect the market and use their administrative tools in a reasoned and reasonable manner so as to allow for the continuous and steady development of the market.

In the short run, the regulatory control might have a psychological effect on the market and deter some buyers from purchasing property for some time. But in the meantime, it is probable that more real estate developers and investment money will be forced to turn to second- and third-tier cities for higher investment value due to such severe measures prevailing in first-tier markets. In such event, the price differential between those cities will be narrowed. Currently, second- and other more effluent non first-tier cities have become an important focus of development for Shimao Property.

We believe that the regulatory control over the property market will be a long-term and permanent policy and will continuously play an integral role throughout the entire course of development of the market. Besides, it is impossible to predict the life-span of each new round of policies. What real estate policymakers should do is to closely monitor the development of the national economy, including the movements and trends of the property market, and to make reasoned and well thought-out consideration and judgment in order to make necessary adjustments to the targets and pace of the current round of control.

In the first half of 2010, many real estate developers were rushing to pay very high prices to bid for land. However, it is never a sustainable way to replenish land banks. While actively taking part in land auctions, we continued our practical land replenishment strategy through diversified channels such as mergers, acquisitions and land development. We completed the arrangement of a US$460 million equivalent syndicated loan and the issuance of US$500 million high-yield notes on 14 May and 28 July 2010, respectively, both significantly helped reinforce our financial strength. In the second half of 2010, we will conscientiously replenish our land reserve with focus on the commercial property, entertainment, education, hotel, tourism and convention and exhibition sectors.

For sales, we will continue our flexible marketing strategy and adjust the pace of sales according to the specific conditions of individual markets. The Company will do its best to strike the most desirable balance between asset turnover and profits for our ready for sale projects. We expect that the real estate market will perform relatively better in the second half of the year. To grasp this anticipated opportunity, we will continuously concentrate on developing medium- to high-end products to meet the needs of the emerging middle class and the rich. Currently, China is witnessing an unprecedented urbanization, which will definitely drive the development of the real estate market in the long run. We will not miss and will certainly seize any development opportunities that are arising during such course.

Moving forward in the ocean of market, Shimao Property is being exposed to various kinds of risks. How to avert and diversify risks has been a long standing topic of Shimao Property. As early as 2005, Shimao Property started to diversify its businesses into the development of property held for long-term purposes such as hotels and commercial buildings to ensure the long-term cash flows of the Company regardless of any economic conditions. Such move ultimately evolved into our three-pronged business strategy of having eco-friendly residential; travelers' hotel and commercial-entertainment buildings as our core businesses, significantly diffused the potential risks associated with the residential property market due to policy change and market climate. For instance, during the Shanghai Expo, our three five-star hotels achieved an occupancy rate of approximately 80%, making steady financial contribution to the Group.

For the corporate strategy level, the Company also closely follows the State's policy and launches innovative products from time to time. Our geographic development strategy is drawn upon closely based on the State's geographic economic development plans such as the West Coast of the Straits strategy, Yangtze River Delta region strategy, and middle and western China strategy, which aims to match up with the development plans of different regions in China. In the meantime, we also develop our own product models like "low-carbon emission eco-friendly homes", "Shimao Carnival Project" and "Urban Complex" according to the national development trends and following the thriving factors of our economy, in a bid to achieve win-win situation.

We believe that the current policies and subsequent ones will turn a new historical page in China's real estate market. The development of the real estate market, especially that of policies, is expected to be more certain, reasonable and consistent along time in the future, and consequently the market will become more mature and stable.

Corporate Governance

The Group will continue its efforts in maintaining high standards of corporate governance in order to better protect shareholders' interests. Given the diverse backgrounds of our shareholders, transparency of governance needs to be enhanced to balance the interests of different groups of shareholders. We keep updating our Group's website to facilitate the effective communication with our shareholders. The timely and most updated corporate information such as FAQs and quarterly disclosures can be obtained via our website. We will continue to adhere the Group's corporate governance policies and ensure the appropriate utilization of our precious resources so as to create and enhance shareholder value.

Appreciation

On behalf of the Board, I would like to thank our shareholders, partners, local governments and customers for their tremendous support. At the same time, I would like to take this opportunity to express my heartfelt gratitude to our directors, management and staff for their enormous contribution. Their support and concern has enabled the Group to achieve its success and goals.

Hui Wing Mau
Chairman
Hong Kong, 24 August 2010

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Development

1) **Recognized Sales Revenue**

The turnover of the Group mainly included the businesses of property development, property investment and hotel operations. As of 30 June 2010, the turnover of the Group increased by 102% to RMB10.02 billion from RMB4.97 billion in the corresponding period of 2009. During the period, property sales revenue was RMB9.42 billion, accounting for 94% of total revenue and representing a growth of 106% over the corresponding period of 2009. The average recognized selling price (including sales of associated companies) increased to RMB9,344 per sq.m. in the first half of 2010 by 39% from RMB6,704 per sq.m. in the first half of 2009. Higher unit price was recorded for the sales of most individual projects when compared with the corresponding period of last year. Despite the much higher proportion in the sales of projects in second-tier cities, the concurrent increase in selling prices since mid-2009 resulted in the surge in the average recognized selling price. In the first half of 2010, projects recognized by the Group totalled 23, representing an increase over the 19 projects recognized in 2009.

2) **Steady Sales Growth Meeting Annual Sales Target**

In the first half of 2010, contracted sales of the Group amounted to RMB11.3 billion, representing a decrease of 13.9% over the corresponding period of last year. Of the 25 projects available for sale, the contracted sales contribution from Kunshan Shimao Butterfly Bay and Beijing Shimao Gongsan Plaza amounted to over RMB1 billion, with total contracted sales area of 1 million sq.m., this represent a decrease of 30.8% over the corresponding period of last year. The decline in sales was mainly attributable to the introduction of new real estate policy, which led to the adoption of a wait-and-see attitude among buyers in China's real estate market. The Company therefore slowed down the launch of new projects, which caused slight impacts on sales. Nevertheless, management is optimistic that sales would pick up in the second half of 2010 with successive launches of new projects across the country. The Group expects to launch 34 projects in the second half of 2010, including Tianjin Shimao Ecology City Project, Xiamen Shimao Riverside Capital Project, Dalian Jinzhou Shimao Carnival Project, Ningbo Shimao Beilun Project, Chengdu Longquanyi Project, Wuhan Shimao Carnival Project, Wuhan Shimao Splendid River, Hangzhou Shimao Riviera Garden, Yantai Shimao No.1 The Harbour, Kunshan Shimao East No.1 New City and Changshu Shimao The Centre. The Group's total saleable GFA in the second half of 2010 to 2.3 million sq.m.

3) **Development Projects and Plans Progressing on Schedule**

The total GFA completed by the Group in the first half of 2010 amounted to approximately 1.3 million sq.m., representing an increase of 334% over the corresponding period of 2009. During the period, smooth progress was made in the Group's projects across the country, floor areas under construction amounted to 7.7 million sq.m. As at 30 June 2010, the Group had a total of 32 projects under development across 23 cities. The increase in the number of projects under construction laid a solid foundation for the future development of the Group. Looking forward to the end of 2010, the floor area planned to be completed by the Group is approximately 3 million sq.m., representing a growth of 50% over 2009. This increase in the development areas mainly corresponds to the increase in the floor area due for delivery in 2010, which ultimately serves to sustain the growth momentum in the Group's turnover. Nevertheless, the Group would adjust its target should there be any material changes in the market conditions.

4) **Steady Expansion of Land Bank Reserve Ensuring Sustainable Development**

Shimao Property as a real estate developer has earned a reputation for its unparalleled expertise in identifying sites with great potential for development. The Group's strategy to acquire high quality and large parcels of lands at reasonable costs has endowed it with competitive advantage over industry counterparts. In times of dim market outlook, the Group has all along been quick to adjust its strategy by conscientiously acquiring lands in the Yangtze River Delta Region, Bohai Bay Region, Cross-Straits and other regions/cities with rapid economic growth, thereby securing the development rights of various parcels of land. As at 30 June 2010, Shimao Property had an attributable land bank reserve of 32.8 million sq.m., ranked among the leading real estate developers with the largest land reserves in China. In terms of geographical distribution, the land parcels newly acquired by Shimao Property in 2010 are mainly situated in second-tier provincial cities with solid economic foundation and enormous development potential, and where real estate market has not yet reached saturation, such as Hangzhou, Dalian, Qingdao, Wuhan and Chengdu, thereby ensuring room for development and capability to withstand risks for relevant projects. In the first half of this year, the Group also initiated the development of Guangzhou Asian Games Project in collaboration with a number of major property developers, marking the Group's historical step to tap the market in southern China, thereby further consolidating its presence across the whole country.

In terms of gross floor area, the total planned GFA of the 11 parcels of land newly acquired by the Group in the first half of 2010 is approximately 6.6 million sq.m. In terms of land price, the average accommodation value of the new land reserve acquired was approximately RMB2,366 per sq.m. The above figures highlighted the Group's approach to expand land bank reserve in a discipline manner and adherence to prudent management, thereby enabling it to strike a balance between achieving rapid development and managing risks effectively. The acquisition of a large number of high quality lands at low costs has reinforced Shimao Property's core competitiveness and capability to withstand risks. As at 30 June 2010, the Group's average land cost was RMB1,865 per sq.m. The relatively low cost land helps ensure a higher profit margin in future.

Property Investment

During the period under review, turnover of the Group from leasing of investment properties and others amounted to RMB159 million, representing an increase of 49% over the corresponding period of last year. Commercial properties of the Group continued to report satisfactory results and contribute stable return to the Group, reflecting the success of our property portfolio diversification strategy.

Shimao Property developed commercial properties through its 64% owned subsdiairy Shanghai Shimao Co., Ltd. ("Shanghai Shimao") . In the first half of 2010, Shanghai Shimao contributed revenue of RMB1.84 billion and net profit of RMB963 million to Shimao Property. At present, Shanghai Shimao has a attributable land reserve of approximately 8 million sq.m., ranked among the top listed real estate developers in China with the largest land reserve for commercial usage, and was named among the "Top Ten Most Influential Real Estate Enterprises (Commercial category) in China 2009". Shanghai Shimao has established long-term and stable co-operation relationships with over 380 quality business partners. Meanwhile, Shimao Department Store and Shimao International Studio, as the perfect complements to the product portfolio of Shanghai Shimao. They have started to generate revenue in the first half of 2010 and will serve to further strengthen industry chain of development and operation and consolidate competitive advantage of Shanghai Shimao from diversification. Currently, the Shimao Department Stores in Fuzhou, Shenyang and Shaoxing have commenced operations, while the Shimao Department Stores in Yantai, Wuhu and Beijing will commence operations in the next two years. As for its cinema development plan, 15 Shimao International Studios will be built within three years with 100 new cinema screens, and will increase to 40 Studios with 300 new cinema screens within five years.

Hotel Operations

During the period under review, turnover of the Group's hotel business amounted to RMB449 million, representing an increase of 56% over the corresponding period of last year; earnings before interest, tax, depreciation and amortization amounted to RMB193 million, representing an increase of RMB105 million from same period of 2009. The increase was mainly due to the hosting of the World Expo 2010 in Shanghai, which boosted the demand for Shanghai's high-end hotel accomodations. As at the end of June 2010, the three hotels in Shanghai registered an average occupancy rate of approximately 80%. We are optimistic about the global economic outlook and the future development of China's travel industry, and are confident of the prospects of our hotel operations. Holiday Inn Shimao Mudanjiang will be completed by the end of September this year, and will commence soft opening in the fourth quarter.

The three Shimao hotels currently operating in Shanghai saw a continued enhancement in brand awareness and recognition. As at the end of June 2010, Shimao offered a total of over 1,700 guest rooms and continued to command leading market share in Shanghai's international top-class hotel market. Apart from establishing long-term strategic co-operation relationships with internationally renowned hotel groups, the Group successfully launched its self-operated "S-Suites" brand serviced apartments in 2009 to provide hotel-style services.

Broadened Funding Sources Ensuring Sound Financial Position

In 2010, the aftermath of the sovereign debt crisis in a number of European countries has shrouded the global stock market and the Euro exchange market in uncertainty. Nevertheless, given its sound credit standing, Shimao Property signed a 3-year guaranteed term loan facility of US$460 million equivalent with a syndicate formed by 14 international and local financial institutions, including The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank on 14 May 2010, with interest calculated at LIBOR or HIBOR plus 2.55% per annum. Moreover, the Group successfully issued its second high-yield notes of US$500 million on 28 July 2010. Both candidly illustrated the full confidence that international banks and financial investors have in the future development of the Group and its management. We believe the recognition of the Group by the international capital market will form an essential element to the long-term success of Shimao Property.

In spite of signs indicating the tightening of credit policy by the PRC government, Shimao Property was still granted large credit facilities by China's Big Four State-owned banks, large and medium-sized joint-stock commercial banks and foreign-funded banks were also enthusiastic in extending credit facilities to the Group. The fund thus secured not only met the financing need of the Group's various projects, it also served as the funding pool for the on-going development of new projects and expansion of land bank reserve. Meanwhile, the extension of large credit facilities by banks at the time of global economic restructuring also demonstrated the banking sector's confidence in our long-term stable development.

Apart from striving to broaden its funding sources, the Group also reinforced its financial management by applying a combination of financial instruments, thereby enhancing the efficiency in fund utilization and liquidity to ensure steady and rapid corporate growth. As at 30 June 2010, the Group had bank balances and cash (including restricted cash) of RMB9.33 billion. Moreover, the Group has adhered to prudent financial strategies by maintaining its net gearing ratio at a reasonable level in the mid to long term, with a view to minimizing its financial risks.

Hotel properties are stated at cost less accumulated depreciation and impairment losses (carrying value) rather than at fair value. In order to provide shareholders with additional non-GAAP information on the net assets value of the Group, the Directors have appointed an independent valuer DTZ Debenhan Tie Leung Limited to perform a valuation of the Group's hotel properties as at 30 June 2010. Had the three completed hotels, Shanghai Le Meridien Sheshan, Le Royal Meridien Shanghai and Shanghai Hyatt on the Bund and Hilton Nanjing which is under interior renovation and Shaoxing Crown Plaza, which is under construction, been restated at fair value, the net assets value of the Group would have increased by RMB5.53 billion. In light of the fair value of these hotels, the adjusted Group gearing ratio would be:

	As at 30 June 2010 *RMB million*
Fair value of abovementioned hotels	**12,785**
Less: Carrying value	**(5,411)**
Amounts to adjust from carrying value to fair value	**7,374**
Less: Deferred income taxes	**(1,844)**
Increase in net asset value	**5,530**
Net assets value per condensed consolidated balance sheet	**27,126**
Adjusted net assets value	**32,656**
Net debt per condensed consolidated balance sheet	**20,236**
Adjusted gearing ratio	**62%**

FINANCIAL ANALYSIS

Key consolidated income statement figures are set out below:

	1H 2010	1H 2009
	RMB million	*RMB million*
Revenue	**10,024.5**	4,967.7
Gross profit	**3,322.6**	1,428.7
Operating profit	**3,807.0**	2,217.5
Profit attributable to shareholders	**2,109.8**	1,198.7
Earnings per share - Basic *(RMB)*	**0.595**	0.356

Revenue

For the six months ended 30 June 2010, the revenue of the Group was approximately RMB10.0 billion (1H 2009: RMB5.0 billion), representing an increase of 102% over 2009. 94% (1H 2009: 92%) of the revenue was generated from the sales of properties and 6% (1H 2009: 8%) from hotel operation and leasing of commercial properties. The components of the revenue are analysed as follows:

	1H 2010	1H 2009
	RMB million	*RMB million*
Sales of properties	**9,416.7**	4,573.1
Hotel operating income	**449.3**	288.1
Rental income from investment properties	**132.1**	106.5
Others	**26.4**	—
Total	**10,024.5**	4,967.7

(i) **Sales of properties**

Sales of properties for the six months ended 30 June 2010 and 2009 are shown below:

	1H 2010		1H 2009	
	Area (Sq.m.)	***RMB million***	Area (Sq.m.)	*RMB million*
Beijing Shimao Olive Garden	**240**	**2**	621	7
Wuhan Shimao Splendid River	**3,996**	**36**	102,406	730
Shaoxing Shimao Dear Town	**88,041**	**718**	10,208	69
Harbin Shimao Riviera New City	**13,380**	**81**	124,010	427
Changshu Shimao The Center	**95,417**	**739**	44,470	287
Kunshan Shimao Butterfly Bay	**141,790**	**998**	41,490	196
Shanghai Shimao Sheshan Villas	**18**	**29**	6,366	228
Shanghai Shimao Riviera Garden	**4,358**	**323**	443	4
Kunshan Shimao East No. 1 New City	**174**	**2**	38,501	218
Hangzhou Shimao Riviera Garden	**53,796**	**502**	74,763	549
Shanghai Shimao Emme County	**6,396**	**75**	32,549	264
Wuhu Shimao Riviera Garden	**14,147**	**103**	46,083	357
Fuzhou Shimao Skyscrapers	**103,150**	**1,415**	22,608	336
Shenyang Shimao Wulihe	**138,207**	**1,120**	8,625	38
Suzhou Shimao Canal Scene	**126,327**	**1,126**	26,758	173
Jiaxing Shimao Century Park	**1,656**	**9**	31,185	110
Changzhou Shimao Champagne Lakeside Garden	**87,938**	**564**	74,720	508
Nanjing Shimao Bund New City *(note 1)*	**74,266**	**1,194**	2,632	34
Fuzhou Shimao Bund Garden *(note 1)*	**—**	**5**	4,158	38
Yantai Shimao No.1 The Harbour	**10,730**	**130**	—	—
Xuzhou Shimao Dongdu	**8,288**	**52**	—	—
Taizhou Shimao Riverside Garden	**29,619**	**125**	—	—
Ningbo Shimao World Gulf	**5,535**	**69**	—	—
Sub-total (a)	**1,007,469**	**9,417**	692,596	4,573
Nanjing Shimao Bund New City *(note 1)*	**—**	**—**	20,453	205
Fuzhou Shimao Bund Garden *(note 1)*	**—**	**—**	301	4
Sub-total (b)	**—**	**—**	20,754	209
Sub-total (c) — attributable	**—**	**—**	10,377	104
Total (a) + (b)	**1,007,469**	**9,417**	713,350	4,782
Total (a) + (c)	**1,007,469**	**9,417**	702,973	4,677

Note 1:

For the five months ended 31 May 2009, revenue attributable to the Group generated from associated companies holding Nanjing Shimao Bund New City and Fuzhou Shimao Bund Garden was not consolidated in the consolidated financial statements. After the completion of acquisition of Shanghai Shimao and Suifenhe Shimao Enterprises Development Co. Ltd (formerly name as Shanghai Shimao Enterprises Co. Ltd), these associated companies became our subsidiaries and the revenue thereafter was consolidated in our consolidated financial statements.

(ii) **Hotel income**

Hotel operating income are analysed below:

	1H 2010 *RMB million*	1H 2009 *RMB million*
Shanghai Le Méridien Sheshan	**58.5**	46.8
Le Royal Méridien Shanghai	**205.1**	139.6
Shanghai Hyatt on the Bund	**185.7**	101.7
Total	**449.3**	288.1

Hotel operating income increased approximately 56% to RMB449.3 million from RMB288.1 million over 1H 2009. Increase was mainly attributable to the tourism boom caused by Shanghai World Expo 2010.

(iii) **Rental income and others**

Rental income from investment properties amounted to RMB132.1 million. The rental income increased by 24% mainly due to the growth in number of units rented in Beijing Shimao Tower, as well as the commencement of lease of Shanghai Shimao Shangdu Tower and commercial part of Suzhou Shimao Canal Scene.

Other income amounted to RMB26.4 million derived from operation of two new department stores in Fuzhou and Shenyang as well as one new cinema in Shaoxing.

	1H 2010 *RMB million*	1H 2009 *RMB million*
Shanghai Shimao International Plaza	**76.7**	78.6
Beijing Shimao Tower	**37.6**	21.5
Changshu Shopping Mall	**6.4**	6.4
Shanghai Shimao Shangdu Tower	**5.9**	—
Suzhou Shimao Canal Scene	**5.5**	—
Others	**26.4**	—
Total	**158.5**	106.5

Cost of sales

The cost of sales are analysed as follows:

	1H 2010 *RMB million*	1H 2009 *RMB million*
Sales taxes	**527.2**	272.8
Land costs, construction costs and capitalised borrowing costs	**5,981.2**	3,106.9
Direct operating costs for hotels and commercial properties	**193.5**	159.3
Total	**6,701.9**	3,539.0

Fair value gains on investment properties

During the period under review, the Group recorded aggregate fair value gains of RMB1,008.4 million (1H 2009: fair value gains of RMB54.5 million).

Other gains

Other gains of RMB194.5 million for the six months ended 30 June 2010 (1H 2009: RMB73.3 million) included mainly government grants and net foreign exchange gain. Increase was due to more government grants were received in the first half of 2010.

Selling and marketing costs and administrative expenses

Selling and marketing costs for the period was RMB208.7 million (1H 2009: RMB156.8 million). The increase was mainly due to number of projects with selling activities increased. Administrative expenses decreased by 20% which was mainly due to write back of impairment losses on completed properties held for sale.

Operating profit

Operating profit amounted to RMB3.8 billion for the six months ended 30 June 2010, an increase of 72% over 1H 2009.

Finance costs - net

Net finance costs increased to RMB217.8 million (1H 2009: RMB185.4 million) mainly due to more interest expenses incurred for increased borrowing in 2010.

Share of results of associated companies and jointly controlled entities

There was no share of profits of associated companies (1H 2009: share of profits of RMB20 million) in the first half of 2010, because two major associated companies became our subsidiaries since 31 May 2009. Share of profits of jointly controlled entities amounted to RMB7.8 million (1H 2009: RMB0.6 million).

Taxation

The Group's tax provisions amounted to RMB1,201.5 million in which LAT was RMB333.6 million (1H 2009: RMB798.7 million, in which LAT was RMB114.6 million) for the period.

Profit attributable to shareholders

Profit attributable to shareholders for the period increased by 76% from RMB1,198.7 million in 1H 2009 to RMB2,109.8 million in 1H 2010.

Liquidity and financial resources

As of 30 June 2010, total assets of the Group were RMB77.5 billion, of which current assets reached RMB40.8 billion. Total liabilities were RMB50.4 billion, whereas non-current liabilities were RMB26.6 billion. Equity attributable to the shareholders of the Company amounted to RMB24.6 billion.

As of 30 June 2010, the Group had aggregate cash and bank balances (including restricted cash balances for borrowings) of approximately RMB9.0 billion (31 December 2009: RMB7.3 billion), total borrowings amounted to approximately RMB29.2 billion (31 December 2009: RMB20.5 billion). Total net borrowings were RMB20.2 billion (31 December 2009: RMB13.2 billion). Net gearing ratio increased from 52% as at 31 December 2009 to 75% as at 30 June 2010.

The maturity of the borrowings of the Group as at 30 June 2010 is set out as follows:

	RMB million
Bank borrowings	
Within 1 year	**4,580**
Between 1 and 2 years	**5,613**
Between 2 and 5 years	**10,368**
Over 5 years	**4,661**
Senior notes	
Between 1 and 2 years	**1,686**
Over 5 years	**2,286**

The borrowings were denominated in different currencies set out below:

	Original currency million	RMB equivalent million
US$	**1,025**	**6,960**
HK$	**3,072**	**2,680**
RMB	**19,554**	**19,554**

Financing activities

On 14 May 2010, the Group signed a syndicated loan facility agreement of US$460 million equivalent with several international and local financial institutions.

On 28 July 2010, the Group issued a total of US$500 million senior notes due on 3 August 2017.

Foreign exchange risks

Other than financing activities such as foreign currency borrowings which were denominated in foreign currencies, the Group conducts its business almost exclusively in RMB. The Group would be affected mainly by the bank deposits denominated on foreign currencies and the outstanding foreign currency borrowings which include US$460 million equivalent syndicated loans, US$600 million senior notes and HK$3 billion bank loans as at 30 June 2010.

Pledge of assets

As of 30 June 2010, the Group had pledged property and equipment, land use rights, properties under development, completed properties held for sale, investment properties, available-for-sale-financial assets and restricted cash with a total carrying amount of RMB27.4 billion to secure bank facilities granted to the Group. The corresponding bank loans amounted to approximately RMB22.7 billion.

Contingent liabilities/financial guarantees

As of 30 June 2010, the Group had provided guarantees for approximately RMB5.0 billion in respect of the mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties.

Capital and property development expenditure commitments

As of 30 June 2010, the Group had contracted capital and property development expenditure but not provided for amounted to RMB31.2 billion.

Employees and remuneration policy

As of 30 June 2010, the Group employed a total of 5,032 employees. Total remuneration for the period amounted to RMB236.6 million. The Group has adopted a performance-based rewarding system to motivate its staff. In relation to staff training, the Group also provides different types of programmes for its staff to improve their skills and develop their respective expertise.

UNAUDITED INTERIM RESULTS

The Board is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 June 2010 together with comparative figures. These interim condensed financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2010

		Unaudited Six months ended 30 June	
		2010	2009
	Note	***RMB'000***	*RMB'000*
Revenue	3(a)	**10,024,469**	4,967,684
Cost of sales		**(6,701,905)**	(3,538,987)
Gross profit		**3,322,564**	1,428,697
Gains on deemed disposal to non-controlling interests		**—**	1,395,849
Fair value gains on investment properties		**1,008,429**	54,544
Other gains	4	**194,460**	73,295
Selling and marketing costs		**(208,725)**	(156,757)
Administrative expenses		**(457,461)**	(568,928)
Other operating expenses		**(52,265)**	(9,246)
Operating profit		**3,807,002**	2,217,454
Finance income		**27,353**	9,837
Finance costs		**(245,136)**	(195,250)
Finance costs - net		**(217,783)**	(185,413)
Share of results of			
- Associated companies		**—**	19,926
- Jointly controlled entities		**7,796**	641
		7,796	20,567

	Note	Unaudited Six months ended 30 June 2010 RMB'000	2009 RMB'000
Profit before income tax		**3,597,015**	2,052,608
Income tax expense	5	**(1,201,503)**	(798,711)
Profit for the period		**2,395,512**	1,253,897
Other comprehensive (loss)/income:			
Fair value (losses)/gains on available-for-sale financial assets, net of tax		**(274,127)**	62,240
Total comprehensive income for the period		**2,121,385**	1,316,137
Profit for the period attributable to:			
Equity holders of the Company		**2,109,760**	1,198,724
Non-controlling interests		**285,752**	55,173
		2,395,512	1,253,897
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**1,933,711**	1,238,696
Non-controlling interests		**187,674**	77,441
		2,121,385	1,316,137
Dividends	6	**463,801**	311,650
Earnings per share for profit attributable to the equity holders of the Company			
- basic (RMB cents)	7	**59.5**	35.6
- diluted (RMB cents)	7	**59.4**	35.5

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2010

	Note	**Unaudited 30 June 2010** *RMB'000*	Audited 31 December 2009 *RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**5,978,608**	5,891,602
Investment properties		**9,269,700**	6,372,600
Land use rights		**2,890,296**	3,060,382
Intangible assets		**2,339,061**	2,348,261
Associated companies		**520,880**	4,899
Available-for-sale financial assets		**326,896**	692,399
Jointly controlled entities		**2,557,400**	2,338,244
Deferred income tax assets		**892,769**	750,080
Other non-current assets		**11,987,794**	10,182,146
		36,763,404	31,640,613
Current assets			
Properties under development		**22,120,035**	18,899,789
Completed properties held for sale		**4,239,431**	5,198,628
Trade and other receivables and prepayments	8	**4,495,706**	2,998,042
Prepaid income taxes		**577,812**	310,472
Amounts due from related companies		**533**	698
Restricted cash		**672,373**	560,383
Cash and cash equivalents		**8,657,471**	6,918,958
		40,763,361	34,886,970
Total assets		**77,526,765**	66,527,583

	Note	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
OWNERS' EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**362,111**	361,938
Reserves			
- Proposed dividend		**463,801**	717,366
- Others		**23,750,836**	22,268,570
		24,576,748	23,347,874
Non-controlling interests		**2,548,830**	2,169,211
Total equity		**27,125,578**	25,517,085
LIABILITIES			
Non-current liabilities			
Borrowings		**24,613,758**	16,594,590
Deferred income tax liabilities		**1,950,975**	1,824,947
		26,564,733	18,419,537
Current liabilities			
Trade and other payables	9	**6,898,014**	7,038,928
Advanced proceeds received from customers		**7,278,254**	6,502,855
Income tax payable		**4,924,409**	4,944,610
Borrowings		**4,580,050**	3,932,306
Amounts due to related parties		**32,664**	31,101
Amount due to a non-controlling interest		**7,696**	7,696
Deferred income		**115,367**	133,465
		23,836,454	22,590,961
Total liabilities		**50,401,187**	41,010,498
Total equity and liabilities		**77,526,765**	66,527,583
Net current assets		**16,926,907**	12,296,009
Total assets less current liabilities		**53,690,311**	43,936,622

SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

1 GENERAL INFORMATION AND BASIS OF PREPARATION

The principal activities of the Company and its subsidiaries (together, the "Group") are property development, property investment and hotel operation in the People's Republic of China (the "PRC").

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2010 are prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets which are carried at fair values, and in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

These condensed consolidated interim financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated and were approved by the Company's board of directors on 24 August 2010.

2 ACCOUNTING POLICIES

Except as described below which are newly adopted for the period, the accounting policies adopted are consistent with those used for and described in the annual consolidated financial statements for the year ended 31 December 2009.

New/revised standards, amendments to standards and interpretations mandatory for the first time for the financial year beginning on 1 January 2010 that are relevant to the Group's operations

- HKFRS 3 (Revised), "Business Combinations" (effective for business combinations with acquisition date on or after the beginning of the first annual periods beginning on or after 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. When a business combination achieved in stages, the acquirer should remeasure its previously held interest in the acquiree at its fair value at the date of control is obtained, recognizing a gain/loss in the consolidated income statement. All acquisition-related costs should be expensed.

- HKAS 27 (Revised), “Consolidated and Separate Financial Statements” (effective for annual periods beginning on or after 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.

- HKICPA’s annual improvements project published in May 2009

  > HKAS 1 (Amendment), “Presentation of Financial Statements” (effective from annual periods beginning on or after 1 January 2010). The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

  > HKAS 7 (Amendment), “Statement of Cash Flows” (effective from annual periods beginning on or after 1 January 2010). The amendment clarifies that only expenditures that result in a recognised asset are eligible for classification as investing activities.

  > HKFRS 8 (Amendment), “Operating Segments” (effective from annual periods beginning on or after 1 January 2010). The amendment clarifies that disclosure of information about total assets and liabilities for each reportable segment is required only if such amounts are regularly provided to the chief operating decision maker.

  > HKAS 36 (Amendment), “Impairment of Assets” (effective from annual periods beginning on or after 1 January 2010). The amendment clarifies that the largest unit permitted for the goodwill impairment test is the lowest level of operating segment before any aggregation as defined in HKFRS 8.

The adoption of the above new/revised standards, amendments to standards and interpretations in 2010 does not have any significant impact on the Group’s financial statements.

The Group has not early adopted any new accounting and financial reporting standards, amendments to existing standards and interpretations which have been issued but are not yet effective for financial year ending 31 December 2010.

3 SEGMENT INFORMATION

The chief operation decision-maker (the "CODM") has been identified as the management committee. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

As majority of the Group's consolidated revenue and results are attributable to the market in the PRC and most of the Group's consolidated assets are located in the PRC, therefore no geographical information is presented.

The CODM assesses the performance of the operating segments based on a measure of revenue and operating profit. The information provided to the CODM is measured in a manner consistent with that in the financial statements.

(a) Revenue

Turnover of the Group consists of the following revenue recognised during the period:

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Sales of properties	**9,416,742**	4,573,113
Hotel operating income	**449,278**	288,128
Rental income from investment properties	**132,024**	106,443
Others	**26,425**	—
	10,024,469	4,967,684

(b) **Segment information**

The unaudited segment results for the six months ended 30 June 2010 are as follows:

	Property development and investment				
	Shanghai Shimao	**Others**	**Hotel Operation**	**Unallocated***	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
- Sales of properties	**1,759,015**	**7,657,727**	**—**	**—**	**9,416,742**
- Hotel operating income	**—**	**—**	**449,278**	**—**	**449,278**
- Rental income from investment properties	**56,117**	**75,907**	**—**	**—**	**132,024**
- Others	**22,016**	**4,409**	**—**	**—**	**26,425**
Total revenue	**1,837,148**	**7,738,043**	**449,278**	**—**	**10,024,469**
Operating profit/(loss)	**1,455,884**	**2,317,804**	**54,949**	**(21,635)**	**3,807,002**
Finance costs — net	**(54,586)**	**(92,154)**	**(42,717)**	**(28,326)**	**(217,783)**
Share of results of					
- Jointly controlled entities	**—**	**7,796**	**—**	**—**	**7,796**
Profit/(loss) before income tax	**1,401,298**	**2,233,446**	**12,232**	**(49,961)**	**3,597,015**
Income tax expense					**(1,201,503)**
Profit for the period					**2,395,512**
Other segment items are as follows:					
Capital and property development expenditure	**5,329,707**	**9,006,901**	**348,710**	**14,892**	**14,700,210**
Fair value gains on investment properties	**808,429**	**200,000**	**—**	**—**	**1,008,429**
Impairment of intangible assets	**—**	**9,200**	**—**	**—**	**9,200**
Depreciation	**3,211**	**10,626**	**120,226**	**6,940**	**141,003**
Amortisation of land use rights	**—**	**814**	**12,397**	**—**	**13,211**
Write back of impairment losses on completed properties held for sale	**—**	**(144,856)**	**—**	**—**	**(144,856)**
Write back of provision for impairment of receivables	**—**	**(318)**	**—**	**—**	**(318)**

* Unallocated mainly represent corporate level activities

The unaudited segment results for the six months ended 30 June 2009 are as follows:

	Property development and investment				
	Shanghai Shimao	**Others**	**Hotel Operation**	**Unallocated***	**Total**
	RMB'000	*RMB' 000*	*RMB' 000*	*RMB' 000*	*RMB' 000*
Revenue					
- Sales of properties	150,167	4,422,946	—	—	4,573,113
- Hotel operating income	—	—	288,128	—	288,128
- Rental income from investment properties	4,713	101,730	—	—	106,443
Total revenue	154,880	4,524,676	288,128	—	4,967,684
Operating profit/(loss)	23,106	2,248,785	(38,866)	(15,571)	2,217,454
Finance costs — net	(12,204)	(96,415)	(40,227)	(36,567)	(185,413)
Share of results of					
- Associated companies	—	19,926	—	—	19,926
- Jointly controlled entities	—	72	—	569	641
Profit/(loss) before income tax	10,902	2,172,368	(79,093)	(51,569)	2,052,608
Income tax expense					(798,711)
Profit for the period					1,253,897
Other segment items are as follows:					
Capital and property development expenditure	381,123	3,812,301	39,723	112,076	4,345,223
Gains on deemed disposal to non-controlling interests	—	1,395,849	—	—	1,395,849
Fair value gains on investment properties	30,444	24,100	—	—	54,544
Impairment of intangible assets	3,821	737	—	—	4,558
Depreciation	950	27,029	99,665	3,150	130,794
Amortisation of land use rights	424	13,376	14,227	—	28,027
Additional provision for impairment losses on completed properties held for sale	—	57,935	—	—	57,935
Provision for impairment of receivables	316	7,208	40	—	7,564

* Unallocated mainly represent corporate level activities

The segment assets and liabilities as at 30 June 2010 are as follows:

	Property development and investment			
	Shanghai Shimao *RMB'000*	**Others** *RMB'000*	**Hotel operation** *RMB'000*	**Total** *RMB'000*
Associated companies	**—**	**520,880**	**—**	**520,880**
Jointly controlled entities	**—**	**2,557,400**	**—**	**2,557,400**
Intangible assets	**1,709,730**	**498,403**	**130,928**	**2,339,061**
Other segment assets	**18,989,154**	**43,604,083**	**7,151,046**	**69,744,283**
Total segment assets	**20,698,884**	**47,180,766**	**7,281,974**	**75,161,624**
Deferred income tax assets				**892,769**
Available-for-sale financial assets				**326,896**
Other assets				**1,145,476**
Total assets				**77,526,765**
Borrowings	**5,419,145**	**12,469,522**	**1,617,000**	**19,505,667**
Other segment liabilities	**3,846,082**	**14,692,093**	**683,931**	**19,222,106**
Total segment liabilities	**9,265,227**	**27,161,615**	**2,300,931**	**38,727,773**
Corporate borrowings				**9,688,141**
Deferred income tax liabilities				**1,950,975**
Other liabilities				**34,298**
Total liabilities				**50,401,187**

The segment assets and liabilities as at 31 December 2009 are as follows:

	Property development and investment			
	Shanghai Shimao	**Others**	**Hotel operation**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associated companies	—	4,899	—	4,899
Jointly controlled entities	—	2,338,244	—	2,338,244
Intangible assets	1,709,730	507,603	130,928	2,348,261
Other segment assets	13,640,243	38,748,405	7,485,609	59,874,257
Total segment assets	15,349,973	41,599,151	7,616,537	64,565,661
Deferred income tax assets				750,080
Available-for-sale financial assets				692,399
Other assets				519,443
Total assets				66,527,583
Borrowings	3,341,055	8,587,297	1,915,931	13,844,283
Other segment liabilities	3,312,303	14,774,763	546,915	18,633,981
Total segment liabilities	6,653,358	23,362,060	2,462,846	32,478,264
Corporate borrowings				6,682,613
Deferred income tax liabilities				1,824,947
Other liabilities				24,674
Total liabilities				41,010,498

Total segment assets consist primarily of property and equipment, investment properties, land use rights, properties under development, completed properties held for sale, receivables and cash balances. They also include goodwill recognised under intangible assets arising from acquisition of subsidiaries relating to respective segments. They exclude corporate assets, deferred income tax assets and available-for-sale financial assets.

Total segment liabilities comprise operating liabilities. They exclude corporate liabilities, corporate borrowings and deferred income tax liabilities.

4 OTHER GAINS

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Subsidy income	**135,906**	40,385
Net exchange gain	**46,508**	27,316
Dividend income from available-for-sale financial assets	**7,196**	3,608
Miscellaneous rental income	**1,551**	600
Gains on disposal of property and equipment	**503**	17
Miscellaneous	**2,796**	1,369
	194,460	73,295

5 INCOME TAX EXPENSE

(a) **Hong Kong profits tax**

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profits in Hong Kong.

(b) **PRC enterprise income tax**

PRC enterprise income tax is provided for at 25% of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC enterprise income tax purpose.

(c) **PRC land appreciation tax ("LAT")**

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost of land use rights, borrowing costs, business taxes and all property development expenditures. The tax is incurred upon transfer of property ownership. Upon acquisition of subsidiaries which are engaged in property development, an accrual for land appreciation tax is made based on the fair value of the properties being developed by the subsidiaries for sale before arriving at the goodwill/negative goodwill on the acquisition.

(d) **PRC withholding income tax**

According to the new Enterprise Income Tax Law of the PRC, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. Such withholding income tax is included in deferred tax.

Gain on disposal of an investment in the PRC by overseas holding companies may also be subject to withholding tax of 10%. Such withholding tax is included in current tax.

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Current income tax		
- PRC enterprise income tax	**884,575**	499,707
- PRC withholding income tax	**—**	434,000
- PRC land appreciation tax	**333,590**	114,596
	1,218,165	1,048,303
Deferred income tax		
- PRC enterprise income tax	**(16,662)**	(196,592)
- PRC withholding income tax	**—**	(53,000)
	(16,662)	(249,592)
	1,201,503	798,711

6 DIVIDENDS

An interim dividend in respect of the six months ended 30 June 2010 of HK15 cents per ordinary share, amounting to approximately HK$531,638,000 (equivalent to RMB463,801,000) has been declared at the Company's board meeting held on 24 August 2010.

An interim dividend in respect of the six months ended 30 June 2009 of HK10 cents per ordinary share, amounting to approximately HK$353,545,000 (equivalent to RMB311,650,000) was declared at the Company's board meeting held on 17 September 2009.

A final dividend in respect of 2009 of HK23 cents per ordinary share, amounting to approximately HK$815,156,000 (equivalent to approximately RMB714,565,000) was approved at the annual general meeting of the Company held on 31 May 2010.

7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2010	2009
Profit attributable to the equity holders of the Company (RMB'000)	**2,109,760**	1,198,724
Weighted average number of ordinary shares in issue (thousands)	**3,543,499**	3,367,177
Basic earnings per share (RMB cents)	**59.5**	35.6

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue for the potential dilutive effect caused by the remaining share options granted under the share option schemes assuming they were exercised.

	Six months ended 30 June	
	2010	2009
Profit attributable to the equity holders of the Company (RMB'000)	**2,109,760**	1,198,724
Weighted average number of ordinary shares in issue (thousands)	**3,543,499**	3,367,177
Adjustments for share options granted (thousands)	**7,538**	6,621
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**3,551,037**	3,373,798
Diluted earnings per share (RMB cents)	**59.4**	35.5

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2010	31 December 2009
	RMB'000	*RMB'000*
Deposits for land acquisition and resettlement costs	**2,650,249**	1,458,310
Trade receivables — net (note)	**566,985**	736,146
Other receivables	**484,122**	328,456
Prepayments for construction costs	**375,686**	142,069
Prepaid business taxes on pre-sale proceeds	**418,664**	333,061
	4,495,706	2,998,042

Note:

Trade receivables are mainly arisen from sales of properties. Consideration in respect of properties sold is paid in accordance with the terms of the related sales and purchase agreements. The ageing analysis of trade receivables at respective balance sheet dates is as follows:

	30 June 2010	31 December 2009
	RMB'000	*RMB'000*
Within 90 days	**370,187**	625,447
Over 90 days and within 365 days	**158,596**	85,138
Over 365 days	**38,202**	25,561
	566,985	736,146

As at 30 June 2010, provision for impairment of receivables was approximately RMB9,891,000 (31 December 2009: RMB10,209,000).

As at 30 June 2010, the fair value of trade receivables, deposits for land acquisition and resettlement costs, and other receivables of the Group approximate their carrying amounts.

9 TRADE AND OTHER PAYABLES

	30 June 2010 *RMB'000*	31 December 2009 *RMB'000*
Trade payables (note (i))	**5,520,973**	6,134,264
Accrued expenses	**140,732**	116,024
Other taxes payable	**265,206**	350,530
Other payables (note (ii))	**971,103**	438,110
	6,898,014	7,038,928

Notes:

(i) As at 30 June 2010, the aging analysis of trade payables is as follows:

	30 June 2010 *RMB'000*	31 December 2009 *RMB'000*
Within 90 days	**5,248,534**	5,861,550
Over 90 days and within 180 days	**272,439**	272,714
	5,520,973	6,134,264

(ii) Other payables comprise:

	30 June 2010 *RMB'000*	31 December 2009 *RMB'000*
Loan from a third party	**500,000**	—
Deposits and advances from constructors	**93,633**	29,132
Acquisition consideration payable	**90,208**	10,566
Rental deposits from tenants and hotel customers	**79,371**	69,797
Deposits received from customers	**65,927**	208,276
Fees collected from customers on behalf of government agencies	**58,329**	51,916
Decoration fee collected from customers on behalf of decorators	**14,767**	29,328
Accrued selling and marketing costs	**6,060**	9,617
Miscellaneous	**62,808**	29,478
	971,103	438,110

10 COMMITMENTS

(a) Commitments for capital and property development expenditure

	30 June 2010 *RMB'000*	31 December 2009 *RMB'000*
Contracted but not provided for		
- Property and equipment	**1,833,732**	1,385,451
- Land use rights	**17,858,703**	13,176,415
- Properties being developed by the Group for sale	**8,368,691**	4,939,538
- Advances to government authorities for land resettlement and site formation	**3,186,822**	3,077,322
	31,247,948	22,578,726

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	30 June 2010 *RMB'000*	31 December 2009 *RMB'000*
Within one year	**32,308**	35,269
Between two to five years	**247,792**	247,444
After five years	**468,904**	475,564
	749,004	758,277

(c) Operating lease rentals receivable

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of land and buildings are as follows:

	30 June 2010 *RMB'000*	31 December 2009 *RMB'000*
Within one year	**284,205**	136,667
Between two to five years	**632,320**	300,756
After five years	**916,315**	335,648
	1,832,840	773,071

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2010 except for one deviation as set out below.

The roles of the chairman and chief executive officer of the Company have not been segregated as required by the provision A.2.1 of the Code.

Mr. Hui Wing Mau ("Mr. Hui") is the chairman of the Company and founder of the Group. With Mr. Hui's extensive experience in property development and investment, he is responsible for the overall strategic planning and business management of the Group. The Board considers that vesting the roles of chairman and chief executive in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high calibre individuals. The Board currently comprises six executive directors and four independent non-executive directors and therefore has a strong independence element in its composition.

COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. All directors of the Company confirmed they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2010.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2010.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has today declared an interim dividend of HK15 cents per ordinary share for the six months ended 30 June 2010. The dividend will be payable on 28 September 2010 to shareholders whose names appear on the register of members of the Company on 16 September 2010.

The register of members of the Company will be closed on Wednesday, 15 September 2010 and Thursday, 16 September 2010. During these two days no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 14 September 2010.

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

Hong Kong, 24 August 2010

As at the date of this announcement, the Board comprises six executive directors, namely Mr. Hui Wing Mau (Chairman), Mr. Hui Sai Tan, Jason (Vice Chairman), Ms. Yao Li, Mr. Ip Wai Shing, Andy, Mr. Tung Chi Shing and Mr. Liu Sai Fei; and four independent non-executive directors, namely Ms. Kan Lai Kuen, Alice, Mr. Lu Hong Bing, Mr. Gu Yunchang and Mr. Lam Ching Kam.