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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL HIGHLIGHTS

1. Revenue was RMB21.79 billion, posting an increase of 28% compared with 2009.

2. Gross profit grew by 36% to RMB7.98 billion (2009: RMB5.88 billion) with gross profit margin increasing to 37% from 34.5%, the corresponding period of 2009 (For the first half of the year: 33%, for the second half of the year: 40%).

3. Profit for the year was RMB5.5 billion, increase 52.4% compared with 2009 (RMB3.6 billion). Stripping out after tax major non-cash items, net profit from core business amounted to RMB4.0 billion. Core business net profit increased by 41% compared with 2009 (RMB2.8 billion).

4. Basic earnings per share was RMB131.8 cents, representing an increase of 30% over 2009.

5. Revenue from hotels, investment properties and other business grew by 57% to RMB1.34 billion, primarily attributed to the success of the Shanghai 2010 World Expo and more investment properties under operation.

6. The Board proposes a final dividend of HK25 cents per share, up 8.7% compared with last year.

7. As at 31 December 2010, the Group had disposable fundings of approximately RMB22.7 billion, including cash on hand of RMB13.7 billion and balance of available bank facilities totalling RMB9 billion.

8. The appraised values for investment properties and five hotels prepared by professional valuers amounted to RMB24.8 billion.

9. As at 31 December 2010, net gearing ratio was 69% (2009: 52%).

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the annual results report of Shimao Property Holdings Limited ("Shimao Property" or the "Company", and together with its subsidiaries, the "Group") for the year ended 31 December 2010.

2010 Annual Results

The PRC real estate industry was unsettled throughout 2010. The State Council issued the "Notice of the State Council on Resolutely Curbing the Soaring of Housing Prices in Some Cities" in April 2010 to set out the requirements for curbing overheating housing prices, which was followed by a series of tightening policies, including raising the down payment of the second property, restricting mortgage loans for purchasing the third property, accelerating the construction of affordable housing, the adjustment of deed tax levied on housing transactions and the implementation of the preferential policy on individual income tax. In this regard, the major cities subsequently promulgated and implemented the rules of implementation, which generally impose limitations on the number of housing properties to be acquired by each household. At the end of the year, after prolonged deliberations, the real estate tax was introduced and piloted in Shanghai and Chongqing. As a result of the regulatory policies of the central government on the real estate market, the trading volume of properties declined.

Against the pressure of various regulatory policies, Shimao Property gave an impressive performance by achieving its annual contracted sale target of RMB30.5 billion. During the year, Shimao pursued both vertical and horizontal developments through accelerating the turnover and the expansion strategy. In response to the changing market, the marketing strategies have been adjusted flexibly. In a bid to expand the land bank reserve, the Group introduced and implemented the land acquisition policy. Besides, coupled with further improvement and optimization of various management systems covering engineering, costs, designs and finance, a unified intelligent information platform has been set up assuring the Group of more scientific and efficient management structure and system.

During the year under review, revenue of RMB21.79 billion was recognized, representing an increase of 28% compared with 2009. Operating profit rose by 55% to approximately RMB9.29 billion. Profit for the year was RMB5.49 billion, representing a growth of 52% over last year. Excluding the net impact of major non-cash items after tax: fair value gains on investment properties of RMB1.75 billion (2009: RMB160 million), zero gain on deemed disposal to non-controlling interests (2009: gains of RMB936 million), depreciation of RMB204 million (2009: RMB179 million) and goodwill impairment of RMB68 million (2009: RMB153 million) which totalled RMB1.48 billion, core profit amounted to approximately RMB4.01 billion, representing a year-on-year increase of 41%.

As a token of our gratitude to shareholders' enduring support, the board of directors (the "Board") recommended the payment of a final dividend of HK25 cents (2009: HK23 cents) per share for the year ended 31 December 2010. The annual dividend payout ratio was approximately 30.4%. The Company will adhere to a stable dividend policy and maintain annual dividend distribution at a reasonable level. The Board will also take into consideration of various factors such as the Group's profit, cash flow, capital requirements and other factors as deemed relevant when deciding on the annual dividend proposal.

Market Review and Outlook

In response to the State Council's decision in 2010 to tighten up the monetary liquidity and curb inflation, the central bank has made six upward adjustments to the deposit reserve ratio during the year, and then three upward adjustments from 1 January 2011 to date. A total of three upward adjustments have been made to the benchmark deposit and loan interest rate since October 2010, suggesting that more stringent austerity measures will be adopted. As such, real estate developers might face another huge challenge in financing. Further, the relevant pilot implementation measures of the property tax have been also rolled out in Shanghai and Chongqing.

Looking ahead to 2011, challenges breed opportunities. In tune with the central government's attempt at solidifying and maximising the results of the preliminary regulatory measures, the State Council further launched eight policies and measures to reinforce the differential housing credit policies, under which the down payment for purchasing the second housing property shall be equivalent to at least 60% of the purchase price when applying for housing loans; the implementation scope of the purchase restriction policy shall be extended; and the accountability mechanism for housing protection and invitation to discuss stabilisation of housing prices is rolled out. In reporting the government work to the fourth meeting of the Eleventh National People's Congress on 5 March, Wen Jiabao, Premier of the State Council, pointed out that the regulation and control on the real estate market should be strictly and persistently implemented. In this regard, the scale of the affordable housing construction shall be further extended on the one hand and the regulatory policies on the real estate market shall be strictly implemented and further improved on the other, so as to curb steadfastly the momentum of overheating housing prices in certain cities. The differential housing credit policies and taxation policies are stringently implemented with adjustments to the taxation policies relevant to real estate, coupled with reinforced taxation management, the speculative housing purchase will be cracked down. Thirdly, a comprehensive examination and accountability mechanism shall be set up, under which the local authorities failing to stabilise housing prices and promote the affordable housing construction, and thus impeding the social development and stability, shall assume liabilities. This suggests a further regulated environment of the real estate market and sets a sensible and clear direction for the industry in the long run.

In line with the objectives and missions proposed under the "Twelfth Five-Year" Plan, Shimao Property has identified new changes and characteristics of domestic and international environment. Instead of positioning itself as a sheer residential property developer, Shimao Property is committed to becoming an integrated real estate group by expanding its business to ecological housing, commercial properties, tourism properties as well as properties for high-tech industry players across the Straits. Based on our development history and experience, a rapid development hinges on constant innovation. Operation under a single mode will not only heighten risks but may also cause bottlenecks to the corporate development and expansion. As such, Shimao Property has to set foot on the road of "diversification" through an in-depth exploration of the real estate industrial chain, the development of the advanced manufacturing industry, the modern service industry and the high-technology industry, as well as increasing the proportion of self-owned properties with an aim to minimise the risks associated with changing policies and promote orderly and reasonable development.

From time to time, Shimao Property has its core advantage in the residential property sector. Leveraging its enormous quality resources with huge potential for development, the Company will make the best of those resources and monitor risks to enhance the profitability as well as maintain and strengthen the prestige of "Shimao". The commercial and the tourism sectors are important parts forming the modern service industry with a bright outlook for development. In recent years, due to the tightening real estate policies, the commercial property segment becomes an important battlefield in a new-round competition in the real estate industry. Shanghai Shimao Co., Ltd. ("Shanghai Shimao"), being one of the "Four Major Carriages" of the Group, principally carries on various business segments such as commercial property development, the operation of shopping centres and department stores, as well as the investment in cinemas in a bid to build up integrated businesses covering the entire commercial sector. In the meanwhile, Shimao Property capitalised on the opportunities brought by the tourism properties including the hotel industry. Last year, the income per capita in China reached US$4,000, resulting in a dramatic transition of the consumption pattern, i.e. the successful transition from the functional consumption to the experience consumption. The tourism sector has huge potential for development in China. Shimao Tourism (世茂旅遊), being a new "Carriage", is an integrated company engaging in both the tourism industry and the leisure and hospitality property industry. Given the interaction between these two industries, the development of tourism properties will be taken as an entry point, which integrates tourism, vacation, hotel and ancillary development and services. By exploring quality resources, Shimao Property is committed to addressing the issues of consolidation and healthy development confronting the real estate industry amidst the new environment.

The "Twelfth Five-Year" Plan highlights and promotes the application and combination of high technologies into traditional industries. Against the backdrop of historical improvement of the cross-Straits relations in recent years, Shimao Property joined hands with various enterprises in cross-Straits, including the Mainland, Hong Kong and Taiwan, to establish Straits Construction Investment (Holdings) Limited ("Straits Construction"), which is specialised in the investment and operation of various industries such as the urban construction in cross-Straits cities, the modern service industry, the advanced manufacturing industry and the high technology industry. In March 2011, Straits Construction has successfully acquired a parcel of quality land located at Nanjing Hexi New Town.

In 2011, Shimao Property sets its contracted sales target as RMB36 billion and is committed to positioning itself as a diversified enterprise integrating various real estate business segments. Shimao Property will focus on the risk control and profitability.

Appreciation

On behalf of the Board, I would like to thank all 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 has enabled the Group to achieve its success and goals.

Hui Wing Mau
Chairman

Hong Kong, 22 March 2011

MANAGEMENT DISCUSSION & ANALYSIS

Overview

Market Review

The PRC real estate market underwent volatile changes in operating environment during the year under review. In 2010, the areas sold and the sales of commodity properties in the PRC recorded 1.043 billion sq.m. and RMB5,250 billion respectively, posting a sluggish growth of 10.1% and 19% over 2009, while the average selling price was RMB5,034 per sq.m., representing an increase of 7.22% compared with 2009. According to the statistics, investments in the PRC real estate development amounted to RMB4,800 billion, up 33.2% compared with last year. Investments in commodity residential properties rose by 32.9% to RMB3,400 billion, accounting for 70.5% of the RMB4,800 billion investments in the real estate development in 2010.

During the year, under the compound effects of increased launch of new properties in the market and the slowdown of sales, the inventory level in the market ceased to decline in 2009. It is envisaged that the inventory level of commodity residential properties available for sale will continue to rise, thereby intensifying the market competition.

Business Review

Property Development

1) Recognized Sales Revenue

   The Group generates its revenue primarily by engaging in property development, property investment and hotel operation. The Group's revenue in 2010 grew by 28% to RMB21.79 billion from RMB17.03 billion in 2009.

   During the year, revenue from property sales climbed to RMB20.45 billion, 26% more compared with 2009, accounting for 94% of the total revenue. Average recognized selling price surged by 18% to RMB10,025 per sq.m. in 2010 from RMB8,507 per sq.m. in 2009. Benefiting from the strategies of the Group and driven by an increase in the proportion of project sales in second and third-tier cities and the soaring selling prices, average recognized selling price was pushed up. Projects recognized by the Group for the year totalled 25, representing an increase compared with 22 in 2009.

   The 11 projects recognized in 2010, including Fuzhou Shimao Skyscrapers, Shaoxing Shimao Dear Town, Hangzhou Shimao Riviera Garden, Suzhou Shimao Canal Scene, Ningbo Shimao World Gulf, Changshu Shimao The Center, Shenyang Shimao Wulihe, Kunshan Shimao Butterfly Bay, Kunshan Shimao Plaza, Beijing Shimao Gongsan Plaza and Nanjing Shimao Riviera New City, recorded sales revenue exceeding RMB 1 billion.

2) Robust Sales Outperforming Annual Sales Target

In 2010, annual contracted sales of the Group reached RMB30.5 billion, representing a year-on-year growth of approximately 36%, while total contracted sales areas amounted to 2.53 million sq.m.. Among the 30 projects marketed by the Group in 2010, sales revenue from 10 projects including Beijing Shimao Gongsan Plaza, Hangzhou Shimao Riviera Garden, Ningbo Shimao World Gulf, Changshu Shimao The Centre, Kunshan Shimao East No. 1 New City, Suzhou Shimao Canal Scene, Kunshan Shimao Butterfly Bay, Wuhan Shimao Splendid River, Shaoxing Shimao Dear Town and Changzhou Shimao Champagne Lakeside Garden exceeded RMB1 billion. With increasing launch of projects and outstanding sale results, a solid foundation has been laid for the recovery of funds as well as the improvement in every single part forming the value chain.

The Group expects that there will be around 32 projects to be marketed in 2011, including Hangzhou Shimao Riviera Garden, Wuxi Transport Shimao Project, Changzhou Shimao Champagne Lakeside Garden, Qingdao National High-Tech Development Zone Project, Jiaxing Shimao New City, Tianjin Shimao Ecology City Project, Xuzhou Shimao Dongdu, Kunshan Shimao Butterfly Bay, Harbin Shimao Riviera New City, Shaoxing Shimao Dear Town, Kunshan Shimao East No.1 New City, Dalian Jinzhou Shimao Carnival Project, Suzhou Shimao Canal Scene, Fuzhou Shimao Minhou Project, Ningbo Shimao World Gulf, Shengyang Shimao Wulihe, Hangzhou Shimao Yuhang Project, Nanchang Hongqutan Project, Chengdu Shimao Park, Ningbo Shimao Beilun Project, all of which will provide additional saleable areas of approximately 3.64 million sq.m. Taking into account the inventories and existing saleable areas of unsold properties with pre-sale permits of 1.36 million sq.m. together with the saleable areas of Shanghai Shimao of 910,000 sq.m., the Group's total saleable areas reached approximately 5.91 million sq.m. in 2010.

3) Completion of Development Projects and Plans Fulfilling Expectations

The Group's projects nationwide all processed satisfactorily on schedule in 2010. The total GFA completed in 2010 amounted to approximately 2.72 million sq.m., representing an increase of 35% over 2009. As at 31 December 2010, the Group had a total of 42 projects under development in 29 cities as compared with 35 projects in 22 cities for 2009. The increase in the number of projects under development also built a solid foundation for the future development of the Group.

Looking ahead to 2011, the GFA planned to be completed by the Group will reach approximately 3.9 million sq.m., up 44% compared with 2010. In 2011, it is expected that areas of 5.55 million sq.m. will be put into construction, leading to an increase in construction areas of the Group to 10.88 million sq.m. The expected expansion of development in 2011 is driven by an increase in GFA to be delivered in 2011, which in turn secures the growth in turnover. However, the Group will realign its goal in response to any material changes in the market landscape.

4) Steady Expansion of Land Bank Reserve Underpinning 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. Shimao Property has long been recognised in the sector as an expert real estate developer in the aspect of developments. Acquiring large parcels of quality land at desirable rates is the Group's key to trumping its competitors. Against the backdrop of dim and unfavourable market outlook for 2010, the Group made rapid response and stepped up efforts in acquiring the land development rights for various projects located in the Yangtze River Delta Region, the Bohai Bay Region, both sides of the Straits, South China and other fast-developing regions and cities.

At the end of 2010, Shimao Property had an attributable land bank of 34.8 million sq.m., making it one of the leading real estate developers in China in terms of land bank reserves. Geographically, new land parcels acquired by Shimao Property in 2010 scatter all over the second-tier cities at provincial capital level with sound economic foundation, enormous development potential and emerging real estate markets, such as Dalian, Chengdu, Ningbo, Wuhan, Qingdao, Nanchang, Changsha, Hangzhou, Tianjin and Fuzhou. This has secured the room for project development and enhanced the resilience to risks. By and large, the Group acquired 15 new parcels of quality land in 2010 with total attributable planned GFA of approximately 10 million sq.m. On the face of land cost, average land premium of the newly-acquired reserve during the year amounted to approximately RMB2,046 per sq.m. The above statistics highlighted the Group's approach to expand its land bank reserve in a circumspect manner, which echoed the Group's unswerving practice of prudent operation, so as to strike a balance between achieving development and monitoring risks. The acquisition of large amount of high quality lands at low costs well exemplified Shimao's core competitiveness and also reinforced its resilience to risks. As at the end of 2010, the Group's average land cost was RMB1,568 per sq.m. Land parcels at relatively low costs have effectively ensured a higher profit margin in future.

In 2010, the Group participated in Guangzhou Asian Game City Project and also established a jointly controlled entity with Guangzhou R&F Properties Co., Ltd., KWG Property Holding Limited and Agile Property Holdings Limited to jointly acquire and develop lands in Jinnan District, Tianjin in the PRC. In May 2010, the Group also initiated the development of Guangdong Huizhou Fumao Venetian Project in strategic alliance with Guangzhou R&F Properties Co., Ltd. to jointly develop high quality real estate projects.

Property Investment

During the year under review, turnover of the Group from leasing of investment properties amounted to RMB324 million, representing an increase of 54% over last year. Commercial properties of the Group continued to perform satisfactorily with stable returns, which reflected the effectiveness of our strategy to diversify the property portfolio. During the year, the total GFA of the commercial buildings completed by the Group in Beijing, Suzhou and Wuhan respectively amounts to approximately 547,738 sq.m.. It is expected that a total of 170,561 sq.m. will be completed in 2011.

Shanghai Shimao under Shimao Property serves as a platform for the Group to facilitate the development of commercial property. In 2010, Shanghai Shimao achieved revenue from operation of RMB4.54 billion with profit after income taxes of RMB2.47 billion, representing a year-on-year growth of 437% and 1,588% respectively. At present, Shanghai Shimao has a land bank reserve of nearly 7.1 million sq.m., ranking as the largest listed real estate developer in China in terms of commercial land reserve, and was named among the "2010 Top Ten Most Influential Real Estate Enterprises (Commercial Category) in China".

Shanghai Shimao has maintained a long-term and stable alliance with over 380 quality business partners. In the meanwhile, Shimao Department Store and Shimao International Studio will enrich the product portfolio of Shanghai Shimao, further strengthen its industry chain of development and operation, consolidate its diversified competitive advantages, and cultivate new profit generator. Currently, Shimao Department Store has built up its footprints in Fuzhou and Shenyang, and will expand its operation to Yantai, Wuhu and Beijing by opening three new stores in the next two years. As a part of the cinema development plan, Shimao International Studio will set up 15 studios involving 100 new cinema screens within three years, and aims to increase its studios to 40 and cinema screens to 300 within five years.

Hotel Operations

During the year under review, the Group's turnover from hotel operations amounted to RMB974 million, projecting a year-on-year rise of 52%, and its earnings before interest, tax, depreciation and amortisation achieved RMB434 million, posting a year-on-year growth of 110%.

In 2010, the performance of hotels was boosted dramatically by the half-year long Shanghai World Expo. The three hotels of the Group in Shanghai also recorded impressive operating results with a satisfactory year-on-year growth while their reputation and recognition continued to brighten up. As at the end of December 2010, hotels operated by Shimao Property in Shanghai offered over 1,700 guest rooms in total, continuing to take the lead in market share of Shanghai's international high-end hotels.

Compared with the peers in the market, Le Royal Méridien Shanghai and Hyatt on the Bund Shanghai are among the leading hotels in Shanghai in terms of total revenue and rank high among hotels in Puxi in terms of catering revenue. Shanghai Le Méridien Sheshan, being one of few five-star international prestige hotels located in the outskirts of Shanghai, also saw a remarkable growth in revenue in 2010, continuing its pioneering position among other hotels in suburban districts.

On 28 October 2010, Holiday Inn Shimao Mudanjiang offering a total of 267 guest rooms made its debut, which is the first international prestige hotel in Mudanjiang. To date, the Group's hotels currently in operation offer nearly 2,000 guest rooms in total.

On 21 October 2010, the Group entered into a strategic cooperation agreement with Hilton in Shanghai, and Hilton was engaged to provide management services for the hotel projects of Shimao located in the eight major cities, namely Tianjin, Nanjing, Wuhan, Xiamen, Shenyang, Qingdao, Yantai and Wuxi. In this regard, the hotels in Qingdao and Xiamen were named as "Conrad", a luxury brand of Hilton, tentatively while other hotels were named as "Hilton", a five-star brand of Hilton. The strategic alliance between Shimao Property and Hilton achieved a win-win scenario.

Unimpeded Financing Channel Ensuring Sound Financial Management

In 2010, the global stock markets and Euro exchange markets dampened by the sovereign debt crisis burst in various European countries. Despite this, Shimao Property, by leveraging its sound credit standing, formed a syndicate with 14 international and local financial institutions, including HSBC and Standard Chartered Bank, and entered into a guaranteed loan agreement of US$460 million equivalent on 14 May 2010. Shimao Property also successfully issued US$500 million and US$350 million senior notes on 3 August 2010 and 8 March 2011 respectively. All of these indicate that international banks are confident in the development of the Group and its management. We believe that high recognition of the Group by the international capital market will become driving force for the long-term success of Shimao Property.

In spite of the tightening credit policy imposed by the state, Shimao Property not only obtained large credit facilities from the top four state-owned banks but also found favour with large and medium joint equity banks and foreign banks. Sufficient financial resources assure all projects of necessary working capital, and also give financial support to the Group in pursuit of new development projects and acquisition of new land bank reserve. In the times of the global economic consolidation, large credit facilities granted from banks project the confidence of all major banks in the long-term and sustainable development of Shimao Property.

In addition to expanding its financing channels, the Group also reinforced its financial management by integrating various financial instruments in a bid to enhance the efficiency and liquidity of fund, which will in turn ensure our steady and rapid growth. As at 31 December 2010, the Group has cash on hand of RMB13.7 billion. Furthermore, by upholding prudent financial strategies, the Group managed to maintain the net gearing ratio at a reasonable level with a view to minimising financial risks.

FINANCIAL ANALYSIS

Key consolidated income statement figures are set out below:

	2010	2009
	RMB million	*RMB million*
Revenue	**21,789**	17,032
Gross profit	**7,977**	5,883
Operating profit	**9,290**	5,999
Profit attributable to shareholders	**4,672**	3,511
Earnings per share – Basic (RMB cents)	**131.8**	101.7

Revenue

For the year ended 31 December 2010, the revenue of the Group was approximately RMB21,789 million (2009: RMB17,032 million), representing an increase of 28% over 2009. 94% (2009: 95%) of the revenue was generated from the sales of properties and 6% (2009: 5%) from hotel operation, leasing of commercial properties and others. The components of the revenue are analysed as follows:

	2010	2009
	RMB million	*RMB million*
Sales of properties	**20,450**	16,179
Hotel operation income	**974**	642
Rental income from investment properties	**324**	211
Others	**41**	–
Total	**21,789**	17,032

(i) Sales of properties

Sales of properties for the year ended 31 December 2010 and 2009 are set out below:

	2010		2009	
	Area (Sq.m.)	***RMB million***	*Area (Sq.m.)*	*RMB million*
Beijing Shimao Olive Garden	**3,317**	**25**	668	12
Wuhan Shimao Splendid River	**47,880**	**495**	138,049	1,058
Shaoxing Shimao Dear Town	**201,696**	**1,992**	40,201	338
Harbin Shimao Riviera New City	**31,616**	**143**	236,554	1,044
Changshu Shimao The Center	**190,643**	**1,573**	141,721	845
Kunshan Shimao Butterfly Bay	**154,899**	**1,116**	99,127	602
Shanghai Shimao Sheshan Villas	**2,455**	**177**	11,104	456
Shanghai Shimao Riviera Garden	**6,540**	**534**	65,288	2,636
Kunshan Shimao East No. 1 New City	**149,803**	**1,068**	194,967	1,011
Hangzhou Shimao Riviera Garden	**112,608**	**1,322**	156,230	1,311
Shanghai Shimao Emme County	**28,262**	**274**	67,030	590
Wuhu Shimao Riviera Garden	**56,757**	**423**	81,940	694
Fuzhou Shimao Skyscrapers	**149,999**	**2,152**	112,113	1,713
Shenyang Shimao Wulihe	**134,341**	**1,123**	20,539	194
Suzhou Shimao Canal Scene	**175,829**	**1,714**	104,878	760
Jiaxing Shimao New City	**85,228**	**411**	58,154	229

	2010		2009	
	Area (Sq.m.)	***RMB million***	*Area (Sq.m.)*	*RMB million*
Changzhou Shimao Champagne Lakeside Garden	**107,204**	**749**	163,279	1,232
Nanjing Shimao Bund New City *(note 1)*	**81,829**	**1,347**	5,094	69
Fuzhou Shimao Bund Garden *(note 1)*	**3,330**	**17**	4,158	41
Yantai Shimao No.1 The Harbour	**43,214**	**542**	47,411	547
Xuzhou Shimao Dongdu	**8,776**	**54**	99,656	513
Taizhou Shimao Riverside Garden	**41,399**	**211**	51,611	201
Ningbo Shimao World Gulf	**159,154**	**1,166**	5,856	83
Mudanjiang Shimao New City	**27,730**	**109**	–	–
Beijing Shimao Gongsan Plaza	**35,330**	**1,713**	–	–
Sub-total (a)	**2,039,839**	**20,450**	1,905,628	16,179
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	105
Total (a) + (b)	**2,039,839**	**20,450**	1,926,382	16,388
Total (a) + (c)	**2,039,839**	**20,450**	1,916,005	16,284

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 Shanghai Shimao Enterprise Development Co., Ltd, these associated companies became our subsidiaries and the revenue thereafter was consolidated in our consolidated financial statements.

(ii) Hotel income

Hotel operation income are analysed below:

	2010	2009
	RMB million	*RMB million*
Shanghai Le Méridien Sheshan	**132**	104
Le Royal Méridien Shanghai	**434**	302
Hyatt on the Bund Shanghai	**408**	236
Total	**974**	642

Hotel operation income increased approximately 52% to RMB974 million in 2010 from RMB642 million in 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 RMB324 million (2009: RMB211 million). The rental income increased by 54% 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, commercial part of both Shaoxing Shimao Dear Town and Suzhou Shimao Canal Scene.

Other income amounted to RMB41 million (2009: Nil) was mainly derived from operation of department stores and cinemas.

	2010	2009
	RMB million	*RMB million*
Shanghai Shimao International Plaza	**148**	147
Beijing Shimao Tower	**77**	49
Changshu Shopping Mall	**13**	13
Shanghai Shimao Shangdu Tower	**33**	–
Shaoxing Shimao Dear Town	**38**	–
Suzhou Shimao Canal Scene	**6**	–
Miscellaneous rental income	**9**	2
Others	**41**	–
Total	**365**	211

Cost of sales

Cost of sales increased by 24% to approximately RMB13,812 million in 2010 from RMB11,149 million in 2009, primarily due to the increase in cost of properties sold in line with the increase in areas delivered. Cost of sales are analysed as follows:

	2010	2009
	RMB million	*RMB million*
Sales taxes	**1,205**	944
Land costs, construction costs and capitalised borrowing costs	**12,235**	9,870
Direct operating costs for hotels, commercial properties and others	**372**	335
Total	**13,812**	11,149

Fair value gains on investment properties

During the year under review, the Group recorded aggregate fair value gains of RMB2,340 million (2009: fair value gains RMB214 million) mainly contributed by five newly completed investment properties which were commercial part of Shaoxing Shimao Dear Towns and Suzhou Shimao Canal Scene, Kunshan Shimao Plaza, Wuhu Shimao Shopping Streets as well as Beijing Shimao International Center. Aggregate net fair value gains after deferred income tax of RMB585 million recognised was RMB1,755 million (2009: net fair value gains of RMB160 million after deferred income tax of RMB54 million).

Other gains – net

Other gains of RMB797 million for the year ended 31 December 2010 (2009: RMB159 million) included mainly government grants, net foreign exchange gain and compensation income. Increase was mainly attributable to increase of government grants, net foreign exchange gain and compensation income recognized in 2010.

Selling and marketing costs and administrative expenses

Selling and marketing costs for the year was RMB564 million (2009: RMB470 million). The increase was mainly due to our efforts to promote new projects. Administrative expenses decreased by 2% which was mainly due to the write back of impairment losses on completed properties for sale.

Operating profit

Operating profit amounted to RMB9.3 billion for the year ended 31 December 2010, representing an increase of 55% over 2009 (2009: RMB6.0 billion).

Finance costs – net

Net finance costs increased to RMB672 million (2009: RMB307 million) mainly due to increased borrowings in 2010.

Share of results of associated companies & jointly controlled entities

Share of losses of associated companies amounted to RMB48 million (2009: share of profits of RMB20 million). Share of profits of jointly controlled entities amounted to RMB0.01 million (2009: share of losses of RMB1 million).

Taxation

The Group's income tax expense amounted to RMB3,079 million in which PRC land appreciation tax was RMB1,072 million (2009: RMB2,107 million, in which PRC land appreciation tax was RMB555 million) for the year.

Profit attributable to shareholders

Profit attributable to shareholders for the year increased by 33% from RMB3,511 million in 2009 to RMB4,672 million in 2010. It was mainly attributable to substantial increase in recognized sales and fair value gains on investment properties.

Liquidity and financial resources

As of 31 December 2010, total assets of the Group were RMB95.7 billion, of which current assets reached RMB54.8 billion. Total liabilities were RMB65.7 billion, whereas non-current liabilities were RMB27.1 billion. Total equity were RMB30.0 billion, of which equity attributable to the shareholders of the Company amounted to RMB26.7 billion.

As of 31 December 2010, the Group had aggregate cash and bank balances (including restricted cash balances for borrowings) of approximately RMB13.5 billion (31 December 2009: RMB7.3 billion), total borrowings amounted to approximately RMB34.1 billion (31 December 2009: RMB20.5 billion). Total net borrowings were RMB20.6 billion (31 December 2009: RMB13.2 billion). Net gearing ratio increased from 52% as at 31 December 2009 to 69% as at 31 December 2010.

The maturity of the borrowings of the Group as at 31 December 2010 is set out as follows:

	RMB million
Bank borrowings	
Within 1 year	7,798
Between 1 and 2 years	7,883
Between 2 and 5 years	6,885
Over 5 years	4,408
Senior notes	
Within 1 year	1,579
Over 5 years	5,519
Total	34,072

The borrowings were denominated in different currencies set out below:

	Original currency *million*	**RMB equivalent** *million*
US$	1,512	10,013
HK$	2,726	2,319
RMB	21,740	21,740

Financing activities

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

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

On 8 March 2011, the Group issued a total of US$350 million senior notes due on 8 March 2018.

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 mainly include US$460 million equivalent syndicated loans, US$1,100 million senior notes and HK$2,570 million bank borrowings as at 31 December 2010.

Pledge of assets

As of 31 December 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 RMB33.8 billion to secure bank facilities granted to the Group. The corresponding bank loans amounted to approximately RMB23.6 billion. The Group had also pledged shares of certain subsidiary for a total borrowing of RMB1.5 billion.

Contingencies

As of 31 December 2010, the Group had provided guarantees for approximately RMB3.9 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. In addition, the Group had provided guarantees for approximately RMB1.9 billion in its portion of equity interests in associated company and jointly controlled entity for their borrowings.

Capital and property development expenditure commitments

As of 31 December 2010, the Group had contracted capital and property development expenditure but not provided for amounted to RMB25.7 billion.

Employees and remuneration policy

As of 31 December 2010, the Group employed a total of 4,365 employees. Total remuneration for the year amounted to RMB560 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.

ANNUAL RESULTS

The Board is pleased to present the audited consolidated results of the Group for the year ended 31 December 2010 together with comparative figures for 2009 as follows. These annual results have been reviewed by the Company's Audit Committee.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2010

		Year ended 31 December	
		2010	2009
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**21,789,433**	17,032,063
Cost of sales	*7*	**(13,812,137)**	(11,149,395)
Gross profit		**7,977,296**	5,882,668
Gains on deemed disposal to non-controlling interests		**–**	1,501,093
Fair value gains on investment properties		**2,339,562**	213,834
Other gains– net	*6*	**796,826**	158,609
Selling and marketing costs	*7*	**(563,900)**	(470,427)
Administrative expenses	*7*	**(1,083,122)**	(1,107,286)
Other operating expenses	*7*	**(176,703)**	(179,961)
Operating profit		**9,289,959**	5,998,530
Finance income		**66,247**	30,466
Finance costs		**(737,800)**	(337,653)
Finance costs – net	*8*	**(671,553)**	(307,187)
Share of results of			
– Associated companies		**(48,110)**	19,925
– Jointly controlled entities		**14**	(1,072)
		(48,096)	18,853
Profit before income tax		**8,570,310**	5,710,196
Income tax expense	*9*	**(3,079,368)**	(2,107,212)
Profit for the year		**5,490,942**	3,602,984
Other comprehensive (loss)/income:			
Fair value (losses)/gains on available-for-sale financial assets, net of tax		**(258,432)**	136,386
Total comprehensive income for the year		**5,232,510**	3,739,370

Consolidated Statement of Comprehensive Income *(continued)*
For the year ended 31 December 2010

	Note	Year ended 31 December **2010** ***RMB'000***	 2009 *RMB'000*
Profit for the year attributable to:			
Equity holders of the Company		**4,671,536**	3,511,201
Non-controlling interests		**819,406**	91,783
		5,490,942	3,602,984
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**4,505,571**	3,598,790
Non-controlling interests		**726,939**	140,580
		5,232,510	3,739,370
Dividends	*10*	**1,218,424**	1,029,016
Earnings per share for profit attributable to the equity holders of the Company			
– Basic (RMB cents)	*11*	**131.8**	101.7
– Diluted (RMB cents)	*11*	**131.6**	101.4

Consolidated Balance Sheet
As at 31 December 2010

		As at 31 December	
		2010	2009
			Restated
			(Note 2(a)(i))
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**6,553,628**	5,891,602
Investment properties		**11,854,995**	6,372,600
Land use rights		**2,572,389**	3,060,382
Intangible assets		**2,280,462**	2,348,261
Associated companies		**412,442**	4,899
Jointly controlled entities		**3,908,554**	2,338,244
Available-for-sale financial assets		**347,823**	692,399
Deferred income tax assets		**1,193,780**	750,080
Other non-current assets		**11,750,131**	10,182,146
		40,874,204	31,640,613
Current assets			
Properties under development		**29,013,883**	18,899,789
Completed properties held for sale		**4,761,453**	5,198,628
Trade and other receivables and prepayments	*4*	**5,124,272**	2,998,042
Prepaid income taxes		**640,567**	310,472
Amounts due from related companies		**1,526,306**	698
Restricted cash		**1,589,081**	560,383
Cash and cash equivalents		**12,139,549**	6,918,958
		54,795,111	34,886,970
Total assets		**95,669,315**	66,527,583
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**362,384**	361,938
Reserves			
– Proposed final dividend	*10*	**754,623**	717,366
– Others		**25,581,827**	22,268,570
		26,698,834	23,347,874
Non-controlling interests		**3,255,150**	2,169,211
Total equity		**29,953,984**	25,517,085

Consolidated Balance Sheet *(continued)*
As at 31 December 2010

		As at 31 December	
		2010	2009
			Restated
			(Note 2(a)(i))
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**24,695,507**	14,903,502
Deferred income tax liabilities		**2,370,209**	1,824,947
		27,065,716	16,728,449
Current liabilities			
Trade and other payables	*5*	**11,512,930**	7,038,928
Advanced proceeds received from customers		**11,932,050**	6,502,855
Income tax payable		**5,693,970**	4,944,610
Borrowings		**9,376,655**	5,623,394
Amounts due to related parties		**30,831**	31,101
Amount due to a non-controlling interest		**–**	7,696
Deferred income		**103,179**	133,465
		38,649,615	24,282,049
Total liabilities		**65,715,331**	41,010,498
Total equity and liabilities		**95,669,315**	66,527,583
Net current assets		**16,145,496**	10,604,921
Total assets less current liabilities		**57,019,700**	42,245,534

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Shimao Property Holdings Limited (the "Company") was incorporated in the Cayman Islands on 29 October 2004 as an exempted company with limited liability under the Cayman Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands. The Company is principally engaged in investment holding. 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 Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 5 July 2006.

These consolidated financial statements are presented in thousands of Renminbi (RMB'000), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been 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 value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(i) Change in accounting policy for classification by the borrower of the term loan that contains a repayment on demand clause

In November 2010 the Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause. The Interpretation is effective immediately and is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

In order to comply with the requirements of Hong Kong Interpretation 5, the Company has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the balance sheet. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Company had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

Because the Group did not have such term loans as at 1 January 2009, the new accounting policy has been applied retrospectively by reclassification to comparative balance sheet as at 31 December 2009. The reclassification had no effect on reported profit, total comprehensive income or equity for any period presented.

	December 31, 2009		
Group	**As previously reported**	**Reclassification**	**Restated**
	RMB'000	*RMB'000*	*RMB'000*
Borrowings included in non-current liabilities	16,594,590	(1,691,088)	14,903,502
Non-current liabilities	18,419,537	(1,691,088)	16,728,449
Borrowings included in current liabilities	3,932,306	1,691,088	5,623,394
Current liabilities	22,590,961	1,691,088	24,282,049

(ii) New and amended standards adopted by the Group

The following new and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010 and are relevant to the Group's operations.

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. 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. All acquisition-related costs are expensed.

- HKAS 27 (revised) 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 resulting 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.

- HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and considered the leasehold land in the PRC remained as operating lease. As a result of the reassessment, the Group has not reclassified any leasehold land from operating lease to finance lease.

- HKICPA's annual improvements project published in May 2009

  – 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 in the balance sheet 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 an entity is required to disclose a measure of segment only if that measure is regularly reported 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 cash-generating unit (or group of units) to which goodwill should be allocated for the purpose of impairment testing is an operating segment as defined by paragraph 5 of HKFRS8 "Operating Segments".

The adoption of the above new and amended standards does not have any significant impact on the Group's financial statements.

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 year:

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Sales of properties	**20,450,110**	16,179,297
Hotel operation income	**974,150**	641,695
Rental income from investment properties	**324,106**	211,071
Others	**41,067**	–
	21,789,433	17,032,063

(b) Segment information

Year ended 31 December 2010

	Property development and investment				
	Shanghai Shimao Co., Ltd. ("Shanghai Shimao")*	**Others**	**Hotel operation**	**Unallocated****	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
– Sales of properties	**4,333,045**	**16,117,065**	**–**	**–**	**20,450,110**
– Hotel operation income	**–**	**–**	**974,150**	**–**	**974,150**
– Rental income from investment properties	**175,827**	**148,279**	**–**	**–**	**324,106**
– Others	**28,772**	**12,295**	**–**	**–**	**41,067**
Total revenue	**4,537,644**	**16,277,639**	**974,150**	**–**	**21,789,433**
Operating profit	**4,023,822**	**4,847,859**	**145,858**	**272,420**	**9,289,959**
Finance costs - net	**(161,409)**	**(274,533)**	**(84,298)**	**(151,313)**	**(671,553)**
Share of results of					
– Associated companies	**(60)**	**(48,050)**	**–**	**–**	**(48,110)**
– Jointly controlled entities	**–**	**14**	**–**	**–**	**14**
Profit before income tax	**3,862,353**	**4,525,290**	**61,560**	**121,107**	**8,570,310**
Income tax expense					**(3,079,368)**
Profit for the year					**5,490,942**
Other segment items are as follows:					
Capital and property development expenditure	**10,286,124**	**15,897,379**	**531,406**	**15,557**	**26,730,466**
Fair value gains on investment properties	**2,139,562**	**200,000**	**–**	**–**	**2,339,562**
Impairment of intangible assets	**–**	**67,799**	**–**	**–**	**67,799**
Depreciation	**7,469**	**26,111**	**239,063**	**–**	**272,643**
Amortisation of land use rights	**6,313**	**–**	**25,734**	**–**	**32,047**
Additional provision/ (write back of) for impairment losses on completed properties held for sale	**846**	**(153,326)**	**–**	**–**	**(152,480)**
Provision for impairment of receivables	**–**	**5,898**	**–**	**–**	**5,898**

* The Group owns an effective equity interest of 64.2% in Shanghai Shimao since 31 May 2009

** Unallocated mainly represent corporate level activities

The segment assets and liabilities at 31 December 2010 are as follows:

	Property development and investment			
	Shanghai Shimao	**Others**	**Hotel operation**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associated companies	**2,438**	**410,004**	**–**	**412,442**
Jointly controlled entities	**–**	**3,908,554**	**–**	**3,908,554**
Intangible assets	**1,709,730**	**439,804**	**130,928**	**2,280,462**
Other segment assets	**30,104,525**	**47,893,854**	**7,679,969**	**85,678,348**
Total segment assets	**31,816,693**	**52,652,216**	**7,810,897**	**92,279,806**
Deferred income tax assets				**1,193,780**
Available-for-sale financial assets				**347,823**
Other assets				**1,847,906**
Total assets				**95,669,315**
Borrowings	**7,031,529**	**13,228,857**	**1,480,000**	**21,740,386**
Other segment liabilities	**3,357,260**	**21,171,184**	**4,583,693**	**29,112,137**
Total segment liabilities	**10,388,789**	**34,400,041**	**6,063,693**	**50,852,523**
Corporate borrowings				**12,331,776**
Deferred income tax liabilities				**2,370,209**
Other liabilities				**160,823**
Total liabilities				**65,715,331**

Year ended 31 December 2009

	Property development and investment				
	Shanghai Shimao *RMB'000*	Others *RMB'000*	Hotel operation *RMB'000*	Unallocated* *RMB'000*	Total *RMB'000*
Revenue					
– Sales of properties	479,429	15,699,868	–	–	16,179,297
– Hotel operation income	–	–	641,695	–	641,695
– Rental income from investment properties	35,247	175,824	–	–	211,071
Total revenue	514,676	15,875,692	641,695	–	17,032,063
Operating profit/(loss)	120,464	5,956,437	(43,082)	(35,289)	5,998,530
Finance costs - net	(39,356)	(149,284)	(88,053)	(30,494)	(307,187)
Share of results of					
– Associated companies	–	19,925	–	–	19,925
– Jointly controlled entities	–	(1,641)	–	569	(1,072)
Profit/(loss) before income tax	81,108	5,825,437	(131,135)	(65,214)	5,710,196
Income tax expense					(2,107,212)
Profit for the year					3,602,984
Other segment items are as follows:					
Capital and property development expenditure	2,895,527	17,976,211	536,148	252,556	21,660,442
Gains on deemed disposal to Non-controlling interests	–	1,501,093	–	–	1,501,093
Fair value gains on investment properties	105,202	108,632	–	–	213,834
Impairment of intangible assets	3,820	148,755	–	–	152,575
Depreciation	5,170	23,994	209,738	–	238,902
Amortisation of land use rights	2,246	1,552	28,582	–	32,380
(Write back of)/additional provision for impairment losses on completed properties held for sale	(13,974)	99,298	–	–	85,324
Provision for impairment of receivables	2,213	5,613	69	–	7,895

* Unallocated mainly represent corporate level activities

The segment assets and liabilities 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
				41,010,498

Total segment assets consist primarily of property and equipment, investment properties, land use rights, other non-current assets, properties under development, completed properties held for sale, receivables, prepayments and cash balances. They also include goodwill recognised 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 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS – GROUP

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Deposits for land acquisition and resettlement costs	**1,450,656**	1,458,310
Trade receivables *(note)*	**2,022,178**	736,146
Prepaid business tax on pre-sale proceeds	**606,901**	333,061
Prepayments for construction costs	**557,119**	142,069
Other receivables	**487,418**	328,456
	5,124,272	2,998,042

Note: Trade receivables arised mainly 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:

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Within 90 days	**1,710,853**	625,447
Over 90 days and within 365 days	**297,947**	85,138
Over 365 days	**13,378**	25,561
	2,022,178	736,146

The Group normally holds collateral of the properties before collection of the outstanding balances and passing the legal titles to the purchasers. As at 31 December 2010, receivables arising from sales of properties was approximately RMB1,928,480,000 (2009: RMB644,739,000).

Trade receivables which are past due are analysed as follows:

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Fully performing under credit terms	**1,471,488**	625,447
Past due but not impaired	**550,690**	110,699
	2,022,178	736,146

The Directors consider that the past due receivables would be recovered and no provision was made against past due receivables as at 31 December 2010 (2009: nil).

As at 31 December 2010, provision for impairment of other receivables was approximately RMB16,107,000 (2009: RMB10,209,000).

As at 31 December 2010, the fair value of trade receivables, deposits for land acquisition and resettlement costs, and other receivables of the Group approximate their carrying amounts.

As at 31 December 2010 and 2009, trade and other receivables of the Group were mainly denominated in RMB.

5 TRADE AND OTHER PAYABLES – GROUP

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Trade payables *(note (a))*	**9,337,094**	6,134,264
Other taxes payable	**508,640**	350,530
Accrued expenses	**284,697**	116,024
Other payables *(note (b))*	**1,382,499**	438,110
	11,512,930	7,038,928

Notes:

(a) The ageing analysis of trade payables is as follows:

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Within 90 days	**8,733,743**	5,861,550
Over 90 days and within 1 year	**603,351**	272,714
	9,337,094	6,134,264

(b) Other payables comprise:

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Loan from a third party *(note)*	**500,000**	–
Deposits received from customers	**454,629**	208,276
Fees collected from customers on behalf of government agencies	**153,714**	51,916
Deposits and advances from constructors	**82,433**	29,132
Rental deposits from tenants and hotel customers	**68,423**	69,797
Others	**123,300**	78,989
	1,382,499	438,110

Note:

The Group borrowed RMB500,000,000 from a third party during the year ended 31 December 2010. The balance is unsecured, interest free and has no fixed repayment terms.

6 OTHER GAINS – NET

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Compensation income from government *(note)*	**265,943**	–
Government grants received	**261,213**	136,506
Net exchange gain	**257,367**	5,275
Others	**12,303**	16,828
	796,826	158,609

Note:

The Group made advances to a local government authority for land resettlement and site formation in prior years, in return the Group could get profit sharings from the auction of the developed land. In year 2010, the local government authority cancelled the above arrangement and the Group received compensation income accordingly.

7 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs, administrative expenses and other operating expenses are analysed as follows:

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Staff costs - including directors' emoluments *(note (a))*	**559,583**	422,491
Auditor's remuneration	**6,300**	4,200
Depreciation	**272,643**	238,902
Amortisation of land use rights	**32,047**	32,380
Provision for impairment of receivables	**5,898**	7,895
(Write back of)/provision for impairment losses on completed properties held for sale	**(152,480)**	85,324
Advertising, promotion and commission costs	**343,375**	374,079
Cost of properties sold	**12,223,369**	9,869,986
Business taxes and other levies on sales of properties (*note (b)*)	**1,116,060**	848,710
Impairment of intangible assets	**67,799**	152,575
Charitable donations	**47,326**	5,819
Direct expenses arising from investment properties	**11,937**	13,108
Operating lease rental expenses	**66,260**	62,114
Direct expenses arising from hotel operation	**423,170**	314,198
Corporate and office expenses	**393,598**	258,753
Other expenses	**218,977**	216,535
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	**15,635,862**	12,907,069

(a) Staff costs (including directors' emoluments) comprise:

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Wages and salaries	**420,044**	312,884
Pension costs - statutory pension *(note (c))*	**37,995**	28,996
Employee share option scheme	**–**	2,808
Other allowances and benefits	**101,544**	77,803
	559,583	422,491

(b) Business tax and other levies

The PRC companies of the Group are subject to business taxes of 5% and other levies on their revenue from sales of properties.

(c) Pensions - defined contribution plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on a certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income.

8 FINANCIAL INCOME AND COSTS

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Interest on bank borrowings		
– wholly repayable within five years	**1,039,134**	710,519
– not wholly repayable within five years	**229,491**	161,906
Interest on senior notes		
– wholly repayable within five years	**86,544**	79,434
– not wholly repayable within five years	**320,416**	191,284
	1,675,585	1,143,143
Less: interest capitalised	**(937,785)**	(805,490)
Finance costs	**737,800**	337,653
Finance income	**(66,247)**	(30,466)
Finance costs - net	**671,553**	307,187

The analysis show the finance costs of bank borrowings and senior notes, including term loans which contain a repayment on demand cause, in accordance with the agreed repayment dates set out in the loan agreements.

9 INCOME TAX EXPENSE

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**1,819,915**	1,401,317
– PRC withholding income tax	**–**	462,814
– PRC land appreciation tax	**1,071,747**	554,511
	2,891,662	2,418,642
Deferred income tax		
– PRC enterprise income tax	**187,706**	(239,578)
– PRC withholding income tax	**–**	(71,852)
	187,706	(311,430)
	3,079,368	2,107,212

Hong Kong profits tax

No Hong Kong profits tax has been provided for as the Group has no assessable profit in Hong Kong for the year ended 31 December 2010 (2009: Nil).

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 purposes.

The new Enterprise Income Tax Law has been enacted to reduce the PRC enterprise income tax rate from 33% to 25% with effect from 1 January 2008.

PRC land appreciation tax

PRC land appreciation tax 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.

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 arrangements between the PRC and Hong Kong.

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

10 DIVIDENDS

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Interim dividend paid of HK15 cents (2009: HK10 cents) per ordinary share *(note (a))*	**463,801**	311,650
Proposed final dividend of HK25 cents (2009: HK23 cents) per ordinary share *(note (b))*	**754,623**	717,366
	1,218,424	1,029,016

Notes:

(a) 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) was declared at the Company's board meeting held on 24 August 2010 (2009: HK10 cents).

(b) At a meeting held on 22 March 2011, the directors proposed a final dividend of HK25 cents per ordinary share out of share premium as at 31 December 2010. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation of share premium for the year ending 31 December 2011 upon approval by the shareholders at the forthcoming annual general meeting of the Company. A final dividend in respect of 2009 of HK23 cents per ordinary share, amounting to approximately HK$815,156,000 (equivalent to RMB717,366,000) was approved at the annual general meeting of the Company held on 31 May 2010.

11 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 year.

	Year ended 31 December	
	2010	2009
Profit attributable to the equity holders of the Company *(RMB'000)*	**4,671,536**	3,511,201
Weighted average number of ordinary shares in issue *(thousands)*	**3,544,710**	3,453,933
Basic earnings per share *(RMB cents)*	**131.8**	101.7

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 share options granted under share option schemes assuming they were exercised.

	Year ended 31 December	
	2010	2009
Profit attributable to the equity holders of the Company *(RMB'000)*	**4,671,536**	3,511,201
Weighted average number of ordinary shares in issue *(thousands)*	**3,544,710**	3,453,933
Adjustment for share options granted under the Pre-IPO Share Option Scheme *(thousands)*	**5,966**	7,900
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**3,550,676**	3,461,833
Diluted earnings per share *(RMB cents)*	**131.6**	101.4

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Mode Code") set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as the code of conduct regarding securities transactions by the directors of the Company (the "Directors"). All the Directors confirmed they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2010.

Compliance with Code on Corporate Governance Practices

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the year except for the deviation from provision A.2.1, which stipulates that the roles of chairman and chief executive officer should be separate.

Mr. Hui Wing Mau 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.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Annual General Meeting

The 2011 annual general meeting of the Company ("AGM") will be held on 12 May 2011. A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

Final Dividend and Closure of Register of Members

The Board has proposed a final dividend of HK25 cents per ordinary share for the year ended 31 December 2010. The proposed final dividend, if approved at the forthcoming AGM, will be payable on 23 May 2011 to shareholders whose names appear on the register of members of the Company on 12 May 2011.

The register of members of the Company will be closed on Wednesday, 11 May 2011 and Thursday, 12 May 2011. During these two days no transfer of shares will be registered. In order to qualify for the proposed final dividend and to determine who are entitled to attend the AGM, 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 pm on Monday, 9 May 2011.

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

Hong Kong, 22 March 2011

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. Tung Chi Shing, Mr. Liu Sai Fei and Mr. Xu Younong; and four independent non-executive directors, namely Ms. Kan Lai Kuen, Alice, Mr. Lu Hong Bing, Mr. Gu Yunchang and Mr. Lam Ching Kam.