Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2011

RESULTS HIGHLIGHTS

1. Turnover of RMB12.2 billion was recorded, an increase of 21.4% compared with the same period in 2010.

2. Gross profit increased by 48.0% to RMB4.9 billion (1H 2010: RMB3.3 billion). The gross profit margin increased to 40.4% from 33.1% for the corresponding period in 2010.

3. Profit for the period increased by 59.3% to RMB3.8 billion. Excluding fair value gains on investment properties after tax, net profit from core business amounted to RMB2.3 billion, an increase of 38.7% compared with the same period in 2010.

4. Revenue from hotels, investment properties and others increased by 10.5% to RMB671.5 million.

5. Basic earnings per share were RMB92.9 cents, an increase of 56.1% compared with the same period in 2010.

6. The Board declared the payment of an interim dividend of HK22 cents per share, an increase of 46.7% compared with the same period last year.

7. As at 30 June 2011, funds at the Group's deployment amounted to RMB24.6 billion, including cash on hand of RMB12.2 billion and the balance of available banking facilities of RMB12.4 billion.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the interim results of Shimao Property Holdings Limited ("Shimao Property" or the "Company" and together with its subsidiaries, the "Group") for the six months ended 30 June 2011.

2011 Interim results

During the period under review, the domestic real estate market entered a period of in-depth correction across a prolonged transaction cycle. This was mainly as a result of the government's ongoing series of macro control policies, which have included purchase restrictions and price restrictions in major cities designed to curb overheating property prices. Due to the slowdown in sales alongside ongoing project completions, inventory of new property in major cities has tended to rise; at the same time the customer structure has changed as speculation has been dampened, so that first-time purchasers now account for a higher percentage of transactions than in the past. These changes are forcing industry players to reshape themselves in terms of their product positioning, their business presence across different cities, and their pricing and selling strategies.

To address these market changes, Shimao Property strategically shifted its focus to second and third-tier cities where demand from potential owner-occupiers is strong. Under its turnover acceleration strategy the Company included speed of sales in its project monitoring indicators, while seeking to construct more ordinary small and medium-sized residential properties. As a result, results for the first half of 2011 were better than those of the corresponding period of last year despite the impact of stringent macro controls on the real estate market.

During the period under review, revenue of RMB12.2 billion was recognized, representing an increase of 21.4% over the same period in 2010. Operating profit increased by 62.4% to approximately RMB6.2 billion. Profit for the period amounted to RMB3.8 billion, a significant increase of 59.3% compared with the same period in 2010. Excluding fair value gains after tax on investment properties of RMB1,542.9 million (1H 2010: RMB756.3 million), net profit from core business amounted to approximately RMB2.3 billion (1H 2010: RMB1.6 billion), representing a year-on-year increase of 38.7%. As a token of gratitude for the support of our shareholders, the board of directors of the Company (the "Board") declared the payment of an interim dividend of HK22 cents (1H 2010: HK15 cents) per share for the six months ended 30 June 2011.

Market review and outlook

During the first half of 2011, China economy maintained its strong momentum, with growth of 9.6%. In July, the domestic consumer price index rose by 6.5% year-on-year. To prevent overheating and curb inflation, the People's Bank of China increased the Renminbi benchmark deposit and lending interest rates three times from the beginning of the year. As a result of this tightening of liquidity, the scale of total lending in China experienced a year-on-year decrease, presenting a challenge for Chinese enterprises in terms of funding turnover and conducting prudent operations.

Recently, the dim outlook for the US economy and the European sovereign debt crisis added to the instability of the global economy. On 9 August, Premier Wen Jiabao called an executive meeting of the State Council to study international financial trends and their impact, and develop appropriate countermeasures. The meeting noted how tumbling international financial markets had destabilized global economic recovery, and asserted the need for China to be well prepared against risks. The meeting also agreed on the need to maintain consistent macro economic policies while improving their relevance, flexibility and foresight; implement macro controls with rational consideration of strength, pace and focus; and build up a sound relationship between the goals of steady growth, economic restructuring and inflation control, slowing price hikes to secure healthy economic growth and introducing all-round measures for economic and financial stability. In short, the government will continue to exercise tight monetary policies to curb inflation.

The Group set down a targeted contracted sales of RMB36 billion for 2011, which was 18% higher than the realized contracted sales of RMB30.5 billion for 2010. The Group realized contract sales of RMB14.3 billion in the first half of 2011, representing 39.7% of the target for the entire year, as compared to the sales realized in the corresponding period of last year which accounted for 37% of the annual target. According to apparent statistics, the peak season for the Group's sales is the second half of the year. As most of the planned pre-sale permits will be obtained during the second half of the year, the Group expects to boost sales during the second half of 2011.

In view of the heightened regulatory policies over the property market put forward by the central government and their increasingly strong enforcement with the purchase restriction policy currently applicable to first-tier cities extended to second and third-tier cities, dealings in the property market will be slowed down, leading to an even more ferocious market competition and a greater challenge for the development of enterprises.

Therefore, the Group has made continuous effort in improving its internal management, including further strengthening its financial position, design and production of innovative products capability and improving the quality of projects so as to enhance brand name and brand loyalty.

Financial Optimization

Given its slightly higher net gearing ratio as compared to its peers, Shimao Property has been optimizing its financial position, with an aim to reduce its gearing ratio from 75% as at 30 June 2011 to about 60% by the end of 2011. Such reduction is to be achieved mainly by accelerating sales, enhancing cash flows for the Group, reducing GFA under construction and adjusting land acquisition strategies.

The Company possesses sufficient cash to support its business development. As at 30 June 2011, the Group had cash of approximately RMB12.2 billion as well as ample land reserves and access to reliable financing channels, which will ensure the completion of the sales target set down at the beginning of this year. As at 30 June 2011, the Group had interests in land reserves of 38.1 million sq.m. With sufficient land reserve in hand for future development, the Company has adjusted its land acquisition strategies. The Company will only consider acquisitions of land when the progress of sales is up to certain standard and the amount for land acquisition of each year shall not be higher than the excess of the realized sales amount over the sales target of that year.

Furthermore, Shimao Property's high brand recognition gives the Group advantage with national financial institutions including Bank of China. As at 30 June 2011, the Group had utilizable credit facilities of RMB12.4 billion, giving it a solid foundation for diversifying its financing channels. During the period, the Company consolidated its financial standing through various financing means including domestic loans and the senior notes of USD350 million issued overseas in March 2011. While improving its cash flows, the Company was able to further optimize its debt structure, which helped create healthier financial fundamentals.

Product innovation for multifaceted operations

To minimize the impact of policy changes on its profitability and to avoid risks, the Group has introduced an integrated business model for its three principal businesses: medium and high-end residential properties, commercial properties, and tourism properties. As this business model took effect, the potential policy and market risks associated with a single business greatly diminished.

The Company's core business remains the development of medium and high-end residential properties. Since purchase restriction policies were imposed, the Group has accelerated its expansion into China's second and third-tier market where owner-occupied properties are most needed. In those regions where Shimao Property has an established presence, most of its customers are owner-occupiers. To cater for the demands of different buyers, the Group established the Research & Design Division in 2011, which introduced diversified products. It introduced small villas and enlarged the supply of small apartments in cities under the purchase restriction, which achieved remarkable outcomes. In the first half of 2011, the Group's revenue from property sales reached RMB11.5 billion, representing a year-on-year increase of 22.1%.

Furthermore, during the period, the Company continued to promote residential energy saving and environmental protection, and formulated comprehensive product standards for green building in line with its green strategy. Multiple environmental and sustainability features were incorporated in all newly developed projects, including improvements relating to air and water quality, refuse treatment, energy-water-power economy, interior living environments, operation management and decor. Tianjin Shimao Wetland-Century, one of the green offerings developed by Shimao Property, is a pioneering example of a low-carbon luxury residence that is receiving worldwide recognition: its ecological showroom won the "Green Mark Gold Award" from the Building and Construction Authority (BCA) of Singapore in 2011. Shimao Property has also carefully selected appropriate upstream and downstream partners to gradually forge a "green industry chain" to achieve more comprehensive energy saving and environmental protection features in its developments. Through the Group's communications and other promotional efforts, not only did suppliers and contractors gain an enhanced understanding of energy saving and green awareness, but so did consumers, leading to an increase in their recognition of the benefits of green properties and their subsequent purchase rate.

Regarding sales of properties and related business by Shanghai Shimao Co., Ltd. ("Shanghai Shimao"), contribution of operating profit was RMB2.4 billion, a year-on-year increase of RMB1.0 billion or 66.3%. With surging improvements in its indicators for the first half of 2011 as compared with the first half of 2010, Shanghai Shimao maintained its leading position among listed commercial real estate companies.

Shanghai Shimao's commercial property business is carefully aligned with government macro policy trends, especially the priority given to advanced manufacturing and modern service industries under the 12th Five-year Plan. In light of policies for "developing a modern service industry", Shanghai Shimao is focusing on its core business of commercial property development. Its multifaceted operations include the development of plazas, department stores, cinemas and child-focused businesses, as part of a unique and fully integrated commercial operation model that is aiming to achieve rapid development and results for its commercial property development and multifaceted commercial operations.

In the meantime, the Group has expedited its tourism properties business. As an important branch of the tertiary industry under the 12th Five-year Plan, the tourism industry in China enjoys enormous prospects for the future. The Group's unique strategic positioning for tourism properties involves a threefold strategy: development of large-scale comprehensive tourism projects (including international tourism and holiday resorts, sports and leisure resorts, and recreation and health communities); development of large-scale tourism and commercial complexes focusing on theme parks; and development of hotel operations as urban business complexes. In a word, the Group aims to redefine the tourism and hotel industry by structuring its three business segments to include hotel, theme park and health sectors. The Group plans to integrate its existing hotel resources with its new "Shimao Carnival" series products to forge a tourism business complex that comprises exhibition centres, theme parks, health care and leisure facilities.

High quality and a new starting point

In 2011, the Group took the all-around upgrading of product quality as one of its top priorities for the year. Quality is a top priority for the rapid expansion of the Group's regional business units. The Quality Assurance Division strictly monitors and supervisors the quality of constructions. The Group also improved its product design to constantly upgrade the residential quality and value of its properties to the satisfaction of its customers.

The Quality Assurance Division monitors the customer service, property management and sales divisions as well as the regional directors to conduct a five-party check and delivery. Assessing product quality is being strengthened through the mutual support and the check-and-balance mechanisms in place among the Group's customer service, property management and sales divisions, which allows different business units to collaborate and interact effectively, and through check-and-balance to identify potential weaknesses for rectification.

Prospects

We firmly believe in the strongly positive long-term development prospects for the property market, supported as it is by such fundamental drivers as the massive and unprecedented trend towards urbanization in China. The Government's regulatory policies, aimed mainly at controlling excesses in the market, may cause short-term lulls in the industry, but we believe they are essential for placing the property market on a sound footing for healthy long-term growth. As for the possibility of further regulatory measures being implemented, such as the home purchase restriction being extended to second or third-tier cities, the Group has been implementing counter strategies to minimize the impact on our sales. We do believe the China real estate market will turn a new historical page after and the pace of market correction and consolidation would gradually pick up and the market share of major developers will increase gradually. As a result, the development of the real estate market, is expected to be more certain, reasonable and consistent along time in the future, and consequently the market will become more mature and stable.

Communication with Shareholders

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, and customers for their tremendous support, as well as local governments for their co-operative assistance. I would also like to take this opportunity to express my heartfelt gratitude to our directors, management and staff for their enormous contributions. Their support and care have brought the Group success and enabled it to achieve our stated goals.

Hui Wing Mau
Chairman

Hong Kong, 31 August 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Property Development

1) Recognized Sales Revenue

The Group generates its turnover primarily by engaging in property development, property investment and hotel operations. The Group's turnover for the six months ended 30 June 2011 grew by 21.4% to RMB12.2 billion from RMB10.0 billion for the corresponding period in 2010. During the period, revenue from property sales climbed to RMB11.5 billion, 22.1% more than the corresponding period of 2010, and accounted for 94.5% of total revenue. The average recognized selling price increased by 37.0% to RMB12,803 per sq.m. in the first half of 2011, from RMB9,347 per sq.m. in the first half of 2010. A higher unit price was recorded for the sales of individual projects when compared with the corresponding period last year. Despite the fact that a much higher proportion of project sales was made in second-tier cities in the period, soaring selling prices since the beginning of 2011 resulted in a higher average recognized selling price. Projects recognized by the Group in the first half of 2011 totalled 25, an increase compared with 23 in the first half of 2010.

2) Steady Sales Growth Built Confidence In Meeting Annual Sales Target

In property sales, in the first half of 2011, the Group's contracted sales amounted to RMB14.3 billion, representing year-on-year growth of 26% (1H 2010: RMB11.323 billion), while the total contracted sales area reached 1,093,023 sq.m. (1H 2010: 1,008,012 sq.m.). Meanwhile, the average selling price rose to RMB13,039 per sq.m. this year, against RMB11,233 per sq.m. last year. Taking into account the existing salable area of 1.4 million sq.m. at the end of the first half of 2011, the 2.2 million sq.m. to be rolled out in the second half of the year, together with the 1.1 million sq.m. sold in the first half of the year, the Group's total saleable area for the year is expected to reach approximately 4.7 million sq.m..

3) Completion of Development Projects and Plans Fulfilling Expectations

Despite the unbalanced schedule of completion across the year, with most projects to be completed in the second half year, the total GFA completed by the Group in the first half of 2011 reached approximately 1.07 million sq.m., compared to 1.68 million sq.m. in the same period of last year. The Group's projects nationwide all proceeded satisfactorily on schedule during the year. Yet in view of the market changes, the Group also reduced some construction projects in cities where purchase restrictions were in force, resulting in the construction area falling from the planned approximately 10 million sq.m. to 7.7 million sq.m.. As at 30 June 2011, the Group had a total of 66 projects under development in 34 cities. Looking ahead through the year, the GFA planned for completion by the Group will reach approximately 3.5 million sq.m., up by 29.6% compared with 2.7 million sq.m. in 2010.

4) Steady Expansion of Land Bank Ensuring Sustainable Development

As it is expected that existing macro policies will be maintained throughout the year, the Company is remaining prudent in land acquisition. During the first half of 2011, the Group acquired three parcels of premium land with a total planned GFA of approximately 2.30 million sq.m. in Jinjiang of Fujian Province, Wenchang of Hainan Province and Guling of Fujian Province. In terms of land cost, the average accommodation value of the new land reserve was approximately RMB1,670 per sq.m. The above figures highlight the Group's commitment to expanding its land bank reserve in a disciplined manner and adhering to prudent management, thereby enabling it to strike a balance between achieving rapid development and managing risks effectively. As at 30 June 2011, the land bank attributable to the Group was 38.1 million sq.m. and the average land cost was RMB1,649 per sq.m.. The relatively low land cost should help ensure a higher profit margin in the future.

As at 30 June 2011, Shimao Property had an attributable land bank of 38.1 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 2011 were situated in second and third-tier cities at provincial capital level. These are cities with enormous development potential and emerging real estate markets, helping create the scope for project development while minimizing risks.

Property Investment

The commercial property sector witnessed dynamic growth momentum as driven by the government's ongoing roll-out of macro control policies in the real estate market in the first half of 2011, coupled with the unveiling of property tax, purchase restrictions and down payment hike.

During the period under review, turnover of the Group from leasing of investment properties amounted to RMB196.0 million, representing an increase of 48.4% over the corresponding period last year. The Group's commercial properties continued to perform satisfactorily and achieve stable returns, reflecting the effectiveness of the Group's strategy for diversifying its property portfolio.

Shimao Property develops commercial properties through its 64% owned subsidiary Shanghai Shimao. In the first half of 2011, Shanghai Shimao contributed revenue of RMB3.3 billion and operating profit of RMB2.4 billion to Shimao Property. At present, Shanghai Shimao has an attributable land bank reserve of approximately 6.46 million sq.m., ranking it as the one of the largest listed real estate developer in China in terms of commercial land reserves. A blueprint of commercial diversification is taking shape for Shanghai Shimao, as a leading player among the listed commercial real estate companies. During the period under review, Shanghai Shimao quickened its pace and stepped up its efforts in property development. Specifically, with an area of 1.01 million sq.m. being put into construction, the construction area reached 3.04 million sq.m.. The area of completed investment properties held by the Company amounted to 0.66 million sq.m..

In terms of the operation of department stores, Shanghai Shimao continued to focus on the trend of development and market demand of the cities in which its outlets located. Based on the operating conditions of its outlets, Shanghai Shimao endeavored to refine its market positioning, introduced renowned brands into local markets, enhanced the brand images and expanded the scope of services at all outlets. As the peak season arrives in the second half year, it is envisaged that the outlets of Shimao Department Store will make great stride in the operating revenue. During the period under review, Shanghai Shimao proactively conducted preliminary preparation work of the flagship store of Shimao Department Store in Beijing Gongsan Plaza. A wealth of leading brands are to open their outpost in the flagship store. It is expected that the flagship store will officially commence operation by the end of this year.

With regard to the plaza operation, centering on the core locations including Shanghai, Shaoxing, Suzhou, Changshu, Kunshan and Xuzhou, Shanghai Shimao's plaza operation secured its foothold in the economic circle of the Yangtze River Delta, with an aim to enhance the brand awareness of Shimao's plazas.

With respect to investment in cinema theatres, in tune with the demand of the film market in Mainland China, the Company strived to innovate the operation mode of the theatre industry by introducing new theme-theatres such as i-Cinema, DE cinema and Star Garden (星空花園). During the period under review, the theatres of Shimao saw dramatic growth in the revenue from ticket sales, peripherals products and accessory products as the box office in Mainland China kept scaling new heights. DE cinema with leading cinematic technology has taken the centre stage and opened its first theatre in Yantai Shimao No. 1 The Harbour. Shimao will expand market penetration of its theaters in regions such as Xuzhou, Shenyang and Fuzhou, and 10 new cinema theatres are expected to enter operation in 2011.

As for the business of child entertainment, the Group established "Shitian i Kids" as its important industry extension into the commercial sector. During the period under review, 2 additional child entertainment playgrounds opened in Shaoxing and Shanghai on 28 May and 28 June respectively. To date, Shitian i Kids opened 4 playgrounds. It is estimated that the number of playgrounds nationwide will hit 10 as of the end of 2011.

Hotel Operations

During the first half of 2011, the Group's turnover from hotel operations amounted to RMB435.3 million, a year-on-year drop of 3.1%.

Looking closely at the Shanghai hotel market in the first half year, the post-World Expo effect led to a fall in visitors and conference activities. In addition, a number of international prestige hotels commenced operation around the Shanghai World Expo period, resulting in a short period of oversupply. Nevertheless, the Group's three hotels in Shanghai still outperformed the market average, posting total revenue of RMB428.3 million in the first half of 2011, a year-on-year drop of just 4.7%.

Le Royal Meridien Shanghai and Hyatt on the Bund Shanghai remain among the leading hotels in Shanghai in terms of revenue. Shanghai Le Meridien Sheshan, a five-star international prestige hotel located in the outskirts of Shanghai, continued its pioneering position among its peers in suburban districts.

Holiday Inn Mudanjiang, the only international prestige hotel in the locality, debuted in October 2010 and began to generate profit from the local peak season for hotel business after a run-in period of several months.

Following on from a strategic cooperation agreement with the Hilton Group regarding eight hotels last year, the Group entered into a further agreement with it in April this year, engaging Hilton as the global manager for another four hotels belonging to Shimao Property located in Changsha, Wuhu, Chunxiao Ningbo and Beilun Ningbo. The hotel in Changsha has been given the "Hilton" name, while the other three hotels will be included under the "Hilton Doubletree" brand.

The Group's plan is for Shaoxing Shimao Holiday Inn (284 guest rooms) and Shimao Hilton Nanjing (411 guest rooms) to debut in the second half of the year. By the end of this year, the Group's hotels in operation are expected to offer almost 2,700 guest rooms in total.

Hotel properties are stated at cost less accumulated depreciation and impairment losses (carrying amount) 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 Vigers Appraisal and Consulting Limited to perform a valuation of the Group's hotel properties as at 30 June 2011. Had the eight hotels, Shanghai Le Meridien Sheshan, Le Royal Meridien Shanghai, Hyatt on the Bund Shanghai, Shimao Hilton Nanjing, Holiday Inn Mudanjiang, Shaoxing Shimao Crown Plaza, Conrad Xiamen and Shaoxing Shimao Holiday Inn been restated at fair value, the net assets value of the Group would have been increased by RMB6.1 billion. In light of the fair value of these hotels, the adjusted gearing ratio of the Group would be:

	As at 30 June 2011	As at 31 December 2010
	RMB million	*RMB million*
Fair value of above-mentioned hotels	**14,279**	13,390
Less: Carrying amount	**(6,192)**	(5,825)
Amounts to adjust from carrying amount to fair value	**8,087**	7,565
Less: Deferred income taxes	**(2,021)**	(1,891)
Increase in net assets value if the above-mentioned hotels are stated at fair value	**6,066**	5,674
Net assets value per consolidated balance sheet	**33,480**	29,954
Adjusted net assets value	**39,546**	35,628
Net debt	**25,196**	20,344
Adjusted gearing ratio	**64%**	57%

Financial Analysis

Key condensed consolidated interim income statement figures are set out below:

	1H 2011	1H 2010
	RMB million	*RMB million*
Revenue	**12,173.0**	10,024.5
Gross profit	**4,918.1**	3,322.6
Operating profit	**6,182.9**	3,807.0
Profit attributable to shareholders	**3,297.2**	2,109.8
Earnings per share – Basic (RMB)	**0.929**	0.595

Revenue

For the six months ended 30 June 2011, the revenue of the Group was approximately RMB12.2 billion (1H 2010: RMB10.0 billion), representing an increase of 21.4% over 2010. 94.5% (1H 2010: 93.9%) of the revenue was generated from the sales of properties and 5.5% (1H 2010: 6.1%) from hotel operation, leasing of commercial properties and others.

The components of the revenue are analysed as follows:

	1H 2011	1H 2010
	RMB million	*RMB million*
Sales of properties	**11,501.5**	9,416.7
Hotel operation income	**435.3**	449.3
Rental income from investment properties	**196.0**	132.1
Others	**40.2**	26.4
Total	**12,173.0**	10,024.5

(i) Sales of properties

Sales of properties for the six months ended 30 June 2011 and 2010 are shown below:

	1H 2011		1H 2010	
	Area (Sq.m.)	***RMB million***	*Area (Sq.m.)*	*RMB million*
Beijing Shimao Olive Garden	**390**	**1**	240	2
Wuhan Shimao Splendid River	**57,394**	**547**	3,996	36
Shaoxing Shimao Dear Town	**11,715**	**98**	88,041	718
Harbin Shimao Riviera New City	**340**	**2**	13,380	81
Changshu Shimao The Center	**35,904**	**349**	95,417	739
Kunshan Shimao Butterfly Bay	**160,210**	**1,309**	141,790	998
Shanghai Shimao Sheshan Villas	**–**	**–**	18	29
Shanghai Shimao Riviera Garden	**5,748**	**452**	4,358	323
Kunshan Shimao East No. 1	**112,371**	**842**	174	2
Hangzhou Shimao Riviera Garden	**131,701**	**1,641**	53,796	502
Shanghai Shimao Emme County	**2,904**	**28**	6,396	75
Wuhu Shimao Riviera Garden	**4,633**	**26**	14,147	103
Fuzhou Shimao Skyscrapers	**14,388**	**270**	103,150	1,415
Shenyang Shimao Wulihe	**34,604**	**300**	138,207	1,120
Suzhou Shimao Canal Scene	**16,010**	**183**	126,327	1,126
Jiaxing Shimao Century Park	**6,777**	**32**	1,656	9
Changzhou Shimao Champagne Lakeside Garden	**1,968**	**18**	87,938	564
Nanjing Shimao Bund New City	**8,349**	**160**	74,266	1,194
Fuzhou Shimao Bund Garden	**120**	**1**	–	5
Yantai Shimao No.1 The Harbour	**21,531**	**187**	10,730	130
Xuzhou Shimao Dongdu	**7,270**	**155**	8,288	52
Taizhou Shimao Riverside Garden	**61,416**	**345**	29,619	125
Ningbo Shimao World Gulf	**128,339**	**1,346**	5,535	69
Mudanjiang Shimao Holiday Landscape	**1,438**	**5**	–	–
Beijing Shimao Gongsan Plaza	**57,474**	**2,475**	–	–
Beijing Shimao Royal Garden	**15,354**	**730**	–	–
Total	**898,348**	**11,502**	1,007,469	9,417

(ii) Hotel income

Hotel operation income are analysed below:

	1H 2011 ***RMB million***	1H 2010 *RMB million*
Shanghai Le Meridien Sheshan	**61.0**	58.5
Le Royal Meridien Shanghai	**196.3**	205.1
Hyatt on the Bund Shanghai	**171.0**	185.7
Holiday Inn Mudanjiang	**7.0**	–
Total	**435.3**	449.3

Hotel operation income decreased approximately 3.1% to RMB435.3 million from RMB449.3 million over the first half of 2010. Slight decrease was mainly due to less tourists after Shanghai World Expo 2010.

(iii) Rental income and others

Rental income from investment properties amounted to RMB196.0 million. The rental income increased by 48.4% mainly due to the commencement of leasing of Shaoxing Shimao Dear Town from the second half year of 2010 as well as the growth in number of units leased out in Changshu Shimao Shopping Mall and Shanghai Shimao Shangdu Tower.

Other income amounted to RMB40.2 million (1H 2010: RMB26.4 million) derived from operation of department stores and cinema.

	1H 2011 ***RMB million***	1H 2010 *RMB million*
Shanghai Shimao International Plaza	**79.7**	76.7
Beijing Shimao Tower	**42.5**	37.6
Changshu Shimao Shopping Mall	**13.0**	6.4
Shanghai Shimao Shangdu Tower	**17.6**	5.9
Suzhou Shimao Canal Scene	**4.9**	5.5
Shaoxing Shimao Dear Town	**35.2**	–
Miscellaneous rental income	**3.1**	–
Others	**40.2**	26.4
Total	**236.2**	158.5

Cost of sales

Cost of sales increased by 8.3% to approximately RMB7.3 billion for the six months ended 30 June 2011 from RMB6.7 billion for the six months ended 30 June 2010, primarily due to the increase in cost of properties sold which is in line with the increase in sales.

The cost of sales are analysed as follows:

	1H 2011	1H 2010
	RMB million	*RMB million*
Sales taxes	**677.5**	527.2
Land cost, construction cost and capitalised borrowing costs	**6,406.4**	5,981.2
Direct operating costs for hotels, commercial properties and others	**171.0**	193.5
Total	**7,254.9**	6,701.9

Fair value gains on investment properties

During the period under review, the Group recorded aggregate fair value gains of RMB2,057.2 million (1H 2010: fair value gains RMB1,008.4 million) on investment properties, mainly contributed by the addition in number of investment properties and further increase in value of certain completed investment properties.

Other gains

Other gains of RMB429.8 million for the six months ended 30 June 2011 (1H 2010: RMB194.5 million) included mainly government grants and net foreign exchange gain. Increase was primarily due to more net foreign exchange gain recognised and government grants received in the first half of 2011.

Selling and marketing costs and administrative expenses

Selling and marketing costs for the period was RMB272.4 million (1H 2010: RMB208.7 million). The increase was mainly due to number of projects with selling activities increased. Administrative expenses for the period was RMB846.8 million (1H 2010: RMB457.5 million). Administrative expenses increased by 85.1% which was mainly due to increase in labour cost and corporate and office expenses with the expansion of business during the period. In addition, for the six months ended 30 June 2010, the Group wrote back impairment losses on completed properties held for sale of RMB144.9 million, while there was no write-back during the first half of 2011.

Operating profit

Operating profit amounted to RMB6,182.9 million for the six months ended 30 June 2011, an increase of 62.4% over the first half of 2010.

Finance costs – net

Net finance costs increased to RMB349.8 million (1H 2010: RMB217.8 million) mainly due to more interest expenses incurred for increased borrowings during the period.

Share of results of associated companies & jointly controlled entities

Share of profits of associated companies amounted to RMB119.9 million (1H 2010: nil) in the first half of 2011, which was mainly derived from Guangzhou Asian Game City Project. Share of profit of jointly controlled entities amounted to RMB18.9 million (1H 2010: RMB7.8 million).

Taxation

The Group's tax provisions amounted to RMB2,155.4 million in which PRC land appreciation tax ("LAT") was RMB639.2 million for the period (1H 2010: RMB1,201.5 million, in which LAT was RMB333.6 million).

Profit attributable to shareholders

Profit attributable to shareholders for the period increased by 56.3% from RMB2,109.8 million in the first half of 2010 to RMB3,297.2 million in 2011.

Liquidity and financial resources

As of 30 June 2011, total assets of the Group were RMB104.8 billion, of which current assets reached RMB64.4 billion. Total liabilities were RMB71.3 billion, whereas non-current liabilities were RMB32.1 billion. Equity attributable to shareholders of the Company amounted to RMB29.3 billion.

As of 30 June 2011, the Group had aggregate cash and bank balances (including restricted cash balances) of approximately RMB12.2 billion (31 December 2010: RMB13.7 billion), total borrowings amounted to approximately RMB37.4 billion (31 December 2010: RMB34.1 billion). Total net borrowings were RMB25.2 billion (31 December 2010: RMB20.4 billion). Net gearing ratio increased from 67.9% as at 31 December 2010 to 75.3% as at 30 June 2011.

The maturity of the borrowings of the Group as at 30 June 2011 is set out as follows:

	RMB million
Bank borrowings and borrowings from other financial institutions	
Within 1 year	8,076
Between 1 and 2 years	12,602
Between 2 and 5 years	4,805
Over 5 years	4,398
Senior notes	
Over 5 years	7,564

The borrowings were denominated in different currencies set out below:

	Original currency *million*	**RMB equivalent** *million*
US$	1,654	10,703
HK$	2,547	2,118
RMB	24,624	24,624

Financing activities

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

On 3 May 2011, the Group completed the redemption of floating rate notes issued in 2006 with the principal amount of US$250 million.

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 outstanding foreign currency borrowings which mainly include US$440 million syndicated loans, US$1,200 million senior notes and HK$2,547 million bank loans as at 30 June 2011.

Pledge of assets

As of 30 June 2011, the Group had pledged property and equipment, investment properties, land use rights, available-for-sale financial assets, properties under development, completed properties held for sale and restricted cash with a total carrying amount of RMB29.5 billion to secure bank and other borrowings of the Group. The corresponding bank and other loans amounted to approximately RMB24.3 billion.

Contingent liabilities

As of 30 June 2011, the Group had provided guarantees for approximately RMB7.1 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 RMB1.8 billion in its portion of equity interests in an associated company and a jointly controlled entity for their borrowings.

Capital and property development expenditure commitments

As of 30 June 2011, the Group had contracted capital and property development expenditure but not provided for amounting to RMB37.7 billion.

Employees and remuneration policy

As of 30 June 2011, the Group employed a total of 4,476 employees. Total remuneration for the period amounted to RMB296.5 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 2011 together with comparative figures. These condensed consolidated interim financial information have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

		Unaudited Six months ended 30 June	
	Note	**2011**	2010
		RMB'000	*RMB'000*
Revenue	*3(a)*	**12,172,975**	10,024,469
Cost of sales		**(7,254,910)**	(6,701,905)
Gross profit		**4,918,065**	3,322,564
Fair value gains on investment properties		**2,057,177**	1,008,429
Other gains	*4*	**429,765**	194,460
Selling and marketing costs		**(272,380)**	(208,725)
Administrative expenses		**(846,812)**	(457,461)
Other operating expenses		**(102,897)**	(52,265)
Operating profit		**6,182,918**	3,807,002
Finance income		**60,564**	27,353
Finance costs		**(410,371)**	(245,136)
Finance costs – net		**(349,807)**	(217,783)
Share of results of			
– Associated companies		**119,908**	–
– Jointly controlled entities		**18,879**	7,796
		138,787	7,796
Profit before income tax		**5,971,898**	3,597,015
Income tax expense	*5*	**(2,155,428)**	(1,201,503)
Profit for the period		**3,816,470**	2,395,512

	Note	Unaudited Six months ended 30 June 2011 RMB'000	2010 RMB'000
Other comprehensive income:			
Fair value losses on available-for-sale financial assets, net of tax		**(16,778)**	(274,127)
Total comprehensive income for the period		**3,799,692**	2,121,385
Profit for the period attributable to:			
Equity holders of the Company		**3,297,224**	2,109,760
Non-controlling interests		**519,246**	285,752
		3,816,470	2,395,512
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**3,286,449**	1,933,711
Non-controlling interests		**513,243**	187,674
		3,799,692	2,121,385
Dividends	*6*	**649,216**	463,801
Earnings per share for profit attributable to the equity holders of the Company			
– basic (RMB cents)	*7*	**92.9**	59.5
– diluted (RMB cents)	*7*	**92.8**	59.4

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2011

	Note	Unaudited 30 June 2011 RMB'000	Audited 31 December 2010 RMB'000
ASSETS			
Non-current assets			
Property and equipment		**7,377,665**	6,553,628
Investment properties		**18,322,275**	11,854,995
Land use rights		**2,708,279**	2,572,389
Intangible assets		**2,269,814**	2,280,462
Associated companies		**1,007,740**	412,442
Jointly controlled entities		**4,002,773**	3,908,554
Available-for-sale financial assets		**325,453**	347,823
Deferred income tax assets		**1,117,611**	1,193,780
Other non-current assets		**3,238,486**	11,750,131
		40,370,096	40,874,204
Current assets			
Properties under development		**30,691,705**	29,013,883
Completed properties held for sale		**4,607,525**	4,761,453
Trade and other receivables and prepayments	*8*	**5,337,203**	5,124,272
Prepayment for acquisition of land use rights		**9,000,200**	–
Prepaid income taxes		**677,220**	640,567
Amounts due from related companies		**1,542,368**	1,526,306
Amounts due from a non-controlling interest		**300,000**	–
Restricted cash		**844,272**	1,589,081
Cash and cash equivalents		**11,405,433**	12,139,549
		64,405,926	54,795,111
Total assets		**104,776,022**	95,669,315
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**362,545**	362,384
Reserves			
– Proposed dividend		**649,216**	754,623
– Others		**28,240,578**	25,581,827
		29,252,339	26,698,834
Non-controlling interests		**4,228,081**	3,255,150
Total equity		**33,480,420**	29,953,984

	Note	Unaudited 30 June 2011 RMB'000	Audited 31 December 2010 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**29,369,210**	24,695,507
Deferred income tax liabilities		**2,732,277**	2,370,209
		32,101,487	27,065,716
Current liabilities			
Trade and other payables	*9*	**12,256,532**	11,512,930
Dividend payable		**355,270**	–
Advanced proceeds received from customers		**12,510,030**	11,932,050
Income tax payable		**5,897,632**	5,693,970
Borrowings		**8,076,279**	9,376,655
Amounts due to related parties		**30,831**	30,831
Deferred income		**67,541**	103,179
		39,194,115	38,649,615
Total liabilities		**71,295,602**	65,715,331
Total equity and liabilities		**104,776,022**	95,669,315
Net current assets		**25,211,811**	16,145,496
Total assets less current liabilities		**65,581,907**	57,019,700

SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2011 (UNAUDITED)

1 GENERAL INFORMATION AND BASIS OF PREPARATION

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.

This condensed consolidated interim financial information is presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, and were approved by the Company's board of directors on 31 August 2011.

This condensed consolidated interim financial information has not been audited.

This condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared 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 information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

2 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those used for and described in the annual consolidated financial statements for the year ended 31 December 2010.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2011:

- HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:
    - The name of the government and the nature of their relationship;

- The nature and amount of any individually significant transactions; and

- The extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party.

- Amendment to HKAS 34 "Interim financial reporting" is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

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

(b) Amendments and interpretations to existing standards effective in 2011 but not relevant to the Group

- Amendment to HKAS 32 "Classification of rights issues" is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

- Amendment to HK(IFRIC) – Int-14 "Prepayments of a minimum funding requirement" is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

- HK(IFRIC) – Int 19 "Extinguishing financial liabilities with equity instruments" is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA, except for amendment to HKAS 34 "Interim financial reporting" as disclosed above and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

(c) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

- HKFRS 9 "Financial instruments", effective from 1 January 2013.
- HKAS 12 (Amendment) "Deferred tax: Recovery of underlying assets", effective on or after 1 January 2012.
- HKFRS 7 (Amendment) "Disclosures – Transfers of financial assets", effective on or after 1 July 2011.

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	
	2011	2010
	RMB'000	*RMB'000*
Sales of properties	**11,501,521**	9,416,742
Hotel operation income	**435,333**	449,278
Rental income from investment properties	**196,001**	132,024
Others	**40,120**	26,425
	12,172,975	10,024,469

(b) Segment information

The segment results for the six months ended 30 June 2011 are as follows:

	Property development and investment				
	Shanghai Shimao Co., Ltd. ("Shanghai Shimao") *RMB'000*	Others *RMB'000*	Hotel Operation *RMB'000*	Unallocated* *RMB'000*	Total *RMB'000*
Revenue					
– Sales of properties	**3,120,429**	**8,381,092**	**–**	**–**	**11,501,521**
– Hotel operation income	**–**	**–**	**435,333**	**–**	**435,333**
– Rental income from investment properties	**127,712**	**68,289**	**–**	**–**	**196,001**
– Others	**32,055**	**8,065**	**–**	**–**	**40,120**
Total revenue	**3,280,196**	**8,457,446**	**435,333**	**–**	**12,172,975**
Operating profit	**2,420,549**	**3,541,049**	**32,137**	**189,183**	**6,182,918**
Finance costs – net	**(69,100)**	**(120,816)**	**(2,951)**	**(156,940)**	**(349,807)**
Share of results of					
– Associated companies	**–**	**119,908**	**–**	**–**	**119,908**
– Jointly controlled entities	**–**	**18,879**	**–**	**–**	**18,879**
Profit before income tax	**2,351,449**	**3,559,020**	**29,186**	**32,243**	**5,971,898**
Income tax expense					**(2,155,428)**
Profit for the period					**3,816,470**
Other segment items are as follows:					
Capital and property development expenditure	**2,314,996**	**11,228,456**	**646,793**	**1,222**	**14,191,467**
Fair value gains on investment properties	**1,453,277**	**603,900**	**–**	**–**	**2,057,177**
Impairment of intangible assets	**–**	**10,648**	**–**	**–**	**10,648**
Depreciation	**8,271**	**23,049**	**96,370**	**10,870**	**138,560**
Amortisation of land use rights	**2,692**	**–**	**18,602**	**–**	**21,294**
Provision for/(write back of provision for) impairment of receivables	**7,946**	**(7,096)**	**–**	**–**	**850**

* *Unallocated mainly represent corporate level activities*

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

	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	1,759,015	7,657,727	–	–	9,416,742
– Hotel operation 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)

The segment assets and liabilities as at 30 June 2011 are as follows:

	Property development and investment			
	Shanghai Shimao *RMB'000*	**Others** *RMB'000*	**Hotel Operation** *RMB'000*	**Total** *RMB'000*
Associated companies	**–**	**1,007,740**	**–**	**1,007,740**
Jointly controlled entities	**–**	**4,002,773**	**–**	**4,002,773**
Intangible assets	**1,709,730**	**429,156**	**130,928**	**2,269,814**
Other segment assets	**28,805,019**	**58,007,723**	**8,588,740**	**95,401,482**
Total segment assets	**30,514,749**	**63,447,392**	**8,719,668**	**102,681,809**
Deferred income tax assets				**1,117,611**
Available-for-sale financial assets				**325,453**
Other assets				**651,149**
Total assets				**104,776,022**
Borrowings	**8,682,482**	**13,253,245**	**1,689,000**	**23,624,727**
Other segment liabilities	**7,333,380**	**19,153,240**	**4,048,955**	**30,535,575**
Total segment liabilities	**16,015,862**	**32,406,485**	**5,737,955**	**54,160,302**
Corporate borrowings				**13,820,762**
Deferred income tax liabilities				**2,732,277**
Other liabilities				**582,261**
Total liabilities				**71,295,602**

The segment assets and liabilities as 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

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, prepayment 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	
	2011	2010
	RMB'000	*RMB'000*
Government grants received	**195,373**	135,906
Net exchange gain	**221,692**	46,508
Dividend income from available-for-sale financial assets	**4,769**	7,196
Others	**7,931**	4,850
	429,765	194,460

5 INCOME TAX EXPENSE

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profit in Hong Kong for the period.

(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

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.

(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.

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**1,083,537**	884,575
– PRC land appreciation tax	**639,247**	333,590
	1,722,784	1,218,165
Deferred income tax		
– PRC enterprise income tax	**432,644**	(16,662)
	2,155,428	1,201,503

6 DIVIDENDS

An interim dividend in respect of the six months ended 30 June 2011 of HK22 cents per ordinary share, amounting to approximately HK$780,684,000 (equivalent to RMB649,216,000) has been declared at the Company's board meeting held on 31 August 2011.

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.

A final dividend in respect of year 2010 of HK25 cents per ordinary share, amounting to approximately HK$887,282,000 (equivalent to approximately RMB742,034,000) has been approved at the annual general meeting of the Company held on 12 May 2011.

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	
	2011	2010
Profit attributable to the equity holders of the Company (RMB'000)	**3,297,224**	2,109,760
Weighted average number of ordinary shares in issue (thousands)	**3,548,562**	3,543,499
Basic earnings per share (RMB cents)	**92.9**	59.5

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 the share option schemes assuming they were exercised.

	Six months ended 30 June	
	2011	2010
Profit attributable to the equity holders of the Company (RMB'000)	**3,297,224**	2,109,760
Weighted average number of ordinary shares in issue (thousands)	**3,548,562**	3,543,499
Adjustments for share options granted under the Pre-IPO Share Option Scheme (thousands)	**4,223**	7,538
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**3,552,785**	3,551,037
Diluted earnings per share (RMB cents)	**92.8**	59.4

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
Deposits for land acquisition and resettlement costs	**1,429,480**	1,450,656
Trade receivables *(note)*	**1,859,876**	2,022,178
Other receivables	**587,205**	487,418
Prepayments for construction costs	**762,147**	557,119
Prepaid business taxes on pre-sale proceeds	**698,495**	606,901
	5,337,203	5,124,272

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 2011	31 December 2010
	RMB'000	*RMB'000*
Within 90 days	**1,469,001**	1,710,853
Over 90 days and within 365 days	**328,401**	297,947
Over 365 days	**62,474**	13,378
	1,859,876	2,022,178

Trade receivables are analysed as follows:

	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
Fully performing under credit terms	**1,292,702**	1,471,488
Past due but not impaired	**567,174**	550,690
	1,859,876	2,022,178

The directors consider that the past due trade receivables would be recovered and no impairment was made against past due receivables as at 30 June 2011 and 31 December 2010.

9 TRADE AND OTHER PAYABLES

	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
Trade payables *(note (i))*	**10,206,812**	9,337,094
Other taxes payable	**409,165**	508,640
Accrued expenses	**442,583**	284,697
Other payables *(note (ii))*	**1,197,972**	1,382,499
	12,256,532	11,512,930

Notes:

(i) The aging analysis of trade payables is as follows:

	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
Within 90 days	**9,118,031**	8,733,743
Over 90 days and within 1 year	**1,088,781**	603,351
	10,206,812	9,337,094

(ii) Other payables comprise:

	30 June 2011 *RMB'000*	31 December 2010 *RMB'000*
Loan from a third party *(note)*	**–**	500,000
Deposits and advances from constructors	**124,019**	82,433
Rental deposits from tenants and hotel customers	**84,916**	68,423
Deposits received from customers	**392,531**	454,629
Fees collected from customers on behalf of government agencies	**542,681**	153,714
Others	**53,825**	123,300
	1,197,972	1,382,499

Note:

The amount is unsecured, interest free and had been repaid during the period ended 30 June 2011.

10 COMMITMENTS

(a) Commitments for capital and property development expenditure

	30 June 2011 *RMB'000*	31 December 2010 *RMB'000*
Contracted but not provided for		
– Property and equipment	**966,837**	1,025,577
– Land use rights	**23,416,884**	13,146,262
– Properties being developed by the Group for sale	**10,934,936**	8,836,592
– Advances to government authorities for land resettlement and site formation	**2,400,000**	2,700,000
	37,718,657	25,708,431

(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 2011	31 December 2010
	RMB'000	*RMB'000*
Within one year	**70,272**	58,161
Between two to five years	**464,738**	412,268
After five years	**786,566**	850,007
	1,321,576	1,320,436

(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 2011	31 December 2010
	RMB'000	*RMB'000*
Within one year	**437,112**	358,008
Between two to five years	**920,168**	810,663
After five years	**879,138**	854,981
	2,236,418	2,023,652

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 2011 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 three 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 had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2011.

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 2011.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has today declared an interim dividend of HK22 cents per ordinary share for the six months ended 30 June 2011. The dividend will be payable on 27 September 2011 to shareholders whose names appear on the register of members of the Company on 16 September 2011.

The register of members of the Company will be closed from Thursday, 15 September 2011 and Friday, 16 September 2011. 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 Wednesday, 14 September 2011.

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

Hong Kong, 31 August 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 three independent non-executive directors, namely Ms. Kan Lai Kuen, Alice, Mr. Lu Hong Bing and Mr. Lam Ching Kam.