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 2011

RESULTS HIGHLIGHTS

1. Turnover of RMB26.0 billion was recorded, an increase of 19.5% compared with 2010.

2. Gross profit increased by 25.4% to RMB10.0 billion (2010: RMB8.0 billion). The gross profit margin increased to 38.4% from 36.6% of 2010.

3. Profit attributable to shareholders increased by 22.5% to RMB5.72 billion. Excluding major non-cash items, net profit from core business attributable to shareholders amounted to RMB4.56 billion, an increase of 20.6% compared with 2010 (2010: RMB3.78 billion).

4. Basic earnings per share amounted to RMB162.2 cents, representing an increase of 23.1% compared with 2010.

5. Revenue from hotels, investment properties and other business increased by 8% to RMB1.44 billion.

6. The Board recommended the payment of a final dividend of HK18 cents per share, together with the HK22 cents already paid for the interim, total dividend would be HK40 cents per share (2010: HK40 cents).

7. As at 31 December 2011, funds at the Group's disposal amounted to RMB23.8 billion, including cash on hand of RMB14.0 billion and the balance of available banking facilities totalling RMB9.8 billion.

8. Net gearing ratio was 81.7% (the corresponding period of 2010: 67.9%).

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the annual results of Shimao Property Holdings Limited ("Shimao Property" or the "Company", and together with its subsidiaries, the "Group") for the year ended 31 December 2011.

2011 Annual Results

In the year under review, the central government continued to strengthen controls over the real estate industry. Apart from the enactment of the New National Eight (新國八條) and the New National Five (新國五條), the central government implemented new restrictive rules as well as refining existing policies. The administrative restrictions on property purchasing and price levels, extending to more than 50 cities from the major municipalities, dampened market sentiment and further slowed sales in the real estate industry. In major cities, the increased supply of commodity residential property pushed up the stockpile of new properties. In certain cities, the saleable volume of new properties matched the highs of 2010, bringing downward pressure to bear on the selling prices of commodity residential property.

The financing environment for the real estate industry continued in a tightening cycle begun early in the year, with the central bank announcing a total of 3 rate hikes and 6 increases in the deposit reserve ratio. Faced by funding challenges, real estate developers had to shorten their project launch cycles to speed up cash flow, a move that led to intensified competition. They also had to cater for increased demands from customers in areas such as product positioning, offerings across different cities, pricing and selling policies.

To proactively address these market changes, Shimao Property realigned its development and selling strategies and implemented a series of initiatives to strengthen its internal management systems. Given the impact of purchase restriction policies on demand for high-end and investment properties, the Group strategically shifted its focus to second and third-tier cities where demand from potential owner-occupiers is strong. Adopting an aggressive turnover acceleration strategy, the Group included speed of sales and speed of cash collection in its project monitoring indicators. At the same time it looked to construct more ordinary small and medium-sized residential properties, and to diversify its product offerings to cover customer needs more comprehensively and to offer better product and service quality. As a result, the Group's results for 2011 were better than those of the previous year despite the stringent macro controls affecting the real estate market.

During the year under review, revenue of RMB26.0 billion was recognized, representing an increase of 19.5% over 2010. Operating profit increased by 18.5% to approximately RMB11.0 billion. Profit attributable to shareholders amounted to RMB5.72 billion, representing a significant increase of 22.5% compared with the previous year (2010: RMB4.67 billion). Excluding the net impact of major after tax non-cash items: fair value gains of investment properties of RMB1.42 billion (2010: RMB1.18 billion), depreciation of RMB247 million (2010: RMB225 million) and goodwill impairment of RMB16 million (2010: RMB68 million) which totalled RMB1.16 billion (2010: RMB0.89 billion), net profit from core business attributable to shareholders amounted to approximately RMB4.56 billion (2010: RMB3.78 billion), representing a year-on-year increase of 20.6%. As a token of gratitude for the support of our shareholders, the board of directors (the "Board") recommended the payment of a final dividend of HK18 cents (2010: HK25 cents) per share for the year ended 31 December 2011.

Market review and outlook

In contrast with the drawn-out recovery experienced by many developed economies, China's economy maintained notable growth in 2011, albeit at a slower rate than in recent years. China's tight monetary policy, together with an export scene burdened by RMB appreciation and knock-on effects from the Eurozone debt crisis, all placed downward pressure on the domestic economy. In reporting to the fifth meeting of the Eleventh National People's Congress, Wen Jiabao, Premier of the State Council, proposed to set the GDP (gross domestic product) growth rate at 7.5% for 2012. This is the first time in the last eight years that the GDP growth target has been set at less than 8%.

The unexpectedly worsening global conditions posed a new challenge to China's efforts to restructure by curbing the overheating real estate market. In tune with the "advancing with stability" keynote theme for the domestic economy in 2012 (as determined at the Central Economic Work Conference), the theme of "steadfast adherence to regulation and control over the real estate market in order to normalise property prices" was reaffirmed by the government.

Residential property prices in major cities nationwide entered into a downward trend at the end of 2011, as a result of the austere restrictive policies imposed in 2011 which suppressed rigid demand and demand for housing improvement, while also frustrating speculative investment.

Looking ahead to 2012, there is a possibility that housing mortgages may benefit from a structural loosening on the back of the granting of bank credit facilities for the new year alongside the fine-tuning of monetary policy, despite the lingering macro control policies affecting the domestic industry. The relatively loose liquidity may increase the possibility of loans being granted to purchasers who have applied for personal housing mortgages since the end of 2011. Also, lower down payments and interest rates for purchasers on rigid demand or seeking for housing improvement which may be implemented should help the real estate market recover.

Optimising design for more innovative products

In 2011, the Group took the all-round upgrading of its product quality and the creation of innovative products as its top priorities for the year. To better cater for local customers with higher product value and rational product mix, the Group re-designed and optimised over 30 projects in the year to match the regional hallmarks of products with local customer needs. In projects with comparable or even high floor area ratios, more low density products were developed to improve profitability. An example is Nanjing Shimao Bund New City, a portfolio of super high-rises and low density units. Moreover, to meet the rigid housing demand, the original project design of large size apartments was changed to small and medium units. Also, the weight of commercial products was increased to cope with the purchase restriction policies. For instance, Wuhan Shimao Carnival introduced additional 30% SOHO, office and other small commercial units to its upcoming products in 2012.

In addition, to create innovative products, the Group required its regional teams convening project preparation meetings as well as mobilization meetings for current development and display area before kicking off a project, which promoted integration of project resources and design innovations. Tailored products were also developed for target customer groups, such as the small apartments customized for the younger generations born in 1980s and 1990s. Furthermore, certain projects were designed with larger effective area and higher value addition to improve product competitiveness and customer satisfaction. The effective area ratio of apartment products was increased from the original 70% to 80%-100% through providing gift area. Meanwhile, penthouse apartments and other products rare in the market, as the brand new offerings away from traditional thinking, will be rolled out and marketed in 2012.

Improving the talent growth system and redefining business territories

In the context of restrictive policies and higher customer awareness, real estate developers are increasingly being differentiated in terms of their talents and product quality rather than their land acquisition capabilities. 'Early birds' in this transformation are expected to find themselves well-positioned for success in the new environment. Given this, during the year the Group implemented a systematic three-tier talent screening plan (including fledgling plan, veteran plan and elite plan).

To refine its management operations, the Group redefined its business territories during the year, reclassifying them as follows: the Jiangsu and Shanghai region, the Huangzhou region, the Ningbo region, the south central region, the western region, the northeast region and Bohai rim region, and the tourism properties sector. Teams were established and resources allocated by region under the management model of "a single team for the same city and the same land parcel", a move which significantly cut down management costs and enhanced efficiency of execution.

Multifaceted operations to extend business presence

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

The Company's core business remains the development of diversified 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. In 2011, the Group recorded property contracted sales of RMB30.7 billion. The contracted sales below the target were mainly due to the slowdown in market demand and the delays in certain projects.

Regarding commercial properties, in 2011, Shanghai Shimao Co., Ltd. ("Shanghai Shimao") achieved revenue from operation of RMB5.56 billion with a net profit after income taxes of RMB2.58 billion, representing a year-on-year growth of 22.6% and 4.5% respectively.

During the reporting year, Shanghai Shimao achieved contracted sales of RMB5.07 billion and contracted sales area of 343,000 sq.m. through the projects sales in Beijing, Changshu, Hangzhou, Xuzhou, Kunshan, Nanjing and Wuhan. The results were below its targets set forth earlier in the year, mainly attributable to the "wait-and-see" sentiment and the declined turnover due to the stricter macro control over the real estate industry and the credit tightening in the second half of 2011, as well as the unsatisfactory sales of the project in Nanjing and the delayed sales progress of the project in Xiamen due to construction reasons.

Shanghai Shimao's commercial property business is operated in careful alignment 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 government policies aimed at "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 expected to develop rapidly.

At the same time, 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, and health care and leisure facilities.

Financial Optimisation

Given its slightly higher net gearing ratio compared with its peers, Shimao Property will adhere to prudent financial policies in 2012, seeking to scale down its gearing ratio to a more reasonable level by improving the profit contributions from property sales and investment properties.

Meanwhile, Shimo Property will step up turnover and sales and strive to increase its receivables collection ratio. Currently, the Company possesses sufficient cash on hand. As at 31 December 2011, the Group had cash of approximately RMB14.0 billion (30 June 2011: RMB12.2 billion) as well as ample land reserves and access to reliable financing channels, lending strong support for sales throughout the coming year.

As at 31 December 2011, the Group had an attributable land bank of 39.50 million sq.m.. These adequate land reserves mean that the Company is in a position to exercise prudence and avoid enormous cash expenditure for land acquisition due to insufficient land reserves. With sufficient land reserves for future development, Shimao Property is able to utilize its funds flexibly as the pressure of spending on land is reduced. Furthermore, Shimao Property's high brand recognition gives it advantages with national financial institutions including Bank of China. As at the end of December 2011, the Group had undrawn bank credit facilities of RMB9.8 billion, a solid foundation from which to diversify its financing channels. In the future, the Company expects to improve cash flows, reduce finance costs and further optimise its debt structure through domestic loans and overseas financing for healthier financial fundamentals.

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 care and support have brought the Group success and enabled us to achieve our stated goals.

Hui Wing Mau
Chairman

Hong Kong, 29 March 2012

MANAGEMENT DISCUSSION & 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 year ended 31 December 2011 grew by 19.5% to RMB26.0 billion, from RMB21.8 billion of 2010. During the year, revenue from property sales climbed to RMB24.6 billion, 20.2% more than that of 2010, and accounted for 94.5% of total revenue. The average recognized selling price increased from RMB10,025 per sq.m. in 2010 to RMB11,786 per sq.m. in 2011. A higher unit price was recorded for the sales of individual projects when compared with the same period of last year, despite the fact that a much higher proportion of project sales was made in second-tier cities. The increase in selling prices since the beginning of 2010 resulted in a higher average recognized selling price. Projects recognized by the Group in 2011 totalled 28, compared with 25 recognised in 2010. The seven projects including Ningbo Shimao World Gulf, Hangzhou Shimao Riviera Garden, Beijing Shimao Royal Garden, Kunshan Shimao Butterfly Bay, Xiamen Shimao Riverside Capital, Wuhan Shimao Splendid River and Kunshan Shimao East No.1 New City each recognized sales revenue over RMB1 billion.

2) *Steady sales growth*

In 2011, the Group's contracted sales reached RMB30.7 billion, while the total contracted sales area reached 2,390,000 sq.m. (2010: 2,530,000 sq.m.). Meanwhile, the average contract selling price rose to RMB12,845 per sq.m. this year, against RMB12,054 per sq.m. last year. To demonstrate the Group has enough resources to accelerate sales revenue, the Group has on schedule 5.5 million sq.m. as saleable area in 2012, including approximately 1.76 million sq.m. of saleable area as at the end of 2011.

3) *Completion of development projects and plans fulfilling expectations*

The total GFA completed by the Group in 2011 was approximately 3.36 million sq.m., an increase of 24.4% from 2.70 million sq.m. in 2010. The Group's projects nationwide all proceeded satisfactorily on schedule during the year, with new floor area under construction reaching approximately 3.00 million sq.m.. As at 31 December 2011, the Group had a total of 69 projects under development in 34 cities. The increase in the number of projects under development created a solid foundation for the Group's future development. Looking ahead to 2012, with a view to maintaining adequate liquidity, the GFA planned to be completed was preset at approximately 3.32 million sq.m. In 2011, the Group's construction area reached 7.20 million sq.m..

4) *Steady expansion of land bank ensuring sustainable development*

As existing macro policies are expected to be maintained in the coming year, the Group has remained prudent in land acquisition. During the year, the Company acquired six parcels of premium land, with a total planned GFA of approximately 4.64 million sq.m., in Jinjiang in Fujian Province, Wenchang in Hainan Province, Guling in Fujian Province, Ningbo Yuyao, Ningbo Xiang Shan and Beijing. In terms of land cost, the average accommodation value of the new land reserve was approximately RMB1,212 per sq.m.. The above figures highlight the Group's commitment to expanding its land bank in a disciplined manner and adhering to prudent management, striking a balance between achieving rapid development and managing risks effectively. As at 31 December 2011, the Group's average land cost was RMB1,548 per sq.m.. The relatively low-cost land should help ensure a higher profit margin in the future.

As at 31 December 2011, Shimao Property had an attributable land bank of 39.50 million sq.m., making it one of the leading real estate developers in China in terms of land bank. 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, ensuring ample room for project development while minimizing risks.

Property Investment

During the year under review, the Group's turnover from leasing of investment properties amounted to RMB441 million, an increase of 36% over the previous year. The Group's commercial properties continued to perform satisfactorily and achieve stable returns, indicating the effectiveness of the Group's strategy of diversifying its property portfolio.

Shimao Property develops commercial properties through its 64% owned subsidiary Shanghai Shimao. At present, Shanghai Shimao has a land bank of approximately 9 million sq.m., ranking it as 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. Shanghai Shimao currently has 14 projects under construction, and in 2011 a number of commercial developments commenced operation including 6 Shimao Plazas, 5 Shimao Department Stores, 10 Shimao cinemas and 11 Shitian i Kids.

Regarding the operation of plaza, Shanghai Shimao Shangdu Tower, Shaoxing Shimao Plaza, Suzhou Shimao Plaza, Kunshan Shimao Plaza, Changshu Shimao Plaza and Xuzhou Shimao Plaza are in operation. The operating properties held by Shanghai Shimao reached a total GFA of 660,000 sq.m.

Regarding the investment in cinema theatres, the ten Shimao Cinema theatres in operation have 84 screens and over 10,600 seats in total. With nearly 1.40 million visitors in 2011, Shimao Cinema theatres recorded significant growths of 358% and 359% respectively in revenue and box office receipts as compared to 2010.

Regarding the operation of department stores, Beijing Shimao Department Store debuted at the end of December 2011, which was the first foothold set by the Shimao Department Store in Beijing after it opened outlets in Shenyang, Fuzhou, Yantai and Wuhu. As a result, the total GFA of Shimao Department Stores in operation had exceeded 200,000 sq.m.

As for the development of child-focused business, "Shitian i Kids" is an important arm of Shanghai Shimao extending to the commercial sector. As at the end of 2011, a total of 11 outlets of "Shitian i Kids" were in operation across China, and the chain management system took shape. The Group strives to differentiate the business from traditional children's playgrounds in a short period from multiple perspectives such as zoning, product positioning, value-added services and playing options.

Hotel Operations

The Group's turnover from hotel operations for 2011 amounted to RMB892 million, representing a year-on-year drop of 8.4% from 2010 (when Shanghai World Expo was staged) but growth of nearly 39% over 2009.

In the short term the post-Expo effect will impact on the hotel market in Shanghai, similar to the case with Beijing, which picked up momentum only gradually after the 2008 Beijing Olympic Games. In the mid to long term, Shanghai is expected to develop into a world-class financial, shipping and tourism centre; this, coupled with the draw of Disney World and the development of aircraft and other pillar industries, is expected to fuel demand and provides a promising outlook for the Group's hotel operations in Shanghai.

Two of the Group's hotels, Le Royal Meridien Shanghai and Hyatt on the Bund Shanghai, ranked ahead of their rivals in the city in terms of revenue, with human resources costs being kept below the industry average. Shanghai Le Meridien Sheshan, one of a few five-star international prestige hotels on the outskirts of Shanghai, also continued to maintain its pioneering position among suburban hotels, introducing a range of initiatives such as wedding banquets, and rationalising its staff structure. During 2011, the three hotels located in Shanghai received nearly 40 honours from renowned organisations and media at home and abroad.

Mudanjiang Holiday Inn, which debuted in October 2010 as the only international prestige hotel in its locality, has been on track through the year and maintained its established position in the local market. The hotel successfully accommodated the delegation led by the former leader of North Korea.

Two other of the Group's hotels, Shaoxing Shimao Holiday Inn and Nanjing Shimao Riviera Hilton, debuted on 29 September and 8 December 2011 respectively. Being international prestige brands, both hotels are establishing a foothold in the market after a run-in period. The Group thus has a total of 6 hotels in operation with nearly 2,700 guest rooms in aggregate, managed by four well-known international hotel groups: Starwood, Hyatt, InterContinental and Hilton.

Unimpeded financing channels ensuring sound financial management

In 2011, global stock markets and the European and US exchange markets were dampened by the European sovereign debt crisis. In spite of the government's tightening credit policy, Shimao Property not only obtained substantial 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 were obtained to assure necessary working capital for all the Group's projects, and also provide the Group with financial support for pursuing new development projects and acquiring new land bank. In a time of global economic consolidation, large credit facilities granted by banks demonstrate the confidence of major banks in the sustainable long-term development capabilities 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 funding, which will in turn ensure steady and rapid growth. As at 31 December 2011, the Group had cash on hand of RMB14.0 billion. By continuing to maintain more prudent financial strategies, the Group will strive to adjust its lending structure and keep its net gearing ratio down to a comparatively reasonable level so as to minimise financial risks.

Investor relations

It is the primary duty of the Group's investor relations team to enable the most effective two-way communication between the Company and shareholders, the financial sector, and other stakeholders. We adhere to the best practice of high transparency and consistency in information disclosure, irrespective of the market trend of the property sector. The team is very pleased to have earned high recognition from shareholders, investors and analysts for integrity in communicating the Company's strategies and performance for the five years since its listing. To help our management and stakeholders better understand the market environment, policy changes and corporate performance, the Group participated in numerous investors conferences to large audiences, issued monthly operational data to keep stakeholders updated, designated a session for answering shareholders' questions at its annual and extraordinary general meetings, and accommodated almost all requests for meetings, calls, and project visits provided they were in compliance with the Listing Rules. Our management's quick response to market changes, the Group's robust financial position, and its strong sales performance have all drawn the financial community's attention. Analyst coverage has increased substantially to 28, facilitating a better understanding of the Company by a larger investing community.

FINANCIAL ANALYSIS

Key consolidated income statement figures are set out below:

	2011	2010
	RMB million	*RMB million*
Revenue	**26,031**	21,789
Gross profit	**10,000**	7,977
Operating profit	**11,010**	9,290
Profit attributable to shareholders	**5,723**	4,672
Earnings per share – Basic (RMB cents)	**162.2**	131.8

Revenue

For the year ended 31 December 2011, the revenue of the Group was approximately RMB26,031 million (2010: RMB21,789 million), representing an increase of 19.5% over 2010. 94.5% (2010: 93.8%) of the revenue was generated from the sales of properties and 5.5% (2010: 6.2%) from hotel operation, leasing of commercial properties and others.

The components of the revenue are analysed as follows:

	2011	2010
	RMB million	*RMB million*
Sales of properties	**24,589**	20,450
Hotel operation income	**892**	974
Rental income from investment properties	**441**	324
Others	**109**	41
Total	**26,031**	21,789

(i) Sales of properties

Sales of properties for the year ended 31 December 2011 and 2010 are set out below:

	2011		2010	
	Area (Sq.m.)	***RMB million***	*Area (Sq.m.)*	*RMB million*
Shimao Property				
Beijing Shimao Olive Garden	**–**	**–**	3,317	25
Wuhan Shimao Splendid River	**132,906**	**1,233**	47,880	495
Shaoxing Shimao Dear Town	**67,344**	**865**	180,916	1,660
Harbin Shimao Riviera New City	**47,268**	**530**	31,616	143
Changshu Shimao The Center	**5,277**	**44**	159,161	1,131
Kunshan Shimao Butterfly Bay	**180,724**	**1,444**	154,899	1,116
Shanghai Shimao Sheshan Villas	**–**	**–**	2,455	177
Shanghai Shimao Riviera Garden	**6,348**	**502**	6,540	534
Kunshan Shimao East No. 1	**135,895**	**1,017**	149,803	1,068
Hangzhou Shimao Riviera Garden	**179,817**	**2,170**	112,608	1,322
Shanghai Shimao Emme County	**33,278**	**291**	28,262	274
Wuhu Shimao Riviera Garden	**3,002**	**43**	54,724	401
Fuzhou Shimao Skyscrapers	**19,731**	**407**	149,999	2,152
Shenyang Shimao Wulihe	**35,091**	**312**	134,341	1,123
Suzhou Shimao Canal Scene	**86,572**	**965**	127,772	1,254
Jiaxing Shimao New City	**11,242**	**86**	85,228	411
Changzhou Shimao Champagne Lake	**72,472**	**551**	107,204	749
Yantai Shimao No.1 The Harbour	**30,441**	**353**	43,214	542
Xuzhou Shimao Dongdu	**87,750**	**542**	8,776	54
Taizhou Shimao Riverside Garden	**63,188**	**356**	41,399	211
Ningbo Shimao World Gulf	**243,483**	**2,732**	159,154	1,166
Mudanjiang Holiday Landscape	**1,350**	**5**	27,730	109
Beijing Shimao Royal Garden	**31,418**	**1,515**	–	–
Xiamen Shimao Lakeside Garden	**56,312**	**1,381**	–	–
Ningbo Shimao Riviera Garden	**107,936**	**889**	–	–
Tianjin Shimao Wetland Century	**60,704**	**661**	–	–
Dalian Glory City	**11,219**	**146**	–	–
Xianyang Shimao The Centre	**20,884**	**293**	–	–
Sub-total (a)	**1,731,652**	**19,333**	1,816,998	16,117
Shanghai Shimao				
Changshu Shimao The Center (Commercial)	**127,506**	**1,103**	31,482	442
Shaoxin Shimao Dear Town (Commercial)	**11,273**	**178**	20,780	331
Beijing Shimao International Plaza	**60,905**	**2,623**	35,330	1,713
Nanjing Shimao Bund New City	**16,052**	**253**	81,829	1,347
Fuzhou Shimao Bund Garden	**–**	**–**	3,330	17
Suzhou Shimao Canal Scene (Commercial)	**–**	**–**	48,057	461
Wuhu Shimao Riviera Garden (Commercial)	**–**	**–**	2,033	22
Xuzhou Shimao Dongdu (Commercial)	**44,365**	**179**	–	–
Hangzhou Riviera COSMO	**94,512**	**920**	–	–
Sub-total (b)	**354,613**	**5,256**	222,841	4,333
Total (a) + (b)	**2,086,265**	**24,589**	2,039,839	20,450

(ii) Hotel income

Hotel operation income are analysed below:

	2011	2010
	RMB million	*RMB million*
Shanghai Le Méridien Sheshan	**128**	132
Le Royal Méridien Shanghai	**384**	434
Hyatt on the Bund Shanghai	**349**	408
Mudanjiang Holiday Inn	**22**	–
Nanjing Shimao Riviera Hilton	**3**	–
Shaoxing Shimao Holiday Inn	**6**	–
Total	**892**	974

Hotel operation income slightly decreased approximately 8.4% to RMB892 million in 2011 from RMB974 million in 2010. The decrease was mainly due to decline in number of tourists after Shanghai World Expo in 2010.

(iii) Rental income and others

Rental income from investment properties amounted to RMB441 million. The rental income increased by 35.9% mainly due to the business growth of Shaoxing Shimao Dear Town, as well as the commencement of lease of other miscellaneous properties.

Other income amounted to RMB109 million was mainly derived from operation of department stores, cinemas and child-focused business.

	2011	2010
	RMB million	*RMB million*
Shanghai Shimao International Plaza	**156**	148
Beijing Shimao Tower	**85**	77
Changshu Shopping Mall	**21**	13
Shanghai Shimao Shangdu Tower	**35**	33
Shaoxing Shimao Dear Town	**70**	38
Suzhou Shimao Canal Scene	**8**	6
Kunshan Shimao Plaza	**14**	–
Wuhu Shimao Riviera Garden (commercial)	**4**	–
Xuzhou Shimao Dongdu (commercial)	**7**	–
Miscellaneous rental income	**41**	9
Others	**109**	41
Total	**550**	365

Cost of sales

Cost of sales increased by 16.1% to approximately RMB16,031 million in 2011 from RMB13,812 million in 2010, 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:

	2011	2010
	RMB million	*RMB million*
Sales taxes	**1,518**	1,205
Land costs, construction costs and capitalised borrowing costs	**14,094**	12,235
Direct operating costs for hotels, commercial properties and others	**419**	372
Total	**16,031**	13,812

Fair value gains on investment properties

During the year under review, the Group recorded aggregate fair value gains of RMB2,527 million (2010: fair value gains RMB2,340 million) mainly contributed by the addition in number of investment properties and further increase in value of certain completed investment properties. Aggregate net fair value gains after deferred income tax of RMB632 million recognised was RMB1,895 million (2010: fair value gains after deferred income tax was RMB1,755 million).

Other gains

Other gains of RMB794 million for the year ended 31 December 2011 (2010: RMB797 million) included mainly government grants and net foreign exchange gain.

Selling and marketing costs and administrative expenses

Selling and marketing costs for the year was RMB770 million (2010: RMB564 million). The increase was mainly due to number of projects with advertising activities increased. Administrative expenses for the year was RMB1,349 million (2010: RMB1,083 million). Administrative expenses increased by 24.5% which was mainly due to increase in labour cost and corporate and office expenses with the expansion of business during the year. In addition, the Group wrote back impairment losses on completed properties held for sale of RMB152.5 million in 2010, while there was no such write-back in 2011.

Operating profit

Operating profit amounted to RMB11.0 billion for the year ended 31 December 2011, representing an increase of 18.5% over 2010 (2010: RMB9.3 billion).

Finance costs – net

Net finance costs decreased to RMB380 million (2010: RMB672 million) mainly due to that more loan interests were capitalized during 2011.

Share of results of associated companies & jointly controlled entities

Share of profits of associated companies amounted to RMB98 million (2010: share of losses of RMB48 million), which was mainly derived from Guangzhou Asian Game City Project. Share of profits of jointly controlled entities amounted to RMB24 million (2010: share of profits of RMB0.01 million).

Taxation

The Group's income tax expense amounted to RMB4,303 million in which LAT was RMB1,171 million (2010: RMB3,079 million, in which LAT was RMB1,072 million) for the year.

Profit attributable to shareholders

Profit attributable to shareholders for the year increased by 22.5% from RMB4,672 million in 2010 to RMB5,723 million in 2011. It was mainly attributable to substantial increase in recognized sales.

Liquidity and financial resources

As of 31 December 2011, total assets of the Group were RMB117.2 billion, of which current assets reached RMB73.2 billion. Total liabilities were RMB82.2 billion, whereas non-current liabilities were RMB30.8 billion. Total equity were RMB35.0 billion, of which equity attributable to the shareholders of the Company amounted to RMB30.6 billion.

As of 31 December 2011, the Group had aggregate cash and bank balances (including restricted cash) of approximately RMB14.0 billion (31 December 2010: RMB13.7 billion), total borrowings amounted to approximately RMB42.6 billion (31 December 2010: RMB34.1 billion). Total net borrowings were RMB28.6 billion (31 December 2010: RMB20.4 billion). Net gearing ratio increased from 67.9% as at 31 December 2010 to 81.7% as at 31 December 2011.

The maturity of the borrowings of the Group as at 31 December 2011 is set out as follows:

	RMB million
Bank borrowings and borrowings from other financial institution	
Within 1 year	14,983
Between 1 and 2 years	8,866
Between 2 and 5 years	7,126
Over 5 years	4,205
Senior notes	
Between 2 and 5 years	2,135
Over 5 years	5,246
Total	42,561

The borrowings were denominated in different currencies set out below:

	Original currency *million*	**RMB equivalent** *million*
US$	1,612	10,160
HK$	4,102	3,325
RMB	29,076	29,076

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 bank deposits denominated in foreign currencies and the outstanding foreign currency borrowings which include US$396 million equivalent syndicated loans, US$1.2 billion senior notes and HK$4.1 billion bank borrowings as at 31 December 2011.

Pledge of assets

As of 31 December 2011, 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 RMB43.4 billion to secure bank facilities granted to the Group. The corresponding bank loans amounted to approximately RMB26.4 billion. The Group had also pledged shares of certain subsidiaries for a total borrowing of RMB6.7 billion.

Contingencies

As of 31 December 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 31 December 2011, the Group had contracted capital and property development expenditure but not provided for amounted to RMB29.5 billion.

Employees and remuneration policy

As of 31 December 2011, the Group employed a total of 4,410 employees. Total remuneration for the year amounted to RMB614 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 consolidated results of the Group for the year ended 31 December 2011 together with comparative figures for 2010 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 2011

	Note	Year ended 31 December 2011 RMB'000	2010 RMB'000
Revenue	3	**26,031,426**	21,789,433
Cost of sales	6	**(16,031,376)**	(13,812,137)
Gross profit		**10,000,050**	7,977,296
Fair value gains on investment properties		**2,527,013**	2,339,562
Other income/other gains – net		**794,320**	796,826
Selling and marketing costs	6	**(769,889)**	(563,900)
Administrative expenses	6	**(1,349,272)**	(1,083,122)
Other operating expenses	6	**(192,173)**	(176,703)
Operating profit		**11,010,049**	9,289,959
Finance income		**100,074**	66,247
Finance costs		**(480,420)**	(737,800)
Finance costs – net	7	**(380,346)**	(671,553)
Share of results of			
– Associated companies		**97,653**	(48,110)
– Jointly controlled entities		**24,213**	14
		121,866	(48,096)
Profit before income tax		**10,751,569**	8,570,310
Income tax expense	8	**(4,302,640)**	(3,079,368)
Profit for the year		**6,448,929**	5,490,942
Other comprehensive income:			
Fair value losses on available-for-sale financial assets, net of tax		**(60,346)**	(258,432)
Total comprehensive income for the year		**6,388,583**	5,232,510

Consolidated Statement of Comprehensive Income *(continued)*
For the year ended 31 December 2011

	Note	Year ended 31 December 2011 RMB'000	2010 RMB'000
Profit for the year attributable to:			
Equity holders of the Company		**5,722,775**	4,671,536
Non-controlling interests		**726,154**	819,406
		6,448,929	5,490,942
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**5,684,021**	4,505,571
Non-controlling interests		**704,562**	726,939
		6,388,583	5,232,510
Dividends	*9*	**1,145,545**	1,218,424
Earnings per share for profit attributable to the equity holders of the Company			
– Basic (RMB cents)	*10*	**162.2**	131.8
– Diluted (RMB cents)	*10*	**162.1**	131.6

Consolidated Balance Sheet
As at 31 December 2011

		As at 31 December	
		2011	2010
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**8,325,789**	6,553,628
Investment properties		**20,566,979**	11,854,995
Land use rights		**2,475,068**	2,572,389
Intangible assets		**2,264,027**	2,280,462
Associated companies		**1,308,281**	412,442
Jointly controlled entities		**4,307,877**	3,908,554
Available-for-sale financial assets		**267,362**	347,823
Deferred income tax assets		**1,313,909**	1,193,780
Other non-current assets		**3,205,665**	11,750,131
		44,034,957	40,874,204
Current assets			
Properties under development		**37,324,085**	29,013,883
Completed properties held for sale		**7,382,116**	4,761,453
Trade and other receivables and prepayments	*4*	**4,472,085**	5,124,272
Prepayment for acquisition of land use rights		**7,634,561**	–
Prepaid income taxes		**949,184**	640,567
Amounts due from related companies		**1,451,591**	1,526,306
Restricted cash		**1,681,222**	1,589,081
Cash and cash equivalents		**12,312,740**	12,139,549
		73,207,584	54,795,111
Total assets		**117,242,541**	95,669,315
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**355,737**	362,384
Reserves			
– Proposed final dividend	*9*	**505,772**	754,623
– Others		**29,730,171**	25,581,827
		30,591,680	26,698,834
Non-controlling interests		**4,426,397**	3,255,150
Total equity		**35,018,077**	29,953,984

Consolidated Balance Sheet *(continued)*
As at 31 December 2011

		As at 31 December	
		2011	2010
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**27,577,834**	24,695,507
Deferred income tax liabilities		**3,172,815**	2,370,209
		30,750,649	27,065,716
Current liabilities			
Trade and other payables	*5*	**17,317,407**	11,512,930
Advanced proceeds received from customers		**11,828,902**	11,932,050
Income tax payable		**7,159,326**	5,693,970
Borrowings		**14,983,419**	9,376,655
Derivative financial instruments		**52,115**	–
Amounts due to related parties		**30,831**	30,831
Deferred income		**101,815**	103,179
		51,473,815	38,649,615
Total liabilities		**82,224,464**	65,715,331
Total equity and liabilities		**117,242,541**	95,669,315
Net current assets		**21,733,769**	16,145,496
Total assets less current liabilities		**65,768,726**	57,019,700

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.

2.1 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, available-for-sale financial assets and derivative financial instruments 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.

(a) Amended standards adopted by the Group

The following amendments to standards 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. This revised standard does not have any significant impact on the Group's financial statements as the Group is not controlled by the government.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2011 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

- Amendment to HKAS 32 'Classification of rights issues', effective for annual periods beginning on or after 1 February 2010.

- HK (IFRIC) – Int-19 'Extinguishing financial liabilities with equity instruments', effective for annual periods beginning on or after 1 July 2010.

- Amendment to HK (IFRIC) – Int-14 'Prepayments of a minimum funding requirement', effective for annual periods beginning on or after 1 January 2011.

- Third improvements to Hong Kong Financial Reporting Standards (2010) issued in May 2010 by the HKICPA, except for amendment to HKAS 34 'Interim financial reporting' and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all effective in the financial year of 2011.

(c) New standards, amendments and interpretations have been issued but are not effective for financial year beginning 1 January 2011 and have not been early adopted by the Group

- HKFRS 9, 'Financial instruments', effective for the accounting period beginning on or after 1 January 2015.

- HKFRS 10 'Consolidated financial statements', effective for the accounting period beginning on or after 1 January 2013.

- HKFRS 11 'Joint arrangements', effective for the accounting period beginning on or after 1 January 2013.

- HKFRS 12 'Disclosures of interests in other entities', effective for the accounting period beginning on or after 1 January 2013.

- HKFRS 13 'Fair value measurement', effective for the accounting period beginning on or after 1 January 2013.

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

3 SEGMENT INFORMATION

The chief operating 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	
	2011	2010
	RMB'000	*RMB'000*
Sales of properties	**24,589,476**	20,450,110
Hotel operation income	**892,012**	974,150
Rental income from investment properties	**440,559**	324,106
Others	**109,379**	41,067
	26,031,426	21,789,433

(b) Segment information

Year ended 31 December 2011

	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	5,256,149	19,333,327	–	–	24,589,476
– Hotel operation income	8,245	–	883,767	–	892,012
– Rental income from investment properties	241,309	199,250	–	–	440,559
– Others	59,236	50,143	–	–	109,379
Total revenue	5,564,939	19,582,720	883,767	–	26,031,426
Operating profit	3,898,316	6,586,574	150,544	374,615	11,010,049
Finance costs – net	(101,530)	(167,823)	(7,925)	(103,068)	(380,346)
Share of results of					
– Associated companies	–	97,653	–	–	97,653
– Jointly controlled entities	–	24,213	–	–	24,213
Profit before income tax	3,796,786	6,540,617	142,619	271,547	10,751,569
Income tax expense					(4,302,640)
Profit for the year					6,448,929
Other segment items are as follows:					
Capital and property development expenditure	8,035,281	25,072,887	2,048,243	1,222	35,157,633
Fair value gains on investment properties	1,927,013	600,000	–	–	2,527,013
Fair value losses on derivative financial liability	–	–	–	52,115	52,115
Write-off of intangible assets	–	16,435	–	–	16,435
Depreciation	18,850	27,232	230,192	21,740	298,014
Amortisation of land use rights	3,919	–	36,139	–	40,058
Provision for impairment losses on completed properties held for sale	–	15,398	–	–	15,398
Provision for impairment of receivables	6,066	–	–	–	6,066

* 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 2011 are as follows:

	Property development and investment			
	Shanghai Shimao	**Others**	**Hotel operation**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associated companies	**–**	**1,308,281**	**–**	**1,308,281**
Jointly controlled entities	**–**	**4,307,877**	**–**	**4,307,877**
Intangible assets	**1,709,730**	**423,369**	**130,928**	**2,264,027**
Other segment assets	**32,951,193**	**64,423,050**	**9,761,011**	**107,135,254**
Total segment assets	**34,660,923**	**70,462,577**	**9,891,939**	**115,015,439**
Deferred income tax assets				**1,313,909**
Available-for-sale financial assets				**267,362**
Other assets				**645,831**
Total assets				**117,242,541**
Borrowings	**11,148,353**	**17,716,205**	**212,000**	**29,076,558**
Other segment liabilities	**7,835,562**	**22,523,401**	**5,851,662**	**36,210,625**
Total segment liabilities	**18,983,915**	**40,239,606**	**6,063,662**	**65,287,183**
Corporate borrowings				**13,484,695**
Deferred income tax liabilities				**3,172,815**
Derivative financial instruments				**52,115**
Other liabilities				**227,656**
Total liabilities				**82,224,464**

Year ended 31 December 2010

	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	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
Write-off 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
Provision for/(write back of) impairment losses on completed properties held for sale	846	(153,326)	–	–	(152,480)
Provision for impairment of receivables	–	5,898	–	–	5,898

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

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 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, derivative financial instrument, corporate borrowings and deferred income tax liabilities.

4 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Bidding deposits for land use rights *(note (a))*	**1,177,617**	1,450,656
Trade receivables *(note (b))*	**1,549,466**	2,022,178
Prepaid business tax on pre-sale proceeds	**676,215**	606,901
Prepayments for construction costs	**326,812**	557,119
Other receivables	**741,975**	487,418
	4,472,085	5,124,272

(a) Bidding deposits for land use rights mainly represented deposits the Group placed with various municipal government for the participation in miscellaneous land auctions. These deposits will be deducted against the total land costs to be paid if the Group wins the bid at the auction. If the Group's bid did not win, the amount will be fully refunded.

(b) 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:

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Within 90 days	**1,220,336**	1,710,853
Over 90 days and within 365 days	**289,375**	297,947
Over 365 days	**39,755**	13,378
	1,549,466	2,022,178

As at 31 December 2011, receivables arising from sales of properties was approximately RMB1,422,348,000 (2010: RMB1,928,480,000).

Trade receivables are analysed as follows:

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Fully performing under credit terms	**872,166**	1,471,488
Past due but not impaired	**677,300**	550,690
	1,549,466	2,022,178

As the Group normally holds collateral of the properties before collection of the outstanding balances and passing the titles to the purchasers, the Directors consider that the past due trade receivables would be recovered and no provision was made against past due receivables as at 31 December 2011 (2010: Nil).

As at 31 December 2011, provision for impairment of other receivables was approximately RMB22,173,000 (2010: RMB16,107,000).

As at 31 December 2011, the fair value of trade receivables, bidding deposits for land use rights, and other receivables of the Group approximate their carrying amounts.

As at 31 December 2011 and 2010, trade and other receivables of the Group were mainly denominated in RMB.

5 TRADE AND OTHER PAYABLES

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Trade payables *(note (a))*	**15,525,549**	9,337,094
Other taxes payable	**551,945**	508,640
Accrued expenses	**463,316**	284,697
Other payables *(note (b))*	**776,597**	1,382,499
	17,317,407	11,512,930

Notes:

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

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Within 90 days	**14,517,012**	8,733,743
Over 90 days and within 1 year	**1,008,537**	603,351
	15,525,549	9,337,094

(b) Other payables comprise:

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Loan from a third party *(note)*	**–**	500,000
Deposits received from customers	**264,830**	454,629
Fees collected from customers on behalf of government agencies	**127,719**	153,714
Deposits from constructors	**136,289**	82,433
Rental deposits from tenants and hotel customers	**140,074**	68,423
Others	**107,685**	123,300
	776,597	1,382,499

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. The loan was fully repaid in 2011.

6 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	
	2011	2010
	RMB'000	*RMB'000*
Staff costs – including directors' emoluments (note (a))	**613,674**	559,583
Auditor's remuneration	**6,900**	6,300
Depreciation	**298,014**	272,643
Amortisation of land use rights	**40,058**	32,047
Provision for impairment of receivables	**6,066**	5,898
Provision for/(net write back of) impairment losses on completed properties held for sale	**15,398**	(152,480)
Fair value loss on derivative financial instruments	**52,115**	–
Advertising, promotion and commission costs	**460,822**	343,375
Cost of properties sold and others	**14,157,018**	12,223,369
Business taxes and other levies on sales of properties (note (b))	**1,413,713**	1,116,060
Write-off of intangible assets	**16,435**	67,799
Charitable donations	**13,250**	47,326
Direct expenses arising from investment properties	**36,703**	11,937
Operating lease rental expenses	**79,659**	66,260
Direct expenses arising from hotel operation	**396,604**	423,170
Loss from disposal of a subsidiary	**34,450**	–
Corporate and office expenses	**441,311**	393,598
Other expenses	**260,520**	218,977
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	**18,342,710**	15,635,862

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

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Wages and salaries	**460,089**	420,044
Pension costs – statutory pension *(note (c))*	**45,318**	37,995
Other allowances and benefits	**108,267**	101,544
	613,674	559,583

(b) Business tax and other levies

The Group's companies incorporated in the PRC 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.

7 FINANCE COSTS – NET

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Interest on bank borrowings		
– wholly repayable within five years	**1,467,887**	953,110
– not wholly repayable within five years	**270,748**	233,163
Interest on senior notes		
– wholly repayable within five years	**189,520**	86,544
– not wholly repayable within five years	**558,824**	320,416
Interest on borrowing from other financial institutions		
– wholly repayable within five years	**552,913**	82,352
	3,039,892	1,675,585
Less: interest capitalised	**(2,559,472)**	(937,785)
Finance costs	**480,420**	737,800
Finance income	**(100,074)**	(66,247)
Finance costs – net	**380,346**	671,553

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**2,304,624**	1,819,915
– PRC withholding income tax	**124,643**	–
– PRC land appreciation tax	**1,170,781**	1,071,747
	3,600,048	2,891,662
Deferred income tax		
– PRC enterprise income tax	**517,592**	187,706
– PRC withholding income tax	**185,000**	–
	702,592	187,706
	4,302,640	3,079,368

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 2011 (2010: 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.

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%.

9 DIVIDENDS

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Interim dividend paid of HK22 cents (2010: HK15 cents) per ordinary share *(note (a))*	**639,773**	463,801
Proposed final dividend of HK18 cents (2010: HK25 cents) per ordinary share *(note (b))*	**505,772**	754,623
	1,145,545	1,218,424

Notes:

(a) 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) was declared at the Company's board meeting held on 31 August 2011 (2010: HK15 cents).

(b) At a meeting held on 29 March 2012, the directors proposed a final dividend of HK18 cents per ordinary share out of share premium as at 31 December 2011. 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 2012 upon approval by the shareholders at the forthcoming annual general meeting of the Company. A final dividend in respect of 2010 of HK25 cents per ordinary share, amounting to approximately HK$887,282,000 (equivalent to RMB754,623,000) was proposed at the Company's board meeting held on 22 March 2011 and was approved at the annual general meeting of the Company held on 12 May 2011.

10 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	
	2011	2010
Profit attributable to the equity holders of the Company *(RMB'000)*	**5,722,775**	4,671,536
Weighted average number of ordinary shares in issue *(thousands)*	**3,527,568**	3,544,710
Basic earnings per share *(RMB cents)*	**162.2**	131.8

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	
	2011	2010
Profit attributable to the equity holders of the Company *(RMB'000)*	**5,722,775**	4,671,536
Weighted average number of ordinary shares in issue *(thousands)*	**3,527,568**	3,544,710
Adjustment for share options granted under the Pre-IPO Share Option Scheme *(thousands)*	**3,181**	5,966
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**3,530,749**	3,550,676
Diluted earnings per share *(RMB cents)*	**162.1**	131.6

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 ("Model 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 2011.

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 2011, the Company repurchased 84,055,000 of its own ordinary shares on the Stock Exchange at an aggregate price paid of HK$514,343,000. The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Details of the repurchases are as follows:

	Number of shares repurchased	Highest price paid per share *(HK$)*	Lowest price paid per share *(HK$)*	Aggregate price paid *(HK$'000)*
September 2011	69,055,000	7.24	5.65	431,978
October 2011	15,000,000	5.79	5.39	82,365
	84,055,000			514,343

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2011.

Annual General Meeting

The 2012 annual general meeting of the Company ("AGM") will be held on 18 June 2012. 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

The Board has proposed a final dividend of HK18 cents per ordinary share for the year ended 31 December 2011. The proposed final dividend, if approved at the forthcoming AGM, will be payable on 18 July 2012 to shareholders whose names appear on the register of members of the Company on 26 June 2012.

Closure of Register of Members

The register of members of the Company will be closed during the following periods:

(i) on Friday, 15 June 2012 and Monday, 18 June 2012, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at 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 Thursday, 14 June 2012; and

(ii) on Monday, 25 June 2012 and Tuesday, 26 June 2012, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final 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 the address as set out in sub paragraph (i) above for registration no later than 4:30 pm on Friday, 22 June 2012.

During the periods mentioned in sub paragraph (i) and (ii) above, no transfer of shares will be registered.

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

Hong Kong, 29 March 2012

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Hui Wing Mau (Chairman), Mr. Hui Sai Tan, Jason (Vice Chairman), Ms. Yao Li, 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.