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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 2012

RESULTS HIGHLIGHTS

1. Turnover of RMB13.69 billion was recorded, representing an increase of 12.4% over the corresponding period in 2011.

2. Gross profit dropped slightly by 4.2% to RMB4.71 billion (corresponding period in 2011: RMB4.92 billion), gross profit margin decreased to 34.4% from 40.4% for the corresponding period in 2011.

3. Profit attributable to shareholders fell slightly by 5.5% to RMB3.11 billion. Excluding net impact of major after-tax non-cash items, net profit from core business attributable to shareholders for the period amounted to RMB1.86 billion, representing a drop of 15.5% from the corresponding period in 2011.

4. Basic earnings per share were RMB89.8 cents, representing a slight decrease of 3.3% compared with the corresponding period in 2011.

5. Revenue from hotels and investment properties increased by 13.6% to RMB0.72 billion.

6. Contracted sales reached RMB22.51 billion for the first half of 2012, representing a year-on-year increase of 57.9%.

7. As at 30 June 2012, funds at the Group's disposal amounted to RMB25.25 billion, including cash on hand of RMB15.25 billion and the balance of available banking facilities of RMB10.00 billion.

8. Net gearing ratio decreased significantly to 68.3% (at the end of 2011: 81.7%).

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 2012.

2012 Interim Results

During the period under review, China witnessed a noticeable slowdown in economic growth. This was due to its ongoing application of austerity policies to combat inflation, and the external impact of global instability triggered by the European debt crisis. With the key goal of stabilizing economic growth, the central government eased certain monetary policies, for instance lowering the deposit reserve ratio to 20% through two downward adjustments in February and May 2012, and cutting the interest rate by 0.25% in June 2012. This was the first interest rate cut since December 2008, and it helped foster a more favourable environment for monetary liquidity.

Since early this year, the central government has not imposed any further stringent regulatory policies on the real estate market. Rather, it has maintained a general focus on enforcing existing policies such as the restrictions relating to property purchases, loans and prices. The day after the National Bureau of Statistics published property price data for 70 large and medium cities in June, the Ministry of Land and Resources and the Ministry of Housing and Urban-Rural Development jointly issued an "Urgent Notice on Further Strengthening Land Administration on Real Estate to Consolidate the Regulatory Achievement on Real Estate Market". This document asserted that regulation of the real estate market would continue to be enforced uncompromisingly. However, by reiterating existing policies, the notice mainly reaffirmed the current focus on enforcing regulatory measures within the real estate industry.

The State Council decided to send eight inspection teams to 16 provinces (municipalities) in late July, to carry out special inspections regarding the implementation of its regulatory policies within the real estate market. A large-scale government investigation like this is often seen as a prelude to new policies. If the inspection teams identify significant problems and property prices continue to rise over the coming one to two months, new regulatory policies are likely to be promulgated.

To address these market uncertainties in a proactive manner, the Group has made it a top strategic priority to accelerate its turnover and maximize its cash collection activities. As such, Shimao Property has been realigning its development and selling strategies and implementing a series of initiatives introduced last year for strengthening its internal management systems. Given that the government's restrictive policies on property purchases have suppressed speculative demand for property, the Group has placed more stress on optimizing its products and improving their quality. This has led to the development of a more rational product mix, greater adaptability of the product portfolio to market demand, and a significant rise in product value. As a result, the Group achieved satisfactory contracted sales of RMB22.5 billion in the first half of 2012, an outstanding success for its ongoing reforms given the challenging real estate environment.

During the period under review, revenue of RMB13.69 billion was recognized, representing an increase of 12.4% over the same period in 2011. Operating profit decreased slightly by 3.4% to approximately RMB5.97 billion. Profit attributable to shareholders amounted to RMB3.11 billion (1H 2011: RMB3.30 billion), a slight decrease of 5.5% compared with the same period in 2011. Excluding the net impact of major after tax non-cash items: fair value gains of investment properties of RMB1.03 billion (1H 2011: RMB1.21 billion), net gain on disposal of equity interests in subsidiaries of RMB0.38 billion (1H 2011: nil), depreciation and amortisation of RMB0.13 billion (1H 2011: RMB0.11 billion) and goodwill impairment of RMB29.39 million (1H 2011: RMB10.65 million) which totaled RMB1.25 billion (1H 2011: RMB1.09 billion), net profit from core business attributable to shareholders amounted to approximately RMB1.86 billion (1H 2011: RMB2.21 billion), a year-on-year decrease of 15.5%. The board of directors of the Company (the "Board") resolved not to declare the payment of any interim dividend for the six months ended 30 June 2012.

Review and Outlook

At the beginning of the year, the Group set a targeted contracted sales for 2012 of RMB30.6 billion. In the first half of 2012, the Group realized contracted sales of RMB22.5 billion, representing 73% of the annual target. Total sales area amounted to 1.95 million sq.m., and average selling price was RMB11,545 per sq.m.. This remarkable sales achievement demonstrated the initial success of our internal management enhancement programme, led by the management team.

The Group has been making continuous efforts to improve its internal management since the end of last year. These have included strengthening its financial position, boosting its capabilities in the design and production of innovative products, and improving the overall quality of its projects so as to enhance brand-name awareness and brand loyalty.

Turnover Accelerated to Scale Down Gearing Ratio

At the end of last year, the Group had a slightly higher net gearing ratio than many of its peers. In response, at the beginning of 2012, the Group made it a first priority to lower the gearing ratio. It aimed to achieve this by utilizing the profit contributed by its property sales and investment activities, and by generating stable and significant operating cash flows by accelerating turnover and sales.

The Group included sales revenue and cash flows in its comprehensive results ranking and assessment system during the period. The fulfilment of these metrics will contribute directly to the performance assessment and bonus sizes for its business territories, which include the Jiangsu and Shanghai region, the Hangzhou region, the Ningbo region, the South Central region, the Western region, the Northeast region and Bohai Rim region, and the tourism properties sector. Great efforts in the collection of receivables saw the Group's total cash inflows from sales and others amounted to RMB18.09 billion, giving it the scope to reduce its gearing ratio substantially to 68.3% by mid 2012, as compared with 81.7% at the end of 2011.

In addition, the Group pressed ahead with the collection of mortgage payments, providing banks with the credit history of quality customers to facilitate prioritized lending while extending its cooperation with local small banks with available credit limits. To optimize its loan structure, the Group repaid approximately RMB2.5 billion of entrusted borrowings in the first half of 2012, and it intends to suspend all high-interest financing from institutions such as trust institutions, lower the proportion of its short-term loans and gradually increase the proportion of its long-term borrowings in the second half of 2012. The Group also carried out negotiations on the formation of a consortium with foreign institutions and expanded its cooperation with foreign banks. In the first half of 2012, the Group entered into a Strategic Cooperation Agreement on Mortgage Products with the Bank of East Asia and the Hongkong and Shanghai Banking Corporation Limited. Besides, the Group possesses sufficient cash on hand. As at 30 June 2012, the Group had cash of approximately RMB15.25 billion, as well as unutilized credit facilities of approximately RMB10.00 billion.

As at 30 June 2012, the Group had an attributable land bank of approximately 38.80 million sq.m.. During the period, the Group took raising sales and asset turnover as its first priority and made no acquisitions of land. Because it has adequate land reserves for future development, the Group will not need to make enormous cash expenditure for land acquisition due to insufficient land reserves. During the period, the Group paid RMB3,241 million as land premium. In the future, it will be able to utilize its funds more flexibly as the pressure of spending on land is reduced.

Optimizing Design for More Innovative Products

In 2012, the Group made the all-round upgrading of its product quality and the creation of innovative products as its top priorities for the year. Shimao Property placed stress on optimizing its products and improving product quality, leading to a more rational product mix, higher adaptability of its product portfolio to market demand, and significantly improved product value. Revised design schemes for a total of 21 projects were approved by the government. In addition, the Company carried out design scheme reviews of 33 projects, facade and basement special reviews of 17 projects, and construction drawing reviews for 12 key projects to ensure product quality.

To expand its market share through a commitment to innovating products, the Group offered more diversified new products combining low density and high-rise units, such as villas and penthouses, seeking to maximize the proportion of low density units for higher profitability. The Group also set up display areas at both existing and new projects, featuring two kinds of sample interiors showcasing the attributes of its urban and vacation units respectively to attract consumers by giving them a genuine experience of the comfort of dwelling. The Group also upgraded its criteria for acceptance inspection upon delivery. By strengthening acceptance inspection controls on the projects delivered in the first half of 2012, the Group guaranteed construction and landscape quality and increased customer satisfaction, while keeping costs under effective control.

Improving the Talent Growth System and Redefining Business Territories

As part of the refinement of its management operations, the Group has redefined its business territories since the beginning of last year. They have been reclassified as follows: the Jiangsu and Shanghai region, the Hangzhou 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 reduced management costs and enhanced efficiency.

The Group convenes regional coordination meetings on a monthly basis to address regional issues more efficiently. A system comprising monthly regional ranking, quarterly assessment and year-end overall review has been implemented, with the ranking and assessment results strictly linked to bonus payments. In the first half of 2012, the Group conducted assessment and management based on the performance ranking system, achieving sound results.

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

Hui Wing Mau
Chairman

Hong Kong, 27 August 2012

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Property Development

1) *Recognized sales revenue*

The Group generates its turnover primarily from property development, property investment and hotel operations. Turnover for the six months ended 30 June 2012 grew by 12.4% to RMB13.69 billion, from RMB12.17 billion in the corresponding period of 2011. During the period, revenue from property sales climbed to RMB12.65 billion, 10.0% more than the corresponding period of 2011, and accounted for 92.4% of total revenue. The average recognized selling price decreased by 21.5% to RMB10,045 per sq.m. in the first half of 2012, from RMB12,803 per sq.m. in the first half of 2011. This decrease was mainly attributable to the effect of discount offers applied to certain of the Group's projects, together with the fact that compared with 2011 a much higher proportion of the Group's project sales have been made in second- and third-tier cities. The total number of projects recognized by the Group in the first half of 2012 increased to 32, compared with 25 in the first half of 2011. These included 12 projects that recognized sales revenues of over RMB500 million: Jinjiang Shimao Dragon Bay, Shanghai Shimao Riviera Garden, Suzhou Shimao Canal Scene, Changshu Shimao The Centre, Ningbo Shimao World Gulf, Tianjin Shimao Wetland Century, Shenyang Shimao Wulihe, Kunshan Shimao East No.1, Kunshan Shimao International City, Chengdu Shimao City, Xuzhou Shimao Dongdu, and Hangzhou Shimao Riviera Garden.

2) *Steady sales growth of the Group, with sales reaching annual target*

In the first half of 2012, the Group's contracted sales amounted to RMB22.5 billion, with a total sales area of 1.95 million sq.m. and an average selling price of RMB11,545 per sq.m.. The Group's total first half sales amounted to approximately 73% of its annual target.

The Group's sales in June 2012 alone hit a record high of RMB6.03 billion (June 2011: RMB3.20 billion), representing substantial growth of 90.0% year-on-year. The contracted sales area for June 2012 was 533,649 sq.m., and the average selling price was RMB11,305 per sq.m..

The remarkable sales achieved by the Group in the first half of 2012 clearly showed the effectiveness of the sales strategy adopted by management. In the second half of 2012, the Group will launch sales with a saleable area of approximately 2.10 million sq.m.. When added to existing inventory with a saleable area of 1.34 million sq.m. as at 30 June 2012, the Group's saleable area in the second half of 2012 will reach approximately 3.44 million sq.m..

3) *Completion of development projects and plans according to expectation*

Total GFA completed by the Group in the first half of 2012 was approximately 0.99 million sq.m., as compared with 1.07 million sq.m. in the corresponding period of 2011. The Group's projects nationwide all proceeded satisfactorily on schedule during the period, with new floor area under construction amounting to approximately 2.55 million sq.m.. As at 30 June 2012, the Group had a total of 70 projects under development and in 35 cities. The increase in the number of projects under development has helped lay a solid foundation for the Group's future growth. Looking ahead to the second half of 2012, the Group's annual GFA planned for completion is approximately 3.55 million sq.m.. The Group will react flexibly to adjust construction volume according to market conditions.

4) *Prudent expansion of land bank for long-term sustainable development*

With the expectation that existing government macro policies will be maintained, the Group has remained prudent in land acquisition and made no additional land acquisitions in the first half of 2012. The Group is committed 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 30 June 2012, the Group's average land cost was RMB1,503 per sq.m.. The relatively low-cost land should help the Group achieve a higher profit margin in the future.

As at 30 June 2012, Shimao Property had an attributable land bank of approximately 38.80 million sq.m., making it one of the leading real estate developers in China in terms of land bank size. Geographically, majority of the land bank 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 with relatively low risk.

Property Investment

Shimao Property develops commercial properties through its 64.2% owned subsidiary Shanghai Shimao Co. Ltd ("Shanghai Shimao"), which is primarily engaged in the development and operation of commercial properties. Besides grasping development opportunities in the domestic commercial property market, Shanghai Shimao also provides different types of commercial properties and high-quality services by adopting professional development and marketing strategies. It continues to work on achieving greater integration for increased competitiveness, and aims to become a highly successful listed company in the professional development and operation of commercial properties. In line with its annual target plan, Shanghai Shimao is steadily pushing ahead with the development and operation of a range of commercial ventures that include plazas, department stores, cinemas and child-focused businesses.

With regard to the development of commercial properties, during the period Shanghai Shimao recorded contracted sales of RMB4.54 billion and a contracted sales area of 325,000 sq.m., representing year-on-year growth of 63.3% and 85.7% respectively. In the first half of the year, Shanghai Shimao stepped up its launch of property projects for sale in Xiamen, Changshu, Suzhou, Hangzhou, Kunshan, Xuzhou, Tianjin, Nanjing and Wuhan, and its effective promotional and marketing efforts resulted in good market response and sales results. In the second half of the year, Shanghai Shimao will increase its marketing efforts and accelerate the pace of launching commercial property projects, enhance its management standards and the professionalism of its teams, and strengthen its decision-making processes to ensure all its annual targets are met successfully. As at the end of June, Shanghai Shimao held good land reserves of 8.54 million sq.m. (held as an interest in Shanghai Shimao) for the support of future commercial development. Shanghai Shimao will adhere to its original development plan with the aim of acquiring new property projects in due course.

Shanghai Shimao's plaza operations are based in core locations including Shanghai, Shaoxing, Suzhou, Changshu, Kunshan and Xuzhou, giving it a strong foothold in the Yangtze River Delta economic region. The Group's professional management teams managed its commercial plazas across China expertly, and reported record highs in consumer flow and operational results. These good results were achieved by matching the business mode with local consumer demand, as well as providing customers with advanced and comfortable shopping environments. Besides meeting strong consumer demand, Shanghai Shimao's plazas have also become important platforms for the development of local entertainment, culture and dining options. During the period, Shanghai Shimao organized a variety of recreational activities in plazas in different areas, which not only attracted large numbers of local consumers, but also brought new elements to the quality of life and cultures of the cities in a uniquely "Shimao" style. In the second half of the year, Shanghai Shimao will start phase 2 of its Kunshan Shimao Mall project, which includes the development of a variety of property types such as commercial streets and commercial buildings. The phase 2 project is an extension of Kunshan Shimao Mall's commercial complex that will consolidate Kunshan Shimao Mall's success in business model and development.

Shanghai Shimao actively adjusted both operational strategies and management methods at its department store operations by closely tracking consumer demand and market trends. Famous brands and quality shops matching local market demand were introduced. By perfecting the allocation and deployment of products targeting specific groups of customers, brand building of different products at different department stores was achieved. Shanghai Shimao aims to leverage the peak sales season in the second half of the year to realize significant growth in revenue from its department store operations while continuously focusing on the long-term operation of its department stores by evaluating their operating capability and the contribution to total revenue.

Regarding its investment in cinema theatres, Shanghai Shimao reported rapid growth and development against a backdrop of strong momentum in the domestic film market. Shimao's theatres recorded a total of approximately RMB46 million in revenue from operations (from a total of 10 theatres) in the first half of the year, representing year-on-year growth of 185%, from the provision of viewing services to more than 1.52 million person-time. Shanghai Shimao's theatres saw dramatic growth in revenue from ticket sales, and sales of peripherals and accessories. During the period, the theatres of Shimao, adhering to their annual strategies and operation targets, further enhanced their internal management structures while focusing on boosting the efficiency of their professional teams, promoting inter-departmental coordination and integration. They carried out in-depth studies relating to theatre management, film screenings and non-box office sales, as aids to generating significant growth for the year. In the second half of the year, Shimao's theatres will develop external business and new theatres as well as proceed with the project management and preparation of new theatres in a speedy way in order to fully accomplish all the missions and targets.

As for the Group's development of its child-focused business, during the period "Shitian I Kids" constructed two additional outlets in Fuyang and Wuxi, making a total of 12 outlets in operation. In the first half of the year, the children's playgrounds business improved training and management of staff at its various outlets to regulate their service standards, raising service quality and internal management flow to optimize the capacity of each outlet. At the same time, new product mixes were tried, enriching the range of games to develop a diversified business model and distinguish the Group from other competitors. In the second half of the year, the Group's children's playgrounds business plans to add 4 or 5 new playground outlets, and start research and development work for new business growth and product upgrades of its playground outlets. It will cooperate with experienced overseas educational institutions on early education, with the aim of acquiring the latest educational theories and management methods from these institutions by giving full play to the respective advantages of each other to underpin its development of child-focused business.

Hotel Operations

The Group's turnover from hotel operations for the first half of 2012 amounted to RMB491.5 million, representing a year-on-year increase of 12.9%.

At present, the Group has six hotels in operation, with nearly 2,700 guest rooms in total. These include Le Royal Méridien Shanghai, Hyatt on the Bund Shanghai, Le Méridien Sheshan Shanghai, Mudanjiang Holiday Inn, Shaoxing Shimao Holiday Inn and Hilton Nanjing Riverside.

The post-Expo effect meant the convention market in Shanghai has been weak and competition from newly opened hotels has been intense over the past two years. In this context, the Group's three hotels in Shanghai have adopted initiatives such as adjusting their sales strategy, strengthening domestic market development, promoting sales of wedding banquets, and diversifying their income sources. These moves have resulted in a growth in the Group's hotel business operations. While expanding their income streams, the three hotels have also trimmed their energy costs by replacing or renovating certain facilities, and streamlined their staff structure. These initiatives have helped the hotels continue to rank ahead of their peers in Shanghai in terms of operational efficiency.

The Shanghai Disneyland project began construction on 8 April 2011, and is expected to be completed and open by 2015. Furthermore, the North Bund near Hyatt on the Bund Shanghai has been designated one of two major development areas along Huangpu River, under Shanghai's municipal planning blueprint. The area will become a dual-function zone, functioning both as an international shipping centre and an international financial centre for Shanghai. By 2020, Shanghai will have evolved into a modern international metropolis with well-established international tourism, economic, finance, trade and shipping hubs. The Shanghai hotel market will benefit from this development, and should enjoy strong demand and a promising outlook in the long run.

Hilton Nanjing Riverside, Shaoxing Shimao Holiday Inn and Mudanjiang Holiday Inn, all international prestige brands with significant influence in their localities, have been steadily expanding their business since commencing operation.

During the first half of 2012, the Group's hotels received some 20 honours from renowned organisations and media at home and abroad.

FINANCIAL ANALYSIS

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

	1H 2012	1H 2011
	RMB million	*RMB million*
Revenue	**13,687.2**	12,173.0
Gross profit	**4,711.9**	4,918.1
Operating profit	**5,970.3**	6,182.9
Profit attributable to shareholders	**3,114.7**	3,297.2
Earnings per share – Basic *(RMB cents)*	**89.8**	92.9

Revenue

For the six months ended 30 June 2012, the revenue of the Group was approximately RMB13,687.2 million (1H 2011: RMB12,173.0 million), representing an increase of 12.4% over 2011. 92.4% (1H 2011: 94.5%) of the revenue was generated from the sales of properties and 7.6% (1H 2011: 5.5%) from hotel operation, leasing of commercial properties and others.

The components of the revenue are analysed as follows:

	1H 2012	1H 2011
	RMB million	*RMB million*
Sales of properties	**12,651.7**	11,501.5
Hotel operating income	**491.5**	435.3
Rental income from investment properties	**225.8**	196.0
Others	**318.2**	40.2
Total	**13,687.2**	12,173.0

(i) *Sales of properties*

Sales of properties for the six months ended 30 June 2012 and 2011 are set out below:

	1H 2012		1H 2011	
	Area (Sq.m.)	***RMB million***	*Area (Sq.m.)*	*RMB million*
Shimao Property				
Beijing Shimao Olive Garden	**–**	**–**	390	1
Wuhan Shimao Splendid River	**31,563**	**258**	57,394	547
Shaoxing Shimao Dear Town	**1,891**	**24**	11,715	98
Harbin Shimao Riviera New City	**2,560**	**30**	340	2
Changshu Shimao The Center	**–**	**–**	35,904	349
Kunshan Shimao Butterfly Bay	**63,644**	**407**	160,210	1,309
Shanghai Shimao Riviera Garden	**15,569**	**1,160**	5,748	452
Kunshan Shimao East No. 1.	**93,075**	**646**	112,371	842
Hangzhou Shimao Riviera Garden	**56,517**	**528**	131,701	1,641
Shanghai Shimao Emme County	**6,733**	**59**	2,904	28
Wuhu Shimao Riviera Garden	**35,262**	**354**	4,633	26
Fuzhou Shimao Skyscrapers	**–**	**–**	14,388	270
Shenyang Shimao Wulihe	**65,497**	**647**	34,604	300
Suzhou Shimao Canal Scene	**120,075**	**1,107**	16,010	183
Jiaxing Shimao Century Park	**3,223**	**23**	6,777	32
Changzhou Shimao Champagne Lake	**699**	**6**	1,968	18
Yantai Shimao No.1 The Harbour	**29,006**	**255**	21,531	187
Xuzhou Shimao Dongdu	**126,453**	**559**	7,270	155
Taizhou Shimao Riverside Garden	**6,399**	**48**	61,416	345
Ningbo Shimao World Gulf	**94,845**	**791**	128,339	1,346
Mudanjiang Shimao Holiday Landscape	**86**	**–**	1,438	5
Beijing Shimao Alhambra Palace	**4,077**	**175**	15,354	730
Xiamen Shimao Lakeside Garden	**424**	**15**	–	–
Ningbo Shimao Rivera Garden	**15,766**	**124**	–	–
Tianjin Shimao Wetland Century	**66,832**	**679**	–	–
Xianyang Shimao The Centre	**1,891**	**24**	–	–
Dalian Shimao Glory City	**1,816**	**22**	–	–
Chengdu Shimao City	**87,123**	**575**	–	–
Dalian Shimao Dragon Bay	**16,602**	**209**	–	–
Fujian Jinjiang Shimao Dragon Bay	**62,352**	**1,248**	–	–
Wuhan Shimao Dragon Bay	**16,894**	**164**	–	–
Sub-total (a)	**1,026,874**	**10,137**	832,405	8,866
Shanghai Shimao				
Beijing Shimao Gongsan Plaza	**–**	**–**	57,474	2,475
Changshu Shimao The Centre	**115,383**	**1,074**	–	–
Hangzhou Shimao Riviera COSMO	**45,728**	**488**	–	–
Nanjing Shimao Bund New City	**2,836**	**48**	8,349	160
Xuzhou Shimao Dongdu	**9,911**	**236**	–	–
Shaoxing Shimao Dear Town	**2,877**	**27**	–	–
Fuzhou Shimao Bund Garden	**–**	**–**	120	1
Kunshan Shimao International City	**55,928**	**642**	–	–
Sub-total (b)	**232,663**	**2,515**	65,943	2,636
Total (a)+(b)	**1,259,537**	**12,652**	898,348	11,502

(ii) Hotel income

Hotel operation income are analysed below:

	1H 2012 *RMB million*	1H 2011 *RMB million*
Le Méridien Sheshan Shanghai	**62.5**	61.0
Le Royal Méridien Shanghai	**198.8**	196.3
Hyatt On The Bund Shanghai	**175.6**	171.0
Mudanjiang Holiday Inn	**10.4**	7.0
Hilton Nanjing Riverside	**28.2**	–
Shaoxing Shimao Holiday Inn	**16.0**	–
Total	**491.5**	435.3

Hotel operation income increased approximately 12.9% to RMB491.5 million from RMB435.3 million over the six months ended 30 June 2011. The increase was mainly due to the commencement of Nanjing and Shaoxing Hotels from the second half year of 2011.

(iii) Rental income and others

Rental income from investment properties amounted to RMB225.8 million. The rental income increased by 15.2% mainly due to the commencement of leasing of Kunshan Shimao Plaza and other miscellaneous properties from the second half year of 2011.

Other income amounted to RMB318.2 million (1H 2011: RMB40.2 million) derived from construction service, operation of department stores and cinema.

	1H 2012 *RMB million*	1H 2011 *RMB million*
Shanghai Shimao International Plaza	**83.6**	79.7
Beijing Shimao Tower	**48.0**	42.5
Changshu Shimao The Center	**7.5**	13.0
Shanghai Shimao Shangdu	**16.9**	17.6
Suzhou Shimao Canal Scene	**5.6**	4.9
Shaoxing Shimao Dear Town	**36.8**	35.2
Kunshan Shimao Plaza	**11.2**	–
Xuzhou Shimao Dongdu	**6.2**	–
Miscellaneous rental income	**10.0**	3.1
Others	**318.2**	40.2
Total	**544.0**	236.2

Cost of sales

Cost of sales increased by 24% to approximately RMB8,975.4 million for the six months ended 30 June 2012 from RMB7,254.9 million for the six months ended 30 June 2011, 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:

	1H 2012 ***RMB million***	1H 2011 *RMB million*
Sales taxes	**814.0**	677.5
Land costs, construction costs and capitalised borrowing costs	**7,711.6**	6,406.4
Direct operating costs for hotels, commercial properties and others	**449.8**	171.0
Total	**8,975.4**	7,254.9

Fair value gains on investment properties

During the period under review, the Group recorded aggregate fair value gains of RMB1,827.3 million (1H 2011: RMB2,057.2 million), mainly contributed by further increase in value of certain investment properties.

Other gains

Other gains of RMB898.1 million for the six months ended 30 June 2012 (1H 2011: RMB429.8 million) included mainly gain on reduction in control of subsidiaries and government grants.

Selling and marketing costs and administrative expenses

Selling and marketing costs for the period was RMB439.9 million (1H 2011: RMB272.4 million). Selling expenses increased by 61.5% year-on-year which was in line with significant growth in contracted sales. Administrative expenses for the period was RMB865.6 million (1H 2011: RMB846.8 million). The increase was mainly due to hotel expenses with the commencement of two new hotels from the second half year of 2011.

Operating profit

Operating profit amounted to RMB5,970.3 million for the six months ended 30 June 2012, a decrease of 3.4% over the first half of 2011.

Finance costs – net

Net finance costs decreased to RMB12.5 million (1H 2011: RMB349.8 million) mainly due to that more loan interests were capitalized during the period.

Share of results of associated companies & jointly controlled entities

Share of losses of associated companies amounted to RMB106.7 million (1H 2011: share of profits of RMB119.9 million) in the first half of 2012, which was mainly due to the loss of Guangzhou Asian Game City Project. Share of losses of jointly controlled entities amounted to RMB28.8 million (1H 2011: share of profits of RMB18.9 million).

Taxation

The Group's tax provisions amounted to RMB2,154.9 million in which PRC land appreciation tax ("LAT") was RMB670.8 million (1H 2011: RMB2,155.4 million, in which LAT was RMB639.2 million) for the period.

Profit attributable to shareholders

Profit attributable to shareholders for the period decreased by 5.5% from RMB3,297.2 million in the first half of 2011 to RMB3,114.7 million in the first half of 2012.

Liquidity and financial resources

As of 30 June 2012, total assets of the Group were RMB123.5 billion, of which current assets reached RMB74.0 billion. Total liabilities were RMB85.5 billion, whereas non-current liabilities were RMB29.5 billion. Total equity was RMB38.0 billion, of which equity attributable to the shareholders of the Company amounted to RMB33.2 billion.

As of 30 June 2012, the Group had aggregate cash and bank balances (including restricted cash) of approximately RMB15.3 billion (31 December 2011: RMB14.0 billion), total borrowings amounted to approximately RMB41.2 billion (31 December 2011: RMB42.6 billion). Total net borrowings were RMB25.9 billion (31 December 2011: RMB28.6 billion). Net gearing ratio decreased from 81.7% as at 31 December 2011 to 68.3% as at 30 June 2012.

The maturity of the borrowings of the Group as at 30 June 2012 is set out as follows:

	RMB million
Bank borrowings and borrowings from other financial institutions	
Within 1 year	15,334
Between 1 and 2 years	7,857
Between 2 and 5 years	6,053
Over 5 years	4,518
Senior notes	
Between 2 and 5 years	2,151
Over 5 years	5,273

The borrowings were denominated in different currencies set out below:

	Original *currency million*	**RMB** *equivalent million*
US$	1,550	9,802
HK$	5,148	4,196
RMB	27,188	27,188

Financing activities

To lower the net gearing ratio, the Group prioritized reduction of borrowings with the enhancing operating cash inflows. Total borrowings decreased from RMB42.6 billion as at 31 December 2011 to RMB41.2 billion as at 30 June 2012.

The Group continued to maintain good relationships with banks and other financial institutions during the period. Further, the Group has begun its deleveraging plan during the period and as a result there was a net reduction in the gross amount of the borrowings of approximately RMB1,375.0 million. The Group will continue its deleveraging as planned during the second half of 2012.

As at 30 June 2012, the Group had unutilized credit facilities of approximately RMB10.0 billion.

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 outstanding foreign currency borrowings which include US$330 million equivalents syndicated loans, US$1.2 billion senior notes and US$46.0 million and HK$5.1 billion bank loans as at 30 June 2012.

Pledge of assets

As of 30 June 2012, 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 RMB37.9 billion to secure bank facilities granted to the Group. The corresponding bank and other loans amounted to approximately RMB26.7 billion. The Group had also pledged shares of certain subsidiaries for a total borrowing of RMB4.3 billion.

Contingencies

As of 30 June 2012, the Group had provided guarantees for approximately RMB7.8 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 RMB3.4 billion in its portion of equity interests in two associated companies and a jointly controlled entity for their borrowings.

Capital and property development expenditure commitments

As of 30 June 2012, the Group had contracted capital and property development expenditure but not provided for amounted to RMB28.7 billion.

Employees and remuneration policy

As of 30 June 2012, the Group employed a total of 4,899 employees. Total remuneration for the period amounted to RMB471.0 million. The Group has adopted a performance-based rewarding system to motivate its staff. In addition to the Share Option Scheme, a share award scheme of the Company (the "Share Award Scheme") was adopted by the board of directors of the Company on 30 December 2011. The purpose of the Share Award Scheme is to recognize the contributions by certain selected employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. 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 consolidated results of the Group for the six months ended 30 June 2012 together with comparative figures. These interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	Unaudited Six months ended 30 June 2012 RMB'000	2011 RMB'000
Revenue		**13,687,238**	12,172,975
Cost of sales	3	**(8,975,352)**	(7,254,910)
Gross profit		**4,711,886**	4,918,065
Fair value gains on investment properties		**1,827,299**	2,057,177
Other income/other gains – net		**898,050**	429,765
Selling and marketing costs		**(439,911)**	(272,380)
Administrative expenses		**(865,630)**	(846,812)
Other operating expenses		**(161,427)**	(102,897)
Operating profit		**5,970,267**	6,182,918
Finance income		**61,595**	60,564
Finance costs		**(74,055)**	(410,371)
Finance costs – net		**(12,460)**	(349,807)
Share of results of			
– Associated companies		**(106,721)**	119,908
– Jointly controlled entities		**(28,828)**	18,879
		(135,549)	138,787
Profit before income tax		**5,822,258**	5,971,898
Income tax expense	4	**(2,154,941)**	(2,155,428)
Profit for the period		**3,667,317**	3,816,470
Other comprehensive income/(loss):			
Fair value gains/(losses) on available-for-sale financial assets, net of tax		**60,075**	(16,778)
Total comprehensive income for the period		**3,727,392**	3,799,692

		Unaudited	
		Six months ended 30 June	
		2012	2011
	Note	***RMB'000***	*RMB'000*
Profit for the period attributable to:			
Equity holders of the Company		**3,114,688**	3,297,224
Non-controlling interests		**552,629**	519,246
		3,667,317	3,816,470
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**3,153,269**	3,286,449
Non-controlling interests		**574,123**	513,243
		3,727,392	3,799,692
Dividends	*5*	**–**	649,216
Earnings per share for profit attributable to the equity holders of the Company			
– basic *(RMB cents)*	*6*	**89.8**	92.9
– diluted *(RMB cents)*	*6*	**89.7**	92.8

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2012

	Note	**Unaudited 30 June 2012 *RMB'000***	Audited 31 December 2011 *RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**9,318,142**	8,325,789
Investment properties		**23,760,512**	20,566,979
Land use rights		**2,546,595**	2,475,068
Intangible assets		**2,234,631**	2,264,027
Associated companies		**1,201,560**	1,308,281
Jointly controlled entities		**5,466,629**	4,307,877
Available-for-sale financial assets		**347,462**	267,362
Deferred income tax assets		**1,341,089**	1,313,909
Other non-current assets		**3,272,583**	3,205,665
		49,489,203	44,034,957
Current assets			
Properties under development		**37,450,785**	37,324,085
Completed properties held for sale		**5,963,207**	7,382,116
Trade and other receivables and prepayments	*7*	**6,322,159**	4,472,085
Prepayments for acquisition of land use rights		**5,959,295**	7,634,561
Prepaid income taxes		**1,067,122**	949,184
Amounts due from related companies		**1,947,941**	1,451,591
Restricted cash		**1,482,383**	1,681,222
Cash and cash equivalents		**13,771,826**	12,312,740
		73,964,718	73,207,584
Total assets		**123,453,921**	117,242,541
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**356,275**	355,737
Reserves			
– Proposed dividend		**–**	505,772
– Others		**32,890,159**	29,730,171
		33,246,434	30,591,680
Non-controlling interests		**4,730,520**	4,426,397
Total equity		**37,976,954**	35,018,077

	Note	Unaudited 30 June 2012 *RMB'000*	Audited 31 December 2011 *RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**25,852,054**	27,577,834
Deferred income tax liabilities		**3,612,290**	3,172,815
		29,464,344	30,750,649
Current liabilities			
Trade and other payables	*8*	**15,990,862**	17,317,407
Dividend payable		**507,551**	–
Advanced proceeds received		**15,598,996**	11,828,902
Income tax liabilities		**7,339,079**	7,159,326
Borrowings		**15,333,766**	14,983,419
Derivative financial instruments		**60,198**	52,115
Amounts due to related parties		**1,079,695**	30,831
Deferred income		**102,476**	101,815
		56,012,623	51,473,815
Total liabilities		**85,476,967**	82,224,464
Total equity and liabilities		**123,453,921**	117,242,541
Net current assets		**17,952,095**	21,733,769
Total assets less current liabilities		**67,441,298**	65,768,726

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2012 (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 interim condensed consolidated financial information is presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, and was for issue on 27 August 2012.

This interim condensed consolidated financial information has not been audited.

This interim condensed consolidated financial information for the six months ended 30 June 2012 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 interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2011, 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 2011.

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

(a) Amendment to standards adopted by the Group

- HKAS 12 (Amendment) 'Deferred tax: Recovery of underlying assets' introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

This amendment does not have any significant impact on the Group's financial statements as the Group's investment properties are all located in the PRC, where the capital gains tax rate is same as the income tax rate.

There are no other new standards, amendments, or interpretations to standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

- HKAS 1 (Amendment) 'Presentation of financial statements' requires entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). This standard is effective for annual periods beginning on or after 1 July 2012 with early adoption permitted.

- HKFRS 10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard is effective for the accounting period beginning on or after 1 January 2013 with early adoption permitted.

- HKFRS 11 'Joint Arrangements' reduced the types of joint arrangements to two: joint operations and joint ventures and proportional consolidation of joint ventures is no longer allowed. This standard is effective for the accounting period beginning on or after 1 January 2013 with early adoption permitted.

- HKFRS 12 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is effective for the accounting period beginning on or after 1 January 2013 with early adoption permitted.

- HKFRS 13 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. This standard is effective for the accounting period beginning on or after 1 January 2013 with early adoption permitted.

- HKAS 19 (Amendment) 'Employee benefits' eliminate the corridor approach and calculate finance costs on a net funding basis. This standard is effective for the accounting period beginning on or after 1 January 2013 with early adoption permitted.

- HKFRS 7 (Amendment) 'Financial instruments: Disclosures – Offsetting financial assets and financial liabilities' requires new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. This standard is effective for the accounting period beginning on or after 1 January 2013.

- Fourth 2011 annual improvements project – Changes effective for annual periods beginning on or after 1 January 2013 (subject to HKICPA endorsement) with early adoption permitted.

- HKAS 32 (Amendment) 'Financial instruments: Presentation – Offsetting financial assets and financial liabilities', effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

- HKFRS 9 'Financial instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities. This standard is not applicable until 1 January 2015 but is available for early adoption.

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 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	
	2012	2011
	RMB'000	*RMB'000*
Sales of properties	**12,651,736**	11,501,521
Hotel operation income	**491,512**	435,333
Rental income from investment properties	**225,804**	196,001
Others	**318,186**	40,120
	13,687,238	12,172,975

(b) Segment information

The segment results for the six months ended 30 June 2012 are as follows:

	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	**2,514,516**	**10,137,220**	**–**	**–**	**12,651,736**
– Hotel operation income	**44,211**	**–**	**447,301**	**–**	**491,512**
– Rental income from investment properties	**139,881**	**85,923**	**–**	**–**	**225,804**
– Others	**282,636**	**35,550**	**–**	**–**	**318,186**
Total revenue	**2,981,244**	**10,258,693**	**447,301**	**–**	**13,687,238**
Operating profit/(loss)	**2,437,339**	**3,651,893**	**53,056**	**(172,021)**	**5,970,267**
Finance (costs)/income – net	**(51,142)**	**50,623**	**(2,415)**	**(9,526)**	**(12,460)**
Share of results of					
– Associated companies	**–**	**(106,721)**	**–**	**–**	**(106,721)**
– Jointly controlled entities	**–**	**(28,828)**	**–**	**–**	**(28,828)**
Profit/(loss) before income tax	**2,386,197**	**3,566,967**	**50,641**	**(181,547)**	**5,822,258**
Income tax expense					**(2,154,941)**
Profit for the period					**3,667,317**
Other segment items are as follows:					
Capital and property development expenditure	**3,480,092**	**6,045,913**	**914,428**	**1,138**	**10,441,571**
Fair value gains on investment properties	**1,424,906**	**402,393**	**–**	**–**	**1,827,299**
Impairment of intangible assets	**–**	**29,396**	**–**	**–**	**29,396**
Depreciation	**42,764**	**13,057**	**96,453**	**9,236**	**161,510**
Amortisation of land use rights	**2,985**	**–**	**18,458**	**–**	**21,443**
Provision for/(write back of provision for) impairment of receivables	**–**	**–**	**–**	**–**	**–**

* 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 results for the six months ended 30 June 2011 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	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

The segment assets and liabilities as at 30 June 2012 are as follows:

	Property development and investment			
	Shanghai Shimao	Others	Hotel operation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associated companies	–	1,201,560	–	1,201,560
Jointly controlled entities	–	5,466,629	–	5,466,629
Intangible assets	1,709,730	393,973	130,928	2,234,631
Other segment assets	37,379,882	63,777,472	10,944,369	112,101,723
Total segment assets	39,089,612	70,839,634	11,075,297	121,004,543
Deferred income tax assets				1,341,089
Available-for-sale financial assets				347,462
Other assets				760,827
Total assets				123,453,921
Borrowings	11,220,543	15,656,963	310,000	27,187,506
Other segment liabilities	11,204,182	21,259,646	7,400,566	39,864,394
Total segment liabilities	22,424,725	36,916,609	7,710,566	67,051,900
Corporate borrowings				13,998,314
Deferred income tax liabilities				3,612,290
Derivative financial instruments				60,198
Other liabilities				754,265
Total liabilities				85,476,967

The segment assets and liabilities as 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

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

4 INCOME TAX EXPENSE

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**1,070,170**	1,083,537
– PRC withholding income tax	**21,700**	–
– PRC land appreciation tax	**670,801**	639,247
	1,762,671	1,722,784
Deferred income tax		
– PRC enterprise income tax	**413,970**	432,644
– PRC withholding income tax	**(21,700)**	–
	2,154,941	2,155,428

(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%.

5 DIVIDENDS

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

A final dividend in respect of the year ended 31 December 2011 of HK18 cents per ordinary share, amounting to approximately HK$625,063,000 (equivalent to RMB507,551,000) was approved at the annual general meeting of the Company held on 18 June 2012.

The directors of the Company resolved not to declare the payment of any interim dividend for the six months ended 30 June 2012.

6 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	
	2012	2011
Profit attributable to the equity holders of the Company *(RMB'000)*	**3,114,690**	3,297,224
Weighted average number of ordinary shares in issue *(thousands)*	**3,468,784**	3,548,562
Basic earnings per share *(RMB cents)*	**89.8**	92.9

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	
	2012	2011
Profit attributable to the equity holders of the Company *(RMB'000)*	**3,114,690**	3,297,224
Weighted average number of ordinary shares in issue *(thousands)*	**3,468,784**	3,548,562
Adjustments for share options granted under the Pre-IPO Share Option Scheme *(thousands)*	**2,001**	4,223
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**3,470,785**	3,552,785
Diluted earnings per share *(RMB cents)*	**89.7**	92.8

7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2012 RMB'000	31 December 2011 RMB'000
Bidding deposits for land use rights	**982,884**	1,177,617
Trade receivables *(note)*	**2,744,761**	1,549,466
Prepaid business taxes on pre-sale proceeds	**846,357**	676,215
Prepayments for construction costs	**830,386**	326,812
Other receivables	**917,771**	741,975
	6,322,159	4,472,085

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 2012 RMB'000	31 December 2011 RMB'000
Within 90 days	**1,579,355**	1,220,336
Over 90 days and within 365 days	**1,017,826**	289,375
Over 365 days	**147,580**	39,755
	2,744,761	1,549,466

Trade receivables are analysed as follows:

	30 June 2012 RMB'000	31 December 2011 RMB'000
Fully performing under credit terms	**1,878,476**	872,166
Past due but not impaired	**866,285**	677,300
	2,744,761	1,549,466

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 impairment was made against past due receivables as at 30 June 2012 and 31 December 2011.

8 TRADE AND OTHER PAYABLES

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Trade payables *(note (i))*	**13,398,370**	15,525,549
Other taxes payable	**615,021**	551,945
Accrued expenses	**696,755**	463,316
Other payables *(note (ii))*	**1,280,716**	776,597
	15,990,862	17,317,407

Notes:

(i) The ageing analysis from the recorded date of trade payables is as follows:

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Within 90 days	**12,322,277**	14,517,012
Over 90 days and within 1 year	**1,076,093**	1,008,537
	13,398,370	15,525,549

(ii) Other payables comprise:

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Deposits received from customers	**584,349**	264,830
Deposits from constructors	**460,527**	136,289
Rental deposits from tenants and hotel customers	**63,502**	140,074
Fees collected from customers on behalf of government agencies	**62,769**	127,719
Others	**109,569**	107,685
	1,280,716	776,597

9 COMMITMENTS

(a) Commitments for capital and property development expenditure

	30 June 2012 *RMB'000*	31 December 2011 *RMB'000*
Contracted but not provided for		
– Property and equipment	**1,049,777**	1,463,953
– Land use rights (including those related to associated companies and jointly controlled entities)	**11,064,054**	14,633,073
– Properties being developed by the Group for sale	**16,603,212**	13,395,760
	28,717,043	29,492,786

(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 2012 *RMB'000*	31 December 2011 *RMB'000*
Within one year	**77,391**	77,541
Between two to five years	**419,512**	488,442
After five years	**613,492**	662,194
	1,110,395	1,228,177

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code (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 2012 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 four executive directors, one non-executive director 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 2012.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities, except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased from the market a total of 4,000,000 shares of the Company at a total consideration of approximately HK$26 million.

INTERIM DIVIDEND

The Board resolved not to declare the payment of any interim dividend for the six months ended 30 June 2012.

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

Hong Kong, 27 August 2012

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Hui Wing Mau (Chairman), Mr. Hui Sai Tan, Jason (Vice Chairman), Mr. Liu Sai Fei and Mr. Xu Younong; a non-executive director, Ms. Yao Li; and three independent non-executive directors, namely Ms. Kan Lai Kuen, Alice, Mr. Lu Hong Bing and Mr. Lam Ching Kam.