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)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2013

RESULTS HIGHLIGHTS

1. Revenue amounted to RMB41.50 billion, representing an increase of 44.9% compared with 2012.

2. Gross profit increased by 52.4% to RMB14.64 billion (2012: RMB9.61 billion). Gross margin increased to 35.3% from 33.5% of 2012.

3. Profit attributable to shareholders increased by 28.2% to RMB7.39 billion. Excluding the net impact of major after-tax non-cash items, net profit from core business attributable to shareholders for the year amounted to approximately RMB7.319 billion, representing a year-on-year increase of 66.8%.

4. Basic earnings per share amounted to RMB213.3 cents, an increase of 28.3% over 2012.

5. Contracted sales in 2013 reached RMB67.07 billion, a year-on-year increase of 45.5%.

6. As at 31 December 2013, our Group's attributable land bank was approximately 36.15 million sq.m..

7. As at 31 December 2013, funds at the Group's disposal amounted to approximately RMB39.6 billion, including cash on hand of approximately RMB19.6 billion and the balance of available banking facilities of approximately RMB20.0 billion.

8. As at 31 December 2013, net gearing ratio was 57.4%.

9. The Board proposed a final dividend of HK81 cents per share (2012: HK55 cents), an increase of 47.3% over last year.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the results of Shimao Property Holdings Limited ("Shimao Property", "Shimao" or the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2013.

Business Review

The year 2013 revealed no significant changes in the keynotes for regulatory control in China's real estate sector. The five national control measures on the real estate market and the detailed rules for local government announced early in the year, showing a determination to ensure the property tightening policies remain steady. In the second half of the year, the new Central Government clearly identified its core work would be carrying such reforms forward in a comprehensive manner and adjusting economic structures accordingly. The resultant tasks to be undertaken would include the localization of real estate policies and the shifting of the decision making authority in restrictions on property purchases and mortgages to local governments. In the meantime, long-term policies such as real estate registration and construction of affordable housing will also be advanced.

At the Politburo meeting held on 30 July 2013, no mention was made of applying curbs to the real estate market for the first time. Instead, it has set tone on promoting the healthy and steady development in the real estate market. This new direction will be beneficial for not only the country's real estate sector but also dozens of related industries and should help stimulate economic recovery. The main themes for regulating the real estate market are expected to be optimization and adjustment, making administrative regulation unlikely.

The sound macroeconomic environment created by the easing of policies and the steady recovery of China's economy mean distinctive real estate market differentiation has developed quite quickly across various first- and second-tier cities. To this end, transaction volumes have remained high and record breaking land prices have constantly created. Meanwhile, the seeking of fast turnover has become the norm for the real estate industry as a result of the intensive competition. With major real estate enterprises have subsequently recorded steady increases in their sales results for 2013, there are more enterprises than ever before surging through the RMB100 billion sales volume mark which accelerates a further concentration within the industry.

Given these overall trends and its own strategic objectives, the Group continued to move towards its goal of meeting market demand while adhering to the "quality growth" principle during 2013. By maintaining faster and sounder development, we continued to enhance our management capacity, build our brand, increase land reserves in a rational fashion and strengthen our financial structure. As a result, the Group as a whole was able to achieve a remarkable RMB67.07 billion contracted sales in 2013, ranked 9th among property developers nationwide.

In 2013, the Group achieved recognized revenue of RMB41.50 billion, representing an increase of 44.9% over 2012. Gross profit increased by 52.4% to approximately RMB14.64 billion. Operating profit increased by 22.9% to approximately RMB12.34 billion. Profit attributable to shareholders reached RMB7.39 billion, representing an increase of 28.2% over last year. Excluding the net impact of major after-tax non-cash items: fair value gains of investment properties of RMB0.612 billion (2012:

RMB1.356 billion), net gains on disposal of subsidiaries and a joint venture of RMB0.039 billion (2012: RMB0.422 billion), depreciation and amortisation of RMB0.288 billion (2012: RMB0.277 billion) and write-off of intangible assets of RMB0.292 billion (2012: RMB0.124 billion) which totalled RMB0.071 billion (2012: RMB1.377 billion), net profit from core business attributable to shareholders amounted to approximately RMB7.319 billion (2012: RMB4.387 billion), representing a year-on-year increase of 66.8%. To demonstrate our appreciation for our shareholders' unstinting support, the board of directors of the Company (the "Board") has recommended payment of a final dividend of HK81 cents per share for the year ended 31 December 2013 (2012: HK55 cents), an increase of 47.3% over last year.

Sales Achievements

At the beginning of 2013, the Group stated its contracted sales target for the next 12 months would be RMB55 billion. In 2013, our operations realized contracted sales of RMB67.07 billion, representing 122% of the total annual target. The total area of land sold during the year amounted to 5.239 million sq.m., at an average selling price of RMB12,802 per sq.m.. Such a remarkable sales achievement is the eloquent evidence to the success of the internal management enhancement methodology.

The contracted sales of the Group for 2014 are targeted at RMB80 billion. As at 25 March 2014, the accumulative unrecognised contracted sales exceeded RMB60 billion, of which approximately over 75% is set to be booked in 2014.

Management Enhancement – Prioritizing Talent Cultivation with Technology as Support

The reforms we began implementing in 2013 were squarely aimed at consolidating Shimao's foundations and raising the quality of our internal management. To this end, the Group has redoubled its commitment to staff training, the building up of a strong talent pool and the innovation and stabilization of our corporate structure. As a result, 2013 revealed our internal management and internal controls further refined and optimized. In respect of human resources, we firmly believe that sustained business success can only result from a highly motivated team of talented individuals. In 2013, we gradually implemented a series of specific measures aimed at retaining employees who performed well and exhibited high potential while eliminating non-performing colleagues. Specific examples included campus recruitment and the running of leadership training programs. The process is already paving a new path which will see Shimao grow even stronger than and more distinct from its peers.

Shimao's reforms have ultimately made our need for talent more pressing than ever. However, recruiting new staff can only be a temporary solution. In the long term, it is vital to enrich our existing talent pool by building an effective staff training system. As a result, training program for cultivating Shimao talents has been launched in all aspects in 2013 while we were continuously sourcing outstanding talents from the industry. The Group had 241 employees classified as "New Generation", 144 employees classified as "New Intelligence" and 86 employees classified as "Middle Management" in 2013. Shimao was also ranked by the university students as one of the "100 Best Employers" and one of the "Top 10 Most Desirable Companies to Join with the Most Challenging Interview".

In terms of management innovation and generating the necessary momentum to facilitate ongoing development, Shimao has integrated and fully implemented a management and control platforms built on the software developed by the world leader SAP in 2013. In doing so, we became the first enterprise in China's real estate industry to leverage visual process management and controls across the entire project cycle. The standardization of products and the integration of SAP management standards into the Group's business operations will be finalized after the completion of Phase 2. The resultant platform will enable the Group effectively enhance its project efficiencies, optimally consolidate its resources and centralize its management which will support our business expansion as well as the continuous and rapid growth of the Group's operational scale.

Brand Building – Serving Customers and Benefiting Society

In 2012, Shimao commenced a "Year of Service Value" strategy via which we set out to upgrade all aspects of its 'soft' services to customers. The new policy's component value-added service elements and invitation to property owners to become "Quality Ambassadors" both received an overwhelming response from the market. In 2013, the Group added a further initiative upgrading the "Year of Service Value" strategy named "Service Cloud". The move marked the first time this advanced service model which originated within the information technology industry had been harnessed by a Chinese real estate specialist. "Service Cloud" integrated many resources from across different industries to provide all-round services to Shimao's property owners. Specific examples included services relating to education, healthcare, business trips, customized design and leisure. Shimao's brand image and its property owner satisfaction levels received significant boosts as a direct result of these enhancement.

Apart from pursuing of rapid business development, 2013 also saw us work hard to fulfill our corporate social responsibilities to the communities that sustain our business. Initiatives undertaken included projects aimed at supporting healthcare in impoverished areas, promoting educational training development and improving the living standards, learning and mental health of the children of migrant workers in cities. We also strived hard to provide care and assistance to critically ill children. All of these efforts were widely recognized and appreciated across all levels of society. In terms of marketing and social responsibility, industry peers noted Shimao has undergone substantial changes and is becoming a more all-round brand. Along the way, we have also enriched our corporate positioning and softened our public image. We have achieved these goals by seamlessly integrating enterprise strategies, product quality, user-friendly property services and charity activities into everything we do.

Land Reserves – Rational Development with Specific Emphasis

Given its satisfactory sales and the abundant cash resources in 2013, the Group was able to measurably enrich land reserves in readiness for future sales growth. To this end, we acquired a total of 9.37 million sq.m. of residential land in Ningbo, Hangzhou, Jinan, Nanchang, Suzhou, Quanzhou, Nantong, Beijing, Wuhan, Guangzhou, Zhangjiagang, Dalian, Shanghai, Shenzhen and Fuzhou. Currently, Shimao Property holds 104 projects totaling 36.15 million sq.m. of quality land in 38 cities nationwide. These development projects are all backed by considerable research and detailed calculation. The end result is a series of holdings in core regions or locations possessed of the high potential the Group needs to meet its clearly defined land reserve standards. Shimao's high-quality land resources and stringent control on land costs would definitely become vital components supporting our business growth in the coming years.

Strengthening the Group's Financial Structure

In addition to adhering to our tried and tested prudent business strategy, 2013 saw us take measures to further optimize the Group's capital structure and lower capital costs. After a successful issuance of senior notes due 2020 amounting to US$800 million on 14 January 2013, the Group obtained a four-year syndicated loan of approximately US$570 million from a bank consortium in July 2013. The new arrangement gave the Group the option of early redemption of senior notes worth US$350 million that were originally due in 2016. In consolidating its steady and healthy development, the Group successfully issued US$600 million senior notes due 2021 on 22 January 2014. The new and additional loan and senior notes were subsequently used to repay part of the Group's high interest short-term loans and senior notes and thus further lowering our collective interest costs. In addition, the Group continued to maintain sound relationships with over 20 domestic banks and over 10 financial institutions in Hong Kong and overseas. Such relationships are vital in providing us with essential long-term funding support at low cost. As of 31 December 2013, the Group held sufficient reserves, with approximately RMB19.6 billion in ready cash and unutilized credit facilities of approximately RMB20.0 billion.

In 2013, the Group's credit rating was upgraded by several international credit reporting agencies, including Standard and Poor's, Fitch Ratings and Moody's, due to its steady operating and financial performance.

Achievements and Outlook

The Group in 2013 continued to receive widespread support and recognition from all levels of society. On 22 May 2013, the Company was voted as one of the top 10 best-managed companies in Asia, in the 13th annual poll of Asia's Best Managed Companies organized by leading financial magazine, *FinanceAsia*. This was the first time the Group had made the publication's top 10 list. *FinanceAsia* also ranked the Group as the 8th best-managed enterprise in the China region.

On 23 May 2013, Shimao Property was ranked 7th in "China's Top 10 Listed Property Developers" in the Integrated Capability category. The accolade was officially awarded to the Group by the Assessment on Listed Property Developers in China 2013 held concurrently in Beijing and Hong Kong. Shimao Property's placing one rank higher than the previous year, reflects the success of our ongoing efforts to strengthen our leading position in China's real estate industry. Shimao Property was also ranked 3rd among its peers in the assessment of its risk resistance capacity.

As we move further forward into 2014, the global economy is continuing its slow recovery, creating both opportunities and challenges as it does so. Although beset by sluggish growth, China's economy remain likely to undergo profound changes in terms of both structure and growth modes in 2014. The core of the new Central Government's economic reform centers on building good relations between itself and the market by freeing up business leaders and entrepreneurs to play a more decisive role in resources allocation. China's continued prudent monetary policy and ongoing financial reform may well further tighten liquidity in the financial market. This will in turn result in the setting of higher requirements for businesses' capital management and financial security. Any possible regulatory control of the real estate market is likely to largely depend on long-term mechanisms. Such mechanisms are likely to reflect the country's growing trend for geographical differences and continued curbs on speculative demand. Following concentration of China's real estate industry which certainly continues to be the pre-dominant trend in 2014, will probably result in even more cutthroat competition across the industry.

In responding to the changing market environment, the Group in 2014 will focus on further strengthening financial management, diversifying its financing channels and optimizing its debt structure. At the same time, the Group will continue to make prudent decisions on land development and acquisition of land reserves. The coming months will also see the Group bolster monitoring and analysis of market changes and further enhance its capability in terms of both judgment and flexible responses. The Group will also strive to improve management innovation and strengthen systematic supervision by making use of various management and control platforms. Last but not least, the Group will endeavor to continue building a talent pool capable of further consolidating the Group's foundations and comprehensively meeting its long-term developmental needs. The months and years ahead will also see Shimao continue to make greater efforts in improving products and customer service quality. As always, the Group will make every endeavor to deliver quality products and services for customers and generate greatest return for our shareholders.

Appreciation

On behalf of the Board, I would like to thank our shareholders, partners and customers for their tremendous support, as well as the local governments we have worked with 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 all their valuable contributions. Their care and steady support have brought the Group success, and enabled us to achieve our stated goals.

Hui Wing Mau
Chairman

Hong Kong, 25 March 2014

MANAGEMENT DISCUSSION & 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 year ended 31 December 2013 grew by 44.9% to RMB41.50 billion, from RMB28.65 billion in 2012. During the year, revenue from property sales surged to RMB39.50 billion, representing an increase of 48.5% over 2012, and accounted for 95.2% of total revenue. The average recognized selling price increased by 8.4% to RMB11,116 per sq.m. in 2013, from RMB10,251 per sq.m. in 2012. The increase was mainly attributable to an enhancement in the Group's bargaining power in some projects. The number of projects recognized by the Group in 2013 totalled 53, representing an increase of 16 projects as compared to 37 recognized projects of 2012.

2) *Satisfactory sales growth, with sales exceeding annual target*

With respect to property sales, the Group's contracted sales amounted to RMB67.07 billion in 2013, representing 122% of its annual target. The aggregate sales area reached 5.239 million sq.m., with an average selling price of RMB12,802 per sq.m..

The excellent sales achieved by the Group clearly demonstrated the effectiveness of management's sales strategy. Looking forward in 2014, the Group plans to launch both brand-new projects and continue with existing ones, which together will increase its saleable area by approximately 8.6 million sq.m.. When added to existing inventory as at 31 December 2013 with a saleable area of approximately 2.4 million sq.m., the Group's saleable area in 2014 will reach approximately 11 million sq.m..

3) *Completion of development projects and plans as scheduled*

The aggregate GFA completed by the Group in 2013 was approximately 5.10 million sq.m., 53% higher than the 3.33 million sq.m. completed in 2012. During the year, all of the Group's projects proceeded smoothly, with new floor area under construction reaching approximately 8 million sq.m.. As at 31 December 2013, a total of 104 projects across 38 cities were under construction. This increase in the number of projects under construction has laid a solid foundation for the Group's future development. Looking forward to 2014, with a view to maintaining adequate liquidity, the Group's GFA planned for completion has been preset at approximately 7.5 million sq.m., 50% higher than the figure for 2013. The Group's GFA under construction will reach 16.90 million sq.m. in 2014.

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

To support its sustainable development, the Group has remained proactive yet prudent in land acquisition. In 2013, Shimao Property acquired 9.37 million sq.m. of residential land bank in Ningbo, Hangzhou, Jinan, Nanchang, Suzhou, Quanzhou, Nantong, Beijing, Wuhan, Guangzhou, Zhangjiagang, Dalian, Shanghai, Shenzhen and Fuzhou. Currently, Shimao Property has 104 projects spanning 38 cities. The Group has a high-quality land bank of 36.15 million sq.m.. The premium quality and relatively low cost of its land should help boost Shimao Property's results in the major markets of China in the next few years.

In terms of land cost, the average floor price of the new land reserves (excluding Shanghai Shimao) was approximately RMB4,488 per sq.m., a figure that demonstrates the Group's commitment to prudent land acquisition and its ability to strike a balance between development opportunity and risk control. As at 31 December 2013, the Group's average land cost was RMB2,341 per sq.m.. The relatively low cost of its land should help it achieve a higher profit margin in the future.

As at 31 December 2013, Shimao Property had an attributable land bank of 36.15 million sq.m., making it one of the top real estate developers in China in terms of land bank size. Geographically, the majority of the newly-acquired land parcels of Shimao Property were situated in second- and third-tier cities at provincial capital level. These cities hold enormous development potential, offering ample room for project developments with minimal risks.

The land parcels acquired by the Group in 2013 are as follows:

New land parcels	Date of acquisition	Usage	Land cost (Attributable interest) *(RMB million)*	Total planned GFA *(sq.m.)*	Cost per sq.m. *(RMB)*	Group's interest
Shimao Property						
1. Ningbo Majia	January 2013	Residential	805.05	82,148	9,800	100%
2. Ningbo Baoqingsi	January 2013	Residential	1,091.05	223,310	9,580	51%
3. Hangzhou Zhijiang Holiday Village	February 2013	Residential	816.85	200,152	8,002	51%
4. Hangzhou Niutian	February 2013	Residential	510.00	89,729	11,145	51%
5. Jinan Baimashan	February 2013	Residential	434.51	656,157	1,303	51%
6. Nanchang Water City	March 2013	Residential and commercial	216.22	261,814	826	100%
7. Suzhou Shihu	March 2013	Residential and commercial	2,215.00	285,221	10,871	70%
8. Quanzhou Shishi (Phase I)	April 2013	Residential and commercial	1,174.20	715,148	2,881	58%
9. Nantong Complex City	April 2013	Residential, commercial and office	1,126.39	850,000	1,325	100%

New land parcels	Date of acquisition	Usage	Land cost (Attributable interest) *(RMB million)*	Total planned GFA *(sq.m.)*	Cost per sq.m. *(RMB)*	Group's interest
10. Beijing Fangshan Changyang	April 2013	Residential and commercial	800.00	209,548	7,635	50%
11. Beijing Fangshan Gongchen	April 2013	Residential and commercial	545.00	200,372	5,440	50%
12. Wuhan Hongshan Village K11	May 2013	Residential	360.19	349,910	2,110	51%
13. Zhangjiagang	July 2013	Residential and commercial	3,081.45	841,864	7,177	51%
14. Guangzhou Finance City	July 2013	Business services and commercial	1,265.21	309,864	12,251	33%
15. Dalian Jinzhou	August 2013	Residential and commercial	1,936.50	1,381,517	1,402	100%
16. Quanzhou Shishi (Phase II)	September 2013	Resettlement housing, business services and residential	1,155.66	1,187,433	1,707	58%
17. Hangzhou Huajiachi	September 2013	Residential and commercial	3,669.83	189,021	19,415	100%
18. Nanchang Chaoyangzhou	September 2013	Residential	2,155.88	310,314	6,945	100%
19. Quanzhou Shishi (Phase III)	October 2013	Commercial, office and residential	1,641.53	492,869	4,076	82%
20. Shanghai North Bund	October 2013	Commercial and office	227.38	22,968	9,900	100%
21. Shenzhen Qianhai	November 2013	Commercial complex	2,433.00	150,000	16,220	100%
22. Minhou Nantong Town	November 2013	Residential and commercial	844.10	180,449	4,678	100%
23. Ningbo Fenghua Quanxijiang	December 2013	Residential and commercial	575.59	179,614	3,205	100%
Sub-total			29,080.59	9,369,422	4,488	

New land parcels	Date of acquisition	Usage	Land cost (Attributable interest) *(RMB million)*	Total planned GFA *(sq.m.)*	Cost per sq.m. *(RMB)*	Group's interest
Shanghai Shimao						
24. Ningbo Baojiacao	April 2013	Commercial	226.31	95,195	3,715	64%
25. Ningbo Binjiang	May 2013	Residential and commercial	816.41	169,336	7,533	64%
26. Changshu Huanghe Road	August 2013	Commercial	466.24	120,425	6,049	64%
27. Ningbo Sunjia	August 2013	Commercial	1,209.60	189,010	9,999	64%
28. Suzhou Jinjihu	September 2013	Residential and business services	3,024.00	306,087	15,437	64%
Sub-total			5,742.56	880,053	10,196	
Total			34,823.15	10,249,475		

Property Investment

Shimao Property develops commercial properties through its 64.22% owned subsidiary Shanghai Shimao Co., Ltd. ("Shanghai Shimao"), which is primarily engaged in the development and operation of commercial properties. Besides actively grasping development and operation opportunities in the domestic commercial property market, Shanghai Shimao provides multiple types of commercial properties along with a diversified range of related high-quality services. 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.

With respect to the development of commercial properties, Shanghai Shimao recorded contracted sales of RMB13.01 billion and a contracted sales area of 979,300 sq.m. in 2013, representing not only year-on-year growth of 53%, but also a significant over-fulfilment of 30% over the sales target of RMB10.0 billion set at the beginning of the year.

With respect to commercial plaza operations, Shanghai Shimao launched a series of overall upgrading schemes centering on the annual business targets for the commercial plazas operated through its subsidiaries in Shanghai, Shaoxing, Suzhou, Changshu, Kunshan and Xuzhou. During the year, Shanghai Shimao carried out a range of activities for its commercial spaces stage by stage as scheduled, including quality enhancement, merchant rearrangement and rent increase, on-site operation management and service standard improvement, and established merchant relationship management system, merchant business assessment system and store management mechanism. Through joint efforts of the commercial operation and management team and by implementing the plans in an orderly and efficient manner, the Company's commercial plazas achieved significant improvements in various aspects including business layout, shopping environment and consumer experience. The progresses were translated into more consumer flows and made positive contribution to the higher operation level of merchants. In respect of internal management, Shanghai Shimao continued to optimise its commercial property management system, allowing the internal systems, processes and structure to better meet the needs of business operation and management. Great efforts were taken to build up an elite commercial property management team with strong execution efficiency, adaptability of innovative development and awareness of supporting services.

With respect to cinema investment, the Chinese film market maintained a strong growth momentum in 2013. As at the end of 2013, Shanghai Shimao owned 14 cinemas and 126 screens in operation nationwide. The number of seats in its cinemas also increased to 17,400.

With respect to child-focused business, "Shitian I Kids" timely adjusted its outlet operation strategy according to outlet performance and regional conditions to improve the overall business results. During 2013, new outlets were put into operation in Nanchang and other cities, bringing the number of "Shitian I Kids" and "Shitian Early Education" outlets in operation to 13 in total.

Hotel operations

Apart from the continued operation of its hotels Le Royal Méridien Shanghai, Hyatt on the Bund Shanghai, Shanghai Le Méridien Sheshan, Nanjing Shimao Riviera Hilton, Mudanjiang Holiday Inn and Shaoxing Shimao Holiday Inn, the Group opened the DoubleTree by Hilton Hotel in Wuhu in October 2013, in a step that has made Wuhu more international and taken the city into a new era of global branded hotels. As at the end of 2013, the Group had nearly 3,200 guest rooms in total.

The implementation of the PRC government's eight-point regulation at the end of 2012 saw a drastic drop in the levels of government expenses being paid, and a consequent decline in the performance of high-end hotels along with a decrease in room prices. In addition, supply remained in excess of demand in the hotel market, and this affected the performance of the Group's hotels. However, the Group managed the slowdown in business growth effectively by exploring new markets, enhancing sales efforts aimed at educational institutions, training seminars and individual customers, and by introducing effective sales incentive measures for staff. Other initiatives included the introduction of flexible pricing strategies, expansion into the take-away food and beverages market, and a move into the market for wedding receptions and banquets. The Group's hotels achieved revenue of RMB979 million in 2013, representing a year-on-year decrease of 2.0%.

Despite the various difficulties and challenges it is facing, the Group still sees plenty of development opportunities in the hotel market. China's economy is expected to continue to grow steadily. The tourism and hotel industry is still developing at a fast pace as reflected by the data from a recent working report of the China National Tourism Administration which has set the expected tourism development target for 2014, with predicted total revenue from tourism amounting to RMB3.19 trillion, representing a year-on-year increase of 11%. The China (Shanghai) Pilot Free Trade Zone was established in September 2013 and Shanghai Disneyland is expected to open by the end of 2015. All these developments should prove especially favorable for the hotel industry in Shanghai.

New hotels opened and to be opened in 2014 include: the Intercontinental Fuzhou in January, Shaoxing Crowne Plaza in March, the Hilton Tianjin in the second half of the year, and Shimao's first own-brand hotel, the Taizhou Maoyu Hotel, also in the second half of the year. In addition, the Group is currently planning to develop hotels with limited services ("Mini Hotel"), and is looking to promote rapid expansion of Mini Hotel in various regions across China. Targeting from catering to the needs of a specific group of customers, Mini Hotel emphasizes the "small-but-excellent" concept and attaches great importance to providing customized products, with a combination of technology and the human touch. The Group considers Mini Hotel to be a major product for its future development, one which will greatly enhance the stability of profit sources for its hotel business.

FINANCIAL ANALYSIS

Key consolidated income statement figures are set out below:

	2013 *RMB million*	2012 *RMB million*
Revenue	**41,503**	28,652
Gross profit	**14,641**	9,606
Operating profit	**12,336**	10,035
Profit attributable to shareholders	**7,390**	5,765
Earnings per share – Basic *(RMB cents)*	**213.3**	166.3

Revenue

For the year ended 31 December 2013, the revenue of the Group was approximately RMB41,503 million (2012: RMB28,652 million), representing an increase of 44.9% over 2012. 95.2% (2012: 92.9%) of the revenue was generated from the sales of properties and 4.8% (2012: 7.1%) from hotel operation, leasing of commercial properties and others.

The components of the revenue are analysed as follows:

	2013 *RMB million*	2012 *RMB million*
Sales of properties	**39,503**	26,607
Hotel operation income	**979**	999
Rental income from investment properties	**556**	507
Others	**465**	539
Total	**41,503**	28,652

(i) Sales of properties

Sales of properties for the year ended 31 December 2013 and 2012 are set out below:

	2013		2012	
	Area (Sq.m.)	***RMB million***	*Area (Sq.m.)*	*RMB million*
Shimao Property				
Fujian Jinjiang Shimao Dragon Bay	**399,579**	**5,450**	99,958	1,728
Fuzhou Minhou Shimao Dragon Bay	**348,720**	**3,889**	123,745	1,406
Qingdao Shimao Century Land	**186,841**	**1,690**	–	–
Wuhan Shimao Splendid River	**151,953**	**1,654**	40,362	432
Xiamen Shimao Lakeside Garden	**62,276**	**1,404**	74,460	1,557
Changzhou Shimao Champagne Lake	**159,912**	**1,366**	107,481	705
Shaoxing Shimao Dear Town	**91,299**	**1,213**	56,691	711
Nanjing Shimao Glory Villa	**69,695**	**1,164**	–	–
Tianjin Shimao Wetland Century	**124,599**	**1,150**	71,248	718
Harbin Shimao Riviera New City	**179,956**	**1,084**	79,565	518
Wuxi Shimao The Capital	**116,620**	**1,035**	–	–
Kunshan Shimao Butterfly Bay	**159,712**	**984**	79,593	516
Dalian Shimao Dragon Bay	**72,663**	**929**	48,636	553
Ningbo Shimao Sea Dawn	**97,331**	**856**	27,409	207
Jiaxing Shimao New City	**138,251**	**815**	10,675	72
Xuzhou Shimao Dongdu	**89,308**	**669**	93,649	565
Suzhou Shimao Canal Scene	**56,758**	**637**	129,473	1,177
Shaoxing Sky Centre	**45,323**	**560**	–	–
Ningbo Xiangshan Shimao Damuwan	**30,820**	**445**	–	–
Hangzhou Shimao Riviera Garden	**40,977**	**387**	186,136	1,520
Xianyang Shimao The Centre	**19,027**	**383**	5,839	99
Shenyang Shimao Wulihe	**33,718**	**338**	70,716	711
Mudanjiang Shimao Holiday Landscape	**61,970**	**290**	92,084	423
Chengdu The Park	**7,549**	**260**	–	–
Ningbo Shimao Dragon Bay	**21,902**	**225**	–	–
Shanghai Sheshanli	**10,489**	**200**	–	–
Wuhan Shimao Dragon Bay	**25,383**	**186**	22,986	230
Shanghai Shimao Emme County	**13,625**	**137**	44,645	336
Yuyao Shimao Moushan Lake	**7,005**	**133**	–	–
Nantong Wetland Century	**13,948**	**129**	–	–
Beijing Shimao Alhambra Palace	**5,583**	**104**	4,961	215
Chengdu Shimao City	**13,832**	**98**	106,502	688
Dalian Shimao Glory City	**4,983**	**60**	1,756	21
Ningbo Shimao World Gulf	**4,732**	**58**	99,796	872
Shanghai Shimao Riviera Garden	**645**	**55**	18,928	1,363
Yantai Shimao No.1 The Harbour	**4,194**	**38**	37,432	338
Taizhou Shimao Riverside Garden	**3,636**	**20**	41,548	241
Kunshan Shimao East No. 1	**1,467**	**13**	168,935	1,162
Wuhu Shimao Riviera Garden	**–**	**–**	35,148	354
Fuzhou Shimao Skyscrapers	**–**	**–**	61,835	1,678
Shenyang Shimao Notting Hill	**–**	**–**	5,211	53
Sub-total (a)	**2,876,281**	**30,108**	2,047,403	21,169

	2013		2012	
	Area (Sq.m.)	*RMB million*	*Area (Sq.m.)*	*RMB million*
Shanghai Shimao				
Shanghai Shimao Wonderland	**137,253**	**2,162**	–	–
Nanjing Shimao Bund New City	**123,276**	**1,869**	78,443	1,226
Jinan International Plaza	**51,263**	**1,059**	–	–
Changshu Shimao The Center (Commercial)	**125,894**	**1,034**	216,748	2,032
Suzhou Shimao Canal Scene (Commercial)	**56,771**	**722**	–	–
Qingdao Shimao Nuosha Bay	**51,153**	**716**	–	–
Qingdao Shi'ao Tower	**21,856**	**698**	–	–
Wuhan Shimao Carnival	**58,923**	**492**	42,807	312
Xuzhou Shimao Dongdu	**22,777**	**285**	49,969	291
Changzhou Champagne Lake (Commercial)	**11,580**	**121**	–	–
Kunshan Shimao International City	**7,675**	**92**	108,432	1,047
Qingdao International Plaza	**3,047**	**62**	–	–
Wuhu Riviera Garden (Commercial)	**3,029**	**46**	–	–
Hangzhou Shimao Riviera COSMO	**2,496**	**29**	48,929	494
Shaoxing Shimao Dear Town (Commercial)	**425**	**8**	2,877	36
Sub-total (b)	**677,418**	**9,395**	548,205	5,438
Total (a)+(b)	**3,553,699**	**39,503**	2,595,608	26,607

(ii) Hotel income

Hotel operation income are analysed below:

	2013	2012
	RMB million	*RMB million*
Shanghai Le Méridien Sheshan	**138**	137
Le Royal Méridien Shanghai	**374**	385
Hyatt on the Bund Shanghai	**337**	346
Mudanjiang Holiday Inn	**29**	29
Nanjing Shimao Riviera Hilton	**66**	68
Shaoxing Shimao Holiday Inn	**32**	34
Double Tree by Hilton Wuhu	**3**	–
Total	**979**	999

Hotel operation income decreased approximately 2.0% to RMB979 million in 2013 from RMB999 million in 2012. The decrease was mainly due to the impact of government restriction on public consumption and the outbreak of bird flu in the year of 2013.

(iii) Rental income and others

Rental income from investment properties amounted to RMB556 million. The rental income was increased by 9.7% mainly due to the rent growth of the properties.

Other income amounted to RMB465 million was mainly derived from the operation of department stores and cinemas.

	2013	2012
	RMB million	*RMB million*
Shanghai Shimao International Plaza	**158**	161
Beijing Shimao Tower	**121**	100
Changshu Shopping Mall	**15**	15
Shanghai Shimao Shangdu Tower	**36**	32
Shaoxing Shimao Dear Town	**84**	70
Kunshan Shimao Plaza	**20**	17
Wuhu Shimao Riviera Garden (Commercial)	**5**	3
Xuzhou Shimao Dongdu (Commercial)	**14**	13
Suzhou Shimao Canal Scene	**14**	13
Miscellaneous rental income	**89**	83
Others	**465**	539
Total	**1,021**	1,046

Cost of sales

Cost of sales increased by 41.0% to approximately RMB26,862 million in 2013 from RMB19,046 million in 2012, 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:

	2013	2012
	RMB million	*RMB million*
Sales taxes	**2,442**	1,733
Land costs, construction costs and capitalised borrowing costs	**23,910**	16,552
Direct operating costs for hotels, commercial properties and others	**510**	761
Total	**26,862**	19,046

Fair value gains on investment properties

During the year, the Group recorded aggregate fair value gains of approximately RMB1,031 million (2012: RMB2,363 million), mainly contributed by the further increase in value of certain investment properties. Aggregate net fair value gains after deferred income tax of approximately RMB258 million recognised was RMB773 million (2012: fair value gains after deferred income tax was RMB1,772 million).

Other gains

Other gains of approximately RMB845 million for the year ended 31 December 2013 (2012: RMB1,196 million) included mainly gain on government grants and net foreign exchange gains.

Selling and marketing costs and administrative expenses

Selling and marketing costs for the year was approximately RMB1,306 million (2012: RMB1,047 million), which increased by 24.7% year-on-year in line with significant growth of approximately 45.5% in contracted sales. The sales team focused on the effectiveness of sales strategy and made efforts on the control of marketing costs. Administrative expenses for the year increased by 25.7% from RMB1,816 million to RMB2,283 million. It was mainly due to increase in labour cost and corporate and office expenses with the expansion of business during the year. In addition, hotel expenses also increased with the commencement of one new hotel from the second half year of 2013. However, the proportion of total expenses to the total contract sales decreased to 5.4% from 6.2% in 2012.

Operating profit

Operating profit amounted to RMB12.34 billion for the year ended 31 December 2013, representing an increase of 22.9% over 2012 (2012: RMB10.04 billion). It was mainly attributable to the increase of revenue and gross margin.

Finance costs – net

Net finance costs increased to approximately RMB121 million (2012: RMB22 million) mainly due to more interest expenses incurred for increased borrowings during the year.

Share of results of associated companies and joint ventures

Share of losses of associated companies amounted to RMB51 million (2012: share of losses of RMB211 million), which was mainly due to the loss of Guangzhou Asian Game City Project. Share of profits of joint ventures amounted to RMB896 million (2012: share of profits of RMB363 million), which was significantly increased by 146.8%, resulting from properties completed and sales recognized by two joint ventures in Hangzhou.

Taxation

The Group's tax provisions amounted to RMB4,834 million in which PRC land appreciation tax ("LAT") was RMB2,107 million (2012: RMB3,581 million, in which LAT was RMB926 million) for the year.

Profit attributable to shareholders

Profit attributable to shareholders for the year significantly increased by 28.2% from RMB5,765 million in 2012 to RMB7,390 million in 2013.

Liquidity and financial resources

As of 31 December 2013, total assets of the Group were approximately RMB175.8 billion, of which current assets reached approximately RMB117.9 billion. Total liabilities were approximately RMB123.9 billion, whereas non-current liabilities were approximately RMB41.5 billion. Total equity were approximately RMB51.9 billion, of which equity attributable to the shareholders of the Company amounted to approximately RMB41.7 billion.

As of 31 December 2013, the Group had aggregate cash and bank balances (including restricted cash) of approximately RMB19.6 billion (31 December 2012: RMB18.1 billion), total borrowings amounted to approximately RMB49.3 billion (31 December 2012: RMB41.0 billion). Total net borrowings were RMB29.7 billion (31 December 2012: RMB22.9 billion). Net gearing ratio slightly increased from 55.9% as at 31 December 2012 to 57.4% as at 31 December 2013. However, it accomplished management's goal to keep the ratio under 60% and was maintained at a low level compared to past few years.

The maturity of the borrowings of the Group as at 31 December 2013 is set out as follows:

	RMB million
Bank borrowings and borrowings from other financial and non-financial institutions	
Within 1 year	11,775
Between 1 and 2 years	9,388
Between 2 and 5 years	11,951
Over 5 years	6,314
Senior notes	
Between 2 and 5 years	5,103
Over 5 years	4,798
Total	49,329

The borrowings were denominated in different currencies set out below:

	Original currency *million*	**RMB equivalent** *million*
US$	2,735	16,677
HK$	4,262	3,351
RMB	29,301	29,301

Financing activities

The Group continued to maintain good relationships with over 20 domestic banks and 10 financial institutions in Hong Kong and other overseas regions which formed a strong liquidity support for the sustainable development of the Group and risk control against market and policy fluctuations.

The Group signed strategic cooperation agreements with some domestic banks in 2013 and in early 2014. These banks will provide overall finance services package with lower costs and priority facilities.

The Group also proactively further explored the offshore capital market with the following financing activities.

On 14 January 2013, the Group issued a total of US$800 million senior notes due on 14 January 2020. The interest rate is 6.625%. The issuance received overwhelming response with 27 times over subscription, which indicated a high degree of market confidence in the prospect of the Group.

In July 2013, the Group acquired a total of approximately US$570 million equivalent syndicated loan. The new syndicated loan is used to return some high-interest senior notes and bank loans, helped to lower the average cost of borrowings and balance the debt maturity profile of the Group. On 17 July 2013, the Group early redeemed an aggregate principal amount of US$350 million of all outstanding 2016 8% Fixed Rate Notes.

On 22 January 2014, the Group issued a total of US$600 million senior notes due on 22 January 2021 at a fixed interest rate of 8.125%, which effectively extended the average maturity period of the Group's loans.

In 2013, the Group's credit rating was successfully upgraded by several international credit reporting agencies, included Standard and Poor's, Fitch Ratings and Moody's, due to its steady operating and financial performance.

As a result, the debt structure was optimized by gradually lowering the proportion of its short-term borrowings from approximately 30% to approximately 24% and increasing the proportion of its long-term borrowings from approximately 70% to approximately 76% during the year. Short-term borrowings decreased from approximately RMB12.4 billion as at 31 December 2012 to approximately RMB11.8 billion as at 31 December 2013. The cash coverage ratio continued to increase from approximately 146% as at 31 December 2012 to approximately 166% as at 31 December 2013, which indicated the Group kept high liquidity and low debt pressure.

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 is not exposed to material exchange rate risk and the Board expects that any fluctuation of exchange rate will not have material adverse effect on the operations of the Group.

Pledge of assets

As of 31 December 2013, 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 approximately RMB49.4 billion to secure bank facilities granted to the Group. The corresponding bank and other loans amounted to approximately RMB27.3 billion. The Group had also pledged shares of certain subsidiaries for a total borrowing of approximately RMB1.17 billion.

Contingencies

As of 31 December 2013, the Group had provided guarantees for approximately RMB10.1 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 RMB4.8 billion in its portion of equity interests in certain associated companies and joint ventures for their borrowings.

Capital and property development expenditure commitments

As of 31 December 2013, the Group had contracted capital and property development expenditure but not provided for amounted to approximately RMB39.3 billion.

Employees and remuneration policy

As of 31 December 2013, the Group employed a total of 6,017 employees. Total remuneration for the year amounted to approximately RMB1,033 million. The Group has adopted a performance-based rewarding system to motivate its staff. The board of directors of the Company adopted a share option scheme (the "Share Option Scheme") and a share award scheme (the "Share Award Scheme") of the Company on 9 June 2006 and 30 December 2011 respectively. The purpose of the Share Option Scheme and 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.

ANNUAL RESULTS

The Board is pleased to present the audited consolidated results of the Group for the year ended 31 December 2013 together with comparative figures for 2012 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 2013

		Year ended 31 December	
		2013	2012
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**41,502,660**	28,652,243
Cost of sales	*6*	**(26,861,772)**	(19,046,444)
Gross profit		**14,640,888**	9,605,799
Fair value gains on investment properties		**1,031,206**	2,362,880
Other income/other gains – net		**845,063**	1,196,104
Selling and marketing costs	*6*	**(1,305,735)**	(1,046,841)
Administrative expenses	*6*	**(2,283,303)**	(1,815,871)
Other operating expenses	*6*	**(592,136)**	(266,706)
Operating profit		**12,335,983**	10,035,365
Finance income		**190,850**	146,055
Finance costs		**(312,211)**	(168,170)
Finance costs – net	*7*	**(121,361)**	(22,115)
Share of results of			
– Associated companies		**(51,443)**	(210,938)
– Joint ventures		**895,649**	363,125
		844,206	152,187
Profit before income tax		**13,058,828**	10,165,437
Income tax expense	*8*	**(4,833,504)**	(3,580,949)
Profit for the year		**8,225,324**	6,584,488
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Fair value gains on available-for-sale financial assets, net of tax		**28,955**	76,853
Total comprehensive income for the year		**8,254,279**	6,661,341

	Note	Year ended 31 December **2013** ***RMB'000***	 2012 *RMB'000*
Profit for the year attributable to:			
Equity holders of the Company		**7,389,857**	5,764,632
Non-controlling interests		**835,467**	819,856
		8,225,324	6,584,488
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**7,408,452**	5,813,987
Non-controlling interests		**845,827**	847,354
		8,254,279	6,661,341
Dividends	*9*	**2,195,555**	1,548,559
Earnings per share for profit attributable to the equity holders of the Company			
– Basic (RMB cents)	*10*	**213.3**	166.3
– Diluted (RMB cents)	*10*	**213.2**	166.2

Consolidated Balance Sheet
As at 31 December 2013

		As at 31 December	
		2013	2012
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**10,378,052**	9,702,631
Investment properties		**26,941,944**	26,248,098
Land use rights		**5,645,416**	4,717,336
Intangible assets		**1,847,573**	2,139,925
Associated companies		**1,650,578**	1,490,441
Joint ventures		**5,365,806**	3,985,956
Amount due from related parties		**2,266,694**	1,561,719
Available-for-sale financial assets		**408,440**	369,833
Deferred income tax assets		**1,306,338**	1,248,390
Other non-current assets		**2,008,313**	757,250
		57,819,154	52,221,579
Current assets			
Properties under development		**62,559,873**	37,608,942
Completed properties held for sale		**11,604,899**	7,103,351
Trade and other receivables and prepayments	*4*	**11,217,421**	6,638,544
Prepayment for acquisition of land use rights		**9,632,388**	6,676,235
Prepaid income taxes		**2,154,779**	1,165,244
Amounts due from related parties		**1,206,095**	1,316,027
Restricted cash		**2,547,231**	2,204,028
Cash and cash equivalents		**17,026,018**	15,893,845
		117,948,704	78,606,216
Total assets		**175,767,858**	130,827,795
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**356,275**	356,275
Reserves			
– Proposed final dividend	*9*	**2,195,555**	1,548,559
– Others		**39,190,420**	34,002,316
		41,742,250	35,907,150
Non-controlling interests		**10,109,612**	5,020,082
Total equity		**51,851,862**	40,927,232

		As at 31 December	
		2013	2012
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**37,553,681**	28,613,297
Deferred income tax liabilities		**3,985,242**	3,775,578
		41,538,923	32,388,875
Current liabilities			
Trade and other payables	*5*	**20,995,325**	14,316,430
Advanced proceeds received		**29,900,978**	20,578,024
Income tax payable		**9,327,098**	7,259,690
Borrowings		**11,775,322**	12,380,644
Derivative financial instruments		**36,898**	42,572
Amounts due to related parties		**10,336,395**	2,897,713
Deferred income		**5,057**	36,615
		82,377,073	57,511,688
Total liabilities		**123,915,996**	89,900,563
Total equity and liabilities		**175,767,858**	130,827,795
Net current assets		**35,571,631**	21,094,528
Total assets less current liabilities		**93,390,785**	73,316,107

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 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 judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

(a) New and amended standards adopted by the Group

HKAS 1 (Amendment) "Presentation of financial statements". The main change resulting from these amendments is a requirement for 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). The amendments do not address which items are presented in OCI.

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.

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.

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.

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. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs or US GAAP.

HKAS 27 (revised 2011), 'Separate financial statements', includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10.

HKAS 28 (revised 2011) 'Associates and joint ventures' includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.

There are no other amended standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the Group.

(b) *New standards and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations are issued but not effective for annual periods beginning 1 January 2013, and have not been early adopted

Currently related to the Group:

- HKAS 32 (Amendment) 'Financial instruments: Presentation – on asset and liability offsetting'. These amendments are to the application guidance in HKAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments are effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

- HKFRS10, HKFRS12 and HKAS 27 (revised 2011) (Amendment), 'Consolidation for investment entities'. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made HKFRS 12 to introduce disclosures that an investment entity needs to make. These amendments are effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

- HKAS 36 (Amendment) 'Impairment of assets – Recoverable amount disclosures for non-financial assets. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments are effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

- HK (IFRIC) Interpretation 21 'Levies'. This is an interpretation of HKAS 37, 'Provisions, contingent liabilities and contingent assets'. HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation is effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

- HKFRS 9, ‘Financial instruments’, is the first standard issued as part of a wider project to replace HKAS 39. HKFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The guidance in HKAS 39 on impairment of financial assets and hedge accounting continues to apply. This amendment is effective for annual periods beginning on or after 1 January 2015 with early adoption permitted.

3 SEGMENT INFORMATION

The Group’s 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 profit before tax. 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:

	As at 31 December	
	2013	2012
	RMB’000	*RMB’000*
Sales of properties	**39,503,409**	26,607,120
Hotel operation income	**978,603**	999,134
Rental income from investment properties	**555,888**	507,415
Others	**464,760**	538,574
	41,502,660	28,652,243

Year ended 31 December 2013

	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	**9,395,284**	**30,108,125**	**–**	**–**	**39,503,409**
– Hotel operation income	**97,733**	**–**	**880,870**	**–**	**978,603**
– Rental income from investment properties	**395,933**	**159,955**	**–**	**–**	**555,888**
– Others	**295,193**	**169,567**	**–**	**–**	**464,760**
Total revenue	**10,184,143**	**30,437,647**	**880,870**	**–**	**41,502,660**
Operating profit	**3,528,318**	**8,419,080**	**72,244**	**316,341**	**12,335,983**
Finance income	**23,956**	**135,663**	**518**	**30,713**	**190,850**
Finance costs	**(145,462)**	**(147,283)**	**(19,466)**		**(312,211)**
Share of results of					
– Associated companies	**–**	**(51,443)**	**–**	**–**	**(51,443)**
– Joint ventures	**(51)**	**895,700**	**–**	**–**	**895,649**
Profit before income tax	**3,406,761**	**9,251,717**	**53,296**	**347,054**	**13,058,828**
Income tax expense					**(4,833,504)**
Profit for the year					**8,225,324**
Other segment items are as follows:					
Capital and property expenditure development	**16,268,785**	**37,357,847**	**1,960,815**	**–**	**55,587,447**
Fair value gains on investment properties	**720,906**	**310,300**	**–**	**–**	**1,031,206**
Fair value gain on derivative financial instrument	**–**	**5,674**	**–**	**–**	**5,674**
Write-off of intangible assets	**–**	**292,352**	**–**	**–**	**292,352**
Depreciation	**98,608**	**39,205**	**210,588**	**24,179**	**372,580**
Amortisation of land use rights	**9,932**	**903**	**33,907**	**–**	**44,742**
Provision for impairment of receivables	**17,449**	**29**	**–**	**–**	**17,478**

* *The Group owns an effective equity interest of 64.22% in Shanghai Shimao.*

** *Unallocated mainly represent corporate level activities.*

The segment assets and liabilities at 31 December 2013 are as follows:

	Property development and investment			
	Shanghai Shimao	**Others**	**Hotel operation**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Associated companies	**–**	**1,650,578**	**–**	**1,650,578**
Joint ventures	**899,949**	**4,465,857**	**–**	**5,365,806**
Intangible assets	**1,709,730**	**6,915**	**130,928**	**1,847,573**
Other segment assets	**47,902,876**	**103,953,002**	**12,948,198**	**164,804,076**
Total segment assets	**50,512,555**	**110,076,352**	**13,079,126**	**173,668,033**
Deferred income tax assets				**1,306,338**
Available-for-sale financial assets				**408,440**
Other assets				**385,047**
Total assets				**175,767,858**
Borrowings	**12,891,450**	**15,611,636**	**798,000**	**29,301,086**
Other segment liabilities	**11,556,219**	**51,868,593**	**6,742,766**	**70,167,578**
Total segment liabilities	**24,447,669**	**67,480,229**	**7,540,766**	**99,468,664**
Corporate borrowings				**20,027,917**
Deferred income tax liabilities				**3,985,242**
Derivative financial instruments				**36,898**
Other liabilities				**397,275**
Total liabilities				**123,915,996**

Year ended 31 December 2012

	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	5,438,466	21,168,654	–	–	26,607,120
– Hotel operation income	101,792	–	897,342	–	999,134
– Rental income from investment properties	341,963	165,452	–	–	507,415
– Others	454,168	84,406	–	–	538,574
Total revenue	6,336,389	21,418,512	897,342	–	28,652,243
Operating profit/(loss)	3,604,949	6,476,474	81,470	(127,528)	10,035,365
Finance income	37,593	102,977	2,516	2,969	146,055
Finance costs	(121,816)	(36,120)	(10,234)	–	(168,170)
Share of results of					
– Associated companies	–	(210,938)	–	–	(210,938)
– Joint ventures	–	363,125	–	–	363,125
Profit/(loss) before income tax	3,520,726	6,695,518	73,752	(124,559)	10,165,437
Income tax expense					(3,580,949)
Profit for the year					6,584,488
Other segment items are as follows:					
Capital and property development expenditure	6,846,674	15,293,612	1,740,616	1,138	23,882,040
Fair value gains on investment properties	1,706,887	655,993	–	–	2,362,880
Fair value gain on derivative financial instrument	–	9,543	–	–	9,543
Write-off of intangible assets	–	124,102	–	–	124,102
Depreciation	76,495	31,602	216,872	22,062	347,031
Amortisation of land use rights	9,154	–	33,214	–	42,368
Provision for/(write back of) impairment of receivables	8,064	(13,708)	–	–	(5,644)

The segment assets and liabilities at 31 December 2012 are as follows:

	Property development and investment			
	Shanghai Shimao *RMB'000*	Others *RMB'000*	Hotel operation *RMB'000*	Total *RMB'000*
Associated companies	–	1,490,441	–	1,490,441
Joint ventures	–	3,985,956	–	3,985,956
Intangible assets	1,709,730	299,267	130,928	2,139,925
Other segment assets	35,968,004	73,858,285	11,373,946	121,200,235
Total segment assets	37,677,734	79,633,949	11,504,874	128,816,557
Deferred income tax assets				1,248,390
Available-for-sale financial assets				369,833
Other assets				393,015
Total assets				130,827,795
Borrowings	11,339,454	14,103,317	414,368	25,857,139
Other segment liabilities	10,649,375	28,517,163	5,636,560	44,803,098
Total segment liabilities	21,988,829	42,620,480	6,050,928	70,660,237
Corporate borrowings				15,136,802
Deferred income tax liabilities				3,775,578
Derivative financial instruments				42,572
Other liabilities				285,374
Total liabilities				89,900,563

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

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

4 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Bidding deposits for land use rights *(note (a))*	**2,931,703**	1,179,136
Trade receivables *(note (b))*	**3,718,236**	2,407,832
Prepaid business tax on pre-sale proceeds	**1,525,849**	1,074,301
Prepayments for construction costs	**1,247,085**	665,931
Other receivables	**1,794,548**	1,311,344
	11,217,421	6,638,544

(a) Bidding deposits for land use rights mainly represented deposits of 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	
	2013	2012
	RMB'000	*RMB'000*
Within 90 days	**2,585,657**	1,608,555
Over 90 days and within 365 days	**925,691**	566,032
Over 365 days	**206,888**	233,245
	3,718,236	2,407,832

As at 31 December 2013, receivables arising from sales of properties was approximately RMB3,520,625,000 (2012: RMB2,217,761,000).

Trade receivables are analysed as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Fully performing under credit terms	**2,477,227**	1,454,429
Past due but not impaired	**1,241,009**	953,403
	3,718,236	2,407,832

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 2013 (2012: Nil).

As at 31 December 2013, provision for impairment of other receivables was approximately RMB34,007,000 (2012: RMB16,529,000).

As at 31 December 2013, the fair value of trade receivables, bidding deposits for land use rights, and other receivables of the Group approximate their carrying amounts, as the impact of discounting is not significant.

As at 31 December 2013 and 2012, trade and other receivables of the Group were mainly denominated in RMB.

5 TRADE AND OTHER PAYABLES – GROUP

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Trade payables *(note (a))*	**16,796,749**	11,595,770
Other taxes payable	**1,077,113**	609,650
Accrued expenses	**982,181**	732,484
Other payables *(note (b))*	**2,139,282**	1,378,526
	20,995,325	14,316,430

Notes:

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

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Within 90 days	**16,410,856**	11,140,635
Over 90 days and within 1 year	**385,893**	455,135
	16,796,749	11,595,770

(b) Other payables comprise:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Deposits received from customers	**1,475,543**	955,517
Fees collected from customers on behalf of government agencies	**96,644**	85,470
Deposits from constructors	**348,523**	94,178
Rental deposits from tenants and hotel customers	**129,709**	154,546
Others	**88,863**	88,815
	2,139,282	1,378,526

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	
	2013	2012
	RMB'000	*RMB'000*
Cost of properties sold and others	**24,147,734**	16,904,213
Business taxes and other levies on sales of properties *(note (a))*	**2,381,374**	1,669,597
Staff costs – including directors' emoluments *(note (b))*	**1,032,506**	883,934
Advertising, promotion and commission costs	**1,024,544**	800,926
Direct expenses arising from hotel operation	**507,905**	496,190
Corporate and office expenses	**545,333**	475,223
Depreciation	**372,580**	347,031
Write off of intangible assets	**292,352**	124,102
Operating lease rental expenses	**75,032**	88,053
Amortisation of land use rights	**44,742**	42,368
Direct expenses arising from investment properties	**42,686**	38,534
Charitable donations	**14,914**	10,039
Provision for/(write back of) impairment of receivables	**17,478**	(5,644)
Auditor's remuneration	**7,000**	6,000
Provision of impairment losses on completed properties held for sale	**103,551**	–
Other expenses	**433,215**	295,296
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	**31,042,946**	22,175,862

(a) **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.

(b) **Staff costs (including directors' emoluments) comprise:**

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Wages and salaries	**770,478**	652,419
Pension costs – statutory pension *(note (c))*	**74,813**	64,480
Other allowances and benefits	**187,215**	167,035
	1,032,506	883,934

(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	
	2013	2012
	RMB'000	*RMB'000*
Interest on bank borrowings		
– wholly repayable within five years	**1,332,566**	1,040,899
– not wholly repayable within five years	**391,964**	212,364
Interest on senior notes		
– wholly repayable within five years	**631,812**	481,333
– not wholly repayable within five years	**468,979**	262,933
Interest on borrowing from other financial institutions and non-financial institutions		
– wholly repayable within five years	**766,726**	1,227,056
– not wholly repayable within five years	**13,451**	–
	3,605,498	3,224,585
Less: interest capitalised	**(3,293,287)**	(3,056,415)
Finance costs	**312,211**	168,170
Finance income	**(190,850)**	(146,055)
Finance costs – net	**121,361**	22,115

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**2,519,429**	1,985,703
– PRC withholding income tax	**64,809**	26,700
– PRC land appreciation tax	**2,107,202**	925,882
	4,691,440	2,938,285
Deferred income tax		
– PRC enterprise income tax	**142,064**	622,359
– PRC withholding income tax	**–**	20,305
	142,064	642,664
	4,833,504	3,580,949

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 2013 (2012: 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 and intra-group charges to the PRC subsidiaries by overseas subsidiaries may also be subject to withholding tax of 10%.

9 DIVIDENDS

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Interim dividend paid of HK0 cent (2012: Nil) per ordinary share *(note(a))*	**–**	–
Proposed final dividend of HK81 cents (2012: HK55 cents) per ordinary share *(note (b))*	**2,195,555**	1,548,559
	2,195,555	1,548,559

Notes:

(a) No dividend in respect of the six months ended 30 June 2013 (2012: Nil) was declared at the Company's board meeting held on 20 August 2013.

(b) At a meeting held on 25 March 2014, the directors proposed a final dividend of HK81 cents per ordinary share out of share premium as at 31 December 2013. 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 2013 upon approval by the shareholders at the forthcoming annual general meeting of the Company. A final dividend in respect of 2012 of HK55 cents per ordinary share, amounting to approximately HK$1,909,914,000 (equivalent to RMB1,548,559,000) was proposed at the Company's board meeting held on 26 March 2013, and was approved at the annual general meeting of the Company held on 17 June 2013.

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	
	2013	2012
Profit attributable to the equity holders of the Company *(RMB'000)*	**7,389,857**	5,764,632
Weighted average number of ordinary shares in issue *(thousands)*	**3,464,638**	3,466,759
Basic earnings per share *(RMB cents)*	**213.3**	166.3

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 shares granted under the Share Award Scheme and the share options granted under share option schemes assuming they were exercised.

	Year ended 31 December	
	2013	2012
Profit attributable to the equity holders of the Company *(RMB'000)*	**7,389,857**	5,764,632
Weighted average number of ordinary shares in issue *(thousands)*	**3,464,638**	3,466,759
Adjustment for shares granted under Share Award Scheme/share options granted under the Pre-IPO Share Option Scheme *(thousands)*	**2,114**	1,264
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**3,466,752**	3,468,023
Diluted earnings per share *(RMB cents)*	**213.2**	166.2

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 year ended 31 December 2013.

Compliance with the Corporate Governance Code

The Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2013 except for one deviation as set out below.

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

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

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2013, 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 6,757,500 shares of the Company at a total consideration of approximately HK$117 million.

Annual General Meeting

The 2014 annual general meeting of the Company ("AGM") will be held on 23 June 2014. 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 HK81 cents per ordinary share for the year ended 31 December 2013. The proposed final dividend, if approved at the forthcoming AGM, will be payable on 5 August 2014 to shareholders whose names appear on the register of members of the Company on 22 July 2014.

Closure of Register of Members

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

(i) on Friday, 20 June 2014 and Monday, 23 June 2014, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 pm on Thursday, 19 June 2014; and

(ii) on Monday, 21 July 2014 and Tuesday, 22 July 2014, 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, 18 July 2014.

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, 25 March 2014

As at the date of this announcement, the board of directors of the Company comprises six executive directors, namely Mr. Hui Wing Mau (Chairman), Mr. Hui Sai Tan, Jason (Vice Chairman), Mr. Liu Sai Fei, Mr. Xu Younong, Ms. Tang Fei and Mr. Liao Lujiang; and three independent non-executive directors, namely Ms. Kan Lai Kuen, Alice, Mr. Lu Hong Bing and Mr. Lam Ching Kam.