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 2014

RESULTS HIGHLIGHTS

1. Revenue amounted to RMB56.081 billion, representing an increase of 35.1% compared with 2013.

2. Gross profit increased by 24.5% to RMB18.225 billion (2013: RMB14.641 billion). Gross margin decreased to 32.5% in 2014 from 35.3% of 2013.

3. Profit attributable to shareholders increased by 9.7% to RMB8.104 billion. Excluding major after-tax non-cash items, net profit from core business attributable to shareholders for the year amounted to approximately RMB7.907 billion, representing a year-on-year increase of 8.0%.

4. Basic earnings per share amounted to RMB234.3 cents, an increase of 9.8% over 2013.

5. Contracted sales in 2014 reached RMB70.216 billion, a year-on-year increase of 4.7%.

6. As at 31 December 2014, the Group's attributable land bank was approximately 36.07 million sq.m..

7. As at 31 December 2014, funds at the Group's disposal amounted to RMB41.935 billion, including cash on hand of approximately RMB23.935 billion and the balance of available banking facilities of approximately RMB18.000 billion.

8. As at 31 December 2014, net gearing ratio was 58.6%.

9. The Board proposed the payment of a final dividend of HK60 cents per share. Together with an interim dividend of HK30 cents per share, the total dividend for the year will amount to HK90 cents per share, representing an increase of 11.1% over last year.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the annual results of Shimao Property Holdings Limited ("Shimao Property", "Shimao" or the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2014.

Review and Outlook

In 2014, the national real estate market underwent a transition by entering into a silver era from a golden era. The government's macro regulatory control policy also changed. The central government delegated its power to local governments to regulate real estate market and therefore local governments were allowed a higher degree of freedom. Meanwhile, the way to regulate the real estate market in 2014 was different from previous years. In the past, the keynote of regulatory control over real estate market was determined or announced at major meetings or reports of the central government. Such practice was not followed in 2014. Housing price was not mentioned in the work report issued by the government in March. The policy of differentiated regulation was introduced instead which provided the local governments with room to determine their regulatory policy in accordance with their respective geographical features. On the other hand, monetary policy and administrative measures were also introduced and implemented together to have better regulation of the market. Market forces were also used for self-regulation. In 2014, influenced by a number of favourable policies including the lifting of stringent administrative measures such as home purchase curb and control on mortgage together with the introduction of monetary measures comprising the interest rate cut and targeted reduction, the real estate market resumed stability and recovery.

As the real estate market developed and the urbanization progress continued, the discrepancies among cities or even among different regions in the same city became obvious. The "one fits for all" approach on the regulatory control of real estate market is no longer applicable to the current market.

Differentiated regulatory control of the real estate market was proposed in the working report of the central government published in March 2014, which permitted the local governments to fine tune local policy with reference to the actual situation of local markets. Home purchase curb was removed in cities under considerable pressure of oversupply. Moreover, some local governments encouraged home purchase by providing attractive incentives, reducing stamp duty and allowing higher loan from housing provident fund to alleviate the problem of surplus and restore the balance of real estate market. Home purchase curb was still in force in some cities, such as Beijing, Shanghai, Guangzhou, Shenzhen and Sanya. Cities having huge amount of outstanding housing provident fund loans even lowered the loan limit to prevent the market from overheating.

The underwhelming performance of the real estate market at the beginning of 2014, which was a typical low season, did not draw much attention in the industry. However, the market did not restore to normal as expected and even showed a tendency of decline in the following months, reflecting potential buyers' strong view to adopt a wait and see attitude. The unexpected price cuts by some projects in Hangzhou arouse the market. Cities under serious pressure of high inventory and oversupply subsequently came to the surface. Hohhot was the first city to lift its home purchase curb in June when market sentiment was pessimistic and many cities followed suit. In the fourth quarter, of the 46 cities in the country with home purchase curb, only Beijing, Shanghai, Guangzhou, Shenzhen and Sanya stayed put the restrictions. However, the lifting of restrictions did not attract rapid rebound of transaction volume as expected. Only a few cities experienced a surge in transaction volume due to concentrating record filings in the month in which the restrictions were lifted while most cities saw no significant change in transaction volume. Some cities escalated their efforts to restore the real estate market and boosted demand through the adjustments of housing provident fund loan, reduction of stamp duty, allowance for home purchase and preferential household registration rules.

Home purchase curb was literally withdrawn in most cities and a number of fine-tuned adjustments were introduced. However, the real estate market still showed no sign of turn around. The problem of excessive supply was hard to resolve at once. Immediately before the National Day, the central bank and the CBRS jointly announced the relaxation of mortgage requirements of first-home buyers, representing an adjustment to the "control on mortgage". Home buyers without outstanding mortgage loans would be considered as first-home buyers even if they have already purchased their first home. The rate cuts by the central bank were followed by the cutting of interest rate of housing provident fund loan by 0.25 percentage point by about 20 cities. The "930" policy and reduction of interest rate of housing provident fund loan reflected the general attitude of the government towards the real estate market, leading to the change of wait and see attitude of some potential buyers. On the other hand, some developers seized such opportunities and boosted sales by cutting prices. Developers promoted their property projects through active online marketing activities such as "Real Estate Double Eleven" (地產雙十一) and "Real Estate Crowd Funding" (房地產眾籌), resulting in a swift increase in the transaction volume in November followed by a further improvement in December. The market as a whole was recovering throughout the fourth quarter.

In light of the current condition of the overall economy and real estate market, it is expected that the policies of the real estate market will remain loose in 2015 to ensure its steady development and avoid overheating or cooling of market. It is believed that the central government will continue to use market forces rather than administrative measures to regulate the real estate market. Local governments will continue to regulate the market by adjusting housing provident fund loan and stamp duty. The status of market will remain the same as in 2014, which neither suppression nor excessive stimulation will be imposed to boost the economy.

Amidst these cyclical market fluctuations, competition in the real estate industry becomes more intensified and enterprises exercised greater flexibility to alter their adaptability. The top 10 real estate enterprises achieved a further expansion of their market share in 2014. The Group recorded contracted sales of RMB70.216 billion in 2014. Despite the considerable liquidity pressure in the industry as well as the unfavourable market conditions against sales, the Group climbed to No. 8 from No. 9 on national ranking.

In 2014, the Group recognized revenue of RMB56.081 billion, representing a substantial increase of 35.1% over 2013. Operating profit increased by 27.0% to approximately RMB15.671 billion. Profit attributable to shareholders reached RMB8.104 billion, representing an increase of 9.7% over last year. Excluding major after-tax non-cash items amounted to approximately RMB0.197 billion (2013: RMB0.071 billion), net profit from core business attributable to shareholders amounted to approximately RMB7.907 billion (2013: RMB7.319 billion), representing a year-on-year increase of 8.0%. If the effects of foreign exchange gains and share of profits of associated companies and joint ventures of approximately RMB1.325 billion were excluded in 2013, net profit from core business attributable to shareholders for 2014 would increase by approximately 31.9% over the previous year. To demonstrate our appreciation for our shareholders' unstinting support, the board of directors of the Company (the "Board") has recommended the payment of a final dividend of HK60 cents per share (2013: HK81 cents) for the year ended 31 December 2014. Together with an interim dividend of HK30 cents per share, the total contribution for the year will amount to HK90 cents per share (throughout 2013: HK81 cents).

Sales Achievements

In 2014, the Group's operations realized sales of RMB70.216 billion. The aggregate sales area for the year amounted to 5.789 million sq.m., at an average selling price of RMB12,130 per sq.m..

Best-selling Properties in Different Cities

China's real estate market entered a period of adjustment again in 2014, characterized by shrinking trading volume and slow-moving inventory level. Nevertheless, the Group was able to stand against adversity and achieved an overall stable growth. Some projects in our strategic markets in Fujian province and Yangtze River Delta region won the annual best-selling properties locally.

In Fujian province, sales of Shishi Shimao Sky City amounted to RMB4.9 billion, representing more than 90% of the market share in Shishi and ranking first in Fujian province. Xiamen Shimao Lakeside Garden was again the best-selling property in Xiamen and recorded revenue of RMB3.8 billion. Both projects were among the Top 10 besting-selling properties in China of 2014. Sales of many projects, including Fuzhou Minhou Shimao Dragon Bay, Fujian Jinjiang Shimao Dragon Bay and Fuzhou Pingtan Straits Future City, were the highest in the local markets for three to four consecutive years.

In Yangtze River Delta region, sales of Nanjing Shimao Bund New City amounted to RMB3.7 billion for the year. The growth rate of price and sales of Nanjing Shimao Bund New City were the highest in Nanjing. Together with two other projects, namely, Nanjing Straits City and Nanjing Shimao Glory Villa, the property sales volume of the Group ranked first in Nanjing. Changzhou Shimao Champagne Lake ranked first in Changzhou real estate market in terms of sales and sales area. Zhangjiagang Shimao Nine Rivers Village increased its market share to about 50% and ranked first in the villa market of Zhangjiagang despite sluggish real estate market and low demand.

Growth to Achieve Equilibrium

According to the "2014 Top 100 of Real Estate Enterprises of China" (2014年中國房地產企業銷售TOP100排行榜) published by relevant research institute, the Group ranked eighth among its peers.

Although the market continued to fluctuate throughout 2014, the sales of the Group remained stable for ten consecutive months after the Chinese New Year through setting reasonable pricing and fine-tuning sales schedule in accordance with the market trend. Sales between RMB6.0 billion to RMB7.0 billion for eight months were recorded. The overall results were stable and sound. Turnover rate of the Group further increased in 2014. Financial structure remained strong and healthy, achieving a sustainable growth to cope with any latent changes in the market and laying a solid foundation for the growth of business in 2015.

The Group adopted the strategy of "Growth to achieve Equilibrium" in view of the characteristics of the market in 2014 and strategically slowed down the pace of expansion. Results are no longer the only assessment of performance. Compared to scale of business and pricing strategy, more emphases were placed on rate of return and profit margin. The Group only reduced prices on properties with high inventory while it insisted to maintain a reasonable profit margin on properties which have been launched for sale for around a year. While the Group did not make profits at the expense of quality, it accelerated its transformation towards a "Lifestyle Operator" through a series of measures such as refining corporate core values, reforming core strategies and developing innovative products.

The Platinum Age of Internet

The emerge of mobile Internet has triggered the evolution of business models of "wearing, catering and transportation". In 2014, it also profoundly influenced the "accommodation" model. The real estate industry of China entered into a new and critical stage of development in the year.

Valuing the development of real estate enterprises by existing indicators such as growth rate and turnover rate will only enable the enterprises to enter into the "silver age". Mobile Internet will change the business models of the real estate industry. In future, the business and operation of the real estate industry will become people-oriented. The real estate enterprises that are able to remove industrial barriers in short term and attract resources of high quality from multiple sectors so as to serve the ever-changing demands of customers towards lifestyle will be capable to go into the "platinum age" of corporate development.

In 2014, the Group accelerated the speed of migration into the new concept and technology of mobile Internet. Through the introduction of apps such as "e-Property" (宅行動), "e-Community" (社區落地) and "Shimao e-Life" (世茂e生活) on our cloud platform, Shimao laid a solid foundation for the integration of online and offline resources.

The breakthroughs on technologies and ideas brought numerous opportunities which connect real estates and many other areas. In 2015, notwithstanding the property market may experience some mild fluctuations and disequilibrium may arise in many cities, developers should make use of the opportunities to develop innovative products. Focusing on the new targets, the Group has taken the initiative in 2015 to establish a multi-functional lifestyle research team to carry out in-depth studies of customer needs and innovative research and development.

A series of innovative products of the Group are ready to launch. MiniMax Hotel Shanghai Songjiang opened at Christmas in 2014 is a mini hotel customized for post-80s and post-90s customers based on the new concept of social and e-commerce platforms. Apart from Mini Hotel, the Group will also continue to introduce mini and innovative products this year, including theme parks and Mini Malls, and replicate such business model for rapid development. In addition, some successfully developed products covering the full life cycle will also be launched.

Land Reserves – More Prudent Approach

In 2014, the Group continued to increase its supply in first- and second-tier cities. A more prudent approach was adopted in land acquisition due to imbalance of supply and demand and fiercer competition in the market. In 2014, the Group acquired a total of 7.39 million sq.m. of land with residential land use in Jiangyin, Yinchuan, Quanzhou, Jinjiang, Chongqing, Hangzhou, Nanning, Xi'an, Hefei, Xiamen, Dalian, Shanghai, Beijing, Chengdu, Hong Kong, Nanjing and Jianyang. Currently, the Group holds 104 projects totaling 36.07 million sq.m. (attributable interests) of quality land in 41 cities in the country. These development projects, which situate in the local core region or land with high potential for development, are all supported by considerable researches and meticulous calculations, which are in line with the Group's defined land reserve standards. The Group's high-quality land resources and stringent controls over land costs give the unwavering support to the business results in national prime markets in the coming years.

Strengthening the Group's Financial Structure

In 2014, the Group upheld the prudent business strategy, introduced measures to further optimize the Group's capital structure and lowered the capital costs. After successfully issuing US$600 million senior notes due 2021 on 22 January 2014, the Group utilized new and additional loan and bonds to repay part of its high interest short-term loans and bonds, further reducing its collective interest costs. The Group continued its strategic cooperation with Bank of China (Hong Kong), Agricultural Bank of China, China Construction Bank and other financial institutions. The financing facilities are abundant. As at 31 December 2014, unutilized credit facilities amounted to approximately RMB18.000 billion, providing low-cost and long-term financial support to the Group. In consolidating its steady and healthy development, the Group obtained a four-year syndicated loan of US$736 million equivalent from a bank consortium on 31 July 2014. The new arrangement furnished the Group with an option of early redemption of senior notes of US$500 million in August 2014 that were originally due in 2017. As of 31 December 2014, the Group held sufficient reserves, with approximately RMB23.935 billion in cash.

Moreover, on 10 February 2015, the Group issued US$800 million 8.375% senior notes due in 2022 which was oversubscribed by 7.25 times, reflecting the recognition to the Group by the capital market. On 8 March 2015, the Group fully redeemed US$350 million 11% senior notes due in 2018. On 17 March 2015, the Group issued additional US$300 million senior notes due in 2022. After the additional issues, the total offshore bonds increased from US$1.75 billion to US$2.5 billion. The average maturity extended from 5.02 years to 5.99 years. The average coupon rate decreased from 8.01% to 7.76%.

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. The Group's success together with fulfillment of corporate goals are attributable to their support and commitment.

Hui Wing Mau
Chairman

Hong Kong, 31 March 2015

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

Property Development

1) *Recognized Sales Revenue*

The Group generates its revenue primarily from property development, property investment and hotel operations. Revenue for the year ended 31 December 2014 grew by 35.1% to RMB56.081 billion, from RMB41.503 billion in 2013. During the year, revenue from property sales surged to RMB53.567 billion, representing an increase of 35.6% over 2013, and accounted for 95.5% of total revenue. The average recognized selling price increased by 13.2% to RMB12,580 per sq.m. in 2014, from RMB11,116 per sq.m. in 2013. The increase was mainly attributable to an enhancement of the Group's bargaining power in some projects. The number of projects recognised by the Group in 2014 totalled 60, more than 53 projects recognised in 2013, of which Xiamen Shimao Lakeside Garden achieved impressive results with recognised sales revenue of RMB6.071 billion; Xiamen Shimao Straits Mansion, the first runner-up, with recognised sales revenue of RMB4.137 billion; and Nanjing Straits City, the second runner-up, with recognised sales revenue of RMB3.119 billion.

2) *Steady Sales Growth, with Commitment to Keep Gross Profit*

With respect to property sales, the Group's contracted sales amounted to RMB70.216 billion in 2014. The aggregate sales area for the year reached 5.789 million sq.m., with an average selling price of RMB12,130 per sq.m..

The Group's steady sales performance during the times with industry-wide pressure on funding and in an environment with a downtrend in sales clearly demonstrated the effectiveness of management's sales strategy. Looking forward to 2015, the Group will continue to launch saleable area of approximately 6.59 million sq.m.. Together with the existing saleable areas of approximately 3.66 million sq.m. as at 31 December 2014, the Group's total saleable area in 2015 will reach approximately 10.25 million sq.m..

3) *Completion of Development Projects and Plans as Scheduled*

The Group made timely adjustments to strategy of inventory supply and construction plans and put off or cancel the supply of certain products of same quality and projects with higher inventory level so as to correspond with the market fluctuations. During the year, all of the Group's projects proceeded smoothly. The aggregate gross floor area ("GFA") completed by the Group in 2014 was approximately 6.21 million sq.m., 21.8% higher than the 5.10 million sq.m. completed last year. As at 31 December 2014, the Group holds more than 80 developing projects in 41 cities. The surging number of projects under construction has laid a solid foundation for the Group's future development. Looking forward to 2015, with a view to maintaining adequate liquidity, the GFA planned for completion of the Group has been maintained at approximately 7.00 million sq.m., 12.7% higher than that for 2014. The GFA under construction will reach approximately 13.70 million sq.m. in 2015.

4) Steady Expansion of Land Bank for Long-term Sustainable Development

To support its sustainable business development, the Group holds an active but prudent attitude toward land acquisition. The Group acquired 7.39 million sq.m. of residential land bank in Jiangyin, Yinchuan, Quanzhou, Jinjiang, Chongqing, Hangzhou, Nanning, Xi'an, Hefei, Xiamen, Dalian, Shanghai, Beijing, Chengdu, Hong Kong, Nanjing and Jianyang. Currently, Shimao Property possesses 104 projects in 41 cities in the country, with a high-quality land bank of 36.07 million sq.m. (attributable interests). The premium land resources and relatively low land cost provide continued support to the Group's results in the major markets of China in the next few years.

The land parcels acquired by the Group in 2014 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.	Jiangyin Dragon Bay	January 2014	Residential and commercial	617.01	575,056	1,567	68.49%
2.	Yinchuan Greenery Theme Park	January 2014	Residential, commercial and office	260.63	309,535	842	100%
3.	Quanzhou Taiwanese Investment Zone	January 2014	Residential and business services	589.75	869,491	1,206	56.22%
4.	Jinjiang Zimao Hill (Phase I)	January 2014	Residential and commercial	747.60	486,219	2,888	53.24%
5.	Chongqing Zhaomu Hill	January 2014	Residential	1,425.48	663,284	2,149	100%
6.	Hangzhou Gate of Zhejiang	April 2014	Commercial and office	1,488.00	270,856	5,494	100%
7.	Nanning Wuxiang New District	May 2014	Residential and commercial	591.60	479,384	1,234	100%
8.	Xi'an Fengcheng Road	June 2014	Residential and business services	506.42	504,163	1,435	70%
9.	Jinjiang Zimao Hill (Phase II)	July 2014	Residential, commercial and hotel	926.49	226,588	4,464	91.60%
10.	Hefei Jade Lake	July 2014	Residential	1,546.19	555,044	3,652	100%
11.	Xiamen Xiang'an	July 2014	Residential	2,000.00	225,100	8,885	51%
12.	Dalian Jinzhou (Phase III)	July 2014	Residential and commercial	2,000.40	1,334,490	1,499	100%
13.	Shanghai Zhoupu	September 2014	Residential	1,535.00	83,927	18,290	100%
14.	Beijing Tongzhou	October 2014	Commercial and office	1,342.79	206,600	12,999	50%
15.	Baohe Street, Chenghua District, Chengdu	October 2014	Business services	248.14	93,994	2,640	100%
16.	Tung Chung, Hong Kong	November 2014	Hotel	1,159.63	56,715	20,447	80%

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
17.	Maqun Street, Qixia District, Nanjing	December 2014	Residential	377.40	67,628	10,942	51%
18.	Dingxianghe Road, Pukou, Nanjing	December 2014	Residential	803.60	264,552	6,199	49%
19.	Sancha Lake, Jianyang	December 2014	Residential	80.00	112,486	711	100%
Sub-total				18,246.13	7,385,112	3,325	
Shanghai Shimao							
1.	Jinan Railway Station North Square	January 2014	Residential and commercial	723.76	1,683,147	1,366	31%
Total				18,969.89	9,068,259		

Geographically, the majority of the newly-acquired land parcels by Shimao Property in 2014 were situated in second- and third-tier cities at provincial capital level, which have enormous potential for development and markets of which have not yet reached saturation, assuring the projects of adequate room for development and capability to resist risks. The average floor price of the new land reserves was approximately RMB3,325 per sq.m. in terms of land cost. The Group holds sensible attitude, increases its land reserves by following its long-standing prudent policy and strives to strike a balance between development opportunity and risk control. As at 31 December 2014, the Group's average land cost was RMB2,662 per sq.m.. The relatively low land cost provides adequate assurance for the Group to achieve a higher profit margin in the future.

Property Investment

Shimao Property develops commercial properties through its 64.12% owned subsidiary, namely, Shanghai Shimao Co., Ltd. ("Shanghai Shimao"), which is primarily engaged in the development and operation of commercial properties. Besides actively grasping development opportunities in the domestic commercial property market, Shanghai Shimao provides diversified commercial properties along with related high quality services by carrying out strategies on professional exploitation and operation of commercial properties. It continues to work on achieving greater integration for increased competitiveness, and aims to become a highly successful listed professional developer and operator of commercial properties.

Attributable to the further enhancement of its operating and management capability, Shanghai Shimao maintained the development momentum of its diversified businesses, including commercial property development, commercial plaza operations, cinema investment and management together with investment on culture and media, and its operational performance obtained a steady improvement during the year.

With respect to the development of commercial properties, during the reporting period, Shanghai Shimao recorded contracted sales of RMB16.03 billion, representing a year-on-year growth of 23%, and a contracted sales area of 1,235,000 sq.m., representing a year-on-year growth of 26%, fulfilling the sales target of RMB16.0 billion set at the beginning of the year. Adhering to market-oriented product positioning and marketing, Shanghai Shimao strictly controlled the launch of new properties and continued to strengthen the marketing of its properties. Satisfactory results were achieved through the sales of several projects in Jinan, Qingdao, Changshu, Suzhou, Tianjin, Xuzhou, Changzhou, Ningbo, Shishi, Nanjing and Wuhan. During the reporting period, Shanghai Shimao developed its projects in an orderly manner with abundant resources. During the year, the additional GFA under construction amounted to 1.96 million sq.m. and the total GFA under construction reached 6.11 million sq.m.. Completed GFA amounted to 980,000 sq.m. and the area of operational properties held by Shanghai Shimao reached 1.00 million sq.m.. As at 31 December 2014, the land reserves of Shanghai Shimao was 10.88 million sq.m., providing a strong support and foundation for its future development. During the reporting period, led by market and customers' needs, and focused on annual business targets, Shanghai Shimao stably introduced various operating management measures, consistently streamlined the organizational structure and business processes and strived to enhance professional ability and management ability of each business line. As a result, Shanghai Shimao recorded a significant and consistent increase in the standards of its operating efficiency and management ability.

With respect to commercial plaza operations, Shanghai Shimao's commercial operation and management team, guided by the annual business targets, implemented the plans in an orderly and efficient manner. The commercial plazas of Shanghai Shimao implemented on-site upgrading measures, and achieved substantial improvements in various aspects including business layout, shopping environment and consumer experience, which attracted more consumer flows. Meanwhile, with a view to improving the operational efficiency of the tenants, Shanghai Shimao carried out a wide range of initiatives in its commercial spaces stage by stage, including quality enhancement, trade-mix refinement as well as integration of tenant management, tenant assessment and store management into daily operation and management. In addition, Shanghai Shimao took great efforts to build up an elite commercial property management team with strong execution efficiency, adaptability and supporting services internally. In order for the internal systems, processes and structure to further adapt to the needs of business operation and management, it optimised its commercial property management system. During the reporting period, Jinan Shimao International Plaza was open for business on 1 May. Located at the heart of Jinan's downtown, Jinan Shimao International Plaza is in the proximity of Jinan's landmarks such as Liberation Pavilion and Quancheng Square, and is bound on the north by Quancheng Road, the "Golden Avenue" of Jinan. With a total site area of approximately 130,000 sq.m., it is a commercial masterpiece created by Shanghai Shimao featuring a combination of creativity, social life, fashion, business and other brand new consumption concepts.

With respect to cinema operation, the Chinese film market maintained a strong growth momentum in 2014 and movies have constituted an important part of daily entertainment for Chinese consumers. The national total box office's results amounted to RMB29.639 billion, representing a year-on-year increase of 36.15%. During the year, urban cinema audiences amounted to 830 million, representing a year-on-year increase of 34.52%. 1,015 theatres were opened while 5,397 additional screens were installed during the year. During the reporting period, the revenue of Shimao's cinema chain amounted to RMB233 million, representing a significant year-on-year increase of 57.7%, providing film service to over 6.6 million audiences. All cinemas achieved substantial growth in revenue from box office as well as sales of derivatives and related products. As at the end of 2014, Shimao's cinema chain owned 17 cinemas and 148 screens in operation nationwide. The number of seats in its cinemas also increased to 23,600. The business team of Shimao's cinema chain, with an aim to meet annual business targets, implemented development plans actively. The significant improvement in revenues from various areas covering cinema management, screening of films and revenue from non-box office ensured the achievement of satisfactory operating results in the year.

With respect to investment on culture and media, during the reporting period, Shimao Media (世茂傳媒), a subsidiary of Shanghai Shimao, actively participated in the development of Chinese cultural industry. Films and television dramas it invested had been gradually released during the year and received positive market response and satisfactory operating results. A film, *Girls*, was released on 31 July with a box office of over RMB200 million in the Mainland. A TV drama, *One Servant for Two Masters*, premiered on Dragon TV, Shenzhen TV, Shandong TV and Beijing TV on 19 March, and ranked the second on annual best rated TV series and ranked sixth in terms of online click through rate. TV dramas, *The Legendary Sniper* and *Flower and Sparks*, broadcasted on the most important TV channels in the Mainland during prime time on 22 December, ranking the third and the fourth respectively on best rated TV series for the first week. Shimao Media will exert great efforts in investment and operation of cultural industry projects and strive to produce and nurture more outstanding projects and products.

With respect to child-focused business, Shanghai Shimao timely adjusted its outlet operation strategy according to outlet performance and regional conditions to improve the overall business results. During the reporting period, the staff training and appraisal on each children amusement park were enhanced according to the operation and actual situation of each outlet. Service quality and operating efficiency of outlets were further strengthened. In addition, Shanghai Shimao will further explore the opportunities in the development of child-focused business, enrich product lines of Shanghai Shimao's child-focused business by implementing innovative business model, identify a more profitable business model and strive for a better operating results in the rapid-developing industry.

Hotel Operations

Apart from the continued operation of seven hotels, namely, Le Royal Méridien Shanghai, Hyatt on the Bund, Le Méridien Sheshan Shanghai, Hilton Nanjing Riverside, Holiday Inn Mudanjiang and Holiday Inn Shaoxing and Double Tree by Hilton Wuhu, the Group opened InterContinental Fuzhou and Crowne Plaza Shaoxing in the first half of 2014. These two new hotels are located at CBD and are the landmarks of the cities. Yuluxe Hotel Taizhou, the first 5-star hotel owned and operated by the Group, and MiniMax Hotel Shanghai Songjiang, the first hotel served with limited services, also opened in the second half of 2014, marking a milestone in the development of hotel operations as the Group has evolved from a mere property owner into a property owner as well as a hotel operator. Hilton Tianjin Eco-city launched its soft opening at the end of 2014. Currently, the Group operates twelve hotels with more than 4,600 guest rooms in total.

In 2014, the hotel industry in the country was severely affected by the slowdown in economic growth, tightened government policies, sluggish conference market and fierce price competition. According to the statistics of China National Tourism Administration, the number of foreign visitors decreased by 0.45% for the year from January to December of 2014 when compared with that of the previous year. However, the number of local tourists recorded a year-on-year increase of 10.7%. According to the statistics published on the official website of China Tourist Hotels Association, the revenue per room of 5-star hotels in China dropped by more than 5% when compared with that of the previous year. Although market conditions were not favourable, the Group recorded revenue of RMB1.012 billion from the six hotels opened before 2013, representing an increase of 3.7% over the previous year. The increment was achieved through effective cost control and fine-tuned marketing strategy. Taking into account the five hotels opened in Wuhu, Fuzhou, Shaoxing, Taizhou and Shanghai Songjiang in 2013 and 2014, the total revenue of the eleven hotels amounted to RMB1.178 billion, representing a year-on-year increase of 20.3%.

Looking forward to this year, challenges and opportunities still co-exist in the hotel market. From a macroscopic point of view, the economy in China will grow steadily as the government has clearly set a target of approximately 7% for GDP growth. The government will carry out various measures to boost the development of tourism industry and individual consumption. The growth rate of foreign visitors has become moderate while the number of local tourists has been increasing significantly. However, oversupply still exists in the hotel market. Hotels with weaker performance will be eliminated through fierce competitions. The competition also forces hotels to continue to improve its services to enhance customers satisfaction and to explore new markets so as to strengthen its competitiveness.

In 2015, the Group plans to increase the number of hotels and revenue from hotel operation by constructing and opening more hotels under its own brand and franchised brand in certain major cities in the country.

FINANCIAL ANALYSIS

Key consolidated income statement figures are set out below:

	2014 *RMB million*	2013 *RMB million*
Revenue	**56,081**	41,503
Gross profit	**18,225**	14,641
Operating profit	**15,671**	12,336
Profit attributable to shareholders	**8,104**	7,390
Earnings per share – Basic *(RMB cents)*	**234.3**	213.3

Revenue

For the year ended 31 December 2014, the revenue of the Group was approximately RMB56,081 million (2013: RMB41,503 million), representing an increase of 35.1% over 2013. 95.5% (2013: 95.2%) of the revenue was generated from the sales of properties and 4.5% (2013: 4.8%) from hotel operation, leasing of commercial properties and others.

The components of the revenue are analysed as follows:

	2014 *RMB million*	2013 *RMB million*
Sales of properties	**53,567**	39,503
Hotel operation income	**1,178**	979
Rental income from investment properties	**687**	556
Others	**649**	465
Total	**56,081**	41,503

(i) Sales of properties

Sales of properties for the year ended 31 December 2014 and 2013 are set out below:

	2014		2013	
	Area (Sq.m.)	***RMB million***	*Area (Sq.m.)*	*RMB million*
Shimao Property				
Xiamen Shimao Lakeside Garden	**204,811**	**6,071**	62,276	1,404
Nanjing Straits City	**175,044**	**3,119**	–	–
Suzhou Shimao Canal Scene	**182,082**	**2,126**	56,758	637
Fuzhou Pingtan Straits Future City	**170,597**	**1,845**	–	–
Chengdu Shimao Royal Bay	**137,908**	**1,768**	7,549	260
Nanjing Shimao Glory Villa	**100,547**	**1,719**	69,695	1,164
Wuhan Shimao Splendid River	**155,339**	**1,681**	151,953	1,654

	2014		2013	
	Area (Sq.m.)	*RMB million*	*Area (Sq.m.)*	*RMB million*
Shaoxing Shimao Dear Town	**148,794**	**1,673**	136,622	1,773
Fuzhou Minhou Shimao Dragon Bay	**154,880**	**1,467**	348,720	3,889
Zhangjiagang Shimao Nine Rivers Village	**82,237**	**1,408**	–	–
Hangzhou Shimao Above the Lake	**62,236**	**1,384**	–	–
Beijing Shimao Weila	**112,642**	**1,304**	–	–
Kushan Shimao East No. 1	**172,928**	**1,257**	1,467	13
Tianjin Shimao Wetland Century	**116,334**	**1,032**	124,599	1,150
Fujian Jinjiang Shimao Dragon Bay	**126,644**	**998**	399,579	5,450
Suzhou Shimao Shihu Bay	**62,438**	**992**	–	–
Chengdu Shimao City	**125,693**	**953**	13,832	98
Beijing Shimao Salamanca	**89,453**	**916**	–	–
Qingdao Shimao Century Land	**97,421**	**906**	186,841	1,690
Ningbo Shimao The Capital	**42,311**	**905**	–	–
Changzhou Shimao Champagne Lake	**99,350**	**759**	159,912	1,366
Hangzhou Shimao Riviera Garden	**103,109**	**742**	40,977	387
Hangzhou Shimao East No.1	**41,537**	**736**	–	–
Dalian Shimao Dragon Bay	**81,184**	**700**	72,663	929
Shenyang Shimao Wulihe	**62,489**	**601**	33,718	338
Nantong Wetland Century	**87,564**	**519**	13,948	129
Wuhan Shimao Lake Island	**56,215**	**502**	–	–
Wuxi Shimao International City	**64,134**	**500**	–	–
Wenchang Shimao Nufang Sea	**48,366**	**434**	–	–
Harbin Shimao Riviera New City	**80,115**	**428**	179,956	1,084
Mudanjiang Shimao Holiday Landscape	**95,047**	**387**	61,970	290
Shenyang Shimao Notting Hill	**37,167**	**365**	–	–
Taizhou Shimao Riverside Garden	**56,306**	**272**	3,636	20
Wuhan Shimao Dragon Bay	**45,887**	**266**	25,383	186
Shenyang Shimao Bojing Palaz	**16,747**	**221**	–	–
Xianyang Shimao The Centre	**27,275**	**197**	19,027	383
Shanghai Shimao Emme County	**20,954**	**193**	13,625	137
Dalian Shimao Glory City	**22,542**	**191**	4,983	60
Jiaxing Shimao New City	**30,553**	**169**	138,251	815
Shanghai Sheshanli	**2,172**	**97**	10,489	200
Xuzhou Shimao Dongdu	**5,323**	**48**	89,308	669
Ningbo Shimao World Gulf	**2,277**	**27**	4,732	58
Yantai Shimao No.1 The Harbour	**1,275**	**11**	4,194	38
Kunshan Shimao Butterfly Bay	**–**	**–**	159,712	984
Wuxi Shimao The Capital	**–**	**–**	116,620	1,035
Ningbo Shimao Sea Dawn	**–**	**–**	97,331	856
Ningbo Shimao Dragon Bay	**–**	**–**	21,902	225
Ningbo Xiangshan Shimao Damuwan	**–**	**–**	30,820	445
Yuyao Shimao Moushan Lake Project	**–**	**–**	7,005	133
Beijing Shimao Alhambra Palace	**–**	**–**	5,583	104
Shanghai Shimao Riviera Garden	**–**	**–**	645	55
Sub-total (a)	**3,607,927**	**41,889**	2,876,281	30,108

	2014		2013	
	Area (Sq.m.)	***RMB million***	*Area (Sq.m.)*	*RMB million*
Shanghai Shimao				
Xiamen Shimao Straits Mansion	**116,990**	**4,137**	–	–
Qingdao Shi'ao Tower	**47,721**	**1,272**	21,856	698
Qingdao Jiaonan Project	**94,754**	**1,220**	51,153	716
Suzhou Shimao Mudu Project	**59,580**	**873**	–	–
Shanghai Shimao Wonderland	**36,926**	**796**	137,253	2,162
Jinan International Plaza	**25,459**	**738**	51,263	1,059
Wuhan Shimao Carnival	**78,408**	**736**	58,923	492
Suzhou Shimao Canal Scene (Commercial)	**51,292**	**505**	56,771	722
Tianjin Wu Qing Project	**57,983**	**499**	–	–
Shishi Shimao Sky City	**29,005**	**496**	–	–
Nanjing Shimao Bund New City	**10,351**	**184**	123,276	1,869
Changshu Shimao The Center (Commercial)	**33,246**	**146**	125,894	1,034
Changzhou Shimao Champagne Lake (Commercial)	**4,925**	**27**	11,580	121
Kunshan Shimao International City	**2,018**	**22**	7,675	92
Xuzhou Shimao Dongdu (Commercial)	**545**	**14**	22,777	285
Wuhu Shimao Riviera Garden (Commercial)	**714**	**11**	3,029	46
Qingdao International Plaza	**110**	**2**	3,047	62
Hangzhou Shimao Riviera COSMO	**–**	**–**	2,496	29
Shaoxing Shimao Dear Town (Commercial)	**–**	**–**	425	8
Sub-total (b)	**650,027**	**11,678**	677,418	9,395
Total (a)+(b)	**4,257,954**	**53,567**	3,553,699	39,503

(ii) Hotel income

Hotel operation income are analysed below:

	2014	2013
	RMB million	*RMB million*
Le Royal Méridien Shanghai	**379**	374
Hyatt on the Bund	**341**	337
Le Méridien Sheshan Shanghai	**152**	138
Hilton Nanjing Riverside	**79**	66
InterContinental Fuzhou	**66**	–
Crowne Plaza Shaoxing	**52**	–
Double Tree by Hilton Wuhu	**44**	3
Holiday Inn Shaoxing	**32**	32
Holiday-Inn Mudanjiang	**29**	29
Yuluxe Hotel Taizhou and others	**4**	–
Total	**1,178**	979

Hotel operation income increased approximately 20.3% to RMB1,178 million in 2014 from RMB979 million in 2013. The increase was mainly derived from newly-opened hotels.

(iii) Rental income and others

Rental income from investment properties amounted to approximately RMB687 million. The rental income was increased by 23.6% mainly due to the growth of the average rent.

Other income amounted to RMB649 million was mainly derived from the cinemas and department stores.

	2014	2013
	RMB million	*RMB million*
Shanghai Shimao International Plaza	**159**	158
Beijing Shimao Tower	**135**	121
Shaoxing Shimao Dear Town (Commercial)	**89**	84
Jinan International Plaza	**56**	–
Shanghai Shimao Shangdu Tower	**45**	36
Kunshan Shimao Plaza	**29**	20
Suzhou Shimao Canal Scene (Commercial)	**23**	14
Changshu Shopping Mall	**15**	15
Xuzhou Shimao Dongdu (Commercial)	**15**	14
Wuhu Shimao Riviera Garden (Commercial)	**7**	5
Miscellaneous rental income	**114**	89
Others	**649**	465
Total	**1,336**	1,021

Cost of sales

Cost of sales increased by 40.9% to approximately RMB37,856 million in 2014 from RMB26,862 million in 2013, 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:

	2014	2013
	RMB million	*RMB million*
Sales taxes	**3,230**	2,442
Land costs and construction costs	**30,960**	21,468
Capitalised borrowing costs	**3,042**	2,442
Direct operating costs for hotels, commercial properties and others	**624**	510
Total	**37,856**	26,862

Fair value gains on investment properties

During the year, the Group recorded aggregate fair value gains of approximately RMB1,511 million (2013: fair value gains RMB1,031 million), mainly contributed by the further increase in value of certain investment properties and the addition in number of investment properties. Aggregate net fair value gains after deferred income tax of RMB378 million recognised were RMB1,133 million (2013: net fair value gains after deferred income tax were RMB773 million).

Other gains

Other gains of approximately RMB502 million for the year ended 31 December 2014 (2013: RMB845 million) included mainly gain on government grants of RMB376 million, net gain on disposal of subsidiaries of RMB112 million, and fair value gain on derivative financial instruments of RMB35 million, which was offset by net foreign exchange loss of RMB76 million.

Selling and marketing costs and administrative expenses

Selling and marketing costs for the year was approximately RMB1,496 million (2013: RMB1,306 million), which increased by 14.5%. The increase was mainly due to number of projects with advertising activities increased. The sales team also focused on the effectiveness of sales strategy according to the changes in the market. Administrative expenses for the year increased by 23.0% from RMB2,283 million to RMB2,808 million. It was mainly due to the increase in labor cost with the expansion of the business. In addition, hotel expenses also increase with the commencement of new hotels in 2014. The proportion of total expenses to the total revenue was 7.7% (2013: 8.6%) and to the total contracted sales was 6.1% (2013: 5.4%). The proportion of total expenses excluding hotel expenses to the total contracted sales was 4.9% (2013: 4.5%).

Operating profit

Operating profit amounted to RMB15,671 million for the year ended 31 December 2014, representing an increase of 27.0% over 2013 (2013: RMB12,336 million). It was mainly attributable to the increase of revenue and gross profit.

Finance costs – net

Net finance costs increased to approximately RMB241 million (2013: RMB121 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 approximately RMB153 million (2013: share of losses of RMB51 million), which was mainly due to the loss of Straits Construction and Guangzhou Asian Game City Project. Share of losses of joint ventures amounted to approximately RMB21 million (2013: share of profits of RMB896 million), which was due to the decrease in recognition sales by two joint ventures in Hangzhou in 2014.

Taxation

The Group's tax provisions amounted to approximately RMB5,769 million in which PRC land appreciation tax ("LAT") was RMB1,840 million (2013: RMB4,834 million, in which LAT was RMB2,107 million) for the year.

Profit attributable to shareholders

Profit attributable to shareholders for the year significantly increased by 9.7% from approximately RMB7,390 million in 2013 to RMB8,104 million in 2014.

Liquidity and financial resources

As of 31 December 2014, total assets of the Group were approximately RMB220.533 billion, of which current assets reached approximately RMB156.886 billion. Total liabilities were approximately RMB155.550 billion, whereas non-current liabilities were approximately RMB47.609 billion. Total equity was approximately RMB64.983 billion, of which equity attributable to the shareholders of the Company amounted to approximately RMB46.863 billion.

As of 31 December 2014, the Group had aggregate cash and bank balances (including restricted cash) of approximately RMB23.935 billion (31 December 2013: RMB19.573 billion), total borrowings amounted to approximately RMB61.994 billion (31 December 2013: RMB49.329 billion). Total net borrowings were RMB38.059 billion (31 December 2013: RMB29.756 billion). Net gearing ratio slightly increased from 57.4% as at 31 December 2013 to 58.6% as at 31 December 2014. However, it accomplished management's goal to keep the ratio under 60% and was maintained at a low level compared to past years.

The maturity of the borrowings of the Group as at 31 December 2014 is set out as follows:

	RMB *million*
Bank borrowings and borrowings from other financial institutions	
Within 1 year	18,725
Between 1 and 2 years	11,702
Between 2 and 5 years	14,851
Over 5 years	6,139
Senior notes	
Between 2 and 5 years	2,112
Over 5 years	8,465
Total	61,994

The borrowings were denominated in different currencies set out below:

	Original currency *million*	**RMB equivalent** *million*
US$	3,669	22,451
HK$	6,886	5,432
RMB	34,111	34,111

Financing activities

In 2014, the Group continued to take advantage of its onshore and offshore diversified financing channels to support its sustainable development and further optimize its financing structure.

The Group continued to maintain good debt structure, of which short-term borrowings is approximately 30% and long-term borrowings is approximately 70% as at 31 December 2014. The cash coverage ratio is approximately 128% as at 31 December 2014, which indicated the Group kept high liquidity and low debt pressure.

On 10 February 2015, the Group issued US$800 million senior notes due on 10 February 2022. The interest rate is 8.375%. The issuance received overwhelming response with 7.25 times over subscription, which indicated a high degree of market confidence in the Group. On 17 March 2015, the Group further issued US$300 million senior notes to be consolidated and form a single series with the 2015 Senior Notes.

On 8 March 2015, the Group early redeemed an aggregate principal amount of US$350 million of all outstanding 11% Senior Notes due in 2018.

After the issuance of the US$800 million and US$300 million senior notes and redemption of the US$350 million senior notes, the total amount of offshore senior notes increased to US$2.5 billion. The average maturity extended from 5.02 years to 5.99 years, and the average coupon rate decreased from 8.01% to 7.76%.

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. The Group is considering adopting an appropriate amount of foreign exchange hedging instruments to manage exchange risk more effectively.

Pledge of assets

As of 31 December 2014, the Group had pledged property and equipment, investment properties, land use rights, properties under development, completed properties held for sale and restricted cash with a total carrying amount of RMB59.5 billion to secure bank facilities granted to the Group. The corresponding bank and other loans amounted to approximately RMB30.0 billion. The Group had also pledged shares of certain subsidiaries for a total borrowing of RMB2.05 billion.

Contingencies

As of 31 December 2014, the Group had provided guarantees for approximately RMB11.7 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 RMB6.8 billion in its portion of equity interests in associated companies and joint ventures for their borrowings.

Capital and property development expenditure commitments

As of 31 December 2014, the Group had contracted capital and property development expenditure but not provided for amounted to approximately RMB38.7 billion.

Employees and remuneration policy

As of 31 December 2014, the Group employed a total of 7,191 employees. Total remuneration for the year amounted to approximately RMB1,397 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 2014 together with comparative figures for 2013 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 2014

		Year ended 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**56,080,546**	41,502,660
Cost of sales	*6*	**(37,855,393)**	(26,861,772)
Gross profit		**18,225,153**	14,640,888
Fair value gains on investment properties		**1,510,622**	1,031,206
Other income/other gains – net		**502,184**	845,063
Selling and marketing costs	*6*	**(1,495,887)**	(1,305,735)
Administrative expenses	*6*	**(2,807,693)**	(2,283,303)
Other operating expenses	*6*	**(262,921)**	(592,136)
Operating profit		**15,671,458**	12,335,983
Finance income		**171,568**	190,850
Finance costs		**(412,090)**	(312,211)
Finance costs – net	*7*	**(240,522)**	(121,361)
Share of results of			
– Associated companies		**(153,470)**	(51,443)
– Joint ventures		**(21,033)**	895,649
		(174,503)	844,206
Profit before income tax		**15,256,433**	13,058,828
Income tax expense	*8*	**(5,768,686)**	(4,833,504)
Profit for the year		**9,487,747**	8,225,324
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Transfer of fair value losses previously taken to reserve to income statement upon disposal of available-for-sale financial assets, net of tax		**19,794**	–
Items that may be reclassified to profit or loss			
Fair value gains on available-for-sale financial assets, net of tax		**119,965**	28,955
Total comprehensive income for the year		**9,627,506**	8,254,279

	Note	Year ended 31 December **2014** *RMB'000*	2013 *RMB'000*
Profit for the year attributable to:			
Equity holders of the Company		**8,103,833**	7,389,857
Non-controlling interests		**1,383,914**	835,467
		9,487,747	8,225,324
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**8,193,586**	7,408,452
Non-controlling interests		**1,433,920**	845,827
		9,627,506	8,254,279
Earnings per share for profit attributable to the equity holders of the Company			
– Basic *(RMB cents)*	*10*	**234.3**	213.3
– Diluted *(RMB cents)*	*10*	**233.9**	213.2
Dividends	*9*	**2,456,033**	2,195,555

Consolidated Balance Sheet
As at 31 December 2014

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Property and equipment		**11,951,703**	10,378,052
Investment properties		**26,975,771**	26,941,944
Land use rights		**7,286,582**	5,645,416
Intangible assets		**1,840,684**	1,847,573
Associated companies		**1,258,029**	1,650,578
Joint ventures		**8,534,090**	5,365,806
Amount due from related parties		**2,499,546**	2,266,694
Available-for-sale financial assets		**204,510**	408,440
Deferred income tax assets		**1,429,899**	1,306,338
Other non-current assets		**1,666,753**	2,008,313
		63,647,567	57,819,154
Current assets			
Properties under development		**83,539,896**	62,559,873
Completed properties held for sale		**21,166,548**	11,604,899
Trade and other receivables and prepayments	*4*	**12,457,212**	11,217,421
Prepayment for acquisition of land use rights		**12,752,932**	9,632,388
Prepaid income taxes		**2,055,122**	2,154,779
Amounts due from related parties		**979,346**	1,206,095
Restricted cash		**3,463,004**	2,547,231
Cash and cash equivalents		**20,471,830**	17,026,018
		156,885,890	117,948,704
Total assets		**220,533,457**	175,767,858
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**356,275**	356,275
Reserves			
– Proposed final dividend	*9*	**1,629,075**	2,195,555
– Others		**44,878,029**	39,190,420
		46,863,379	41,742,250
Non-controlling interests		**18,119,705**	10,109,612
Total equity		**64,983,084**	51,851,862

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**43,269,371**	37,553,681
Deferred income tax liabilities		**4,339,374**	3,985,242
		47,608,745	41,538,923
Current liabilities			
Trade and other payables	*5*	**29,866,339**	20,995,325
Dividend payable		**375,128**	–
Advanced proceeds received		**33,220,166**	29,900,978
Income tax payable		**11,017,765**	9,327,098
Borrowings		**18,724,718**	11,775,322
Derivative financial instruments		**1,611**	36,898
Amounts due to related parties		**14,731,308**	10,336,395
Deferred income		**4,593**	5,057
		107,941,628	82,377,073
Total liabilities		**155,550,373**	123,915,996
Total equity and liabilities		**220,533,457**	175,767,858
Net current assets		**48,944,262**	35,571,631
Total assets less current liabilities		**112,591,829**	93,390,785

SELECTED NOTES TO 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 Renminbi, unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and derivative financial instruments which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for the years ended 31 December 2014 and 2013.

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

As at 31 December 2014, the Company's current liabilities exceed current assets by approximately RMB4,579,219,000 since the Company borrowed short term bank loans to finance its property development subsidiaries in the mainland China, while subsidiaries did not declare adequate dividends to the Company. The Company has prepared cash flow projections for the twelve months subsequent to 31 December 2014 and has assessed the compliance of loan covenants. The directors of the Company, having taken into consideration of long-term senior notes issued in early 2015, operation cash flows and available financial resources of the Group, are confident that the Company has adequate resources to continue in operations, to repay its liabilities when they fall due. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

(a) New and amended standards adopted by the Group

The following new and amended standards and interpretations have been adopted by the Group for the first time for the financial year beginning on 1 January 2014:

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.

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.

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.

The following new and amended standards, and interpretations have been adopted by the Group for the first time for the financial year beginning on 1 January 2014 but not currently relevant or do not have material impact to the Group (although they may affect the accounting for future transactions and events):

HKAS 39 (Amendment), 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under HKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria.

HKFRS 10, HKFRS 12 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.

Amendments and interpretations as mentioned above are not expected to have a material effect on the Group's operating results, financial position or comprehensive income.

(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 2014, and have not been early adopted.

Currently related to the Group:

		Effective for annual periods beginning on or after
Amendment to HKFRS 11	Joint arrangements	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to HKAS 28	Investment in associates	1 January 2016
Amendments to HKAS 38	Intangible assets	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

Apart from the above, the HKICPA has issued the annual improvements project which addresses several issues in the 2010-2012 reporting cycle, 2011-2013 reporting cycle, 2012-2014 reporting cycle, and includes changes to the following standards. The Group has not applied the following revised HKFRSs published in the annual improvements project.

		Effective for annual periods beginning on or after
HKFRS 3	Business combinations	1 July 2014
HKFRS 8	Operating segments	1 July 2014
HKFRS 13	Fair value measurement	1 July 2014
HKAS 16	Property, plant and equipment	1 July 2014
HKAS 24	Related Party Disclosures	1 July 2014
HKAS 38	Intangible assets	1 July 2014
HKAS 40	Investment property	1 July 2014
HKFRS 5	Non-current assets held for sale and discontinued operations	1 July 2016
HKFRS 7	Financial instruments: Disclosures	1 July 2016
HKAS 34	Interim financial reporting	1 July 2016

The Group has not early adopted any new accounting and financial reporting standards, amendments and interpretations to existing standards which have been issued but are not yet effective for the year ended 31 December 2014. The Group is in the process of making an assessment on the impact of these new standards, amendments and interpretations and does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position, except for the new financial reporting standard HKFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2017) which the Group is not yet in a position to conclude.

Not currently related to the Group (although they may affect the accounting for future transactions and events):

- Amendments to HKAS 16 and HKAS 41 regarding Agriculture: 'bearer plants', effective for annual periods beginning on or after 1 January 2016 with early adoption permitted.

- Amendment to HKAS 19 regarding defined benefit plans, effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

(c) *New Hong Kong Companies Ordinance (Cap.622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 1 January 2015 in accordance with section 358 of that Ordinance. The group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

3 SEGMENT INFORMATION

The chief operating decision-maker (the "CODM") has been identified as the management committee. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

As majority of the Group's consolidated revenue and results are attributable to the market in the PRC and most of the Group's consolidated assets are located in the PRC, therefore no geographical information is presented.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit before tax. The information provided to the CODM is measured in a manner consistent with that in the financial statements.

(a) Revenue

Revenue of the Group consists of the following revenue recognised during the year:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Sales of properties	**53,566,794**	39,503,409
Hotel operation income	**1,178,044**	978,603
Rental income from investment properties	**687,367**	555,888
Others	**648,341**	464,760
	56,080,546	41,502,660

(b) Segment information

Year ended 31 December 2014

	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	**11,677,788**	**41,889,006**	**–**	**–**	**53,566,794**
– Hotel operation income	**110,822**	**–**	**1,067,222**	**–**	**1,178,044**
– Rental income from investment properties	**525,304**	**162,063**	**–**	**–**	**687,367**
– Others	**403,698**	**244,643**	**–**	**–**	**648,341**
Total revenue	**12,717,612**	**42,295,712**	**1,067,222**	**–**	**56,080,546**
Operating profit/(loss)	**4,893,111**	**11,183,446**	**99,254**	**(504,353)**	**15,671,458**
Finance income	**31,063**	**128,109**	**762**	**11,634**	**171,568**
Finance costs	**(142,872)**	**(254,982)**	**(14,236)**	**–**	**(412,090)**
Share of results of					
– Associated companies	**(5,061)**	**(148,409)**	**–**	**–**	**(153,470)**
– Joint ventures	**(3,298)**	**(17,735)**	**–**	**–**	**(21,033)**
Profit before income tax/(loss)	**4,772,943**	**10,890,429**	**85,780**	**(492,719)**	**15,256,433**
Income tax expense					**(5,768,686)**
Profit for the year					**9,487,747**
Other segment items are as follows:					
Capital and property development expenditure	**14,496,972**	**49,773,942**	**2,708,694**	**–**	**66,979,608**
Fair value gains on investment properties	**1,150,074**	**360,548**	**–**	**–**	**1,510,622**
Fair value gain on derivative financial instrument	**–**	**35,287**	**–**	**–**	**35,287**
Write-off of intangible assets	**–**	**6,889**	**–**	**–**	**6,889**
Depreciation	**73,840**	**109,940**	**260,726**	**30,982**	**475,488**
Amortisation of land use rights	**10,172**	**52,795**	**48,394**	**–**	**111,361**
Provision for impairment of receivables	**15,164**	**–**	**–**	**–**	**15,164**

* *The Group owns an effective equity interest of 64.12% in Shanghai Shimao*

** *Unallocated mainly represent corporate level activities*

The segment assets and liabilities at 31 December 2014 are as follows:

	Property development and investment			
	Shanghai Shimao	**Others**	**Hotel operation**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Associated companies	**978,325**	**279,704**	**–**	**1,258,029**
Joint ventures	**3,734,890**	**4,799,200**	**–**	**8,534,090**
Intangible assets	**1,709,730**	**26**	**130,928**	**1,840,684**
Other segment assets	**51,128,330**	**137,449,842**	**17,625,763**	**206,203,935**
Total segment assets	**57,551,275**	**142,528,772**	**17,756,691**	**217,836,738**
Deferred income tax assets				**1,429,899**
Available-for-sale financial assets				**204,510**
Other assets				**1,062,310**
Total assets				**220,533,457**
Borrowings	**11,901,490**	**26,802,564**	**1,834,500**	**40,538,554**
Other segment liabilities	**24,654,771**	**55,886,245**	**7,687,697**	**88,228,713**
Total segment liabilities	**36,556,261**	**82,688,809**	**9,522,197**	**128,767,267**
Corporate borrowings				**21,455,535**
Deferred income tax liabilities				**4,339,374**
Derivative financial instruments				**1,611**
Other liabilities				**986,586**
Total liabilities				**155,550,373**

Year ended 31 December 2013

	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	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 development expenditure	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 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

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 – GROUP

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Bidding deposits for land use rights *(Note (a))*	**2,520,888**	2,931,703
Trade receivables *(Note (b))*	**4,696,612**	3,718,236
Prepaid business tax on pre-sale proceeds	**1,796,915**	1,525,849
Prepayments for construction costs	**886,724**	1,247,085
Receivable for equity interest	**619,800**	–
Other receivables	**1,936,273**	1,794,548
	12,457,212	11,217,421

Notes:

(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 does not win the bid, the amount will be fully refunded.

(b) Trade receivables mainly arise 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	
	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**3,547,773**	2,585,657
Over 90 days and within 365 days	**846,343**	925,691
Over 365 days	**302,496**	206,888
	4,696,612	3,718,236

As at 31 December 2014, receivables arising from sales of properties was approximately RMB4,543,132,000 (2013: RMB3,520,625,000).

Trade receivables are analysed as follows:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Fully performing under credit terms	**2,910,558**	2,477,227
Past due but not impaired	**1,786,054**	1,241,009
	4,696,612	3,718,236

The ageing analysis of trade receivables past due but not impaired is as follows:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**1,039,580**	464,295
Over 90 days and within 365 days	**443,978**	569,826
Over 365 days	**302,496**	206,888
	1,786,054	1,241,009

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 2014 and 2013.

As at 31 December 2014, provision for impairment of other receivables was approximately RMB49,171,000 (2013: RMB34,007,000).

As at 31 December 2014 and 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 2014 and 2013, trade and other receivables of the Group were mainly denominated in RMB.

5 TRADE AND OTHER PAYABLES – GROUP

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Trade payables *(note (a))*	**24,043,332**	16,796,749
Other taxes payable	**1,360,911**	1,077,113
Accrued expenses	**1,257,328**	982,181
Other payables *(note (b))*	**3,204,768**	2,139,282
	29,866,339	20,995,325

Notes:

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

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**23,665,439**	16,410,856
Over 90 days and within 1 year	**377,893**	385,893
	24,043,332	16,796,749

(b) Other payables comprise:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Deposits received from customers	**2,183,637**	1,475,543
Fees collected from customers on behalf of government agencies	**87,336**	96,644
Deposits from constructors	**577,062**	348,523
Rental deposits from tenants and hotel customers	**221,514**	129,709
Others	**135,219**	88,863
	3,204,768	2,139,282

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	
	2014	2013
	RMB'000	*RMB'000*
Cost of properties sold and others	**34,063,755**	24,147,734
Including: interests capitalized	**3,041,700**	2,441,946
land and construction	**30,960,200**	21,468,154
Business taxes and other levies on sales of properties *(note (a))*	**3,120,037**	2,381,374
Staff costs – including directors' emoluments *(note (b))*	**1,396,534**	1,032,506
Advertising, promotion and commission costs	**1,191,492**	1,024,544
Direct expenses arising from hotel operation	**652,616**	507,905
Corporate and office expenses	**653,623**	545,333
Depreciation	**475,488**	372,580
Write off of intangible assets	**6,889**	292,352
Amortisation of land use rights	**111,361**	44,742
Operating lease rental expenses	**102,825**	75,032
Direct expenses arising from investment properties	**61,652**	42,686
Charitable donations	**38,501**	14,914
Auditor's remuneration	**8,600**	7,000
Provision for impairment of receivables	**15,164**	17,478
Provision of impairment losses on completed properties held for sale	**135,078**	103,551
Other expenses	**388,279**	433,215
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	**42,421,894**	31,042,946

(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	
	2014	2013
	RMB'000	*RMB'000*
Wages and salaries	**1,051,992**	770,478
Pension costs – statutory pension *(note (c))*	**106,813**	74,813
Other allowances and benefits	**237,729**	187,215
	1,396,534	1,032,506

(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	
	2014	2013
	RMB'000	*RMB'000*
Interest on bank borrowings		
– wholly repayable within five years	**2,276,238**	1,332,566
– not wholly repayable within five years	**371,815**	391,964
Interest on senior notes		
– wholly repayable within five years	**623,749**	631,812
– not wholly repayable within five years	**608,835**	468,979
Interest on borrowing from other financial institutions and non-financial institutions		
– wholly repayable within five years	**453,591**	766,726
– not wholly repayable within five years	**3,780**	13,451
	4,338,008	3,605,498
Less: interest capitalised	**(3,925,918)**	(3,293,287)
Finance costs	**412,090**	312,211
Finance income	**(171,568)**	(190,850)
Finance costs – net	**240,522**	121,361

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**3,709,480**	2,519,429
– PRC withholding income tax	**35,411**	64,809
– PRC land appreciation tax	**1,839,809**	2,107,202
	5,584,700	4,691,440
Deferred income tax		
– PRC enterprise income tax	**183,986**	142,064
	5,768,686	4,833,504

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 2014 (2013: 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	
	2014	2013
	RMB'000	*RMB'000*
Interim dividend paid of HK30 cents (2013: Nil) per ordinary share *(note (a))*	**826,958**	–
Proposed final dividend of HK60 cents (2013: HK81 cents) per ordinary share *(note (b))*	**1,629,075**	2,195,555
	2,456,033	2,195,555

Notes:

(a) An interim dividend in respect of the six months ended 30 June 2014 of HK30 cents per ordinary share, amounting to approximately HK$1,041,771,000 (equivalent to RMB826,958,000) was declared at the meeting of the Board held on 26 August 2014 (2013: Nil).

(b) At a meeting held on 31 March 2015, the Board proposed the payment of a final dividend of HK60 cents per ordinary share out of share premium as at 31 December 2014. 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 2014 upon approval by the shareholders at the forthcoming annual general meeting of the Company. A final dividend in respect of 2013 of HK81 cents per ordinary share, amounting to approximately HK$2,812,783,000 (equivalent to RMB2,195,555,000) was proposed at the Company's board meeting held on 25 March 2014, and was approved at the annual general meeting of the Company held on 23 June 2014.

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	
	2014	2013
Profit attributable to the equity holders of the Company *(RMB'000)*	**8,103,833**	7,389,857
Weighted average number of ordinary shares in issue *(thousands)*	**3,459,153**	3,464,638
Basic earnings per share *(RMB cents)*	**234.3**	213.3

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 the share option schemes assuming they were exercised.

	Year ended 31 December	
	2014	2013
Profit attributable to the equity holders of the Company *(RMB'000)*	**8,103,833**	7,389,857
Weighted average number of ordinary shares in issue *(thousands)*	**3,459,153**	3,464,638
Adjustment for shares granted under Share Scheme/share options granted under the Pre-IPO Share Option Scheme *(thousands)*	**4,683**	2,114
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**3,463,836**	3,466,752
Diluted earnings per share *(RMB cents)*	**233.9**	213.2

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 of the Company. 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 2014.

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 2014 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 five executive directors, one non-executive director and three independent non-executive directors and therefore has a strong independent element in its composition.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2014, 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 6,011,500 shares of the Company at a total consideration of approximately HK$95 million.

Annual General Meeting

The 2015 annual general meeting of the Company (the "AGM") will be held on 8 June 2015. 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 the payment of a final dividend of HK60 cents (2013: HK81 cents) per ordinary share for the year ended 31 December 2014. The proposed final dividend, together with the interim dividend of HK30 cents per ordinary share paid on 5 November 2014, will amount to a total dividend of HK90 per ordinary share for the year ended 31 December 2014 (throughout 2013: HK81 cents). The proposed final dividend, if approved at the forthcoming annual general meeting to be held on 8 June 2015, will be payable on 2 July 2015 to shareholders whose names appear on the register of members of the Company on 19 June 2015.

Closure of Register of Members

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

(i) on Friday, 5 June 2015 and Monday, 8 June 2015, 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, 4 June 2015; and

(ii) on Thursday, 18 June 2015 and Friday, 19 June 2015, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for 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 Wednesday, 17 June 2015.

During the periods mentioned in sub-paragraphs (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, 31 March 2015

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