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 2015

RESULTS HIGHLIGHTS

1. Revenue increased by 2.9% to RMB57.733 billion (2014: RMB56.081 billion). Revenue from hotels, rentals and other income were RMB3.138 billion, representing an increase of 24.8% compared with 2014.

2. Gross profit and gross profit margin were RMB16.448 billion and 28.5% respectively.

3. Profit attributable to shareholders was RMB6.116 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 RMB6.207 billion and net profit margin from core business attributable to shareholders was 13.1%.

4. Basic earnings per share amounted to RMB176.7 cents.

5. Contracted sales in 2015 reached RMB67.039 billion with contracted sales area of 5.54 million sq.m..

6. As at 31 December 2015, the Group's attributable land bank was approximately 32.99 million sq.m..

7. As at 31 December 2015, funds at the Group's disposal amounted to approximately RMB42.410 billion, including cash of approximately RMB26.410 billion and the balance of available banking facilities of approximately RMB16.000 billion.

8. As at 31 December 2015, net gearing ratio was 58.1% (as at the end of 2014: 58.6%).

9. The Board proposed the payment of a final dividend of HK40 cents per share. Together with an interim dividend of HK30 cents per share, the total dividend for the year will amount to HK70 cents per share.

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 2015.

Market Analysis and Shimao Strategies

In 2015, China's real estate market was on the way to recovery. The investment, sales area and sales throughout the year accomplished year-on-year growth. This round of rebound was achieved through the joint efforts of various government authorities on inventory clearance. The government adopted two approaches to strike a balance between market demand and supply through measures of stimulating demand, including lifting of home purchase restrictions, reducing the required reserve ratio and interest rate, down payment and tax as well as measures of regulating demand and supply such as controlling land supply, adjusting the structure of land supply and the subsidy for purchase of affordable housing due to relocation. As such, the turnover of inventory of first- and second-tier cities decreased from 10–20 months at the end of 2014 to 5-10 months at the end of 2015. The turnover of inventory of major cities such as Shanghai, Nanjing, Suzhou and Hefei even dropped to less than 5 months, leading to a rapid surge of property price in certain cities. Favourable policies had little impact on the property markets of third- and fourth-tier cities due to their own industrial structures and economic conditions. Their turnover of inventory have declined but were still hovering on the high side.

The market recovery has also brought new challenges to the real estate enterprises. On the one hand, as the growth of the macro-economy has slowed down, the urban development in China became polarized with relatively high pressure from properties in stock in third- and fourth-tier cities. On the other hand, given the majority of our competitors operated business in the first- and second-tier core cities which led to keen competition for limited resources, the increase in land price was higher than the increase in property price in these cities. Overall profit margin in the industry was being eroded and it became more difficult to attain profitability.

In face of those challenges, in our opinions, the Group should proactively adjust the corporate business strategies according to market changes, and create sustainable competitive advantages such that the long-term interests of investors can be ensured. In light of this, the Group made prompt adjustments in 2015 which mainly included:

1. to adjust the timing and structure of supply by strictly adhering to the principle of "sales-based production" in third- and fourth-tier cities and focusing the supply on first- and second-tier cities;

2. to adjust the direction of investment in land acquisition and reinforce investment risk control by focusing 90% of its investment on first- and second-tier cities and to implement decisive measures to dispose land reserves of low productivity in the third- and fourth-tier cities in order to optimise the quality and structure of the land reserves of the Group;

3. to strengthen the operation and management of investment properties to gradually increase its contribution to operating profit of the Group, and improve the Group's risk tolerance during market fluctuations; and

4. to reduce financing cost, restructure debts, manage foreign exchange risk, and explore and make innovative property financing arrangement.

Although the growth of results of Shimao slowed down during the restructuring period, the Group's results for 2015 reflected a stronger overall development of Shimao. Cash flow for the year remained adequate. Over 90% of the land reserves acquired during the year were located in first- and second-tier cities. Sell-through rate of saleable resources (inventory + supply) was 55% and net gearing ratio decreased to 58.1%. Average financing cost dropped to 6.9%. Various indicators of the Group were among the best in the industry, indicating that the Group has a solid foundation for leaping forward again.

Sales Performance

In 2015, the real estate market of China continued to recover due to improving demand growth supported by various favorable policies. Upholding the strategy of "Quality Growth" and "Balanced Scale and Profit", the Group carried out various reforms and used various indicators for assessment to ensure the long-term stable and solid development of the Group. In 2015, the Group realized contracted sales of RMB67.039 billion, representing approximately 93% of the annual target. The aggregate sales areas amounted to 5.54 million sq.m., at an average selling price of RMB12,100 per sq.m. during the year.

Based on our forward view of the future market trend, the Group enlarged the supply in first- and second-tier cities of higher gross profit margin and lower risk of high inventory. After adjustment of the supply plan, the supply focused on first- and second-tier cities while the supply in third- and fourth-tier cities was controlled strictly in accordance with the principle of "sale-based production" to avoid high inventory of low margin properties. Although the sales in third- and fourth-tier cities was sacrificed, such strategy was effective for inventory control.

In addition to the adjustment of supply strategy, the Group also expanded its market coverage in cities and improved marketability of its products to keep high gross profit margin. In respect of cities, in 2015, four projects of Shimao in Nanjing, a prosperous property market, achieved total sales of RMB8.3 billion which enabled Shimao to maintain its leading industry position in terms of market share in Nanjing. Meanwhile, gross profit margin in Nanjing also ranked No.1 in the Group for the regional performance. In respect of projects, despite its less favourable location, Shimao Cloud Atlas in Shanghai outperformed its neighbouring competitive projects by its deliberate design of products. Shimao Cloud Atlas recorded a total sales of RMB1.5 billion for three weeks after its debut while sell-through rate stood at 100%. The project recorded highest selling price of over RMB40,000 per sq.m. and an average price 10% higher than the competitive projects nearby, becoming the benchmark price in the area. Our success in Nanjing and Shanghai has proven that our strategy to expand market coverage in cities and to improve the marketability of products is on the right track and will support Shimao to keep improving in future competition.

In the meantime, inventory clearance was still one of the Group's major marketing strategies in 2015. The Group achieved its annual target in 2015 with the sales of completed projects of RMB21.2 billion. The Central Economic Work Conference has officially announced the "Inventory Clearance" policy for the real estate market. The Group will closely observe the changes in market and optimize the inventory structure through effective strategy on inventory clearance.

Focus on Core Cities, Restructuring of Land Reserves and Enhancement of Land Reserve Quality

According to our forward view on market trend as mentioned above, change in the investment of land reserves was one of the most important adjustments of the Group during the year under review. In 2015, the Group strengthened its business development in core cities, restricted investment in third- and fourth-tier cities, prudently selected quality land and made 90% of its investment in first- and second-tier core cities selected by the Group for major development. In 2015, the Group acquired land reserves of 2.891 million sq.m. (before interests) in Beijing, Shanghai, Nanjing, Fuzhou, Xiamen, Hong Kong and other places. On the other hand, the Group carried out measures such as land return and land replacement to dispose of certain land reserves with weak market demand and low profitability in third- and fourth-tier cities.

Currently, the Group has 112 projects with a total area of 32.99 million sq.m. (attributable interests) of land reserves in 41 cities in China. In the future, the Group will continue to replenish land reserves in accordance with the principle of focusing on cities and risk control adopted for 2015. In view of intensifying competition in land acquisition in major investment cities, we will build resource advantage by enhancing human resources and budget for land acquisition, seeking cooperation opportunities, strictly following latest policies and urban development planning in various cities, and developing numerous land acquisition methods and channels in addition to public tender, auction and listing to pave the way for future success.

New Business Model for Higher Income from Investment Properties

During the year under review, the Group's revenue from hotels, investment properties and others was RMB3.138 billion, representing an increase of 24.8% as compared with last year. Income from hotels increased by 10.5% and all operating hotels of the Group realized growth in income and profit. Major achievements in the management of hotels and investment properties included the launch of our innovative businesses (Mini Hotel and Mini Mall) and further optimized management of traditional businesses. Progress was shown on these two aspects in 2015 and greater contribution of results is foreseeable.

Catching the trend of internet development, the Mini Hotel series integrated with O2O feature for the provision of experience-oriented e-commerce platform to customers to set up a distinctive and innovative hotel model. The first MiniMax Hotel of Shimao, opened in Songjiang, Shanghai in December 2014, achieved break-even in three months after its opening. In the end of December 2015, MiniMax Premier, the first high-end concept hotel brand of the Group, was launched in Hongqiao, Shanghai to further refine the Mini Hotel product series. In December 2015, Shimao's first 52+ Mini Mall was launched in Nanjing, which introduced brand new life experience to customers through the innovative Mini business model. The innovative community-oriented commercial models of Mini Mall and Mini Hotel not only represented the Group's attempt based on its investment goal of "Low Cost, Light Operation & High Return", but also explored new areas for uplifting value attached to saleable residential units and commercial products.

The Group also introduced internationally renowned brands of hotel management groups, including InterContinental, Starwood, Hyatt and Hilton, in order to optimize the hotel management and bring attractions to the high-end tourism market in China with their excellent platform. In January 2016, the Group and Starwood Hotels & Resorts Worldwide, Inc. signed and renewed four hotel management agreements. During the year, the Group was awarded the Best Hotel Owner Award for 2015 in China by 21st Century Business Herald, demonstrating recognition of the hotel management and operation capability as well as the brand of the Group.

The Group will accelerate future development and expect to develop a number of Mini Hotel and Mini Mall projects in major cities such as Wuhan and Chengdu in the coming year.

Prudent Financial Strategies

In 2015, the Group continued to adopt prudent financial strategies for its operation. By focusing on collection of accounts receivable, controlling liabilities, further reducing the financing cost and optimizing asset structure, the Group was able to explore innovative and diversified financing channels for its real estate business to maintain its effective and stable development. In 2015, the annual sales return was approximately RMB57.0 billion with a sales return rate of 85%. Net gearing ratio has been maintained below 60% for 4 consecutive years, reflecting the sound operation and financial management of the Group.

With the opening up of China's capital market, the Group has exerted great efforts to lower its financing cost by expanding its domestic Renminbi financing channels. Shanghai Shimao Jianshe Co., Ltd., a wholly-owned subsidiary of the Group, completed the issuance of corporate bonds of RMB7.4 billion in the third quarter of 2015. The interest rates of the 5-year corporate bonds and the 7-year corporate bonds were 3.9% and 4.15%, respectively, which were among the lowest interest cost in the industry. In addition, as one of the first enterprises approved by the Shanghai Stock Exchange for the private issuance of corporate bonds, the Group was approved to issue domestic corporate bonds of RMB20.0 billion in January 2016. The issuance of the first tranche of RMB4.0 billion has been completed. Meanwhile, the Group has also been committed to the preparation for the issuance of domestic red-chip corporate bonds by its overseas subsidiaries. Approval process is expected to be completed soon. The Group's expansion in the domestic bond market enabled the optimization of its asset structure and the reduction of its financing cost.

Furthermore, the financial team of the Group probed innovative financing model of its real estate business. In the second half of 2015, the Group launched the first ABS product backed by property management fee in China and the first ABS product backed by mortgage payments in China which earned us appreciation from the capital market and enabled us to become a role model in the industry. The Group will continue to concentrate on domestic and overseas financial markets and capitalize on opportunities arising from the capital market. The Group also probed comprehensive and customized financial services for the upstream and downstream of the real estate industry jointly with financial institutions.

To mitigate its exchange risks, the Group expanded cross-border RMB business, made timely adjustment on foreign currency debt structure and lowered proportion of foreign currency financing in due course so that its exchange risks were under control.

In 2015, riding on the Group's robust operating and financial performance, Standard & Poor's, an international rating agency, promoted the Group's rating from "BB" to "BB+", and Fitch also affirmed the Group's long-term credit rating at "BB+" with an upgrade of outlook from "Stable" to "Positive". In August 2015, the Group received "AAA" rating, the highest corporate credit rating from the three biggest domestic credit rating agencies, namely, China Chengxin Securities Rating Co., Ltd., United Ratings Co., Ltd. and Dagong Global Credit Rating Co., Ltd., successively. In addition, the Group received a high recognition from the international capital market by being selected as "The Most Popular Asian Stock" by Morgan Stanley in November 2015.

In order to avoid competition within the Group, Shimao Property announced on 14 March 2016 that it will transfer its entire or certain equity interests in the project companies for three commercial property projects, namely, Shenzhen Qianhai Shimao Financial Centre, Hangzhou Shimao Wisdom Tower and Nanchang Shimao APM, to Shanghai Shimao Co., Ltd. ("Shanghai Shimao"), specifying that Shimao Property will be primarily engaged in residential property and hotel investment, development and operation in the PRC in the future while Shanghai Shimao will be primarily engaged in commercial property investment, development and operation in the PRC. In addition, the transaction will also facilitate the release of asset value and improvement of Shimao Property's cash flow.

Looking forward to 2016, higher volatility in the international market is expected. While promoting the innovative real estate financing business, the Group will adhere to its robust financial strategy and adopt prudent financial management approach to maintain adequate cash flows, minimize the finance cost and stabilise the operating efficiency.

Final Dividend

To demonstrate our appreciation for our shareholders' unstinting support, the board of directors of the Company (the "Board") has proposed the payment of a final dividend of HK40 cents per share (2014: HK60 cents per share). Together with an interim dividend of HK30 cents per share, the total distribution for the year will amount to HK70 cents per share (throughout 2014: HK90 cents per share).

Outlook in 2016

We have full confidence in the long-term healthy development of China's real estate market. It is anticipated that the central government will continue the reforms on the supply front which guarantee growth and clear inventory and introduce a series of policies in favour of the real estate market in 2016. In general, the market will maintain steady growth.

The Group will follow the strategic adjustments of last year to maintain prudent operation while riding on a wave of favourable markets and policies. The Group will accelerate the structural adjustment, inventory clearance and improve the marketability of products while continuing to supplement the land reserves with land in prime locations. We embrace the future with our top-notch brand, refined asset operation and stable financial structure. We are confident that we will lay a solid foundation for the long term development of Shimao Property by adhering to the principle of "Prudent Operation, Proactive Measures and Prompt Adjustment".

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 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 the fulfillment of corporate goals are attributable to their support and commitment.

Hui Wing Mau
Chairman

Hong Kong, 30 March 2016

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

Property Development

1) *Recognized Sales Revenue*

The Group generates its revenue primarily from property development, property investment and hotel operation. The Group's revenue for the year ended 31 December 2015 grew by 2.9% to RMB57.733 billion, from RMB56.081 billion in 2014. During the year, revenue from property sales was RMB54.595 billion, representing an increase of 1.9% over 2014. The average recognized selling price decreased by 11.7% to RMB11,102 per sq.m. (after deducting government resettlement housing) in 2015, from RMB12,580 per sq.m. in 2014. The number of projects recognised by the Group in 2015 totalled 74, more than 60 projects recognised in 2014. Quanzhou Shishi Shimao Skyscraper City achieved impressive results and recognised sales revenue of RMB4.306 billion; Nanjing Shimao Bund New City, the first runner-up, recognized sales revenue of RMB3.403 billion; and Wuhan Shimao Splendid River, the second runner-up, recognised sales revenue of RMB3.254 billion.

2) *Steady Sales Growth, Satisfactory Inventory Clearance Progress*

With respect to property sales, the Group's contracted sales amounted to RMB67.039 billion in 2015, representing approximately 93% of the annual target. The aggregate sales area for the year was 5.54 million sq.m., with an average selling price of RMB12,100 per sq.m..

During the year, encouraged by the reduction of interest rate and relaxation of the control policy by the government, starting from March, the overall transaction volume in the industry recovered steadily, and the inventory turnover months of residential housing dropped significantly. As a major mission in the second half of the year, the Group's inventory clearance work progressed well as expected. In terms of overall sales results, first-tier cities were still outperformed other markets. Attributable to the meticulous regional marketing plans and customized sales strategies based on local characteristics, certain second- and third-tier cities also recorded improvement in sales. Looking forward to 2016, the Group will continue to launch saleable areas of approximately 5.35 million sq.m.. Together with the existing saleable areas of approximately 3.96 million sq.m. as at 31 December 2015, the Group's total saleable areas in 2016 will be approximately 9.31 million sq.m..

3) *Adjustment of Development Projects and Plans in Response to Market Supply and Demand*

The Group made timely adjustments to strategy of inventory management and construction plans, put off or cancelled the supply of certain products of similar nature and exerted efforts in clearing up projects with higher inventory level so as to correspond with the market fluctuations. In 2015, the Group's floor area under construction reached 12.67 million sq.m.. During the year, all of the Group's projects proceeded smoothly.

The aggregate GFA completed by the Group in 2015 was approximately 7.56 million sq.m., representing an increase of 21.7% as compared with the 6.21 million sq.m. completed last year. The growing number of projects under construction has laid a solid foundation for the Group's future development. Looking forward to 2016, the GFA under construction will be approximately 13.50 million sq.m..

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

Amid the gradual recovery of the property market, the Group held a prudent and optimistic attitude towards the future industry development. The Group, particularly in the second half of the year, strategically and selectively expanded its land bank in key regions in 2015, including winning the bid for a land parcel in Baishazhou in Wuhan for RMB1.25 billion on 16 September 2015, acquisitions of a land parcel in Tai Wo Ping, Kowloon, Hong Kong for HK$7.02 billion on 29 September 2015, a land parcel No.G56 for commercial and residential development in Chengnan of Nanjing for RMB2.28 billion on 9 December 2015 and a land parcel in Lianpan of Fuzhou for RMB4.41 billion on 23 December 2015, and winning the bid for a residential land in Shaoxing Hi-tech Zone for RMB1.12 billion on 25 December 2015. In 2015, the Group acquired land bank of approximately 1.19 million sq.m. in Beijing, Shanghai, Hong Kong, Nanjing and Xiamen. Currently, Shimao Property possesses 112 projects in 41 cities across the country, with a high-quality land of 32.99 million sq.m. (attributable interests). The premium land resources and relatively low land cost provide continued support to the development of Shimao Property in the major markets of China in the next few years.

The land parcels acquired by the Group in 2015 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. Fuzhou Ebi Project	March 2015	Hotel and ancillary	80.53	91,473	880	100%
2. Zhuli Hotel	March 2015	Tourism, hotel, commercial and office	20.75	18,900	1,098	100%
3. Nanjing Jiangning Higher Education Mega Centre	April 2015	Residential and commercial	340.00	53,349	6,373	100%
4. Yinchuan Yuehai Project	April 2015	Residential and commercial	213.29	317,066	1,319	51%
5. Beijing Tongzhou Project (a parcel in northern region)	February 2015	Commercial	640.84	86,600	14,800	50%
6. A land parcel on Nanjing Road, Shanghai	June 2015	Residential and commercial	1,400.97	66,096	47,102	45%
7. Yinchuan Yuehai Project B	July 2015	Residential and commercial	178.13	274,000	1,275	51%
8. Xiamen Jimei	September 2015	Residential and commercial	2,645.39	378,460	10,363	67.45%
9. Wuhan Baishazhou	September 2015	Residential and commercial	1,253.20	530,000	2,365	100%
10. Tai Wo Ping, Kowloon, Hong Kong	September 2015	Residential	5,768.33	58,750	98,184	100%
11. Beijing Laishui Project	December 2015	Residential	777.53	355,382	2,188	100%
12. Nanjing Yuhuatai	December 2015	Residential, commercial and office	2,280.00	190,721	11,955	100%
13. Fuzhou Lianpan A-14	December 2015	Residential and commercial	4,410.00	268,923	16,399	100%
14. No. 2 Renmin Road, Shaoxing	December 2015	Residential	1,120.00	201,556	5,557	100%
Total			21,128.96	2,891,276	8,693	

Geographically, the majority of the land bank acquired by Shimao Property in 2015 were situated in first- and second-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. Getting the insight that the current domestic real estate market has experienced drastic changes after the past golden decade, the Group has made timely adjustment on its land acquisition policy in order to grasp more business opportunities. Apart from cooperating with other property developers for joint development projects in order to acquire quality land resources at reasonable costs indirectly, the Group also explores projects with growth potential in Hong Kong. In terms of land cost, the average floor price of the new land reserves was approximately RMB8,693 per sq.m.. As at 31 December 2015, the Group's average land cost was RMB2,957 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

With respect to commercial properties, Shimao Property develops commercial properties through Shanghai Shimao Co., Ltd. ("Shanghai Shimao"), a 58.92%-owned subsidiary, 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 high quality related 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 professional developer and operator of commercial properties.

During the year, 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 operation, cinema investment and management together with investment on culture and media, and its operating standard had a continuous improvement.

With respect to commercial plaza operation, Shanghai Shimao carried out a series of trade-mix refinement and quality enhancement plans for its major commercial plazas in Shaoxing, Shanghai, Beijing, Suzhou and Kunshan based on its annual operation plan in phases during the reporting year. Through the installation of user-friendly facilities, the transformation of public areas and the introduction of 3D interactive navigation facilities, Shanghai Shimao was able to make substantial improvements in various aspects of its commercial plazas, including business layout, shopping ambience, onsite management and property services, leading to continuous uplifting of shoppers' experience as well as incremental patronage. With respect to tenant management, Shanghai Shimao strived to improve the operational efficiency of tenants with its optimized tenant management and tenant assessment, resulting in higher profitability and tenant operational quality. With respect to internal management, Shanghai Shimao made continuous efforts to improve its business management through effective internal training and promotion and external talent recruitment in order to build up an elite commercial property management team which is highly efficient and supporting-services-conscious.

During the year, Shanghai Shimao entered into strategic cooperation with Wanda Cinema, pursuant to which Shanghai Shimao would transfer its 100% equity interest in 14 companies, including Chongqing Shimao Cinema Management Co., Ltd., held by Shimao Cinema to Wanda Cinema for a total consideration of RMB1.0 billion, which has been settled by Wanda Cinema by way of private placement of shares to Shimao Cinema. The transaction facilitates the cooperation between both parties in relevant business operation and collaboration. Shanghai Shimao will align its commercial property projects under construction at present or in future with the cinema investment and movie distribution of Wanda Cinema in an effort to enhance the regional competitiveness, influence and operational efficiency of its commercial properties. Cooperation opportunities other than commercial property development will also be explored. In addition, capitalizing on the future achievements of Wanda Cinema in the cultural industry, Shanghai Shimao carried out the restructuring of its major business which will be favourable to its future operating results.

With respect to the capital market, during the reporting year, Shanghai Shimao started the preparation of the private placement of its A shares for 2015 in February and received the Reply regarding the Approval of the Private Placement of Shares of Shanghai Shimao Co., Ltd. (《關於核准上海世茂股份有限公司非公開發行股票的批覆》) from the China Securities and Regulatory Commission of the PRC ("CSRC") in November. The private placement was completed in December. Registration and lock-up arrangement for the shares of the private placement were completed at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 24 December. Furthermore, Shanghai Shimao also received the Reply regarding the Approval of the Public Offering of Corporate Bonds of Shanghai Shimao Co., Ltd. to Qualified Investors (《關於核准上海世茂股份有限公司向合格投資者公開發行公司債券的批覆》) from the CSRC on 30 October, laying a solid foundation for its future development.

HOTEL OPERATIONS

The Group has developed from a hotel owner into a hotel owner and operator which is a milestone of the development of the hotel operations of the Group. As of 31 December 2015, the Group had 14 hotels in operation, including Le Royal Méridien Shanghai, Hyatt on the Bund, Le Méridien Sheshan Shanghai, Hilton Nanjing Riverside, Holiday Inn Mudanjiang, Holiday Inn Shaoxing, Double Tree by Hilton Wuhu, Crowne Plaza Shaoxing, InterContinental Fuzhou, Hilton Tianjin Eco-city, Double Tree by Hilton Ningbo Chunxiao, Yuluxe Hotel Taizhou, a self-operated five-star hotel, MiniMax Hotel Shanghai Songjiang and MiniMax Premier Hotel Shanghai Hongqiao. Currently, the Group has more than 5,100 hotel guest rooms.

In 2015, the hospitality industry in China faced a tough operating environment and suffered consistent pressures arising from sluggish economic growth, tightening government policies, weakening convention market and severe pricing competition. High-end hotels in China are in the rapid consolidation cycle with decline in both room rates and occupancy rates. The Group's hotels achieved revenue of RMB1,302 million in 2015, representing a year-on-year increase of 10.5%. In 2015, the Group further promoted its "Lifestyle Operator" strategy and actively implemented the new strategic model of people-oriented operation. In addition, to stay well ahead of the coming of information-oriented society and experience-oriented economy, the Group has already been well-equipped. Subsequent to the opening of MiniMax

Hotel Shanghai Songjiang last year, MiniMax Premier Hotel Shanghai Hongqiao, the first high-end concept hotel of the Group under the brand of "MiniMax Premier", commenced its operation on 22 December 2015 and has been operating smoothly so far with gross profit margin higher than other five-star hotels of the Group. The Group may be involved in multiple businesses such as elderly care, youth hostel and finance in the future. The light asset business is conducted through advanced technology, quality services and professional operating standard.

Looking forward to 2016, challenges and opportunities still coexist in the hotel market. In 2015, the growth of GDP was 6.9% and the pressure of economic downturn will not be eliminated in next two or three years. However, the government has actively carried out various regulatory measures which stabilize the economic development for the purpose of maintaining steady development of the marco economy; on the other hand, it has also accelerated efforts to promote the development of tourism industry and to boost individual consumption. At the same time, the expenditures of local tourists on four-star and five-star hotels have been increasing along with continued economic development of China. In the perspective of industrial development, the oversupply of hotel rooms still remains in the hotel market and some hoteliers are squeezed out by increasingly severe competition. On the positive side, competition will drive the hotel operators to keep improving themselves, bring greater customer satisfaction and explore new markets so as to enhance their competitiveness. Facing the complicated operating environment, the Group reacted by following its long-held policy to actively seek cooperation with partners of excellent credentials. In January 2016, the Group formed a strategic alliance with Starwood Hotels and Resorts Group, of which four hotel operation agreements were entered into with an aim to further develop the high-end tourism market in China by taking advantages of the strong backgrounds of both parties. The new hotels under the alliance include Sheraton Hong Kong, Tung Chung and Four Points by Sheraton Hong Kong, Tung Chung, which will commence operation in 2019, as well as Le Méridien Hangzhou Binjiang, which will commence operation in 2018. In addition, both parties renewed the management agreement in respect of Le Méridien Sheshan Shanghai. Since then, the number of hotels jointly operated by both parties has increased to five.

FINANCIAL ANALYSIS

Key consolidated income statement figures are set out below:

	2015	2014
	RMB million	*RMB million*
Revenue	**57,733**	56,081
Gross profit	**16,448**	18,225
Operating profit	**15,614**	15,671
Profit attributable to shareholders	**6,116**	8,104
Earnings per share – Basic (RMB cents)	**176.7**	234.3

Revenue

For the year ended 31 December 2015, the revenue of the Group was approximately RMB57,733 million (2014: RMB56,081 million), representing an increase of 2.9% over 2014. 94.6% (2014: 95.5%) of the revenue was generated from the sales of properties and 5.4% (2014: 4.5%) from hotel operation, leasing of commercial properties and others.

The components of the revenue are analysed as follows:

	2015 *RMB million*	2014 *RMB million*
Sales of properties	**54,595**	53,567
Hotel operation income	**1,302**	1,178
Rental income from investment properties	**739**	687
Others	**1,097**	649
Total	**57,733**	56,081

(i) Sales of properties

Sales of properties for the years ended 31 December 2015 and 2014 are set out below:

	2015		2014	
	Area (Sq.m.)	***RMB million***	*Area (Sq.m.)*	*RMB million*
Shimao Property				
Wuhan Shimao Splendid River	**269,772**	**3,254**	155,339	1,681
Fuzhou Minhou Shimao Dragon Bay	**318,463**	**3,036**	154,880	1,467
Beijing Shimao Salamanca	**294,436**	**2,813**	89,453	916
Nanjing Straits City	**140,959**	**2,809**	175,044	3,119
Quanzhou Jinjiang Shimao Dragon Bay	**207,425**	**2,063**	126,644	998
Nanjing Shimao Glory Villa	**108,221**	**1,894**	100,547	1,719
Fuzhou Pingtan Straits Future City	**204,133**	**1,892**	170,597	1,845
Chengdu Shimao Royal Bay	**154,553**	**1,817**	137,908	1,768
Suzhou Shimao Canal Scene	**130,984**	**1,718**	182,082	2,126
Tianjin Shimao Wetland Century	**129,524**	**1,413**	116,334	1,032
Xiamen Shimao Lakeside Garden	**41,168**	**1,275**	204,811	6,071
Changzhou Shimao Champagne Lake	**184,358**	**1,272**	99,350	759
Zhangjiagang Shimao Lake Palace	**88,227**	**1,123**	82,237	1,408
Kunshan Shimao East No. 1	**152,545**	**1,070**	172,928	1,257
Wuhan Shimao Lake Island	**125,424**	**960**	56,215	502
Nantong Shimao In the Park	**130,294**	**902**	87,564	519
Qingdao Shimao Noble Town	**100,487**	**831**	97,421	906
Suzhou Shimao Shihu Bay	**55,318**	**811**	62,438	992
Beijing Shimao La Villa	**36,031**	**805**	112,642	1,304

	2015		2014	
	Area (Sq.m.)	***RMB million***	*Area (Sq.m.)*	*RMB million*
Chongqing Shimao Luxury Mansion	**78,224**	**652**	–	–
Jinan Shimao The Capital of Yuanshan	**89,447**	**608**	–	–
Hangzhou Shimao Riviera Garden	**93,744**	**604**	103,109	742
Shenyang Shimao Wulihe	**65,102**	**587**	62,489	601
Nanchang Shimao APM	**59,846**	**584**	–	–
Hangzhou Shimao Above the Lake	**23,286**	**580**	62,236	1,384
Hangzhou Shimao East No.1	**33,765**	**561**	41,537	736
Shaoxing Shimao Dear Town	**52,078**	**495**	148,794	1,673
Wuhu Shimao Riviera Garden	**63,326**	**462**	–	–
Xiamen Shimao Royal Villa	**20,152**	**454**	–	–
Wuhan Shimao Dragon Bay	**55,125**	**394**	45,887	266
Shanghai Shimao Sheshanli	**18,267**	**357**	2,172	97
Wuxi Shimao International City	**29,821**	**262**	64,134	500
Chengdu Shimao City	**40,870**	**262**	125,693	953
Nanning Shimao Luxury Mansion	**18,759**	**240**	–	–
Ningbo Shimao The Capital	**11,619**	**211**	42,311	905
Nanjing Shimao Merchants Mountain	**9,979**	**210**	–	–
Harbin Shimao Riviera New City	**45,686**	**179**	80,115	428
Ningbo Shimao Sea Dawn	**22,914**	**156**	–	–
Xuzhou Shimao Dongdu	**18,140**	**153**	5,323	48
Jianyang Shimao Misty Lakeside	**18,734**	**151**	–	–
Jiangyin Shimao Dragon Bay	**12,813**	**147**	–	–
Mudanjiang Shimao Holiday Landscape	**26,051**	**133**	95,047	387
Dalian Shimao Glory City	**14,626**	**116**	22,542	191
Shanghai Shimao Emme County	**11,783**	**106**	20,954	193
Nanchang Shimao The Grand View	**6,898**	**79**	–	–
Ningbo Shimao Dragon Bay	**7,132**	**74**	–	–
Fuzhou Shimao Skyscrapers	**2,881**	**68**	–	–
Hainan Wenchang Shimao Blooming Sea	**3,875**	**49**	48,366	434
Shenyang Shimao Bojing Plaza	**5,188**	**41**	16,747	221
Shenyang Shimao Notting Hill	**3,920**	**36**	37,167	365
Xianyang Shimao The Centre	**3,935**	**17**	27,275	197
Ningbo Shimao World Gulf	**1,192**	**11**	2,277	27
Taizhou Shimao Riverside Garden	**2,259**	**7**	56,306	272
Jiaxing Shimao New City	**784**	**5**	30,553	169
Dalian Shimao Dragon Bay	**186**	**2**	81,184	700
Yantai Shimao No.1 The Harbour	**–**	**–**	1,275	11
Sub-total (a)	**3,844,729**	**40,811**	3,607,927	41,889

	2015		2014	
	Area (Sq.m.)	***RMB million***	*Area (Sq.m.)*	*RMB million*
Shanghai Shimao				
Quanzhou Shishi Shimao Skyscraper City	**873,448**	**4,306**	29,005	496
Nanjing Shimao Bund New City	**184,155**	**3,403**	10,351	184
Jinan Shimao Skyscraper City	**105,045**	**1,123**	–	–
Xiamen Shimao Straits Mansion	**23,493**	**863**	116,990	4,137
Qingdao Shimao Noosa Bay	**59,095**	**642**	94,754	1,220
Ningbo Binjiang Mansion	**37,347**	**595**	–	–
Changshu Shimao Royal Bay	**54,115**	**575**	–	–
Suzhou Shimao Royal Villa	**30,546**	**451**	59,580	873
Jinan Shimao International Plaza	**19,978**	**423**	25,459	738
Tianjin Wuqing Shimao Luxury Mansion	**31,502**	**292**	57,983	499
Ningbo Shimao Sunlake Centre	**19,322**	**253**	–	–
Changzhou Shimao Champagne Lake (Commercial)	**29,023**	**217**	4,925	27
Suzhou Shimao Canal Scene (Commercial)	**19,338**	**185**	51,292	505
Shanghai Shimao Wonderland	**8,934**	**157**	36,926	796
Wuhan Shimao Carnival	**15,674**	**123**	78,408	736
Xuzhou Shimao Dongdu (Commercial)	**8,877**	**92**	545	14
Changshu Shimao The Centre (Commercial)	**6,244**	**65**	33,246	146
Qingdao Shimao Shi'ao Tower	**601**	**14**	47,721	1,272
Wuhu Shimao Riviera Garden (Commercial)	**395**	**5**	714	11
Kunshan Shimao International City	**–**	**–**	2,018	22
Qingdao Shimao International Plaza	**–**	**–**	110	2
Sub-total (b)	**1,527,132**	**13,784**	650,027	11,678
Sub-total (a)+(b)	**5,371,861**	**54,595**	4,257,954	53,567
Less: Government Resettlement Housing (c)	**(606,262)**	**(1,687)**	–	–
Total (a)+(b)-(c)	**4,765,599**	**52,908**	4,257,954	53,567

(ii) Hotel income

Hotel operation income is analysed below:

	2015	2014
	RMB million	*RMB million*
Le Royal Méridien Shanghai	**380**	379
Hyatt on the Bund Shanghai	**354**	341
Le Méridien Sheshan Shanghai	**168**	152
InterContinental Fuzhou	**92**	66
Hilton Nanjing Riverside	**82**	79
Crowne Plaza Shaoxing	**68**	52
DoubleTree by Hilton Wuhu	**55**	44
Holiday Inn Shaoxing	**32**	32
Holiday Inn Mudanjiang	**30**	29
Yuluxe Hotel Taizhou	**20**	4
MiniMax Hotel Shanghai Songjiang	**10**	–
Hilton Tianjin Eco-city	**10**	–
DoubleTree by Hilton Ningbo Chunxiao	**1**	–
Total	**1,302**	1,178

Hotel operation income increased approximately 10.5% to RMB1,302 million in 2015 from RMB1,178 million in 2014. The increase was mainly derived from increasing occupancy rate and newly-opened hotels.

(iii) Rental income and others

Rental income from investment properties amounted to approximately RMB739 million. The rental income increased by 7.6%, mainly due to the growth of the average rent and newly opened Jinan Shimao International Plaza in the second half of 2014.

Other income amounted to RMB1,097 million was mainly derived from the cinemas, property management and department stores.

	2015	2014
	RMB million	*RMB million*
Shanghai Shimao International Plaza	**160**	159
Beijing Shimao Tower	**141**	135
Shaoxing Shimao Dear Town	**90**	89
Jinan Shimao International Plaza	**88**	56
Beijing Fortune Times (Commercial)	**60**	59
Kunshan Shimao Plaza	**39**	29
Shanghai Shimao Shangdu	**33**	45
Suzhou Shimao Canal Scene	**32**	23
Changshu Shimao The Centre	**17**	15
Xuzhou Shimao Dongdu (Commercial)	**15**	15
Wuhu Shimao Riviera Garden (Commercial)	**7**	7
Miscellaneous rental income	**57**	55
Others	**1,097**	649
Total	**1,836**	1,336

Cost of sales

Cost of sales increased by 9.1% to approximately RMB41,285 million in 2015 from RMB37,856 million in 2014, 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:

	2015	2014
	RMB million	*RMB million*
Sales taxes	**3,296**	3,230
Land costs and construction costs	**33,835**	30,960
Capitalised borrowing costs	**3,451**	3,042
Direct operating costs for hotels, commercial properties and others	**703**	624
Total	**41,285**	37,856

Fair value gains on investment properties

During the year, the Group recorded aggregate fair value gains of approximately RMB2,777 million (2014: fair value gains RMB1,511 million), mainly contributed by the further increase in value of certain investment properties and the addition in number of investment properties, among which, Qianhai Shimao Financial Centre in Shenzhen, the new investment property in 2015 contributed fair value gain of RMB1,481 million. Aggregate net fair value gains after deferred income tax of RMB694 million recognised were RMB2,083 million (2014: net fair value gains after deferred income tax were RMB1,133 million).

Other gains

Other gains of approximately RMB1,571 million for the year ended 31 December 2015 (2014: RMB502 million), which mainly included net gains on disposal of subsidiaries and associated companies of RMB1,039 million, gains on acquisition of equity interests in associated companies and joint ventures and obtaining control of RMB322 million, gain on government grants of RMB108 million, and fair value gain on derivative financial instruments of RMB43 million.

Selling and marketing costs and administrative expenses

Selling and marketing costs for the year was approximately RMB1,615 million (2014: RMB1,496 million), which increased by 8.0%. 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 16.8% from RMB2,808 million to RMB3,278 million. It was mainly due to the increase of property management area controlled by Shimao Tiancheng Property Management Co., Ltd., and in line with the commencement of three new hotels in 2015. In addition, labor cost also increased with the expansion of the business. The management will continue to strengthen controls over expenses and strictly follow the annual expenses budget.

Operating profit

Operating profit amounted to RMB15.614 billion for the year ended 31 December 2015, slightly decreased over 2014 (2014: RMB15.671 billion).

Finance costs – net

Net finance costs increased to approximately RMB1,409 million (2014: RMB241 million) mainly due to foreign exchange losses of approximately RMB1,189 million occurred during the year.

Share of results of associated companies and joint ventures

Share of profits of associated companies amounted to approximately RMB109 million (2014: share of losses of RMB153 million), which was mainly due to the profits of Beijing Fangshan Changyang Project. Share of losses of joint ventures amounted to approximately RMB592 million (2014: share of losses of RMB21 million), which was mainly due to the mark-to-market value appreciation recognized during equity interest transactions of projects such as Wuxi Railway Station Project, Ningbo Xiangshan Project, Ningbo Baoqingsi Project, Nanchang Shimao Sky City Project and Changsha Brillianate Bay Project, resulting relatively high unit cost and net loss.

Taxation

The Group's tax provisions amounted to approximately RMB5,564 million in which PRC land appreciation tax ("LAT") was RMB1,696 million (2014: RMB5,769 million, in which LAT was RMB1,840 million) for the year.

Profit attributable to shareholders

Profit attributable to shareholders for the year decreased by 24.5% from approximately RMB8,104 million in 2014 to RMB6,116 million in 2015. The decrease was mainly due to the increase of net exchange loss and additional profit attributable to non-controlling interests in 2015. Excluding the net impact of major after-tax non-cash items, net profit from core business attributable to shareholders for the year decreased by 21.5% to approximately RMB6.207 billion, compared with 2014. The profit margin from core business attributable to shareholders was 13.1% in 2015.

Liquidity and financial resources

As of 31 December 2015, total assets of the Group were approximately RMB244.255 billion, of which current assets were approximately RMB174.937 billion. Total liabilities were approximately RMB169.506 billion, whereas non-current liabilities were approximately RMB58.726 billion. Total equity was approximately RMB74.749 billion, of which equity attributable to the shareholders of the Company amounted to approximately RMB50.162 billion.

As of 31 December 2015, the Group had aggregate cash and bank balances (including restricted cash) of approximately RMB26.410 billion (as at 31 December 2014: RMB23.935 billion), total borrowings amounted to approximately RMB69.821 billion (as at 31 December 2014: RMB61.994 billion). Total net borrowings were RMB43.411 billion (as at 31 December 2014: RMB38.059 billion). Net gearing ratio slightly decreased from 58.6% as at 31 December 2014 to 58.1% as at 31 December 2015.

The maturity of the borrowings of the Group as at 31 December 2015 is set out as follows:

	RMB million
Bank borrowings and borrowings from other financial institutions	
Within 1 year	16,954
Between 1 and 2 years	10,268
Between 2 and 5 years	19,857
Over 5 years	6,630
Senior notes	
Between 2 and 5 years	5,128
Over 5 years	10,984
Total	69,821

The borrowings were denominated in different currencies set out below:

	Original currency *million*	**RMB equivalent** *million*
US$	3,911	25,393
HK$	9,973	8,356
RMB	36,072	36,072

Financing activities

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, of which short-term borrowings was approximately 24% and long-term borrowings was approximately 76% as at 31 December 2015. The cash coverage ratio increased from approximately 128% as at 31 December 2014 to approximately 156% as at 31 December 2015, which indicated the Group kept high liquidity and low debt pressure.

In 2015, restrictions against overseas-listed property developers were relaxed in the domestic bond market. The Group has initiated its access to the domestic corporate bond market and gradually reduced its average borrowing costs. The Group accomplished the following financing activities at favorable interest rate.

Shanghai Shimao Jianshe Co., Ltd., a wholly-owned subsidiary of the Group, issued domestic corporate bond of RMB6.0 billion and RMB1.4 billion with a term of 5 years 3.9% annual coupon rate and 7 years 4.15% annual coupon rate respectively in September and October 2015. The finance costs were one of the lowest coupon rates within the industry.

In January 2016, the Group received approval to issue domestic corporate bonds to qualified investors in the PRC and completed the issuance of RMB4.0 billion with a term of five years and an annual coupon rate of 4.8%.

In January 2016, Shanghai Shimao, a subsidiary of the Group issued a total amount of RMB2.0 billion short-term notes with an annual coupon rate of 3%.

In November 2015, Shanghai Shimao, a subsidiary of the Group received approval to issue domestic corporate bonds publicly in the PRC. In March 2016, Shanghai Shimao completed the issuance of RMB2.0 billion with a term of three years and an annual coupon rate of 3.29%.

In January 2016, the Group also commenced the preparation of the issuance of domestic red-chip corporate bonds when it is feasible.

The Group actively explored opportunities in innovative financing activities and asset securitization market. During 2015, the Group successfully launched the first ABS product backed by property management fees and the first ABS product backed by mortgage payments which were pioneer milestones in the capital market. The Group will further explore the securitization of hotels and commercial properties to revitalize its assets. The Group also actively cooperates with various financial institutions to provide comprehensively-customized financing service for its upstream and downstream partners.

The above efforts in financing activities laid the foundation of reducing the financing cost to 6.9% and optimizing the maturity structure of debts for the Group.

In July 2015, in view of the steady operating and financial performance of the Group, Standard and Poor's, an international credit rating agency, upgraded the Group's long-term corporate credit rating from "BB" to "BB+". In August 2015, Fitch Ratings, upgrade the Group's corporate credit from "Stable" to "Positive", and confirmed the Group's long-term corporate credit rating as "BB+". Moreover, in August 2015, the Group received "AAA" rating, the highest corporate credit rating from the three biggest domestic credit rating agencies, namely, China Chengxin Securities Rating Co., Ltd., United Ratings Co., Ltd. and Dagong Global Credit Rating Co., Ltd. successively.

Foreign exchange risks

The Group's foreign exchange exposure is mainly derived from the borrowings denominated in USD and HKD. The Group is actively taking measures to mitigate the risk of devaluation of RMB, balance borrowing costs and exchange risks costs and gradually narrow the foreign exchange risk exposure. One of the measures is to reduce the portion of borrowings dominated in foreign currency by expanding domestic financing channels through the issuing of RMB corporate bond, asset securitization, etc.

In March 2015, the Group early redeemed the principle amount of US$350 million senior notes, which was originally due in March 2018. In November 2015, the Group repaid all the remaining principal of the 2012 Syndicated Loan. In December 2015, the Group repaid the matured part of the 2013 Syndicated Loan, and In February 2016, the Group early repaid the remaining principle amount of US$272 million and HK$1,657.5 million of 2013 Syndicated Loan.

In February 2016, the Group entered into a US$100 million forward exchange option agreement and will continue to seek foreign exchange hedging instruments at a reasonable cost to manage foreign exchange risk more effectively.

Pledge of assets

As of 31 December 2015, 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 RMB57.313 billion to secure bank facilities granted to the Group. The corresponding bank and other loans amounted to approximately RMB22.760 billion. The Group had also pledged shares of certain subsidiaries for a total borrowing of RMB0.497 billion.

Contingencies

As of 31 December 2015, the Group had provided guarantees for approximately RMB14.100 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 RMB6.600 billion in its portion of equity interests in associated companies and joint ventures for their bank borrowings, and RMB0.934 billion in an associated company for its borrowings from a certain financial institution.

Capital and property development expenditure commitments

As of 31 December 2015, the Group had contracted capital and property development expenditure but not provided for amounted to approximately RMB37.013 billion.

Employees and remuneration policy

As of 31 December 2015, the Group employed a total of 7,223 employees. Total remuneration for the year amounted to approximately RMB1,589 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 programs 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 2015 together with comparative figures for 2014. These annual results have been reviewed by the Company's Audit Committee.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

		Year ended 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**57,732,974**	56,080,546
Cost of sales	*6*	**(41,284,575)**	(37,855,393)
Gross profit		**16,448,399**	18,225,153
Fair value gains on investment properties		**2,776,694**	1,510,622
Other income/other gains – net		**1,570,998**	502,184
Selling and marketing costs	*6*	**(1,615,275)**	(1,495,887)
Administrative expenses	*6*	**(3,278,396)**	(2,807,693)
Other operating expenses	*6*	**(288,194)**	(262,921)
Operating profit		**15,614,226**	15,671,458
Finance income		**341,262**	171,568
Finance costs		**(1,749,910)**	(412,090)
Finance costs – net	*7*	**(1,408,648)**	(240,522)
Share of results of			
– Associated companies		**108,684**	(153,470)
– Joint ventures		**(591,853)**	(21,033)
		(483,169)	(174,503)
Profit before income tax		**13,722,409**	15,256,433
Income tax expense	*8*	**(5,563,671)**	(5,768,686)

	Note	Year ended 31 December **2015** *RMB'000*	2014 *RMB'000*
Profit for the year		**8,158,738**	9,487,747
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 (losses)/gains on available-for-sale financial assets, net of tax		**(52,530)**	119,965
Total comprehensive income for the year		**8,106,208**	9,627,506
Profit for the year attributable to:			
Equity holders of the Company		**6,115,784**	8,103,833
Non-controlling interests		**2,042,954**	1,383,914
		8,158,738	9,487,747
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**6,082,102**	8,193,586
Non-controlling interests		**2,024,106**	1,433,920
		8,106,208	9,627,506
Earnings per share for profit attributable to the equity holders of the Company			
– Basic (RMB cents)	*10*	**176.7**	234.3
– Diluted (RMB cents)	*10*	**176.4**	233.9
Dividends	*9*	**1,985,269**	2,456,033

CONSOLIDATED BALANCE SHEET
As at 31 December 2015

	Note	As at 31 December 2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Property and equipment		**11,571,944**	11,951,703
Investment properties		**30,025,297**	26,975,771
Land use rights		**7,921,887**	7,286,582
Intangible assets		**1,840,684**	1,840,684
Associated companies		**898,275**	1,258,029
Joint ventures		**9,784,898**	8,534,090
Amount due from related parties		**2,774,694**	2,499,546
Available-for-sale financial assets		**1,204,470**	204,510
Deferred income tax assets		**1,983,977**	1,429,899
Other non-current assets		**1,311,526**	1,666,753
		69,317,652	63,647,567
Current assets			
Properties under development		**100,727,237**	83,539,896
Completed properties held for sale		**18,140,289**	21,166,548
Trade and other receivables and prepayments	4	**14,786,878**	12,457,212
Prepayment for acquisition of land use rights		**11,133,906**	12,752,932
Prepaid income taxes		**2,115,462**	2,055,122
Amounts due from related parties		**1,581,929**	979,346
Derivative financial instruments		**41,782**	–
Restricted cash		**3,817,713**	3,463,004
Cash and cash equivalents		**22,591,843**	20,471,830
		174,937,039	156,885,890
Total assets		**244,254,691**	220,533,457
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**356,275**	356,275
Reserves			
– Proposed final dividend	9	**1,163,728**	1,629,075
– Others		**48,641,657**	44,878,029
		50,161,660	46,863,379
Non-controlling interests		**24,587,660**	18,119,705
Total equity		**74,749,320**	64,983,084

	Note	As at 31 December 2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**52,867,396**	43,269,371
Finance lease liabilities		**386,365**	–
Deferred income tax liabilities		**5,471,821**	4,339,374
		58,725,582	47,608,745
Current liabilities			
Trade and other payables	*5*	**25,962,991**	29,866,339
Dividend payable		**–**	375,128
Advanced proceeds received		**30,766,515**	33,220,166
Income tax payable		**12,460,061**	11,017,765
Borrowings		**16,953,596**	18,724,718
Finance lease liabilities		**186,620**	–
Derivative financial instruments		**–**	1,611
Amounts due to related parties		**24,447,996**	14,731,308
Deferred income		**2,010**	4,593
		110,779,789	107,941,628
Total liabilities		**169,505,371**	155,550,373
Total equity and liabilities		**244,254,691**	220,533,457
Net current assets		**64,157,250**	48,944,262
Total assets less current liabilities		**133,474,902**	112,591,829

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the group for the first time for the financial year beginning on or after 1 January 2015:

Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

Amendments from annual improvements to HKFRSs–2010–2012 Cycle, on HKFRS 8, 'Operating segments', HKAS 16, 'Property, plant and equipment' and HKAS 38, 'Intangible assets' and HKAS 24, 'Related party disclosures'.

Amendments from annual improvements to HKFRSs–2011–2013 Cycle, on HKFRS 3, 'Business combinations', HKFRS 13, 'Fair value measurement' and HKAS 40, 'Investment property'.

The adoption of the improvements made in the 2010–2012 Cycle has required additional disclosures in the segment note. Other than that, the remaining amendments are not material to 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 2015, and have not been early adopted.

Currently related to the Group:

		Effective for annual periods beginning on or after
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016
Amendments to HKAS 1	Disclosure initiative	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 5	Non-current assets held for sale and discontinued operations	1 January 2016
HKFRS 7	Financial instruments: Disclosures	1 January 2016
HKAS 34	Interim financial reporting	1 January 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 2015. 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 2018) 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.

3 SEGMENT INFORMATION

The chief operating decision-maker ("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	
	2015	2014
	RMB'000	*RMB'000*
Sales of properties	**54,594,513**	53,566,794
Hotel operation income	**1,301,986**	1,178,044
Rental income from investment properties	**739,249**	687,367
Others	**1,097,226**	648,341
	57,732,974	56,080,546

(b) Segment information

Year ended 31 December 2015

	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	13,783,760	40,810,753	–	–	54,594,513
– Hotel operation income	81,765	–	1,220,221	–	1,301,986
– Rental income from investment properties	536,236	203,013	–	–	739,249
– Others	687,196	410,030	–	–	1,097,226
Total revenue	15,088,957	41,423,796	1,220,221	–	57,732,974
Operating profit/(loss)	5,071,634	10,745,825	204,904	(408,137)	15,614,226
Finance income	52,431	286,115	760	1,956	341,262
Finance costs	(165,276)	(363,806)	(13,707)	(1,207,121)	(1,749,910)
Share of results of					
– Associated companies	(9,132)	117,816	–	–	108,684
– Joint ventures	(15,233)	(576,620)	–	–	(591,853)
Profit/(loss) before income tax	4,934,424	10,209,330	191,957	(1,613,302)	13,722,409
Income tax expense					(5,563,671)
Profit for the year					8,158,738
Other segment items are as follows:					
Capital and property development expenditure	15,377,886	37,171,311	856,457	–	53,405,654
Fair value gains on investment properties	962,248	1,814,446	–	–	2,776,694
Fair value gain on derivative financial instrument	–	43,393	–	–	43,393
Depreciation	73,913	77,342	243,895	34,916	430,066
Amortisation of land use rights	10,035	2,360	61,568	–	73,963
Provision for impairment of receivables	75,128	–	–	–	75,128

* *The Group owns an effective equity interest of 58.92% in Shanghai Shimao as at 31 December 2015*

** *Unallocated mainly represent corporate level activities*

The segment assets and liabilities at 31 December 2015 are as follows:

	Property development and investment			
	Shanghai Shimao	**Others**	**Hotel operation**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associated companies	**117,922**	**780,353**	**–**	**898,275**
Joint ventures	**2,150,523**	**7,634,375**	**–**	**9,784,898**
Intangible assets	**1,709,730**	**26**	**130,928**	**1,840,684**
Other segment assets	**58,821,128**	**153,557,579**	**14,111,129**	**226,489,836**
Total segment assets	**62,799,303**	**161,972,333**	**14,242,057**	**239,013,693**
Deferred income tax assets				**1,983,977**
Available-for-sale financial assets				**1,204,470**
Other assets				**2,052,551**
Total assets				**244,254,691**
Borrowings	**14,444,947**	**31,268,177**	**174,000**	**45,887,124**
Other segment liabilities	**22,951,542**	**61,265,564**	**9,501,369**	**93,718,475**
Total segment liabilities	**37,396,489**	**92,533,741**	**9,675,369**	**139,605,599**
Corporate borrowings				**23,933,868**
Deferred income tax liabilities				**5,471,821**
Other liabilities				**494,083**
Total liabilities				**169,505,371**

Year ended 31 December 2014

	Property development and investment				
	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/(loss) before income tax	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 as at 31 December 2014*

** *Unallocated mainly represent corporate level activities*

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

	Property development and investment			
	Shanghai Shimao *RMB'000*	Others *RMB'000*	Hotel operation *RMB'000*	Total *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

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	
	2015	2014
	RMB'000	*RMB'000*
Bidding deposits for land use rights *(Note (a))*	**4,116,809**	2,520,888
Trade receivables *(Note (c))*	**4,967,963**	4,696,612
Prepaid business tax on pre-sale proceeds	**1,700,264**	1,796,915
Prepayments for construction costs	**1,239,653**	886,724
Receivable for equity interest *(Note (b))*	**–**	619,800
Other receivables	**2,762,189**	1,936,273
	14,786,878	12,457,212

Notes:

(a) Bidding deposits for land use rights mainly represented deposits of the Group placed with various municipal governments 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) In August 2014, the Group disposed of 50.71% equity interests in Suzhou Shimao Industrial Park Lakeside Co., Ltd. ("Suzhou Industrial Lakeside"), a then wholly-owned subsidiary, to a third party at a total cash consideration of RMB710,000,000. Pursuant to the sales and purchase agreement and the revised articles of association, the cash payment would be made by installments and the Group lost control over Suzhou Industrial Lakeside after the first payment. As at 31 December 2014, the Group had received RMB90,200,000 and the remaining RMB619,800,000 has been received in the year ended 31 December 2015.

(c) 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 the respective balance sheet dates is as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**3,911,781**	3,547,773
Over 90 days and within 1 year	**651,316**	846,343
Over 1 year	**404,866**	302,496
	4,967,963	4,696,612

As at 31 December 2015, receivables arising from sales of properties was approximately RMB4,332,638,000 (2014: RMB4,543,132,000).

Trade receivables are analysed as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Fully performing under credit terms	**3,694,870**	2,910,558
Past due but not impaired	**1,273,093**	1,786,054
	4,967,963	4,696,612

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

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**245,613**	1,039,580
Over 90 days and within 1 year	**622,614**	443,978
Over 1 year	**404,866**	302,496
	1,273,093	1,786,054

As the Group normally holds the title of the properties sold as collateral 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 2015 and 2014.

As at 31 December 2015, provision for impairment of other receivables was approximately RMB131,389,000 (2014: RMB49,171,000).

As at 31 December 2015 and 2014, 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 2015 and 2014, trade and other receivables of the Group were mainly denominated in RMB.

5 TRADE AND OTHER PAYABLES – GROUP

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**21,271,645**	24,043,332
Other taxes payable	**1,334,669**	1,360,911
Accrued expenses	**1,310,797**	1,257,328
Other payables *(Note (b))*	**2,045,880**	3,204,768
	25,962,991	29,866,339

Notes:

(a) As at 31 December 2015, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**21,139,006**	23,665,439
Over 90 days and within 1 year	**132,639**	377,893
	21,271,645	24,043,332

(b) Other payables comprise:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Deposits received from customers	**1,240,333**	2,183,637
Fees collected from customers on behalf of government agencies	**116,509**	87,336
Deposits from constructors	**360,388**	577,062
Rental deposits from tenants and hotel customers	**294,340**	221,514
Others	**34,310**	135,219
	2,045,880	3,204,768

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	
	2015	2014
	RMB'000	*RMB'000*
Cost of properties sold and others	**37,412,175**	34,063,755
Including: interests capitalized	**3,450,500**	3,041,700
land and construction	**33,834,800**	30,960,200
Business taxes and other levies on sales of properties *(Note (a))*	**3,216,851**	3,120,037
Staff costs – including directors' emoluments	**1,589,176**	1,396,534
Advertising, promotion and commission costs	**1,302,885**	1,191,492
Direct expenses arising from hotel operation	**767,791**	652,616
Corporate and office expenses	**753,355**	653,623
Depreciation	**430,066**	475,488
Write off of intangible assets	**–**	6,889
Amortisation of land use rights	**73,963**	111,361
Operating lease rental expenses	**105,515**	102,825
Direct expenses arising from investment properties	**67,398**	61,652
Charitable donations	**50,652**	38,501
Auditor's remuneration	**19,260**	19,100
– Auditor services	**9,000**	8,600
– Non-audit services	**10,260**	10,500
Provision for impairment of receivables	**82,218**	15,164
Provision of impairment losses on completed properties held for sale	**152,469**	135,078
Other expenses	**442,666**	377,779
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	**46,466,440**	42,421,894

Note:

(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.

7 FINANCE COSTS – NET

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Interest on bank borrowings		
– wholly repayable within five years	**2,724,278**	2,276,238
– not wholly repayable within five years	**308,980**	371,815
Interest on senior notes		
– wholly repayable within five years	**537,904**	623,749
– not wholly repayable within five years	**794,259**	608,835
Interest on borrowing from other financial institutions and non-financial institutions		
– wholly repayable within five years	**1,130,062**	453,591
– not wholly repayable within five years	**–**	3,780
Interest on finance lease liabilities		
– wholly repayable within five years	**5,818**	–
– not wholly repayable within five years	**–**	–
	5,501,301	4,338,008
Less: interest capitalised	**(4,940,418)**	(3,925,918)
Net foreign exchange losses	**1,970,760**	–
Less: foreign exchange losses capitalised	**(781,733)**	–
Finance costs	**1,749,910**	412,090
Finance income	**(341,262)**	(171,568)
Finance costs – net	**1,408,648**	240,522

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**3,241,700**	3,709,480
– PRC withholding income tax	**30,127**	35,411
– PRC land appreciation tax	**1,695,965**	1,839,809
	4,967,792	5,584,700
Deferred income tax		
– PRC enterprise income tax	**335,874**	183,986
– PRC withholding income tax	**260,005**	–
	5,563,671	5,768,686

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 2015 (2014: 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	
	2015	2014
	RMB'000	*RMB'000*
Interim dividend paid of HK30 cents (2014: HK30 cents) per ordinary share *(Note (a))*	**821,541**	826,958
Proposed final dividend of HK40 cents (2014: HK60 cents) per ordinary share *(Note (b))*	**1,163,728**	1,629,075
	1,985,269	2,456,033

Notes:

(a) An interim dividend of RMB821,541,000 relating to the six months ended 30 June 2015 was paid in September 2015 (RMB826,958,000 relating to 2014 interim dividend paid in 2014).

(b) At a meeting held on 30 March 2016, the directors proposed a final dividend of HK40 cents per ordinary share out of share premium as at 31 December 2015. 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 2015 upon approval by the shareholders at the forthcoming annual general meeting of the Company.

A final dividend of RMB1,629,075,000 relating to the year ended 31 December 2014 was paid in 2015.

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	
	2015	2014
Profit attributable to the equity holders of the Company *(RMB'000)*	**6,115,784**	8,103,833
Weighted average number of ordinary shares in issue *(thousands)*	**3,460,330**	3,459,153
Basic earnings per share *(RMB cents)*	**176.7**	234.3

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	
	2015	2014
Profit attributable to the equity holders of the Company *(RMB'000)*	**6,115,784**	8,103,833
Weighted average number of ordinary shares in issue *(thousands)*	**3,460,330**	3,459,153
Adjustment for shares granted under Share Scheme/share options granted under the Pre-IPO Share Option Scheme *(thousands)*	**5,047**	4,683
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**3,465,377**	3,463,836
Diluted earnings per share *(RMB cents)*	**176.4**	233.9

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. The Company has made specific enquiry of all Directors and all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2015.

Compliance with the Corporate Governance Code

The Company 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 2015 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 2015, 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 3,000,000 shares of the Company at a total consideration of approximately HK$50.8 million.

Annual General Meeting

The 2016 annual general meeting of the Company (the "AGM") will be held on Monday, 20 June 2016. 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 HK40 cents (2014: HK60 cents) per ordinary share for the year ended 31 December 2015. The proposed final dividend, together with the interim dividend of HK30 cents per ordinary share paid on 30 September 2015, will amount to a total dividend of HK70 cents per ordinary share for the year ended 31 December 2015 (throughout 2014: HK90 cents). The proposed final dividend, if approved at the forthcoming annual general meeting to be held on 20 June 2016, will be payable on 29 July 2016 to shareholders whose names appear on the register of members of the Company on 15 July 2016.

Closure of Register of Members

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

(i) on Friday, 17 June 2016 and Monday, 20 June 2016, 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 p.m. on Thursday, 16 June 2016; and

(ii) on Thursday, 14 July 2016 and Friday, 15 July 2016, 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 p.m. on Wednesday, 13 July 2016.

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, 30 March 2016

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), Ms. Tang Fei, Mr. Liao Lujiang and Mr. Kan Naigui; 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.