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SHIMAO 世茂房地產

SHIMAO PROPERTY HOLDINGS LIMITED
世茂房地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 813)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

RESULTS HIGHLIGHTS

1. Revenue increased significantly by 19.3% to RMB35.822 billion (1H 2016: RMB30.016 billion). Revenue from hotels, rentals and other income increased by 16.0% to RMB1.655 billion.

2. Gross profit margin increased to 29.6% from 28.2% for the corresponding period in 2016. Gross profit increased significantly by 25.1% to RMB10.591 billion (1H 2016: RMB8.467 billion).

3. Net profit from core business attributable to shareholders increased by 4.5% to RMB3.661 billion (1H 2016: RMB3.502 billion). Net profit margin from core business attributable to shareholders increased by 0.5% to 13.4% from 12.9% for the corresponding period in 2016. Excluding the net impact of profit attributable to shareholders from the disposal of Beijing Fortune Times Property Co., Ltd. and Beijing Baiding New Century Business Management Co., Ltd. of approximately RMB630 million, net profit from core business attributable to shareholders increased significantly by 27.6% compared to the corresponding period in 2016.

4. Contracted sales reached RMB45.12 billion for the first half of 2017, representing a significant year-on-year increase of 30.9%. Average selling price increased from RMB14,192 per sq.m. in the corresponding period of 2016 to RMB16,656 per sq.m. in the first half of 2017.

5. As at 30 June 2017, the Group's attributable land bank was approximately 34.13 million sq.m.. During the first half of 2017, the Group acquired land reserves of 4.53 million sq.m. (before interests).

6. As at 30 June 2017, net gearing ratio was 52.5%, decreased by 0.9% compared with that as at 31 December 2016.

7. The Board declared the payment of an interim dividend of HK40 cents per share (1H 2016: interim dividend of HK26 cents and special dividend of HK6 cents, totalling HK32 cents), representing a significant year-on-year increase of 25.0%.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the interim results of Shimao Property Holdings Limited ("Shimao Property", "Shimao" or the "Company", together with its subsidiaries, the "Group") for the six months ended 30 June 2017.

Market and Outlook

In the first half of 2017, the sales of national commodity properties hit another new height, while the sales area reached the second highest point in history. A total of approximately 746.62 million sq.m. of gross floor area of national commodity properties were sold for approximately RMB5,915.2 billion, representing year-on-year increases of 16.1% and 21.5% respectively. There was a "leftward swing in policies and rightward swing in market", meaning that the policies and the property market were heading in different directions.

The "leftward swing in policies" actually reflects the continuous deepening of the current property regulatory policies in China. Over 40 cities in China rolled out intensive property curbs, including tightening eligibility restrictions, tightening home mortgage policies, imposing strict restrictions on property pre-sale, reducing bank credit facilities and raising mortgage rates. Local authorities set up higher thresholds for obtaining a pre-sale permit, and the government also imposed stringent tiered controls over the selling prices. Such policies can be said to be the strictest in history. The number of cities under curbs also broke the record as the list of cities is still expanding. The "rightward swing in market" was mainly evidenced by the booming first-hand property sales in the core cities. Besieged by the property curbs, the investment demand and capital have spilled over to the third- and fourth-tier cities. As a result, many of the previously overstocked cities experienced a surge in sales volume and prices.

Looking forward to the second half of 2017, it is expected that the policies will continue to take root; the monetary market will be tightening; a new round of industry reshuffle will commence due to fierce competition; the degree of industry concentration will further increase and the market dominance of large-scale property developers will be gradually consolidated as "the strong stay strong". A number of projects of the Group will be launched for sale at the end of the third quarter and the fourth quarter, more than 60% of which will be launched in first-tier and strong second-tier cities. Our supply will address the needs of the markets where demand is robust. Products which meet the rigid demand for home upgrading will continue to prevail. It is expected that both the average selling price and profit will further improve. The Group expects that the saleable resources for the second half will reach 6.78 million sq.m.. With the continuous rise in average selling prices, the annual total saleable stock value will exceed RMB150 billion. The sell-through rate is estimated to be over 60%. We are confident in outperforming our sales target for the year.

Shimao's Strategies

As part of its corporate strategies, Shimao slowed down in scale expansion for quality growth in 2015 and 2016, while attaching equal weight to scale and profit for 2017. The Group believes that it can only respond to market fluctuations with an enhancement in profit, customer's recognition and branding driven by sound operations. The Group emphasizes the collection rate and profit margin much more than scale and discount promotional pricing. In the first half of 2017, the Group recorded a cash collection rate of 80% and a gross profit margin of 29.6%, both of which were among the best in the industry. The cash from sales proceeds rose from RMB29.4 billion in the first half of 2016 to RMB36.0 billion in the first half of 2017, up by 22% year-on-year. To solve the problems related to the price caps set by the government, web-based contracts and filing, and mortgage loans, the Group secured the sufficiency of liquidity by increasing the percentage of all-cash and down payment ratio for projects in popular cities as well as top-selling projects depending on the products and market conditions, without compromising sales. Gross profit margin increased from 28.2% in the first half of 2016 to 29.6% in the first half of 2017, mainly attributable to the constant rise in selling prices, highly competitive products and land acquisition at reasonable prices. The Group strictly linked the actual incurred costs with the achievement rate through comprehensive cost budgeting and dynamic tracking. The cost efficiency of the selling and marketing costs and administrative expenses to the contracted sales dropped from 5.9% in the first half of 2016 to 5.0% in the first half of 2017. In particular, the percentage of the two major costs of saleable properties to the contracted sales decreased from 4.0% in the first half of 2016 to 3.3% in the first half of 2017, which was a relatively low level in the industry.

The Group will implement precision investment, strengthen its production, sales and inventory, and streamline the internal workflows, in order to lay a strong foundation for its operations and secure performance growth. With the consolidation of its risk resistance capability, internal management capability, product capability and marketing capability, the Group may achieve greater development starting from 2017.

Product Advancement and Integration of Cross-Disciplinary Resources

The Group continued to roll out ingenious products by innovating from the perspectives of the city and customers and facilitating product iterative optimization in order to create products with higher market competitiveness. Shimao standardized its product offering under the two main categories of apartments and villas, laying a solid footing for the tremendous future growth of Shimao. A multidimensional approach was adopted in product positioning to directly address the demand of the customer base. Every inch of the products was carefully designed from the customers' perspectives with functional details for better and more comfortable living for customers.

In addition, the Group also advocated product innovation and value adding. Through cross-disciplinary integration and focus on education, sports and cultural innovation, the Group succeeded in enhancing the brand value, achieving software breakthroughs, empowering the community and resulting in premium pricing of the products. A house is not just a space, but a lifestyle. Among the lifestyle of such community, the two most important things are education and health. From 2016 onwards, the Group has been introducing and implementing the Shimao-style photosynthetic education all over the country. Photosynthetic Education Community is neither a simple upgrading of the educational facilities in the community, nor a direct introduction of educational resources. Forgoing the cliché of "school-district properties" or "quality education", Photosynthetic Education Community returns to the essence of education. Targeting the different educational needs of the three generations, Shimao centralized the educational resources by connecting together the children, parents and premium educational resources. The Shimao O2O platform and ecological environment provide a perpetual organic learning environment for the children to grow. In 2017, the Group also formed a "property + sports" strategic alliance with the top football brand in the world, FC Barcelona, to promote excellence in sportsmanship with a focus on health through different dimensions, such as "community sports infrastructure", "youth football programme", "football sportsmanship promotion" and "community neighbourhood". Through innovation and upgrading in the aspects of product research and development, customer experience and service systems, the Group aims at creating the top exemplary sports lifestyle in China and attracting more sports-loving customers.

Sales Performance

At the beginning of 2017, the Group set its annual contracted sales target at RMB80 billion. With record-high monthly contracted sales achieved in June thanks to the high-quality saleable resources and product structure and the number of available projects nationwide, the Group realized contracted sales of RMB45.12 billion in the first half of the year, representing approximately 56.4% of the annual target. The total contracted sales area amounted to 2,709,000 sq.m., with an average selling price of RMB16,656 per sq.m. during the first half of 2017, up from RMB14,192 per sq.m. in the first half of 2016. This has laid a good foundation for the Group's stable growth in profit margin in future.

In the first half of 2017, property curbs tightened in the first- and second-tier popular cities, and the Group determined that opportunities should lie in third- and fourth-tier cities this year. Previously, the supply in third- and fourth-tier cities was decided based on their sales amount. This year, Shimao launched more projects in third- and fourth-tier cities, and the results proved that such strategy was correct. Evidently, the property demand in first- and second-tier cities spilled over to the lower-tier cities. For instance, the sales of Quanzhou Shimao Zimao Mansion and Quanzhou Shimao Hi Dream soared, benefiting from the robust property market in Xiamen.

In terms of cities, the average sales of the Group in each city amounted to approximately RMB1.46 billion, and the average sales per project amounted to approximately RMB850 million. The sales in Nanjing and Beijing were nearly RMB6.0 billion and over RMB4.0 billion, respectively, while the sales in Quanzhou were more than RMB3.5 billion and the sales in Ningbo, Hefei and Wuhan were more than RMB2.0 billion. These demonstrated that the Group had strong competitiveness in the industry.

Prudent Replenishment of Premium Land Reserves

In the first half of 2017, property developers were still active in snatching land parcels, causing fierce competition for land resources and soaring land prices, and thus continually squeezing future gross profit of the industry. The Group upheld its prudent strategy and adopted a cautious and active approach in replenishing land reserves. In response to the city-specific control policies launched by the country and the possible continuance of such policies in future, the Group made minor adjustments to its strategies, i.e. keeping watch for third- and fourth-tier cities which can accommodate the spillover demand from the surrounding first- and second-tier cities while acquiring land in first- and second-tier cities. During the reporting period, the Group acquired land reserves of 4.53 million sq.m. (before interests) in Shanghai, Xiamen, Guangzhou, Wuhan, Xi'an, Fuzhou, Quanzhou, Beijing, Nanchang, Foshan, Jiaxing, Kunshan, Wuyishan, Chongqing, Jinjiang, Jinan and Suzhou, with base price auction, acquisitions and cooperation accounting for approximately 45%. Currently, the Group has 150 projects with a total area of 34.13 million sq.m. (attributable interests) of quality land in 45 cities in China.

In view of intensifying competition in land acquisition in major investment cities, the Group will also increase the human resources and budget for land acquisition, actively identify cooperation opportunities and continue to acquire more strategic land resources in the second half through cooperation, acquisition and strategic acquisitions in addition to public auction. Our devotion to quality land has also secured the sustainable, high-quality and rapid growth of the Group in 2018 and 2019.

Determination to Uphold Prudent Financial Policy

In the first half of 2017, the Group continued to adopt prudent financial strategies for its operation. The Group focused on the collection of sales proceeds, enhancement of financial management capability and optimization of capital structure while persisting in property financial innovation to secure the stable development of the Group. In the first half of 2017, the cash from sales proceeds was approximately RMB36 billion. As of 30 June 2017, the Group had sufficient capital funds, with book cash in the amount of RMB22 billion. Capitalizing on its good credit rating and business strategies, the Group became one of the first private property developers to receive the approval to issue the panda medium-term notes this April. Meanwhile, the Group's Shanghai International Plaza, which is a premium commercial and hotel complex, was also the first to get the approval from the National Association of Financial Market Institutional Investors to be used for issuing real estate asset backed notes (ABN). Further, the issue of commercial mortgage backed securities (CMBS) was also approved by China Securities Institution. Capital sufficiency and multi-channel financing have helped the Group to respond to the complicated changes in the economic and financial environment and secured its future stable development. As of 30 June 2017, net gearing ratio of the Group was 52.5%, down 0.9 percentage point from 53.4% as at the end of 2016. Net gearing ratio has been maintained below 60% for 5 consecutive years, reflecting the sound operation and financial management of the Group.

In the first half of 2017, tightening property curbs became more stringent, and the Group continued with financial innovation and successively received approval from National Association of Financial Market Institutional Investors, China Securities Institution and overseas markets to issue the first financial innovative product in the industry. This not only showed the recognition of the Group from the capital market, but also helped the Group to continuously reduce the finance costs. The Group's weighted average finance costs was 5.6% in the first half of 2017, a further drop from the annual figure of 5.8% in 2016. The reduction of interest rates and savings in finance costs will serve as the continuous financial management target of the Group.

Riding on its robust operating and financial performance, the Group received positive comments from domestic and international rating agencies. Standard & Poor's maintained the annual rating of Shimao at "BB+", and revised its outlook from negative to stable. Moody's and Fitch maintained their rating of the Group at "Ba2" and "BBB–" respectively. Besides, Shanghai Shimao Jianshe Co., Ltd. ("Shimao Jianshe") and Shanghai Shimao Co., Ltd. ("Shanghai Shimao"), the two subsidiaries of the Group, were upgraded to "AAA" rating, the highest corporate credit rating, by Dagong Global Credit Rating Co., Ltd. and United Ratings Co., Ltd., respectively.

Looking forward to the second half of 2017, the Group will uphold its robust financial strategy and adopt a prudent financial management approach to further enhance cash collection, maintain sufficient capital flow, keep stable of the finance costs and stabilize the operating efficiency. Although more budgets will be allocated to the acquisition of quality land parcels, the annual overall gearing ratio will be controlled at not more than 60%. It will be much more difficult to obtain financing in the second half than in the first half owing to the tightening property policy and financial market. Nevertheless, with outstanding operational performance, multi-channel financing and consistent financial innovation, the Group is confident in maintaining low interest costs, effectively balancing the income and expense and securing a sound and healthy development.

Interim Dividend

To demonstrate our appreciation for our shareholders' unstinting support, the board of directors of the Company (the "Board") has proposed the payment of an interim dividend of HK40 cents per share for the six months ended 30 June 2017 (1H 2016: interim dividend of HK26 cents and special dividend of HK6 cents, totalling HK32 cents per share), representing a year-on-year growth of 53.8% after excluding the special dividend of HK6 cents paid for the corresponding period last year due to the gain from the disposal of Beijing Fortune Times Property Co., Ltd. ("Beijing Fortune Times") and Beijing Baiding New Century Business Management Co., Ltd. ("Beijing Baiding New Century"). This reflects the Company's commitment to share its operating results with the shareholders.

Appreciation

On behalf of the Board, I would like to thank our shareholders, partners, local governments and customers for their tremendous support. 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, 29 August 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Property Development

1) *Recognized Sales Revenue*

   The Group generates its revenue primarily from property development, property investment and hotel operations. As at 30 June 2017, revenue of the Group reached RMB35.822 billion, an increase of 19.3% when compared to RMB30.016 billion for the corresponding period in 2016. During the period, revenue from property sales amounted to RMB34.167 billion, accounting for 95.4% of the total revenue and representing an increase of 19.5% over the corresponding period in 2016. The average recognized selling price increased by 12.3% to RMB13,601 per sq.m. in the first half of 2017, from RMB12,108 per sq.m. for the first half of 2016. The number of projects recognized by the Group in the first half of 2017 totalled 70, higher than the 66 projects recognized in the corresponding period in 2016, of which Beijing Tongzhou World Chamber of Commerce Centre achieved great results with recognized sales revenue of RMB3.497 billion; Chongqing Shimao Luxury Mansion, the first runner-up, with recognized sales revenue of RMB1.825 billion; and Hefei Shimao Jade Mansion, the second runner-up, with recognized sales revenue of RMB1.514 billion.

2) *Steady Sales Growth*

   With respect to property sales, the Group's contracted sales amounted to RMB45.12 billion in the first half of 2017, representing approximately 56.4% of its annual target. The aggregate sales area reached 2,709,000 sq.m., with an average selling price of RMB16,656 per sq.m..

   In the first half of 2017, in view of the tightened property curbs in the first- and second-tier popular cities, the Group launched more projects in third- and fourth-tier cities, and the results proved that such strategy was correct. Evidently, the property demand in first- and second-tier cities spilled over to the lower-tier cities. Looking forward to the second half of 2017, the Group will launch saleable areas of approximately 4.28 million sq.m.. Together with the existing saleable areas of approximately 2.50 million sq.m. as at 30 June 2017, the Group's total saleable areas in the second half of 2017 will be approximately 6.78 million sq.m..

3) Completion of Development Projects and Plans as Scheduled

During the first half of 2017, the Group's floor area under construction (attributable interests) reached 14.21 million sq.m.. The aggregate GFA completed by the Group was approximately 3.39 million sq.m., 9.0% higher than the 3.11 million sq.m. completed in the corresponding period of last year. Looking forward to the second half of 2017, the Group's planned GFA under construction (attributable interests) and the GFA completed will be approximately 15.00 million sq.m. and 8.00 million sq.m., respectively.

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

During the reporting period, the Group acquired 4.53 million sq.m. (before interests) of land bank in Shanghai, Xiamen, Guangzhou, Wuhan, Xi'an, Fuzhou, Quanzhou, Beijing, Nanchang, Foshan, Jiaxing, Kunshan, Wuyishan, Chongqing, Jinjiang, Jinan and Suzhou, with base price auction, acquisitions and cooperation accounting for approximately 45%. Currently, the Group possesses 150 projects in 45 cities in the country, with a high-quality land bank of 34.13 million sq.m. (attributable interests). The premium land resources and relatively low land cost provide continued support to Shimao Property's results in the major markets nationwide in the next few years.

The land parcels acquired by the Group during the reporting period are as follows:

New Land Parcels	Date of Acquisition	Usage	Land Cost (Attributable Interests) *(RMB million)*	Total Planned GFA (Before Interests) *(sq.m.)*	Cost per sq.m. *(RMB)*	Group's Interest
Shimao Property						
1. Shanghai Baoshan Luojing Parcel	January 2017	Residential	2,360.0	100,556	23,470	100%
2. Xiamen Xiang'an XP13 Parcel	February 2017	Residential and commercial ancillary	995.0	34,300	29,009	100%
3. Xiamen Xiang'an XP14 Parcel	February 2017	Residential and commercial ancillary	972.0	33,500	29,015	100%
4. Guangzhou Zengcheng Zhangpo Village	March 2017	Residential	1,435.5	300,273	14,487	33%
5. Wuhan Caidian Parcel	April 2017	Commercial service	91.3	50,924	3,040	59%
6. Xi'an Weiyang Lijun Future City Parcel	April 2017	Residential	1,216.5	811,000	3,000	50%
7. Fuzhou Guihu Longtou Yuan Parcel II	April 2017	Residential	557.0	88,872	6,267	100%
8. Quanzhou Luoyang River Project	April 2017	Residential	300.0	77,000	3,896	100%
9. Tongzhou Xincheng Yangzhuang No. 12 Project	May 2017	Residential and public facilities	1,374.1	45,600	30,133	100%
10. Quanzhou Quangang Parcel	May 2017	Residential	113.6	306,336	727	51%
11. Nanchang Laojiudong Project	May 2017	Residential, commercial and office	588.6	138,139	8,522	50%

New Land Parcels	Date of Acquisition	Usage	Land Cost (Attributable Interests) *(RMB million)*	Total Planned GFA (Before Interests) *(sq.m.)*	Cost per sq.m. *(RMB)*	Group's Interest
Shimao Property *(continued)*						
12. Foshan Chan City Green Island Lake Parcel	May 2017	Residential, commercial and office	1,048.6	83,891	12,500	100%
13. Jiaxing Tech City Parcel	May 2017	Residential	540.4	148,041	9,125	40%
14. Kunshan Commercial and Residential Parcel	May 2017	Residential, commercial and office	1,275.0	360,000	6,944	51%
15. Kunshan Commercial Parcel	May 2017	Commercial	84.2	66,000	2,500	51%
16. Fuzhou Changle Jinfeng Town No. 3 Parcel	May 2017	Residential	180.0	52,705	3,415	100%
17. Fuzhou Changle Jinfeng Town No. 4 Parcel	May 2017	Residential and commercial ancillary	390.0	115,500	3,377	100%
18. Wuyishan Project	May 2017	Residential, integrated commercial and residential and golf course	138.7	27,795	4,991	100%
19. Foshan Chan City Qicha 003 Parcel	June 2017	Residential and commercial ancillary	2,406.6	192,530	12,500	100%
20. Fuzhou Fuqing 2017 Pai-01 Parcel	June 2017	Residential and commercial ancillary	540.0	102,105	5,289	100%
21. Fuzhou Fuqing 2017 Pai-03 Parcel	June 2017	Residential	698.4	138,082	5,058	100%
22. Chongqing Runyijiang Zhishang Lianbang Project	June 2017	Residential, commercial and office	2,781.6	516,700	5,667	95%
23. Jinjiang Dongshi Parcel	June 2017	Residential	114.0	177,083	1,073	60%
24. Zhangqiu District Nangaobu Parcel	June 2017	Residential	432.6	112,399	6,415	60%
25. Suzhou Yuanhe Street Parcel	June 2017	Residential	1,324.0	280,298	19,280	24.5%
26. Foshan Chan City Qicha 004 Parcel	June 2017	Residential and commercial ancillary	999.9	79,991	12,500	100%
27. Tong'an T2017P04 Parcel	June 2017	Residential and commercial ancillary	1,770.0	88,100	20,091	100%
Total			24,727.6	4,527,720.0	8,023.3	

Geographically, in response to the city-specific control policies launched by the country and the possible continuance of such policies in future, the Group made minor adjustments to its strategies, i.e. keeping watch for third- and fourth-tier cities which can accommodate the spillover demand from the surrounding first- and second-tier cities while acquiring land in first- and second-tier cities. The average floor price of the new land reserves was approximately RMB8,023 per sq.m. in terms of land cost. The Group holds sensible attitude, increases its land reserves by following its longstanding prudent policy and strives to strike a balance between development opportunity and risk control. As at 30 June 2017, the Group's average land cost was RMB4,268 per sq.m.. The relatively low land cost provides effective 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, which is owned as to 58.92% by Shimao Property and 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 reporting period, the annual work plan of Shanghai Shimao was implemented accordingly. To further enhance the overall competitiveness of the projects, Shanghai Shimao began renovating its projects step by step. The renovation of the exterior walls, hall, lift lobby and carpark of the Beijing Shimao Tower started at the end of 2016. The tower will have a face-lift by the third quarter of this year, when the renovation is expected to be completed. Moreover, Shanghai Shimao International Plaza has also undergone an exterior, branding and internal renovation. On 10 May 2017, the Group announced the strategic cooperation with Sanrio and entered into a cooperation agreement in respect of the licensing of Sanrio's world-renowned cartoon character, Hello Kitty. By making use of the famous cartoon images including Hello Kitty and its partners, the Group will create an indoor Hello Kitty theme park in Shanghai Shimao International Plaza. During the second half of the year, Shanghai Shimao plans to launch the renovation planning and design of Shaoxing Shimao Plaza, whose comprehensive upgrading and renovation will begin in stages. Further, Shanghai Shimao's brand realignment initiatives targeted at its various commercial malls are aimed to uplift the overall brand attainments of the malls. The brand uplift for projects including Jinan Shimao International Plaza will continue to enrich the brands and attract a growing number of consumers.

Hotel Operations

In 2017, the Group cooperated with Starwood Capital Group to operate a company called Shanghai Shimao Star Hotel Management Co., Ltd. ("Shimao Star"), which adopts an asset-light operating model with an aim to become one of the most excellent hotel groups in China and even Asia-Pacific region. The Group owns 51% controlling interests in Shimao Star. The industry generally believes that the establishment of Shimao Star is a milestone in the development of the hotel industry in China because it reflects the keen interest of global capital in the hotel market in China and the tremendous growth potential of Shimao hotels in the domestic and overseas markets. Currently, Shimao Star owns four operating self-owned brand hotels in China, with nearly 775 guest rooms in total. Two more self-owned brand hotels will be opened in the second half of 2017, namely, MiniMax Premier Hotel Chengdu City Center and MiniMax Hotel Shishi.

As of 30 June 2017, other than the four self-owned brand hotels included in Shimao Star, the Group had 14 international brand hotels in operation, including Le Royal Méridien Shanghai, Hyatt on the Bund Shanghai, The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai, Hilton Nanjing Riverside, Holiday Inn Mudanjiang, Holiday Inn Shaoxing, DoubleTree by Hilton Wuhu, Crowne Plaza Shaoxing, InterContinental Fuzhou, Hilton Tianjin Eco-City, DoubleTree by Hilton Ningbo Chunxiao, Hilton Wuhan Riverside, Conrad Xiamen and DoubleTree by Hilton Ningbo Beilun, offering 5,193 hotel guest rooms. International brand hotels which will commence operations in the second half of 2017 include Hilton Yantai and Hilton Shenyang.

In 2017, the tourism market of China grew positively with a steadily increasing conferencing demand. Moreover, Shimao's hotels continued to influence the flow of market demand by controlling the average room price to find the best equilibrium between the average room price and occupancy rate in order to maximize their earnings. In the first half of 2017, the Group's hotels achieved revenue of RMB811 million, representing a year-on-year increase of 21.6%. EBITDA amounted to RMB257 million, increased 35.3% year-on-year.

Given the rapid development of technologies, the traditional hotel industry is also developing and innovating. Cross-disciplinary integration has become a way out for the existing hotel enterprises to innovate their operations. The number and variety of cross-disciplinary cooperation between hotels and the other industries are growing. Further, people's desire for travelling is also getting stronger as a result of the rising consumption levels. The hotel industry is now at the peak of reforms and development. Benefiting from the relatively stable market supply and demand in Shanghai and the robust demand brought by important events including the opening of the Shanghai Hongqiao National Exhibition and Convention Center and Shanghai Disneyland, the market outlook of Shanghai has been optimistic in recent years. This will undoubtedly have positive impact on Shimao, which currently owns five hotels in operation in Shanghai.

FINANCIAL ANALYSIS

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

	1H 2017	1H 2016
	RMB million	*RMB million*
Revenue	**35,822**	30,016
Gross profit	**10,591**	8,467
Operating profit	**8,760**	8,251
Profit attributable to shareholders	**3,879**	3,028
Earnings per share – Basic *(RMB cents)*	**114.95**	87.55

Revenue

For the six months ended 30 June 2017, the revenue of the Group was approximately RMB35,822 million (1H 2016: RMB30,016 million), representing an increase of 19.3% over the corresponding period in 2016. 95.4% (1H 2016: 95.2%) of the revenue was generated from the sales of properties and 4.6% (1H 2016: 4.8%) from hotel operations, leasing of commercial properties and others.

The components of the revenue are analysed as follows:

	1H 2017	1H 2016
	RMB million	*RMB million*
Sales of properties	**34,167**	28,589
Hotel operating income	**811**	667
Rental income from investment properties	**377**	415
Others	**467**	345
Total	**35,822**	30,016

(i) ***Sales of Properties***

Sales of properties for the six months ended 30 June 2017 and 2016 are set out below:

	1H 2017		1H 2016	
	Area (sq.m.)	***RMB million***	*Area (sq.m.)*	*RMB million*
(a) Shimao Property				
Beijing Tongzhou World Chamber of Commerce Centre	**78,608**	**3,497**	22,585	811
Chongqing Shimao Luxury Mansion	**248,511**	**1,825**	24,450	185
Hefei Shimao Jade Mansion	**116,883**	**1,514**	122,211	966
Zhangjiagang Shimao Lake Palace	**87,736**	**1,465**	52,550	656
Nanjing Straits City	**47,885**	**1,208**	187,598	3,937
Wuhan Baishazhou Shimao Cloud Value	**120,757**	**1,115**	–	–
Xi'an Shimao City	**113,568**	**984**	–	–
Wuhan Shimao Splendid River	**50,108**	**942**	112,941	1,541
Chengdu Shimao City	**142,838**	**900**	113,141	662
Shaoxing Shimao Works of Time	**65,041**	**857**	–	–
Fuzhou Pingtan Straits Future City	**68,145**	**800**	110,751	925
Wuhan Shimao Lake Island	**101,698**	**795**	45,768	249
Suzhou Shimao Shihu Bay	**30,577**	**743**	14,954	272
Tianjin Shimao Wetland Century	**45,164**	**710**	94,837	940
Xiamen Shimao Royal Villa	**23,885**	**680**	38,848	848
Fuzhou Shimao Cloud Guling	**29,282**	**614**	55,047	762
Nanjing Shimao Merchants Mountain	**21,471**	**596**	31,111	760

	1H 2017		1H 2016	
	Area (sq.m.)	***RMB million***	*Area (sq.m.)*	*RMB million*
(a) Shimao Property *(continued)*				
Jinan Shimao The Capital of Yuanshan	**60,841**	**498**	50,361	363
Changzhou Shimao Champagne Lake	**41,443**	**395**	76,673	556
Quanzhou Shimao Hi Dream	**40,972**	**389**	32,360	364
Hangzhou Shimao Above the Lake	**16,910**	**364**	2,399	53
Quanzhou Jinjiang Shimao Dragon Bay	**63,271**	**318**	21,406	91
Beijing Yidu Project	**20,307**	**308**	–	–
Mudanjiang Shimao Holiday Landscape	**63,150**	**251**	3,709	16
Shenyang Shimao Wulihe	**26,822**	**240**	15,813	119
Xuzhou Shimao Dongdu	**23,475**	**223**	51,812	357
Dalian Shimao Dragon Bay	**28,167**	**221**	5,098	16
Chengdu Jianyang Shimao Misty Lakeside	**19,736**	**217**	9,524	72
Fuzhou Minhou Shimao Dragon Bay	**23,920**	**211**	12,223	117
Suzhou Shimao Canal Scene	**8,737**	**193**	–	–
Hangzhou Shimao Born with Legend	**3,919**	**179**	35,938	1,413
Qingdao Shimao Noble Town	**15,217**	**176**	52,251	496
Nanning Shimao Luxury Mansion	**22,517**	**166**	–	–
Beijing Shimao Salamanca	**18,800**	**163**	100,819	785
Hainan Wenchang Shimao Blooming Sea	**21,389**	**149**	20,374	168
Nanchang Shimao The Grand View	**11,065**	**142**	390	4
Quanzhou Shimao Zimao Mansion	**5,358**	**113**	12,190	288
Yinchuan Flourishing Mansion	**18,600**	**110**	115,782	517
Dalian Shimao Glory City	**14,515**	**86**	42,906	247
Chengdu Shimao Royal Bay	**5,075**	**76**	8,567	52
Nanjing Shimao Glory Villa	**3,166**	**60**	14,255	245
Beijing Shimao Lá Villa	**3,271**	**56**	22,791	576
Shanghai Shimao Riviera Garden	**539**	**41**	–	–
Wuhan Shimao Dragon Bay	**2,517**	**32**	11,347	73
Harbin Shimao Riviera New City	**3,038**	**16**	10,425	53
Wuhu Shimao Riviera Garden	**1,550**	**14**	–	–
Shenyang Shimao Notting Hill	**1,064**	**9**	1,030	9
Nantong Shimao In the Park	**1,502**	**8**	39,770	193
Hangzhou Shimao East No.1	**329**	**8**	1,701	32
Fuzhou Shimao Skyscrapers	**50**	**8**	–	–
Hangzhou Shimao Riviera Garden	**225**	**7**	1,236	20
Shanghai Zhoupu Shimao Cloud Atlas	**–**	**–**	40,691	1,540
Nanchang Shimao APM	**–**	**–**	12,298	182
Kunshan Shimao The East Bund	**–**	**–**	11,069	104
Xiamen Shimao Lakeside Garden	**–**	**–**	3,833	35
Ningbo Shimao The Capital	**–**	**–**	614	14
Wuxi Shimao International City	**–**	**–**	710	9
Ningbo Shimao Dragon Bay	**–**	**–**	461	4
Sub-total (a)	**1,983,614**	**24,692**	1,869,618	22,697

	1H 2017		1H 2016	
	Area (sq.m.)	***RMB million***	*Area (sq.m.)*	*RMB million*
(b) Shanghai Shimao				
Xiamen Shimao Shine City	**88,308**	**3,140**	–	–
Nanjing Shimao Bund New City	**64,355**	**1,617**	97,325	1,680
Nanjing Yuhuatai Project	**43,247**	**1,338**	–	–
Qingdao Shimao Noosa Bay	**117,012**	**1,150**	92,408	821
Quanzhou Shishi Shimao Skyscraper City	**102,505**	**777**	62,505	635
Jinan Shimao Skyscraper City	**34,271**	**447**	152,106	1,472
Jinan Shimao International Plaza	**15,212**	**355**	11,956	313
Tianjin Wuqing Shimao Luxury Mansion	**20,602**	**184**	14,699	114
Ningbo Shimao Riviera Garden	**5,205**	**107**	15,727	267
Ningbo Shimao Sunlake Centre	**8,204**	**98**	3,868	39
Nanchang Shimao APM	**6,430**	**69**	–	–
Wuhan Shimao Carnival	**4,514**	**50**	12,788	137
Changzhou Shimao Champagne Lake (Commercial)	**8,244**	**45**	4,199	32
Xuzhou Shimao Dongdu (Commercial)	**4,732**	**26**	6,351	34
Hangzhou Shimao Wisdom Tower	**1,016**	**26**	–	–
Suzhou Shimao Canal Scene (Commercial)	**2,172**	**22**	3,744	33
Changshu Shimao Royal Bay	**1,986**	**17**	2,003	21
Suzhou Shimao Royal Villa	**209**	**5**	2,537	42
Changshu Shimao The Centre (Commercial)	**260**	**2**	152	1
Shanghai Shimao Wonderland	**–**	**–**	8,934	243
Qingdao Shimao Shi'ao Tower	**–**	**–**	299	8
Sub-total (b)	**528,484**	**9,475**	491,601	5,892
Total (a)+(b)	**2,512,098**	**34,167**	2,361,219	28,589

(ii) Hotel Income

Hotel operation income is analysed as follows:

	1H 2017 ***RMB million***	1H 2016 *RMB million*
Hyatt on the Bund Shanghai	**188**	169
Le Royal Méridien Shanghai	**175**	182
The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai	**76**	78
Conrad Xiamen	**62**	–
InterContinental Fuzhou	**47**	48
Hilton Nanjing Riverside	**45**	42
Hilton Wuhan Riverside	**44**	–
Crowne Plaza Shaoxing	**34**	47
DoubleTree by Hilton Wuhu	**29**	28
Hilton Tianjin Eco-City	**20**	14
MiniMax Premier Hotel Shanghai Hongqiao	**18**	11
DoubleTree by Hilton Ningbo Beilun	**16**	–
Holiday Inn Mudanjiang	**14**	10
Holiday Inn Shaoxing	**13**	14
Yuluxe Hotel Taizhou	**13**	12
DoubleTree by Hilton Ningbo Chunxiao	**10**	7
MiniMax Hotel Shanghai Songjiang	**6**	5
MiniMax Hotel Xiamen Central	**1**	–
Total	**811**	667

Hotel operation income increased approximately 21.6% to RMB811 million from RMB667 million over the six months ended 30 June 2017. The increase was mainly derived from newly-opened hotels in the past two years.

In March 2017, the Group and Starwood Capital Group entered into a comprehensive strategic cooperation agreement to expand the boutique hotel market in China. As at 30 June 2017, four hotels were open under the agreement, including MiniMax Hotel Shanghai Songjiang, MiniMax Hotel Xiamen Central, MiniMax Premier Hotel Shanghai Hongqiao and Yuluxe Hotel Taizhou.

(iii) Rental income and Others

Rental income from investment properties was approximately RMB377 million for the six months ended 30 June 2017. It decreased by 9.2%, mainly due to the fact that Shanghai Shimao sold Beijing Fortune Times to Leshi Holdings (Beijing) Co., Ltd. in May 2016 and the rental income decreased by RMB35 million accordingly. Moreover, there was a temporary decrease of RMB43 million in rental income from Shanghai Shimao International Plaza due to the commencement of its decoration and cease of operation in 2017.

Other income amounted to RMB467 million was mainly derived from property management. It achieved a significant increase of 35.4% over corresponding period in 2016.

	1H 2017	1H 2016
	RMB million	*RMB million*
Beijing Shimao Tower	**77**	71
Jinan Shimao International Plaza	**57**	54
Shaoxing Shimao Dear Town (Commercial)	**55**	57
Shanghai Shimao International Plaza	**36**	79
Kunshan Shimao Plaza	**22**	21
Quanzhou Shishi Shimao Skyscraper City	**20**	–
Shanghai Shimao Shangdu	**19**	18
Suzhou Shimao Canal Scene (Commercial)	**17**	17
Nanjing Straits City (Commercial)	**16**	8
Changshu Shimao The Centre	**13**	13
Xuzhou Shimao Dongdu (Commercial)	**6**	5
Wuhu Shimao Riviera Garden (Commercial)	**3**	3
Beijing Fortune Times (Commercial)	**–**	35
Miscellaneous rental income	**36**	34
Others	**467**	345
Total	**844**	760

Cost of Sales

Cost of sales increased by 17.1% to approximately RMB25,231 million for the six months ended 30 June 2017 from RMB21,549 million for the six months ended 30 June 2016, primarily due to the increase in cost of properties sold in line with the higher cost of sales per sq.m. and the increase in areas delivered. However, gross profit margin increased from 28.2% to 29.6%.

Cost of sales are analysed as follows:

	1H 2017	1H 2016
	RMB million	*RMB million*
Sales taxes	**256**	1,218
Land costs and construction costs	**21,833**	17,774
Capitalised borrowing costs	**2,214**	1,943
Direct operating costs for hotels, commercial properties and others	**928**	614
Total	**25,231**	21,549

Fair Value Gains on Investment Properties

During the period under review, the Group recorded aggregate fair value gains of approximately RMB359 million (1H 2016: RMB1,276 million), mainly contributed by further increase in value of certain investment properties. Aggregate net fair value gains after deferred income tax of approximately RMB90 million recognized was RMB269 million (1H 2016: fair value gains after deferred income tax was RMB957 million).

Other Income/Other Gains – Net

Other gains of approximately RMB172 million for the six months ended 30 June 2017 (1H 2016: RMB671 million), which mainly included net gains on acquisition and disposal of subsidiaries of RMB12 million (1H 2016: RMB454 million), gain on government grants of RMB53 million (1H 2016: RMB72 million) and gain on disposal of investment in structured products issued by banks of RMB37 million (1H 2016: RMB34 million).

Selling and Marketing Costs and Administrative Expenses

The Group strictly linked actual cost with performance ratio through overall budget management and dynamic tracking. Cost efficiency has improved significantly. The proportion of total selling and marketing costs and administrative expenses to the total contracted sales was 5.0% (1H 2016: 5.9%). Selling and marketing costs and administrative expenses arising from property sales accounted for 3.3% of contracted sales in the first half of 2017(1H 2016: 4.0%), which was competitive in the market.

Operating Profit

Operating profit amounted to approximately RMB8,760 million for the six months ended 30 June 2017, representing an increase of RMB509 million or approximately 6.2% over the first half of 2016.

Finance Income/(Costs) – Net

Net finance income was approximately RMB355 million (1H 2016: net finance costs of RMB456 million), mainly due to net foreign exchange gain as a result of the appreciation of RMB exchange rate. The Group recorded the net exchange gain of approximately RMB489 million in the first half of 2017, compared to the net exchange loss of approximately RMB320 million in the first half of 2016.

Share of Results of Associated Companies and Joint Ventures

Share of losses of associated companies and joint ventures decreased approximately RMB52 million to approximately RMB135 million in the first half of 2017 from approximately RMB187 million of the corresponding period in 2016, mainly due to the recognition of profit from Nanjing Pukou Project.

Taxation

The Group's tax provisions amounted to approximately RMB3,614 million in which PRC land appreciation tax ("LAT") was RMB1,474 million (1H 2016: RMB3,229 million, in which LAT was RMB991 million) for the period.

Profit Attributable to Shareholders

Profit attributable to shareholders for the period increased by 28.1% from approximately RMB3.028 billion in first half of 2016 to RMB3.879 billion in the first half of 2017. The increase was mainly due to the significant increase of gross profit. Excluding the net impact of major after-tax non-cash items, net profit from core business attributable to shareholders for the period amounted to approximately RMB3.661 billion. Excluding the after-tax profit attributable to shareholders from the disposal of Beijing Fortune Times and Beijing Baiding New Century of approximately RMB630 million in 2016, net profit from core business attributable to shareholders for the period increased by 27.6% compared with the corresponding period in 2016. The profit margin from core business attributable to shareholders was 13.4% in the first half of 2017.

Liquidity and Financial Resources

As of 30 June 2017, total assets of the Group were RMB271.912 billion, of which current assets reached approximately RMB196.060 billion. Total liabilities were approximately RMB178.804 billion, whereas non-current liabilities were RMB56.917 billion. Total equity was RMB93.108 billion, of which equity attributable to the shareholders of the Company amounted to approximately RMB54.888 billion.

As of 30 June 2017, the Group had aggregate cash and bank balances (including restricted cash balances) of approximately RMB22.005 billion (31 December 2016: RMB22.235 billion), total borrowings amounted to approximately RMB68.497 billion (31 December 2016: RMB66.944 billion). Total net borrowings were approximately RMB46.492 billion (31 December 2016: RMB44.709 billion). Net gearing ratio is measured by the total net borrowings (total amount of borrowings net of aggregate cash and bank balances (including restricted cash balances)) over the total equity (excluding perpetual capital instruments). Net gearing ratio decreased from approximately 53.4% as at 31 December 2016 to approximately 52.5% as at 30 June 2017.

The maturity of the borrowings of the Group as at 30 June 2017 is set out as follows:

	RMB million
Bank borrowings and borrowings from other financial institutions and bonds	
Within 1 year	17,597
Between 1 and 2 years	8,465
Between 2 and 5 years	26,726
Over 5 years	4,233
Senior notes	
Between 2 and 5 years	11,476
Total	68,497

The borrowings were denominated in different currencies set out below:

	Original currency *million*	**RMB equivalent** *million*
USD	2,997	20,302
HKD	4,986	4,327
JPY	8,700	526
AUD	75	391
RMB	42,951	42,951

Financing Activities

The Group adheres to uphold prudent financial policy, exercises control over financing scale and optimizes its capital structure. The total amount of borrowings increased by 2.3% from approximately RMB66.944 billion as at 31 December 2016 to approximately RMB68.497 billion as at 30 June 2017, of which short-term borrowings was approximately 26% and long-term borrowings was approximately 74% as at 30 June 2017.

During the first half of 2017, despite the tightening property curbs, through continual financial innovation, the Group successively received approvals from National Association of Financial Market Institutional Investors (NAFMII), China Securities Institution and overseas bond market to issue the first financial innovation product in the industry. During the first half of 2017, the financing activities were mainly carried out as follows:

First of all, on 28 April 2017, the Group become one of the first private real estate companies approved by NAFMII to issue Panda MTNs and the registered amount was RMB8 billion.

Secondly, on 26 April 2017, the issue of Shanghai International Plaza ABN received approval from NAFMII. It is China's first-ever real estate ABN for public placement with a registered amount of RMB6.5 billion, which demonstrated the high quality asset structure of the Group while revitalizing assets in stock.

Thirdly, the Group obtained foreign bond quota from China National Development and Reform Commission (NDRC) and issued senior notes amounting to US$600 million in June (withdrawal in July), becoming one of the few real estate companies to issue USD senior notes in the first half of 2017. The actual average interest rate 4.72% and further reduced the Group's average financing cost.

Fourthly, the Group obtained five-year syndicated loan facilities of HKD10 billion with a HIBOR+1.35% interest rate for the Tai Wo Ping Project in Kowloon, Hong Kong, which provided continuous capital support for the development of offshore project.

Last but not least, the issue of the first Commercial Mortgage Backed Securities (CMBS) was approved by China Securities Institution in June 2017. The registered amount is RMB2.5 billion. This laid a strong foundation for the Group to expand financing channels and achieve sustainable development.

In view of the steady operating and financial performance of the Group, several credit rating agencies upgraded the rating of the Group and its subsidiaries. In July 2017, Standard & Poor's, maintained the Group's long-term corporate credit rating at "BB+" and upgraded the outlook from negative to stable. In June 2017, Dagong Global Credit Rating Co., Ltd. upgraded the corporate credit rating of Shimao Jianshe, a subsidiary of the Group, from "AA+" to "AAA". In May 2017, United Rating Co., Ltd. upgraded the corporate credit rating of Shanghai Shimao, a subsidiary of the Group, from "AA+" to "AAA".

To handle the tight restriction on real estate financing market, the Group has taken steps to reduce the average financing cost. The Group strengthened the appraisal of financing cost by announcing the monthly ranking of financing costs of all the districts and imposed stringent control over the financing costs based on the change of market interest rates. The Group also selected the best option after comparing various solutions for the same project, replaced old loans with new ones, and negotiated for lower contracted interest rate. Last but not least, the Group explored various financing channels and received several approval of innovative financing activities. As a result, average financing cost dropped from 5.8% in the full year of 2016 to 5.6% during the first half of 2017.

Foreign Exchange Risks

The Group's foreign exchange exposure is mainly derived from the borrowings denominated in USD and HKD.

The Group is paying closely attention to the fluctuation of the foreign exchange rate and actively taking measures to mitigate the risk of exchange rate fluctuation, including control the portion of borrowings dominated in foreign currency and adopted appropriate financial derivatives. The Group recorded foreign exchange gain of RMB489 million during the first half of 2017 due to the appreciation of RMB exchange rate.

Pledge of Assets

As of 30 June 2017, 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 RMB47.856 billion to secure bank facilities granted to the Group. The corresponding bank and other loans amounted to approximately RMB12.143 billion.

Contingencies

As of 30 June 2017, the Group had provided guarantees for approximately RMB24.853 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 RMB6.945 billion in its portion of equity interests in certain associated companies and joint ventures for their borrowings.

Capital and Property Development Expenditure Commitments

As of 30 June 2017, the Group had contracted capital and property development expenditure but not provided for amounted to RMB44.832 billion.

Employees and Remuneration Policy

As of 30 June 2017, the Group employed a total of 7,895 employees. Total remuneration for the period amounted to approximately RMB841 million. The Group has adopted a performance-based rewarding system to motivate its staff. The Board adopted a share award scheme (the "Share Award Scheme") of the Company on 30 December 2011. The purpose of the Share Award Scheme is to recognize the contributions by outstanding 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 regularly provided different types of programmes for its staff to improve their skills and develop their respective expertise.

UNAUDITED INTERIM RESULTS

The Board is pleased to present the unaudited consolidated results of the Group for the six months ended 30 June 2017 together with comparative figures. These interim financial statements have not been audited, but have been reviewed by the Company's Audit Committee.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

		Unaudited	
		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Revenue	*3(a)*	**35,821,777**	30,016,400
Cost of sales		**(25,230,859)**	(21,549,397)
Gross profit		**10,590,918**	8,467,003
Fair value gains on investment properties		**358,536**	1,276,104
Other income/other gains – net		**172,316**	670,723
Selling and marketing costs		**(557,632)**	(425,439)
Administrative expenses		**(1,678,451)**	(1,608,077)
Other operating expenses		**(126,067)**	(129,073)
Operating profit		**8,759,620**	8,251,241
Finance income		**729,117**	226,044
Finance costs		**(373,632)**	(682,146)
Finance income/(costs) – net		**355,485**	(456,102)
Share of results of associated companies and joint ventures		**(134,611)**	(187,096)
Profit before income tax		**8,980,494**	7,608,043
Income tax expense	7	**(3,614,371)**	(3,229,181)
Profit for the period		**5,366,123**	4,378,862
Other comprehensive (losses)/income:			
Item that may be reclassified to profit or loss			
Fair value (losses)/gains on available-for-sale financial assets, net of tax		**(37,059)**	23,868
Translation reserves		**(297)**	–
Other comprehensive (losses)/income		**(37,356)**	23,868
Total comprehensive income for the period		**5,328,767**	4,402,730

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

		Unaudited	
		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Profit for the period attributable to:			
Equity holders of the Company		**3,879,244**	3,028,329
Non-controlling interests		**1,486,879**	1,350,533
		5,366,123	4,378,862
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**3,857,112**	3,042,392
Non-controlling interests		**1,471,655**	1,360,338
		5,328,767	4,402,730
Earnings per share for profit attributable to the equity holders of the Company			
– Basic (RMB cents)	*9*	**114.95**	87.55
– Diluted (RMB cents)	*9*	**114.77**	87.48

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2017

	Note	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
ASSETS			
Non-current assets			
Property and equipment		**13,954,024**	13,493,658
Investment properties		**33,042,086**	32,270,913
Land use rights		**8,246,941**	8,218,571
Intangible assets		**1,840,658**	1,840,658
Associated companies		**1,316,289**	912,465
Joint ventures		**9,374,824**	9,183,425
Amounts due from related parties		**1,675,784**	1,923,231
Available-for-sale financial assets		**891,848**	941,256
Deferred income tax assets		**2,359,328**	2,298,849
Other non-current assets		**3,150,572**	1,629,639
		75,852,354	72,712,665
Current assets			
Inventories		**124,979,791**	120,342,997
Trade and other receivables and prepayments	4	**19,992,380**	20,256,536
Prepayments for acquisition of land use rights		**19,780,936**	17,950,915
Prepaid income taxes		**2,919,415**	2,691,546
Available-for-sale financial assets		**880,000**	3,000,000
Amounts due from related parties		**5,490,074**	2,623,314
Derivative financial instruments		**12,607**	90,199
Restricted cash		**3,075,155**	2,875,658
Cash and cash equivalents		**18,929,551**	19,359,175
		196,059,909	189,190,340
Total assets		**271,912,263**	261,903,005
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**348,864**	348,864
Share premium		**233,832**	396,083
Reserves			
– Proposed dividend		**1,152,807**	1,318,310
– Retained earnings		**51,341,183**	48,589,859
– Others		**1,811,170**	1,802,935
		54,887,856	52,456,051
Non-controlling interests			
Perpetual capital instruments		**4,500,000**	4,500,000
Other non-controlling interests		**33,720,156**	31,260,942
		38,220,156	35,760,942
Total equity		**93,108,012**	88,216,993

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2017

	Note	**Unaudited 30 June 2017 *RMB'000***	Audited 31 December 2016 *RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**50,900,038**	49,188,203
Finance lease liabilities		**131,989**	222,353
Deferred income tax liabilities		**5,884,974**	5,666,533
		56,917,001	55,077,089
Current liabilities			
Trade and other payables	*5*	**29,988,757**	27,307,614
Dividend payable		**1,293,423**	–
Advanced proceeds received		**30,278,773**	31,903,265
Income tax payable		**12,661,855**	13,682,645
Borrowings		**17,597,292**	17,755,309
Finance lease liabilities		**177,822**	171,420
Amounts due to related parties		**29,889,328**	27,788,670
		121,887,250	118,608,923
Total liabilities		**178,804,251**	173,686,012
Total equity and liabilities		**271,912,263**	261,903,005

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Shimao Property Holdings Limited (the "Company") was incorporated in the Cayman Islands on 29 October 2004 as an exempted company with limited liability under the Cayman Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is principally engaged in investment holding. The principal activities of the Company and its subsidiaries (together, the "Group") are property development, property investment and hotel operation in the People's Republic of China (the "PRC").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 5 July 2006.

This interim condensed consolidated financial information is presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, and was approved for issue on 29 August 2017.

This interim condensed consolidated financial information has been reviewed, not audited.

This interim condensed consolidated financial information for the six months ended 30 June 2017 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with HKFRSs.

2. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements.

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

(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 2017:

HKAS 7 (Amendments) "Statement of cash flows" is effective for annual periods beginning on or after 1 January 2017. The amendments introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

HKAS 12 (Amendments) "Income taxes" is effective for annual periods beginning on or after 1 January 2017. The amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

HKFRS 12 (Amendment) "Disclosure of interest in other entities" is effective for annual periods beginning on or after 1 January 2017. The amendment is part of the annual improvements to HKFRSs 2014-2016 cycle. It clarifies that the disclosure requirement of HKFRS 12 is applicable to interest in entities classified as held for sale except for summarised financial information.

Amendments to HKFRSs effective for the financial year ending 31 December 2017 do not have a material impact on the Group.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are issued but not effective for annual periods beginning 1 January 2017, and have not been early adopted.

Currently related to the Group:

		Effective for annual periods beginning on or after
HKFRS 1 (Amendment)	First time adoption of HKFRS	1 January 2018
HKFRS 2 (Amendments)	Share-based payment	1 January 2018
HKFRS 4 (Amendments)	Insurance contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HK (IFRIC) 22	Foreign currency transactions and advance consideration	1 January 2018
HKAS 28 (Amendment)	Investments in associates and joint ventures	1 January 2018
HKAS 40 (Amendments)	Investment property	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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 six months ended 30 June 2017. 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.

(c) Perpetual capital instruments

Perpetual capital instruments with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

3. SEGMENT INFORMATION

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

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

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

(a) Revenue

Turnover of the Group consists of the following revenue recognised during the period:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Sales of properties	**34,167,300**	28,589,225
Hotel operation income	**810,805**	667,436
Rental income from investment properties	**377,006**	415,080
Others	**466,666**	344,659
	35,821,777	30,016,400

(b) Segment information

The segment results for the six months ended 30 June 2017 are as follows:

	Property development and investment				
	Shanghai Shimao Co., Ltd. ("Shanghai Shimao")*	Others	Hotel Operation	Unallocated**	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
– Sales of properties	9,475,608	24,691,692	–	–	34,167,300
– Hotel operation income	106,100	–	704,705	–	810,805
– Rental income from investment properties	290,860	86,146	–	–	377,006
– Others	220,768	245,898	–	–	466,666
Total revenue	10,093,336	25,023,736	704,705	–	35,821,777
Operating profit/(loss)	3,823,117	5,327,617	94,451	(485,565)	8,759,620
Finance income	35,887	195,408	582	497,240	729,117
Finance costs	(128,031)	(123,279)	(14,004)	(108,318)	(373,632)
Share of results of					
– Associated companies	(157)	141,321	–	–	141,164
– Joint ventures	(11,770)	(264,005)	–	–	(275,775)
Profit/(loss) before income tax	3,719,046	5,277,062	81,029	(96,643)	8,980,494
Income tax expense					(3,614,371)
Profit for the period					5,366,123
Other segment items are as follows:					
Capital and property development expenditure	7,089,663	23,298,234	417,646	–	30,805,543
Fair value gains/(losses) on investment properties	516,765	(158,229)	–	–	358,536
Fair value loss on derivative financial instruments	–	–	–	(52,090)	(52,090)
Depreciation	35,911	36,738	138,150	30,358	241,157
Amortisation of land use rights	4,806	325	28,873	–	34,004
(Reversal)/provision for impairment of receivables	(16,736)	4,735	–	–	(12,001)

* *The Group owns an effective equity interest of 58.92% in Shanghai Shimao.*

** *Unallocated mainly represent corporate level activities.*

The segment results for the six months ended 30 June 2016 are as follows:

	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	5,892,314	22,696,911	–	–	28,589,225
– Hotel operation income	41,561	–	625,875	–	667,436
– Rental income from investment properties	282,187	132,893	–	–	415,080
– Others	150,943	193,716	–	–	344,659
Total revenue	6,367,005	23,023,520	625,875	–	30,016,400
Operating profit	1,993,163	6,293,792	7,510	(43,224)	8,251,241
Finance income	73,859	138,487	427	13,271	226,044
Finance costs	(119,501)	(173,308)	(14,070)	(375,267)	(682,146)
Share of results of					
– Associated companies	(2)	84,105	–	–	84,103
– Joint ventures	(77,612)	(193,587)	–	–	(271,199)
Profit/(loss) before income tax	1,869,907	6,149,489	(6,133)	(405,220)	7,608,043
Income tax expense					(3,229,181)
Profit for the period					4,378,862
Other segment items are as follows:					
Capital and property development expenditure	6,798,141	17,897,209	945,393	–	25,640,743
Fair value gains on investment properties	405,294	870,810	–	–	1,276,104
Fair value gains on derivative financial instruments	–	65,174	–	–	65,174
Write-off of intangible assets	–	26	–	–	26
Depreciation	19,218	44,500	138,322	17,454	219,494
Amortisation of land use rights	2,880	3,329	45,094	–	51,303
Provision for impairment of receivables	1,197	–	–	–	1,197

* *The Group owns an effective equity interest of 58.92% in Shanghai Shimao.*

** *Unallocated mainly represent corporate level activities.*

The segment assets and liabilities as at 30 June 2017 are as follows:

	Property development and investment			
	Shanghai Shimao *RMB'000*	Others *RMB'000*	Hotel operation *RMB'000*	Total *RMB'000*
Associated companies	**200,255**	**1,116,034**	**–**	**1,316,289**
Joint ventures	**2,055,152**	**7,319,672**	**–**	**9,374,824**
Intangible assets	**1,709,730**	**–**	**130,928**	**1,840,658**
Other segment assets	**76,294,923**	**160,007,504**	**16,898,219**	**253,200,646**
Total segment assets	**80,260,060**	**168,443,210**	**17,029,147**	**265,732,417**
Deferred income tax assets				**2,359,328**
Available-for-sale financial assets				**1,771,848**
Derivative financial instruments				**12,607**
Other assets				**2,036,063**
Total assets				**271,912,263**
Borrowings	**15,933,076**	**26,514,128**	**581,200**	**43,028,404**
Other segment liabilities	**29,552,976**	**59,670,341**	**13,272,586**	**102,495,903**
Total segment liabilities	**45,486,052**	**86,184,469**	**13,853,786**	**145,524,307**
Corporate borrowings				**25,468,926**
Deferred income tax liabilities				**5,884,974**
Other liabilities				**1,926,044**
Total liabilities				**178,804,251**

The segment assets and liabilities as at 31 December 2016 are as follows:

	Property development and investment			
	Shanghai Shimao	Others	Hotel operation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associated companies	169	912,296	–	912,465
Joint ventures	2,066,922	7,116,503	–	9,183,425
Intangible assets	1,709,730	–	130,928	1,840,658
Other segment assets	73,525,911	151,943,817	16,148,122	241,617,850
Total segment assets	77,302,732	159,972,616	16,279,050	253,554,398
Deferred income tax assets				2,298,849
Available-for-sale financial assets				3,941,256
Derivative financial instruments				90,199
Other assets				2,018,303
Total assets				261,903,005
Borrowings	15,456,370	22,128,581	586,400	38,171,351
Other segment liabilities	30,981,287	56,813,299	12,564,720	100,359,306
Total segment liabilities	46,437,657	78,941,880	13,151,120	138,530,657
Corporate borrowings				28,772,161
Deferred income tax liabilities				5,666,533
Other liabilities				716,661
Total liabilities				173,686,012

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

4. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Bidding deposits for land use rights *(Note (a))*	**10,020,467**	10,434,729
Trade receivables *(Note (c))*	**4,419,178**	4,623,286
Prepayments for construction costs	**1,816,112**	1,832,733
Prepaid business taxes on pre-sale proceeds	**741,265**	1,039,979
Loan receivables *(Note (b))*	**723,050**	–
Other receivables	**2,272,308**	2,325,809
	19,992,380	20,256,536

Notes:

(a) Bidding deposits for land use rights mainly represented deposits the Group placed with various municipal governments for the participation in various 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 amount will be fully refunded.

(b) As at 30 June 2017, loan receivables of RMB723,050,000 (31 December 2016: nil) were secured by the pledge of certain properties, notes receivable or credit guaranty of borrowers, bearing interest at a range from 4.8% to 14.4% per annum and repayable within one year.

(c) Trade receivables mainly arose from sales of properties and receivables arising from property management service, rental income and others. Consideration in respect of properties sold is receivable in accordance with the terms of the related sales and purchase agreements. The ageing analysis of trade receivables at respective balance sheet dates is as follows:

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Within 90 days	**3,180,019**	3,714,529
Over 90 days and within 365 days	**799,040**	527,704
Over 365 days	**440,119**	381,053
	4,419,178	4,623,286

Trade receivables are analysed as follows:

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Fully performing under credit terms	**3,594,482**	3,690,031
Past due but not impaired	**824,696**	933,255
	4,419,178	4,623,286

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

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Within 90 days	**229,103**	375,422
Over 90 days and within 365 days	**340,703**	225,516
Over 365 days	**254,890**	332,317
	824,696	933,255

As the Group normally holds the properties 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 30 June 2017 (31 December 2016: Nil).

As at 30 June 2017, provision for impairment of other receivables was approximately RMB176,750,000 (31 December 2016: RMB188,751,000).

As at 30 June 2017, the fair value of trade receivables, bidding deposits for land use rights, loan receivables and other receivables of the Group approximate their carrying amounts, as the impact of discounting is not significant.

As at 30 June 2017 and 31 December 2016, trade and other receivables of the Group were mainly denominated in RMB.

5. TRADE AND OTHER PAYABLES

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Trade payables *(Note (a))*	**24,206,076**	21,220,985
Other taxes payable	**1,672,173**	1,070,753
Accrued expenses	**1,613,837**	1,670,331
Other payables *(Note (b))*	**2,496,671**	3,345,545
	29,988,757	27,307,614

Notes:

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

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Within 90 days	**23,774,646**	20,371,754
Over 90 days and within 1 year	**431,430**	849,231
	24,206,076	21,220,985

(b) Other payables comprise:

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Deposits received from customers	**1,350,048**	1,235,158
Payables for equity interest	**–**	1,045,000
Fees collected from customers on behalf of government agencies	**75,842**	144,105
Deposits from constructors	**496,610**	356,455
Rental deposits from tenants and hotel customers	**514,422**	463,658
Others	**59,749**	101,169
	2,496,671	3,345,545

6. COMMITMENTS

(a) Commitments for capital and property development expenditure

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Contracted but not provided for		
– Property and equipment and investment properties	**1,396,540**	1,114,851
– Land use rights (including those related to associated companies and joint ventures)	**17,492,568**	15,975,981
– Properties being developed for sale	**25,942,799**	25,840,875
	44,831,907	42,931,707

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	30 June 2017 *RMB'000*	31 December 2016 *RMB'000*
Within 1 year	**144,773**	145,786
After 1 year but within 5 years	**374,761**	419,248
After 5 years	**166,557**	190,850
	686,091	755,884

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**1,933,082**	2,216,544
– PRC withholding income tax	**74,569**	19,942
– PRC land appreciation tax	**1,474,478**	991,320
	3,482,129	3,227,806
Deferred income tax		
– PRC enterprise income tax	**42,242**	1,375
– PRC withholding income tax	**90,000**	–
	132,242	1,375
	3,614,371	3,229,181

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profit in Hong Kong for the period.

(b) PRC enterprise income tax

PRC enterprise income tax is provided for at 25% of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for PRC enterprise income tax purpose.

(c) PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost of land use rights, borrowing costs, business taxes and all property development expenditures. The tax is incurred upon transfer of property ownership.

(d) PRC withholding income tax

According to the new Enterprise Income Tax Law of the PRC, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong.

Gain on disposal of an investment in the PRC by overseas holding companies may also be subject to withholding tax of 10%.

8. DIVIDENDS

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Final dividends paid of HK44 cents (2015: HK40 cents) per ordinary share *(Note (a))*	**1,318,310**	1,163,728
Proposed interim dividends of HK40 cents (2016: HK32 cents) per ordinary share *(Note (b))*	**1,152,807**	954,318
Other dividends paid	**105,246**	118,542
	2,576,363	2,236,588

Notes:

(a) A final dividend in respect of the year ended 31 December 2016 of HK44 cents per ordinary share, amounting to approximately HK$1,490,290,000 (equivalent to RMB1,318,310,000) was proposed at the Company's board meeting held on 29 March 2017, and was approved at the annual general meeting of the Company held on 19 June 2017.

(b) An interim dividend in respect of the six months ended 30 June 2016 of HK26 cents per ordinary share and a special dividend of HK6 cents per ordinary share, amounting to approximately HK$1,111,222,000 (equivalent to RMB954,318,000) were paid in September 2016.

At a meeting held on 29 August 2017, the Board declared an interim dividend of HK40 cents per ordinary share for the six months ended 30 June 2017, amounting to approximately HK$1,354,809,000 (equivalent to RMB1,152,807,000). This proposed dividend is not reflected as a dividend payable in this condensed consolidated financial information.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2017	2016
Profit attributable to the equity holders of the Company *(RMB'000)*	**3,879,244**	3,028,329
Weighted average number of ordinary shares in issue *(thousands)*	**3,374,770**	3,459,008
Basic earnings per share *(RMB cents)*	**114.95**	87.55

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 assuming they were exercised.

	Six months ended 30 June	
	2017	2016
Profit attributable to the equity holders of the Company *(RMB'000)*	**3,879,244**	3,028,329
Weighted average number of ordinary shares in issue *(thousands)*	**3,374,770**	3,459,008
Adjustments for shares granted under Share Award Scheme *(thousands)*	**5,200**	2,928
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**3,379,970**	3,461,936
Diluted earnings per share *(RMB cents)*	**114.77**	87.48

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2017 except for one deviation, namely, code provision A.2.1.

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

Mr. Hui Wing Mau ("Mr. Hui") is the Chairman of the Company and the 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors 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 six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2017, 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 6,087,500 shares of the Company at a total consideration of approximately HK$73,498,000.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has today declared an interim dividend of HK40 cents per ordinary share for the six months ended 30 June 2017. The dividend will be payable on Friday, 29 September 2017 to shareholders whose names appear on the register of members of the Company on Thursday, 14 September 2017.

The register of members of the Company will be closed on Wednesday, 13 September 2017 and Thursday, 14 September 2017 for the purpose of ascertaining shareholders' entitlement to the interim dividend. During these two days no transfer of shares will be registered. In order to qualify for the interim 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 12 September 2017.

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

Hong Kong, 29 August 2017

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