

Chairman's Statement

On behalf of the Board of Directors (the "Board") of Shimao Property, I am pleased to report the interim results of the Group for the six months ended 30 June 2006.

During the period under review, total turnover of the Group was RMB2,191.5 million, representing an increase of 11.1 times as compared with the corresponding period last year. Net profit attributable to shareholders increased by 1.3 times as compared with the same period in 2005, amounting to RMB703.6 million (2005: RMB305.8 million). Basic earnings per share was RMB0.309 (2005: RMB0.171).

Management analysis showed that after eliminating certain non-cash items (including fair value adjustment, land appreciation tax, fair value gain on an investment property and impairment of goodwill), net profit attributable to shareholders increased by 34.2 times compared with the same period in 2005, amounting to RMB799.5 million (2005: RMB22.7 million).

As stated in the Listing Prospectus, the Company intends to pursue a dividend payout policy of between 30% and 40% of its consolidated profit attributable to shareholders for the financial year ending 31 December 2006.

2006 is a year of paramount importance to Shimao Property. On 5 July 2006, the Company became listed on the Main Board of The Stock Exchange of Hong Kong Limited and have successfully become a player in the global capital markets, marking a new era for the Group's business development. Proceeds from the Global Offering amounted to HK\$4,059.3 million (equivalent of RMB4,178.6 million) with the over-allotment option fully exercised by International Underwriters. Such an achievement has reflected investors' great confidence towards the prospect of China's real estate market and of Shimao Property.

In the first half of 2006, the central government announced a series of new land and property measures aiming at reining in the overheating economy, and encouraging a steady and healthy development in the property market. In the face of such challenges facing by industry players, our leading position in the property market in the PRC, renowned brand name, strategic focus on large development projects; and our numerous competitive strengths have all enabled us to anticipate steady growth and outperform other players in the industry. These includes our huge land bank reserves; a seasoned management team; a diversified product portfolio; strong sales and marketing capabilities; and our good relationship with international business partners and the support from financial investors, we are convinced that the Company will achieve steady growth and outperform other competitors in the industry.

Looking ahead, the great strides in China's economy will result in the continuous surge in the demand for housing. Greater purchasing power is expected to result from income rises. In addition, the robust growth in the retail and business sectors would signify an ever increasing demand for large shopping malls and office buildings. On the other hand, a thriving tourism industry in China will create greater demand in hotel accommodations, thereby bringing in new business opportunities for the Group. While we will further strengthen our brand name and endeavour to advance product innovation, portfolio diversification, increase our proportion of investment properties in prime locations and develop a balanced income stream and enlarge our land bank reserves in a disciplined manner, in order to reinforcing our position as a leading high quality real estate developer.

On behalf of the management of Shimao Property, I would like to express my sincere gratitude to our shareholders and business partners for their steadfast support and trust, and also to our employees for their dedication. I am confident that together we can achieve even greater success for the year as a whole.

Hui Wing Mau
Chairman

Hong Kong, 31 August 2006