



Cultivating **LIFESTYLE**

Realising Urban **DREAMS**

締造生活品位 成就城市夢想



SHIMAO PROPERTY HOLDINGS LIMITED

世茂房地產控股有限公司

(於開曼群島註冊成立的有限公司)

(Incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code: 813

INTERIM REPORT 2011 中期報告

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Hui Wing Mau (*Chairman*)

Hui Sai Tan, Jason (*Vice Chairman*)

Yao Li

Tung Chi Shing

Liu Sai Fei

Xu Younong

Independent Non-executive Directors

Kan Lai Kuen, Alice

Lu Hong Bing

Lam Ching Kam

AUDIT COMMITTEE

Kan Lai Kuen, Alice (*Committee Chairman*)

Lu Hong Bing

Lam Ching Kam

REMUNERATION COMMITTEE

Hui Wing Mau (*Committee Chairman*)

Kan Lai Kuen, Alice

Lu Hong Bing

Lam Ching Kam

NOMINATION COMMITTEE

Hui Wing Mau (*Committee Chairman*)

Kan Lai Kuen, Alice

Lu Hong Bing

Lam Ching Kam

CHIEF FINANCIAL OFFICER

Hui Wai Man, Lawrence

COMPANY SECRETARY

Lam Yee Mei, Katherine

AUDITOR

PricewaterhouseCoopers

PRINCIPAL BANKERS

Agricultural Bank of China Limited

China Construction Bank Corporation

Standard Chartered Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman KY1-1106
Cayman Islands

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 4307-12, 43rd Floor
Office Tower
Convention Plaza
1 Harbour Road, Wanchai
Hong Kong

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
Stock code: 813

INVESTOR AND MEDIA RELATIONS

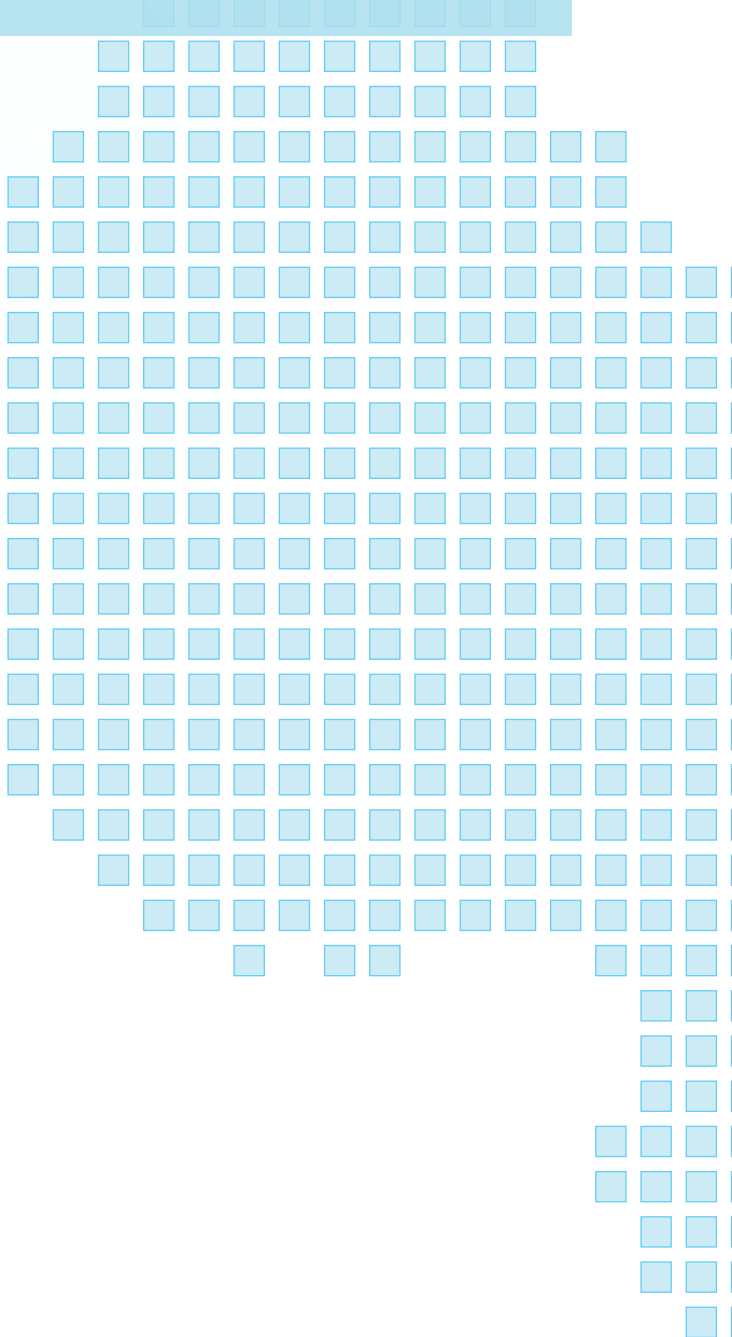
Investor Relations Department
Email: ir@shimaoproperty.com
Tel: (852) 2511 9968
Fax: (852) 2511 0278

THE LOCATION OF OUR CURRENT PROJECTS

01. **Shanghai**
Shanghai Shimao Riviera Garden
Shanghai Shimao International Plaza and
Le Royal Meridien Shanghai
Shanghai Shimao Sheshan Villas and
Shanghai Le Meridien Sheshan
Hyatt On The Bund Shanghai
Shanghai Shimao Wonderland
Shanghai Shimao Emme County
Shanghai Shimao Shangdu
02. **Beijing**
Beijing Shimao Olive Garden
Beijing Shimao Tower
Beijing Shimao Gongsan Plaza
Beijing Shimao Royal Garden
03. **Nanjing** Shimao Bund New City
04. **Kunshan**
Kunshan Shimao Butterfly Bay
Kunshan Shimao International City and
Kunshan Shimao East No. 1
Kunshan Shimao Mall
05. **Changshu** Shimao The Center
06. **Suzhou** Shimao Canal Scene
07. **Wuxi** Shimao Capital
08. **Changzhou** Shimao Champagne Lakeside Garden
09. **Xuzhou** Shimao Dongdu
10. **Taizhou** Shimao Riverside Garden
11. **Hangzhou**
Hangzhou Shimao Riviera Garden
Hangzhou Shimao Imperial Landscape
Hangzhou Shimao West Lake
Hangzhou La Cite
Hangzhou Shimao Riviera COSMO
Hangzhou Shimao Yuhang II
12. **Shaoxing** Shimao Dear Town
13. **Jiaxing** Shimao Century Park
14. **Ningbo**
Ningbo Shimao World Gulf
Ningbo Shimao Riviera Garden
15. **Yantai** Shimao No. 1 The Harbour
16. **Qingdao**
Qingdao Shimao Century Land
Qingdao Jiaonan Commercial Project
17. **Tianjin**
Tianjin Shimao Wetland Century
Tianjin Jinnan New City
18. **Dalian**
Dalian Shimao Glory City
Dalian Lvshunkou Shimao Project II
Dalian Shimao Dragon Bay
19. **Wuhan**
Wuhan Shimao Splendid River
Wuhan Shimao Dragon Bay
20. **Wuhu** Shimao Riviera Garden
21. **Xianyang** Shimao Urban Complex
22. **Harbin** Shimao Riviera New City
23. **Shenyang**
Shenyang Shimao Wulihe
Shenyang Shimao Count Mountain
24. **Chengdu**
Chengdu Shimao The Park
Chengdu Meng Zhui Wan Project
25. **Mudanjiang**
Mudanjiang Shimao Holiday Landscape
Mudanjiang Shimao South Bund
Mudanjiang Holiday Inn
26. **Fuzhou**
Fuzhou Shimao Skyscrapers
Fuzhou Shimao Bund Garden
Fuzhou Minhou Dragon Bay
Fuzhou Shimao Guling Project
27. **Xiamen**
Xiamen Shimao Riverside Capital Project
Xiamen Shimao Mo Sky Mansion
28. **Guangzhou** Asian Game City
29. **Nanchang** Honggutun Project
30. **Changsha**
Changsha Shimao Brilliant Bay
Changsha Shimao Commercial Project
31. **Jinan** Shimao International Plaza
32. **Fujian Jinjiang** Shimao Dragon Bay
33. **Huizhou** Fumao Venetian Project
34. **Hainan Wenchang** Moon River Project

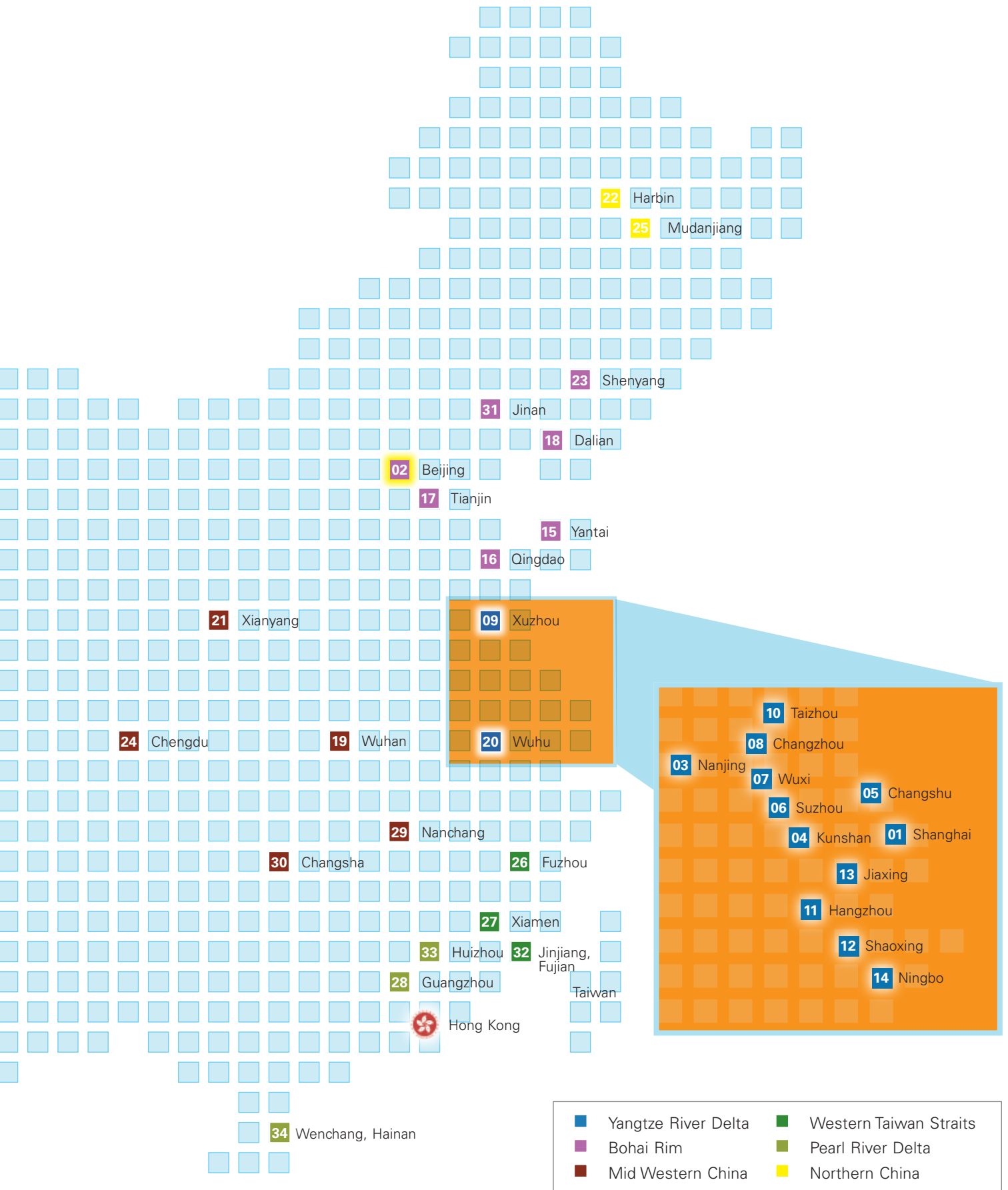
Attributable Land Bank of 38.1 Million Sq.m.

Yangtze River Delta	34.3%
Bohai Rim	24.2%
Mid-Western China	17.2%
Western Taiwan Straits	11.1%
Pearl River Delta	7.1%
Northern China	6.1%



- Shimao Property
- Shanghai Shimao
- Integrated Project

THE LOCATION OF OUR CURRENT PROJECTS



CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the interim results of Shimao Property Holdings Limited ("Shimao Property" or the "Company", and together with its subsidiaries, the "Group") for the six months ended 30 June 2011.

2011 INTERIM RESULTS

During the period under review, the domestic real estate market entered a period of in-depth correction across a prolonged transaction cycle. This was mainly as a result of the government's ongoing series of macro control policies, which have included purchase restrictions and price restrictions in major cities designed to curb overheating property prices. Due to the slowdown in sales alongside ongoing project completions, inventory of new properties in major cities has tended to rise; at the same time the customer structure has changed as speculation has been dampened, so that first-time purchasers now account for a higher percentage of transactions than in the past. These changes are forcing industry players to reshape themselves in terms of their product positioning, their business presence across different cities, and their pricing and selling strategies.

To address these market changes, Shimao Property strategically shifted its focus to second and third-tier cities where demand from potential owner-occupiers is strong. Under its turnover acceleration strategy the Company included speed of sales in its project monitoring indicators, while seeking to construct more ordinary small and medium-sized residential properties. As a result, results for the first half of 2011 were better than those of the corresponding period of last year despite the impact of stringent macro controls on the real estate market.

During the period under review, revenue of RMB12.2 billion was recognized, representing an increase of 21.4% over the same period in 2010. Operating profit increased by 62.4% to approximately RMB6.2 billion. Profit for the period amounted to RMB3.8 billion, a significant increase of 59.3% compared with the same period in 2010. Excluding fair value gains after tax on investment properties of RMB1,542.9 million (1H 2010: RMB756.3 million), net profit from core business amounted to approximately RMB2.3 billion (1H 2010: RMB1.6 billion), representing a year-on-year increase of 38.7%. As a token of gratitude for the support of our shareholders, the board of directors of the Company (the "Board") declared the payment of an interim dividend of HK22 cents (1H 2010: HK15 cents) per share for the six months ended 30 June 2011.

MARKET REVIEW AND OUTLOOK

During the first half of 2011, China's economy maintained its strong momentum, with growth of 9.6%. In July, the domestic consumer price index rose by 6.5% year-on-year. To prevent overheating and curb inflation, the People's Bank of China increased the Renminbi benchmark deposit and lending interest rates three times from the beginning of the year. As a result of this tightening of liquidity, the scale of total lending in China experienced a year-on-year decrease, presenting a challenge for Chinese enterprises in terms of funding turnover and conducting prudent operations.

CHAIRMAN'S STATEMENT

Recently, the dim outlook for the US economy and the European sovereign debt crisis added to the instability of the global economy. On 9 August, Premier Wen Jiabao called an executive meeting of the State Council to study international financial trends and their impact, and develop appropriate countermeasures. The meeting noted how tumbling international financial markets had destabilized global economic recovery, and asserted the need for China to be well prepared against risks. The meeting also agreed on the need to maintain consistent macro economic policies while improving their relevance, flexibility and foresight; implement macro controls with rational consideration of strength, pace and focus; and build up a sound relationship between the goals of steady growth, economic restructuring and inflation control, slowing price hikes to secure healthy economic growth and introducing all-round measures for economic and financial stability. In short, the government will continue to exercise tight monetary policies to curb inflation.

The Group set down a targeted contracted sales of RMB36 billion for 2011, which was 18% higher than the realized contracted sales of RMB30.5 billion for 2010. The Group realized contract sales of RMB14.3 billion in the first half of 2011, representing 39.7% of the target for the entire year, as compared to the sales realized in the corresponding period of last year which accounted for 37% of the annual target. According to apparent statistics, the peak season for the Group's sales is the second half of the year. As most of the planned pre-sale permits will be obtained during the second half of the year, the Group expects to boost sales during the second half of 2011.

In view of the heightened regulatory policies over the property market put forward by the central government and their increasingly strong enforcement with the purchase restriction policy currently applicable to first-tier cities extended to second and third-tier cities, dealings in the property market will be slowed down, leading to an even more ferocious market competition and a greater challenge for the development of enterprises.

Therefore, the Group has made continuous effort in improving its internal management, including further strengthening its financial position, design and production of innovative products capability and improving the quality of projects so as to enhance brand name and brand loyalty.

FINANCIAL OPTIMIZATION

Given its slightly higher net gearing ratio as compared to its peers, Shima Property has been optimizing its financial position, with an aim to reduce its gearing ratio from 75% as at 30 June 2011 to about 60% by the end of 2011. Such reduction is to be achieved mainly by accelerating sales, enhancing cash flows for the Group, reducing GFA under construction and adjusting land acquisition strategies.

The Company possesses sufficient cash to support its business development. As at 30 June 2011, the Group had cash of approximately RMB12.2 billion as well as ample land reserves and access to reliable financing channels, which will ensure the completion of the sales target set down at the beginning of this year. As at 30 June 2011, the Group had an attributable land bank of 38.1 million sq.m.. With sufficient land reserve in hand for future development, the Company has adjusted its land acquisition strategies. The Company will only consider acquisitions of land when the progress of sales is up to certain standard and the amount for land acquisition of each year shall not be higher than the excess of the realized sales amount over the sales target of that year.

CHAIRMAN'S STATEMENT

Furthermore, Shimao Property's high brand recognition gives the Group advantage with national financial institutions including Bank of China. As at 30 June 2011, the Group had utilizable credit facilities of RMB12.4 billion, giving it a solid foundation for diversifying its financing channels. During the period, the Company consolidated its financial standing through various financing means including domestic loans and the senior notes of USD350 million issued overseas in March 2011. While improving its cash flows, the Company was able to further optimize its debt structure, which helped create healthier financial fundamentals.

PRODUCT INNOVATION FOR MULTIFACETED OPERATIONS

To minimize the impact of policy changes on its profitability and to avoid risks, the Group has introduced an integrated business model for its three principal businesses: medium and high-end residential properties, commercial properties, and tourism properties. As this business model took effect, the potential policy and market risks associated with a single business greatly diminished.

The Company's core business remains the development of medium and high-end residential properties. Since purchase restriction policies were imposed, the Group has accelerated its expansion into China's second and third-tier market where owner-occupied properties are most needed. In those regions where Shimao Property has an established presence, most of its customers are owner-occupiers. To cater for the demands of different buyers, the Group established the Research & Design Division in 2011, which introduced diversified products. It introduced small villas and enlarged the supply of small apartments in cities under the purchase restriction, which achieved remarkable outcomes. In the first half of 2011, the Group's revenue from property sales reached RMB11.5 billion, representing a year-on-year increase of 22.1%.

Furthermore, during the period, the Company continued to promote residential energy saving and environmental protection, and formulated comprehensive product standards for green building in line with its green strategy. Multiple environmental and sustainability features were incorporated in all newly developed projects, including improvements relating to air and water quality, refuse treatment, energy-water-power economy, interior living environments, operation management and decor. Tianjin Shimao Wetland-Century, one of the green offerings developed by Shimao Property, is a pioneering example of a low-carbon luxury residence that is receiving worldwide recognition: its ecological showroom won the "Green Mark Gold Award" from the Building and Construction Authority (BCA) of Singapore in 2011. Shimao Property has also carefully selected appropriate upstream and downstream partners to gradually forge a "green industry chain" to achieve more comprehensive energy saving and environmental protection features in its developments. Through the Group's communications and other promotional efforts, not only did suppliers and contractors gain an enhanced understanding of energy saving and green awareness, but so did consumers, leading to an increase in their recognition of the benefits of green properties and their subsequent purchase rate.

Regarding sales of properties and related business by Shanghai Shimao Co., Ltd. ("Shanghai Shimao"), contribution of operating profit was RMB2.4 billion, a year-on-year increase of RMB1.0 billion or 66.3%. With surging improvements in its indicators for the first half of 2011 as compared with the first half of 2010, Shanghai Shimao maintained its leading position among listed commercial real estate companies.

CHAIRMAN'S STATEMENT

Shanghai Shimao's commercial property business is carefully aligned with government macro policy trends, especially the priority given to advanced manufacturing and modern service industries under the 12th Five-year Plan. In light of policies for "developing a modern service industry", Shanghai Shimao is focusing on its core business of commercial property development. Its multifaceted operations include the development of plazas, department stores, cinemas and child-focused businesses, as part of a unique and fully integrated commercial operation model that is aiming to achieve rapid development and results for its commercial property development and multifaceted commercial operations.

In the meantime, the Group has expedited its tourism properties business. As an important branch of the tertiary industry under the 12th Five-year Plan, the tourism industry in China enjoys enormous prospects for the future. The Group's unique strategic positioning for tourism properties involves a threefold strategy: development of large-scale comprehensive tourism projects (including international tourism and holiday resorts, sports and leisure resorts, and recreation and health communities); development of large-scale tourism and commercial complexes focusing on theme parks; and development of hotel operations as urban business complexes. In a word, the Group aims to redefine the tourism and hotel industry by structuring its three business segments to include hotel, theme park and health sectors. The Group plans to integrate its existing hotel resources with its new "Shimao Carnival" series products to forge a tourism business complex that comprises exhibition centres, theme parks, health care and leisure facilities.

HIGH QUALITY AND A NEW STARTING POINT

In 2011, the Group took the all-around upgrading of product quality as one of its top priorities for the year. Quality is a top priority for the rapid expansion of the Group's regional business units. The Quality Assurance Division strictly monitors and supervises the quality of constructions. The Group also improved its product design to constantly upgrade the residential quality and value of its properties to the satisfaction of its customers.

The Quality Assurance Division monitors the customer service, property management and sales divisions as well as the regional directors to conduct a five-party check and delivery. Product quality assessment is being strengthened through the mutual support and the check-and-balance mechanisms in place among the Group's customer service, property management and sales divisions, which allows different business units to collaborate and interact effectively, and through check-and-balance to identify potential weaknesses for rectification.

PROSPECTS

We firmly believe in the strongly positive long-term development prospects for the property market, supported as it is by such fundamental drivers as the massive and unprecedented trend towards urbanization in China. The Government's regulatory policies, aimed mainly at controlling excesses in the market, may cause short-term lulls in the industry, but we believe they are essential for placing the property market on a sound footing for healthy long-term growth. As for the possibility of further regulatory measures being implemented, such as the home purchase restriction being extended to second or third-tier cities, the Group has been implementing counter strategies to minimize the impact on our sales. We do believe the China real estate market will turn a new historical page after and the pace of market correction and consolidation would gradually pick up and the market share of major developers will increase gradually. As a result, the development of the real estate market is expected to be more certain, reasonable and consistent along time in the future, and consequently the market will become more mature and stable.

CHAIRMAN'S STATEMENT

COMMUNICATION WITH SHAREHOLDERS

The Group will continue its efforts in maintaining high standards of corporate governance in order to better protect shareholders' interests. Given the diverse backgrounds of our shareholders, transparency of governance needs to be enhanced to balance the interests of different groups of shareholders. We keep updating our Group's website to facilitate the effective communication with our shareholders. The timely and most updated corporate information such as FAQs and quarterly disclosures can be obtained via our website. We will continue to adhere to the Group's corporate governance policies and ensure the appropriate utilization of our precious resources so as to create and enhance shareholder value.

APPRECIATION

On behalf of the Board, I would like to thank our shareholders, partners, and customers for their tremendous support, as well as local governments for their co-operative assistance. I would also like to take this opportunity to express my heartfelt gratitude to our directors, management and staff for their enormous contributions. Their support and care have brought the Group success and enabled it to achieve our stated goals.

Hui Wing Mau

Chairman

Hong Kong, 31 August 2011

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

PROPERTY DEVELOPMENT

1) *Recognized Sales Revenue*

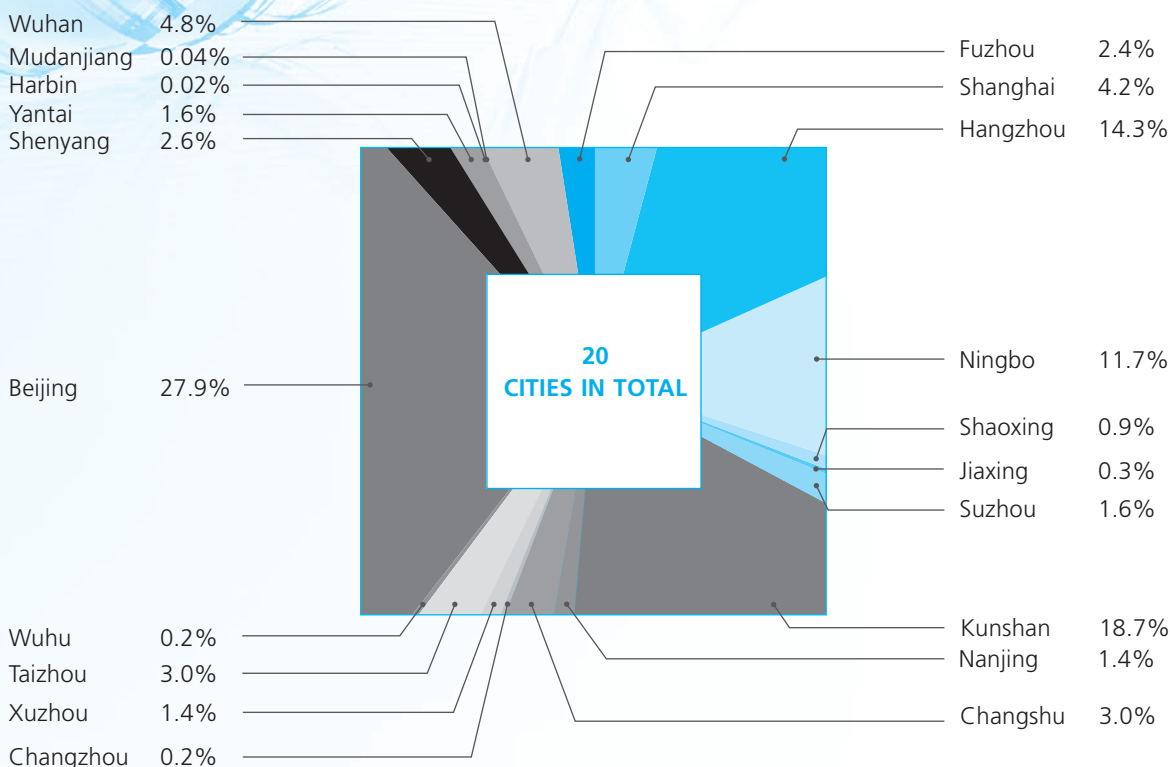
The Group generates its turnover primarily by engaging in property development, property investment and hotel operations. The Group's turnover for the six months ended 30 June 2011 grew by 21.4% to RMB12.2 billion from RMB10.0 billion for the corresponding period in 2010. During the period, revenue from property sales climbed to RMB11.5 billion, 22.1% more than the corresponding period of 2010, and accounted for 94.5% of total revenue. The average recognized selling price increased by 37.0% to RMB12,803 per sq.m. in the first half of 2011, from RMB9,347 per sq.m. in the first half of 2010. A higher unit price was recorded for the sales of individual projects when compared with the corresponding period of last year. Despite the fact that a much higher proportion of project sales was made in second-tier cities in the period, soaring selling prices since the beginning of 2011 resulted in a higher average recognized selling price. Projects recognized by the Group in the first half of 2011 totalled 25, an increase compared with 23 in the first half of 2010.

Property Development – Recognized Sales in 1H 2011

Projects	Turnover (RMB million)	Salable GFA Booked (sq.m.)	Average Selling Price (RMB/sq.m.)
Beijing Shimao Gongsan Plaza	2,475	57,474	43,063
Hangzhou Shimao Riviera Garden	1,641	131,701	12,460
Ningbo Shimao World Gulf	1,346	128,339	10,488
Kunshan Shimao Butterfly Bay	1,309	160,210	8,171
Kunshan Shimao International City and Kunshan Shimao East No.1	842	112,371	7,493
Beijing Shimao Royal Garden	730	15,354	47,545
Wuhan Shimao Splendid River	547	57,394	9,531
Shanghai Shimao Riviera Garden	452	5,748	78,636
Changshu Shimao The Center	349	35,904	9,720
Taizhou Shimao Riverside Garden	345	61,416	5,617
Shenyang Shimao Wulihe	300	34,604	8,670
Fuzhou Shimao Skyscrapers	270	14,388	18,766
Yantai Shimao No. 1 The Harbour	187	21,531	8,685
Suzhou Shimao Canal Scene	183	16,010	11,430
Nanjing Shimao Bund New City	160	8,349	19,164
Xuzhou Shimao Dongdu	155	7,270	21,320
Shaoxing Shimao Dear Town	98	11,715	8,365
Jiaxing Shimao Century Park	32	6,777	4,722
Shanghai Shimao Emme County	28	2,904	9,642
Wuhu Shimao Riviera Garden	26	4,633	5,612
Changzhou Shimao Champagne Lakeside Garden	18	1,968	9,146
Mudanjiang Shimao Holiday Landscape	5	1,438	3,477
Harbin Shimao Riviera New City	2	340	5,882
Beijing Shimao Olive Garden	1	390	2,564
Fuzhou Shimao Bund Garden	1	120	8,333
Total	11,502	898,348	12,803

MANAGEMENT DISCUSSION AND ANALYSIS

Recognised Sales Revenue by City



2) Steady Sales Growth Built Confidence In Meeting Annual Sales Target

In property sales, in the first half of 2011, the Group's contracted sales amounted to RMB14.3 billion, representing year-on-year growth of 26% (1H 2010: RMB11.323 billion), while the total contracted sales area reached 1,093,023 sq.m. (1H 2010: 1,008,012 sq.m.). Meanwhile, the average selling price rose to RMB13,039 per sq.m. this year, against RMB11,233 per sq.m. last year. Taking into account the existing salable area of 1.4 million sq.m. at the end of the first half of 2011, the 2.2 million sq.m. to be rolled out in the second half of the year, together with the 1.1 million sq.m. sold in the first half of the year, the Group's total saleable area for the year is expected to reach approximately 4.7 million sq.m..

3) Completion of Development Projects and Plans Fulfilling Expectations

Despite the unbalanced schedule of completion across the year, with most projects to be completed in the second half year, the total GFA completed by the Group in the first half of 2011 reached approximately 1.07 million sq.m., compared to 1.68 million sq.m. in the same period of last year. The Group's projects nationwide all proceeded satisfactorily on schedule during the year. Yet in view of the market changes, the Group also reduced some construction projects in cities where purchase restrictions were in force, resulting in the construction area falling from the planned approximately 10 million sq.m. to 7.7 million sq.m.. As at 30 June 2011, the Group had a total of 68 projects developed and under development in 34 cities. Looking ahead through the year, the GFA planned for completion by the Group will reach approximately 3.4 million sq.m., up by 26% compared with 2.7 million sq.m. in 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Completion Breakdown in 1H 2011

Projects	GFA Completed (sq.m.)	Group's interest in Project
Shimao Property		
Kunshan Shimao Butterfly Bay	227,090	100%
Ningbo Shimao World Gulf	203,014	100%
Hangzhou Shimao Riviera Garden	164,298	100%
Kunshan Shimao East No. 1	112,767	100%
Taizhou Shimao Riverside Garden	82,205	100%
Wuhan Shimao Splendid River	57,649	96%
Beijing Shimao Royal Garden	44,857	100%
Shenyang Shimao Wulihe	39,786	100%
Wuhan Shimao Dragon Bay	5,436	100%
Sub Total	937,102	
Shanghai Shimao		
Xuzhou Shimao Dongdu (Commercial)	75,094	64%
Beijing Shimao Gongsan Plaza	44,890	64%
Wuhan Shimao Dragon Bay (Commercial)	5,436	64%
Kunshan Shimao International City	2,824	64%
Sub Total	128,244	
Total (Shimao Property + Shanghai Shimao)	1,065,346	

MANAGEMENT DISCUSSION AND ANALYSIS

Project Completion Schedule in 2H 2011

Projects	GFA (sq.m.)
Shimao Property	
Ningbo Shimao World Gulf	287,993
Ningbo Shimao Riviera Garden	211,728
Shenyang Shimao Wulihe	137,536
Suzhou Shimao Canal Scene	118,867
Wuhan Shimao Splendid River	111,561
Tianjin Shimao Wetland Century	108,472
Xuzhou Shimao Dongdu	105,875
Wuhu Shimao Riviera Garden	100,246
Chengdu Shimao The Park	100,000
Taizhou Shimao Riverside Garden	96,087
Changzhou Shimao Champagne Lakeside Garden	93,515
Shaoxing Shimao Dear Town	82,000
Xiamen Shimao Riverside Capital Project	71,729
Shanghai Shimao Emme County	50,000
Harbin Shimao Riviera New City	49,624
Xianyang Shimao Urban Complex	40,065
Jiaxing Shimao Century Park	33,671
Sub Total	1,798,969
Shanghai Shimao	
Hangzhou Shimao Riviera COSMO	164,416
Kunshan Shimao International City	96,733
Changshu Shimao The Center (Commercial)	95,035
Nanjing Shimao Bund New City	77,296
Xuzhou Shimao Dongdu (Commercial)	68,258
Shaoxing Shimao Dear Town (Commercial)	49,170
Sub Total	550,908
Total (Shimao Property + Shanghai Shimao)	2,349,877

MANAGEMENT DISCUSSION AND ANALYSIS

4) Steady Expansion of Land Bank Ensuring Sustainable Development

As it is expected that existing macro policies will be maintained throughout the year, the Company is remaining prudent in land acquisition. During the first half of 2011, the Company acquired three parcels of premium land with a total planned GFA of approximately 2.30 million sq.m. in Jinjiang of Fujian Province, Wenchang of Hainan Province and Guling of Fujian Province. In terms of land cost, the average accommodation value of the new land reserve was approximately RMB1,694 per sq.m. The above figures highlight the Company commitment to expanding its land bank reserve in a disciplined manner and adhering to prudent management, thereby enabling it to strike a balance between achieving rapid development and managing risks effectively. As at 30 June 2011, the land bank attributable to the Group was 38.1 million sq.m. and the average land cost was RMB1,649 per sq.m.. The relatively low land cost should help ensure a higher profit margin in the future.

As at 30 June 2011, Shimao Property had an attributable land bank of 38.1 million sq.m., making it one of the leading real estate developers in China in terms of land bank reserves. Geographically, new land parcels acquired by Shimao Property in 2011 were situated in second and third-tier cities at provincial capital level. These are cities with enormous development potential and emerging real estate markets, helping create the scope for project development while minimizing risks.

Particulars of lands parcels acquired by the Company in 1H 2011 are set out as follows:

Projects	Acquisition Date	Usage	Attributable Land Cost (RMB billion)	Attributable Interest	Attributable Planned GFA ('000 sq.m.)	Estimated Cost per sq.m. (RMB)	Expected Pre-sale Date of the First Phase	Estimated ASP of the First Phase (RMB)
Shimao Property								
1. Fujian Jinjiang Dragon Bay	Feb	Tourism Property/ Residential	3.150	100%	1,760	1,790	August 2011	13,000
2. Hainan Wenchang Moon River Project	Mar	Tourism Property/ Residential	0.333	100%	400	833	2012	12,000
3. Fuzhou Guling Project	Mar	Tourism Property/ Residential	0.360	100%	109	3,302	2012	40,000
Total (Approximately)			3.843		2,269	1,694		

PROPERTY INVESTMENT

The commercial property sector witnessed dynamic growth momentum as driven by the government's ongoing roll-out of macro control policies in the real estate market in the first half of 2011, coupled with the unveiling of property tax, purchase restrictions and down payment hike.

During the period under review, turnover of the Group from leasing of investment properties amounted to RMB196.0 million, representing an increase of 48.4% over the corresponding period last year. The Group's commercial properties continued to perform satisfactorily and achieve stable returns, reflecting the effectiveness of the Group's strategy for diversifying its property portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Properties – Operating Performance

Retail & Office	Total GFA (sq.m.)	Date of Commencing Operation	1H 2011 Revenue (RMB million)	1H 2010 Revenue (RMB million)	Growth (%)
Shanghai Shimao International Plaza	71,239	Dec 2004 – Ph. I, May 2007 – Ph. II	79.7	76.7	4
Beijing Shimao Tower	70,175	2008	42.5	37.6	13
Changshu Shimao The Center	43,357	1Q 2009 – Retail	13.0	6.4	103
Shanghai Shimao Shangdu	9,585	Nov 2010	17.6	5.9	198
Shaoxing Shimao Dear Town	181,605	May 2010	35.2	–	–
Suzhou Shimao Canal Scene	49,993	Jun 2010	4.9	5.5	(11)
Miscellaneous rental income	–	–	3.1	–	–
Others	–	–	40.2	26.4	52
Total	425,954		236.2	158.5	49

Completed Investment Properties in 2011	Status	GFA (sq.m.)
Shaoxing Shimao Dear Town (Commercial)	Completed	181,605
Kunshan Shimao Mall	Completed	88,249
Beijing Shimao Gongsan Plaza	Completed	77,562
Beijing Shimao Tower	Completed	70,175
Xuzhou Shimao Dongdu (Commercial)	Completed	61,825
Suzhou Shimao Canal Scene (Commercial)	Completed	49,993
Changshu Shimao The Center (Commercial)	Completed	43,357
Shenyang Shimao Wulihe (Commercial)	Completed	40,904
Wuhu Shimao Riviera Garden (Commercial)	Completed	35,364
Shanghai Shimao Shangdu (Commercial)	Completed	9,585
Shanghai Shangwo House	Completed	2,900
Total		661,519

Shimao Property develops commercial properties through its 64% owned subsidiary Shanghai Shimao. In the first half of 2011, Shanghai Shimao contributed revenue of RMB3.3 billion and operating profit of RMB2.4 billion to Shimao Property. At present, Shanghai Shimao has an attributable land bank reserve of approximately 6.46 million sq.m., ranking it as the one of the largest listed real estate developers in China in terms of commercial land reserves. A blueprint of commercial diversification is taking shape for Shanghai Shimao, as a leading player among the listed commercial real estate companies. During the period under review, Shanghai Shimao quickened its pace and stepped up its efforts in property development. Specifically, with an area of 1.01 million sq.m. being put into construction, the construction area reached 3.04 million sq.m.. The area of completed investment properties held by the Company amounted to 0.66 million sq.m..

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of the operation of department stores, Shanghai Shimao continued to focus on the trend of development and market demand of the cities in which its outlets located. Based on the operating conditions of its outlets, Shanghai Shimao endeavored to refine its market positioning, introduced renowned brands into local markets, enhanced the brand images and expanded the scope of services at all outlets. As the peak season arrives in the second half year, it is envisaged that the outlets of Shimao Department Store will make a great stride in operating revenue. During the period under review, Shanghai Shimao proactively conducted preliminary preparation work of the flagship store of Shimao Department Store in Beijing Gongsan Plaza. A wealth of leading brands are to open their outpost in the flagship store. It is expected that the flagship store will officially commence operation by the end of this year.

With regard to plaza operation, centering on the core locations including Shanghai, Shaoxing, Suzhou, Changshu, Kunshan and Xuzhou, Shanghai Shimao's plaza operation secured its foothold in the economic circle of the Yangtze River Delta, with an aim to enhance the brand awareness of Shimao's plazas.

With respect to investment in cinema theatres, in tune with the demand of the film market in Mainland China, the Company strived to innovate the operation mode of the theatre industry by introducing new theme-theatres such as i-Cinema, DE cinema and Star Garden (星空花園). During the period under review, the theatres of Shimao saw dramatic growth in the revenue from ticket sales, peripheral and accessory products as the box office in Mainland China kept scaling new heights. DE cinema with leading cinematic technology has taken the centre stage and opened its first theatre in Yantai Shimao No. 1 The Harbour. Shimao will expand market penetration of its theaters in regions such as Xuzhou, Shenyang and Fuzhou, and 10 new cinema theatres are expected to enter operation by the end of 2011.

As for the business of child entertainment, the Group established "Shitian i Kids" as its important industry extension into the commercial sector. During the period under review, 2 additional child entertainment playgrounds opened in Shaoxing and Shanghai on 28 May and 28 June respectively. To date, Shitian i Kids has opened 4 playgrounds. It is estimated that the number of playgrounds nationwide will hit 10 as of the end of 2011.

HOTEL OPERATIONS

During the first half of 2011, the Group's turnover from hotel operations amounted to RMB435.3 million, a year-on-year drop of 3.1%.

Looking closely at the Shanghai hotel market in the first half year, the post-World Expo effect led to a fall in visitors and conference activities. In addition, a number of international prestige hotels commenced operation around the Shanghai World Expo period, resulting in a short period of oversupply. Nevertheless, the Group's three hotels in Shanghai still outperformed the market average, posting total revenue of RMB428.3 million in the first half of 2011, a year-on-year drop of just 4.7%.

Le Royal Meridien Shanghai and Hyatt on the Bund Shanghai remain among the leading hotels in Shanghai in terms of revenue. Shanghai Le Meridien Sheshan, a five-star international prestige hotel located in the outskirts of Shanghai, continued its pioneering position among its peers in suburban districts.

Mudanjiang Holiday Inn, the only international prestige hotel in the locality, debuted in October 2010 and began to generate profit from the local peak season for hotel business after a run-in period of several months.

MANAGEMENT DISCUSSION AND ANALYSIS

Following on from a strategic cooperation agreement with the Hilton Group regarding eight hotels last year, the Group entered into a further agreement with it in April this year, engaging Hilton as the global manager for another four hotels belonging to Shimao Property located in Changsha, Wuhu, Chunxiao Ningbo and Beilun Ningbo. The hotel in Changsha has been given the “Hilton” name, while the other three hotels will be included under the “Hilton Doubletree” brand.

The Group’s plan is for Shaoxing Shimao Holiday Inn (284 guest rooms) and Nanjing Shimao Riviera Hilton (411 guest rooms) to debut in the second half of the year. By the end of this year, the Group’s hotels in operation are expected to offer almost 2,700 guest rooms in total.

Hotel – Operating Performance

Hotels	No. of Guest Rooms	Date of Commencement of Business	Average Room Rate (RMB/room)		Turnover (RMB million)		EBITDA (RMB million)	
			1H 2011	1H 2010	1H 2011	1H 2010	1H 2011	1H 2010
Shanghai Le Meridien Sheshan	327	Nov 2005	946	906	61.0	58.5	20	20
Le Royal Meridien Shanghai	770	Sep 2006	1,361	1,404	196.3	205.1	90	97
Hyatt on the Bund Shanghai	631	Jun 2007	1,595	1,509	171.0	186.0	55	76
Mudanjiang Holiday Inn	266	Dec 2010	320	-	7.0	-	-	-
Sub-total	1,994				435.3	449.6	165	193

New Hotels in 2H	No. of Guest Rooms	Date of Commencement of Business
Shaoxing Shimao Holiday Inn	284	Sep 2011
Nanjing Shimao Riviera Hilton	411	Nov 2011
Sub-total	695	
Total	2,689	

MANAGEMENT DISCUSSION AND ANALYSIS

Hotel properties are stated at cost less accumulated depreciation and impairment losses (carrying amount) rather than at fair value. In order to provide shareholders with additional non-GAAP information on the net assets value of the Group, the Directors have appointed an independent valuer Vigers Appraisal and Consulting Limited to perform a valuation of the Group's hotel properties as at 30 June 2011. Had the eight hotels, Shanghai Le Meridien Sheshan, Le Royal Meridien Shanghai, Hyatt on the Bund Shanghai, Nanjing Shimao Riviera Hilton, Mudanjiang Holiday Inn, Shaoxing Shimao Crown Plaza, Conrad Xiamen and Shaoxing Shimao Holiday Inn been restated at fair value, the net assets value of the Group would have been increased to RMB6.1 billion. In light of the fair value of these hotels, the adjusted gearing ratio of the Group would be:

	As at 30 June 2011 RMB million	As at 31 December 2010 RMB million
Fair value of above-mentioned hotels	14,279	13,390
Less: Carrying amount	(6,192)	(5,825)
Amounts to adjust from carrying amount to fair value	8,087	7,565
Less: Deferred income taxes	(2,021)	(1,891)
Increase in net assets value if the above-mentioned hotels are stated at fair value	6,066	5,674
Net assets value per consolidated balance sheet	33,480	29,954
Adjusted net assets value	39,546	35,628
Net debt	25,196	20,344
Adjusted gearing ratio	64%	57%

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS

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

	1H 2011 RMB million	1H 2010 RMB million
Revenue	12,173.0	10,024.5
Gross profit	4,918.1	3,322.6
Operating profit	6,182.9	3,807.0
Profit attributable to shareholders	3,297.2	2,109.8
Earnings per share – Basic (RMB)	0.929	0.595

REVENUE

For the six months ended 30 June 2011, the revenue of the Group was approximately RMB12.2 billion (1H 2010: RMB10.0 billion), representing an increase of 21.4% over 2010. 94.5% (1H 2010: 93.9%) of the revenue was generated from the sales of properties and 5.5% (1H 2010: 6.1%) from hotel operation, leasing of commercial properties and others. The components of the revenue are analysed as follows:

	1H 2011 RMB million	1H 2010 RMB million
Sales of properties	11,501.5	9,416.7
Hotel operation income	435.3	449.3
Rental income from investment properties	196.0	132.1
Others	40.2	26.4
Total	12,173.0	10,024.5

MANAGEMENT DISCUSSION AND ANALYSIS

(i) Sales of properties

Sales of properties for the six months ended 30 June 2011 and 2010 are shown below:

	1H 2011		1H 2010	
	Area (Sq.m.)	RMB million	Area (Sq.m.)	RMB million
Beijing Shimao Olive Garden	390	1	240	2
Wuhan Shimao Splendid River	57,394	547	3,996	36
Shaoxing Shimao Dear Town	11,715	98	88,041	718
Harbin Shimao Riviera New City	340	2	13,380	81
Changshu Shimao The Center	35,904	349	95,417	739
Kunshan Shimao Butterfly Bay	160,210	1,309	141,790	998
Shanghai Shimao Sheshan Villas	–	–	18	29
Shanghai Shimao Riviera Garden	5,748	452	4,358	323
Kunshan Shimao East No. 1	112,371	842	174	2
Hangzhou Shimao Riviera Garden	131,701	1,641	53,796	502
Shanghai Shimao Emme County	2,904	28	6,396	75
Wuhu Shimao Riviera Garden	4,633	26	14,147	103
Fuzhou Shimao Skyscrapers	14,388	270	103,150	1,415
Shenyang Shimao Wulihe	34,604	300	138,207	1,120
Suzhou Shimao Canal Scene	16,010	183	126,327	1,126
Jiaxing Shimao Century Park	6,777	32	1,656	9
Changzhou Shimao Champagne Lakeside Garden	1,968	18	87,938	564
Nanjing Shimao Bund New City	8,349	160	74,266	1,194
Fuzhou Shimao Bund Garden	120	1	–	5
Yantai Shimao No.1 The Harbour	21,531	187	10,730	130
Xuzhou Shimao Dongdu	7,270	155	8,288	52
Taizhou Shimao Riverside Garden	61,416	345	29,619	125
Ningbo Shimao World Gulf	128,339	1,346	5,535	69
Mudanjiang Shimao Holiday Landscape	1,438	5	–	–
Beijing Shimao Gongsan Plaza	57,474	2,475	–	–
Beijing Shimao Royal Garden	15,354	730	–	–
Total	898,348	11,502	1,007,469	9,417

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) Hotel income

Hotel operation income are analysed below:

	1H 2011 RMB million	1H 2010 RMB million
Shanghai Le Meridien Sheshan	61.0	58.5
Le Royal Meridien Shanghai	196.3	205.1
Hyatt on the Bund Shanghai	171.0	185.7
Mudanjiang Holiday Inn	7.0	–
Total	435.3	449.3

Hotel operation income decreased approximately 3.1% to RMB435.3 million from RMB449.3 million over the first half of 2010. The slight decrease was mainly due to the smaller number of tourists after Shanghai World Expo 2010.

(iii) Rental income and others

Rental income from investment properties amounted to RMB196.0 million. The rental income increased by 48.4% mainly due to the commencement of leasing of Shaoxing Shimao Dear Town from the second half year of 2010 as well as the growth in number of units leased out in Changshu Shimao Shopping Mall and Shanghai Shimao Shangdu Tower.

Other income amounted to RMB40.2 million (1H 2010: RMB26.4 million) derived from operation of department stores and cinemas.

	1H 2011 RMB million	1H 2010 RMB million
Shanghai Shimao International Plaza	79.7	76.7
Beijing Shimao Tower	42.5	37.6
Changshu Shimao Shopping Mall	13.0	6.4
Shanghai Shimao Shangdu Tower	17.6	5.9
Suzhou Shimao Canal Scene	4.9	5.5
Shaoxing Shimao Dear Town	35.2	–
Miscellaneous rental income	3.1	–
Others	40.2	26.4
Total	236.2	158.5

COST OF SALES

Cost of sales increased by 8.3% to approximately RMB7.3 billion for the six months ended 30 June 2011 from RMB6.7 billion for the six months ended 30 June 2010, primarily due to the increase in cost of properties sold which is in line with the increase in sales.

MANAGEMENT DISCUSSION AND ANALYSIS

The cost of sales is analysed as follows:

	1H 2011 RMB million	1H 2010 RMB million
Sales taxes	677.5	527.2
Land cost, construction cost and capitalised borrowing costs	6,406.4	5,981.2
Direct operating costs for hotels, commercial properties and others	171.0	193.5
Total	7,254.9	6,701.9

FAIR VALUE GAINS ON INVESTMENT PROPERTIES

During the period under review, the Group recorded aggregate fair value gains of RMB2,057.2 million (1H 2010: fair value gains RMB1,008.4 million) on investment properties, mainly contributed by the addition in number of investment properties and further increase in value of certain completed investment properties.

OTHER GAINS

Other gains of RMB429.8 million for the six months ended 30 June 2011 (1H 2010: RMB194.5 million) included mainly government grants and net foreign exchange gain. The increase was primarily due to more net foreign exchange gain recognised and government grants received in the first half of 2011.

SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES

Selling and marketing costs for the period was RMB272.4 million (1H 2010: RMB208.7 million). The increase was mainly due to the increased number of projects with selling activities. Administrative expenses for the period was RMB846.8 million (1H 2010: RMB457.5 million). Administrative expenses increased by 85.1% which was mainly due to increase in labour cost and corporate and office expenses with the expansion of business during the period. In addition, for the six months ended 30 June 2010, the Group wrote back provision for impairment of completed properties held for sale of RMB144.9 million, while there was no such write-back during the first half of 2011.

OPERATING PROFIT

Operating profit amounted to RMB6,182.9 million for the six months ended 30 June 2011, an increase of 62.4% over the first half of 2010.

FINANCE COSTS – NET

Net finance costs increased to RMB349.8 million (1H 2010: RMB217.8 million) mainly due to more interest expenses incurred for increased borrowings during the period.

SHARE OF RESULTS OF ASSOCIATED COMPANIES & JOINTLY CONTROLLED ENTITIES

Share of profits of associated companies amounted to RMB119.9 million (1H 2010: nil) in the first half of 2011, which was mainly derived from Guangzhou Asian Game City Project. Share of profit of jointly controlled entities amounted to RMB18.9 million (1H 2010: RMB7.8 million).

MANAGEMENT DISCUSSION AND ANALYSIS

TAXATION

The Group's tax provisions amounted to RMB2,155.4 million in which PRC land appreciation tax ("LAT") was RMB639.2 million for the period (1H 2010: RMB1,201.5 million, in which LAT was RMB333.6 million).

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders for the period increased by 56.3% from RMB2,109.8 million in the first half of 2010 to RMB3,297.2 million in 2011.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2011, total assets of the Group were RMB104.8 billion, of which current assets reached RMB64.4 billion. Total liabilities were RMB71.3 billion, whereas non-current liabilities were RMB32.1 billion. Equity attributable to shareholders of the Company amounted to RMB29.3 billion.

As of 30 June 2011, the Group had aggregate cash and bank balances (including restricted cash balances) of approximately RMB12.2 billion (31 December 2010: RMB13.7 billion) and total borrowings amounted to approximately RMB37.4 billion (31 December 2010: RMB34.1 billion). Total net borrowings were RMB25.2 billion (31 December 2010: RMB20.4 billion). Net gearing ratio increased from 67.9% as at 31 December 2010 to 75.3% as at 30 June 2011.

The maturity of the borrowings of the Group as at 30 June 2011 is set out as follows:

	RMB million
Bank borrowings and borrowings from other financial institutions	
Within 1 year	8,076
Between 1 and 2 years	12,602
Between 2 and 5 years	4,805
Over 5 years	4,398
Senior notes	
Over 5 years	7,564

The borrowings denominated in different currencies are set out below:

	Original currency million	RMB equivalent million
US\$	1,654	10,703
HK\$	2,547	2,118
RMB	24,624	24,624

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCING ACTIVITIES

On 8 March 2011, the Group issued a total of US\$350 million senior notes due on 8 March 2018.

On 3 May 2011, the Group completed the redemption of floating rate notes issued in 2006 with the principal amount of US\$250 million.

FOREIGN EXCHANGE RISKS

Other than financing activities such as foreign currency borrowings which were denominated in foreign currencies, the Group conducts its business almost exclusively in RMB. The Group would be affected mainly by the outstanding foreign currency borrowings which mainly include US\$440 million syndicated loans, US\$1,200 million senior notes and HK\$2,547 million bank loans as at 30 June 2011.

PLEDGE OF ASSETS

As of 30 June 2011, the Group had pledged property and equipment, investment properties, land use rights, available-for-sale financial assets, properties under development, completed properties held for sale and restricted cash with a total carrying amount of RMB29.5 billion to secure bank and other borrowings of the Group. The corresponding bank and other loans amounted to approximately RMB24.3 billion.

CONTINGENT LIABILITIES

As of 30 June 2011, the Group had provided guarantees for approximately RMB7.1 billion in respect of the mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. In addition, the Group had provided guarantees for approximately RMB1.8 billion in its portion of equity interests in an associated company and a jointly controlled entity for their borrowings.

CAPITAL AND PROPERTY DEVELOPMENT EXPENDITURE COMMITMENTS

As of 30 June 2011, the Group had contracted capital and property development expenditure but not provided for amounting to RMB37.7 billion.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2011, the Group employed a total of 4,476 employees. Total remuneration for the period amounted to RMB296.5 million. The Group has adopted a performance-based rewarding system to motivate its staff. In relation to staff training, the Group also provides different types of programmes for its staff to improve their skills and develop their respective expertise.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS AND SENIOR MANAGEMENT PROFILES

EXECUTIVE DIRECTORS

HUI WING MAU (CHAIRMAN)

Mr. Hui Wing Mau, aged 61, the Chairman and Executive Director of Shimao Property Holdings Limited (the "Company") and the founder of the Group. With over 21 years' experience in property development, property investment and hotel operation, he is primarily responsible for the Group's overall strategic planning and business management. Mr. Hui is currently a member of the National Committee of the Eleventh Chinese People's Political Consultative Conference, vice chairman of the China National Federation of Industry and Commerce, vice president of China Overseas Chinese Entrepreneurs Association, chairman of Shanghai Overseas Chinese Chamber of Commerce, vice chairman of China Housing Industry Association, a council member of the China Overseas Friendship Association, an honorary professor of Tong Ji University in Shanghai and vice chairman of the Beijing University of Chemical Technology. Mr. Hui obtained a Masters Degree in Business Administration from the University of South Australia. Mr. Hui is also the non-executive chairman of Shanghai Shimao Co., Ltd. ("Shanghai Shimao"), a 64.21% owned subsidiary of the Company listed on the Shanghai Stock Exchange, and Shimao International Holdings Limited ("Shimao International"). He is a director of Gemfair Investments Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He has been the Chairman and Executive Director of the Company since 8 November 2004. Mr. Hui is the father of Mr. Hui Sai Tan, Jason, the Vice Chairman and Executive Director of the Company.

HUI SAI TAN, JASON (VICE CHAIRMAN)

Mr. Hui Sai Tan, Jason, aged 34, the Vice Chairman and Executive Director of the Company. He has been the Group Sales Controller since he joined the Group in March 2000. Mr. Jason Hui is responsible for the sales, marketing, management and design of the Group's projects. He has more than 12 years' experience in the property development industry and has presided over the sales and marketing of Shanghai Shimao Riviera Garden which boasted top sales proceeds among residential projects in Shanghai for four consecutive years from 2001 to 2004. Mr. Jason Hui obtained a Master of Science Degree in Real Estate from the University of Greenwich, the United Kingdom in 2001 and a Masters Degree in Business Administration from the University of South Australia in 2004. He is a member of Shanghai Committee of the Chinese People's Political Consultative Conference. He has been an Executive Director and the Vice Chairman of the Company since 17 November 2004 and 21 April 2008 respectively and was an executive director of Shimao International from July 2002 to June 2006. He is also a director of Shanghai Shimao. Mr. Jason Hui is the son of Mr. Hui Wing Mau, the Chairman and Executive Director of the Company.

YAO LI

Ms. Yao Li, aged 56, has been the Group Operations Controller since November 2002. Ms. Yao is responsible for loan finance, management of enterprise operation, human resources, training and administrative support of the Group. Ms. Yao obtained a Masters Degree in Business Administration from the University of South Australia. She has more than 25 years' experience in office administration, human resources management and staff training. Ms. Yao worked for China Construction Bank from 1984 to 2002 and was posted to Hong Kong and Johannesburg between 1994 and 2002. She held various positions in the bank and was the Head of the Hong Kong Training Centre. She was an executive director of Shimao International from February 2004 to February 2005. Ms. Yao has been an Executive Director of the Company since 25 January 2006.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS AND SENIOR MANAGEMENT PROFILES (continued)

EXECUTIVE DIRECTORS (continued)

TUNG CHI SHING

Mr. Tung Chi Shing, aged 51, was appointed an Executive Director of the Company on 1 January 2008. He is responsible for the monitoring of project management for the Group's development projects and quality assurance. Mr. Tung graduated from The Hong Kong Polytechnic University and has worked in the Public Works Department of the Hong Kong Government, Dragages et Travaux Publics, FJT (HK) Ltd. and HCCM Nuclear Power Construction Joint Venture Company as quantity surveyor and was involved in a number of projects including Island Shangri-La and Conrad Hong Kong in Pacific Place, Hong Kong, Phase 1B of the University of Hong Kong, Stanley Fort Married Quarters, the Pumping Station Areas of the Daya Bay Nuclear Power Station and a five-star hotel in Xian, PRC. Mr. Tung was an executive director of Shimao International from February 2005 to December 2007.

LIU SAI FEI

Mr. Liu Sai Fei, aged 49, has joined the Group since 2003 and was appointed an Executive Director of the Company on 1 February 2010. He is currently a Vice President and Regional Project Controller of the Group, responsible for project management of the Group's projects. He obtained a Masters Degree in Project Management from the University of Western Sydney, Australia in 2000. Mr. Liu has over 26 years' experience in architectural design and project management. Prior to joining the Group, he worked for CRG Contractors Dte from 1998 to 2001. From 2001 and 2003, he worked for Shanghai Merry Land Co. Ltd. as project manager.

XU YOUNONG

Mr. Xu Younong, aged 53, has joined the Group since June 2001 and was appointed an Executive Director of the Company on 1 January 2011. He is currently a Vice President and Regional President of the Group, responsible for project management of the Group. Mr. Xu holds a Bachelors degree of engineering from Tong Ji University in Shanghai and has over 27 years' experience in architectural design and project management. Prior to joining the Group, he worked for Shanghai Building Material Industry Design Institute (上海市建築材料工業設計研究院) from 1983 to 1992 as an engineer and designer. From 1993 to 2001, he worked for Shanghai Fortune World Development Company Limited as project manager.

INDEPENDENT NON-EXECUTIVE DIRECTORS

KAN LAI KUEN, ALICE

Ms. Kan Lai Kuen, Alice, aged 56, has been an Independent Non-executive Director of the Company since 16 March 2006 and has more than 19 years' experience in corporate finance. She is a responsible officer of three licensed corporations registered under the Securities and Futures Ordinance, Asia Investment Management Limited, Asia Investment Research Limited and Lotus Asset Management Limited. She is also a shareholder and the managing director of Asia Investment Management Limited and Asia Investment Research Limited. Ms. Kan currently serves as an independent non-executive director on the boards of the following companies which are listed on The Stock Exchange of Hong Kong Limited: Shougang Concord International Enterprises Company Limited, Regal Hotels International Holdings Limited, Sunway International Holdings Limited and China Energine International (Holdings) Limited. She is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Hong Kong Institute of Directors. Ms. Kan held various senior positions in international and local banks and financial institutions.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS AND SENIOR MANAGEMENT PROFILES (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

LU HONG BING

Mr. Lu Hong Bing, aged 44, has been an Independent Non-executive Director of the Company since 17 November 2004. Mr. Lu obtained a Masters Degree in law from the East China University of Politics and Law in 1991 and has more than 18 years' experience in corporate and securities laws in China. Mr. Lu currently serves as an independent director on the boards of the following companies which are listed on the Shanghai Stock Exchange: Shanghai Pudong Road & Bridge Construction Co., Ltd (上海浦東路橋建設股份有限公司), Shanghai Aerospace Automobile Electromechanical Co., Ltd (上海航天汽車機電股份有限公司), Shanghai Jiaoda Onlly Co., Ltd (上海交大昂立股份有限公司), Shanghai Metersbonwe Fashion & Accessories Co., Ltd. (上海美特斯邦威服飾股份有限公司), Shanghai DaZhong Public Utilities (Group) Co., Ltd (上海大眾公用事業(集團)股份有限公司). Mr. Lu is an executive partner of the Grandall Legal Group, a vice-president of the Executive Council of the All China Lawyers Association, an arbitrator of the China International Economic and Trade Arbitration Commission, an arbitrator of the Shanghai Arbitration Committee, a concurrent professor of the East China University of Policies and Law and the Shanghai Institute of Foreign Trade and a commissioner of the public offering commission of the Shanghai Stock Exchange. He was appointed as an independent non-executive director of Shimao International from October 2001 to February 2005.

LAM CHING KAM

Mr. Lam Ching Kam, aged 50, has been an Independent Non-executive Director of the Company since 1 June 2006. He is currently a fellow member and the committee member of the PRC committee (Quantity Surveying Division) of the Hong Kong Institute of Surveyors. Mr. Lam obtained a Masters Degree in Business Administration from the Hong Kong Open University in 2004 and is a fellow member of the Chartered Institute of Building and the Royal Institution of Chartered Surveyors. Mr. Lam was the Vice Chairman of the Royal Institution of Chartered Surveyors China group from 2003 to 2006. He is a member of the China Civil Engineering Society (中國土木工程師學會會員) and also a registered China Costing Engineer (中國造價工程師執業資格). Mr. Lam has been a consultant to the Beijing Construction Project Management Association (北京市建設監理協會) since 2003 and has engaged in professional training and vocational education in China for more than 9 years. Mr. Lam has been in the property development and construction industry for 27 years, and has worked for construction contractors such as Shui On Building Contractors Limited, China State Construction Engineering Corporation and Hopewell Construction Co. Ltd. Mr. Lam was employed as a quantity surveyor and worked in London from 1990 to 1991. He was employed by certain consultant firms and the Architectural Services Department of the Hong Kong Government before he emigrated to Australia in 1996 and operated a project management firm in Sydney. Mr. Lam was the project controller of Sino Regal Ltd. (HK) for investment projects in China from 1994 to 1996. In 1998, Mr. Lam established a surveying and management consultant firm which has been participating in many large-scale projects in China and Macau, including a Beijing Olympic 2008 project involving the hotels, offices towers and commercial complex in Olympic Park, Beijing.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company since the publication of the annual report of the Company for the year ended 31 December 2010 required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") is set out below:

Name of Director

Detail of changes

Independent Non-executive Director

Ms. Kan Lai Kuen, Alice

Resigned as an independent non-executive director of Sunac China Holdings Limited, a company listed on the Stock Exchange, with effect from 8 June 2011.

Retired as an independent non-executive director of G-Vision International (Holdings) Limited, a company listed on the Stock Exchange, with effect from 11 August 2011.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The updated biographical details of the Directors of the Company are set out in the preceding section headed "Directors and Senior Management Profiles".

CORPORATE GOVERNANCE AND OTHER INFORMATION

INFORMATION ON SHARE OPTIONS

The Company adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and a share option scheme (the "Share Option Scheme") on 9 June 2006.

(1) PRE-IPO SHARE OPTION SCHEME

- (a) Movement of share options under the Pre-IPO Share Option Scheme during the six months ended 30 June 2011 was as follows:

Name of Directors	Date of grant (DD/MM/YY)	Exercise price per Share (HK\$)	Number of share options			As at 30 June 2011	Exercise period (DD/MM/YY)	Weighted average closing price of shares immediately before the date(s) on which options were exercised (HK\$)
			As at 1 January 2011	Exercised	Lapsed			
Hui Sai Tan, Jason	09/06/06	5.625	528,000	-	-	528,000	01/04/07-08/06/12	-
Yao Li	09/06/06	5.625	924,000	-	-	924,000	01/04/07-08/06/12	-
Xu Younong	09/06/06	5.625	197,000	-	-	197,000	01/04/07-08/06/12	-
			1,649,000	-	-	1,649,000		-
Senior Management and Employees of the Group	09/06/06	5.625	8,968,750	(1,917,100)	-	7,051,650	01/04/07-08/06/12	11.20
			10,617,750	(1,917,100)	-	8,700,650		

- (b) The purpose of the Pre-IPO Share Option Scheme is to give the participants an opportunity to have a personal stake in the Company and help motivate the participants to optimize their performance and efficiency, and also to retain the participants whose contributions are important to the long-term growth and profitability of the Group.
- (c) Options to subscribe for a total of 63,920,000 ordinary shares of the Company have been granted to directors and selected employees on 9 June 2006.
- (d) Each option has a 6-year exercise period with 30% vesting on 31 March 2007, another 30% vesting on 31 March 2008 and the remaining 40% vesting on 31 March 2009.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INFORMATION ON SHARE OPTIONS (continued)

(1) PRE-IPO SHARE OPTION SCHEME (continued)

- (e) The consideration paid by each grantee for each grant of options is HK\$1.00.
- (f) Performance targets have been imposed as conditions for the grant of options under the Pre-IPO Share Option Scheme.
- (g) Upon listing of the Company on 5 July 2006, the Pre-IPO Share Option Scheme was terminated and no further option may be granted under the Pre-IPO Share Option Scheme. However, the options granted but not yet exercised shall continue to be valid and exercisable in accordance with the terms of the Pre-IPO Share Option Scheme.

(2) SHARE OPTION SCHEME

- (a) The purpose of the Share Option Scheme is to provide the participants the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and the shares of the Company for the benefit of the Company and shareholders of the Company as a whole. The Share Option Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the participants.
- (b) The Directors may, at their discretion, invite any directors, employees and officers of any member of the Group and any advisors, consultants, distributors, contractors, contract manufacturers, agents, customers, business partners, joint venture business partners and service providers of any member of the Group to participate in the Share Option Scheme.
- (c) The total number of shares which may be issued upon exercise of all options (the "Share Options") granted and yet to be exercised under the Share Option Scheme any other share option schemes adopted by the Company must not exceed 30% of the Company's shares in issue from time to time.
- (d) The total number of shares issued and to be issued upon exercise of the Share Options granted to each participant under the Share Option Scheme or any other share option scheme adopted by the Company in any 12-month period must not exceed 1% of the shares of the Company in issue any further grant of Share Options which would result in the number of shares of the Company issued as aforesaid exceeding the said 1% limit must be approved by the shareholders of the Company.
- (e) The exercise price of the Share Options shall be no less than the higher of (i) the closing price of the shares of the Company on the Stock Exchange on the date of grant; (ii) the average closing price of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company on the date of grant.
- (f) The consideration paid by each grantee for each grant of options is HK\$1.00.
- (g) Performance targets have been imposed as conditions for the grant of options under the Share Option Scheme.
- (h) The Share Option Scheme will expire on 8 June 2016.
- (i) No share options was granted under the Share Option Scheme during the six months ended 30 June 2011, nor was there any share option outstanding as at 1 January 2011 and 30 June 2011.

Other details of the Pre-IPO Share Option Scheme and Share Option Scheme are set out in notes 15(B) and 15(C) to the "Condensed Consolidated Interim Financial Information".

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS IN SECURITIES

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2011, the interests and short position of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") (Cap. 571 of the Laws of Hong Kong)) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules were as follows:

(1) Long position in the shares of the Company

Name of Directors	Capacity/Nature of Interests	Number of ordinary shares held	Approximate percentage of issued share capital
Hui Wing Mau	Interest of controlled corporation	2,152,890,000 ^(Note)	60.66%
Hui Sai Tan, Jason	Beneficial owner	1,584,000	0.04%
Yao Li	Beneficial owner	1,188,000	0.03%
Liu Sai Fei	Beneficial owner	437,600	0.01%

Note:

These 2,152,890,000 shares represent the interest in the Company held by Gemfair Investments Limited and Shiyang Finance Limited, companies which are directly wholly-owned by Mr. Hui Wing Mau.

(2) Long position in the underlying shares of the Company

Name of Directors	Capacity/Nature of Interests	Number of underlying shares held	Approximate percentage of issued share capital
Hui Wing Mau	Interest of controlled corporation	28,964,000 ^(Note)	0.82%

Note:

These 28,964,000 shares represent the interest in underlying shares of the Company held through certain unlisted physically settled equity derivatives by Shiyang Finance Limited, a company which is directly wholly-owned by Mr. Hui Wing Mau.

Details of the interests of Directors in the share options were stated in the section under the heading "Information on Share Options".

Save as disclosed above, no other interests or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) were recorded in the Register.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS IN SECURITIES (continued)

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 30 June 2011 was the Company, any of its subsidiaries, or its holding company a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2011, the interests and short position of substantial shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long/short position in the shares or underlying shares of the Company

Name	Nature of interest	Number of shares or underlying shares held	Approximate Percentage of issued share capital
Long position			
Gemfair Investments Limited ("Gemfair")	(Note 1)	1,947,984,000	54.88%
Overseas Investment Group International Limited ("Overseas Investment")	(Note 2)	1,947,984,000	54.88%
Shiyong Finance Limited ("Shiyong Finance")	(Note 3)	233,870,000	6.59%

Notes:

- (1) The interests disclosed represents the interests in the Company which is held by Gemfair, a company which is directly wholly-owned by Mr. Hui Wing Mau.
- (2) The interests disclosed represents the right of Overseas Investment to vote on behalf of Gemfair as a shareholder at general meetings of the Company, pursuant to a deed dated 12 June 2006 between Gemfair and Overseas Investment, as long as Mr. Hui Wing Mau or his associates (directly or indirectly) hold not less than a 30% interest in the Company.
- (3) The interests disclosed represents the interests in the Company which is held by Shiyong Finance, a company which is directly wholly-owned by Mr. Hui Wing Mau.

Save as disclosed above, no other interest or short position in the shares and underlying shares of the Company were recorded in the Register.

CONTINUING DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The Company entered into a credit agreement (the "Credit Agreement") on 14 May 2010 between, among others, the Company as borrower, certain subsidiaries of the Company as guarantors, Standard Chartered Bank (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited, The Bank of East Asia, Limited, Hang Seng Bank Limited and Sumitomo Mitsui Banking Corporation as mandated co-ordinating arrangers and certain financial institutions as lenders, pursuant to which, multi-currency term loan facilities (the "Loan Facilities") in the amount of US\$440,000,000 and HK\$156,000,000 was made available to the Company in the period of June 2010, for a term of 36 months from the date of the Credit Agreement.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CONTINUING DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES (continued)

Pursuant to the Credit Agreement, if Mr. Hui Wing Mau and his family together cease: (i) to be the single largest shareholder of the Company; (ii) to maintain (directly or indirectly) at least 51% beneficial shareholding interest in the issued share capital of the Company; (iii) to have the power to direct the management of the Company, whether through the ownership of voting capital, by contract or otherwise; or (iv) to remain as the chairman of the Board, the commitments under the Loan Facilities may be cancelled and all amounts outstanding under the Loan Facilities may become immediately due and payable.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance which it believes is crucial to the development of the Group and safeguard the interests of the shareholders of the Company.

BOARD OF DIRECTORS

The Board comprises six Executive Directors and three Independent Non-executive Directors. The Company benefits from the collective experience of its Directors, who come from a variety of different backgrounds. Brief biographical particulars of all the Directors, together with information relating to the relationship among them, are set out in the "Directors and Senior Management Profiles" section in this interim report. Their diverse range of business and professional expertise ensures that the Board has the skills and experience necessary to both promote the Company's success and monitor its affairs.

The Board has the collective responsibility for leadership and control of, and for promoting the success of, the Company by directing and supervising the Company's affairs. The Board is committed to the Company's objective of consistent growth and development and increase in shareholder value. The Board sets strategies for the Company and monitors the performance and activities of the executive management.

AUDIT COMMITTEE

The audit committee of the Company consists of three members, namely Ms. Kan Lai Kuen, Alice, Mr. Lu Hong Bing and Mr. Lam Ching Kam. All of them are Independent Non-executive Directors. The chairman of the Audit Committee is Ms. Kan Lai Kuen, Alice.

The primary duties of the Audit Committee are to review the financial reporting process and internal control system of the Company, nominate and monitor external auditor and provide advice and comments to the Directors.

The Audit Committee meets the external auditor at least once a year to discuss any areas of concerns during the audits and considers any matters raised by the staff responsible for the accounting and financial reporting function, compliance officer or auditor. The Audit Committee reviews the interim and annual reports before submission to the Board. The Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual reports.

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2011 have been reviewed by the Audit Committee and the auditor of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE (continued)

REMUNERATION COMMITTEE

The remuneration committee of the Company consists of four members, comprising Mr. Hui Wing Mau and the three Independent Non-executive Directors. The chairman of the Remuneration Committee is Mr. Hui Wing Mau.

The primary functions of the Remuneration Committee are to evaluate the performance and make recommendations on the remuneration package of the directors and senior management and evaluate, make recommendations on the Company's share option schemes, retirement scheme and the performance assessment system and bonus and commission policies.

NOMINATION COMMITTEE

The nomination committee of the Company consists of four members, comprising Mr. Hui Wing Mau and the three Independent Non-executive Directors. The chairman of the Nomination Committee is Mr. Hui Wing Mau.

The primary function of the Nomination Committee is to identify and nominate suitable candidates for the Board's consideration and recommendation to stand for election by shareholders at annual general meeting, or when necessary, make recommendations to the Board regarding candidates to fill vacancies on the Board.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2011 except for one deviation as set out below.

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

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

COMPLIANCE WITH THE 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 Listing Rules as the code of conduct regarding securities transactions by the Directors. All Directors of the Company confirmed they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2011.

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

This interim report is now available in printed form and on the website of the Company.

If shareholders who have received or chosen to receive this interim report by electronic means and (i) wish to receive a printed copy; or (ii) for any reason have difficulty in receiving or gaining access to this report on the Company's website, they may obtain a printed copy free of charge by sending a request to the Company's branch share registrar and transfer office in Hong Kong by email at shimao-ecom@hk.tricorglobal.com or by post to 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

For shareholders who wish to change their choice of language or means of receipt of the Company's future corporate communications, free of charge, they could at any time notify the Company's Registrars by email or by post.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has today declared an interim dividend of HK22 cents per ordinary share for the six months ended 30 June 2011. The dividend will be payable on 27 September 2011 to shareholders whose names appear on the register of members of the Company on 16 September 2011.

The register of members of the Company will be closed on Thursday, 15 September 2011 and Friday, 16 September 2011. 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 14 September 2011.

On behalf of the Board

Hui Wing Mau

Chairman

Hong Kong, 31 August 2011

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2011

	Note	Unaudited 2011 30 June RMB'000	Audited 2010 31 December RMB'000
ASSETS			
Non-current assets			
Property and equipment	6	7,377,665	6,553,628
Investment properties	6	18,322,275	11,854,995
Land use rights	6	2,708,279	2,572,389
Intangible assets	6	2,269,814	2,280,462
Associated companies	7	1,007,740	412,442
Jointly controlled entities	8	4,002,773	3,908,554
Available-for-sale financial assets		325,453	347,823
Deferred income tax assets		1,117,611	1,193,780
Other non-current assets	9	3,238,486	11,750,131
		40,370,096	40,874,204
Current assets			
Properties under development		30,691,705	29,013,883
Completed properties held for sale		4,607,525	4,761,453
Trade and other receivables and prepayments	10	5,337,203	5,124,272
Prepayments for acquisition of land use rights	11	9,000,200	—
Prepaid income taxes		677,220	640,567
Amounts due from related companies	12	1,542,368	1,526,306
Amounts due from a non-controlling interest	13	300,000	—
Restricted cash	14	844,272	1,589,081
Cash and cash equivalents		11,405,433	12,139,549
		64,405,926	54,795,111
Total assets		104,776,022	95,669,315
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	15	362,545	362,384
Reserves			
– Proposed dividend		649,216	754,623
– Others		28,240,578	25,581,827
		29,252,339	26,698,834
Non-controlling interests		4,228,081	3,255,150
Total equity		33,480,420	29,953,984

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2011

	Note	Unaudited 2011 30 June RMB'000	Audited 2010 31 December RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	29,369,210	24,695,507
Deferred income tax liabilities		2,732,277	2,370,209
		32,101,487	27,065,716
Current liabilities			
Trade and other payables	17	12,256,532	11,512,930
Dividend payable		355,270	—
Advanced proceeds received from customers		12,510,030	11,932,050
Income tax payable		5,897,632	5,693,970
Borrowings	16	8,076,279	9,376,655
Amounts due to related parties	18	30,831	30,831
Deferred income		67,541	103,179
		39,194,115	38,649,615
Total liabilities		71,295,602	65,715,331
Total equity and liabilities		104,776,022	95,669,315
Net current assets		25,211,811	16,145,496
Total assets less current liabilities		65,581,907	57,019,700

The notes on pages 43 to 68 form an integral part of this Condensed Consolidated Interim Financial Information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

		Unaudited	
		Six months ended 30 June	
		2011	2010
		RMB'000	RMB'000
	Note		
Revenue	5(a)	12,172,975	10,024,469
Cost of sales	19	(7,254,910)	(6,701,905)
Gross profit		4,918,065	3,322,564
Fair value gains on investment properties		2,057,177	1,008,429
Other gains	20	429,765	194,460
Selling and marketing costs	19	(272,380)	(208,725)
Administrative expenses	19	(846,812)	(457,461)
Other operating expenses	19	(102,897)	(52,265)
Operating profit		6,182,918	3,807,002
Finance income		60,564	27,353
Finance costs		(410,371)	(245,136)
Finance costs – net	21	(349,807)	(217,783)
Share of results of			
– Associated companies		119,908	—
– Jointly controlled entities		18,879	7,796
		138,787	7,796
Profit before income tax		5,971,898	3,597,015
Income tax expense	22	(2,155,428)	(1,201,503)
Profit for the period		3,816,470	2,395,512
Other comprehensive loss:			
Fair value losses on available-for-sale financial assets, net of tax		(16,778)	(274,127)
Total comprehensive income for the period		3,799,692	2,121,385

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

		Unaudited	
		Six months ended 30 June	
		2011	2010
		RMB'000	RMB'000
Note			
Profit for the period attributable to:			
	Equity holders of the Company	3,297,224	2,109,760
	Non-controlling interests	519,246	285,752
		<u>3,816,470</u>	<u>2,395,512</u>
Total comprehensive income for the period attributable to:			
	Equity holders of the Company	3,286,449	1,933,711
	Non-controlling interests	513,243	187,674
		<u>3,799,692</u>	<u>2,121,385</u>
	Dividends	<u>649,216</u>	<u>463,801</u>
Earnings per share for profit attributable to the equity holders of the Company			
	– basic (RMB cents)	92.9	59.5
	– diluted (RMB cents)	92.8	59.4

The notes on pages 43 to 68 form an integral part of this Condensed Consolidated Interim Financial Information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Note	Unaudited			
		Attributable to the equity holders of the Company			Total RMB'000
		Share capital RMB'000	Reserves RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2011		362,384	26,336,450	3,255,150	29,953,984
Profit for the period		—	3,297,224	519,246	3,816,470
Other comprehensive loss					
– Fair value losses on available-for-sale financial assets, net of tax		—	(10,775)	(6,003)	(16,778)
Total comprehensive income for the period		—	3,286,449	513,243	3,799,692
Non-controlling interests arising from acquisition of subsidiaries		—	—	25,500	25,500
Capital contribution from non-controlling interests of subsidiaries		—	—	434,188	434,188
Employee share option scheme					
– Proceeds from shares issued		161	8,929	—	9,090
2010 final dividend	23	—	(742,034)	—	(742,034)
Balance at 30 June 2011		362,545	28,889,794	4,228,081	33,480,420
Balance at 1 January 2010		361,938	22,985,936	2,169,211	25,517,085
Profit for the period		—	2,109,760	285,752	2,395,512
Other comprehensive loss					
– Fair value losses on available-for-sale financial assets, net of tax		—	(176,049)	(98,078)	(274,127)
Total comprehensive income for the period		—	1,933,711	187,674	2,121,385
Acquisition of additional interests in subsidiaries		—	—	(1,055)	(1,055)
Capital contribution from non-controlling interests of subsidiaries		—	—	193,000	193,000
Employee share option scheme					
– Proceeds from shares issued		173	9,555	—	9,728
2009 final dividend		—	(714,565)	—	(714,565)
Balance at 30 June 2010		362,111	24,214,637	2,548,830	27,125,578

The notes on pages 43 to 68 form an integral part of this Condensed Consolidated Interim Financial Information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 June 2011

	Unaudited	
	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Net cash outflow from operating activities	(1,702,674)	(6,034,139)
Net cash outflow from investing activities	(3,349,244)	(786,590)
Net cash inflow from financing activities	4,349,769	8,576,239
	<hr/>	<hr/>
(Decrease)/increase in cash and cash equivalents	(702,149)	1,755,510
Cash and cash equivalents at 1 January	12,139,549	6,918,958
Effect of foreign exchange rate changes	(31,967)	(16,997)
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	<u>11,405,433</u>	<u>8,657,471</u>

The notes on pages 43 to 68 form an integral part of this Condensed Consolidated Interim Financial Information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

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 condensed consolidated interim financial information is presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, and were approved by the Company's board of directors on 31 August 2011.

This condensed consolidated interim financial information has not been audited.

This condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

2 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those used for and described in the annual consolidated financial statements for the year ended 31 December 2010.

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 new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2011:

- HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:
 - The name of the government and the nature of their relationship;
 - The nature and amount of any individually significant transactions; and
 - The extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

2 ACCOUNTING POLICIES (continued)

(A) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP (continued)

- Amendment to HKAS 34 "Interim financial reporting" is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

The adoption of the above new and amended standards does not have any significant impact on the Group's financial statements.

(B) AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS EFFECTIVE IN 2011 BUT NOT RELEVANT TO THE GROUP

- Amendment to HKAS 32 "Classification of rights issues" is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.
- Amendment to HK(IFRIC) – Int 14 "Prepayments of a minimum funding requirement" is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.
- HK(IFRIC) – Int 19 "Extinguishing financial liabilities with equity instruments" is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.
- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA, except for amendment to HKAS 34 "Interim financial reporting" as disclosed above and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

(C) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

- HKFRS 9 "Financial instruments", effective from 1 January 2013.
- HKAS 12 (Amendment) "Deferred tax: Recovery of underlying assets", effective on or after 1 January 2012.
- HKFRS 7 (Amendment) "Disclosures – Transfers of financial assets", effective on or after 1 July 2011.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

3 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2010.

4 FINANCIAL RISK MANAGEMENT

4.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2010.

There have been no significant changes in any risk management policies.

4.2 LIQUIDITY RISK

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

4.3 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's financial instruments carried at fair value are the available-for-sale financial assets, the fair value of which is determined according to valuation method of level 1.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

5 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 financial statements.

(A) REVENUE

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

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Sales of properties	11,501,521	9,416,742
Hotel operation income	435,333	449,278
Rental income from investment properties	196,001	132,024
Others	40,120	26,425
	<u>12,172,975</u>	<u>10,024,469</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

5 SEGMENT INFORMATION (continued)

(B) SEGMENT INFORMATION

The segment results for the six months ended 30 June 2011 are as follows:

	Property development and investment				
	Shanghai Shimao Co., Ltd. ("Shanghai Shimao") RMB'000	Others RMB'000	Hotel Operation RMB'000	Unallocated* RMB'000	Total RMB'000
Revenue					
– Sales of properties	3,120,429	8,381,092	—	—	11,501,521
– Hotel operation income	—	—	435,333	—	435,333
– Rental income from investment properties	127,712	68,289	—	—	196,001
– Others	32,055	8,065	—	—	40,120
Total revenue	<u>3,280,196</u>	<u>8,457,446</u>	<u>435,333</u>	<u>—</u>	<u>12,172,975</u>
Operating profit	2,420,549	3,541,049	32,137	189,183	6,182,918
Finance costs – net	(69,100)	(120,816)	(2,951)	(156,940)	(349,807)
Share of results of					
– Associated companies	—	119,908	—	—	119,908
– Jointly controlled entities	—	18,879	—	—	18,879
Profit before income tax	<u>2,351,449</u>	<u>3,559,020</u>	<u>29,186</u>	<u>32,243</u>	<u>5,971,898</u>
Income tax expense					<u>(2,155,428)</u>
Profit for the period					<u>3,816,470</u>
Other segment items are as follows:					
Capital and property development expenditure	2,314,996	11,228,456	646,793	1,222	14,191,467
Fair value gains on investment properties	1,453,277	603,900	—	—	2,057,177
Impairment of intangible assets	—	10,648	—	—	10,648
Depreciation	8,271	23,049	96,370	10,870	138,560
Amortisation of land use rights	2,692	—	18,602	—	21,294
Provision for/(write back of provision for) impairment of receivables	<u>7,946</u>	<u>(7,096)</u>	<u>—</u>	<u>—</u>	<u>850</u>

* Unallocated mainly represent corporate level activities

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

5 SEGMENT INFORMATION (continued)

(B) SEGMENT INFORMATION (continued)

The segment results for the six months ended 30 June 2010 are as follows:

	Property development and investment		Hotel Operation RMB'000	Unallocated* RMB'000	Total RMB'000
	Shanghai Shimao RMB'000	Others RMB'000			
Revenue					
– Sales of properties	1,759,015	7,657,727	—	—	9,416,742
– Hotel operation income	—	—	449,278	—	449,278
– Rental income from investment properties	56,117	75,907	—	—	132,024
– Others	22,016	4,409	—	—	26,425
Total revenue	<u>1,837,148</u>	<u>7,738,043</u>	<u>449,278</u>	<u>—</u>	<u>10,024,469</u>
Operating profit/(loss)	1,455,884	2,317,804	54,949	(21,635)	3,807,002
Finance costs – net	(54,586)	(92,154)	(42,717)	(28,326)	(217,783)
Share of results of – Jointly controlled entities	—	7,796	—	—	7,796
Profit/(loss) before income tax	<u>1,401,298</u>	<u>2,233,446</u>	<u>12,232</u>	<u>(49,961)</u>	3,597,015
Income tax expense					<u>(1,201,503)</u>
Profit for the period					<u>2,395,512</u>
Other segment items are as follows:					
Capital and property development expenditure	5,329,707	9,006,901	348,710	14,892	14,700,210
Fair value gains on investment properties	808,429	200,000	—	—	1,008,429
Impairment of intangible assets	—	9,200	—	—	9,200
Depreciation	3,211	10,626	120,226	6,940	141,003
Amortisation of land use rights	—	814	12,397	—	13,211
Write back of impairment losses on completed properties held for sale	—	(144,856)	—	—	(144,856)
Write back of provision for impairment of receivables	—	(318)	—	—	(318)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

5 SEGMENT INFORMATION (continued)

(B) SEGMENT INFORMATION (continued)

The segment assets and liabilities as at 30 June 2011 are as follows:

	Property development and investment			Total RMB'000
	Shanghai Shimao RMB'000	Others RMB'000	Hotel operation RMB'000	
Associated companies	—	1,007,740	—	1,007,740
Jointly controlled entities	—	4,002,773	—	4,002,773
Intangible assets	1,709,730	429,156	130,928	2,269,814
Other segment assets	28,805,019	58,007,723	8,588,740	95,401,482
Total segment assets	30,514,749	63,447,392	8,719,668	102,681,809
Deferred income tax assets				1,117,611
Available-for-sale financial assets				325,453
Other assets				651,149
Total assets				104,776,022
Borrowings	8,682,482	13,253,245	1,689,000	23,624,727
Other segment liabilities	7,333,380	19,153,240	4,048,955	30,535,575
Total segment liabilities	16,015,862	32,406,485	5,737,955	54,160,302
Corporate borrowings				13,820,762
Deferred income tax liabilities				2,732,277
Other liabilities				582,261
Total liabilities				71,295,602

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

5 SEGMENT INFORMATION (continued)

(B) SEGMENT INFORMATION (continued)

The segment assets and liabilities as at 31 December 2010 are as follows:

	Property development and investment			Total RMB'000
	Shanghai Shimao RMB'000	Others RMB'000	Hotel operation RMB'000	
Associated companies	2,438	410,004	—	412,442
Jointly controlled entities	—	3,908,554	—	3,908,554
Intangible assets	1,709,730	439,804	130,928	2,280,462
Other segment assets	30,104,525	47,893,854	7,679,969	85,678,348
Total segment assets	<u>31,816,693</u>	<u>52,652,216</u>	<u>7,810,897</u>	92,279,806
Deferred income tax assets				1,193,780
Available-for-sale financial assets				347,823
Other assets				<u>1,847,906</u>
Total assets				<u>95,669,315</u>
Borrowings	7,031,529	13,228,857	1,480,000	21,740,386
Other segment liabilities	3,357,260	21,171,184	4,583,693	29,112,137
Total segment liabilities	<u>10,388,789</u>	<u>34,400,041</u>	<u>6,063,693</u>	50,852,523
Corporate borrowings				12,331,776
Deferred income tax liabilities				2,370,209
Other liabilities				<u>160,823</u>
Total liabilities				<u>65,715,331</u>

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, prepayment and cash balances. They also include goodwill recognised under intangible assets 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, corporate borrowings and deferred income tax liabilities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

6 CAPITAL EXPENDITURE

	Property and equipment RMB'000	Land use rights RMB'000	Investment properties RMB'000	Intangible assets RMB'000	Total RMB'000
Opening net book amount as at 1 January 2011	6,553,628	2,572,389	11,854,995	2,280,462	23,261,474
Additions	967,335	164,647	932,584	—	2,064,566
Amortisation of land use rights	13,095	(13,095)	—	—	—
Transfer from properties under development	—	5,632	3,477,519	—	3,483,151
Fair value gains	—	—	2,057,177	—	2,057,177
Impairment	—	—	—	(10,648)	(10,648)
Depreciation/amortisation charged to the income statement	(138,560)	(21,294)	—	—	(159,854)
Disposals	(17,833)	—	—	—	(17,833)
Closing net book amount as at 30 June 2011	<u>7,377,665</u>	<u>2,708,279</u>	<u>18,322,275</u>	<u>2,269,814</u>	<u>30,678,033</u>
Opening net book amount as at 1 January 2010	5,891,602	3,060,382	6,372,600	2,348,261	17,672,845
Additions	376,042	99,586	—	—	475,628
Amortisation of land use rights	28,506	(28,506)	—	—	—
Transfer to properties under development	(174,992)	(227,955)	—	—	(402,947)
Transfer from properties under development	—	—	1,888,671	—	1,888,671
Fair value gains	—	—	1,008,429	—	1,008,429
Impairment	—	—	—	(9,200)	(9,200)
Depreciation/amortisation charged to the income statement	(141,003)	(13,211)	—	—	(154,214)
Disposals	(1,547)	—	—	—	(1,547)
Closing net book amount as at 30 June 2010	<u>5,978,608</u>	<u>2,890,296</u>	<u>9,269,700</u>	<u>2,339,061</u>	<u>20,477,665</u>

The fair value of the Group's investment properties as at 30 June 2011 is assessed by Vigers Appraisal and Consulting Limited, an independent qualified valuer (31 December 2010: assessed by DTZ Debenham Tie Leung Limited).

As for completed investment properties, the tenanted portions of the properties were valued on the basis of capitalisation of net rental income derived from the existing tenancies with allowance onto the reversionary interest of the properties and made reference to comparable market transactions.

As for investment properties under construction, residual method of valuation is primarily employed. Residual method of valuation essentially involves the gross development value assessment of the hypothetical development to be erected on the property based on the latest development scheme as at the valuation date.

Intangible assets comprise goodwill from acquisitions.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

7 ASSOCIATED COMPANIES

	Six months ended 30 June 2011 RMB'000
Opening balance	412,442
Capital injection	480,229
Share of results	119,908
Transfer to a subsidiary	<u>(4,839)</u>
Ending balance	<u><u>1,007,740</u></u>

The Group's share of the associated companies' aggregated assets and liabilities, all of which are unlisted, and its share of the results are as follows:

	Assets RMB'000	Liabilities RMB'000	Revenue RMB'000	Net profit RMB'000
30 June 2011 and six months ended 30 June 2011	<u><u>5,676,301</u></u>	<u><u>(4,668,561)</u></u>	<u><u>997,982</u></u>	<u><u>119,908</u></u>

8 JOINTLY CONTROLLED ENTITIES

	Six months ended 30 June 2011 RMB'000
Opening balance	1,176,405
Share of results	<u>18,879</u>
Ending balance	1,195,284
Advances to jointly controlled entities	<u>2,807,489</u>
	<u><u>4,002,773</u></u>

The advances are interest-free, unsecured and are not expected to be settled within one year.

The Group's share of the jointly controlled entities' aggregated assets and liabilities, all of which are unlisted, and its share of the results are as follows:

	Assets RMB'000	Liabilities RMB'000	Revenue RMB'000	Net profit RMB'000
30 June 2011 and six months ended 30 June 2011	<u><u>4,628,085</u></u>	<u><u>(3,432,801)</u></u>	<u><u>—</u></u>	<u><u>18,879</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

9 OTHER NON-CURRENT ASSETS

As at 30 June 2011, the Group has made prepayments of RMB2,843,793,000 (31 December 2010: RMB11,255,096,000) for certain land use rights for the purpose to develop hotel buildings, self-used buildings and investment properties, the ownership certificates of which have not been obtained.

As at 30 June 2011, the Group has made prepayments of RMB97,554,000 (31 December 2010: Nil) for acquisition of certain equity interests in an unlisted company.

As at 30 June 2011, RMB297,139,000 (31 December 2010: RMB495,035,000) have been advanced to certain local government authorities for land resettlement and site formation.

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2011 RMB'000	31 December 2010 RMB'000
Deposits for land acquisition and resettlement costs	1,429,480	1,450,656
Trade receivables (note)	1,859,876	2,022,178
Other receivables	587,205	487,418
Prepayments for construction costs	762,147	557,119
Prepaid business taxes on pre-sale proceeds	698,495	606,901
	<u>5,337,203</u>	<u>5,124,272</u>

Note:

Trade receivables are mainly arisen from sales of properties. Consideration in respect of properties sold is paid in accordance with the terms of the related sales and purchase agreements. The ageing analysis of trade receivables at respective balance sheet dates is as follows:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Within 90 days	1,469,001	1,710,853
Over 90 days and within 365 days	328,401	297,947
Over 365 days	62,474	13,378
	<u>1,859,876</u>	<u>2,022,178</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

Trade receivables are analysed as follows:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Fully performing under credit terms	1,292,702	1,471,488
Past due but not impaired	567,174	550,690
	<u>1,859,876</u>	<u>2,022,178</u>

The directors consider that the past due trade receivables would be recovered and no impairment was made against past due receivables as at 30 June 2011 and 31 December 2010.

11 PREPAYMENTS FOR ACQUISITION OF LAND USE RIGHTS

Prepayments for acquisition of land use rights are related to acquisition of land for the purpose to develop properties for sale, the ownership certificates of which have not been obtained as at 30 June 2011.

12 AMOUNTS DUE FROM RELATED COMPANIES

	30 June 2011 RMB'000	31 December 2010 RMB'000
Common directors		
Shimao International Holdings Limited ("Shimao International")	499	520
Shanghai Mason Club Co., Ltd.	161	161
Associated companies		
Beijing Jia Lin Fu Cheng Consultant Co., Ltd.	—	1,000
Guangzhou Li He Property Development Co., Ltd ("Guangzhou Li He") (note)	1,528,506	1,524,625
Straits Construction Investment (Holdings) Limited	10,707	—
Jointly controlled entity		
Tianjin Jinnan New City Property Development Co., Ltd ("Tianjin Jinnan")	2,495	—
	<u>1,542,368</u>	<u>1,526,306</u>

Note:

The Group made advances to Guangzhou Li He to finance its acquisition of land. As at 30 June 2011, the balance due from Guangzhou Li He amounted to RMB1,528,506,000 (31 December 2010: RMB1,524,625,000).

The balances due from related companies are unsecured, interest-free and have no fixed repayment terms.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

13 AMOUNTS DUE FROM A NON-CONTROLLING INTEREST

	30 June 2011 RMB'000	31 December 2010 RMB'000
Beijing Min Jia Bao Lai Consulting Co., Ltd.	<u>300,000</u>	<u>–</u>

The amount due from a non-controlling interest is unsecured, interest-free and has no fixed repayment terms.

14 RESTRICTED CASH

As at 30 June 2011, the Group's cash of approximately RMB534,368,000 (31 December 2010: RMB240,481,000) was restricted and deposited in certain banks as guarantee deposits for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The Group's cash of approximately RMB309,904,000 (31 December 2010: RMB1,348,600,000) were pledged as collateral for the Group's borrowings.

The conversion of RMB denominated balances into foreign currencies and the remittance of the foreign currencies out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

15 SHARE CAPITAL

(A) Details of share capital of the Company are as follows:

	Par value HK\$	Number of shares '000	Nominal value of ordinary shares	
			HK\$'000	RMB'000
Authorised:				
At 30 June 2011, and 31 December 2010	0.1	5,000,000	500,000	
Issued and fully paid:				
At 1 January 2010		3,542,287	354,229	361,938
Employee share option scheme				
– Shares issued (B)		<u>1,968</u>	<u>197</u>	<u>173</u>
At 30 June 2010		<u>3,544,255</u>	<u>354,426</u>	<u>362,111</u>
At 1 January 2011		3,547,413	354,742	362,384
Employee share option scheme				
– Shares issued (B)		<u>1,917</u>	<u>192</u>	<u>161</u>
At 30 June 2011		<u>3,549,330</u>	<u>354,934</u>	<u>362,545</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

15 SHARE CAPITAL (continued)

(B) PRE-IPO SHARE OPTION SCHEME

Pursuant to the shareholders' resolution passed on 9 June 2006 for approval of the Pre-IPO Share Option Scheme, options for a total of 63,920,000 ordinary shares of the Company have been conditionally granted to directors and selected employees. The exercise price of HK\$5.625 per share under the Pre-IPO Share Option Scheme is determined at a 10% discount to the global offering price, which was HK\$6.25 per share, excluding brokerage, Securities and Futures Commission transaction levy and the Stock Exchange trading fee. Each option has 6-year exercise period from the date of grant, with 30% vested on 31 March 2007, another 30% vested on 31 March 2008 and the remaining 40% vested on 31 March 2009. Options are conditional on the employee completing the services up to the respective vesting dates and evaluation of performance as specified in the scheme, and become exercisable immediately after each vesting date. The Group has no legal or constructive obligation to repurchase or settle the options in cash. These options will expire on 8 June 2012.

Movements in the number of share options outstanding are as follows:

	Six months ended 30 June	
	2011	2010
	'000	'000
Balance at beginning of the period	10,617	15,743
Exercised	(1,917)	(1,968)
	<hr/>	<hr/>
Balance at end of the period	8,700	13,775
	<hr/>	<hr/>

Out of the 8,700,000 outstanding options as at 30 June 2011 (31 December 2010: 10,617,000 options), all options were vested. During the period ended 30 June 2011, 1,917,000 options have been exercised at exercise price of HK\$5.625 per share, totaling HK\$10,783,000 (equivalent to RMB9,090,000).

(C) SHARE OPTION SCHEME

Pursuant to the shareholders' resolution passed on 9 June 2006, another share option scheme ("Share Option Scheme") was conditionally approved. Options for a total of 15,350,000 ordinary shares of the Company under this scheme had been granted to independent non-executive directors, an executive director and selected employees on 4 February 2008 with exercise price of HK\$16.24 per share. As at 31 December 2008, all 15,350,000 options were forfeited or cancelled, and no other options have been granted under Share Option Scheme since then.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

16 BORROWINGS

	30 June 2011 RMB'000	31 December 2010 RMB'000
Borrowings included in non-current liabilities		
Long-term bank borrowings – secured by assets (notes (i) and (iv))	19,949,529	19,300,312
Long-term bank borrowings – unsecured	641,000	1,098,000
Long-term borrowings from other financial institutions – secured by assets (note (i))	1,750,000	1,500,000
Long-term borrowings from other financial institutions – secured by shares of a listed subsidiary (notes (v))	3,083,000	603,000
Senior notes – secured (note (iii))	7,563,908	7,098,623
	32,987,437	29,599,935
Less: Long-term bank borrowings due within one year	(3,015,227)	(3,325,123)
Senior notes due within one year (note (iii))	—	(1,579,305)
Long-term borrowings from other financial institutions due within one year	(603,000)	—
Amounts due within one year	(3,618,227)	(4,904,428)
	29,369,210	24,695,507
Borrowings included in current liabilities		
Short-term bank borrowings – secured by assets (note (i) and (iv))	2,570,305	2,773,524
Short-term bank borrowings – secured by shares of a listed subsidiary (note (ii))	407,747	498,703
Short-term bank borrowings – unsecured	730,000	800,000
Short-term borrowings from other financial institutions – secured by shares of a listed subsidiary (note (v))	750,000	400,000
Current portion of long-term bank borrowings, senior notes and borrowings from other financial institutions	3,618,227	4,904,428
	8,076,279	9,376,655

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

16 BORROWINGS (continued)

Movement of borrowings is analysed as follows:

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Opening balance at 1 January	34,072,162	20,526,896
Additions of borrowings	9,933,696	13,334,910
Amortisation of issue expenses	38,719	9,212
Repayments of borrowings	(6,283,668)	(4,613,709)
Foreign exchange gains	(315,420)	(63,501)
	<hr/>	<hr/>
Closing balance at 30 June	37,445,489	29,193,808

Notes:

- (i) As at 30 June 2011, the Group's total secured bank borrowings and borrowings from other financial institutions of RMB24,269,834,000 (31 December 2010: RMB23,573,836,000) were secured by its property and equipment, investment properties, land use rights, available-for-sale financial assets, properties under development, completed properties held for sale, and restricted cash. As at 30 June 2011, secured borrowings of RMB5,038,632,000 (31 December 2010: RMB5,233,153,000) were further guaranteed by Mr. Hui Wing Mau.

The pledged assets for the Group's borrowings are as follows:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Property and equipment	3,444,771	5,354,156
Investment properties	12,016,528	11,392,995
Land use rights	1,852,679	2,132,254
Available-for-sale financial assets	324,720	269,920
Properties under development	10,794,777	12,596,883
Completed properties held for sale	726,344	681,061
Restricted cash	309,904	1,348,600
	<hr/>	<hr/>
	29,469,723	33,775,869

- (ii) As at 30 June 2011, 67,000,000 shares (31 December 2010: 82,000,000 shares) of Shanghai Shimao held by the Group have been pledged for a total bank borrowings of RMB407,747,000 (31 December 2010: RMB498,703,000) for group companies.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

16 BORROWINGS (continued)

Notes: (continued)

(iii) On 29 November 2006, the Company issued a total of US\$600,000,000 senior notes, including US\$250,000,000 at a floating interest rate due on 1 December 2011 and US\$350,000,000 at a fixed interest rate due on 1 December 2016. The Company may at its option to redeem the notes, in whole or in part, by certain dates based on the terms of the notes. The notes are senior obligations guaranteed by certain subsidiaries other than those established under the laws of the PRC ("Subsidiary Guarantors"), and secured by a pledge of the shares of these Subsidiary Guarantors. On 3 May 2011, the Company early redeemed senior notes of US\$250,000,000, which was originally due on December 2011.

On 3 August 2010, the Company issued a total of US\$500,000,000 senior notes at a fixed interest rate due on 3 August 2017. In addition, on 8 March 2011, the Company issued a total of US\$350,000,000 senior notes at a fixed interest rate due on 8 March 2018. The Company may at its option to redeem these notes, in whole or in part, by certain dates based on the terms of these notes. The notes are senior obligations guaranteed by certain restricted offshore subsidiaries and secured by a pledge of the shares of these offshore restricted subsidiaries.

(iv) On 14 May 2010, the Company entered into a multi-currency loan facility agreement with a syndicate of 14 banks. Pursuant to the agreement, the Company obtained 3-year syndicated loan facilities, including a US\$440,000,000 facility and a HK\$156,000,000 facility at a floating rate of interest, 10% out of the loan principal will mature in 2011, 45% will mature in 2012 and remaining 45% will mature in 2013. The loan facilities were secured by certain subsidiaries of the Group, and secured by pledge of the shares of these subsidiary guarantors. All the facilities have been drawn down as of 30 June 2011.

(v) As at 30 June 2011, 730,250,000 shares (31 December 2010: 209,720,000 shares) of Shanghai Shimao held by the Group have been pledged for a total borrowings from other financial institutions of RMB3,833,000,000 (31 December 2010: RMB1,003,000,000) for group companies.

Borrowings from other financial institutions are mainly in the form of trust arrangement. The substance of the trust arrangement is borrowing, normally with the pledge of assets or shares of Shanghai Shimao as collateral.

17 TRADE AND OTHER PAYABLES

	30 June 2011 RMB'000	31 December 2010 RMB'000
Trade payables (note (i))	10,206,812	9,337,094
Other taxes payable	409,165	508,640
Accrued expenses	442,583	284,697
Other payables (note (ii))	1,197,972	1,382,499
	<u>12,256,532</u>	<u>11,512,930</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

17 TRADE AND OTHER PAYABLES (continued)

Notes:

(i) The ageing analysis of trade payables is as follows:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Within 90 days	9,118,031	8,733,743
Over 90 days and within 1 year	1,088,781	603,351
	<u>10,206,812</u>	<u>9,337,094</u>

(ii) Other payables comprise:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Loan from a third party (note)	—	500,000
Deposits and advances from constructors	124,019	82,433
Rental deposits from tenants and hotel customers	84,916	68,423
Deposits received from customers	392,531	454,629
Fees collected from customers on behalf of government agencies	542,681	153,714
Others	53,825	123,300
	<u>1,197,972</u>	<u>1,382,499</u>

Note: The amount was unsecured, interest free and had been repaid during the period ended 30 June 2011.

18 AMOUNTS DUE TO RELATED PARTIES

	30 June 2011 RMB'000	31 December 2010 RMB'000
Common directors		
Perfect Zone International Limited	1,861	1,861
Others		
Mr. Xu Shiyong and Ms. Wang Lili – relatives of Mr. Hui Wing Mau	28,970	28,970
Total	<u>30,831</u>	<u>30,831</u>

The amounts due to related parties are unsecured, interest-free and have no fixed repayment terms.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

19 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs, administrative expenses and other operating expenses are analysed as follows:

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Staff costs – including directors' emoluments	296,518	236,639
Depreciation	138,560	141,003
Amortisation of land use rights	21,294	13,211
Advertising, promotion and commission costs	220,435	145,507
Cost of properties sold	6,406,367	5,974,716
Business taxes and other levies on sales of properties	642,109	488,236
Impairment of intangible assets	10,648	9,200
Provision for/(write back of provision for) impairment of receivables	850	(318)
Write back of impairment losses on completed properties held for sale	—	(144,856)
Direct outgoings arising from investment properties	33,570	11,602
Auditor's remuneration	2,522	3,160
Charitable donations	24,866	32,347
Operating lease rental expenses	48,326	32,451
Direct expenses arising from hotel operation	101,462	116,984
Corporate and office expenses	300,872	183,582
Other expenses	228,600	176,892
	<hr/>	<hr/>
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	8,476,999	7,420,356

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

20 OTHER GAINS

Government grants received
Net exchange gain
Dividend income from available-for-sale financial assets
Others

Six months ended 30 June

2011	2010
RMB'000	RMB'000
195,373	135,906
221,692	46,508
4,769	7,196
7,931	4,850
429,765	194,460

21 FINANCE COSTS – NET

Interest on bank borrowings
– wholly repayable within five years
– not wholly repayable within five years
Interest on senior notes
– wholly repayable within five years
– not wholly repayable within five years
Interest on borrowings from other financial institutions
– wholly repayable within five years

Six months ended 30 June

	2011	2010
	RMB'000	RMB'000
	635,674	434,735
	136,170	129,212
	—	29,069
	382,780	94,865
	191,989	—
Less: interest capitalised	1,346,613	687,881
	(936,242)	(442,745)
Finance costs	410,371	245,136
Finance income	(60,564)	(27,353)
Finance costs – net	349,807	217,783

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

22 INCOME TAX EXPENSE

(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 the 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%.

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Current income tax		
– PRC enterprise income tax	1,083,537	884,575
– PRC land appreciation tax	639,247	333,590
	1,722,784	1,218,165
Deferred income tax		
– PRC enterprise income tax	432,644	(16,662)
	2,155,428	1,201,503

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

23 DIVIDENDS

An interim dividend in respect of the six months ended 30 June 2011 of HK22 cents per ordinary share, amounting to approximately HK\$780,684,000 (equivalent to RMB649,216,000) has been declared at the Company's board meeting held on 31 August 2011.

An interim dividend in respect of the six months ended 30 June 2010 of HK15 cents per ordinary share, amounting to approximately HK\$531,638,000 (equivalent to RMB463,801,000) was declared at the Company's board meeting held on 24 August 2010.

A final dividend in respect of year 2010 of HK25 cents per ordinary share, amounting to approximately HK\$887,282,000 (equivalent to approximately RMB742,034,000) has been approved at the annual general meeting of the Company held on 12 May 2011.

24 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	
	2011	2010
Profit attributable to the equity holders of the Company (RMB'000)	<u>3,297,224</u>	<u>2,109,760</u>
Weighted average number of ordinary shares in issue (thousands)	<u>3,548,562</u>	<u>3,543,499</u>
Basic earnings per share (RMB cents)	<u><u>92.9</u></u>	<u><u>59.5</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

24 EARNINGS PER SHARE (continued)

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 share options granted under the share option schemes assuming they were exercised.

	Six months ended 30 June	
	2011	2010
Profit attributable to the equity holders of the Company (RMB'000)	3,297,224	2,109,760
Weighted average number of ordinary shares in issue (thousands)	3,548,562	3,543,499
Adjustments for share options granted under the Pre-IPO Share Option Scheme (thousands)	4,223	7,538
Weighted average number of ordinary shares for diluted earnings per share (thousands)	3,552,785	3,551,037
Diluted earnings per share (RMB cents)	92.8	59.4

25 CONTINGENCIES

The Group had the following contingent liabilities.

	30 June 2011 RMB'000	31 December 2010 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers (note (i))	7,088,545	3,898,553
Guarantees in respect of borrowings (note (ii))	1,822,500	1,924,578
	8,911,045	5,823,131

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

25 CONTINGENCIES (continued)

Note:

- (i) The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the Group obtained the "property title certificate" for the mortgagees, or when the Group obtained the "master property title certificate" upon completion of construction. The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made for the guarantees.
- (ii) The Group and other shareholders of Guangzhou Li He provided guarantees in proportion of their respective equity interests in Guangzhou Li He for its bank borrowings. The respective guarantees provided by the Group to Guangzhou Li He amounted to RMB922,500,000 as at 30 June 2011 (31 December 2010: RMB1,024,578,000).

The Group and other shareholders of Tianjin Jinnan provided guarantees in proportion of their respective equity interests in Tianjin Jinnan for its borrowings obtained from a trust plan. As at 30 June 2011, the Group provided guarantee amounted to RMB900,000,000 (31 December 2010: RMB900,000,000), as well as the pledge of the Group equity interests in Tianjin Jinnan.

26 COMMITMENTS

(A) COMMITMENTS FOR CAPITAL AND PROPERTY DEVELOPMENT EXPENDITURE

	30 June 2011 RMB'000	31 December 2010 RMB'000
Contracted but not provided for		
– Property and equipment	966,837	1,025,577
– Land use rights	23,416,884	13,146,262
– Properties being developed by the Group for sale	10,934,936	8,836,592
– Advances to government authorities for land resettlement and site formation	2,400,000	2,700,000
	<u>37,718,657</u>	<u>25,708,431</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

26 COMMITMENTS (continued)

(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 2011 RMB'000	31 December 2010 RMB'000
Within one year	70,272	58,161
Between two to five years	464,738	412,268
After five years	786,566	850,007
	<u>1,321,576</u>	<u>1,320,436</u>

(C) OPERATING LEASE RENTALS RECEIVABLE

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

	30 June 2011 RMB'000	31 December 2010 RMB'000
Within one year	437,112	358,008
Between two to five years	920,168	810,663
After five years	879,138	854,981
	<u>2,236,418</u>	<u>2,023,652</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

27 RELATED PARTY TRANSACTIONS

(A) OTHER THAN THOSE DISCLOSED ELSEWHERE IN THIS CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION, THE GROUP HAD ENTERED INTO THE FOLLOWING MAJOR RELATED PARTY TRANSACTIONS DURING THE PERIOD:

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Operating lease rental expense paid to a related company (note)	<u>2,096</u>	<u>2,210</u>

Note:

On 1 January 2009, the Group entered into a lease agreement with a wholly-owned subsidiary of Shimao International, of which certain directors of the Group are also directors, to lease part of office premises of Shimao International in Hong Kong.

(B) KEY MANAGEMENT COMPENSATION

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Fees	—	—
Other emoluments		
– Salaries and other short-term benefits	10,494	10,694
– Retirement scheme contributions	64	70
	<u>10,558</u>	<u>10,764</u>

28 SUBSEQUENT EVENTS

In July 2011, the Company made further capital injections of US\$39,200,000 into Straits Construction Investment (Holdings) Limited ("Straits"), an associated company of the Group. In addition, in July 2011, the Company and the other shareholders of Straits provided loan guarantees to Straits in proportion of their respective equity interests in Straits. The loan guarantee portion provided by the Company amounted to US\$73,500,000.

SHIMAO 
PROPERTY