



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

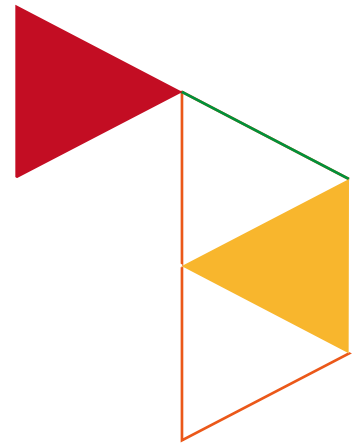
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 813

INTERIM REPORT
2015





▲ Nanchang Shimao Water City



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Nationwide Quality Land Reserves

Shimao Property

Bohai Rim District

Beijing Shimao Lá Villa
 Beijing Shimao Salamanca
 Beijing Tongzhou Project
 Beijing Changyang Project
 Tianjin Shimao Wetland Century
 Tianjin Jinnan New City
 Tianjin Wuqing Shimao Luxury Mansion
 Qingdao Shimao Noble Town
 Jinan Shimao Pride of the City
 Yantai Shimao No.1 The Harbour

Northern Fujian District

Fuzhou Minhou Shimao Dragon Bay
 Fuzhou Nantong Village
 Fuzhou Pingtan Straits Future City
 Guling Ebi Project
 Guling Zhuli Hotel

Southern Fujian District

Xiamen Shimao Lakeside Garden
 Xiamen Shimao Coastline Manor
 Quanzhou Shishi Shimao Skyscraper City
 Quanzhou Jinjiang Shimao Dragon Bay
 Quanzhou Shimao Zimaoshan
 Quanzhou Shimao Hi Dream

Zhejiang District

Hangzhou Shimao Riviera Garden
 Hangzhou Yuhang Shimao New West Lake
 Hangzhou Shimao Born with Legend
 Hangzhou La Cité
 Hangzhou Shimao Above the Lake
 Hangzhou Shimao East No.1
 Hangzhou Shimao Gate of Zhejiang
 Ningbo Shimao The Capital
 Ningbo Shimao World Gulf
 Ningbo Yuyao Shimao Moushan Lake
 Ningbo Shimao Sea Dawn
 Ningbo Shimao City
 Ningbo Xiangshan Shimao Damuwan
 Shaoxing Shimao Dear Town
 Fenghua Shimao Peach Garden

Chongqing District

Chongqing Shimao Château De La Ville

Southern Central District

Wuhan Shimao Splendid River
 Wuhan Shimao New City
 Wuhan Shimao Lake Island
 Wuhan Shimao Carnival
 Nanchang Shimao Water City
 Nanchang Shimao Dagan
 Nanchang Shimao Sky City
 Changsha Shimao Brilliant Bay
 Changsha Shimao Plaza
 Xuzhou Shimao Dongdu
 Xuzhou Shimao New Territories (Commercial)
 Hefei Shimao Jade Mansion
 Wuhu Shimao Riviera Garden
 Wuhu Shimao Riviera Garden (Commercial)

Southern China District

Shenzhen Qianhai Project
 Nanning Shimao Longgang Garden
 Nanning Shimao International Plaza
 Hong Kong Tung Chung Project
 Hainan Wenchang Shimao Blooming Sea
 Guangzhou Finance City
 Guangzhou Asian Games City

Jiangsu and Shanghai District

Shanghai Shimao Riviera Garden
 Shanghai Nanjing Road Project
 Wuxi Shimao The Capital
 Nantong Shimao In the Park
 Nantong Shimao Lohas City
 Suzhou Shimao Shihu Bay
 Suzhou Shimao Canal Scene
 Suzhou Shimao Canal Scene (Commercial)
 Changzhou Shimao Champagne Lake
 Changzhou Shimao Champagne Lake (Commercial)
 Zhangjiagang Shimao Lake Palace
 Jiangyin Shimao Dragon Bay
 Kunshan Shimao Butterfly Bay (Commercial)

Nanjing District

Nanjing Shimao Bund New City
 Nanjing Maqun Project
 Nanjing Pukou Royal Real
 Nanjing Shimao Glory Villa
 Nanjing Straits City
 Nanjing Jiangning Higher Education Mega Centre

Western District

Chengdu Shimao City
 Chengdu Jianyang Shimao Misty Lakeside
 Chengdu Baohe Project
 Xi'an Shimao Metropolis
 Yinchuan Greenery Theme Park
 Yinchuan Yuehai Project

Northeastern District

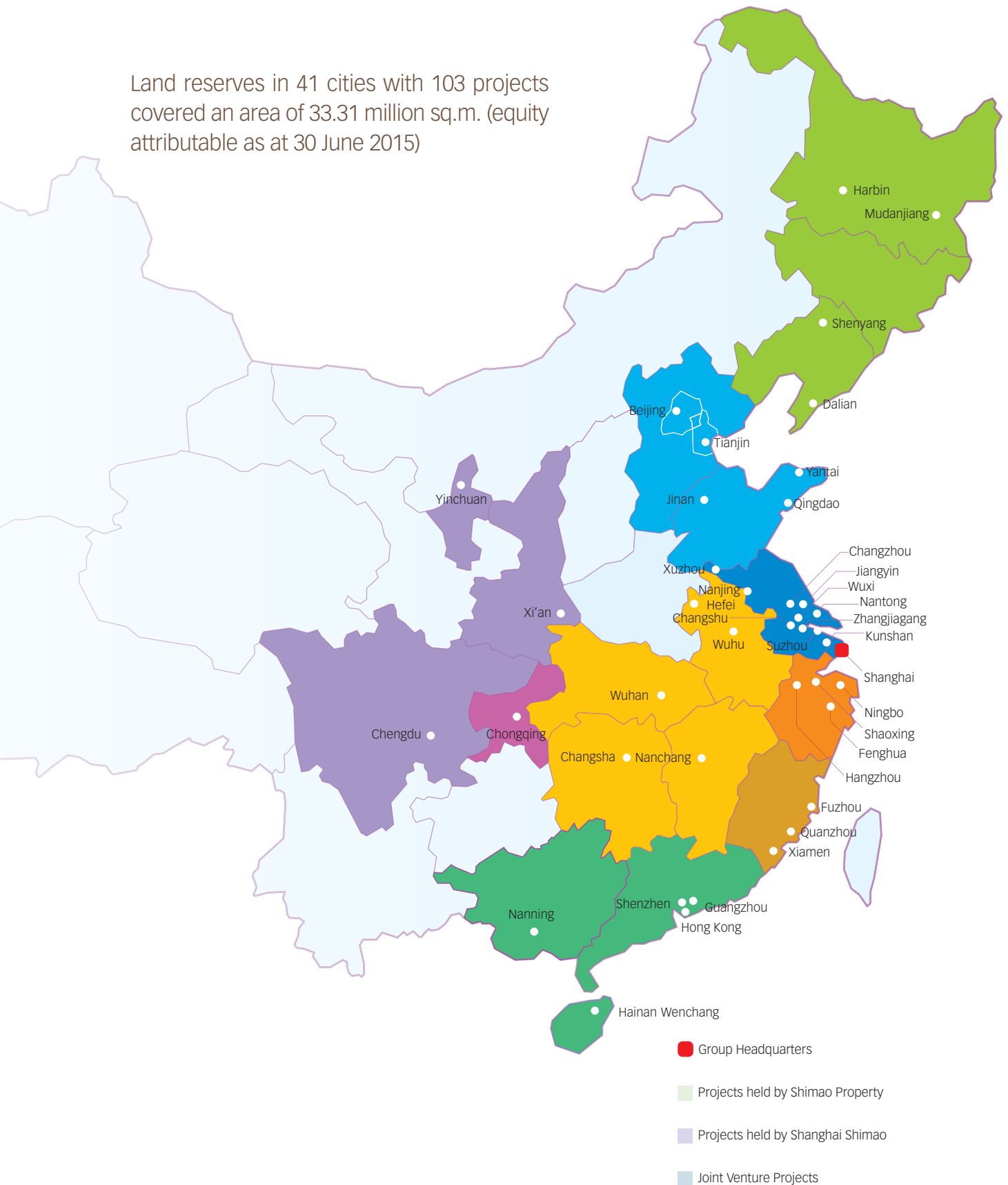
Shenyang Shimao Wulihe
 Shenyang Shimao Wulihe (Commercial)
 Shenyang Shimao Notting Hill
 Mudanjiang Shimao Holiday Landscape
 Mudanjiang Shimao South Bund
 Dalian Shimao Glory City
 Harbin Shimao Riviera New City

Shanghai Shimao

Shanghai Shimao Nano Magic City
 Shanghai North Bund Project
 Changshu Shimao The Centre
 Changshu Shimao Dragon Bay
 Jinan Shimao International Plaza
 Jinan Shimao Skyscraper City
 Qingdao Shimao Noosa Bay
 Qingdao Shimao International Plaza
 Qingdao Shimao Shi'ao Tower
 Qingdao Shimao Grand Mansion
 Wuxi Shimao International City
 Suzhou Shimao Royal Villa
 Suzhou Shimao Bronze Swallow Terrace
 Suzhou Industrial Park Riviera Garden
 Xiamen Shimao Straits Mansion
 Ningbo Shimao Sunlake Centre
 Ningbo Shimao Riviera Garden
 Ningbo Sunjia Project
 Dalian Shimao Dragon Bay

Nationwide Quality Land Reserves

Land reserves in 41 cities with 103 projects covered an area of 33.31 million sq.m. (equity attributable as at 30 June 2015)



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Hui Wing Mau (*Chairman*)

Hui Sai Tan, Jason (*Vice Chairman*)

Xu Younong

Tang Fei

Liao Lujiang

Non-executive Director

Liu Sai Fei

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

Lu Hong Bing (*Committee Chairman*)

Hui Wing Mau

Kan Lai Kuen, Alice

Lam Ching Kam

NOMINATION COMMITTEE

Hui Wing Mau (*Committee Chairman*)

Kan Lai Kuen, Alice

Lu Hong Bing

Lam Ching Kam

COMPANY SECRETARY

Lam Yee Mei, Katherine

AUDITOR

PricewaterhouseCoopers

PRINCIPAL BANKERS

Agricultural Bank of China Limited

Bank of China Limited

China Construction Bank Corporation

Hang Seng Bank Limited

Industrial and Commercial Bank of China Limited

Standard Chartered Bank (Hong Kong) Limited

The Bank of East Asia, Limited

The Hongkong and Shanghai Banking Corporation Limited

Sumitomo Mitsui Banking Corporation

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

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

38th Floor, Tower One

Lippo Centre

89 Queensway

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 0287

INTERIM DIVIDEND

Dividend amount: HK30 cents per ordinary share
Book closure period: 15 September 2015 and
16 September 2015
Record date: 16 September 2015
Payment date: 30 September 2015
Latest time for lodging transfer documents:
4:30 p.m. on 14 September 2015



Beijing Shimao Lá Villa

Chairman's Statement



Hainan Wenchang Shimao
Blooming Sea



Dear shareholders,

I am pleased to present the interim results of Shimao Property Holdings Limited ("Shimao Property" or the "Company", together with its subsidiaries, the "Group") for the six months ended 30 June 2015.

MARKET AND OUTLOOK

The real estate market underwent a transition by entering into a silver era from a golden era in 2014. After a period of downturn, a number of policies favorable to the real estate market were introduced by the government in the first half of 2015. According to statistics from multiple perspectives, the market has stabilized and began to resume vibrancy. The developers prudently manage the supply to maintain the steady growth in sales. In the first half of 2015, the total investment in property development in China was approximately RMB4,400 billion, representing a year-on-year increase of 4.6%. A steady growth of the market was achieved in the transition. The effectiveness of control on supply was significant which a total of approximately 98 million sq.m. of land were acquired by developers in China in the first half of 2015, representing a year-on-year drop of 33.8%. A total of approximately 500 million sq.m. of gross floor area of national commodity properties were sold for approximately RMB3,400 billion, representing year-on-year increases of 3.9% and 10%, respectively. Sales increased constantly, showing an improvement of 6.9 percentage points.



Hangzhou
Shimao Above
the Lake



From all tiers of cities, due to low inventory and strong demand, and supported by various favorable policies, the real estate market in the first-tier cities and some second-tier cities recovered rapidly. The transaction volume of commodity housing in Beijing, Shanghai, Guangzhou and Shenzhen experienced a sharp increase in the first half of 2015 as compared to the corresponding period of last year. In particular, demand in Shenzhen was strong which led to a significant growth in transaction volume by over 30%. Approximately 39,000 units of commodity housing were sold in Nanjing, a tier-one-ready city, in the first half of 2015, representing a year-on-year growth of 15% and a record high in transaction volume. The property market of Xiamen has bottomed out since March. In particular, the market saw remarkable improvement in the second quarter. The transaction volume set new records and the prices showed moderate growth. However, in some third- and fourth-tier cities, the real estate market remained sluggish due to high inventory and weak demand.



Looking forward to the second half of 2015, it is expected that the market will be further stabilized. The market performance in tier-one and tier-two cities will remain active as in the first half of the year. Pressure of high inventory will still exist in tier-three and tier-four cities. Inventory clearance shall become the primary task. A number of projects of the Group will be launched for sale in the end of the third quarter and the fourth quarter, approximately 54% of which will be launched in tier-one and tier-one-ready cities. Our supply will meet the market demand. It is expected that the performance of the Group in the second half of 2015 will be better than that of the first half.

In terms of policies, new progress in system reforms of the real estate market is expected in the second half of 2015, including the acceleration of replacement of business tax by value-added tax in the real estate industry, relaxation of home-purchase restrictions to facilitate the marketization of the real estate industry, the advancement of immovable property registration and the implementation of supplemental regulations on property tax. Regional synergetic development represented by the Beijing-Tianjin-Hebei economic integration will also be accelerated.

SALES ACHIEVEMENTS

In the first half of 2015, the real estate market of China gradually stepped out from adversity and showed signs of recovery. In light of this, the Group expects that its sales will maintain steady growth. At the beginning of 2015, the Group set its annual contracted sales target at RMB72.0 billion. In the first half of 2015, the Group realized contracted sales of RMB31.550 billion, representing approximately 43.8% of the annual target. The total sales area amounted to 2,627,000 sq.m., with an average selling price of RMB12,011 per sq.m. during the period.

In respect of the city projects, the Group possesses strong competitiveness in the industry, of which the average sale was approximately RMB1.05 billion for each city and approximately RMB0.53 billion for each project, ranking top five and top three in the industry, respectively. In terms of cities, the sales in each of Nanjing, Beijing, Xiamen and Hangzhou were more than RMB2.5 billion. In terms of projects, the sales of Beijing Shimao Salamanca, Xiamen Xiang'an project, Nanjing Shimao Bund New City, Nanjing Straits City and Wuhan Shimao Splendid River were RMB1.477 billion, RMB1.394 billion, RMB1.343 billion, RMB1.194 billion and RMB1.255 billion, respectively. In addition, the prices of the above projects were upward adjusted in the first half of 2015 by more than 7% in general, some of which even increased by 20%. Both sales volume and prices increased and the Group outperformed in the market.

Chairman's Statement

In respect of inventory clearance, the inventory sales of Shimao Property in the first half of 2015 were RMB15.2 billion. The inventory level of the Group as at 30 June 2015 dropped by RMB6.5 billion, representing a decrease of 15% as compared with that at the end of 2014. With respect of inventory sales strategy, pricing was strategically adjusted to boost the sales of inventory in tier-three and tier-four cities with relatively low demand. Success was achieved as inventory sales of approximately RMB4.8 billion were realized in these cities. As a result, a strong business foundation was laid by optimizing the inventory level, increasing the cash flow ratio and enhancing the competitiveness.

In respect of product positioning, following a number of conferences and case studies in the first half of 2015, the Group fine-tuned its marketing strategy by focusing on niche market in the second half of the year. The Group will increase its supply to tier-one and tier-one-ready cities to 54% of a total value of more than RMB20.0 billion in the second half of the year. Following the implementation of product standardization and the addition of attractions on products, supporting facilities as well as education, the competitiveness and bargaining power of the Group's projects were improved. The Group is confident that, with its continuous efforts to meet the market's demand, its performance will be better in the second half of 2015.

PRUDENT REPLENISHMENT OF LAND RESERVES

In the first half of 2015, the Group acquired 633,484 sq.m. of land for development in Beijing, Shanghai, Fuzhou, Nanjing and Yinchuan. Currently, Shimao Property holds 103 projects totalling 33.31 million sq.m. (attributable interests) of quality land in 41 cities across the country.

The Group upheld its prudent strategy and adopted a more cautious approach in replenishing land reserves. Cooperation with other real estate developers in joint development projects is one of the Group's key development strategies in 2015. Through the cooperation with local state-owned real estate developers by investing in their development projects, the Group is able to acquire quality land at reasonable costs indirectly, which effectively reduces the capital requirement and cost of project operation, and thereby alleviates the financial pressure of the Group. On the other hand, the extensive project experience and superior brand position of the Group can enhance the values as well as the returns of the cooperation projects.



Shanghai
Zhoupu Project

PROMOTING LIGHT ASSET OPERATION

In the first half of 2015, the Group further promoted the “Lifestyle Operator” strategy and actively implemented the new strategic model of people-oriented operation. From the debut of MiniMax Hotel at the end of 2014 to the opening of Mini Mall, the Group has been launching new products in a systematic and orderly manner. Mini Hotel and Mini Mall, which are the two major projects of the “Mini” series, are known for their compact scale which distinguishes them from traditional luxury hotels and large-scale shopping malls. As the Group’s first two brands under the asset-light strategy, they offer customized products for specific target customer groups. They are able to enter or exit the market nimbly and their products can be replicated easily. The MiniMax Hotel Shanghai Songjiang recorded an occupancy rate of over 80%. In the first half of 2015, the Group launched the “52+” (“I Love Home”) Mini Mall series, and the first batch of Mini Malls will commence operation in Wuhan and Nanjing by the end of October this year. The “Mini” series is the Group’s key product. With the operation of new business models including the “Mini” series, the Group will be able to attract more investors and lower the proportion of internal capital investment in order to increase the rate of return of assets held by the Group.

DETERMINATION TO UPHOLD PRUDENT FINANCIAL POLICY

In the first half of 2015, attributable to the Group’s adherence to its prudent financial policy, the Group managed to maintain the stability of various financial indexes and retain its leading position in the industry while the real estate market saw consolidation and narrowing margins. The operating income and profits of the Group recorded growth in different degrees while the gross profit margin, net profits, net profit margin from core business attributable to shareholders and net gearing ratio were stronger than the industry averages. Control on gearing ratio and finance costs became focus of the Group’s financial management. To ensure the sufficiency of cash reserve and liquidity, the Group strengthened its budget management and receivables collection policy so that the cash level can be maintained at RMB27.3 billion or above, which enabled the Group to deal with challenging and ever-changing economic and financial environments. Furthermore, different major financial institutions provided adequate facilities to the Group which supported the sustainable development of the Group.

With strong operation and financial performance, the Group’s long-term corporate credit rating was upgraded from “BB” to “BB+” by Standard & Poor’s, an international credit rating agency, in July 2015. In addition, in August 2015, the Group was rated “AAA”, the highest corporate credit rating, by the three biggest credit rating institutions in the Mainland, namely, China Chengxin Securities Rating Co., Ltd. (中誠信證券評估有限公司), United Ratings Co., Ltd. (聯合信用評級有限公司) and Dagong Global Credit Rating Co., Ltd. (大公國際資信評估有限公司) successively.

Following the relaxation of national monetary policy and several rounds of rate cuts as well as reductions of required reserve ratio by the central bank in the first half of 2015, the pressure of high finance cost on the real economy was released to a certain extent. By leveraging on the favorable government policies, the Group explored the possibility of financial innovation in the real estate market to revitalize its assets and to optimize the capital structure. In particular, the Group actively explored opportunities in the asset securitization market and successfully launched the first securitization of revenues of properties in the Mainland. The securities were approved for listing on the Shanghai Stock Exchange, the first of its kind in the real estate industry. On the other hand, the Group also probed customized financial services for the upstream and downstream of the real estate industry jointly with financial institutions. In particular, during the liberalization of the capital market in China, Shanghai Shimao Jianshe Co., Ltd., a wholly-owned subsidiary of the Group, has received approval from the Shanghai Stock Exchange recently that upon completion of all procedures, it would be allowed to carry out the public issuance of domestic bonds of up to RMB7.4 billion of a term of seven years in tranches. Shimao Property will make use of the opportunities available in the domestic capital market to further reduce the finance cost. In addition, Shanghai Shimao Co., Ltd. (“Shanghai Shimao”) is also restructuring its business structure with a view to improving operation management.

We believe that the national regulatory control on economy will continue in the second half of 2015 and the domestic real estate market will face more challenges. The Group is determined to maintain its prudent financial policy and invest with cautions. We will closely monitor the domestic as well as foreign financial markets, capture opportunities in the capital market, further revitalize its assets through the securitization of hotels and commercial properties and other financial innovations on property. The Group will maintain its operation efficiency and profitability and will further reduce its gearing ratio and finance cost as well as financing expense. We will also equip ourselves for any changes and challenges in the real estate market so as to ensure the accomplishment of our strategic objectives.

INTERIM DIVIDEND

To demonstrate our appreciation for our shareholders' unstinting support, the board of directors of the Company (the "Board") declared the payment of an interim dividend of HK30 cents per share for the six months ended 30 June 2015 (corresponding period in 2014: HK30 cents per share).

APPRECIATION

On behalf of the Board, I would like to thank our shareholders, partners, local governments and customers for their tremendous support. I would also like to take this opportunity to express my heartfelt gratitude to our directors, management and staff for all their valuable contributions. The Group's success together with fulfillment of corporate goals are attributable to their support and commitment.

Hui Wing Mau

Chairman

Hong Kong, 26 August 2015



Shenzhen
Qianhai Project

Guling Zhuli Hotel



Management Discussion and Analysis

BUSINESS REVIEW

Property Development

1) *Recognized Sales Revenue*

The Group generates its revenue primarily from property development, property investment and hotel operations. As at 30 June 2015, revenue of the Group reached RMB29.193 billion, grew by 23.3% when compared to RMB23.675 billion for the corresponding period in 2014. During the period, revenue from property sales amounted to RMB27.731 billion, accounting for 95.0% of the total revenue and representing an increase of 22.7% over the corresponding period in 2014. The average recognized selling price decreased by 3.7% to RMB11,092 per sq.m. in the first half of 2015, from RMB11,518 per sq.m. for the corresponding period in 2014. The number of projects recognized by the Group in the first half of 2015 totalled 59, higher than the 47 projects recognized in the corresponding period in 2014, of which Nanjing Shimao Bund New City achieved great results with recognized sales revenue of RMB2.196 billion; Quanzhou Shishi Shimao Skyscraper City, the first runner-up, with recognized sales revenue of RMB2.062 billion; and Beijing Shimao Salamanca, the second runner-up, with recognized sales revenue of RMB1.931 billion.



Changsha
Shimao
Brilliant Bay

Management Discussion and Analysis

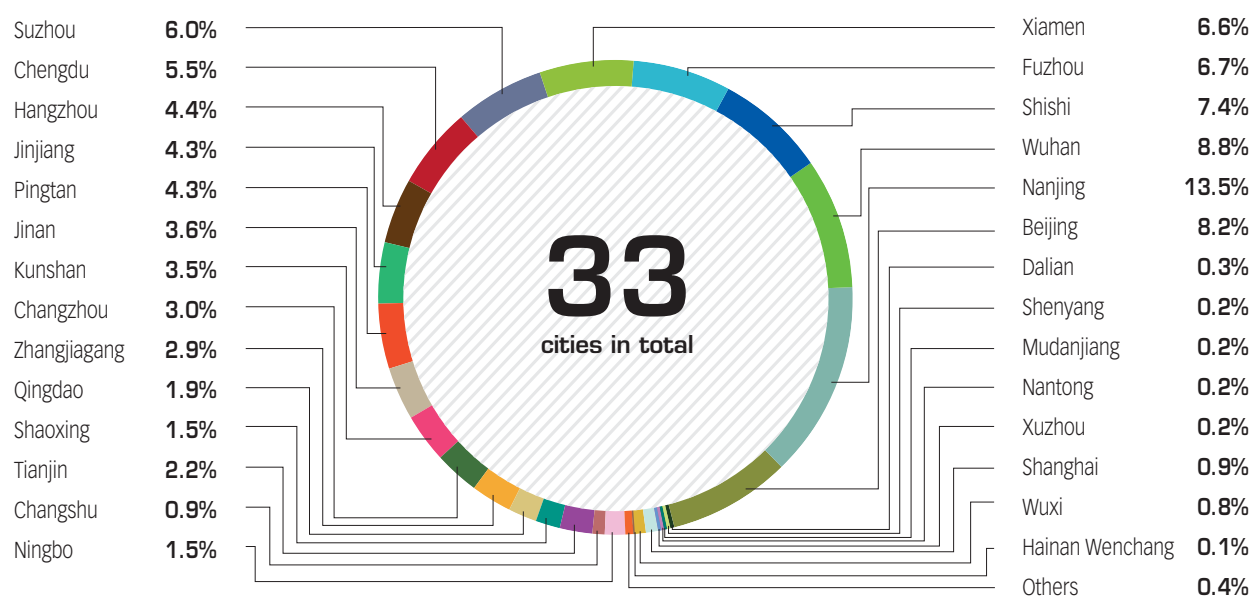
The delivered gross floor area (“GFA”) recognized for each project in the first half of 2015 and the relevant particulars are set out as follows:

Project	Recognized Sales (RMB million)	Recognized Area (sq.m.)	Average Selling Price (RMB per sq.m.)
Nanjing Shimao Bund New City	2,196	128,412	17,101
Quanzhou Shishi Shimao Skyscraper City	2,062	211,281	9,760
Beijing Shimao Salamanca	1,931	209,784	9,205
Fuzhou Minhou Shimao Dragon Bay	1,870	192,165	9,731
Wuhan Shimao Splendid River	1,835	160,375	11,442
Chengdu Shimao Royal Bay	1,310	114,616	11,429
Quanzhou Jinjiang Shimao Dragon Bay	1,199	113,543	10,560
Fuzhou Pingtan Straits Future City	1,182	131,915	8,960
Kunshan Shimao East No. 1	976	141,044	6,920
Xiamen Shimao Straits Mansion	936	26,470	35,361
Xiamen Shimao Lakeside Garden	899	28,823	31,190
Nanjing Straits City	894	46,796	19,104
Zhangjiagang Shimao Lake Palace	793	62,404	12,708
Jinan Shimao Skyscraper City	743	75,127	9,890
Suzhou Shimao Canal Scene	741	57,528	12,881
Nanjing Shimao Glory Villa	666	40,927	16,273
Suzhou Shimao Shihu Bay	574	41,961	13,679
Changzhou Shimao Champagne Lake	536	78,120	6,861
Hangzhou Shimao Riviera Garden	535	83,312	6,422
Hangzhou Shimao Above the Lake	475	20,718	22,927
Tianjin Shimao Wetland Century	465	54,090	8,597
Qingdao Shimao Noosa Bay	437	39,289	11,123
Shaoxing Shimao Dear Town	419	43,071	9,728
Wuhan Shimao Lake Island	366	50,642	7,227
Beijing Shimao Lá Villa	344	16,495	20,855
Suzhou Shimao Royal Villa	293	21,142	13,859
Changzhou Shimao Champagne Lake (Commercial)	290	36,094	8,035
Jinan Shimao International Plaza	269	11,821	22,756
Changshu Shimao The Centre (Commercial)	253	16,522	15,313
Shanghai Shimao Sheshanli	223	11,212	19,889
Wuxi Shimao International City	218	27,557	7,911
Chengdu Shimao City	216	33,248	6,497
Hangzhou Shimao East No.1	212	12,187	17,396
Wuhan Shimao Dragon Bay	187	26,670	7,012
Tianjin Wuqing Shimao Luxury Mansion	156	16,167	9,649
Ningbo Shimao Sunlake Centre	117	8,723	13,413
Ningbo Shimao The Capital	116	7,533	15,399
Qingdao Shimao Noble Town	102	13,077	7,800
Ningbo Shimao Sea Dawn	100	14,593	6,853
Dalian Shimao Dragon Bay	85	8,464	10,043
Ningbo Shimao Dragon Bay	73	6,888	10,598

Management Discussion and Analysis

Project	Recognized Sales (RMB million)	Recognized Area (sq.m.)	Average Selling Price (RMB per sq.m.)
Mudanjiang Shimao Holiday Landscape	51	9,150	5,574
Suzhou Shimao Canal Scene (Commercial)	51	5,698	8,951
Nantong Shimao In the Park	48	6,957	6,900
Shenyang Shimao Wulihe	45	4,382	10,269
Wuhan Shimao Carnival	45	3,704	12,149
Xuzhou Shimao Dongdu (Commercial)	41	3,397	12,069
Shanghai Shimao Emme County	35	3,934	8,897
Hainan Wenchang Shimao Blooming Sea	30	3,336	8,993
Harbin Shimao Riviera New City	22	6,924	3,177
Xianyang Shimao The Centre	17	3,936	4,319
Dalian Shimao Glory City	12	2,120	5,660
Taizhou Shimao Riverside Garden	8	2,244	3,565
Shenyang Shimao Notting Hill	8	705	11,348
Jiaxing Shimao New City	6	797	7,528
Ningbo Shimao World Gulf	6	697	8,608
Xuzhou Shimao Dongdu	4	291	13,746
Shenyang Shimao Bojing Plaza	4	865	4,624
Wuhu Shimao Riviera Garden (Commercial)	4	239	16,736
Total	27,731	2,500,182	11,092

The breakdown of recognized sales* for the first half of 2015 by cities is set out as follows:



* Excluding attributable revenues from joint ventures

2) Steady Sales Growth

With respect to property sales, the Group's contracted sales amounted to RMB31.550 billion in the first half of 2015, representing approximately 43.8% of its annual target. The aggregate sales area reached 2,627,000 sq.m., with an average selling price of RMB12,011 per sq.m. during the period.

Attributable to the favorable government policies, the performance of the Group showed improvement in the first half of 2015. The increase in sales in first-tier cities brought benefits to the performance of third- and fourth-tier cities in their proximity. The improvement in sales of the Group demonstrated the effectiveness of our sales strategy. Looking forward to the second half of 2015, the Group will launch approximately 3.88 million sq.m. saleable area. Together with the existing saleable areas of approximately 3.12 million sq.m. as at 30 June 2015, including completed inventory and uncompleted projects available for sale as at 30 June 2015, the Group's total saleable area in the second half of 2015 can reach approximately 7.00 million sq.m..

Key projects available for sale in the second half of 2015 are set out as follows:

District	Project	Saleable Area (sq.m.)
Shimao Property		
Southern Fujian District	Quanzhou Shimao Zimaoshan	89,449
	Xiamen Shimao Coastline Manor	70,096
	Quanzhou Shishi Shimao Skyscraper City	200,501
Southern Central District	Wuhan Shimao Splendid River	138,408
Nanjing District	Nanjing Straits City	133,748
	Nanjing Shimao Bund New City	163,911
	Nanjing Pukou Royal Real	96,537
Jiangsu and Shanghai District	Zhangjiagang Shimao Lake Palace	141,273
	Shanghai Zhoupu Project	78,170
Zhejiang District	Hangzhou Shimao Above the Lake	59,859
	Hangzhou Shimao Gate of Zhejiang	39,090
Bohai Rim District	Beijing Shimao Salamanca	86,716
	Beijing Shimao Lá Villa	41,935
Northern Fujian District	Fuzhou Pingtan Straits Future City	282,809
Western District	Chengdu Shimao City	219,400
	Xi'an Shimao Metropolis	202,361
Chongqing District	Chongqing Shimao Château De La Ville	156,773
Northeastern District	Dalian Shimao Glory City	127,363
Southern China District	Shenzhen Qianhai Project	9,047
Shanghai Shimao	Jinan Shimao International Plaza/ Jinan Shimao Skyscraper City	229,905
Sub-total (Key projects above)		2,567,351
Projects below RMB1.0 billion available for sale in the second half of 2015		1,319,334
Completed inventory		1,268,348
Uncompleted projects available for sale as of 30 June 2015		1,849,884
Total		7,004,917

3) Completion of Development Projects and Plans as Scheduled

The Group made timely adjustments to strategy of inventory supply and construction plans, put off or cancelled the supply of certain products of same quality and exerted efforts in clearing up projects with higher inventory level so as to correspond with the market fluctuations. During the first half of 2015, construction of approximately 1.34 million sq.m. of area was adjusted or suspended, with floor area under construction reaching 12.48 million sq.m.. A decrease of approximately 2.6% in the area under construction for the year is anticipated. The aggregate GFA completed by the Group in the first half of 2015 was approximately 3.88 million sq.m., 55.2% higher than the 2.50 million sq.m. completed in the corresponding period of last year. As at 30 June 2015, the Group held more than 82 developing projects in more than 40 cities. The growing number of projects under construction has laid a solid foundation for the Group's future development. Looking forward to the second half of 2015, the GFA planned for completion of the Group will be maintained at approximately 3.12 million sq.m., 16% lower than that for the corresponding period in 2014.

Projects completed in the first half of 2015 are set out as follows:

District	Project	Completed GFA (sq.m.)	Group's Interest	
Shimao Property				
Northeastern District	Shenyang Shimao Wulihe	52,789	100%	
Zhejiang District	Hangzhou Yuhang Shimao New West Lake	158,430	100%	
	Ningbo Shimao Sea Dawn	24,849	100%	
	Ningbo Xiangshan Shimao Damuwan	35,597	50%	
	Shaoxing Shimao Dear Town	41,191	100%	
	Tianjin Shimao Wetland Century	59,132	75%	
Bohai Rim District	Qingdao Shimao Noble Town	58,514	100%	
	Beijing Shimao Salamanca	194,237	65%	
	Changzhou Shimao Champagne Lake	122,608	100%	
Jiangsu and Shanghai District	Wuxi Shimao The Capital	149,358	49%	
	Kunshan Shimao Bund East	178,228	100%	
	Suzhou Shimao Shihu Bay	20,893	51%	
	Suzhou Shimao Canal Scene	154,874	100%	
	Shanghai Shimao Emme County	32,027	100%	
	Shanghai Shimao Sheshanli	156,991	60%	
	Nantong Shimao Lohas City	78,710	50%	
	Zhangjiagang Shimao Lake Palace	125,200	51%	
	Nanjing District	Nanjing Straits City	32,658	49%
		Nanjiang Shimao Bund New City	172,771	82%
Nanjiang Shimao Glory Villa		143,562	51%	
Southern Central District	Wuhan Shimao Splendid River	110,604	96%	
	Wuhan Shimao Lake Island	72,088	51%	
	Nanchang Shimao Sky City	42,334	50%	
	Changsha Shimao Brilliant Bay	61,238	50%	

Management Discussion and Analysis

District	Project	Completed GFA (sq.m.)	Group's Interest
Western District	Chengdu Shimao City	121,002	79%
	Chengdu Shimao Royal Bay	117,957	100%
Northern Fujian District	Fuzhou Minhou Shimao Dragon Bay	312,383	100%
	Fuzhou Pingtan Straits Future City	221,323	49%
Southern Fujian District	Quanzhou Jinjiang Shimao Dragon Bay	344,215	100%
	Quanzhou Shishi Shimao Skyscraper City	425,525	70%
Southern China District	Hainan Wenchang Shimao Blooming Sea	5,461	100%
Sub-total		3,826,749	
Shanghai Shimao	Changzhou Shimao Champagne Lake (Commercial)	40,878	64.08%
	Xuzhou Shimao Dongdu (Commercial)	10,400	64.08%
Sub-total		51,278	
Total (Shimao Property + Shanghai Shimao)		3,878,027	

Shenyang
Shimao
Wulihe



Quanzhou
Shimao
Zimaoshan

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

To support its sustainable development, the Group adopts an active but prudent policy toward land acquisition. In the first half of 2015, the Group acquired 633,484 sq.m. of land bank in Beijing, Shanghai, Fuzhou, Nanjing and Yinchuan. Currently, Shimao Property possesses 103 projects in 41 cities in the country, with a high-quality land bank of 33.31 million sq.m. (attributable interests). The premium land resources and relatively low land cost provide continued support to Shimao Property's results in the major markets nationwide in the next few years.

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

New Land Parcels	Date of Acquisition	Usage	Land Cost (Attributable Interests) (RMB million)	Total Planned GFA (sq.m.)	Cost per sq.m. (RMB)	Group's Interest
Shimao Property						
Fuzhou Ebi Project (commercial centre)	March 2015	Commercial	80.53	91,473	880	100%
Guling Zhuli Hotel	March 2015	Tourism, hotel, commercial and office	20.75	18,900	1,098	100%
Nanjing Jiangning Higher Education Mega Centre	April 2015	Residential and commercial	340.00	53,349	6,373	100%
Yinchuan Yuehai Project	April 2015	Residential and commercial	213.29	317,066	1,319	51%
Beijing Tongzhou Project (parcel in northern region)	February 2015	Commercial	640.84	86,600	14,800	50%
Shanghai Nanjing Road parcel	June 2015	Residential and commercial	1,400.97	66,096	47,102	45%
Total			2,696.38	633,484	8,295	

Geographically, the majority of the newly-acquired land parcels by Shimao Property in the first half of 2015 were situated in second- and third-tier cities at provincial capital level, which have enormous potential for development and markets of which have not yet reached saturation, assuring the projects of adequate room for development and capability to resist risks. The average floor price of the new land reserves was approximately RMB8,295 per sq.m. in terms of land cost. The Group holds sensible attitude, increases its land reserves by following its long-standing prudent policy and strives to strike a balance between development opportunity and risk control. As at 30 June 2015, the Group's average land cost was RMB2,620 per sq.m.. The relatively low land cost provides effective assurance for the Group to achieve a higher profit margin in the future.

Property Investment

With respect to commercial properties, Shimao Property develops commercial properties through its 64.08% owned subsidiary, namely, Shanghai Shimao, which is primarily engaged in the development and operation of commercial properties. In addition to actively grasping development opportunities in the domestic commercial property market, Shanghai Shimao provides diversified commercial properties and excellent services by carrying out strategies on professional exploitation and operation of commercial properties. Shanghai Shimao continues to reinforce its integrated competitiveness, and aims to become an outstanding listed professional developer and operator of commercial properties.

Attributable to the further enhancement of its operation and management capability during the period, Shanghai Shimao maintained the development momentum of its diversified business operations, including commercial property development, commercial plaza operations and cinema investment and management, and obtained successive improvement of its operational performance. During the first half of 2015, Shanghai Shimao adhered to its market-oriented product positioning and marketing strategies. It proactively regulated the timing of the launching new properties and kept strengthening the sales efforts. Shanghai Shimao achieved impressive results from the sales of several projects in Qingdao, Jinan, Shishi, Ningbo, Wuxi, Suzhou, Changshu, Xuzhou and Changzhou. Adhering to a market-oriented and customer-driven business concept, and centering on annual operation strategies and targets, Shanghai Shimao will endeavor to further enhance the monitoring capacity of each business line as well as the managerial standard of each professional team in the second half of the year.

With respect to cinema investment and management, the Chinese film market maintained a strong growth momentum in the first half of 2015. As a result, the box office's result exceeded RMB20.363 billion, representing an increase of approximately 50.0% compared to the corresponding period in 2014. Shimao's cinemas recorded a revenue of RMB159 million in the first half of the year, representing a significant year-on-year increase of 53.7%, and provided film showing service to more than 4.06 million audiences, representing a year-on-year increase of 30.1%. All cinemas achieved substantial growth in revenue from box office, derivatives and product sales. During the period, Shimao Cinema Investment and Development Limited, a subsidiary of Shanghai Shimao, entered into a strategic cooperation with Wanda Cinema Line, pursuant to which both parties enjoy resources-sharing to achieve a win-win situation by complementing the strengths of each other. The strategic cooperation encouraged the interaction and cooperation between both parties in related business. Under the integration of investment in cinemas and resources of film distribution with Wanda Cinema Line, the regional competitiveness, influence and operating efficiency of Shanghai Shimao were further enhanced and the cooperation on areas other than commercial properties was further developed. In addition, Shanghai Shimao is able to share the achievements in cultural industries of Wanda Cinema Line in the future, which will further optimize the major business structure of Shanghai Shimao.

With respect to investment on culture and media, during the reporting period, Shimao Media actively participated in the development of Chinese cultural industry. Films and television dramas it invested had been gradually released during the year and received positive market response and satisfactory operating results. Tiger Mom, a television drama invested by Shanghai Shimao, premiered on 3 May on Dragon Television and Tianjin Satellite Channel and received overwhelming response with high audience rating. It won the nation's most favourite TV drama award on Chinese TV Series Satisfaction Survey at 17th Huading Award (華鼎獎). Detective Gui and Honey Enemy, films invested by Shanghai Shimao, were released nationwide in August 2015. Shimao Media will exert great efforts in investment and operation of cultural industry projects and strive to produce and nurture more outstanding projects and products.

Management Discussion and Analysis

In respect of kids business, during the reporting period, Shitian Child Development Centre further enhanced the operational efficiency, improved quality of services and proactively modified its management structure and staff deployment. While continuing to enrich the contents of its kids business, Shanghai Shimao will, through the development of markets of child education and entertainment business, explore different business models for different operations, with an aim to identify its distinctive development path in this competitive industry.

Particulars of investment property projects of the Group in the first half of 2015 are set out as follows:

Commercial and Office Premises	Total GFA (sq.m.)	Date of Commencement	Revenue (RMB million)		Growth
			1H 2015	1H 2014	
Shanghai Shimao International Plaza	71,239	Phase I – December 2004 Phase II – May 2007	78	77	1.3%
Beijing Shimao Tower	70,175	2008	67	66	1.5%
Beijing Fortune Times (Commercial)	49,147	2010	33	25	32.0%
Changshu Shimao The Centre	43,357	Commercial – first quarter of 2009	8	8	–
Shanghai Shimao Shangdu	9,584	November 2010	18	18	–
Shaoxing Shimao Dear Town (Commercial)	181,605	May 2010	50	49	2.0%
Suzhou Shimao Canal Scene (Commercial)	49,993	June 2010	16	10	60.0%
Kunshan Shimao Plaza	88,249	April 2012	20	13	53.8%
Wuhu Shimao Riviera Garden (Commercial)	19,963	2009	3	3	–
Xuzhou Shimao Dongdu (Commercial)	59,471	January 2012	5	5	–
Jinan Shimao International Plaza	280,641	May 2014	44	–	100.0%
Other rental income	–	–	29	11	163.6%
Rental income sub-total			371	285	30.2%
Others			467	248	88.3%

Hotel Operations

The Group has developed from a hotel owner into a hotel owner and operator which is a milestone of the development of the hotel operations of the Group. As of 30 June 2015, the Group had 12 hotels in operation, including Le Royal Méridien Shanghai, Hyatt on the Bund, Le Méridien Sheshan Shanghai, Hilton Nanjing Riverside, Holiday Inn Mudanjiang, Holiday Inn Shaoxing, Double Tree by Hilton Wuhu, Crowne Plaza Shaoxing, InterContinental Fuzhou, Hilton Tianjin Eco-city, Yuluxe Hotel Taizhou, a self-operated five-star hotel, and MiniMax Hotel Shanghai Songjiang, the first mid-ranged hotel served with selected services. Currently, the Group has around 4,600 hotel guest rooms.

Management Discussion and Analysis

In recent years, the hospitality industry in China has been under the pressures of slowing down economy, tightening government policies, weakening convention market and pricing competition. High-end hotels in China are in the rapid consolidation cycle with decline in both room rates and occupancy rates. During the period from the second half of 2014 to the first half of 2015, the decline slowed down. It is expected that room rates and occupancy rates will turn around in the second half of 2015. The Group's hotels achieved revenue of RMB624 million in the first half of 2015, representing a year-on-year increase of 16.2%. In the first half of 2015, the Group further promoted its "Lifestyle Operator" strategy and actively implemented the new strategic model of people-oriented operation. The performance of MiniMax Hotel Shanghai Songjiang, which commenced operation at the end of 2014, met the expectation in general, gross profit margin of which was higher than other five-star hotels of the Group. The Group has been systematically developing new products stage by stage. The flagship hotel in Hongqiao of Shanghai and the hotel project on Chunxi Road of Chengdu of the Group will be completed successively. The Group may be involved in multiple businesses such as elderly care, youth hostel and finance in the future. The light asset business is conducted further through advanced technology, quality services and professional operating standard.

Looking forward to the second half of the year, challenges and opportunities still coexist in the hotel market. From a macroscopic perspective, the economy of China will maintain a steady growth and a GDP growth of around 7% will definitely be achieved. The government will introduce various measures to promote the development of tourism industry and to boost individual consumption. The number of foreign visitors tends to become stable and the number of local tourists is increasing significantly. On the other hand, the oversupply of rooms still remains in the hotel market and some hoteliers are squeezed out by increasingly severe competition. On the positive side, competition will drive the members in the hotel industry to keep improving themselves, bring greater customer satisfaction and explore markets so as to enhance their competitiveness.

Particulars of the hotel projects of the Group in the first half of 2015 are set out as follows:

Hotel	Number of Rooms	Date of Commencement	Revenue		EBITDA	
			(RMB million)	(RMB million)	(RMB million)	(RMB million)
			1H 2015	1H 2014	1H 2015	1H 2014
Le Méridien Sheshan Shanghai	327	November 2005	79	71	27	22
Le Royal Méridien Shanghai	770	September 2006	185	182	75	74
Hyatt on the Bund	631	June 2007	176	162	62	55
Holiday Inn Mudanjiang	266	December 2010	12	12	2	2
Holiday Inn Shaoxing	284	September 2011	16	16	2	5
Hilton Nanjing Riverside	411	December 2011	37	37	5	3
DoubleTree by Hilton Wuhu	442	October 2013	25	19	1	(5)
InterContinental Fuzhou	320	January 2014	43	21	11	(3)
Crowne Plaza Shaoxing	453	March 2014	33	17	4	(2)
Yuluxe Hotel Taizhou	262	August 2014	10	-	(4)	-
MiniMax Hotel Shanghai Songjiang	131	December 2014	4	-	-	-
Hilton Tianjin Eco-city	302	April 2015	4	-	(9)	-
Total	4,599		624	537	176	151

Management Discussion and Analysis

Hotel properties are stated at carrying amount, i.e. cost less accumulated depreciation and impairment losses, if any, rather than at fair value. In order to provide shareholders with additional non-GAAP information on the net assets value of the Group, the board of directors of the Company (the "Board") has appointed Vigers Appraisal and Consulting Limited, an independent valuer, to perform a valuation of the Group's hotel properties as at 30 June 2015. Had the 27 hotels (2014: 27 hotels), namely, Le Méridien Sheshan Shanghai, Le Royal Méridien Shanghai, Hyatt on the Bund, Hilton Nanjing Riverside, Holiday Inn Mudanjiang, Crowne Plaza Shaoxing, Conrad Xiamen, Holiday Inn Shaoxing, Hilton Shenyang, Hilton Tianjin Eco-city, InterContinental Fuzhou, DoubleTree by Hilton Wuhu, Yuluxe Hotel Taizhou, DoubleTree by Hilton Ningbo Chunxiao, Hilton Yantai, Hilton Wuhan Riverside, DoubleTree by Hilton Ningbo Beilun, Yuluxe Hotel Xuzhou, Yuluxe Hotel Fuzhou Riverside, InterContinental Shanghai Wonderland, Yuluxe Hotel Jinjiang, Yuluxe Hotel Yuyao, Yuluxe Hotel Wenchang Hainan, Yuluxe Hotel Chengdu, Shimao MiniMax Hotel Dalian, Le Méridien Hangzhou Binjiang and Yu Resort Quanzhou been restated at fair value of RMB32.9 billion (2014: RMB31.9 billion), the net assets value of the Group would have been increased to RMB82.8 billion (2014: RMB78.4 billion).

In light of the fair value adjustment of these hotels, the adjusted gearing ratio of the Group would be:

	As at 30 June 2015 (RMB Million)	As at 31 December 2014 (RMB Million)
Fair value of above-mentioned hotels	32,935	31,934
Less: Carrying amount	(14,713)	(14,026)
Amounts to adjust from carrying amount to fair value	18,222	17,908
Less: Deferred income taxes	(4,555)	(4,477)
Increase in net assets value if the above-mentioned hotels are stated at fair value	13,667	13,431
Net assets value per consolidated balance sheet	69,146	64,983
Adjusted net assets value	82,813	78,414
Net debt	39,779	38,059
Adjusted gearing ratio	48%	49%

FINANCIAL ANALYSIS

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

	1H 2015 RMB million	1H 2014 RMB million
Revenue	29,193	23,675
Gross profit	8,962	8,074
Operating profit	7,881	7,189
Profit attributable to shareholders	3,559	4,180
Earnings per share – Basic (RMB cents)	102.84	120.83

1. Revenue

For the six months ended 30 June 2015, the revenue of the Group was approximately RMB29,193 million (1H 2014: RMB23,675 million), representing an increase of 23.3% over the corresponding period in 2014. 95.0% (1H 2014: 95.5%) of the revenue was generated from the sales of properties and 5.0% (1H 2014: 4.5%) from hotel operations, leasing of commercial properties and others.

The components of the revenue are analysed as follows:

	1H 2015 RMB million	1H 2014 RMB million
Sales of properties	27,731	22,605
Hotel operating income	624	537
Rental income from investment properties	371	285
Others	467	248
Total	29,193	23,675

Xiamen Shimao
Lakeside Garden



Management Discussion and Analysis

(i) Sales of Properties

Sales of properties for the six months ended 30 June 2015 and 2014 are set out below:

	1H 2015		1H 2014	
	Area (Sq.m.)	RMB million	Area (Sq.m.)	RMB million
(a) Shimao Property				
Beijing Shimao Salamanca	209,784	1,931	–	–
Fuzhou Minhou Shimao Dragon Bay	192,165	1,870	152,323	1,399
Wuhan Shimao Splendid River	160,375	1,835	75,256	874
Chengdu Shimao Royal Bay	114,616	1,310	108,997	1,432
Quanzhou Jinjiang Shimao Dragon Bay	113,543	1,199	124,348	1,020
Fuzhou Pingtan Straits Future City	131,915	1,182	–	–
Kunshan Shimao East No. 1	141,044	976	171,730	1,249
Xiamen Shimao Lakeside Garden	28,823	899	37,245	913
Nanjing Straits City	46,796	894	–	–
Zhangjiagang Shimao Lake Palace	62,404	793	63,405	1,066
Suzhou Shimao Canal Scene	57,528	741	117,937	1,342
Nanjing Shimao Glory Villa	40,927	666	79,440	1,352
Suzhou Shimao Shihu Bay	41,961	574	13,141	321
Changzhou Shimao Champagne Lake	78,120	536	85,239	608
Hangzhou Shimao Riviera Garden	83,312	535	2,351	17
Hangzhou Shimao Above the Lake	20,718	475	–	–
Tianjin Shimao Wetland Century	54,090	465	44,418	375
Shaoxing Shimao Dear Town	43,071	419	152,761	1,652
Wuhan Shimao Lake Island	50,642	366	14,520	180
Beijing Shimao Lá Villa	16,495	344	–	–
Shanghai Shimao Sheshanli	11,212	223	2,000	42
Wuxi Shimao International City	27,557	218	–	–
Chengdu Shimao City	33,248	216	9,500	52
Hangzhou Shimao East No.1	12,187	212	–	–
Wuhan Shimao Dragon Bay	26,670	187	14,210	80
Ningbo Shimao The Capital	7,533	116	–	–
Qingdao Shimao Noble Town	13,077	102	54,553	551
Ningbo Shimao Sea Dawn	14,593	100	3,382	32
Dalian Shimao Dragon Bay	8,464	85	55,507	506
Ningbo Shimao Dragon Bay	6,888	73	1,051	11
Mudanjiang Shimao Holiday Landscape	9,150	51	–	–
Nantong Shimao In the Park	6,957	48	4,372	43
Shenyang Shimao Wulihe	4,382	45	15,435	151
Shanghai Shimao Emme County	3,934	35	447	4
Hainan Wenchang Shimao Blooming Sea	3,336	30	42,767	449
Harbin Shimao Riviera New City	6,924	22	23,375	128
Xianyang Shimao The Centre	3,936	17	25,394	159
Dalian Shimao Glory City	2,120	12	18,426	170
Taizhou Shimao Riverside Garden	2,244	8	38,404	198
Shenyang Shimao Notting Hill	705	8	8,927	99
Jiaxing Shimao New City	797	6	17,256	106
Ningbo Shimao World Gulf	697	6	2,928	27
Xuzhou Shimao Dongdu	291	4	5,119	47
Shenyang Shimao Bojing Plaza	865	4	25,057	321
Ningbo Yuyao Shimao Moushan Lake	–	–	4,077	30
Subtotal (a)	1,896,096	19,838	1,615,298	17,006

	1H 2015		1H 2014	
	Area (Sq.m.)	RMB million	Area (Sq.m.)	RMB million
(b) Shanghai Shimao				
Nanjing Shimao Bund New City	128,412	2,196	45,637	377
Quanzhou Shishi Shimao Skyscraper City	211,281	2,062	–	–
Xiamen Shimao Straits Mansion	26,470	936	91,417	2,355
Jinan Shimao Skyscraper City	75,127	743	–	–
Qingdao Shimao Noosa Bay	39,289	437	95,578	1,196
Suzhou Shimao Royal Villa	21,142	293	–	–
Changzhou Shimao Champagne Lake (Commercial)	36,094	290	830	8
Jinan Shimao International Plaza	11,821	269	6,559	128
Changshu Shimao The Centre (Commercial)	16,522	253	–	–
Tianjin Wuqing Shimao Luxury Mansion	16,167	156	–	–
Ningbo Shimao Sunlake Centre	8,723	117	–	–
Suzhou Shimao Canal Scene (Commercial)	5,698	51	18,473	303
Wuhan Shimao Carnival	3,704	45	49,690	458
Xuzhou Shimao Dongdu (Commercial)	3,397	41	330	4
Wuhu Shimao Riviera Garden (Commercial)	239	4	3,029	10
Kunshan Shimao International City	–	–	3,000	32
Shanghai Shimao Wonderland	–	–	6,002	169
Qingdao Shimao Shi'ao Tower	–	–	26,684	559
Subtotal (b)	604,086	7,893	347,229	5,599
Total (a) + (b)	2,500,182	27,731	1,962,527	22,605

(ii) Hotel Income

Hotel operation income is analysed as follows:

	1H 2015 RMB million	1H 2014 RMB million
Le Royal Méridien Shanghai	185	182
Hyatt on the Bund	176	162
Le Méridien Sheshan Shanghai	79	71
InterContinental Fuzhou	43	21
Hilton Nanjing Riverside	37	37
Crowne Plaza Shaoxing	33	17
Double Tree by Hilton Wuhu	25	19
Holiday Inn Shaoxing	16	16
Holiday Inn Mudanjiang	12	12
Yuluxe Hotel Taizhou	10	–
MiniMax Hotel Shanghai Songjiang	4	–
Hilton Tianjin Eco-city	4	–
Total	624	537

Hotel operation income increased approximately 16.2% to RMB624 million for the six months ended 30 June 2015 from approximately RMB537 million for the six months ended 30 June 2014. The increase was mainly derived from increasing occupancy rate and newly-opened hotels.

(iii) Rental Income and Others

Rental income from investment properties reached approximately RMB371 million, which increased by 30.2% mainly due to the growth of the average rent and the newly opened Jinan Shimao International Plaza.

Other income amounted to approximately RMB467 million (1H 2014: RMB248 million) was mainly derived from operation of cinemas, property management and department stores.

	1H 2015 RMB million	1H 2014 RMB million
Shanghai Shimao International Plaza	78	77
Beijing Shimao Tower	67	66
Shaoxing Shimao Dear Town	50	49
Jinan Shimao International Plaza	44	–
Beijing Fortune Times (Commercial)	33	25
Kunshan Shimao Plaza	20	13
Shanghai Shimao Shangdu	18	18
Suzhou Shimao Canal Scene	16	10
Changshu Shimao The Centre	8	8
Xuzhou Shimao Dongdu (Commercial)	5	5
Wuhu Shimao Riviera Garden (Commercial)	3	3
Miscellaneous rental income	29	11
Others	467	248
Total	838	533

2. Cost of Sales

Cost of sales increased by 29.7% to approximately RMB20,231 million for the six months ended 30 June 2015 from RMB15,602 million for the six months ended 30 June 2014, primarily due to the increase in cost of properties sold in line with the increase in areas delivered.

Cost of sales are analysed as follows:

	1H 2015 RMB million	1H 2014 RMB million
Sales taxes	1,675	1,344
Land costs and construction costs	16,472	12,705
Capitalised borrowing costs	1,754	1,251
Direct operating costs for hotels, commercial properties and others	330	302
Total	20,231	15,602

3. Fair Value Gains on Investment Properties

During the period under review, the Group recorded aggregate fair value gains of approximately RMB820 million (1H 2014: RMB1,097 million), mainly contributed by further increase in value of certain investment properties and the addition in number of investment properties. Aggregate net fair value gains after deferred income tax of approximately RMB205 million recognized was RMB615 million (1H 2014: fair value gains after deferred income tax was RMB823 million).

4. Other Gains

Other gains of approximately RMB406 million for the six months ended 30 June 2015 (1H 2014: RMB122 million) included mainly gains on acquisition of equity interests in joint ventures of RMB210 million, foreign exchange gains of RMB80 million and others.

5. Selling and Marketing Costs and Administrative Expenses

Selling and marketing costs for the period were approximately RMB661 million (1H 2014: RMB625 million). Selling and marketing costs increased by 5.8% in line with the increase in number of projects put into presale compared with the same period of 2014. The sales team also focused on effectiveness of sales strategy according to the changes in the market. Administrative expenses for the period were RMB1,563 million (1H 2014: RMB1,415 million), and increased by 10.5%. It was mainly due to the increase of hotel and property management operating expenses in line with the increase of number or area of hotels and guestrooms. Relevant staff costs of property sales also increased. However, the management already carried out stringent budget and cost control measures to reduce expenses during the period. The proportion of total expenses to the total revenue was 7.6% (1H 2014: 8.6%).

6. Operating Profit

Operating profit amounted to approximately RMB7,881 million for the six months ended 30 June 2015, representing an increase of RMB693 million or approximately 9.6% over the first half of 2014. It was mainly attributable to the increase of revenue and gross profit.

7. Finance Costs – Net

Net finance costs increased to approximately RMB190 million (1H 2014: RMB112 million) mainly due to more interest expenses incurred for increased borrowings during the period.

8. Share of Results of Associated Companies and Joint Ventures

Share of losses of associated companies amounted to approximately RMB45 million (1H 2014: share of losses of RMB70 million) in the first half of 2015, which was mainly due to the losses of Beijing Fangshan Changyang project, Guangzhou Finance City project, and Guangzhou Asian Games City project. Share of losses of joint ventures amounted to RMB329 million (1H 2014: share of losses of RMB13 million), which was mainly due to the mark-to-market value appreciation recognized during equity interest transactions of projects such as Wuxi Railway Station project, Nanchang Shimao Sky City project and Changsha Brilliant Bay project, resulting relatively high unit cost and net loss.

9. Taxation

The Group's tax provisions amounted to approximately RMB2,812 million in which PRC land appreciation tax ("LAT") was RMB841 million (1H 2014: RMB2,335 million, in which LAT was RMB475 million) for the period.

10. Profit Attributable to Shareholders

Profit attributable to shareholders for the period decreased by 14.9% from approximately RMB4.180 billion in first half of 2014 to RMB3.559 billion in the first half of 2015. The decrease was mainly due to the additional losses of associated companies and joint ventures of approximately RMB291 million, no reversal of LAT in the first half of 2015 (1H 2014: RMB340 million), and additional profit attributable to non-controlling interests. Excluding the net impact of major after-tax non-cash items, net profit from core business attributable to shareholders for the period decreased by only 3.9% to approximately RMB3.487 billion, compared with the corresponding period in 2014. The profit margin from core business attributable to shareholders was 15.2% in the first half of 2015.

11. Liquidity and Financial Resources

As of 30 June 2015, total assets of the Group were RMB228.782 billion, of which current assets reached approximately RMB166.104 billion. Total liabilities were approximately RMB159.636 billion, whereas non-current liabilities were RMB54.025 billion. Total equity was RMB69.146 billion, of which equity attributable to the shareholders of the Company amounted to approximately RMB48.773 billion.

As of 30 June 2015, the Group had aggregate cash and bank balances (including restricted cash balances) of approximately RMB27.335 billion (31 December 2014: RMB23.935 billion), total borrowings amounted to approximately RMB67.114 billion (31 December 2014: RMB61.994 billion). Total net borrowings were approximately RMB39.779 billion (31 December 2014: RMB38.059 billion). Net gearing ratio decreased from approximately 58.6% as at 31 December 2014 to approximately 57.5% as at 30 June 2015.

The maturity of the borrowings of the Group as at 30 June 2015 is set out as follows:

	RMB million
<i>Bank borrowings and borrowings from other financial institutions</i>	
Within 1 year	17,637
Between 1 and 2 years	11,868
Between 2 and 5 years	16,577
Over 5 years	5,887
<i>Senior notes</i>	
Between 2 and 5 years	4,814
Over 5 years	10,331

The borrowings were denominated in different currencies set out below:

	Original currency million	RMB equivalent million
US\$	4,331	26,475
HK\$	5,106	4,027
RMB	36,612	36,612

12. Financing Activities

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

The Group continued to maintain good debt structure, of which short-term borrowings were approximately 26% and long-term borrowings were approximately 74% as at 30 June 2015. The cash coverage ratio increased from approximately 128% as at 31 December 2014 to approximately 155% as at 30 June 2015, which indicated the Group kept high liquidity and low debt pressure.

On 10 February 2015, the Group issued US\$800 million senior notes due on 10 February 2022. The interest rate was 8.375%. The issuance received overwhelming response with 7.25 times over subscription, which indicated a high degree of market confidence in the Group. On 17 March 2015, the Group further issued US\$300 million senior notes to be consolidated and form a single series with the 2015 Senior Notes. On 8 March 2015, the Group early redeemed an aggregate principal amount of US\$350 million of all outstanding 11% senior notes due in 2018. After the issuance and redemption, the average maturity of offshore senior notes extended from 5.02 years to 5.99 years, and the average coupon rate decreased from 8.01% to 7.76%.

Shimao Tiancheng Property Management Co., Ltd., a subsidiary of the Group, received no-objection letter from the Shanghai Stock Exchange in July 2015 for the implementation of the first asset securitization project of revenue of properties in China. The project which raised a total amount of RMB1,510 million of a term of 1 to 5 years was launched on 11 August 2015.

Shanghai Shimao Jianshe Co., Ltd., a wholly-owned subsidiary of the Group, has received approval from the Shanghai Stock Exchange recently that upon completion of all procedures, it would be allowed to carry out the public issuance of 7-year domestic corporate bonds of up to RMB7,400 million in tranches. These two innovative financing activities laid the foundation of reducing the overall finance cost and optimizing the maturity structure of debts for the Group.

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

13. Foreign Exchange Risks

The non-RMB assets and liabilities of the Group are borrowings denominated in USD and HKD. The Group is also steadily expanding the domestic financing channels through asset securitization and the issuance of RMB corporate bonds. The Group will closely monitor the fluctuations of exchange rates, and keep improving the onshore and offshore debt structure to mitigate the risk of devaluation of RMB.

Other than the foreign currency borrowings, the Group conducts its business almost exclusively in RMB. Therefore, the Group's operating cash flow and liquidity is not subject to significant influence from fluctuations in exchange rates in the short term. The Group is also considering adopting an appropriate amount of foreign exchange hedging instruments at a reasonable cost to manage foreign exchange risk more effectively.

14. Pledge of Assets

As of 30 June 2015, the Group had pledged property and equipment, investment properties, land use rights, properties under development, completed properties held for sale and restricted cash with a total carrying amount of RMB61.884 billion to secure bank facilities granted to the Group. The corresponding bank and other loans amounted to approximately RMB28.728 billion. The Group had also pledged shares of certain subsidiaries for a total borrowing of RMB1.080 billion.

15. Contingencies


As of 30 June 2015, the Group had provided guarantees for approximately RMB10.501 billion in respect of the mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. In addition, the Group had provided guarantees for approximately RMB6.320 billion in its portion of equity interests in certain associated companies and joint ventures for their borrowings.

16. Capital and Property Development Expenditure Commitments

As of 30 June 2015, the Group had contracted capital and property development expenditure but not provided for amounted to RMB38.918 billion.

17. Employees and Remuneration Policy

As of 30 June 2015, the Group employed a total of 6,914 employees. Total remuneration for the period amounted to RMB775 million. The Group has adopted a performance-based rewarding system to motivate its staff. The Board adopted a share option scheme (the "Share Option Scheme") and a share award scheme (the "Share Award Scheme") of the Company on 9 June 2006 and 30 December 2011 respectively. The purpose of the Share Option Scheme and the Share Award Scheme is to recognize the contributions by outstanding employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. In relation to staff training, the Group also provided different types of programmes for its staff to improve their skills and develop their respective expertise.

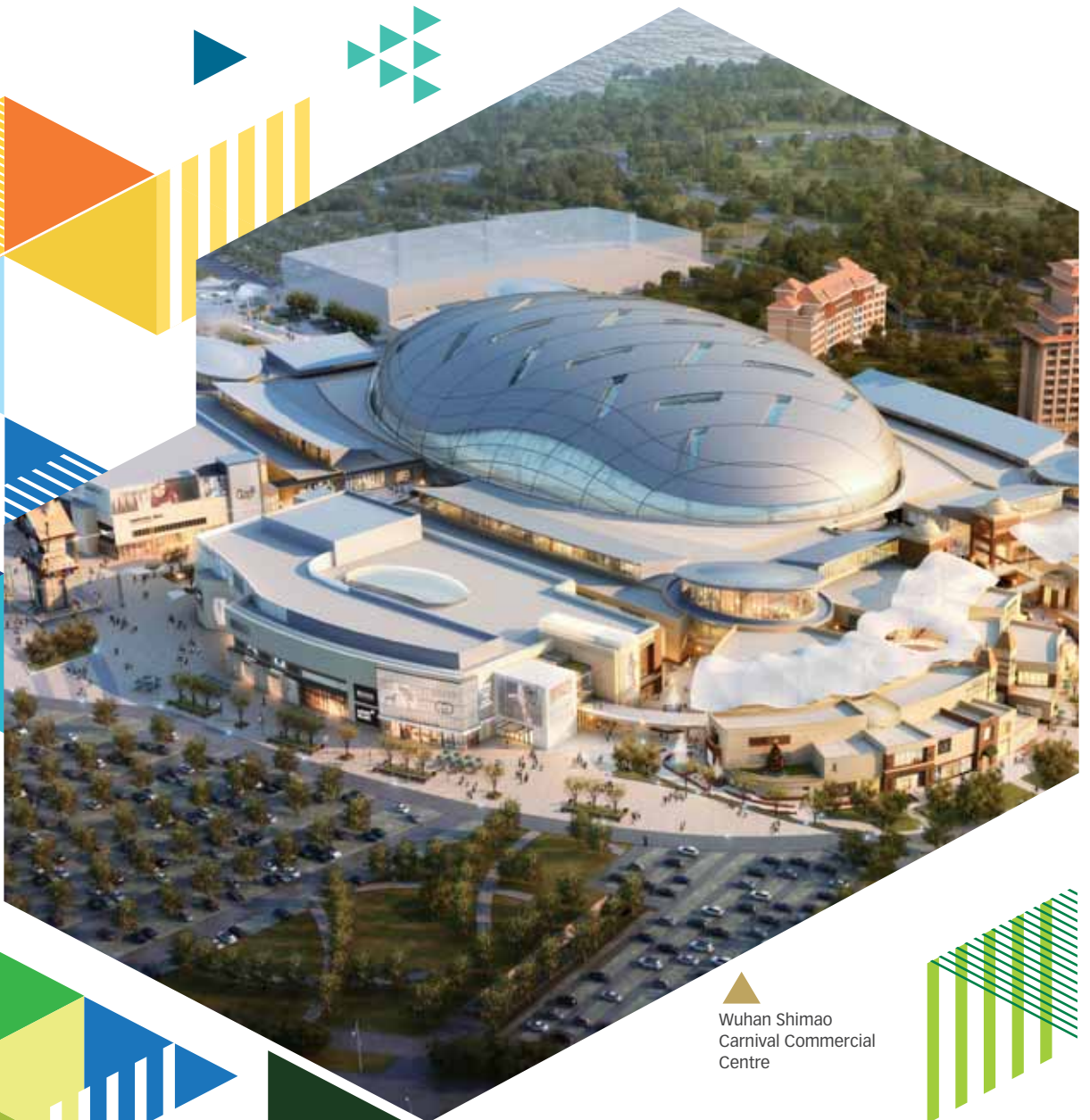


Xuzhou Shimao
New Territories



Hefei Shimao
Jade Mansion

Corporate Governance and Other Information



▲
Wuhan Shimao
Carnival Commercial
Centre

DIRECTORS AND SENIOR MANAGEMENT PROFILES

Executive Directors

HUI WING MAU (CHAIRMAN)

Mr. Hui Wing Mau, aged 65, the Chairman and Executive Director of Shimao Property Holdings Limited (the “Company”) and the founder of the Group. With over 25 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 Twelfth Chinese People’s Political Consultative Conference (“CPPCC”) and deputy director of the Economic Committee of the National Committee of the CPPCC, vice president of All-China Federation of Returned Overseas Chinese, the president of China Federation of Overseas Chinese Entrepreneurs, vice president of China Overseas Chinese Entrepreneurs Association, chairman of Shanghai Overseas Chinese Chamber of Commerce, president of The Association for the Promotion of Global Chinese Traders Fraternity, executive president of China Red Ribbon Foundation and president of New Home Association Hong Kong. Mr. Hui obtained a Master’s 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 64.08% owned subsidiary of the Company listed on the Shanghai Stock Exchange, and a director of Shimao International Holdings Limited (“Shimao International”). He is a director of Gemfair Investments Limited and Shiyong Finance Limited, substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”). 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, and Ms. Hui Mei Mei, Carol, the Vice Chairman of Shanghai Shimao.

HUI SAI TAN, JASON (VICE CHAIRMAN)

Mr. Hui Sai Tan, Jason, aged 38, 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 16 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 Master’s Degree in Business Administration from the University of South Australia in 2004. He is a member of the Standing Committee of All-China Youth Federation and a member of Shanghai Committee of the CPPCC. 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, and the brother of Ms. Hui Mei Mei, Carol, the Vice Chairman of Shanghai Shimao.

XU YOUNONG

Mr. Xu Younong, aged 57, 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 Bachelor’s Degree of Engineering from Tong Ji University in Shanghai and has over 31 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.

DIRECTORS AND SENIOR MANAGEMENT PROFILES (continued)

Executive Directors (continued)

TANG FEI

Ms. Tang Fei, aged 44, has joined the Group since July 2004 and was appointed an Executive Director of the Company since 6 February 2013. Ms. Tang is currently a Vice President of the Group, responsible for the financial control of the Group. Ms. Tang holds a Master's Degree in Business Administration from the University of South Australia and has over 21 years' experience in financial management and internal audit. Prior to joining the Group, Ms. Tang worked in the internal audit department of Bank of China, Head office from 1992 to 1998. She also worked in the audit department and treasury department of Bank of China (Hong Kong) Limited from 1999 to 2004.

LIAO LUJIANG

Mr. Liao Lujiang, aged 43, has joined the Group since January 2011 and was appointed an Executive Director of the Company since 6 February 2013. Mr. Liao is currently the Chief Operation Officer of the Group, responsible for management of enterprise operation, human resources, information system and administrative support of the Group. Mr. Liao holds a Master's Degree in Public Administration from Tsinghua University and has over 12 years' experience in office administration, human resources management and staff training. Prior to joining the Group, Mr. Liao worked in lanjia Group as senior human resources manager of northern district from 2003 to 2006. From 2006 to 2010, he worked for Beijing Longfor Properties Co., Ltd. as deputy human resources general manager and chief human resources officer (property).

Non-Executive Director

LIU SAI FEI

Mr. Liu Sai Fei, aged 53, has joined the Group since 2003, was appointed an Executive Director of the Company on 1 February 2010 and has been re-designated as a Non-executive Director of the Company since 9 January 2015. He was also appointed as the President of Shanghai Shimao on 9 January 2015. He obtained a Master's Degree in Project Management from the University of Western Sydney, Australia in 2000. Mr. Liu has over 30 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.

Independent Non-executive Directors

KAN LAI KUEN, ALICE

Ms. Kan Lai Kuen, Alice, aged 60, has been an Independent Non-executive Director of the Company since 16 March 2006 and has more than 23 years' experience in corporate finance. She is a responsible officer of two licensed corporations registered under the SFO, namely, Asia Investment Management Limited ("AIML") and Asia Investment Research Limited ("AIRL"). AIML is currently the investment manager of China Investment Fund Company Limited which is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). She is also a shareholder and the managing director of AIML and AIRL. Ms. Kan currently serves as an independent non-executive director on the boards of the following companies which are listed on the Stock Exchange: Shougang Concord International Enterprises Company Limited, Regal Hotels International Holdings Limited, China Energin International (Holdings) Limited and Cosmopolitan International Holdings Limited. She is also an independent director of AVIC International Maritime Holdings Limited, a company listed on Singapore Exchange Securities Trading 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.

DIRECTORS AND SENIOR MANAGEMENT PROFILES (continued)

Independent Non-executive Directors (continued)

LU HONG BING

Mr. Lu Hong Bing, aged 48, has been an Independent Non-executive Director of the Company since 17 November 2004. Mr. Lu obtained a Master's Degree in law from East China University of Political Science and Law in 1991 and has more than 22 years' experience in corporate and securities laws in China. Mr. Lu currently serves as an independent non-executive director of ZTE Corporation, a company publicly listed on the Shenzhen Stock Exchange and the Stock Exchange. He is also an independent director of Shanghai Shentong Metro Co., Ltd. (上海申通地鐵股份有限公司), a company listed on the Shanghai Stock Exchange. 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 Shanghai International Economic and Trade Arbitration Commission, an arbitrator of the Shanghai Arbitration Committee, a concurrent professor of East China University of Political Science 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 54, has been an Independent Non-executive Director of the Company since 1 June 2006. He is currently a fellow member of the Hong Kong Institute of Surveyors. Mr. Lam obtained a Master's Degree in Business Administration from the Hong Kong Open University in 2004 and is a fellow member of the Chartered Institute of Civil Engineering Surveyors 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 13 years. Mr. Lam has been in the property development and construction industry for 31 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 consultancy 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 consultancy 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.

Senior Management

The Executive Directors of the Company are members of senior management of the Group.

CHANGE IN INFORMATION OF DIRECTOR

The Company is required under the Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to disclose the change in information of the directors of the Company (the "Directors") since the date of publication of 2014 annual report to the date of this report as set out below:

Name of Director	Details of Changes
Independent Non-executive Director	
Lu Hong Bing	<ul style="list-style-type: none">– An expiry of term of office of independent director of Shanghai Jiaoda Onlly Co., Ltd, a company publicly listed on the Shanghai Stock Exchange; and– Appointed as an independent non-executive director of ZTE Corporation, a company publicly listed on the Shenzhen Stock Exchange and the Stock Exchange.

Save as disclosed above, no other change in information of the Directors is required to be disclosed since the date of publication of 2014 annual report to the date of this report 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".

INFORMATION ON SHARE OPTIONS

Share Option Scheme of the Company

The Company adopted a share option scheme (the "Share Option Scheme") on 9 June 2006, details are as follows:

- The purpose of the Share Option Scheme is to provide the participants with 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.
- 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.
- 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 or any other share option schemes adopted by the Company must not exceed 30% of the Company's shares in issue from time to time.

INFORMATION ON SHARE OPTIONS (continued)

Share Option Scheme of the Company (continued)

- (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 and 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 2015, nor was there any share option outstanding as at 1 January 2015 and 30 June 2015.

Share Option Scheme of Shanghai Shimao

Shanghai Shimao adopted a share option scheme (the "Shanghai Shimao Scheme") on 27 June 2013 (the "Date of Adoption"), details are as follows:

- (a) The purpose of the Shanghai Shimao Scheme is to further optimize the corporate governance structure, establish and improve the incentive and discipline mechanism of Shanghai Shimao, unleash motivation of the management, function as a measure to attract and retain quality executives, align the interests of Shanghai Shimao's shareholders and corporate interests with personal interests of the management for building a common vision of long-term development of Shanghai Shimao, and to provide individual employees with incentives through profit sharing, thus securing the sustainable and healthy development of Shanghai Shimao.
- (b) Options granted under Shanghai Shimao Scheme are incentives to directors, senior management and mid-level key managerial personnel of Shanghai Shimao. The shares subject to the options granted under the Shanghai Shimao Scheme are share(s) of Shanghai Shimao which are listed on the Shanghai Stock Exchange and traded and denominated in RMB ("A Shares"). Participants who are granted with the options will be entitled to acquire A Shares at a pre-determined price during the exercise period of the relevant options, subject to the fulfilment of the relevant conditions and the terms of the Shanghai Shimao Scheme.

INFORMATION ON SHARE OPTIONS (continued)

Share Option Scheme of Shanghai Shimao (continued)

- (c) A total number of 10,000,000 A Shares, representing approximately 0.85% of the total number of A Shares in issue as at the Date of Adoption, was available for issue under the Shanghai Shimao Scheme. On 28 June 2013, all share options carrying rights to subscribe for a total of 10,000,000 A Shares were granted by Shanghai Shimao. No further shares would be available for issue under the Shanghai Shimao Scheme.
- (d) The total number of shares to be granted under the Shanghai Shimao Scheme to an individual grantee will not exceed 1% of the total issued share capital of Shanghai Shimao.
- (e) Subject to the fulfillment of various conditions as provided in the Shanghai Shimao Scheme, the options granted under the Shanghai Shimao Scheme can be exercised in two batches commencing from (i) the first trading day after the expiry of the 12-month period from the date of grant; and (ii) the first trading day after the expiry of the 24-month period from the date of grant respectively.
- (f) Performance targets have been imposed as conditions for the grant of options under the Shanghai Shimao Scheme.
- (g) No amount is payable on application or acceptance of the options by the grantees of the options.
- (h) The exercise price of the options granted under the Shanghai Shimao Scheme was RMB9.84 per A Share, which was the higher of the followings: (i) the closing price of the A Shares quoted on the Shanghai Stock Exchange on the last trading day immediately preceding the date of the announcement on the draft of the Shanghai Shimao Scheme made by Shanghai Shimao (i.e. 11 April 2013), which was RMB9.74 per A Share; and (ii) the average of the closing prices of the A Shares quoted on the Shanghai Stock Exchange for the last 30 trading days immediately preceding the date of the announcement on the draft of the Shanghai Shimao Scheme made by Shanghai Shimao, which was RMB9.84 per A Share. During the six months ended 30 June 2014, the exercise price of the options granted under Shanghai Shimao Scheme has been adjusted to RMB9.60 per A Share as a result of distribution of dividends for the six months ended 30 June 2013 and for the year ended 31 December 2013. During the six months ended 30 June 2015, the exercise price of the options granted under the Shanghai Shimao Scheme has been adjusted to RMB6.29 per A Share as a result of distribution of dividends and issue of bonus shares for the year ended 31 December 2014.
- (i) The options granted by Shanghai Shimao on 28 June 2013, being outstanding as at 1 January 2015 and 30 June 2015, were 5,980,000 options (before adjustment) and 5,400,000 options (after adjustment) respectively, which are exercisable in the manner as set out in paragraph (e) above. During the six months ended 30 June 2015, the number of options granted under the Shanghai Shimao Scheme has been adjusted as a result of distribution of dividends and issue of bonus shares for the year ended 31 December 2014.
- (j) No options were granted by Shanghai Shimao under the Shanghai Shimao Scheme during the six months ended 30 June 2015.

INFORMATION ON SHARE OPTIONS (continued)

Share Option Scheme of Shanghai Shimao (continued)

- (k) During the six months ended 30 June 2015, 1,100,000 options (before adjustment) and 1,800,000 options (after adjustment) were lapsed under the Shanghai Shimao Scheme.
- (l) 1,320,000 options (after adjustment) were exercised and the exercise price of the options was RMB6.29 per A Share pursuant to the Shanghai Shimao Scheme during the six months ended 30 June 2015. The weighted average closing price of the A Shares of Shanghai Shimao immediately before the date(s) of exercise(s) (all exercised on the same day) of options for the period was RMB14.54 per A Share.
- (m) The Shanghai Shimao Scheme will expire on 27 June 2016.

Other details of the Shanghai Shimao Scheme are set out in note 13 to the interim condensed consolidated financial information.

SHARE AWARD SCHEME

A Share Award Scheme of the Company (the "Share Award Scheme") was adopted by the board of directors of the Company (the "Board") on 30 December 2011 (the "Adoption Date"). The purpose of the Share Award Scheme is to recognize the contributions by certain selected employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The maximum number of shares which can be awarded under the Share Award Scheme and to a selected employee in the scheme is 1% (i.e. 34,659,508 shares) of the issued share capital of the Company as at the Adoption Date.

During the six months ended 30 June 2015, 2,781,513 shares were granted to certain executive directors and selected employees of the Group under the Share Award Scheme and 2,269,120 awarded shares have been vested during the six months ended 30 June 2015.

DISCLOSURE OF INTERESTS IN SECURITIES

Directors' and Chief Executive's Interests and Short Position in the Company

As at 30 June 2015, 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 SFO) as recorded in the register required to be kept by the Company 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 (the "Model Code") contained in the Appendix 10 of the Listing Rules were as follows:

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	2,256,699,442 ^(Note 1)	64.986%
Hui Sai Tan, Jason	Beneficial owner	2,455,467 ^(Note 2)	0.071%
Xu Younong	Beneficial owner	356,264 ^(Note 3)	0.010%
Tang Fei	Beneficial owner	267,264 ^(Note 4)	0.008%
Liao Lujiang	Beneficial owner	301,065 ^(Note 5)	0.009%
Liu Sai Fei	Beneficial owner	833,942 ^(Note 6)	0.024%

Notes:

- These 2,256,699,442 shares represent the interest in the Company held by Gemfair Investments Limited and Shiyong Finance Limited, companies which are directly wholly-owned by Mr. Hui Wing Mau.
- The interests disclosed include deemed interests in 110,788 shares granted under the Share Award Scheme.
- The interests disclosed include deemed interests in 169,230 shares granted under the Share Award Scheme.
- The interests disclosed include deemed interests in 112,642 shares granted under the Share Award Scheme.
- The interests disclosed include deemed interests in 104,050 shares granted under the Share Award Scheme.
- The interests disclosed include deemed interests in 209,673 shares granted under the Share Award Scheme.

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.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the six months ended 30 June 2015 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 2015, 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 by the Company 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	56.10%
Overseas Investment Group International Limited ("Overseas Investment")	Note 2	1,947,984,000	56.10%
Shiyang Finance Limited ("Shiyang Finance")	Note 3	308,715,442	8.89%

Notes:

1. The interests disclosed represent the interests in the Company which are held by Gemfair, a company which is directly wholly-owned by Mr. Hui Wing Mau.
2. The interests disclosed represent 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 close associates (directly or indirectly) hold not less than 30% interest in the Company.
3. The interests disclosed represent the interests in the Company which are held by Shiyang 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, the Company disclosed below that during the six months ended 30 June 2015, the following Director was considered to have interests in the following businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

Mr. Hui Wing Mau, the Chairman and an Executive Director of the Company, currently owns property development interests in the PRC through a number of private companies (collectively, the "Private Group").

The Directors, including those interested in the businesses of the Private Group, will, as and when required under the Company's Articles of Association, abstain from voting on any board resolution of the Company in respect of any contract, arrangement or proposal in which he/she or any of his/her associates has a material interest.

CONTINUING DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The Company entered into the following agreements:

1. A credit agreement on 26 November 2012 between, among others, the Company as borrower, certain subsidiaries of the Company as guarantors, The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank Limited, Standard Chartered Bank (Hong Kong) Limited, The Bank of East Asia, Limited, and Sumitomo Mitsui Banking Corporation as mandated co-ordinating arrangers and lenders, multi-currency term loan facilities in the amount of US\$610,000,000 and HK\$468,000,000 have been made available to the Company for a term of 36 months from the date of the credit agreement.
2. A facility agreement on 21 May 2013 between, among others, Tianjin Jinnan Xincheng Real Estate Development Co., Ltd., a company which is indirectly owned as to 25% by the Company as the borrower, the Company as one of the sponsors, certain financial institutions as specified in the facility agreement as initial lenders, a term loan facility in the amount of RMB1,000,000,000 has been made available to the borrower for a term of 36 months from the date of the facility agreement.
3. A credit agreement on 14 June 2013 between, among others, the Company as borrower, certain subsidiaries of the Company as guarantors, The Hongkong and Shanghai Banking Corporation Limited, Bank of China Limited Macau Branch, Hang Seng Bank Limited, Standard Chartered Bank (Hong Kong) Limited, The Bank of East Asia, Limited, Sumitomo Mitsui Banking Corporation, Tai Fung Bank Limited and Deutsche Bank AG, Singapore Branch as mandated co-ordinating arrangers and lenders, multi-currency term loan facilities in the amount of US\$320,000,000 and HK\$1,950,000,000 have been made available to the Company for a term of 48 months from the date of the credit agreement.
4. A facility agreement on 10 October 2013 between, among others, Charm Talent Limited, a company which is indirectly owned as to 25% by the Company as the borrower, the Company as one of the guarantors, The Bank of East Asia, Limited, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (Hong Kong) Limited as original lenders and mandated lead arrangers, a transferable term loan facility in the amount of HK\$2,700,000,000 has been made available to the borrower for a term of 36 months from the first utilization date.
5. A credit agreement on 12 June 2014 between, among others, the Company as borrower, certain subsidiaries of the Company as guarantors, The Hongkong and Shanghai Banking Corporation Limited and Hang Seng Bank Limited as mandated lead arrangers and coordinators, The Bank of East Asia, Limited, Standard Chartered Bank (Hong Kong) Limited, Sumitomo Mitsui Banking Corporation, Tai Fung Bank Limited, Goldman Sachs Bank USA, China CITIC Bank International Limited, JPMorgan Chase Bank, N.A., Hong Kong Branch, Morgan Stanley Senior Funding, Inc. and UBS AG, Hong Kong Branch as mandated lead arrangers, certain financial institutions as specified in the credit agreement as original lenders and Standard Chartered Bank (Hong Kong) Limited as facility agent, multi-currency term loan facilities in the amount of US\$665,000,000 and HK\$555,000,000 have been made available to the Company for a term of 48 months from the date of the credit agreement.
6. A facility agreement on 22 April 2015 between, among others, Peak Castle Assets Limited, being an indirect wholly-owned subsidiary of the Company, as borrower, the Company and Mr. Hui Wing Mau, as guarantors, Bank of China Limited, Macau Branch, Bank of China Limited, Sydney Branch, Bank of China (Malaysia) Berhad and Bank of China Limited, Manlia Branch as arrangers and original lenders and Bank of China Limited, Macau Branch as agent, a term loan facility in the amount of US\$89,000,000 has been made available to the borrower for a term of 48 months from the date of the facility agreement.

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

As provided in each of the above agreements, if (a) 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 (b) Mr. Hui Wing Mau ceases to be the chairman of the Board and is not replaced by Mr. Hui Sai Tan, Jason as the replacement chairman of the Board within 10 business days of any such cessation, the commitments under each of the above loan facilities may be cancelled and all amounts outstanding may become immediately due and payable.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of business ethics and corporate governance. It believes that, in the achievement of long term objectives of the Group, it is of utmost importance to conduct business with accountability, transparency and fairness. The Group's interests as well as those of its shareholders will be maximized in the long run by adhering to these principles.

THE BOARD

The Board consisted of nine Directors, comprising five Executive Directors, one Non-executive Director together with 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 of the Company, together with information relating to the relationship among them, are set out in the "Directors and Senior Management Profiles" section under 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 management.

The Board is responsible for performing the corporate governance duties set out in the code provision D.3.1 of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules. The principal role and function of the Board in relation to corporate governance is to develop and review the Company's policies and practices on corporate governance, to review and monitor the training and continuous professional development of Directors and senior management of the Company, to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, to develop, review and monitor the code of conduct applicable to employee and Directors, and to review the Company's compliance with the Code and disclosure in the corporate governance report under the annual report.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") consists of three members, all of which being the Independent Non-executive Directors, namely, Ms. Kan Lai Kuen, Alice (as the chairman of the Audit Committee), Mr. Lu Hong Bing and Mr. Lam Ching Kam.

The primary duties of the Audit Committee are to assist the Board 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 Board.

Full minutes of the Audit Committee meetings are kept by the Company Secretary. Draft and final versions of minutes of the Audit Committee meetings will be sent to all members of the Audit Committee for their comment and records, within a reasonable time after each meeting.

The Audit Committee meets the external auditor at least twice a year to discuss any significant items during the audits and considers any matters raised by the Company's 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 2015 have been reviewed by the Audit Committee and the auditor of the Company.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") consists of four members with a majority of which being Independent Non-executive Directors, comprising Mr. Hui Wing Mau and three Independent Non-executive Directors. The chairman of the Remuneration Committee is Mr. Lu Hong Bing.

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

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") consists of four members with a majority of which being Independent Non-executive Directors, comprising Mr. Hui Wing Mau and 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 on the selection of individuals to fill Board vacancies when they arise.

COMPANY SECRETARY

Ms. Lam Yee Mei, Katherine is a full-time employee of the Company with professional qualifications and extensive experience to discharge the functions of company secretary of the Company (the "Company Secretary"). The Company Secretary plays an important role in supporting the Board by ensuring efficient information flow within the Board and that Board policy, procedures and all applicable laws, rules and regulations are followed. The Company Secretary reports to the Board through the Chairman and Vice Chairman whilst all Directors have access to the advice and services of the Company Secretary.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Before the Group's interim and annual results are announced, notifications are sent to the Directors to remind them not to deal in the securities of the Company during the blackout periods. The Company has made specific enquiry of all Directors and they confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2015.

CORPORATE GOVERNANCE CODE

The Company complied with the code provisions set out in the Code throughout the six months ended 30 June 2015 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 code provision A.2.1 of the Code.

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

Mr. Hui, the chairman of the Board, provides leadership to the Board in terms of establishing policies and business directions and ensures that the Board discharges its responsibilities. The other Executive Directors are delegated with responsibility to oversee and monitor the operations of specific business areas and to implement the strategies and policies formulated by the Board.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities, except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased from the market a total of 3,000,000 shares of the Company at a total consideration of approximately HK\$50,800,000.

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

This interim report is now available in printed form and on the websites of the Company (www.shimaoproperty.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). If shareholders who have received or chosen (or deemed to have chosen) to receive this interim report by electronic means but (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, Tricor Investor Services Limited ("Tricor Investor") by email at shimao-ecom@hk.tricorglobal.com or by post to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board declared an interim dividend of HK30 cents per ordinary share for the six months ended 30 June 2015 (2014 Interim: HK30 cents). The interim dividend will be payable on Wednesday, 30 September 2015 to shareholders whose names appear on the register of members of the Company on Wednesday, 16 September 2015.

The register of members of the Company will be closed on Tuesday, 15 September 2015 and Wednesday, 16 September 2015. 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 Tricor Investor, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 14 September 2015.

On behalf of the Board

Hui Wing Mau

Chairman

Hong Kong, 26 August 2015

Independent Auditor's Report



羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF SHIMAO PROPERTY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 48 to 86, which comprises the interim condensed consolidated balance sheet of Shimaao Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 August 2015

Interim Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
ASSETS			
Non-current assets			
Property and equipment	6	12,115,058	11,951,703
Investment properties	6	28,363,836	26,975,771
Land use rights	6	7,392,292	7,286,582
Intangible assets	6	1,840,684	1,840,684
Associated companies	7	1,291,427	1,258,029
Joint ventures	8	6,148,921	8,534,090
Amounts due from related parties	9	2,618,069	2,499,546
Available-for-sale financial assets		185,300	204,510
Deferred income tax assets		1,486,976	1,429,899
Other non-current assets	10	1,235,580	1,666,753
		62,678,143	63,647,567
Current assets			
Properties under development		90,638,264	83,539,896
Completed properties held for sale		21,135,301	21,166,548
Trade and other receivables and prepayments	11	12,153,446	12,457,212
Prepayments for acquisition of land use rights	10	11,352,376	12,752,932
Prepaid income taxes		1,804,199	2,055,122
Amounts due from related parties	9	1,616,762	979,346
Derivative financial instruments		68,503	–
Cash and bank balances	12	27,334,898	23,934,834
		166,103,749	156,885,890
Total assets		228,781,892	220,533,457
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	13	356,275	356,275
Share premium		2,610,550	3,487,740
Reserves			
– Proposed dividend		821,541	1,629,075
– Others		44,984,823	41,390,289
		48,773,189	46,863,379
Non-controlling interests		20,372,728	18,119,705
Total equity		69,145,917	64,983,084

Interim Condensed Consolidated Balance Sheet (Continued)

As at 30 June 2015

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	14	49,477,380	43,269,371
Deferred income tax liabilities		4,547,691	4,339,374
		54,025,071	47,608,745
Current liabilities			
Trade and other payables	15	28,140,228	29,866,339
Dividend payable		1,643,088	375,128
Advanced proceeds received		28,238,914	33,220,166
Income tax payable		11,444,059	11,017,765
Borrowings	14	17,636,806	18,724,718
Derivative financial instruments		–	1,611
Amounts due to related parties	16	18,503,216	14,731,308
Deferred income		4,593	4,593
		105,610,904	107,941,628
Total liabilities		159,635,975	155,550,373
Total equity and liabilities		228,781,892	220,533,457
Net current assets		60,492,845	48,944,262
Total assets less current liabilities		123,170,988	112,591,829

The notes on pages 53 to 86 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June 2015 RMB'000	2014 RMB'000
Revenue	5(a)	29,193,057	23,675,412
Cost of sales	17	(20,231,103)	(15,601,859)
Gross profit		8,961,954	8,073,553
Fair value gains on investment properties		820,479	1,097,144
Other income/other gains – net	18	406,298	121,606
Selling and marketing costs	17	(660,830)	(624,925)
Administrative expenses	17	(1,562,750)	(1,414,891)
Other operating expenses	17	(83,716)	(63,894)
Operating profit		7,881,435	7,188,593
Finance income		155,921	65,986
Finance costs		(345,993)	(178,448)
Finance costs – net	19	(190,072)	(112,462)
Share of results of			
– Associated companies	7	(45,204)	(69,552)
– Joint ventures	8	(328,950)	(13,372)
		(374,154)	(82,924)
Profit before income tax		7,317,209	6,993,207
Income tax expense	20	(2,811,508)	(2,334,850)
Profit for the period		4,505,701	4,658,357
Other comprehensive losses:			
<i>Item that may be reclassified to profit or loss</i>			
Fair value losses on available-for-sale financial assets, net of tax		(14,408)	(58,723)
Total comprehensive income for the period		4,491,293	4,599,634
Profit for the period attributable to:			
Equity holders of the Company		3,558,539	4,180,298
Non-controlling interests		947,162	478,059
		4,505,701	4,658,357
Total comprehensive income for the period attributable to:			
Equity holders of the Company		3,549,301	4,142,586
Non-controlling interests		941,992	457,048
		4,491,293	4,599,634
Earnings per share for profit attributable to the equity holders of the Company			
– Basic (RMB cents)	22	102.84	120.83
– Diluted (RMB cents)	22	102.76	120.67

The notes on pages 53 to 86 form an integral part of this interim condensed consolidated financial information.

Details of dividends of the Company are set out in Note 21 this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Unaudited							
	Attributable to the equity holders of the Company							
	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2015		356,275	5,116,815	1,565,931	39,824,358	46,863,379	18,119,705	64,983,084
Profit for the period		-	-	-	3,558,539	3,558,539	947,162	4,505,701
Other comprehensive loss		-	-	(9,238)	-	(9,238)	(5,170)	(14,408)
– Fair value losses on available-for-sale financial assets, net of tax		-	-	(9,238)	-	(9,238)	(5,170)	(14,408)
Total comprehensive income for the period		-	-	(9,238)	3,558,539	3,549,301	941,992	4,491,293
Transactions with owners:								
Capital contribution from non-controlling interests		-	-	-	-	-	1,362,522	1,362,522
Equity-settled share-based payment	13(c)	-	-	45,233	-	45,233	-	45,233
– Value of employee services		-	-	45,233	-	45,233	-	45,233
– Purchase of shares		-	(40,184)	-	-	(40,184)	-	(40,184)
Profit appropriations		-	-	126,553	(126,553)	-	-	-
Dividends relating to 2014	21	-	(1,644,540)	-	-	(1,644,540)	(51,491)	(1,696,031)
Total transactions with owners		-	(1,684,724)	171,786	(126,553)	(1,639,491)	1,311,031	(328,460)
Balance at 30 June 2015		356,275	3,432,091	1,728,479	43,256,344	48,773,189	20,372,728	69,145,917
Balance at 1 January 2014		356,275	8,254,829	909,688	32,221,458	41,742,250	10,109,612	51,851,862
Profit for the period		-	-	-	4,180,298	4,180,298	478,059	4,658,357
Other comprehensive loss		-	-	(37,712)	-	(37,712)	(21,011)	(58,723)
– Fair value losses on available-for-sale financial assets, net of tax		-	-	(37,712)	-	(37,712)	(21,011)	(58,723)
Total comprehensive income for the period		-	-	(37,712)	4,180,298	4,142,586	457,048	4,599,634
Transactions with owners:								
Capital contribution from non-controlling interests		-	-	-	-	-	3,877,322	3,877,322
Changes in ownership interests in subsidiaries without change of control		-	(15,978)	-	-	(15,978)	(503,014)	(518,992)
Closure of a subsidiary		-	-	-	-	-	(40,516)	(40,516)
Equity-settled share-based payment		-	-	32,993	-	32,993	-	32,993
– Value of employee services		-	-	32,993	-	32,993	-	32,993
– Purchase of shares		-	(75,068)	-	-	(75,068)	-	(75,068)
Profit appropriations		-	-	191,492	(191,492)	-	-	-
Dividends relating to 2013		-	(2,233,912)	-	-	(2,233,912)	(45,160)	(2,279,072)
Total transactions with owners		-	(2,324,958)	224,485	(191,492)	(2,291,965)	3,288,632	996,667
Balance at 30 June 2014		356,275	5,929,871	1,096,461	36,210,264	43,592,871	13,855,292	57,448,163

The notes on pages 53 to 86 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

		Unaudited Six months ended 30 June	
	Note	2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Net cash generated from/(used in) operations		5,622,719	(1,564,126)
Interest received	19	155,921	65,986
Interest paid		(2,478,374)	(1,881,217)
PRC Income tax paid		(1,843,064)	(2,238,991)
Net cash flows from operating activities		1,457,202	(5,618,348)
Cash flows from investing activities			
Additions of property and equipment and investment properties		(1,625,801)	(1,384,576)
Sales of property and equipment	6	40,634	1,212
Additions of land use rights and other non-current assets	6, 10	(92,931)	(161,610)
Disposal of subsidiaries	8	(27,269)	450,789
Closure of an associated company	7	1,063	–
Acquisition of subsidiaries	8, 25	(2,025,852)	–
Capital injection to joint ventures	8	(50,000)	(572,170)
Capital injection to associated companies	7	(49,450)	–
Decrease in prepayment for acquisition of equity interests		954,411	–
Advance to joint ventures and associated companies		(693,892)	(217,925)
Net cash flows from investing activities		(3,569,087)	(1,884,280)
Cash flows from financing activities			
Proceeds from borrowings	14	38,259,143	20,570,374
Repayments of borrowings	14	(33,829,754)	(14,735,634)
Repurchases of shares		(40,184)	(75,068)
Capital contribution from non-controlling interests of subsidiaries		1,362,522	3,877,322
Acquisition of additional interests in subsidiaries		–	(518,992)
Repayment to non-controlling interests due to closure of subsidiary		–	(40,516)
Dividends paid to equity holders of the Company		(376,580)	–
Dividends paid to non-controlling interests		(51,491)	(45,160)
(Decrease)/Increase in amounts due to non-controlling interests of subsidiary	16	(215,687)	11,997
Increase in restricted cash pledged for borrowings	12	(934,690)	(389,392)
Net cash flows from financing activities		4,173,279	8,654,931
Net increase in cash and cash equivalents		2,061,394	1,152,303
Cash and cash equivalents at the beginning of the period		20,471,830	17,026,018
Exchange (losses)/gains		(208)	8,331
Cash and cash equivalents at end of the period		22,533,016	18,186,652

The notes on pages 53 to 86 form an integral part of this interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2015

1 GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

This interim condensed consolidated financial information is presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, and was approved for issue on 26 August 2015.

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

This interim condensed consolidated financial information for the six months ended 30 June 2015 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 interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2014, 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 applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

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

(a) New and amended standards adopted by the Group

There are no amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

2 ACCOUNTING POLICIES (continued)

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are issued but not effective for annual periods beginning 1 January 2015, and have not been early adopted.

Currently related to the Group:

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

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

		Effective for annual periods beginning on or after
HKFRS 2	Share-based payment	1 July 2014
HKFRS 3	Business combinations	1 July 2014
HKFRS 8	Operating segments	1 July 2014
HKFRS 13	Fair value measurement	1 July 2014
HKAS 16	Property, plant and equipment	1 July 2014
HKAS 24	Related Party Disclosures	1 July 2014
HKAS 38	Intangible assets	1 July 2014
HKAS 40	Investment property	1 July 2014
HKFRS 5	Non-current assets held for sale and discontinued operations	1 July 2016
HKFRS 7	Financial instruments: Disclosures	1 July 2016
HKAS 34	Interim financial reporting	1 July 2016

2 ACCOUNTING POLICIES (continued)

(b) New standards and interpretations not yet adopted (continued)

The Group has not early adopted any new accounting and financial reporting standards, amendments and interpretations to existing standards which have been issued but are not yet effective for the six months ended 30 June 2015. The Group is in the process of making an assessment on the impact of these new standards, amendments and interpretations and does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position, except for the new financial reporting standard HKFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2017) which the Group is not yet in a position to conclude.

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

- Amendment to HKAS 19 regarding defined benefit plans, effective for annual periods beginning on or after 1 July 2014 with early adoption permitted.
- Amendments to HKAS 16 and HKAS 41 regarding Agriculture: 'bearer plants', effective for annual periods beginning on or after 1 January 2016 with early adoption permitted.

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

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

3 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 interim condensed consolidated 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 2014 with the exception of changes in estimates that are required in determining the provision for income taxes.

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 interim condensed consolidated 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 as at 31 December 2014.

There have been no significant changes in any risk management policies since the year end.

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).

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2015 and 31 December 2014.

As at 30 June 2015	Unaudited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Assets				
Investment properties	-	-	26,617,609	26,617,609
Derivative financial instruments	-	-	68,503	68,503
Available-for-sale financial assets – equity securities	185,300	-	-	185,300
Total	185,300	-	26,686,112	26,871,412
Liabilities				
Derivative financial instruments	-	-	1,611	1,611

As at 31 December 2014	Audited			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Assets				
Investment properties	-	-	25,393,401	25,393,401
Available-for-sale financial assets – equity securities	204,510	-	-	204,510
Total	204,510	-	25,393,401	25,597,911

During the six months ended 30 June 2015, there were no reclassifications of financial assets and no transfers between different levels.

Available-for-sale financial assets included in Level 1 is the equity securities traded in Shanghai Stock Exchange, the fair value of which is based on quoted market prices at the balance sheet date.

Investment properties included in Level 3 are all completed investment properties and certain investment properties under development. The investment properties, of which the constructions are at a very early stage and the related fair values are not reliably determinable, are measured at cost until either their fair values become reliably determinable or development is completed, whichever is earlier.

As at 30 June 2015, investment properties under construction of approximately RMB1,746,227,000 were measured at cost, because their constructions were at very early stage and related fair values were not reliably determinable (31 December 2014: approximately RMB1,582,370,000). These investment properties under development shall be measured at cost until either their fair values become reliably determinable or development is completed, whichever is earlier.

4 FINANCIAL RISK MANAGEMENT (continued)

4.3 Fair value estimation (continued)

	Six months ended 30 June 2015 RMB'000	Year ended 31 December 2014 RMB'000
Investment properties		
Opening balance	26,975,771	26,941,944
Additions – Transfer from properties under development	16,799	568,282
Additions – Construction cost and others	578,009	1,773,633
Transfer to properties under development	(27,222)	(3,538,648)
Disposal	–	(280,062)
Fair value gains	820,479	1,510,622
Closing balance	28,363,836	26,975,771

The valuations of the investment properties at 30 June 2015 and 31 December 2014 were carried out by an independent firm, Vigers Appraisal and Consulting Limited, who is a fellow member of the Royal Institution of Chartered Surveyors.

For completed investment properties, the fair values were determined on the basis of capitalisation of net rental income derived from the existing tenancies with allowance onto the reversionary interest of the properties and by reference to comparable market transactions. The valuation was determined using discounted cash flow (“DCF”) projections based on significant unobservable inputs. These inputs include future rental cash inflows, discount rates, estimated vacancy rates, capitalisation rates and terminal value.

For investment properties under development, the valuation was primarily determined using residual method of valuation involving the gross development value assessment of the hypothetical development to be erected on the property based on the latest development scheme. The estimated development costs for the hypothetical development, including construction costs and professional fees together with allowances on interest payments and developer’s profits, are deducted from the established gross development value thereof. The resultant figure is then adjusted back to present value as at the valuation date to reflect the existing state of the property. The valuation was based on a DCF model taking costs to complete and discount rates into account in addition to the inputs noted above.

Derivative financial instruments included in Level 3 are two interest rate swap contracts entered into with a commercial bank, the fair value of which is determined using valuation models for which not all inputs are market observable prices or rates.

There were no changes in valuation techniques during the period.

4 FINANCIAL RISK MANAGEMENT (continued)

4.4 Fair value measurements using significant unobservable inputs (Level 3)

Investment properties at fair value

	Six months ended 30 June 2015		
	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
Opening balance	17,381,150	8,012,251	25,393,401
Additions	–	403,729	403,729
Transfer to completed investment properties	492,000	(492,000)	–
Net gains from fair value adjustment	297,500	522,979	820,479
Closing balance	18,170,650	8,446,959	26,617,609

	Six months ended 30 June 2014		
	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
Opening balance	16,403,370	5,536,999	21,940,369
Additions	184,477	978,827	1,163,304
Transfer to completed investment properties	–	184,477	184,477
Net gains from fair value adjustment	304,166	792,978	1,097,144
Closing balance	16,892,013	7,493,281	24,385,294

Derivatives at fair value through profit or loss

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Opening balances of liabilities	(1,611)	(36,898)
Gain recognized in the income statement	70,114	26,182
Closing balances of assets/(liabilities)	68,503	(10,716)
Changes in unrealized gains, under 'Other income/ other gains – net'	70,114	26,182

4 FINANCIAL RISK MANAGEMENT (continued)

4.5 Fair value of financial assets and liabilities measured at amortised cost

The fair value of senior notes is as follows:

	30 June 2015 RMB'000	31 December 2014 RMB'000
Non-current	15,707,188	10,478,260

The fair value of other financial assets and liabilities approximate their carrying amount.

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 annual financial statements.

(a) Revenue

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

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Sales of properties	27,731,306	22,604,611
Hotel operation income	623,709	537,545
Rental income from investment properties	371,485	285,257
Others	466,557	247,999
	29,193,057	23,675,412

5 SEGMENT INFORMATION (continued)

(b) Segment information

The segment results for the six months ended 30 June 2015 are as follows:

	Property development and investment		Hotel Operation	Unallocated**	Total
	Shanghai Shimao Co., Ltd. ("Shanghai Shimao")*	Others			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
– Sales of properties	7,892,875	19,838,431	–	–	27,731,306
– Hotel operation income	36,493	–	587,216	–	623,709
– Rental income from investment properties	234,250	137,235	–	–	371,485
– Others	362,426	104,131	–	–	466,557
Total revenue	8,526,044	20,079,797	587,216	–	29,193,057
Operating profit	2,672,913	5,137,122	65,523	5,877	7,881,435
Finance income	42,285	111,366	764	1,506	155,921
Finance costs	(118,500)	(170,010)	(25,052)	(32,431)	(345,993)
Share of results of					
– Associated companies	(5,150)	(40,054)	–	–	(45,204)
– Joint ventures	(9,665)	(319,285)	–	–	(328,950)
Profit/(loss) before income tax	2,581,883	4,719,139	41,235	(25,048)	7,317,209
Income tax expense					(2,811,508)
Profit for the period					4,505,701
Other segment items are as follows:					
Capital and property development expenditure	3,869,261	19,474,358	625,419	–	23,969,038
Fair value gains on investment properties	452,897	367,582	–	–	820,479
Fair value gains on derivative financial instruments	–	70,114	–	–	70,114
Depreciation	34,812	33,447	153,705	16,706	238,670
Amortisation of land use rights	4,399	1,402	34,889	–	40,690
Provision for impairment of receivables	20,665	237	–	–	20,902

* The Group owns an effective equity interest of 64.08% in Shanghai Shimao.

** Unallocated mainly represent corporate level activities.

5 SEGMENT INFORMATION (continued)

(b) Segment information (continued)

The segment results for the six months ended 30 June 2014 are as follows:

	Property development and investment		Hotel Operation RMB'000	Unallocated RMB'000	Total RMB'000
	Shanghai	Others			
	Shimao RMB'000	RMB'000			
Revenue					
– Sales of properties	5,617,399	16,987,212	–	–	22,604,611
– Hotel operation income	52,752	–	484,793	–	537,545
– Rental income from investment properties	207,351	77,906	–	–	285,257
– Others	212,995	35,004	–	–	247,999
Total revenue	6,090,497	17,100,122	484,793	–	23,675,412
Operating profit/(loss)	2,343,599	5,087,739	90,614	(333,359)	7,188,593
Finance income	11,934	43,153	370	10,529	65,986
Finance costs	(62,015)	(58,979)	(18,229)	(39,225)	(178,448)
Share of results of					
– Associated companies	35	(69,587)	–	–	(69,552)
– Joint ventures	(25,965)	12,593	–	–	(13,372)
Profit/(loss) before income tax	2,267,588	5,014,919	72,755	(362,055)	6,993,207
Income tax expense					(2,334,850)
Profit for the period					4,658,357

Other segment items are as follows:

Capital and property development expenditure	6,826,916	18,869,290	38,849	–	25,735,055
Fair value gains on investment properties	811,014	286,130	–	–	1,097,144
Fair value gains on derivative financial instruments	–	26,182	–	–	26,182
Write-off of intangible assets	–	6,241	–	–	6,241
Depreciation	16,173	88,772	74,689	18,889	198,523
Amortisation of land use rights	3,983	1,000	22,427	–	27,410
(Write back of)/provision for impairment of receivables	(1,103)	27	–	–	(1,076)

5 SEGMENT INFORMATION (continued)

(b) Segment information (continued)

The segment assets and liabilities as at 30 June 2015 are as follows:

	Property development and investment			Total RMB'000
	Shanghai Shimao RMB'000	Others RMB'000	Hotel operation RMB'000	
	Associated companies	1,019,764	271,663	
Joint ventures	1,228,970	4,919,951	-	6,148,921
Intangible assets	1,709,730	26	130,928	1,840,684
Other segment assets	65,981,213	131,523,173	17,752,643	215,257,029
Total segment assets	69,939,677	136,714,813	17,883,571	224,538,061
Deferred income tax assets				1,486,976
Available-for-sale financial assets				185,300
Derivative financial instruments				68,503
Other assets				2,503,052
Total assets				228,781,892
Borrowings	14,096,682	27,292,665	1,066,000	42,455,347
Other segment liabilities	24,158,286	50,307,486	11,420,302	85,886,074
Total segment liabilities	38,254,968	77,600,151	12,486,302	128,341,421
Corporate borrowings				24,658,839
Deferred income tax liabilities				4,547,691
Other liabilities				2,088,024
Total liabilities				159,635,975

5 SEGMENT INFORMATION (continued)

(b) Segment information (continued)

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

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

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

6 CAPITAL EXPENDITURE

	Property and equipment RMB'000	Investment properties RMB'000	Land use rights RMB'000	Intangible assets RMB'000	Total RMB'000
Opening net book amount as at 1 January 2015	11,951,703	26,975,771	7,286,582	1,840,684	48,054,740
Additions	448,952	578,009	189,493	-	1,216,454
Transfer to properties under development	(6,293)	(27,222)	(26,294)	-	(59,809)
Transfer from land use rights	-	16,799	-	-	16,799
Transfer to investment properties	-	-	(16,799)	-	(16,799)
Fair value gains	-	820,479	-	-	820,479
Depreciation/amortisation charged to the income statement	(238,670)	-	(40,690)	-	(279,360)
Disposals	(40,634)	-	-	-	(40,634)
Closing net book amount as at 30 June 2015	12,115,058	28,363,836	7,392,292	1,840,684	49,711,870
Opening net book amount as at 1 January 2014	10,378,052	26,941,944	5,645,416	1,847,573	44,812,985
Additions	601,352	1,383,919	102,552	-	2,087,823
Amortisation of land use rights	10,419	-	(10,419)	-	-
Transfer to properties under development	(97,502)	(2,130,972)	(51,201)	-	(2,279,675)
Fair value gains	-	1,097,144	-	-	1,097,144
Write-off of goodwill	-	-	-	(6,241)	(6,241)
Depreciation/amortisation charged to the income statement	(198,523)	-	(27,410)	-	(225,933)
Disposal of subsidiaries	(177,553)	(155,659)	(151,866)	-	(485,078)
Disposals	(1,212)	-	-	-	(1,212)
Closing net book amount as at 30 June 2014	10,515,033	27,136,376	5,507,072	1,841,332	44,999,813

Intangible assets comprise goodwill from business combinations.

7 ASSOCIATED COMPANIES

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Opening balance	1,258,029	1,650,578
Capital injection (note (a))	49,450	–
Transfer from a joint venture (note (b))	30,609	–
Transfer from a subsidiary (note (c))	–	28,776
Share of results	(45,204)	(69,552)
Closure (note (d))	(1,457)	–
Ending balance	1,291,427	1,609,802

Notes:

- (a) In the six months ended 30 June 2015, the Group set up two associated companies with several third parties with total capital injections of RMB49,450,000.
- (b) In the six months ended 30 June 2015, according to the amended articles of association, the Group lost the joint control in Guangzhou Chengyu Real Estate Development Co., Ltd. which then became the Group's associated company.
- (c) In February 2014, the Group disposed of 70% equity interest in Jiaxing Shimao New Century Property Co., Ltd., a then wholly owned subsidiary, to a third party at a consideration of RMB164,534,000. The disposal had resulted in a gain of RMB85,110,000 and a net cash inflow of RMB164,323,000.
- (d) In January 2015, an associated company of the Group has been closed. The closure has resulted in a net loss of RMB394,000 and net cash inflow of RMB1,063,000.

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

	Assets	Liabilities	Revenue	Net loss
	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2015 and for the six months ended 30 June 2015	14,224,861	(12,933,434)	67,441	(45,204)

8 JOINT VENTURES

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Opening balance	8,534,090	5,365,806
Capital injection (note (a))	50,000	572,170
Transfer from subsidiaries (note (b))	80,000	903,961
Capital distribution (note (c))	(700,000)	–
Transfer to subsidiaries (note (d))	(1,455,610)	–
Transfer to an associated company (note 7(b))	(30,609)	–
Share of results	(328,950)	(13,372)
Ending balance	6,148,921	6,828,565

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

	Assets	Liabilities	Revenue	Net loss
	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2015 and for the six months ended 30 June 2015	20,777,671	(14,628,750)	1,549,959	(328,950)

Notes:

- (a) In the six months ended 30 June 2015, the Group made capital injection into a third party's subsidiary. Pursuant to the revised article of association, the Group and the third party will jointly control the operation of the entity. The amount of capital injection is RMB50,000,000.
- (b) In the six months ended 30 June 2015, certain third parties made capital injections into two then wholly owned subsidiaries. Pursuant to the revised articles of association, the Group and the third parties will jointly control the operation of these entities. The disposal had resulted in a net gain of RMB6,984,000 and the net cash outflow of RMB27,269,000.
- (c) In April 2015, a joint venture, Chengdu Shimao Investment Co., Ltd. made a capital distribution to its investors. Pursuant to the revised article of association, the Group and the third party still jointly control the operation of the entity. The Group's amount of capital distribution is RMB700,000,000.
- (d) In June 2015, the Group acquired 51% equity interest in Shanghai Maoqin Investment Management Co., Ltd. ("Shanghai Maoqin") which became a wholly owned subsidiary. The acquisition has resulted in a net gain of RMB80,807,000 and the net cash outflow of RMB674,217,000 (Note 25).

In June 2015, the Group acquired 60% equity interest in Suzhou Shimao Industrial Park Century Property Co., Ltd. ("Suzhou Industrial Century") which became a wholly owned subsidiary. The acquisition has resulted in a net gain of RMB129,261,000 and the net cash outflow of RMB1,351,635,000 (Note 25).

9 AMOUNTS DUE FROM RELATED PARTIES

	30 June 2015 RMB'000	31 December 2014 RMB'000
Included in non-current assets		
– Joint ventures	1,964,111	1,865,588
– Associated companies	653,958	633,958
	2,618,069	2,499,546

The Group made advances to several joint ventures and associated companies to finance their acquisition of land use rights. These advances are interest free, unsecured and have no fixed repayment terms. The Group's intention is that the advances will only be recalled when the joint ventures and associated companies have surplus cash.

	30 June 2015 RMB'000	31 December 2014 RMB'000
Included in current assets		
– Companies with common directors	160	160
– Associated companies	1,485,936	909,534
– Joint ventures	130,666	69,652
	1,616,762	979,346

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

The carrying amounts of amounts due from related companies approximate their fair values.

10 OTHER NON-CURRENT ASSETS

Other non-current assets represent the prepayments for acquisition of land and equity interests.

The Group made prepayments for certain lands, the ownership of which have not been obtained as at the balance sheet dates. As at 30 June 2015, prepayments of RMB591,527,000 (31 December 2014: RMB688,089,000) were related to the lands for the purpose to develop hotel buildings, self-used buildings and investment properties, and are included in non-current assets. As at 30 June 2015, prepayments of RMB11,352,376,000 (31 December 2014: RMB12,752,932,000) were related to the lands for the purpose to develop properties for sale, and are included in current assets.

As at 30 June 2015, the Group made prepayments of RMB644,053,000 (31 December 2014: RMB978,664,000) for acquisition of certain equity interests.

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2015 RMB'000	31 December 2014 RMB'000
Bidding deposits for land use rights (note (a))	2,227,054	2,520,888
Trade receivables (note (b))	5,373,791	4,696,612
Prepaid business taxes on pre-sale proceeds	1,638,618	1,796,915
Prepayments for construction costs	792,453	886,724
Receivable from disposal of equity interest	–	619,800
Other receivables	2,121,530	1,936,273
	12,153,446	12,457,212

Notes:

- (a) Bidding deposits for land use rights mainly represented deposits of the Group placed with various municipal governments for the participation in various land auctions. These deposits will be deducted against the total land costs to be paid, if the Group wins the bid at the auction. If the Group does not win, the amount will be fully refunded.
- (b) Trade receivables mainly arose from sales of properties. Consideration in respect of properties sold is receivable in accordance with the terms of the related sales and purchase agreements. The ageing analysis of trade receivables at respective balance sheet dates is as follows:

	30 June 2015 RMB'000	31 December 2014 RMB'000
Within 90 days	4,089,463	3,547,773
Over 90 days and within 365 days	901,072	846,343
Over 365 days	383,256	302,496
	5,373,791	4,696,612

As at 30 June 2015, receivables arising from sales of properties was approximately RMB4,952,817,000 (31 December 2014: RMB4,543,132,000). The remaining balance mainly represents the receivables from property management service, rental income and others.

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

Trade receivables are analysed as follows:

	30 June 2015 RMB'000	31 December 2014 RMB'000
Fully performing under credit terms	3,323,667	2,910,558
Past due but not impaired	2,050,124	1,786,054
	5,373,791	4,696,612

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

	30 June 2015 RMB'000	31 December 2014 RMB'000
Within 90 days	784,762	1,039,580
Over 90 days and within 365 days	882,106	443,978
Over 365 days	383,256	302,496
	2,050,124	1,786,054

As the Group normally holds the properties as collateral before collection of the outstanding balances and passing the titles to the purchasers, the Directors consider that the past due trade receivables would be recovered and no provision was made against past due receivables as at 30 June 2015 (31 December 2014: Nil).

As at 30 June 2015, provision for impairment of other receivables was approximately RMB70,073,000 (31 December 2014: RMB49,171,000).

As at 30 June 2015, the fair value of trade receivables, bidding deposits for land use rights, and other receivables of the Group approximate their carrying amounts, as the impact of discounting is not significant.

As at 30 June 2015 and 31 December 2014, trade and other receivables of the Group were mainly denominated in RMB.

12 CASH AND BANK BALANCES

	30 June 2015 RMB'000	31 December 2014 RMB'000
Restricted cash	4,801,882	3,463,004
Cash and cash equivalents	22,533,016	20,471,830
	27,334,898	23,934,834

As at 30 June 2015, the Group's bank deposits of approximately RMB880,855,000 (31 December 2014: RMB476,667,000) was restricted and deposited in certain banks as guarantee deposits for mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The Group's cash of approximately RMB3,921,027,000 (31 December 2014: RMB2,986,337,000) were pledged as collateral for the Group's borrowings.

The Group's cash and bank balances are mainly denominated in RMB. 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.

The effective interest rate on bank deposits as at 30 June 2015 was 0.35% (31 December 2014: 0.35%).

13 SHARE CAPITAL

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

	Par value	Number of shares	Nominal value of ordinary shares	
	HK\$	'000	HK\$'000	Equivalent to RMB'000
Authorised:				
At 30 June 2015 and 31 December 2014	0.1	5,000,000	500,000	
Issued and fully paid:				
At 30 June 2015 and 1 January 2015		3,472,572	347,257	356,275
At 30 June 2014 and 1 January 2014		3,472,572	347,257	356,275

13 SHARE CAPITAL (continued)

(b) Share option scheme

Pursuant to Shanghai Shimao's shareholders' resolution passed on 27 June 2013, a share option scheme ("A Share Option Scheme") was approved, and will expire at the end of the 36-month period from the date of grant. On 28 June 2013, options for a total of 10,000,000 ordinary shares of Shanghai Shimao ("A Share Option") under this scheme were granted to Shanghai Shimao's eligible employees with exercise price of RMB9.84 per share.

For the six months ended 30 June 2015, Shanghai Shimao capitalised 586,207,669 shares from capital reserve, in consequence, the exercise price of the options granted under the A Share Option Scheme has been adjusted to RMB6.29 per A share. The exercise of the granted options is subject to a restriction of 12 months from the date of grant. Subject to the fulfilment of various conditions, including service condition and nonmarket performance condition, as provided in the A Share Option Scheme, the granted options can be exercised in two batches evenly commencing from (i) the first trading day after the expiry of the 12-month period from the date of grant and (ii) the first trading day after the expiry of the 24-month period from the date of grant, respectively. The weighted average fair value of A Share Option granted determined using the Black-Scholes valuation model was RMB1.235 per option.

As at 30 June 2015, 4,050,000 shares have been exercised, and 5,550,000 shares were lapsed by Shanghai Shimao pursuant to the A Share Option Scheme. The total number of A shares which were granted but not exercised under the A Share Option Scheme was 5,400,000 (number of shares were adjusted after the capitalization of 586,207,669 shares).

(c) Share award scheme

The Company's board of directors (the "Board") approved and adopted the Share Award Scheme on 30 December 2011 (the "Share Scheme"). Unless terminated earlier by the Board, the Share Scheme is valid and effective for a term of 8 years commencing on 30 December 2011. The maximum number of shares to be awarded must not exceed 34,659,508 shares (i.e. 1% of issued shares of the Company as at 30 December 2011).

The Board may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each employee determined by the Board from time to time), select such employee(s) for participation in the Share Scheme and determine the number of awarded shares.

A Trust was constituted to manage the Share Scheme, and a wholly owned subsidiary of the Company incorporated in the British Virgin Islands was designated as Trustee. Up to 30 June 2015, the Trust purchased 19,770,000 ordinary shares from market, totaling HK\$284,145,000 (equivalent to RMB226,095,000), of which 12,587,063 shares were granted to eligible employees according to the Share Scheme up to 30 June 2015. Up to 30 June 2015, there were 6,290,823 shares which have been vested, and 573,355 shares which have been lapsed.

The granted shares were subject to several vesting conditions, including 1 year service and nonmarket performance appraisal before vesting date. The shares granted are held by the Trust before being transferred to the employees when vesting conditions are fully met.

13 SHARE CAPITAL (continued)

(c) Share award scheme (continued)

Movements in the number of unvested shares granted during the period are as follows:

	Number of unvested shares granted Six months ended 30 June	
	2015	2014
Unvested shares, beginning	5,468,896	4,336,654
Granted	2,781,513	2,527,524
Vested	(2,269,120)	(2,142,703)
Lapsed	(258,404)	–
Unvested shares, ending	5,722,885	4,721,475

The weighted average fair value of the unvested shares granted during the period ended 30 June 2015 is HK\$87,560,141 (equivalent to RMB69,050,802).

(d) Reconciliation of the number of shares outstanding was as follows:

	Number of shares issued Six months ended 30 June	
	2015 '000	2014 '000
Shares issued and fully paid at 30 June	3,472,572	3,472,572
Treasury shares at 1 January	(12,748)	(10,758)
Treasury shares purchased for Share Award Scheme	(3,000)	(6,012)
Vested shares under the Share Award Scheme	2,269	2,143
Shares outstanding at 30 June	3,459,093	3,457,945

14 BORROWINGS

	30 June 2015 RMB'000	31 December 2014 RMB'000
Borrowings included in non-current liabilities		
Long-term bank borrowings		
– secured by assets (note (i))	24,857,823	23,096,353
– secured by shares of subsidiary guarantors (note (ii))	9,513,607	11,824,685
– secured by shares of a listed subsidiary (note (iii))	485,000	215,000
– unsecured	2,566,296	1,833,045
Long-term borrowings from other financial institutions		
– secured by assets (note (i))	2,869,820	3,480,000
– secured by shares of a listed subsidiary (note (iii))	–	500,000
Senior notes – secured (note (iv))	15,145,232	10,576,561
Medium-term notes – unsecured (note (v))	3,500,000	1,982,110
	58,937,778	53,507,754
Less: Long-term bank borrowings due within one year	(8,870,398)	(8,898,383)
Long-term borrowings from other financial institutions due within one year	(590,000)	(1,340,000)
Amounts due within one year	(9,460,398)	(10,238,383)
	49,477,380	43,269,371
Borrowings included in current liabilities		
Short-term bank borrowings		
– secured by assets (note (i))	975,000	2,049,049
– secured by shares of a listed subsidiary (note (iii))	594,900	894,900
– unsecured	2,581,508	3,522,386
Short term borrowings from other financial institutions		
– secured by assets (note (i))	25,000	1,400,000
– secured by shares of a listed subsidiary (note (iii))	–	440,000
– unsecured	–	180,000
Short-term financing bonds – unsecured (note (vi))	4,000,000	–
Current portion of long-term borrowings	9,460,398	10,238,383
	17,636,806	18,724,718

14 BORROWINGS (continued)

Movement of borrowings is analysed as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Opening balance at 1 January	61,994,089	49,329,003
Additions of borrowings	38,259,143	20,570,374
Acquisition of subsidiaries	673,570	–
Amortisation of issuance expenses	86,873	63,075
Reductions of borrowings	(33,829,754)	(14,735,634)
Disposal of subsidiaries	(10,629)	(750,000)
Foreign exchange (gains)/losses	(59,106)	221,474
Closing balance at 30 June	67,114,186	54,698,292

Notes:

- (i) As at 30 June 2015, the Group's total secured bank borrowings and borrowings from other financial institutions of RMB28,727,643,000 (31 December 2014: RMB30,025,402,000) were secured by its property and equipment, investment properties, land use rights, properties under development, completed properties held for sale and restricted cash. As at 30 June 2015, secured borrowings of RMB3,348,903,000 (31 December 2014: RMB3,367,782,000) were further guaranteed by Mr. Hui Wing Mau.

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

	30 June 2015 RMB'000	31 December 2014 RMB'000
Property and equipment	5,726,219	5,098,331
Investment properties	9,362,000	13,765,913
Land use rights	1,507,251	2,081,267
Properties under development	34,388,761	29,200,537
Completed properties held for sale	6,939,007	6,414,183
Restricted cash	3,921,027	2,986,337
	61,844,265	59,546,568

14 BORROWINGS (continued)

Notes (continued):

- (ii) On 26 November 2012, the Company entered into a multi-currency loan facility agreement with a syndicate of 6 banks. Pursuant to the agreement, the Company obtained 3-year syndicated loan facilities, including a US\$610,000,000 facility and a HK\$468,000,000 facility at a floating rate of interest, 25% out of the loan principal matured in 2014 and 75% will mature in 2015. The loan facilities were guaranteed by certain subsidiaries of the Group, and secured by pledge of the shares of these subsidiary guarantors. As at 30 June 2015, US\$274,500,000 and HK\$210,600,000 of principle remained outstanding (31 December 2014: US\$457,500,000 and HK\$351,000,000).

On 14 June 2013, the Company entered into a multi-currency loan facility agreement with a syndicate of 8 banks. Pursuant to the agreement, the Company obtained 4-year syndicated loan facilities, including a US\$320,000,000 facility and a HK\$1,950,000,000 facility at a floating rate of interest, 15% out of the loan principal will mature in 2015, 35% will mature in 2016 and 50% will mature in 2017. The loan facilities were guaranteed by certain subsidiaries of the Group, and secured by pledge of the shares of these subsidiary guarantors. As at 30 June 2015, US\$304,000,000 and HK\$1,852,500,000 of the principle remained outstanding (31 December 2014: US\$320,000,000 and HK\$1,950,000,000).

On 12 June 2014, the Company entered into a multi-currency loan facility agreement with a syndicate of 10 banks. Pursuant to the agreement, the Company obtained 4-year syndicated loan facilities, including a US\$665,000,000 facility and a HK\$555,000,000 facility at a floating rate of interest, 15% out of the loan principal will mature in 2016, 35% will mature in 2017 and 50% will mature in 2018. The loan facilities were guaranteed by certain subsidiaries of the Group, and secured by pledge of the shares of these subsidiary guarantors. As at 30 June 2015, US\$665,000,000 and HK\$555,000,000 were drawn down (31 December 2014: US\$665,000,000 and HK\$555,000,000).

- (iii) As at 30 June 2015, 178,650,000 (31 December 2014: 394,860,000) shares of Shanghai Shimaos have been pledged for total bank and other financial institution borrowings of RMB1,079,900,000 (31 December 2014: RMB2,049,000,000) for group companies.
- (iv) On 8 March 2011, the Company issued senior notes with total principal of US\$350,000,000 at a fixed interest rate of 11% due on 8 March 2018. On 14 January 2013, the Company issued senior notes with total principal of US\$800,000,000 at a fixed interest rate of 6.625% due on 14 January 2020. And on 22 January 2014, the Company issued senior notes with total principal of US\$600,000,000 at a fixed rate of 8.125% due on 22 January 2021. On 8 March 2015, the Company early redeemed senior notes of US\$350,000,000, which was originally due on 8 March 2018.

On 10 February 2015, the Company issued senior notes with total principal of US\$800,000,000 at a fixed interest rate of 8.375% due on 10 February 2022. On 17 March 2015, the Company issued additional senior notes with total principal of US\$300,000,000 due on 10 February 2022.

The Company may at its option 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.

- (v) On 15 April 2014, Shanghai Shimaos issued medium-term notes with total principal of RMB1,000,000,000 at a fixed interest rate of 8.37% due on 15 April 2017. On 22 August 2014, Shanghai Shimaos issued medium-term notes with total principal of RMB1,000,000,000 at a fixed interest rate of 7.6% due on 22 August 2017. On 10 March 2015, Shanghai Shimaos issued medium-term notes with total principal of RMB1,500,000,000 at a fixed interest rate of 6.08% due on 10 March 2018.
- (vi) On 26 January 2015, Shanghai Shimaos issued short-term financing bonds with total principal of RMB2,000,000,000 at a fixed interest rate of 5.55% due on 27 January 2016. On 22 April 2015, Shanghai Shimaos issued short-term notes with total principal of RMB2,000,000,000 at a fixed interest rate of 4.65% due on 23 April 2016.

15 TRADE AND OTHER PAYABLES

	30 June 2015 RMB'000	31 December 2014 RMB'000
Trade payables (note (a))	23,437,408	24,043,332
Other taxes payable	1,458,098	1,360,911
Accrued expenses	967,104	1,257,328
Other payables (note (b))	2,277,618	3,204,768
	28,140,228	29,866,339

Notes:

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

	30 June 2015 RMB'000	31 December 2014 RMB'000
Within 90 days	23,218,501	23,665,439
Over 90 days and within 1 year	218,907	377,893
	23,437,408	24,043,332

(b) Other payables comprise:

	30 June 2015 RMB'000	31 December 2014 RMB'000
Deposits received from customers	1,077,817	2,183,637
Fees collected from customers on behalf of government agencies	95,565	87,336
Deposits from constructors	585,186	577,062
Rental deposits from tenants and hotel customers	358,556	221,514
Others	160,494	135,219
	2,277,618	3,204,768

16 AMOUNTS DUE TO RELATED PARTIES

	30 June 2015 RMB'000	31 December 2014 RMB'000
– Company with common directors	–	1,861
– Joint ventures	10,850,608	8,311,979
– Associated companies	2,019,167	568,340
– Non-controlling interests	5,633,441	5,849,128
Total	18,503,216	14,731,308

Amounts due to non-controlling interests represent funds injected by the non-controlling shareholders for the development of properties.

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

17 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	
	2015 RMB'000	2014 RMB'000
Cost of properties sold and others	18,309,276	14,057,965
<i>Including: interests capitalised</i>	1,754,506	1,250,477
<i>land and construction cost</i>	16,471,016	12,705,300
Business taxes and other levies on sales of properties	1,637,322	1,315,029
Corporate and office expenses	502,248	505,337
Staff costs – including directors' emoluments	774,959	688,743
Advertising, promotion and commission costs	573,453	484,240
Depreciation	238,670	198,523
Amortisation of land use rights	40,690	27,410
Write-off of intangible assets	–	6,241
Provision/(write back of) for impairment of receivables	20,902	(1,076)
Direct expenses arising from hotel operation	246,050	187,925
Direct expenses arising from investment properties	20,660	19,173
Operating lease rental expenses	60,351	52,503
Charitable donations	22,962	31,092
Auditor's remuneration	4,000	3,500
Others	86,856	128,964
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	22,538,399	17,705,569

18 OTHER INCOME/OTHER GAINS – NET

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Gain on disposal of subsidiaries (note 8)	6,984	104,423
Loss on closure of an associated company (note 7)	(394)	–
Gain on acquisition of equity interests in joint ventures and obtaining control (note 8, 25)	210,068	–
Government grants received	22,761	191,451
Net exchange gains/(losses)	79,729	(224,576)
Fair value gain on derivative financial instruments	70,114	26,182
Others	17,036	24,126
	406,298	121,606

19 FINANCE COSTS – NET

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Interest on bank borrowings		
– wholly repayable within five years	1,013,659	828,824
– not wholly repayable within five years	529,511	485,567
Interest on senior notes		
– wholly repayable within five years	360,680	270,747
– not wholly repayable within five years	352,171	305,415
Interest on borrowings from other financial institutions		
– wholly repayable within five years	428,419	188,552
– not wholly repayable within five years	–	474
	2,684,440	2,079,579
Less: interest capitalised	(2,338,447)	(1,901,131)
Finance costs	345,993	178,448
Finance income	(155,921)	(65,986)
Finance costs – net	190,072	112,462

20 INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current income tax		
– PRC enterprise income tax	1,770,293	1,638,717
– PRC withholding income tax	44,449	155
– PRC land appreciation tax	840,723	474,782
	2,655,465	2,113,654
Deferred income tax		
– PRC enterprise income tax	156,043	221,196
	2,811,508	2,334,850

(a) Hong Kong profits tax

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

(b) PRC enterprise income tax

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

(c) PRC land appreciation tax

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

(d) PRC withholding income tax

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

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

21 DIVIDENDS

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

A final dividend in respect of the year ended 31 December 2014 of HK60 cents per ordinary share, amounting to approximately HK\$2,083,543,000 (equivalent to RMB1,629,075,000) was proposed at the Company's board meeting held on 31 March 2015, and was approved at the annual general meeting of the Company held on 8 June 2015.

At a meeting held on 26 August 2015, the Board proposed an interim dividend of HK30 cents per ordinary share out of share premium as at 30 June 2015. This proposed dividend is not reflected as a dividend payable in this condensed consolidated financial information.

22 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	
	2015	2014
Profit attributable to the equity holders of the Company (RMB'000)	3,558,539	4,180,298
Weighted average number of ordinary shares in issue (thousands)	3,460,394	3,459,587
Basic earnings per share (RMB cents)	102.84	120.83

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue for the potential dilutive effect caused by the shares granted under the Share Award Scheme and the share options granted under the Share Option Scheme assuming they were exercised.

	Six months ended 30 June	
	2015	2014
Profit attributable to the equity holders of the Company (RMB'000)	3,558,539	4,180,298
Weighted average number of ordinary shares in issue (thousands)	3,460,394	3,459,587
Adjustments for shares granted under Share Award Scheme/share options granted under the Share Option Scheme (thousands)	2,524	4,622
Weighted average number of ordinary shares for diluted earnings per share (thousands)	3,462,918	3,464,209
Diluted earnings per share (RMB cents)	102.76	120.67

23 CONTINGENCIES

The Group had the following contingent liabilities:

	30 June 2015 RMB'000	31 December 2014 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers (note (i))	10,500,706	11,703,075
Guarantees in respect of borrowings of joint ventures and associated companies (note (ii))	6,319,854	6,780,177
	16,820,560	18,483,252

Notes:

- (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 retain 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 obtains the "property title certificate" for the mortgagees, or when the Group obtains 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 Property Development Co., Ltd. ("Guangzhou Li He"), an associated company, provided guarantees in proportion of their respective equity interests in Guangzhou Li He for its bank borrowings. The guarantees provided by the Group to Guangzhou Li He amounted to RMB1,803,880,000 as at 30 June 2015 (31 December 2014: RMB2,233,980,000).

The Group and other shareholders of Chengdu Heng Yu Real Estate Development Co., Ltd. ("Chengdu Heng Yu"), an associated company, provided guarantees in proportion of their respective equity interests in Chengdu Heng Yu for its borrowings from other financial institutions. As at 30 June 2015, the Group provided guarantees amounted to RMB924,000,000 (31 December 2014: RMB924,000,000).

The Group and other shareholders of Tianjin Jinnan Xincheng Real Estate Development Co., Ltd. ("Tianjin Jinnan"), a joint venture, provided guarantees in proportion of their respective equity interests in Tianjin Jinnan for its borrowings obtained from other financial institutions. As at 30 June 2015, the Group provided guarantee amounting to RMB183,654,000 (31 December 2014: RMB206,085,000) as well as the pledge of the Group's equity interests in Tianjin Jinnan.

23 CONTINGENCIES (continued)

Notes (continued):

The Group provided guarantees for Wuxi Shimao Real Estate Development and Construction Co., Ltd.'s bank borrowings amounted to RMB250,000,000 as at 30 June 2015 (31 December 2014: RMB675,800,000).

The Group provided guarantees for Ningbo Shimao New Miles Property Co., Ltd.'s bank borrowings amounted to RMB320,000,000 as at 30 June 2015 (31 December 2014: RMB350,000,000).

The Group and other shareholders of Suzhou Shimao Industrial Park Lakeside Property Co., Ltd. ("Suzhou Industrial Lakeside"), a joint venture, provided guarantees in proportion of their respective equity interests in Suzhou Industrial Lakeside for its bank borrowings. The respective guarantees provided by the Group amounted to RMB641,200,000 as at 30 June 2015 (31 December 2014: RMB641,200,000).

The Group and other shareholders of Ningbo Shimao Xintengfei Property Co., Ltd. ("Ningbo Xintengfei"), an associated company, provided guarantees in proportion of their respective equity interests in Ningbo Xintengfei for its bank borrowings. The respective guarantees provided by the Group amounted to RMB230,832,000 as at 30 June 2015 (31 December 2014: RMB230,832,000).

The Group and other shareholders of Nanjing Mingmao Property Co., Ltd. ("Nanjing Mingmao"), an associated company, provided guarantees in proportion of their respective equity interests in Nanjing Mingmao for its bank borrowings. The respective guarantees provided by the Group amounted to RMB416,500,000 as at 30 June 2015 (31 December 2014: Nil).

The Group and other shareholders of Beijing Chuangyu Property Development Co., Ltd. ("Beijing Chuangyu"), an associated company, provided guarantees in proportion of their respective equity interests in Beijing Chuangyu for its bank borrowings. The respective guarantees provided by the Group amounted to RMB590,000,000 as at 30 June 2015 (31 December 2014: Nil).

The Group and other shareholders of Beijing Fuhua Yuntong Real Estate Development Co., Ltd. ("Beijing Fuhua Yuntong"), a joint venture, provided guarantees in proportion of their respective equity interests in Beijing Fuhua Yuntong for its bank borrowings. The respective guarantees provided by the Group amounted to RMB325,000,000 as at 30 June 2015 (31 December 2014: Nil).

The Group and other shareholders of Changsha Shimao Investment Co., Ltd. ("Changsha Investment"), a joint venture, provided guarantees in proportion of their respective equity interests in Changsha Investment for its bank borrowings. The respective guarantees provided by the Group amounted to RMB634,788,000 as at 30 June 2015 (31 December 2014: Nil).

24 COMMITMENTS

(a) Commitments for capital and property development expenditure

	30 June 2015 RMB'000	31 December 2014 RMB'000
Contracted but not provided for		
– Property and equipment and investment properties	2,782,040	1,702,645
– Land use rights (including those related to associated companies and joint ventures)	9,972,253	14,509,320
– Properties being developed for sale	26,163,445	22,448,656
	38,917,738	38,660,621

(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 2015 RMB'000	31 December 2014 RMB'000
Within 1 year	165,126	186,710
After 1 year but within 5 years	409,409	542,957
After 5 years	276,992	315,853
	851,527	1,045,520

25 SIGNIFICANT ACQUISITION OF SUBSIDIARIES

In June 2015, the Group ended the cooperation with its venture party in Shanghai Maoqin, by acquiring all 51% equity interest from the joint venture party at a consideration of RMB771,950,000.

In June 2015, the Group ended the cooperation with its venture party in Suzhou Industrial Century, by acquiring all 60% equity interest from the joint venture party at a consideration of RMB1,386,000,000.

The following table summarises the total consideration paid, the fair value of assets acquired and liabilities assumed at the acquisition date.

	Shanghai Maoqin RMB'000	Suzhou Industrial Century RMB'000	Total RMB'000
Consideration			
Cash	771,950	1,386,000	2,157,950
Fair value of equity interest in the Group held before the business combination	741,678	924,000	1,665,678
Total consideration	1,513,628	2,310,000	3,823,628
Recognised amounts of identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	97,733	34,365	132,098
Properties under development and completed properties held for sale	3,128,281	3,061,353	6,189,634
Trade and other receivables and prepayments	2,551,797	64,642	2,616,439
Other assets	11,586	5,864	17,450
Advanced proceeds received from customers	(1,554,413)	(230,315)	(1,784,728)
Trade and other payables	(2,647,786)	(25,909)	(2,673,695)
Borrowings	(73,570)	(600,000)	(673,570)
Total identifiable net assets	1,513,628	2,310,000	3,823,628
Cash consideration paid	771,950	1,386,000	2,157,950
Cash and cash equivalents in the entity acquired	(97,733)	(34,365)	(132,098)
Net cash outflow arising from acquisition	674,217	1,351,635	2,025,852

26 RELATED PARTY TRANSACTIONS

The Group is controlled by Gemfair Investments Limited (incorporated in the British Virgin Islands), which owns 56.1% of the Company's shares. The ultimate controlling person of the Group is Mr. Hui Wing Mau.

- (a) Other than those disclosed elsewhere in this interim condensed consolidated financial information, the Group had entered into the following major related party transactions during the period:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Operating lease rental expense paid to a related company (note)	2,177	2,705

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Construction material sold to related companies	4,640	129

Note:

On 1 January 2014, the Group renewed a lease agreement with a wholly-owned subsidiary of Shimao International Holdings Limited ("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	
	2015	2014
	RMB'000	RMB'000
Emoluments		
– Salaries and other short-term employee benefits	10,352	9,181
– Retirement scheme contributions	154	141
	10,506	9,322

27 SUBSEQUENT EVENTS

In August 2015, Shanghai Shimao Jianshe Co., Ltd., a wholly-owned subsidiary of the Group, has received approval from the Shanghai Stock Exchange that upon completion of all procedures, it would be allowed to carry out the public issuance of 7-year domestic corporate bonds of up to RMB7,400 million by phases.