

[For Immediate Release]



## Shimao Property Holdings Limited Announces Annual Results 2011

Revenue and Gross Profit rose to RMB26 billion and RMB10 billion  
Multifaceted operations to extend business presence

### Financial Highlights

RMB (Million)	For the year ended 31 Dec		
	2011	2010	Change
Revenue	26,031	21,789	19.5%
Gross Profit	10,000	7,977	25.4%
Gross Profit Margin	38.4%	36.6%	Up 1.8p.p.
Operating Profit	11,010	9,290	18.5%
Profit from core business attributable to equity holders (excluding fair value gains of investment properties)	4,563	3,783	20.6%

(29 March 2012 – Hong Kong) **Shimao Property Holdings Limited** (“Shimao Property” or “the Company”, together with its subsidiaries, collectively as “the Group”; Stock Code: 813) is pleased to announce today its annual results for the year ended 31 December 2011.

During the year under review, revenue of RMB26.0 billion was recognized, representing an increase of 19.5% over 2010. Operating profit increased by 18.5% to approximately RMB11.0 billion. Profit attributable to shareholders amounted to RMB5.72 billion, a significant increase of 22.5% compared with the previous year (2010: RMB4.67 billion). Excluding the net impact of major after tax noncash items: fair value gains of investment properties of RMB1.42 billion (2010: RMB1.18 billion), depreciation of RMB247 million (2010: RMB225 million) and goodwill impairment of RMB16 million (2010: RMB68 million) which totalled RMB1.16 billion (2010: RMB0.89 billion), net profit from core business attributable to shareholders amounted to approximately RMB4.56 billion (2010: RMB3.78 billion), representing a year-on-year increase of 20.6%. As a token of gratitude for the support of our shareholders, the board of directors (the “Board”) recommended the payment of a final dividend of HK18 cents (2010: HK25 cents) per share for the year ended 31 December 2011.

Commenting on the Group’s annual results for this year, Mr. Hui Wing Mau, Chairman of Shimao Property, said, “the central government continued to strengthen controls over the real estate industry, implementing new restrictive rules as well as refining existing policies. The administrative restrictions on property purchasing and price levels, extending to more than 50 cities from the major municipalities, dampened market sentiment and further slowed sales in the real estate industry. In major cities, the increased supply of commodity residential property pushed up the stockpile of new properties. In certain cities, the saleable volume of new properties matched the highs of 2010, bringing downward pressure to bear on the selling prices of commodity residential property. To proactively address these market changes, Shimao Property realigned its development and selling strategies and implemented a series of initiatives to strengthen its internal management systems. Given the impact of purchase restriction policies on demand for high-end and investment properties, the Group strategically shifted its focus to second and third-tier cities where demand from potential owner-occupiers is strong. Adopting an aggressive turnover acceleration strategy, the Group included speed of sales and speed of cash collection in its project monitoring indicators. At the same time it looked to construct more ordinary small and medium-sized residential properties, and to diversify its product offerings to cover customer needs more comprehensively and to offer better product and service quality. As a result, the Group’s results for 2011 were better than those of the previous year despite the stringent macro controls affecting the real estate market.”

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## Property Development

### *1) Recognized Sales Revenue*

The Group generates its turnover primarily by engaging in property development, property investment and hotel operations. The Group's turnover for the year ended 31 December 2011 grew by 19.5% to RMB26.0 billion, from RMB21.8 billion of 2010. During the year, revenue from property sales climbed to RMB24.6 billion, 20.2% more than that of 2010, and accounted for 94.5% of total revenue. The average recognized selling price increased from RMB10,025 per sq.m. in 2010 to RMB11,786 per sq.m. in 2011. A higher unit price was recorded for the sales of individual projects when compared with the same period of last year, despite the fact that a much higher proportion of project sales was made in second-tier cities. The increase in selling prices since the beginning of 2010 resulted in a higher average recognized selling price. Projects recognized by the Group in 2011 totalled 28, compared with 25 recognised in 2010. The seven projects including Ningbo Shimao World Gulf, Hangzhou Shimao Riviera Garden, Beijing Shimao Royal Garden, Kunshan Shimao Butterfly Bay, Xiamen Shimao Riverside Capital, Wuhan Shimao Splendid River and Kunshan Shimao East No.1 New City each recognized sales revenue over RMB1 billion.

### *2) Steady Sales Growth*

In 2011, the Group's contracted sales reached RMB30.7 billion, while the total contracted sales area reached 2,390,000 sq.m. (2010: 2,530,000 sq.m.). Meanwhile, the average contract selling price rose to RMB12,845 per sq.m. this year, against RMB12,054 per sq.m. last year. To demonstrate the Group has enough resources to accelerate sales revenue, the Group has on schedule 5.5 million sq.m. as saleable area in 2012, including approximately 1.76 million sq.m. of saleable area as at the end of 2011.

### *3) Completion of Development Projects and Plans Fulfilling Expectations*

The total GFA completed by the Group in 2011 was approximately 3.36 million sq.m., an increase of 24.4% from 2.70 million sq.m. in 2010. The Group's projects nationwide all proceeded satisfactorily on schedule during the year, with new floor area under construction reaching approximately 3.00 million sq.m.. As at 31 December 2011, the Group had a total of 69 projects under development in 34 cities. The increase in the number of projects under development created a solid foundation for the Group's future development. Looking ahead to 2012, with a view to maintaining adequate liquidity, the GFA planned to be completed was preset at approximately 3.32 million sq.m. In 2011, the Group's construction area reached 7.20 million sq.m..

### *4) Steady Expansion of Land Bank Ensuring Sustainable Development*

As existing macro policies are expected to be maintained in the coming year, the Group has remained prudent in land acquisition. During the year, the Company acquired six parcels of premium land, with a total planned GFA of approximately 4.64 million sq.m., in Jinjiang in Fujian Province, Wenchang in Hainan Province, Guling in Fujian Province, Ningbo Xiangshan and Ningbo Yuyao in Zhejiang Province and Beijing. In terms of land cost, the average accommodation value of the new land reserve was approximately RMB1,212 per sq.m.. The above figures highlight the Group's commitment to expanding its land bank in a disciplined manner and adhering to prudent management, striking a balance between achieving rapid development and managing risks effectively. As at 31 December 2011, the Group's average land cost was RMB1,548 per sq.m.. The relatively low-cost land should help ensure a higher profit margin in the future.

As at 31 December 2011, Shimao Property had an attributable land bank of 39.50 million sq.m., making it one of the leading real estate developers in China in terms of land bank. Geographically, new land parcels acquired by Shimao Property in 2011 were situated in second and third-tier cities at provincial capital level. These are cities with enormous development potential and emerging real estate markets, ensuring ample room for project development while minimizing risks.

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## Investment Properties

During the year under review, the Group's turnover from leasing of investment properties amounted to RMB441 million, an increase of 36% over the previous year. The Group's commercial properties continued to perform satisfactorily and achieve stable returns, indicating the effectiveness of the Group's strategy of diversifying its property portfolio.

Shimao Property develops commercial properties through its 64% owned subsidiary Shanghai Shimao. At present, Shanghai Shimao has a land bank of approximately 9 million sq.m., ranking it as the largest listed real estate developer in China in terms of commercial land reserves. A blueprint of commercial diversification is taking shape for Shanghai Shimao, as a leading player among the listed commercial real estate companies. Shanghai Shimao currently has 14 projects under construction, and in 2011 a number of commercial developments commenced operation including 6 Shimao Plazas, 5 Shimao Department Stores, 10 Shimao cinemas and 11 Shitian i Kids. Regarding the operation of plaza, Shanghai Shimao Shangdu Tower, Shaoxing Shimao Plaza, Suzhou Shimao Plaza, Kunshan Shimao Plaza, Changshu Shimao Plaza and Xuzhou Shimao Plaza are in operation. The operating properties held by Shanghai Shimao reached a total GFA of 660,000 sq.m. Regarding the investment in cinema theatres, the ten Shimao Cinema theatres in operation have 84 screens and over 10,600 seats in total. With nearly 1.40 million visitors in 2011, Shimao Cinema theatres recorded significant growths of 358% and 359% respectively in revenue and box office receipts as compared to 2010. Regarding the operation of department stores, Beijing Shimao Department Store debuted at the end of December 2011, which was the first foothold set by the Shimao Department Store in Beijing after it opened outlets in Shenyang, Fuzhou, Yantai and Wuhu. As a result, the total GFA of Shimao Department Stores in operation had exceeded 200,000 sq.m.

As for the development of child-focused business, "Shitian i Kids" is an important arm of Shanghai Shimao extending to the commercial sector. As at the end of 2011, a total of 11 outlets of "Shitian i Kids" were in operation across China, and the chain management system took shape. The Group strives to differentiate the business from traditional children's playgrounds in a short period from multiple perspectives such as zoning, product positioning, value-added services and playing options.

## Hotel Operations

The Group's turnover from hotel operations for 2011 amounted to RMB892 million, representing a year-on-year drop of 8.4% from 2010 (when Shanghai World Expo was staged) but growth of nearly 39% over 2009.

In the short term the post-Expo effect will impact on the hotel market in Shanghai. In the mid to long term, Shanghai is expected to develop into a world-class financial, shipping and tourism centre; this, coupled with the draw of Disney World and the development of aircraft and other pillar industries, is expected to fuel demand and provides a promising outlook for the Group's hotel operations in Shanghai.

Two of the Group's hotels, Le Royal Meridien Shanghai and Hyatt on the Bund Shanghai, ranked ahead of their rivals in the city in terms of revenue, with human resources costs being kept below the industry average. Shanghai Le Meridien Sheshan, one of a few five-star international prestige hotels on the outskirts of Shanghai, also continued to maintain its pioneering position among suburban hotels, introducing a range of initiatives such as wedding banquets, and rationalising its staff structure. During 2011, the three hotels located in Shanghai received nearly 40 honours from renowned organisations and media at home and abroad. Mudanjiang Holiday Inn, which debuted in October 2010 as the only international prestige hotel in its locality, has been on track through the year and maintained its established position in the local market. The hotel successfully accommodated the delegation led by the former leader of North Korea. Two other of the Group's hotels, Shaoxing Shimao Holiday Inn and Nanjing Shimao Riviera Hilton, debuted on 29 September and 8 December 2011 respectively. Being international prestige brands, both hotels are establishing a foothold in the market after a run-in period.

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## Financial Optimization

Given its slightly higher net gearing ratio compared with its peers, Shimaoproperty will adhere to prudent financial policies in 2012, seeking to scale down its gearing ratio to a more reasonable level by improving the profit contributions from property sales and investment properties. Meanwhile, Shimaoproperty will step up turnover and sales and strive to increase its receivables collection ratio. Currently, the Company possesses sufficient cash on hand. As at 31 December 2011, the Group had cash of approximately RMB14.0 billion (30 June 2011: RMB12.2 billion) as well as ample land reserves and access to reliable financing channels, lending strong support for sales throughout the coming year.

As at 31 December 2011, the Group had an attributable land bank of 39.50 million sq.m.. These adequate land reserves mean that the Company is in a position to exercise prudence and avoid enormous cash expenditure for land acquisition due to insufficient land reserves. With sufficient land reserves for future development, Shimaoproperty is able to utilize its funds flexibly as the pressure of spending on land is reduced. Furthermore, Shimaoproperty's high brand recognition gives it advantages with national financial institutions including Bank of China. As at the end of December 2011, the Group had undrawn bank credit facilities of RMB9.8 billion, a solid foundation from which to diversify its financing channels. In the future, the Company expects to improve cash flows, reduce finance costs and further optimise its debt structure through domestic loans and overseas financing for healthier financial fundamentals.

## Future Outlook

Mr. Hui concluded, "Looking ahead to 2012, there is a possibility that housing mortgages may benefit from a structural loosening on the back of the granting of bank credit facilities for the new year alongside the fine-tuning of monetary policy, despite the lingering macro control policies affecting the domestic industry. The relatively loose liquidity may increase the possibility of loans being granted to purchasers who have applied for personal housing mortgages since the end of 2011. Also, lower down payments and interest rates for purchasers on rigid demand or seeking for housing improvement which may be implemented should help the real estate market recover."

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### About Shimaoproperty Holdings Limited

Shimaoproperty is a leading developer of high quality real estate projects in China, with a broad-ranging portfolio of residential, commercial and hotel properties in prime locations. Currently, the Company has approximately 70 projects at different stages of development in more than 34 cities namely Shanghai, Beijing, Harbin, Wuhan, Nanjing, Fuzhou, Kunshan, Changshu, Shaoxing, Wuhu, Yantai, Jiaying, Changzhou, Shenyang, Suzhou, Xuzhou, Hangzhou, Xianyang, Taizhou, Mudanjiang, Dalian, Ningbo, Qingdao, Xiamen, Changsha, Guangzhou, Tianjin, Chengdu, Nanchang, Wuxi, Huizhou, Jinjiang, Hainan Wenchang and Jinan.

The Group's highly-acclaimed projects have been well received by property buyers and investors both within the PRC and internationally, and have been accredited numerous awards. Shimaoproperty concluded its first 20 years of development in the property market in China in 2009 and had completed the corporate restructuring of injecting commercial assets to Shanghai Shimaoproperty Co. Ltd. ("A Share Company", SSE stock code: 600823). The success of entering into the A share market represents an important milestone for the development of the Group.

For more information about Shimaoproperty, please visit the Group's website: [www.shimaoproperty.com](http://www.shimaoproperty.com).

For more information, please contact:

Ms. Tammy Tam

Corporate Finance & Investor Relations Department

Shimaoproperty Holdings Limited

Tel: 2511 9968

Fax: 2511 0278 / 2511 0287

Email: [tam.tammy@shimaogroup.com.hk](mailto:tam.tammy@shimaogroup.com.hk)