SHIMAO PROPERTY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 813)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

HIGHLIGHTS

(1) Successfully listed on the main board of Hong Kong Stock Exchange on 5 July 2006

(2) Issued US$600 million worth Senior Notes on 29 November 2006

(3) Turnover surged to RMB6,913 million, representing a sharp increase of 1.8 times compared to 2005

(4) Net profit and adjusted net profit attributable to shareholders increased to RMB2,279 million and RMB2,197 million, representing an increase of 1.5 times and 3.2 times respectively as compared to 2005

(5) Recommended a final dividend of HK20 cents per share

(6) Net gearing ratio maintained at a healthy level of 18.2% as of 31 December 2006

(7) Strong sales performance — attributable GFA for booked sales area rose 1.6 times to 674,611 sq.m. In 2006, eight projects were attributable to booked sales compared with three projects in 2005

CHAIRMAN'S STATEMENT

I am pleased to present the first annual results of Shimao Property Holdings Limited ("Shimao Property" or the "Company" and together with its subsidiaries, the "Group") since listing of the Company on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 5 July 2006. For the year ended 31 December 2006, our leadership in property development and investment in China has been reinforced as Shimao Property's business continued to expand healthy and rapidly, which is highlighted by our remarkable performance.

During the year under review, the Group realised encouraging results with significant growth in both turnover and profit attributable to shareholders compared with the last financial year. The steady development of our projects and the satisfactory performance of property sales were all in line with the Group's expansion strategies. The Group's turnover and gross profit were RMB6,913 million and RMB2,481 million respectively, representing an increase of 1.8 times and 3.2 times compared with last year. Net profit attributable to shareholders of the Company was RMB2,279 million, representing an increase of 1.5 times compared with last year.

The figures analysed by the management has revealed that excluding certain non-cash items (including fair value adjustments, fair value gains on investment properties and goodwill impairment), net profit attributable to shareholders for 2006 has increased by 3.2 times relative to 2005 at RMB2,197 million (2005: RMB526 million).

Even more inspiring was the Company's successful listing on the main board of the Stock Exchange on 5 July 2006, which marked a paramount milestone in the Group's development. Since 1 December 2006, the Company was included into the Morgan Stanley Capital International ("MSCI") Standard Equity Index and the MSCI China Index Constituent Stocks by MSCI Barra. Most recently, the Company was selected as a constituent of the 200-Stock Hang Seng Composite Index Series and Hang Seng Freefloat Index Series, effective as of 12 March 2007.

Shimao Property has always been committed to maximising shareholders' return. The success of initial public offering and the issuance of 5-year floating rate senior notes and 10-year fixed rate senior notes has granted the Group access to both additional capital resources and the global capital market. As such, the Group is well positioned to capture opportunities arising from sustainable growth of China's property market and to enhance shareholders' return.

In view of the Group's strong operating performance and financial strength, the Board of Directors (the "Board") recommended the payment of a final dividend of HK20 cents per share for the year ended 31 December 2006.

Strategic Expansion Proved Successful with Satisfactory Sales Performance

The Group accelerated growth in sales revenue by leveraging on its strong brand name, outstanding project management capabilities and extensive cost management expertise. Revenue recognised from properties sales for the whole year amounted to RMB7,927 million (including attributable recognised sales revenue of RMB1,191 million from associated companies), representing an increase of 192.2% over 2005. Gross floor area ("GFA") of properties sold amounted to 675,000 sq.m.(including attributable GFA of 111,000 sq.m. from associated companies), representing an increase of 159.6% over 2005. The momentum of recognised sales in areas outside of Shanghai city picked up during the year amounted to RMB3,453 million, (2005: RMB614 million). Total sales revenue from all projects in different regions served as the testimony of our success in our nationwide strategic expansion.

During the year, the Group (including associated companies) completed a total GFA of 1.4 million sq.m. (2005: 491,000 sq.m.) of eight residential projects and a hotel project, which are located in Shanghai, Changshu, Kunshan, Beijing, Harbin, Nanjing and Fuzhou, representing an increase of 185.1% from the previous year.

Penetrate New Markets to Strategically Increase Our Land Bank Reserve

During the year under review, the Group had strategically increased its land bank reserve by actively participating in land auctions and listing-for-sale hosted by the Government, to manifest the Group's confidence in becoming a large scale, integrated property developer. Planned GFA added to the land bank reserve during the year reached 6.3 million sq.m., spanning across Shaoxing, Zhejiang Province, Wuhu, Anhui Province, Yantai, Shandong Province, Jiaxing, Zhejiang Province, Changzhou, Jiangsu Province, and Shenyang, Liaoning Province. As of 27 March 2007, the Group has acquired three additional pieces of land. The Group's current land bank has increased to 20.16 million sq.m., which should adequately meet the Group's development needs in the coming six to seven years. To maximise our future growth, the Group will continue to search for large land parcels of premier quality, which offer long term appreciation potential throughout China, and transform them into large scale integrated real estate projects by leveraging on the Group's resources and experiences.

Accelerated Investment in Non-Residential Projects to Expand Property Portfolio

During the year, apart from developing luxurious residential properties, Shimao Property continued to expand its business scope to include long term investment projects, such as hotels, retail properties and offices, in a prudent and orderly manner. The Group has added the second five star hotel to its portfolio during the year upon the commencement of operation of five star Le Royal Meridien Shanghai. At the same time, the Group acquired an entire commercial building located at Chaoyang District, Beijing to diversify our property portfolio for a long term balanced revenue stream.

Through a diversified product portfolio, the Group is confident in its ability to take full advantage of the upward trend in different types of properties, and ensure steady growth in our overall income in the future.

Strengthening Corporate Governance and Social Responsibilities for Favourable Development

Shimao Property is committed to maintaining and upgrading the standard of our corporate governance. In order to fulfill our regulatory obligation as a listed company and our pledge to shareholders, the Board has established a series of committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee, during the year. These committees carry out duties in accordance with the Articles of Association to strictly monitor the internal control systems of the Company and to ensure that such systems are in compliance with the Code of Best Practice.

The Group truly believes in giving back to our society. Shimao Property has been supportive of various charitable activities. We are eager to fully apply our corporate philosophy of creativity to such programs and to cultivate a sense of social participation and dedication amongst our staff. The benefits of such activities are extensive, as such that the Group will continue to participate in worthy charitable causes and will include social responsibility into our overall agenda for corporate development.

Future Plans and Goals

Since the listing in July 2006, Shimao Property has steadily and healthily embarked on a brand new stage of development since its IPO in July 2006: we have successfully secured land parcels in second and third tier cities, developed residential and commercial properties such as shopping malls and offices, and five star hotels. During the year, in addition to signing strategic alliance agreements with world-famous retailers, the group also launched two five-star hotels. While maintaining our leadership position in property development industry, Shimao Property has embarked upon significant strategic expansion with a focus on positive, stable long term development, yielding higher return for investors.

The Group will continue to expedite the implementation of its strategic roadmap into the second and third tier markets in the future. We will further our presence in the property markets in the Yangtze River Delta, the Bohai Bay and other regions with rapid economic growth. Further, the Group will mitigate risk exposure through the adoption of a dual focus development strategy for both short term and long term investments.

The Group will adhere to its philosophy of "Cultivating Lifestyle, Realising Urban Dreams", to strengthen its brand at the national level, and develop large scale quality real estate projects.

Meanwhile, in order to broaden the Group's income basis and strive for a balanced growth, the Group is prudent in identifying other investment opportunities. Our goal is to become an integrated large scale enterprise with sound strategies and favourable revenue growth potential. The Group will continue to adhere to a prudent approach in our operation, develop our business with the support of in-depth market studies and analysis, and endeavor to be a first mover to capitalise on new business opportunities, in order to maximise return for our shareholders with even more impressive achievements in a sustainable manner.

Appreciation

The Group's outstanding results of the year were attributable to the concerted efforts of the management and all staff. On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our staff for their dedication, loyalty and contribution during the year. Furthermore, we would like to extend our appreciation to our customers, business partners, shareholders, and professional advisors for their unreserved support in making it yet another fruitful year for Shimao Property.

MANAGEMENT DISCUSSION & ANALYSIS

Financial Review

Turnover

The Group announced its first interim results on 30 August 2006 with excellent performance from the first half of 2006, the positive trend has continued into the second half of the year.

The Group's turnover for the year ended 31 December 2006 was RMB6,913 million (2005: RMB2,500 million) primarily comprising proceeds from property sales. Turnover increased by 176.5%, mainly because more projects were completed and units were delivered during the year. The Group's revenue from property sales amounted to RMB6,736 million or 97.4% of total revenue, representing an increase of 173.5 % over 2005. Total booked saleable area (including the attributable booked saleable area of 110,950 sq.m. contributed by associated companies) for the year was increased to 674,611 sq.m. or increased 159.6% compared to 2005.

Average selling price of the booked GFA for the Group (including associated companies) increased from approximately RMB10,400 per sq.m. in 2005 to RMB11,700 per sq.m. in 2006. The increase was attributable to the higher-than-average selling price of the projects of Shanghai Shimao Riviera Garden, Shanghai Shimao Sheshan Villa, and Beijing Shimao Olive Garden in 2006.

Recurring income amounted to RMB177 million or 2.6% of the total revenue (2005: RMB38 million or 1.5%), closely reflecting the increase in the proportion of investment properties and hotels in the Group's portfolio. Recurring income included income from both hotel and retail properties, which accounted for 82.3%, and 17.7% of the Group's recurring income respectively.

Fair value Gain on Investment Properties

The Group recorded a fair value gain of RMB633 million contributed by Phase 1 Retail Property of Shanghai Shimao International Plaza. The fair value gain after deferred income tax was RMB424 million.

On 29 December 2006, we acquired a office and commercial building at a prime location in Beijing CBD. The total acquisition cost including deed tax and stamp duty was RMB1,082 million and the fair value, according to a valuation report prepared by Debenham Tie Leung Limited dated 31 December 2006, was RMB1,450 million. As a result, we recognized a fair value gain after deferred income tax of RMB247 million.

Profit Attributable to Equity holders

The Group's net profit attributable to equity holders amounted to RMB2,279 million for the year ended 31 December 2006 (2005: RMB908 million), representing an increase of 151.0% relative to the previous year. The profit attributable to equity holders excluding the fair value gain net of deferred income tax of RMB671 million, goodwill impairment of RMB132 million and fair value adjustment net of deferred income tax of RMB457 million would be RMB2,197 million (2005: RMB526 million).

Financing Activities

The Group's excellent business performance has substantiated its move to step up its expansion efforts. To prepare for further expansion, the Group saw the need to raise funds from the international bond market. On 21 November 2006, the Group announced the issuance of US$500 million of Senior Notes through an international offering, which was eventually increased to US$600 million in view of strong investors' demand. This, undoubtedly, would provide solid capital protection for the future development of the Group.

Liquidity and Financial Resources

As of 31 December 2006, the Group's cash and bank balance was RMB6,023 million (2005: RMB734 million), in which HK$801 million (equivalent to RMB805 million) were the remaining proceeds from the initial public offering and US$419 million (equivalent to RMB3,276 million) was from the issuance of the Senior Notes. Approximately 81% of total cash and bank balances are denominated in US dollars and HK dollars and the rest is denominated in RMB. The Group's total debts amounted to RMB8,123 million which comprise bank loans of RMB3,550 million and Senior Notes of US$600 million (equivalent to RMB4,573 million). Net debts (Total debts less cash and bank balance) of the Group was RMB2,100 million which, converted into net gearing ratio (net debts/ total equity), was 18.2% (2005: 75.8%). The net gearing ratio improved significantly mainly due to the broadening of the Group's equity base through capital injection by financial investors and IPO during the year.

Financial Guarantees

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. As of 31 December 2006, the amount was RMB883 million (2005: RMB1,450 million).

Pledges of Assets

As of 31 December 2006, the Group has pledged a portion of its investment properties, which included land and buildings completed and under development, for sale and for investment, with carrying value of RMB11,495 million to banks to secure general banking facilities (2005: RMB6,575 million).

Foreign Exchange Risks

Other than financing activities such as foreign currency bank borrowings, the IPO and the US$600 million Senior Notes which were denominated in foreign currencies, the Group conducts its business almost exclusively in Renminbi and does not have any other direct exposure to foreign exchange fluctuations. Should the value of Renminbi appreciate, the Group would be affected mainly by the outstanding foreign currency borrowings and the level of US$ and HK$ cash and bank balances maintained. At present, Renminbi is not a freely convertible currency. The PRC government may adopt progressive measures to adjust the exchange rate of Renminbi upwards in future. The Group may be exposed to exchange losses when converting the rest of IPO proceeds from HK$ and when converting the rest of Senior Note Issue proceeds from US$ into RMB. However, the Group may benefit from exchange rate gains when converting RMB to pay back the Senior Note and foreign currency borrowings denominated in HK$ and US$. As of 31 December 2006, borrowings in foreign currencies included bank loans of US$40 million and HK$79 million, and the Senior Notes of US$600 million.

Use of Proceeds from the Initial Public Offering

The Company's shares were listed on the main board of the Stock Exchange of Hong Kong Limited on 5 July 2006 Group, and has raised the net proceeds of approximately HK$4,060 million from the IPO. The Company had applied approximately HK$3,259 million into existing and new projects, which is in compliance with the intended use of proceeds as entailed on pages 183-184 of the prospectus. As of 31 December 2006, a balance of approximately HK$801 million remained as bank deposits.

Employees and Remuneration Policy

As of 31 December 2006, the Group employed a total of 987 employees. Total remuneration for the year amounted to RMB223 million. The Group has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses will be offered to those staff with outstanding performance. Share option schemes were adopted to attract and retain talents to contribute to the Group. In relation to staff training, the Group also provides different types of programmes for its staff to improve their skills and develop their respective expertise.

Market Overview

Throughout year 2006, the PRC government continued to announce a series of macroeconomic policies designed to slow down the rapid growth of China's economy to a balanced and sustainable level by controlling money supply, credit availability and fixed assets investments. Meanwhile, according to preliminary estimation of the National Bureau of Statistics, the national economy maintained steady while China's gross domestic product for 2006 increased by 10.7% to reach RMB20,940.7 billion, which is 0.3 percentage point higher than that in the previous year. The substantial growth signifies an economic boom where the demand for office and retail properties are expected to increase in foreseeable future.

Business Review

I ***Land Bank and Land Acquisitions***

During the review period, through tender, auctions and listing-for-sale, the Group has strategically expanded its land bank in various provinces and cities in China. This is a testimony of the Group's capability as an integrated mainland large-scale real estate developer.

Six plots of land with a total planned GFA of 6.31 million sq.m., were secured in 2006. Subsequently, in the first two months of 2007, three more plots of land with a total planned GFA of 3.52 million sq.m. were acquired and planned for large-scale projects. The land plots are characterised by their excellent location with excellent transportation connectivity to regional city centers, or are located in second and third tier cities where development potential is high.

Tactically, the Group sped up its geographic expansion through acquiring more land in the Yangtze River Delta area to strengthen its foothold in this region. The Group also entered the property market in Liaoning and Shandong provinces in order to capitalise on the PRC's endeavor to enhance the development momentum in the Bohai Bay area, to complement the two economic powerhouses in Yangtze River Delta and Pearl River Delta.

The Group is of the view that profit margins generated from projects in first tier cities will gradually narrow while the residential market of second and third tier cities will grow substantially and continuously. The Group has identified and entered into numerous high growth markets in a timely manner, enabling the Group to purchase plots of land in prime locations (or locations expected to be prime later) and at a reasonable costs.

Since 1 January 2006, the Group has acquired land parcels and a completed investment property with a total planned GFA of 9.83 million sq.m.

As of 31 December 2006, total planned GFA of the Group's land bank reserve stood at 16.64 million sq.m. The Group adheres to a strategy where land acquired would immediately undergo meticulous planning and development. This approach also complements its long term strategy to balance its portfolio of properties-for-sale versus investment properties to approximately seventy-thirty distribution to secure recurring income and a healthy cash flow.

Latest land bank and land acquisition status

The array of acquisitions has made the Group one of the largest property developers in China in terms of land bank reserve. As of 27 March 2007, the Group's land bank reserve had a total planned GFA of approximately 20.16 million sq.m., taking into account the two new plots of land acquired in Suzhou and Xuzhou in January 2007 and one in Hangzhou in February 2007, which have a combined planned GFA of 3.52 million sq.m.

II ***Property Development and Sales***

During the year under review, revenue from property sales amounted to RMB6,736 million, representing an increase of 173.5% over 2005. Total GFA sold (including the attributable GFA of 110,950 sq.m. contributed by associated companies) was about 675,000 sq.m., representing an impressive increase of 159.6% from a year earlier. This is because certain properties of eight projects were completed in 2006, compared to three projects in 2005.

As of 31 December 2006, 97.4% of the Group's turnover was attributable to the sales of residential properties.

(1) *Completed projects (residential, commercial, retail)*

The Group completed a total saleable GFA of 1,301,706 sq.m. of eight projects in the cities of Shanghai, Harbin, Beijing, Changshu, Kunshan, Nanjing and Fuzhou, compared to three projects of saleable GFA 421,332 sq.m. in 2005.

(2) *Projects In the Pipeline*

The Group expects that eight projects, with a total GFA of approximately 1 million sq.m., would be completed in 2007. In addition, as of 31 December 2006, inventory of saleable GFA stood at approximately 638,010 sq.m. Total GFA available for sale in 2007 will be approximately 1.65 million sq.m.

Looking ahead, the Group is optimistic that the total GFA completed in 2008 would grow substantially from 2007.

III ***Investment Properties and Hotels***

The Group continued to expand into property investment to mitigate its exposure to market volatility or policy changes. In order to achieve greater balance in revenues, stability in income streams, and cash flow, the long term target of the Group is to increase the proportion of hotel, retail and office properties so that the Group's investment properties will account for about 30% of the Group's profit.

During the year under review, turnover from the Group's hotels investment and leasing income from retail properties amounted to RMB178 million, or 2.6% of the Group's turnover. This represents an increase of 372.0% over the previous year.

Hotels

The Group strives to develop a portfolio of five-star hotels targeting business and high net worth overseas and domestic travellers. Building a portfolio of self-owned hotel properties is an essential move towards the Group's objective in maintaining a diversified property portfolio.

During the year under review, Le Meridien Sheshan Shanghai celebrated its grand opening in April 2006 and Le Royal Meridien Shanghai commenced trial operation in September 2006 and formally opened for business in December 2006. Two other five-star hotels, namely Hyatt on the Bund Shanghai and Nanjing Hyatt Regency were under construction. We intend to build more hotels to complement our geographic expansion plan. New hotel projects are planned for cities such as Wuhan, Yantai and Shenyang, etc.

To maintain the service quality at a superior level, the Group has entered into management contracts with leading international hotel management groups. Starwood Group has been appointed to operate Le Meridien Sheshan Shanghai and Le Royal Meridien Shanghai while the Hyatt Hotels group has been awarded the contract to operate another two five-star hotels, namely Hyatt on The Bund Shanghai and Nanjing Hyatt Regency. Similar management contracts are planned for other upcoming hotel projects.

With the opening of Hyatt on the Bund in 2007, the Group's hotel room inventory in Shanghai will increase to 1,728 rooms which accounts for approximately 15% of the five-star hotel market in Shanghai. During the year, revenue generated from hotel business climbed 14 times to RMB146 million (2005: RMB10 million). The Group expects substantial growth in revenue in 2007.

Completed Investment Properties for Lease

The Group's strategy is to secure long term tenancy agreements with reputable anchor tenants while lining-up selected global retail brands as the tenancy base for investment properties.

Subsequent to year 2006, the Group entered into a management agreement with China's largest retail group, Shanghai Brilliance (Group) Co. Ltd, to engage it as operation manager for the shopping mall of Shimao International Plaza. Tenancy agreements of 10 years with large commercial tenants are preferred in order to provide the Group with recurrent, substantial rental income. Tenancy agreements with other tenants are mostly termed for one to two years.

The Group also announced the formation of a strategic alliance with some leading worldwide retail brands, including CJ CGV of South Korea, Decathlon from France, McDonald's Inc. (China) Ltd., Parkson Corp. from Malaysia, Starbucks Coffee Taiwan Corp. (Taiwan), SEGA (Japan) Vanguard (Hong Kong), and Watson's (Hong Kong). The move demonstrate the partners' strong confidence, reliance, and trust in the quality and opportunities accessible through the Group's projects. This followed an earlier partnership formed with Auchan from France, and B&Q from the U.K., which are both Fortune 500 corporations. The alliance laid a cornerstone for the Group to tap into the commercial real estate market. Upon the establishment of this formal alliance, the brands will populate the Group's various commercial property projects.

During the year, the Group acquired Beijing Huaping Plaza with a GFA of 70,175 sq.m. Construction of Phase 2 shopping mall of Shanghai Shimao International Plaza is expected to be completed in 2007. In addition, Shaoxing Shimao and Changshu Shimao, with a total planned GFA of nearly 200,000 sq.m. for retail purpose, are expected to commence business in 2008.

Revenue generated from commercial properties totalled RMB31 million (2005: RMB28 million), which was mainly contributed by Phase 1 of the shopping mall of Shanghai Shimao International Plaza, representing a 12.7 % increase from the previous year.

The Group plans to keep most of its retail and office properties in first tier cities such as Shanghai and Beijing, and certain portions in second tier cities, such as Kunshan, Wuhan, Shaoxing and Changshu, as long term investments.

ANNUAL RESULTS

The Board is pleased to present the audited consolidated results of the Group for the year ended 31 December 2006 together with comparative figures as follows. These annual results have been reviewed by the Company's Audit Committee.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2006

	Note	Year ended 31 December 2006 *RMB'000*	2005 *RMB'000*
Turnover	3	**6,913,442**	2,500,430
Cost of sales	5	**(4,432,742)**	(1,903,392)
Gross profit		**2,480,700**	597,038
Fair value gains on investment properties		**1,000,831**	902,639
Other gains	4	**157,378**	106,447
Selling and marketing costs	5	**(207,576)**	(106,388)
Administrative expenses	5	**(460,008)**	(189,270)
Other operating expenses	5	**(143,853)**	(7,343)
Operating profit		**2,827,472**	1,303,123
Finance costs	6	**(44,719)**	(8,696)
Share of results of:			
— Associated companies		**201,027**	17,741
— Jointly controlled entity		**(13)**	—
Profit before income tax		**2,983,767**	1,312,168
Income tax expense	7	**(705,017)**	(325,860)
Profit for the year		**2,278,750**	986,308
Attributable to:			
Equity holders of the Company		**2,278,750**	907,993
Minority interests		**—**	78,315
		2,278,750	986,308
Dividends	8	**615,859**	312,090
Earnings per share for profit attributable to the equity holders of the Company			
— basic (RMB cents)	9	**85.5**	50.8
— diluted (RMB cents)	9	**85.1**	—

CONSOLIDATED BALANCE SHEET
As at 31 December 2006

	Note	As at 31 December 2006 *RMB'000*	2005 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**4,609,870**	3,254,452
Investment properties		**4,000,000**	1,883,000
Land use rights		**1,349,192**	1,695,939
Intangible assets		**475,023**	607,291
Associated companies		**311,247**	150,220
Jointly controlled entity		**487**	500
Deferred income tax assets		**123,725**	76,484
Other non-current assets		**3,013,981**	577,087
		13,883,525	8,244,973
Current assets			
Land use rights under development		**3,007,728**	2,300,593
Properties under development		**2,384,511**	3,403,545
Completed properties held for sale		**1,785,438**	302,640
Trade and other receivables and prepayments	10	**576,468**	482,575
Prepaid income taxes		**34,766**	96,737
Amounts due from related companies		**601**	111
Restricted cash		**73,501**	29,129
Cash and cash equivalents		**5,949,589**	704,680
		13,812,602	7,320,010
Total assets		**27,696,127**	15,564,983
OWNERS' EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**317,521**	185,787
Reserves		**11,210,848**	2,324,431
— Proposed final dividend		**615,859**	—
— Others		**10,594,989**	2,324,431
Total equity		**11,528,369**	2,510,218
LIABILITIES			
Non-current liabilities			
Borrowings		**6,470,680**	1,913,404
Deferred income tax liabilities		**1,216,802**	967,982
		7,687,482	2,881,386
Current liabilities			
Trade and other payables	11	**5,144,364**	3,943,718
Advanced proceeds received from customers		**1,065,310**	4,132,430
Amounts due to related companies		**249,850**	1,266,965
Income tax payable		**368,443**	105,972
Borrowings		**1,652,309**	724,294
		8,480,276	10,173,379
Total liabilities		**16,167,758**	13,054,765
Total equity and liabilities		**27,696,127**	15,564,983
Net current assets/(liabilities)		**5,332,326**	(2,853,369)
Total assets less current liabilities		**19,215,851**	5,391,604

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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").

To prepare for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group has undertaken a group reorganisation (the "Reorganisation"). Pursuant to the Reorganisation, which was completed on 26 January 2006, the Company acquired the entire equity interests in Shimao Property Holdings (BVI) Limited ("SPHL(BVI)") by issuing shares to their common shareholder, Gemfair Investments Limited ("Gemfair") and became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 22 June 2006.

The Company's shares were listed on The Stock Exchange on 5 July 2006.

2. Basis of preparation

The Reorganisation involved companies under common control, and the Group resulting from the Reorganisation is regarded as a continuing group. Accordingly, the Reorganisation has been accounted for under the Accounting Guideline No. 5 "Merger Accounting for Common Control Combination", using the principles of merger accounting, under which the consolidated financial statements have been prepared as if the Reorganisation had been completed on 1 January 2005, the beginning of the earliest period presented and business of SPHL (BVI) and its then subsidiaries had always been carried out by the Group.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties which are carried at fair value.

In 2006, the Group adopted the following amendments and interpretation of HKFRS below, which are effective in 2006 and are relevant to the Group's operations.

- Amendments to HKAS 39 and HKFRS 4, "Financial Guarantee Contracts". The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers and financial guarantee contracts provided to its related parties as insurance contracts, and the Group has made the assertion prior to the implementation of the amendments. Consequently the adoption of the amendments does not have any significant impact on the Group's consolidated financial statements.
- HK(IFRIC)-Int 4 "Determining whether an arrangement contains a lease". The Group has reviewed its contracts. The adoption of this interpretation does not have any impact on classification of the leases of the Group and on the expenses recognised in respect of them.

The Group chose to early adopt the following which is not effective in 2006:

- HK(IFRIC)-Int 11, "HKFRS 2 — Group and Treasury Share Transactions" (effective for annual periods beginning on or after 1 March 2007). HK(IFRIC)-Int 11 clarifies that certain types of transaction are accounted for as equity-settled or cash-settled transactions under HKFRS 2. It also addresses the accounting for share-based payment transactions involving two or more entities within one group. The early adoption does not have any impact on the Group's consolidated financial statements.

Certain new standards, amendments and interpretations to existing standards of HKFRS have been published but are not yet effective for annual period beginning on 1 January 2006 and have not been early adopted by the Group. Those that are relevant to the Group's operations are as follows:

- HKFRS 7 "Financial Instruments: Disclosures", and a complementary amendment to HKAS 1 — "Presentation of Financial Statements — Capital Disclosures" (effective for annual periods beginning on or after 1 January 2007).
- HK(IFRIC)-Int 8 "Scope of HKFRS 2" (effective for annual periods beginning on or after 1 May 2006).
- HK(IFRIC)-Int 10 "Interim Financial Reporting and Impairment" (effective for annual periods beginning on or after 1 November 2006).
- HKFRS 8 "Operating Segments" (effective for annual periods beginning on or after 1 January 2009).

The Group has assessed the other recently published new standards, amendments and interpretations to existing standards of HKFRS, and concluded that they are not relevant to the Group's operations. These are set out as follows:

- HK(IFRIC)-Int 7 "Applying the Restatement Approach under HKAS29, Financial Reporting in Hyperinflationary Economies" (effective for annual periods beginning on or after 1 March 2006).
- HK(IFRIC)-Int 9 "Reassessment of Embedded Derivatives" (effective for annual periods beginning on or after 1 June 2006).
- HK(IFRIC)-Int 12 "Service Concession Arrangement" (effective for annual periods beginning on or after 1 January 2008).

3. Segment information

The Group is principally engaged in the property development, property investment and hotel operation. The property and hotel projects undertaken by the Group were all located in the PRC. As majority of the Group's consolidated turnover and results are attributable to the market in the PRC and most of the Group's consolidated assets are located in the PRC, no geographical segment information is presented.

Turnover for the year ended 31 December 2006 consists of the following:

	Year ended 31 December 2006 RMB'000	2005 RMB'000
Sale of properties	**6,735,820**	2,462,796
Hotel operating income	**146,194**	9,738
Rental income from an investment property	**31,428**	27,896
	6,913,442	2,500,430

Segment information is as follows:

Year ended 31 December 2006	Property development RMB'000	Hotel RMB'000	Property investment RMB'000	Unallocated RMB'000	Total RMB'000
Segment turnover	6,735,820	146,194	31,428	—	6,913,442
Segment results	2,005,071	(97,379)	1,016,067	(96,287)	2,827,472
Finance costs	(2,281)	(1,668)	—	(40,770)	(44,719)
Share of results of					
— associated companies	201,027	—	—	—	201,027
— jointly controlled entity	—	—	—	(13)	(13)
Profit/(loss) before income tax	2,203,817	(99,047)	1,016,067	(137,070)	2,983,767
Income tax expense					(705,017)
Profit for the year					2,278,750

Year ended 31 December 2006	Property development RMB'000	Hotel RMB'000	Property investment RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets	12,655,792	5,247,972	4,693,359	4,663,545	27,260,668
Associated companies	311,247	—	—	—	311,247
Jointly controlled entity	—	—	—	487	487
	12,967,039	5,247,972	4,693,359	4,664,032	27,572,402
Deferred income tax assets					123,725
Total assets					27,696,127
Segment liabilities	7,272,014	1,842,531	769,759	83,657	9,967,961
Corporate borrowings	—	—	—	4,982,995	4,982,995
	7,272,014	1,842,531	769,759	5,066,652	14,950,956
Deferred income tax liabilities					1,216,802
Total liabilities					16,167,758
Capital and property development expenditure	6,951,598	789,292	1,737,430	5,477	9,483,797
Depreciation	8,814	61,595	179	1,539	72,127
Amortisation of land use rights as expenses	1,487	7,917	—	—	9,404
Impairment of goodwill	132,268	—	—	—	132,268
Fair value gains on investment properties	—	—	1,000,831	—	1,000,831

Year ended 31 December 2005	Property development RMB'000	Hotel RMB'000	Property investment RMB'000	Unallocated RMB'000	Total RMB'000
Segment turnover	2,462,796	9,738	27,896	—	2,500,430
Segment results	392,518	(6,196)	951,457	(34,656)	1,303,123
Finance costs	(2,162)	(24)	—	(6,510)	(8,696)
Share of results of associated companies	17,741	—	—	—	17,741
Profit/(loss) before income tax	408,097	(6,220)	951,457	(41,166)	1,312,168
Income tax expense					(325,860)
Profit for the year					986,308
Segment assets	8,552,881	4,160,709	2,438,283	185,906	15,337,779
Associated companies	150,220	—	—	—	150,220
Jointly controlled entity	—	—	—	500	500
	8,703,101	4,160,709	2,438,283	186,406	15,488,499
Deferred income tax assets					76,484
Total assets					15,564,983
Segment liabilities	9,351,518	1,253,744	34,246	1,447,275	12,086,783
Deferred income tax liabilities					967,982
Total liabilities					13,054,765
Capital and property development expenditure	2,676,354	832,622	251,548	2,078	3,762,602
Depreciation	5,799	2,754	304	420	9,277
Amortisation of land use rights as expenses	12	296	—	—	308
Bad debt recovered	—	—	25,000	—	25,000
Fair value gains on an investment property	—	—	902,639	—	902,639

Unallocated costs mainly represent corporate expenses.

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties under development, receivables and cash balances. They also include goodwill recognised arising from acquisition of subsidiaries relating to respective segments. They exclude deferred income tax assets.

Segment liabilities comprise operating liabilities. They exclude corporate borrowings and deferred income tax liabilities.

4. Other gains

	Year ended 31 December 2006 RMB'000	2005 RMB'000
Government grants received	**10,000**	10,000
Income tax refund on reinvestment	**20,428**	23,225
Temporary rental and advertising income	**1,872**	5,801
Interest income	**83,753**	6,830
Net exchange gain	**—**	31,088
Bad debt recovered	**—**	25,000
Gain on disposal of property, plant and equipment	**26,373**	2,988
Compensation from a third party for violation of contracts	**10,219**	—
Trademark income	**750**	—
Miscellaneous	**3,983**	1,515
	157,378	106,447

5. Expenses by nature

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

	Year ended 31 December 2006 RMB'000	2005 RMB'000
Staff costs — including directors' emoluments	**223,303**	95,428
Auditors' remuneration	**4,781**	2,722
Depreciation	**72,127**	9,277
Amortisation of land use rights	**9,404**	308
Advertising, promotion and commission costs	**193,954**	86,240
Cost of properties sold	**3,640,088**	1,607,773
Business taxes and other levies on sales of properties	**339,975**	124,024
Land appreciation tax incurred, net of the related accruals already made upon acquisition of subsidiaries	**355,306**	162,204
Impairment of goodwill	**132,268**	—
Charitable donations	**8,120**	6,174
Direct outgoings arising from investment properties that generate rentals income	**9,087**	8,893
Operating lease rentals expense	**23,252**	13,674
Hotel operating expense	**68,765**	2,061
Net exchange loss	**30,572**	—
Office expenses	**23,883**	13,362
Other expenses	**109,294**	74,253
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses	**5,244,179**	2,206,393

6. Finance costs

	Year ended 31 December 2006 RMB'000	2005 RMB'000
Interest on bank borrowings		
— wholly repayable within five years	**195,882**	75,878
— not wholly repayable within five years	**27,601**	43,868
Interest on senior notes		
— wholly repayable within five years	**13,164**	—
— not wholly repayable within five years	**20,739**	—
Interest on borrowing from a related company	**—**	4,543
	257,386	124,289
Less: interest capitalised	**(212,667)**	(115,593)
	44,719	8,696

7. Income tax expense

	Year ended 31 December 2006 RMB'000	2005 RMB'000
PRC enterprise income tax		
Current income tax	**503,438**	146,516
Deferred income tax	**201,579**	179,344
	705,017	325,860

Share of income tax expense of associated companies of RMB108,068,000 (2005: RMB11,385,000) is included in the consolidated income statement under share of results of associated companies.

Hong Kong profits tax

No Hong Kong profits tax has been provided for as the Group has no assessable profit in Hong Kong for the year ended 31 December 2006 (2005: nil).

PRC enterprise income tax

PRC enterprise income tax is provided for at 33% of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC enterprise income tax purpose. Two subsidiaries established in the Shanghai Pudong New Area of the PRC are entitled to a preferential tax rate of 15% for the years ended 31 December 2006 and 2005. In addition, another two subsidiaries established in other areas enjoy preferential tax rates of 27% and 30% respectively for both years ended 31 December 2006 and 2005.

8. Dividends

	Year ended 31 December 2006 RMB'000	2005 RMB'000
Special dividend, declared, per share *(note (a))*	**—**	312,090
Proposed final dividend of HK20 cents per ordinary share *(note (b))*	**615,859**	—
	615,859	312,090

(a) On 31 December 2005 a special dividend of HK$300,000,000 (equivalent to RMB312,090,000) per share was declared by SPHL (BVI). The amount was included in amounts due to Gemfair, a related company, as at 31 December 2005.

(b) At a meeting held on 27 March 2007, the directors proposed a final dividend of HK20 cents per ordinary share. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2007.

9. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. In determining the weighted average number of ordinary shares in issue, a total of 1,787,439,612 ordinary shares issued for the Reorganisation were deemed to have been issued since 1 January 2005.

	Year ended 31 December 2006	2005
Profit attributable to the equity holders of the Company (RMB'000)	**2,278,750**	907,993
Weighted average number of ordinary shares in issue (thousands)	**2,664,890**	1,787,440
Basic earnings per share (RMB cents)	**85.5**	50.8

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

	Year ended 31 December 2006
Profit attributable to the equity holders of the Company (RMB'000)	**2,278,750**
Weighted average number of ordinary shares in issue (thousands)	**2,664,890**
Adjustment for share options granted under the Pre-IPO Share Option Scheme (thousands)	**14,096**
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**2,678,986**
Diluted earnings per share (RMB cents)	**85.1**

No disclosure of diluted earnings per share for the year ended 31 December 2005 has been made as there was no potential dilutive ordinary share outstanding during that year.

10. Trade and other receivables and prepayments

	As at 31 December 2006 RMB'000	2005 RMB'000
Trade receivables *(note)*	**250,861**	3,046
Deposits for resettlement costs	**103,450**	146,650
Other receivables	**119,562**	27,253
Prepayments for construction costs	**45,226**	103,056
Prepaid business tax and land appreciation tax on pre-sale proceeds	**57,369**	202,570
	576,468	482,575

Note: Trade receivables are mainly arisen from sales of properties. Consideration in respect of properties sold are paid in accordance with the terms of the related sales and purchase agreements. All trade receivables at each of the balance sheet dates were aged less than one year.

11. Trade and other payables

	As at 31 December 2006 RMB'000	2005 RMB'000
Trade payables *(note (a))*	**3,502,628**	2,697,337
Other payables *(note (b))*	**1,417,738**	1,127,609
Accrued expenses	**111,685**	29,343
Other taxes payable	**112,313**	89,429
	5,144,364	3,943,718

Notes:

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

	As at 31 December 2006 RMB'000	2005 RMB'000
Within 90 days	**3,140,316**	2,238,690
Over 90 days and within 180 days	**362,312**	458,647
	3,502,628	2,697,337

(b) Other payables comprise:

	As at 31 December 2006 RMB'000	2005 RMB'000
Deposits and advances from constructors	**6,495**	20,338
Acquisition consideration payable	**4,764**	87,000
Excess proceeds received from customers	**37,443**	12,579
Provision for land appreciation tax	**1,343,972**	996,122
Fees collected from customers on behalf of government agencies	**13,209**	2,663
Miscellaneous	**11,855**	8,907
	1,417,738	1,127,609

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the code of conduct regarding securities transactions by the directors of the Company. All directors confirmed they have complied with the required standard set out in the Model Code during the period from 9 June 2006 (date of adoption of the Model Code) to 31 December 2006.

Audit Committee

The Company has established an Audit Committee on 9 June 2006 with written terms of reference pursuant to the rules set out in Chapter 3 of the Listing Rules. The Audit Committee consists of four members, namely Ms. Kan Lai Kuen, Alice, Mr. Lu Hong Bing, Mr. Gu Yunchang and Mr. Lam Ching Kam. All of them are Independent Non-executive Directors. The chairman of the Audit Committee is Ms. Kan Lai Kuen, Alice.

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

The consolidated annual results of the Group for the year ended 31 December 2006 have been reviewed by the Audit Committee.

Remuneration Committee

The Company has established a Remuneration Committee on 9 June 2006 with written terms of reference. The Remuneration Committee consists of five members, comprising Mr. Hui Wing Mau and the Company's four Independent Non-executive Directors. The chairman of the Remuneration Committee is Mr. Hui Wing Mau.

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

Nomination Committee

The Company has established a Nomination Committee on 9 June 2006 with written terms of reference. The Nomination Committee consists of five members, comprising Mr. Hui Wing Mau and the Company's four Independent Non-executive Directors. The chairman of the Nomination Committee is Mr. Hui Wing Mau.

The primary functions of the Nomination Committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board.

Compliance with Code on Corporate Governance Practices

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules since 5 July 2006 (date of listing of the shares of the Company) except for the deviation from provision A.2.1, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

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 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 and four Independent Non-executive Directors and therefore has a strong independence element in its composition.

Purchase, Sale or Redemption of Listed Securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Annual General Meeting

The 2007 annual general meeting of the Company will be held on 26 April 2007. A notice convening the annual general meeting will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

Closure of Register

The proposed final dividend of HK20 cents per share, the payment of which is subject to approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 26 April 2007, is to be payable on Thursday, 3 May 2007 to shareholders whose names appear on the Register of Members of the Company on 26 April 2007.

The register of members of the Company will be closed from Monday, 23 April 2007 to Thursday, 26 April 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and to determine who are entitled to attend the 2007 annual general meeting of the Company to be held on 26 April 2007, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 20 April 2007.

Disclosure of Information on the Stock Exchange's Website

This results announcement will be published on the Stock Exchange's website. The 2006 annual report of the Company containing all information required under the Listing Rules will be dispatched to shareholders of the Company and will be made available on the website of the Stock Exchange in due course.

On behalf of the Board
Hui Wing Mau
Chairman

Hong Kong, 27 March 2007

As at the date of this announcement, the Executive Directors are Mr. Hui Wing Mau, Mr. Hui Sai Tan, Jason, Mr. Ip Wai Shing, Mr. Tang Ping Fai and Ms. Yao Li and the Independent Non-executive Directors are Ms. Kan Lai Kuen, Alice, Mr. Lu Hong Bing, Mr. Gu Yunchang and Mr. Lam Ching Kam.