

[Immediate Release]



## Shimao Property Holdings Limited Announces 2008 Annual Results

**Profit from core business attributable to shareholders amounted to HK\$1.1 billion  
with proposed final dividend per share of HK13 cents**

**Steady development for each business segment  
Adopted Flexible adjustment of sales strategy to propel nationwide expansion**

### Financial Highlights

RMB (Million)	Year ended 31 December		
	2008	2007	Change
Revenue	7,196	9,276	-22.4%
Gross Profit	3,232	3,960	-18.4%
Gross Profit Margin	44.9%	42.7%	2.2 p.p
Operating Profit	2,129	5,662	-62.4%
Profit from core business attributable to shareholders (excluding net fair value loss/gain from investment properties, depreciation and amortization, goodwill adjustments, one-off gain in 2007 on disposal of the Wuhan project's 29.99% equity, and gain resulting from adjustment of tax rate)	1,108	1,826	-39.3%

**(27 April 2009 – Hong Kong)** Shimao Property Holdings Limited (“Shimao Property” or “the Company”, together with its subsidiaries, collectively as “the Group”; Stock Code: 813) presents today the Group’s annual results for the year ended 31 December 2008.

During the year under review, the Group’s revenue amounted to RMB7.2 billion, representing a decrease of 22.4% over RMB9.3 billion of the last year. Operating profit of the Group was RMB2.13 billion, profit attributable to shareholders amounted to RMB841 million. Excluding after tax effect of fair value gain/loss from investment properties, depreciation and amortization, goodwill adjustments, one-off gain in 2007 on disposal of the Wuhan project’s 29.99% equity, and gain resulting from adjustment of tax rate, the profit from core business attributable to shareholder was RMB1.1 billion, dropping by 39.3% as compared to 2007, which was mainly due to the delay in receiving completion certificates of certain projects.

In reward for the support of the shareholders, the board of director recommended the payment of a final dividend of HK13 cents (2007: HK16 cents) per share for the year ended 31 December 2008.

Commenting on the Group’s results for the year, Mr. Hui Wing Mau, Chairman of Shimao Property, said, “In 2008, the China’s real estate market faced many strenuous tests and impacts in various areas that resulted in significant market adjustments. The Group continued to strategically expand its geographic coverage in a prudent manner, fully explored cities with development potential, and make development in second and third tier cities. During the year, the Group maintained a stable development of the core business and sound financial position despite the mild slowdown in overall property sales. In the first quarter of 2009, the unaudited contracted sales reached RMB4.55 billion, soaring for over 300% as compared to the same period last year. This evidenced that the business strategy of the Group was successful. Since the beginning of this year to 24 April 2009, our latest contracted sales reached RMB6.6 billion, and we have already accomplished 44% of the whole year target of 2009.”

### **Residential Properties**

For the year ended 31 December 2008, turnover from property sales amounted to approximately RMB6.2 billion, a drop of 28% as compared with that of 2007. The drop in recognized turnover was due to the dragging progress of some of our project construction as a result of natural disasters occurred at the beginning of the year, and relatively suppressed market demands resulting from the outbreak of the financial crisis in the second half year.

During the year, the Group adjusted its sales schedule in view of actual market conditions and postponed the launch of a few projects, reducing supply as originally scheduled. Total saleable GFA booked reached 688,717 sq. m. As product structure was different from last year, featuring less first tier city projects, projects in second and third tier cities gradually generate profit contribution to the Group. Average selling price decreased to RMB9,119 per sq. m. Total contracted sales and total contracted GFA sold of the Group in 2008 were RMB12.0 billion and 1,244,604 sq. m respectively, up 28.4% and 38.2% over 2007. The sales were contributed by 22 projects.

The Group expected that about 25 projects will be launched in 2009, including Shanghai Shimao Riviera Garden, Ningbo Shimao World Gulf and Beijing Shimao Sanlitun Project, etc. This will increase saleable GFA by 1.50 million sq. m, when combined with saleable GFA of 1.50 million sq. m recorded at the end of 2008 with pre-sales permit acquired but not yet sold, the Group has total saleable GFA of 3.00 million sq.m. in 2009.

### **Hotel and Investment Properties**

During the year under review, revenue of the Group from hotel and investment properties recorded steady growth, posing itself as an important source of revenue of the Group. During the year, revenue from hotel and investment properties amounted to RMB951 million, a 48% increase compared with RMB645 million in 2007, accounting for 13% of the Group's revenue (2007: 7%).

During the year under review, revenue from hotel business was RMB771 million (2007: RMB566 million), mainly contributed by Shanghai Le Méridien Sheshan, Hyatt on the Bund Shanghai and Le Royal Méridien Shanghai. Earnings before interest, taxes, depreciation and amortization (EBITA) was RMB280 million. As the Group further established brand name and recognition for its hotels, the hotels under Shimao Property continued to command leading market share in Shanghai's international top-class hotel market.

In 2008, commercial properties of the Group achieved excellent results to contribute steady and considerable return to the Group. As commercial properties gradually became one of the core revenue sources of the Group, it reflected that the Group succeeded in strategically diversifying property portfolio. During the year, total revenue from commercial properties was RMB180 million (2007: RMB79 million), up 129% over last year.

Beijing Shimao Tower commenced operation at the beginning of the year and recorded an occupancy rate of 73% at the end of 2008. Already enjoying the status as the landmark shopping center in the region, the Group's Shanghai Shimao International Plaza on Nanjing Road, Shanghai was widely recognized and supported by renowned international brand owners. The average occupancy rate reached 98% at the end of 2008, driving higher rental revenues.

### **Restructuring of the Group**

On 3 September 2008, the restructuring plan involving the Group and Shanghai Shimao Co. Ltd. ("A-Share Listed Company", Shanghai Stock Exchange stock code: 600823) was conditionally approved by the China Securities Regulatory Commission, whereby it was finalized that 9 project companies (including 10 commercial projects) and Beijing Shimao Tower were to be injected into A-Share Listed Company, for which A-Share Listed Company shall be responsible for development, sales, leasing businesses and the relevant property management.

Restructuring progressed smoothly during the year. This restructuring plan enables Shimao Property to own an independent and professional commercial property group company in the Mainland, which not only allows concentration of resources on capital-intensive commercial property development, but also provides a stand-alone financing platform for the Group to raise funds for business development through the Chinese equity and debt markets. It is expected that the restructuring plan will be completed in first half of 2009.

### **Land Bank Reserve**

During the period under review, the Group remained prudent in land acquisition and acquired four parcels of land during the year with total planned GFA of 3.19 million sq. m. Those parcels of land are located in Dalian, Ningbo and Hangzhou (two parcels of land) respectively. Currently the total land bank of the Group is 25.5 million sq. m, deemed sufficient for the development needs in the coming 5 to 7 years.

### **Financial Position**

The Group adopts prudent financial management to maintain a solid financial position. As at 31 December 2008, the Group's available funds amounted to RMB3.1 billion, including cash on hand of RMB2.0 billion and unutilized bank facilities of RMB1.1 billion. As at 27 April 2009, the Group's available fund amounted to RMB8.00 billion, including cash on hand RMB6.85 billion and unutilized bank facilities of RMB1.15 billion. The Group further secured bank credit facilities of RMB15 billion from the Agricultural Bank of China on 20 March 2009, evidencing the Group has a strong cash flow. On the other hand, the net gearing ratio of the Group as at 31 December 2008 was 53%. With the successful placement of 282 million shares to institutional investors on 9 April 2009, raising net proceeds of over HK\$1.9 billion, the net gearing ratio further reduced to 42%. After share placement, repayment of syndicated loan and restructuring of the A-share company, the financial position will be improved as equity base expanded and debt reduced. In a long run, this will also benefit the operation and business development of the Group.

Commenting on the Group's future strategies and prospects, Mr. Hui said, "Looking forward, market conditions in 2009 will continue to be challenging. With government's measures to stimulate the property market taking effect and a certain level of purchasing power accumulated through the weak sales performance as shown in 2008, the Group remains cautiously optimistic about the future as demands will be driven by actual end users. In respect of hotel property and commercial property, the Group believes the World Expo 2010 to be held in Shanghai would spur the performance of hotel businesses and provide a boost to Shimao Property with its highly-reputed hotel properties that amassed wide recognition of domestic and international consumers. On the other hand, the acceleration of modernization and economic development in China will expand demands for quality commercial properties and therefore, create a beneficial environment for commercial property businesses."

Mr. Hui concluded and said, "To cope with forthcoming challenges and capture future opportunities, Shimao Property will review financing progress and market conditions to continue reorganization of the hotel business accordingly in a bid to further implement a development mode spearheaded by three principal businesses, so as to strengthen the Group's competitive edge for long-term and stable development. In addition, the Group will continue to focus on the highlighted development regions in the Yangtze River Delta and Bohai Bay Region. A number of quality projects will be launched, where the proportion of small-to-medium residential units will be increased to adapt to government plans and cater market needs, with the aim of expanding market share and eventually enhancing the reputation and recognition of the 'SHIMAO' brand name."

### **About Shimao Property Holdings Limited**

Shimao Property 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 34 projects at different stages of development in 22 cities namely Shanghai, Beijing, Harbin, Wuhan, Nanjing, Fuzhou, Kunshan, Changshu, Shaoxing, Wuhu, Yantai, Jiaxing, Changzhou, Shenyang, Suzhou, Xuzhou, Hangzhou, Xianyang, Taizhou, Mudanjiang, Dalian and Ningbo.

The Group's highly-acclaimed projects have been well received by property buyers and investors both within the PRC and internationally. The SHIMAO brand has been recognized as a "China Super Brand" in 2004 and as the "Respected Real Estate Enterprise in Shanghai" in 2005 and "Top 10 Foreign-Funded Property Enterprises in China" in 2007 and 2008 while its residential project, Shanghai Shimao Riviera Garden, has recorded the highest aggregate sales proceeds in Shanghai for four consecutive years from 2001 to 2004.

For more information, please visit: [www.shimaoproperty.com](http://www.shimaoproperty.com)

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