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世茂集團

SHIMAO GROUP HOLDINGS LIMITED

世茂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 813)

**ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

RESULTS HIGHLIGHTS

1. Contracted sales in 2020 reached RMB300.307 billion, representing a year-on-year increase of 15.5%. Contracted gross floor area increased from 14.656 million sq.m. in 2019 to 17.126 million sq.m. in 2020, representing a year-on-year increase of 16.8%.
2. As at the end of 2020, the Group turned to “Green Camp” enterprise under “Three Red Lines” indicators. The indicators were disclosed in “Liquidity and Financial Resources” under the section headed “Financial Analysis”.
3. Revenue increased by 21.4% to RMB135.353 billion (2019: RMB111.517 billion).
4. Gross profit increased by 16.2% to RMB39.667 billion (2019: RMB34.131 billion). Gross profit margin was 29.3%.
5. Net profit from core business increased by 24.9% to approximately RMB19.143 billion (2019: RMB15.325 billion). Net profit from core business attributable to shareholders increased by 17.2% to approximately RMB12.283 billion (2019: RMB10.478 billion). Net profit margin from core business attributable to shareholders was 13.6%. Plus after-tax gain attributable to shareholders from the disposal of part of the equity of Shimao Services of approximately RMB2.940 billion, net profit from core business attributable to shareholders for the year increased significantly by 45.2% to approximately RMB15.223 billion.

6. As at 31 December 2020, the Group's land bank was approximately 81.75 million sq.m. (before interests). During the year of 2020, the Group acquired land bank of 15.35 million sq.m. (before interests).
7. The Board proposed the payment of a final dividend of HK90 cents per share and a special dividend of HK20 cents per share. Together with an interim dividend of HK60 cents per share and a special dividend of HK10 cents per share, the total dividend for the year will amount to HK\$1.80 per share (2019: HK\$1.45 per share).

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the annual results of Shimao Group Holdings Limited ("Shimao Group", "Shimao" or the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2020.

Market and Outlook

In 2020, despite the enormous impact of the COVID-19 pandemic on the global economy, the central government maintained its policy of "houses are for inhabiting, not for speculation". The real estate market in China remained steady in general as local governments continued to adopt differentiated policies in a flexible manner. The outbreak of the pandemic at the beginning of 2020 led to suspended production and sales. The real estate market was seriously affected. The sales of commodity properties in China in January and February recorded a year-on-year decrease of 35.9%. Due to continuous effectiveness of epidemic prevention and control measures, the resumption of production and operation of various industries have been progressing in an orderly manner since March. In addition, monetary policies remained relatively loose with reasonable and sufficient market liquidity. Many cities introduced loose policies on both supply and demand fronts, resulting in rapid recovery of the overall market. In the second half of the year, given the increasing housing prices and land prices, some cities strengthened their regulatory measures and tightened the policy towards the real estate market. However, as both supply and demand increased, the sales and sales area of commodity properties in China recorded historical highs. According to the National Bureau of Statistics, the sales of commodity properties in China in 2020 amounted to RMB17,361.3 billion, representing a year-on-year increase of 8.7%, while the sales area of commodity properties was 1.76 billion sq.m., representing a year-on-year increase of 2.6%.

2021 is the beginning of the 14th Five-Year Plan of China and witnesses major changes unseen in a century. Although the impacts of the COVID-19 pandemic on the macro economy remain uncertain, the economy of China is expected to improve in the long run. Governments of many countries will maintain their loose monetary policies to cope with the economic impacts of the COVID-19 pandemic. In order to prevent potential financial risks and maintain the stable and sound development of the real estate and financial markets, the central government will accelerate the regulation on real estate finance by further tightening credit for the real estate industry. Moreover, the overarching principle of "houses are for inhabiting, not for speculation" will remain unchanged. With the objective of "stabilizing land prices, housing prices and market expectation", it is expected that regulatory policies will continue to be imposed on the real estate market and sales of commodity properties in China will slightly slow down. In addition, with the progress of new urbanization, property markets in first-tier and second-tier cities will remain stable in general, while downward pressure in third-tier and fourth-tier cities will increase, leading to further differentiation among cities.

Sales Performance

The beginning of 2020 was difficult with the onset of the pandemic. Shimao continued to improve products and remained prudent. The contracted sales amounted to RMB300.31 billion in 2020, representing a year-on-year increase of 15.5%, and the annual sales target was achieved. The aggregate contracted sales area was 17.126 million sq.m., representing a year-on-year increase of 16.8%. The average selling price was RMB17,536 per sq.m.. During the year, the Group strategically adjusted supply according to market conditions to properly manage volume-price balance. The overall sell-through rate of saleable value was 63%, higher than the target proposed at the beginning of 2020. The Group has achieved “quality growth” for four consecutive years notwithstanding the pandemic impacts.

Prudent Replenishment of Premium Land Bank

The Group persistently upheld prudent attitude and was both prudent and proactive in replenishing land bank. In the first half of 2020, the transaction volume of land sales dropped sharply due to the pandemic. Shimao took the opportunities to acquire land bank of 12.32 million sq.m., accounting for 80% of the new land acquired in 2020. With the containment of the pandemic and relatively loose monetary policies, the land market began to pick up in the second half of the year and land prices remained high. The Group became more prudent in replenishing land bank.

Considering the intensifying differentiation among cities, Shimao continuously deepened cultivation of the “core city clusters” with focus on the first-tier and second-tier cities and advanced third-tier and fourth-tier cities with remarkable economic development and strong demand. In 2020, the Group adopted a diversified land acquisition strategy to increase land bank by 15.35 million sq.m.. In terms of total land premium, first-tier and second-tier cities and advanced third-tier and fourth-tier cities accounted for more than 91% of the land acquired. In respect of land cost, the average cost of the new land acquired was RMB5,916 per sq.m.. As of 31 December 2020, the Group penetrated in more than 100 major cities across the country, with 434 projects and a total area of 81.75 million sq.m. (before interests) quality land. The average land cost was RMB5,188 per sq.m.. Based on its development portfolio, Shimao has total saleable value of over RMB1,380.0 billion in popular regions across the country, of which total saleable value of over RMB395.0 billion and RMB345.0 billion were located in the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta region, respectively. The premium land bank and relatively reasonable land cost have provided a solid and good foundation for long term development of Shimao.

Prudent Financial Strategies

In 2020, under the regulatory policies of “Three Red Lines” and “Real Estate Loan Centralized Management”, Shimao strictly observed market regulations by fully satisfying the financial indicator requirements of the “Three Red Lines” and became a “Green Camp” property enterprise.

Cash collection of the year of the Group amounted to RMB225.2 billion. The Group dynamically adjusted the timing of investment to maintain sufficient cash flow. As at 31 December 2020, the Group had book cash of RMB68.47 billion. Net gearing ratio was 50.3%, representing a year-on-year decrease of 7.1 percentage points, which has been maintained below 60% for nine consecutive years.

Shimao actively optimized its capital structure by properly expanding shareholder base and increasing equity interest through share placings at suitable time and at reasonable level, as well as spin-off and separate listing of property management business. The Group had a healthy debt structure with a high cash to short-term debt ratio. The financing channels of the Group were secured. The interest rate of 5-year domestic corporate bonds and 10-year offshore USD senior notes of the Group were as low as 3.2% and 3.45%, respectively.

The Group received positive review from domestic and overseas credit rating institutes. Moody’s and Standard & Poor’s upgraded the outlook to “positive” for the Group’s “Ba1” and “BB+” credit ratings, respectively, while Fitch maintained its investment grade rating. Major domestic rating institutes maintained the highest corporate credit rating of Shimao of “AAA”. The Company’s share was admitted as a constituent stock in the Hang Seng China Enterprises Index since June 2020, becoming one of the 50 constituent stocks.

Shimao will continue to maintain its prudent financial policies and decentralize the financial management. Shimao will strengthen its risk management in response to the new regulatory environment and exhibit its resilience in the transformation of the industry into long-term, steady and healthy development.

Diversified “Giant Aircraft Strategy”

2021 is a crucial year for Shimao to achieve “quality growth” for five consecutive years. Striving for the vision of “Century Shimao”, the Group will actively promote the diversified business layout of “Giant Aircraft Strategy” with property development as its main body; commercial properties operation, hotel operation, property management and finance as its solid wings; investments in advanced technology, medical treatment, education, elderly care and culture as key empennage for balanced development. The “Aircraft” flown at full speed not only strengthens Shimao’s competitiveness during the market cycle, but also brings strong driving force for its sustainable development.

In respect of property management business, 2020 was the closing year of the first “Three-year Development Plan” of Shimao Services Holdings Limited (“Shimao Services”). After three years of continuous reforms and breakthroughs, Shimao Services achieved outstanding results. The three-year compound annual growth rates of revenue and net profit of Shimao Services from 2018 to 2020 were 94.3% and 122.7%, respectively, consolidating a leading position in the industry. The gross floor area (“GFA”) under management and contracted GFA also recorded substantial growth. As of 31 December 2020, the GFA under management and contracted GFA of Shimao Services reached 146 million sq.m. and 201 million sq.m., respectively. In 2021, Shimao Services will launch the second “Three-year Strategic Plan”. Committed to the concept of “BETTER SMART LIFE”, Shimao Services will concentrate services on users, assets and cities and work to develop three major businesses, namely basic property management services, value-added services and smart city services, forming a “1+1+X” business system.

In respect of hotel business, Shimao always focuses on the development and operation of city-class and world-class landmark hotels. As of 31 December 2020, Shimao hotels penetrated in core cities, with 27 hotels (including hotels under development) of international brands and 121 hotels (including hotels under development and management services) of self-owned brands. Shimao had 24 hotels in operation, including Hyatt on the Bund Shanghai, InterContinental Shanghai Wonderland, Conrad Xiamen and others, with over 7,600 guest rooms. The first hotel of luxury resorts brand “Yutopia”, Yutopia Wuyi Mountain Retreat, had its grand opening in September 2020. Sheraton Hong Kong Tung Chung Hotel was also grandly opened in December 2020. The tourism industry was affected by the COVID-19 pandemic, in particular the international tourism. As the pandemic dragged on, the hospitality industry in China has entered the dual-circle development stage with focus on internal circle. Shimao hotel proactively changed its operation plan and its operation results began to recover steadily since the second quarter. In 2021, Hilton Changsha Riverside and Yuluxe Hotel Changchun Lianhua Mountain are scheduled to commence operation successively. The revenue from the hotel business is expected to rise steadily.

In respect of commercial and entertainment business, Shimao endeavors to create different types of commercial benchmarking projects. Following the development over the years, Shimao has penetrated in over 30 cities with over 60 commercial and theme entertainment projects (including projects under development). During the year, although the general environment was sluggish, the occupancy rate of many commercial projects under Shimao had risen against the trend, and the overall occupancy rate of certain projects reached 95%. Newly completed Shenzhen Shimao Qianhai Center and Changsha Shimao Global Financial Center have attracted a number of well-known companies to move in. Moreover, the first Smurf theme park in Asia-Pacific region, jointly developed by Shimao and Belgium Smurfs copyright owner, was officially launched in May 2020. It had attracted more than 700,000 visitors in half a year and has become one of the most popular indoor parent-child parks in the Yangtze River Delta region.

Social Responsibility

For the past 30 years, Shimao has always stayed true to its original value of achieving corporate development and fulfilling social responsibility. Over the years, Shimao has committed to eradicate poverty, especially in medical assistance. As of the end of 2020, Shimao has donated more than RMB1.7 billion and served population of more than 22.00 million. As a devoted participant in the urbanization of China, Shimao actively explores and applies green buildings to empower cities. As of the end of 2020, the total area of green buildings developed by Shimao was 64.636 million sq.m., representing a year-on-year increase of 28%, including six LEED Gold buildings. Moreover, Shimao has long been dedicated to exploring and developing the cultural and creative sectors, with a mission to promote the inheritance of the Chinese culture. In January 2021, Shimao Maritime Silk Road Museum had its grand opening, boosting the confidence of the national culture and creating a new chapter of empowerment.

Final and Special Dividends

To demonstrate our appreciation for our shareholders' support and to celebrate the separate listing of Shimao Services on the Main Board of the Hong Kong Stock Exchange, the board of directors of the Company (the "Board") has proposed the payment of a final dividend of HK90 cents per share (2019: HK85 cents per share) and a special dividend of HK20 cents per share. Together with an interim dividend of HK60 cents per share and the payment of a special dividend of HK10 cents per share in response to the introduction of strategic investors by Shimao Services, the total dividend for the year will amount to HK\$1.80 per share (2019: HK\$1.45 per share).

Acknowledgement

In 2020, although the outburst of the COVID-19 pandemic has posed an ordeal, Shimao unified to achieve progress and stable growth. 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 extend my heartfelt gratitude and deepest respect 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 engagement. Shimao will continue to have deep insight into the needs of urban life with "Spirit of Craftmanship" and actively facilitate urban development with the Group's diversified business for a better life of people.

Hui Wing Mau
Chairman

Hong Kong, 30 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Development

1) *Recognized Sales Revenue*

The Group generates its revenue primarily from sales of properties, property management, commercial properties operation and hotel operation. For the year ended 31 December 2020, revenue of the Group reached RMB135.35 billion, representing an increase of 21.4% as compared to RMB111.52 billion in 2019. During the year, revenue from property sales amounted to RMB126.13 billion, accounting for 93.2% of the total revenue and representing an increase of 19.8% as compared to 2019. The recognized sales area was 8.306 million sq.m., representing an increase of 18.3% as compared to 2019. The average recognized selling price was RMB15,187 per sq.m..

2) *Steady Sales Growth*

With respect to property sales, the Group's contracted sales and aggregate contracted sales area were RMB300.31 billion and 17.126 million sq.m. in 2020, representing a year-on-year increase of 15.5% and 16.8% respectively. The average selling price was RMB17,536 per sq.m.. "Quality growth" was steadily achieved.

In 2020, the Group actively coped with the impact of the COVID-19 pandemic and boosted the steady growth in performance with a forward-looking layout by seizing the opportunity of differentiated policies adopted by various local governments in a flexible manner and the relatively loose monetary policies. Looking forward to 2021, the Group will launch saleable areas of approximately 20.37 million sq.m.. Together with the saleable areas of approximately 10.59 million sq.m. as at 31 December 2020, the Group's total saleable areas in 2021 will be approximately 30.96 million sq.m..

3) *Strategically adjusted development plans to maintain quality growth*

The Group strategically adjusted supply and development plans according to market conditions to properly manage volume-price balance. In 2020, the Group's floor area under construction was 57.73 million sq.m.. The aggregate GFA completed was approximately 9.87 million sq.m., representing an increase of 4%, when compared with the corresponding period of the previous year of 9.51 million sq.m.. Looking forward to 2021, the Group will maintain its quality growth with the planned floor area under construction of approximately 60.00 million sq.m. and the GFA completed of approximately 11.50 million sq.m..

4) Prudent Replenishment of Premium Land Bank for Long-Term Sustainable Development

Considering the intensifying differentiation among cities, Shimao continuously deepened cultivation of the “core city clusters” with focus on the first-tier and second-tier cities and advanced third-tier and fourth-tier cities with remarkable economic development and strong demand. In 2020, the Group adopted a diversified land acquisition strategy to increase land bank by 15.35 million sq.m.. In terms of total land premium, first-tier and second-tier cities and advanced third-tier and fourth-tier cities accounted for more than 91% of the land acquired. In respect of land cost, the average cost of the new land acquired was RMB5,916 per sq.m.. As of 31 December 2020, the Group penetrated in more than 100 major cities across the country, with 434 projects and a total area of 81.75 million sq.m. (before interests) quality land. The average land cost was RMB5,188 per sq.m.. Based on its development portfolio, Shimao has total saleable value of over RMB1,380.0 billion in popular regions across the country, of which total saleable value of RMB395.0 billion and RMB345.0 billion were located in the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta region, respectively. The premium land bank and relatively reasonable land cost have provided a solid and good foundation for long term development of Shimao.

The land parcels acquired by the Group in 2020 are as follows:

New Land Parcels	Date of Acquisition	Usage	Land Cost (Attributable Interests) (RMB million)	Total Planned GFA (Before Interests) (’000 sq.m.)	Cost per sq.m. (RMB)	Group’s Interest
1. Qingdao Xin’an Parcel	January 2020	Residential	1,083	352	3,073	100%
2. Jinan Tangye Project (Project cooperated with Shanghai Shimao Co., Ltd. (“Shanghai Shimao”))	January 2020	Commercial	1,007	388	2,597	100%
3. Wuhan Zuolingxincheng Project (Project cooperated with Shanghai Shimao)	January 2020	Residential and commercial	355	268	4,405	30%
4. Yiwu Gumutang Parcel	February 2020	Residential and ancillary commercial	768	183	8,411	50%
5. Wenzhou Oujiankou Shoal Phase I E-16-03 Parcel	February 2020	Residential and ancillary commercial	1,202	239	5,032	100%
6. Beijing Changping District Dongxiaokou Town HC-022, HC-027 Parcels	March 2020	Residential	2,703	170	37,407	43%
7. Dongguan Wanjiang No. 2020WR004 Parcel	March 2020	Residential and ancillary commercial	555	98	16,725	34%
8. Foshan Chancheng Green Island Lake Parcel	March 2020	Residential	1,053	154	10,220	67%
9. Fuqing No. 2020-3 Parcel	April 2020	Residential and ancillary commercial	549	283	5,717	34%
10. Haikou Yuetai Lanxin Project	April 2020	Residential	868	225	7,708	50%
11. Parcel II of Hetandi, Duanzhou District, Zhaoqing	April 2020	Residential and ancillary commercial	1,043	398	2,623	100%

New Land Parcels		Date of Acquisition	Usage	Land Cost (Attributable Interests) (RMB million)	Total Planned GFA (Before Interests) ('000 sq.m.)	Cost per sq.m. (RMB)	Group's Interest
12.	Fuzhou Changle 2020-01# Hangcheng No. 8 Parcel	April 2020	Residential and ancillary commercial	600	99	12,063	50%
13.	Fuzhou 2020-15# Jinjixinyuan Parcel	April 2020	Residential and ancillary commercial	724	127	14,255	40%
14.	Beijing Gongti West Road No. 3 Project	May 2020	Residential	145	28	52,605	10%
15.	Shaoxing Jinghu Dayue Road No. 6 Parcel	May 2020	Residential and ancillary commercial	1,261	209	12,066	50%
16.	Dongguan Shatian Town Fulusha Village 2020WR010	May 2020	Residential and ancillary commercial	505	126	11,785	34%
17.	Parcel II of Difengjiang, Fuzhou (Project cooperated with Shanghai Shimao)	May 2020	Residential and commercial	3,137	520	11,832	51%
18.	Parcel at the South of Xingying Peninsula, Tanzhou Village, Shunde, Foshan	May 2020	Residential and ancillary commercial	1,376	125	11,000	100%
19.	Ningbo Panhuo Parcel (Project cooperated with Shanghai Shimao)	June 2020	Residential and commercial	3,380	221	15,318	100%
20.	Dongguan Humen Town Longyan Community Parcel	June 2020	Residential and ancillary commercial	1,283	151	17,303	49%
21.	Parcel I of Xingzhi Technology Town, Yaohua Street, Qixia District, Nanjing	July 2020	Residential	2,523	593	9,455	45%
22.	Beijing Fenzhongsi L41 Parcel	July 2020	Residential	3,341	88	75,519	50%
23.	Beijing Fenzhongsi L-39 Parcel	July 2020	Residential	2,105	55	77,893	49%
24.	Parcel 21-02, Unit JDC2-0202, Nanxiang Town, Jiading District, Shanghai	July 2020	Residential	526	39	27,254	49%
25.	Parcel III of Hetandi, Duanzhou District, Zhaoqing (Project cooperated with Shanghai Shimao)	July 2020	Residential and commercial	1,684	494	3,410	100%
26.	Parcel of Daliang Street, Shunde, Foshan (TD2020 (SD) No. WG0023)	August 2020	Residential	660	251	10,517	25%
27.	Parcels B, C and D of Yuechuan, Sanya (Project cooperated with Shanghai Shimao)	November 2020	Commercial	1,169	165	7,082	100%
28.	Chengdu Anjing Project (165 acres) (Project cooperated with Shanghai Shimao)	November 2020	Residential and commercial	1,330	265	5,018	100%
	Others (Projects with total land cost less than RMB1.0 billion)	2020		14,229	9,033		
Total				51,164	15,347	5,916	

Commercial Properties Operation

In respect of commercial properties operation, Shimao Group is principally engaged in the development of commercial properties through a subsidiary, Shanghai Shimao. Adhering to its mission of “improving the quality of urban life”, Shanghai Shimao is committed to the professional development and operation of integrated commercial properties. Through its experienced and outstanding management team in integrated commercial properties operation, the scale of its assets has been effectively enlarged and the operating results have improved steadily. The development objective of enhancing properties’ value has been achieved.

In 2020, although the general environment was sluggish, the occupancy rate of many commercial projects under Shimao had risen against the trend, and the overall occupancy rate of certain projects reached 95%. Newly completed Shenzhen Shimao Qianhai Center and Changsha Shimao Global Financial Center have attracted a number of well-known companies to move in. In the second half of 2020, Qingdao Shimao 52+ Minimall and Changsha Shimao 52+ Minimall commenced their operation successively, empowering urban life with a commercial complex with diversified shops and brands. In respect of entertainment business, the first Smurf theme park in Asia-Pacific region, jointly developed by Shimao and Belgium Smurfs copyright owner, was officially launched in May 2020. It had attracted more than 700,000 visitors in half a year and has become one of the most popular indoor parent-child parks in the Yangtze River Delta region. In addition, Shimao commercial was highly recognized by its peers in 2020 and received several prizes awarded by professional institutions, such as ranked 11 of “Top 100 Commercial Properties Value of China Property Enterprises” (2020 中國房企商業物業價值Top 100) and “Outstanding Enterprise of the tenth session (2020) of IF • Commercial Property Annual Meeting” (第十屆(2020)IF • 商業地產年會卓越企業), proving the increasing brand awareness and recognition of Shimao commercial during the year.

Property Management

In respect of property management business, Shimao Group is engaged in property management business through a subsidiary, Shimao Services. 2020 concluded the first “Three-year Development Plan” for Shimao Services. In the past three years, Shimao Services sustained its transformation and breakthroughs, and recorded swift high-quality growth. In 2020, the revenue of Shimao Services amounted to RMB5.03 billion, representing a year-on-year increase of 101.9% and consolidating a leading position in the industry. During the year, the GFA under management and contracted GFA also recorded substantial growth. As of 31 December 2020, the GFA under management and contracted GFA of Shimao Services reached 146 million sq.m. and 201 million sq.m., respectively, representing increases of 114.4% and 99.4% respectively as compared to 31 December 2019.

In 2021, Shimao Services will launch the second “Three-year Strategic Plan”. Committed to the concept of “BETTER SMART LIFE”, Shimao Services will concentrate services on users, assets and cities and work to develop three business segments, namely basic property management services, value-added services and smart city services. As such, a “1+1+X” business system will take shape. The business system of Shimao Services will focus on basic property services, with the scale amplified through “internal growth and external expansion”,

which is to take place in tandem with quality and efficiency enhancement. In addition, Shimao Services seeks to cultivate professional capabilities by establishing presence in high-potential channels with a focus on users and assets, to drive the development of value-added services. Going forward, Shimao Services will strive to meet the demand of municipal services of local governments and explore the provision of more intensive services for the government and enterprises, as it grows its presence in smart municipal services.

Hotel Operation

As of 31 December 2020, the Group had a total of 24 hotels in operation, including Hyatt on the Bund Shanghai, InterContinental Shanghai Wonderland, Le Royal Méridien Shanghai, Conrad Xiamen, Hilton Wuhan Riverside, The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai, InterContinental Fuzhou, Hilton Nanjing Riverside, Hilton Shenyang and Crowne Plaza Shaoxing. The first hotel of luxury resorts brand “Yutopia”, Yutopia Wuyi Mountain Retreat, the first Song Dynasty style “Drift Tranquilly (舟行謐境)” vacation experience space in China as well, had its grand opening in September 2020. Sheraton Hong Kong Tung Chung Hotel was also grandly opened in December 2020. Renovation of Le Royal Méridien Shanghai and The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai was completed. Currently, the Group has more than 7,600 hotel guest rooms. In addition, the Group had 6 directly managed leased hotels, including MiniMax Hotel Shanghai Songjiang, MiniMax Premier Hotel Shanghai Hongqiao, MiniMax Hotel Xiamen Central, MiniMax Premier Hotel Chengdu City Center, ETHOS Hotel Xiamen and the new addition of ETHOS Hotel Wuhan Riverside, offering over 1,100 hotel guest rooms. In 2020, the tourism industry was affected by the COVID-19 pandemic, in particular the international tourism. As the pandemic dragged on, the hospitality industry in China has entered the dual-circle development stage with focus on internal circle. Shimao hotel proactively changed its operation plan and adopted progressive and well-planned measures. The overall performance has been gradually recovered in the second half of the year. Shimao accommodated more than 6.60 million guests during the year.

In 2020, Shimao hotel successfully completed the digital marketing program and strengthened the cooperation with Ctrip, Fliggy, WeChat and recorded annual online sales of more than RMB0.14 billion. At the same time, as a leader in cross-over cooperation in the hotel industry, Shimao has established cooperation with various brands, including Max Mara, Youku (We Are Young), Ximalaya App and other popular brands in China such as Li-Ning to create a versatile platform for premium lifestyle.

As at the end of 2020, Shimao had 27 hotels (including hotels under development) of international brands and 121 hotels (including hotels under development and management services) of self-owned brands. The Group entered into contracts for the operation of 32 additional hotels in 2020, of which 22 hotels, or 69%, are located in first-tier and second-tier cities.

FINANCIAL ANALYSIS

Key consolidated income statement figures are set out below:

	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Revenue	135,353	111,517
Gross profit	39,667	34,131
Operating profit	30,193	29,203
Profit attributable to shareholders	12,628	10,898
Earnings per share – Basic (<i>RMB cents</i>)	361.5	331.1

Revenue

For the year ended 31 December 2020, the revenue of the Group was approximately RMB135,353 million (2019: RMB111,517 million), representing an increase of 21.4% over 2019. 93.2% (2019: 94.4%) of the revenue was generated from the sales of properties and 6.8% (2019: 5.6%) from hotel operation, commercial properties operation, property management and others.

The components of the revenue are set out as follows:

	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Sales of properties	126,133	105,291
Hotel operation income	1,447	2,097
Commercial properties operation income	1,538	1,428
Property management income, and others	6,235	2,701
Total	<u>135,353</u>	<u>111,517</u>

* The income does not include revenue of related parties or that from the Group.

(i) Sales of Properties

Sales of properties for the years ended 31 December 2020 and 2019 are set out below:

	2020		2019
	<i>Area</i>	<i>RMB</i>	<i>Area</i>
	<i>(sq.m.)</i>	<i>million</i>	<i>(sq.m.)</i>
Straits Development District	2,959,329	41,643	2,347,278
Zhejiang District	1,095,066	23,481	779,388
Jiangsu and Shanghai District	1,310,412	20,437	1,175,334
Northern China District	404,869	14,006	477,578
Western District	1,120,663	11,588	984,763
Shandong District	1,081,458	10,322	810,742
Central China District	333,763	4,656	443,727
Total	<u>8,305,560</u>	<u>126,133</u>	<u>7,018,810</u>
			105,291

(ii) *Hotel Income*

Hotel operation income is set out as follows:

	Date of Commencement	2020 RMB million	2019 RMB million
InterContinental Shanghai Wonderland	November 2018	265	279
Hyatt on the Bund Shanghai	June 2007	169	394
Conrad Xiamen	August 2016	118	158
Le Royal Méridien Shanghai	September 2006	110	215
The Yuluxe Sheshan, A Tribute Portfolio Hotel, Shanghai	November 2005	97	115
Crowne Plaza Shaoxing	March 2014	73	86
Hilton Wuhan Riverside	July 2016	72	125
Hilton Nanjing Riverside	December 2011	72	97
InterContinental Fuzhou	January 2014	66	101
Hilton Shenyang	January 2018	64	87
Hilton Yantai	August 2017	49	67
Le Méridien Hangzhou Binjiang	September 2018	49	59
DoubleTree by Hilton Wuhu	October 2013	46	65
Hilton Tianjin Eco-City	April 2015	45	62
DoubleTree by Hilton Ningbo Beilun	December 2016	43	54
Yuluxe Hotel Taizhou	August 2014	29	32
DoubleTree by Hilton Ningbo Chunxiao	December 2015	19	24
Holiday Inn Mudanjiang	December 2010	17	32
Yutopia Wuyi Mountain Retreat	September 2020	15	–
Holiday Inn Shaoxing	September 2011	14	32
Sheraton Hong Kong Tung Chung Hotel	December 2020	6	–
Others		9	13
Total		1,447	2,097

Hotel operation income decreased by approximately 31.0% to RMB1,447 million in 2020 from RMB2,097 million in 2019. The decrease of income was mainly due to the decline in international visitors caused by the pandemic of COVID-19. But since the second half of 2020, falls in hotel income had clearly eased.

(iii) *Commercial properties operation income, Property management income and Others*

Commercial properties operation income increased by approximately 7.7% to RMB1,538 million in 2020 from RMB1,428 million in 2019. Rental income slightly increased by 1.1%. Meanwhile, new income growth was achieved through diversified business such as “night market”.

Commercial properties operation income is analysed as follows:

	Date of Commencement	2020 RMB million	2019 RMB million
Rental Income			
Shanghai Shimao Festival City	December 2004	208	230
Beijing Shimao Tower	July 2009	154	172
Jinan Shimao International Plaza	May 2014	152	164
Shaoxing Shimao Dear Town (Commercial)	May 2010	66	82
Shanghai Shimao Tower	December 2018	65	42
Nanjing Yuhua Shimao (Commercial)	December 2018	61	47
Nanjing Straits City (Commercial)	December 2014	55	45
Kunshan Shimao Plaza	April 2012	52	56
Xiamen Shimao Straits Mansion	January 2017	48	58
Shenzhen Shimao Qianhai Center	July 2020	32	–
Suzhou Shimao Canal Scene (Commercial)	June 2010	30	33
Quanzhou Shishi Shimao Skyscraper City	January 2017	26	32
Shanghai Shimao Shangdu	November 2010	24	32
Changshu Shimao The Centre	January 2009	16	22
Xuzhou Shimao Dongdu (Commercial)	January 2012	10	13
Changsha Shimao Global Financial Center	September 2020	9	–
Wuhu Shimao Riviera Garden (Commercial)	September 2009	5	6
Miscellaneous rental income		63	30
Rental income sub-total		1,076	1,064
Commercial properties related service income		462	364
Total		1,538	1,428

Property management income, and others increased by approximately 130.8% to RMB6,235 million in 2020 from RMB2,701 million in 2019, which were mainly due to significantly increased revenues from property management services and project management.

Cost of Sales

Cost of sales increased by 23.6% to approximately RMB95,685 million in 2020 from RMB77,386 million in 2019, which was in line with the growth in sales.

Cost of sales are analysed as follows:

	2020 <i>RMB million</i>	2019 <i>RMB million</i>
Land costs and construction costs	84,794	69,428
Capitalised borrowing costs	6,298	4,871
Direct operating costs for hotels, commercial properties operation, property management and others	3,885	2,486
Sales taxes	708	601
	<hr/>	<hr/>
Total	95,685	77,386
	<hr/>	<hr/>

Fair Value Gains on Investment Properties – Net

During the year, the Group recorded aggregate fair value gains of approximately RMB398 million (2019: RMB2,335 million), mainly contributed by the further increase in value of certain investment properties. Aggregate net fair value gains after deferred income tax of approximately RMB100 million (2019: 584 million) recognized was RMB298 million (2019: RMB1,751 million).

Selling and Marketing Costs and Administrative Expenses

The Group strictly linked actual cost with performance ratio through overall budget management and dynamic tracking. Selling and marketing costs and administrative expenses arising from property sales accounted for 2.4% of contracted sales in 2020 (2019: 1.9%), which was competitive in the market. The increase was mainly due to the global pandemic of COVID-19 and the diversified product construction (i.e. commercial office).

Share of Results of Associated Companies and Joint Ventures

Share of profits of associated companies and joint ventures increased to profits of approximately RMB159 million in 2020 from RMB97 million in 2019, which was mainly attributable to recognition of profit from Guangzhou Asian Games City Project.

Taxation

The Group's tax provisions amounted to approximately RMB14,129 million for the year, in which PRC land appreciation tax ("LAT") was RMB6,631 million (2019: RMB12,635 million, in which LAT was RMB5,645 million). The increase in LAT was in line with the growth in gross profit.

Profit Attributable to Shareholders

Profit attributable to shareholders for the year increased by 15.9% from approximately RMB10.898 billion in 2019 to RMB12.628 billion in 2020. The increase was mainly attributable to the increase of core profit.

The core profit attributable to shareholders represents profit after tax attributable to shareholders excluding major non-recurring or non-cash items, i.e. the net of tax impact of fair value gains on investment properties, share of results of associated companies and joint ventures, foreign exchange gains and losses arising from borrowings, provision for impairment of financial assets and depreciation and amortization.

Excluding the net impact of major after-tax non-recurring or non-cash items, net profit from core business attributable to shareholders for the year increased by 17.2% to approximately RMB12.283 billion. Net profit margin from core business attributable to shareholders was 13.6% in 2020. Plus after-tax gain attributable to shareholders from the disposal of part of the equity of Shimao Services of approximately RMB2.940 billion, net profit from core business attributable to shareholders for the year increased significantly by 45.2% to approximately RMB15.223 billion.

In May 2020, the Group obtained RMB1.729 billion cash consideration from strategic investors to the Group's subsidiary Shimao Services for convertible redeemable shares of Shimao Services equivalent to 10% of its equity, 5% was issuance of new shares while 5% was disposal of the Group's original interest. In October 2020 (including the issuance of shares pursuant to the partial exercise of the over-allotment option on 25 November 2020), the Group obtained HK\$10.070 billion from public for initial public offering of its subsidiary Shimao Services equivalent to 25% of its equity, 15% was issuance of new shares while 10% was disposal of the Group's original interest. The total after tax gain on these two batches of disposals was approximately RMB2.940 billion, representing the excess of the consideration received from disposal of the Group's original interest over the attributable net assets value thereon, but that was not recognized in the Group's profit and loss account under the applicable accounting standard.

Liquidity and Financial Resources

All the indicators concerned by the "Three Red Lines" regulation were up to standard. The Group rapidly improved to a "Green Camp" enterprise by the end of year 2020.

	As at 31 December	
	2020	2019
Net gearing ratio ¹	50.3%	57.4%
Liabilities to assets ratio ² after excluding receipts in advance	68.1%	70.6%
Cash to current borrowings ratio ³	1.16	1.05

¹ Net gearing ratio is calculated by dividing total borrowings (including current and long-term borrowings) minus cash balances (including restricted cash) by total equity (including perpetual capital instruments).

- ² Liabilities to assets ratio is calculated by dividing total liabilities minus receipts in advance (including contract liabilities and relevant value-added tax) by total assets minus receipts in advance (including contract liabilities and relevant value-added tax). As at 31 December 2020, contract liabilities and relevant value-added tax were approximately RMB111.4 billion.
- ³ Cash to current borrowings ratio is calculated by dividing cash and cash equivalents minus guarantee deposits for construction of pre-sale properties by current borrowings. As at 31 December 2020, guarantee deposits for construction of pre-sale properties were approximately RMB18.6 billion.

The maturity of the borrowings of the Group as at 31 December 2020 is set out as follows:

	<i>RMB million</i>
<i>Bank borrowings and borrowings from other financial institutions and bonds</i>	
Within 1 year	29,074
Between 1 and 2 years	45,352
Between 2 and 5 years	33,954
Over 5 years	4,627
	<hr/>
<i>Senior notes</i>	
Within 1 year	7,467
Between 1 and 2 years	6,502
Between 2 and 5 years	9,737
Over 5 year	8,430
	<hr/>
Total	<hr/> 145,143

Financing Activities

The Group adheres to prudent financial policies, maintaining the financing advantages and keeping a healthy capital structure. The total amount of borrowings increased by 14.7% from approximately RMB126.56 billion as at 31 December 2019 to approximately RMB145.14 billion as at 31 December 2020, of which short-term borrowings was approximately 25.2% and long-term borrowings was approximately 74.8% as at 31 December 2020. Among that approximately 43% were financed from public bond market.

In 2020, facing the fluctuation of market conditions, and the tightening policies and increasingly strict supervision in relation to real estate companies imposed by the regulatory authorities, such as “Three Red Lines”, “Real Estate Loan Centralized Management”. Holding in awe and veneration of market and regulations, the Group implemented financing activities prudently, and lowered the debt ratio initiatively, increased the share capital, optimized the capital structure.

Firstly, the Company issued shares through top-up placing and obtained HK\$6.9 billion, won the leading investment of international well-known long-term funds. The Group completed introducing of strategic investors in May and spin-off and separate listing of Shimao Services on the Main Board of Hong Kong Stock Exchange in October and raised over HK\$10 billion successfully. The Group gave full play to the advantages of Hong Kong stock equity financing and effectively defended market systemic risks.

Secondly, Shimao fully capitalized its financing advantages in public bond market, in 2020, the Group issued RMB14.3 billion corporate bond in total, which were all long-term maturity periods. Among that 3.2% interest rate with 5-year period issued by Shanghai Shimao Jianshe Co., Ltd., recorded the lowest of the Group.

In addition, in the context of a substantial easing of relative liquidity in the overseas market, the Group seized the opportunity to issue long-term bonds. In July, US\$300 million of 10-year senior notes with an interest rate of 4.6% was issued. In January 2021, US\$872 million of 10-year senior notes with an interest rate of 3.45% was issued, setting the record of the lowest interest rate and the longest term for the Group's overseas bond.

Based on the previous resources, the Group continued to develop financial cooperation partners, as at 31 December 2020, the Group had built close strategic cooperation relationships with approximately 60 domestic and overseas financial institutions, including the headquarter-to-headquarter cooperation with major banks, which guaranteed the Group's mortgages loans. As at the end of 2020, the overall undrawn financing facilities from banks and other financial institutions amounted to RMB70 billion.

Attributable to the sound development of the Group, multiple financing channels, the comprehensive financing costs of the Group was 5.6% as at 31 December 2020, maintaining a low level in the property industry.

Placing and Subscription

On 17 January 2020, the Company entered into the placing and subscription agreement (the "1st Agreement") with the placing agents and the vendor, Gemfair Investments Limited ("Gemfair"), pursuant to which, the placing agents conditionally agreed to place to not less than six independent professional, institutional and/or individual investors, on a fully underwritten basis, 158,000,000 existing ordinary shares of the Company at the placing price of HK\$29.58 per share and Gemfair conditionally agreed to subscribe for the same number of new ordinary shares of the Company as the placing shares placed by the placing agents at the placing price. The subscription shares have a nominal value of HK\$15,800,000 and a market value of HK\$5,071.8 million, based on the closing price of HK\$32.10 per share on the last full trading day prior to the date of the 1st Agreement. The net price of the subscription is HK\$29.35 per share. The Directors considered that the placing and the subscription represented an opportunity to raise capital for the Company while broadening its shareholder and capital base. The Company intended to apply the net proceeds for the development of the projects, to repay the Company's debts and for general working capital of the Group. Please refer to the announcement of the Company dated 17 January 2020 for further details. On 31 January 2020, the Company has completed the placing of the existing shares as well as the allotment and issuance of shares under the general mandate granted to the Directors pursuant to an ordinary resolution passed at the 2019 annual general meeting of the Company (the "General Mandate"). The net proceeds received by the Company after deducting relating fees and expense, were approximately HK\$4,638 million. As of 31 December 2020, the Group has applied the net proceeds of approximately HK\$293 million for the development of the projects, approximately HK\$4,111 million for repaying the Company's debts and approximately HK\$234 million for general working capital.

On 22 April 2020, the Company entered into the placing and subscription agreement (the “2nd Agreement”) with the placing agent and the vendor, Gemfair, pursuant to which, the placing agent conditionally agreed to place to not less than six independent professional, institutional and/or individual investors, on a fully underwritten basis, 78,204,000 existing ordinary shares of the Company at the placing price of HK\$29.73 per share and Gemfair conditionally agreed to subscribe for the same number of new ordinary shares of the Company as the placing shares placed by the placing agent at the placing price. The subscription shares have a nominal value of HK\$7,820,400 and a market value of HK\$2,377 million, based on the closing price of HK\$30.40 per share on the last full trading day prior to the date of the 2nd Agreement. The net price of the subscription is HK\$29.55 per share. The Directors considered that the placing and the subscription represented an opportunity to raise capital for the Company while broadening its shareholder and capital base. The Company intended to apply the net proceeds for the development of the projects, to repay the Company’s debts and for general working capital of the Group. Please refer to the announcement of the Company dated 22 April 2020 for further details. On 5 May 2020, the Company has completed the placing of the existing shares as well as the allotment and issuance of shares under the General Mandate. The net proceeds received by the Company after deducting relating fees and expense, were approximately HK\$2,311 million. As of 31 December 2020, the Group has applied the net proceeds of approximately HK\$224 million for the development of the projects, approximately HK\$1,971 million for repaying the Company’s debts and approximately HK\$116 million for general working capital.

Foreign Exchange Risks

The Group’s foreign exchange exposure is mainly derived from the borrowings denominated in USD and HKD.

The Group has been paying closely attention to the fluctuation of the foreign exchange rate and actively taking measures to mitigate the risk of exchange rate fluctuation.

Above all, the future sales and operation of the properties in Hong Kong can partially hedge against the exchange rate risk.

Besides, the Group has also purchased a certain percentage of financial derivatives.

Pledge of Assets

As of 31 December 2020, 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 RMB65.575 billion to secure bank facilities granted to the Group. The corresponding bank and other loans amounted to approximately RMB25.534 billion.

Capital and Property Development Expenditure Commitments

As of 31 December 2020, the Group had contracted capital and property development expenditure but not provided for amounted to RMB58.443 billion.

Employees and Remuneration Policy

As of 31 December 2020, the Group employed a total of 24,334 employees, among whom 6,364 were engaged in property development. Total remuneration for the year amounted to approximately RMB3.230 billion. The Group has adopted a performance-based rewarding system to motivate its staff. The board of directors of the Company (the “Board”) adopted a share award scheme (the “Share Award Scheme”) of the Company on 30 December 2011. 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. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise.

ANNUAL RESULTS

The Board is pleased to present the audited consolidated results of the Group for the year ended 31 December 2020 together with comparative figures for 2019. These annual results have been reviewed by the Company's Audit Committee.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

		Year ended 31 December	
		2020	2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	135,352,755	111,516,981
Cost of sales	6	(95,685,488)	(77,386,427)
Gross profit		39,667,267	34,130,554
Fair value gains on investment properties – net		397,539	2,335,257
Other income/other gains – net		1,029,335	351,639
Selling and marketing costs	6	(4,416,344)	(2,824,871)
Administrative expenses	6	(5,498,682)	(4,381,122)
Provision for impairment losses on financial assets	6	(482,918)	(70,375)
Other operating expenses	6	(503,530)	(337,635)
Operating profit		30,192,667	29,203,447
Finance income		5,629,202	923,869
Finance costs		(2,313,743)	(1,208,789)
Finance income/(costs) – net	7	3,315,459	(284,920)
Fair value changes of convertible redeemable preferred shares		(75,860)	–
Share of results of associated companies and joint ventures accounted for using the equity method		159,320	96,825
Profit before income tax		33,591,586	29,015,352
Income tax expense	9	(14,129,120)	(12,635,387)
Profit for the year		19,462,466	16,379,965

	<i>Note</i>	Year ended 31 December	
		2020	2019
		RMB'000	RMB'000
Other comprehensive income:			
<i>Item that will not be reclassified to profit or loss</i>			
Fair value (losses)/gains on financial assets			
at fair value through other comprehensive income, net of tax		(271,072)	19,591
Share of other comprehensive income of joint ventures accounted for using the equity method		49,035	–
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(166,508)	–
Total comprehensive income for the year		19,073,921	16,399,556
Profit for the year attributable to:			
Equity holders of the Company		12,627,679	10,897,600
Non-controlling interests		6,834,787	5,482,365
		19,462,466	16,379,965
Total comprehensive income for the year attributable to:			
Equity holders of the Company		12,216,352	10,911,548
Non-controlling interests		6,857,569	5,488,008
		19,073,921	16,399,556
Earnings per share for profit attributable to the equity holders of the Company			
– Basic (RMB cents)	11	361.5	331.1
– Diluted (RMB cents)	11	361.1	330.6

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

		As at 31 December	
		2020	2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property and equipment		16,864,312	15,922,942
Right-of-use assets		8,316,268	8,217,754
Investment properties		63,175,590	56,062,747
Intangible assets		3,826,812	2,009,346
Investments accounted for using the equity method		30,936,756	24,167,175
Amounts due from related parties		1,978,774	1,440,840
Financial assets at fair value through other comprehensive income		1,974,946	988,995
Financial assets at fair value through profit or loss		168,016	179,637
Deferred income tax assets		3,231,065	3,055,128
Other non-current assets		3,722,189	5,483,634
		134,194,728	117,528,198
Current assets			
Inventories		313,787,270	234,467,515
Trade and other receivables and prepayments	4	21,387,554	18,732,702
Prepayment for acquisition of land use rights		13,483,055	13,651,351
Prepaid income taxes		4,452,805	4,407,190
Amounts due from related parties		33,978,392	22,981,077
Derivative financial instruments		2,337	63,004
Restricted cash		7,428,982	7,265,779
Cash and cash equivalents		61,038,027	52,357,251
		455,558,422	353,925,869
Total assets		589,753,150	471,454,067

		As at 31 December	
		2020	2019
<i>Note</i>		RMB'000	RMB'000
EQUITY			
Equity attributable to the equity holders of the Company			
	Share capital	362,850	341,575
	Reserves	87,639,210	65,913,306
		88,002,060	66,254,881
Non-controlling interests			
	Perpetual capital instruments	5,141,000	4,665,000
	Other non-controlling interests	59,351,692	45,784,305
		64,492,692	50,449,305
Total equity		152,494,752	116,704,186
LIABILITIES			
Non-current liabilities			
	Borrowings	108,602,305	89,773,388
	Lease liabilities	39,452	93,009
	Deferred income tax liabilities	8,520,394	7,533,056
		117,162,151	97,399,453
Current liabilities			
	Trade and other payables	102,506,442	79,057,586
	Contract liabilities	106,126,631	74,652,393
	Income tax payable	30,480,635	25,216,120
	Borrowings	36,540,759	36,781,947
	Derivative financial instruments	33,114	–
	Lease liabilities	37,495	139,939
	Amounts due to related parties	44,371,171	41,502,443
		320,096,247	257,350,428
Total liabilities		437,258,398	354,749,881
Total equity and liabilities		589,753,150	471,454,067

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Shimao Group 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, property management 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.

These consolidated financial statements are presented in Renminbi, unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through other comprehensive income (“FVOCI”), financial assets at fair value through profit or loss (“FVPL”) and derivative financial instruments which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

(a) *New and amended standards adopted by the Group*

The following standards and amendments to standards have been adopted by the Group for the first time for their annual reporting period commencing 1 January 2020:

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKFRS 3 (Amendments)	Definition of a Business	1 January 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform	1 January 2020
HKFRS 16 (Amendments)	COVID-19-related Rent Concessions	1 June 2020

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to HKFRS Standards 2018-2020		1 January 2022
AG5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 January 2022
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

3 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 profit before tax. The information provided to the CODM is measured in a manner consistent with that in the financial statements.

(a) **Revenue**

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

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Sales of properties	126,132,570	105,291,317
Hotel operation income	1,447,039	2,097,030
Commercial properties operation income	1,538,465	1,427,986
Property management income, and others	6,234,681	2,700,648
	135,352,755	111,516,981

(b) Segment information

The segment results for 31 December 2020 are as follows:

	Property development and investment		Shimao Services Holdings Limited ("Shimao Services") ⁽ⁱ⁾	Unallocated ^{***}	Total
	Shanghai Shimao Co., Ltd. ("Shanghai Shimao") [*]	Others	Services ^{**) (i)}		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
– Sales of properties	20,243,795	105,888,775	–	–	126,132,570
– Recognised at a point in time	20,116,160	104,794,398	–	–	124,910,558
– Recognised over time	127,635	1,094,377	–	–	1,222,012
– Hotel operation income	193,203	1,253,836	–	–	1,447,039
– Commercial properties operation income	1,041,624	496,841	–	–	1,538,465
– Property management income, and others	226,720	1,777,308	5,025,688	–	7,029,716
Total revenue before elimination	21,705,342	109,416,760	5,025,688	–	136,147,790
Elimination					(795,035)
Total revenue					135,352,755
Operating profit/(loss)	5,910,993	24,018,043	897,052	(633,421)	30,192,667
Finance income	133,429	5,448,541	11,407	35,825	5,629,202
Finance costs	(299,059)	(1,137,447)	(14,587)	(862,650)	(2,313,743)
Fair value changes of convertible redeemable preferred shares	–	(75,860)	–	–	(75,860)
Share of results of associated companies and joint ventures accounted for using the equity method	(16,265)	164,670	10,915	–	159,320
Profit/(loss) before income tax	5,729,098	28,417,947	904,787	(1,460,246)	33,591,586
Income tax expense					(14,129,120)
Profit for the year					19,462,466
Other segment items are as follows:					
Capital and property development expenditure	27,807,714	114,210,142	137,820	–	142,155,676
Fair value gains on investment properties	256,489	141,050	–	–	397,539
Fair value losses on derivative financial instruments	–	–	–	(68,152)	(68,152)
Depreciation	88,808	537,962	65,648	60,649	753,067
Amortisation of right-of-use assets	125,519	96,545	9,541	–	231,605
(Reversal of)/provision for impairment on financial assets	(30,284)	442,675	70,527	–	482,918

* The Group owns an effective equity interest of 63.92% in Shanghai Shimao as at 31 December 2020.

** The Group owns an effective equity interest of 65.88% in Shimao Services as at 31 December 2020.

*** Unallocated mainly represent corporate level activities.

Note (i): Pursuant to the spin off and separate listing of Shimao Services on the HK main board, it is disclosed as a separate segment. The comparatives have been reclassified to conform with current year presentation.

The segment results for 31 December 2019 are as follows:

	Property development and investment		Shimao Services**	Unallocated***	Total
	Shanghai Shimao*	Others	RMB'000	RMB'000	RMB'000
Revenue					
– Sales of properties	19,629,801	85,661,516	–	–	105,291,317
– Recognised at a point in time	19,287,510	84,773,157	–	–	104,060,667
– Recognised over time	342,291	888,359	–	–	1,230,650
– Hotel operation income	263,056	1,833,974	–	–	2,097,030
– Commercial properties operation income	983,781	444,205	–	–	1,427,986
– Property management income, and others	204,035	647,636	2,489,086	–	3,340,757
Total revenue before elimination	<u>21,080,673</u>	<u>88,587,331</u>	<u>2,489,086</u>	<u>–</u>	<u>112,157,090</u>
Elimination					<u>(640,109)</u>
Total revenue					<u>111,516,981</u>
Operating profit/(loss)	7,336,493	21,924,712	521,157	(578,915)	29,203,447
Finance income	202,951	637,840	37,935	45,143	923,869
Finance costs	(434,542)	(51,023)	(51,833)	(671,391)	(1,208,789)
Share of results of associated companies and joint ventures accounted for using the equity method	<u>148,541</u>	<u>(50,508)</u>	<u>(1,208)</u>	<u>–</u>	<u>96,825</u>
Profit/(loss) before income tax	<u>7,253,443</u>	<u>22,461,021</u>	<u>506,051</u>	<u>(1,205,163)</u>	<u>29,015,352</u>
Income tax expense					<u>(12,635,387)</u>
Profit for the year					<u>16,379,965</u>
Other segment items are as follows:					
Capital and property development expenditure	26,551,212	114,663,015	130,650	–	141,344,877
Fair value gains on investment properties	1,715,119	620,138	–	–	2,335,257
Fair value gains on derivative financial instruments	–	–	–	40,288	40,288
Depreciation	84,186	582,083	10,602	56,080	732,951
Amortisation of right-of-use assets	118,587	99,743	3,408	–	221,738
Provision for impairment on financial assets	<u>63,534</u>	<u>3,469</u>	<u>3,372</u>	<u>–</u>	<u>70,375</u>

* The Group owns an effective equity interest of 59.74% in Shanghai Shimao as at 31 December 2019.

** The Group owns an effective equity interest of 100.00% in Shimao Services as at 31 December 2019.

*** Unallocated mainly represent corporate level activities.

The segment assets and liabilities at 31 December 2020 are as follows:

	Property development and investment		Shimao Services	Total
	Shanghai Shimao RMB'000	Others RMB'000	RMB'000	RMB'000
Investments accounted for using the equity method	1,651,650	29,251,032	34,074	30,936,756
Intangible assets	1,709,730	243,785	1,873,297	3,826,812
Other segment assets	144,354,358	394,589,664	8,930,119	547,874,141
Total segment assets	147,715,738	424,084,481	10,837,490	582,637,709
Deferred income tax assets				3,231,065
Financial assets at FVOCI				1,974,946
Financial assets at FVPL				168,016
Derivative financial instruments				2,337
Other assets				1,739,077
Total assets				589,753,150
Borrowings	23,512,691	59,193,544	30,000	82,736,235
Other segment liabilities	70,638,183	208,020,833	4,012,016	282,671,032
Total segment liabilities	94,150,874	267,214,377	4,042,016	365,407,267
Corporate borrowings				62,406,829
Deferred income tax liabilities				8,520,394
Derivative financial instruments				33,114
Other liabilities				890,794
Total liabilities				437,258,398

The segment assets and liabilities at 31 December 2019 are as follows:

	Property development and investment		Shimao Services	Total
	Shanghai Shimao RMB'000	Others RMB'000	RMB'000	RMB'000
Investments accounted for using the equity method	1,109,016	23,054,467	3,692	24,167,175
Intangible assets	1,709,730	16,322	283,294	2,009,346
Other segment assets	122,906,077	312,323,622	3,263,326	438,493,025
Total segment assets	<u>125,724,823</u>	<u>335,394,411</u>	<u>3,550,312</u>	<u>464,669,546</u>
Deferred income tax assets				3,055,128
Financial assets at FVOCI				988,995
Financial assets at FVPL				179,637
Derivative financial instruments				63,004
Other assets				<u>2,497,757</u>
Total assets				<u>471,454,067</u>
Borrowings	21,949,203	43,326,166	239,789	65,515,158
Other segment liabilities	<u>52,438,277</u>	<u>163,758,368</u>	<u>3,086,993</u>	<u>219,283,638</u>
Total segment liabilities	<u>74,387,480</u>	<u>207,084,534</u>	<u>3,326,782</u>	<u>284,798,796</u>
Corporate borrowings				61,428,177
Deferred income tax liabilities				7,533,056
Other liabilities				<u>989,852</u>
Total liabilities				<u>354,749,881</u>

Total segment assets consist primarily of property and equipment, investment properties, land use rights, right-of-use assets, other non-current assets, properties under development, completed properties held for sale, receivables, prepayments and cash balances. They also include goodwill recognised arising from acquisition of subsidiaries relating to respective segments. They exclude corporate assets, deferred income tax assets, financial assets at FVOCI, financial assets at FVPL and derivative financial instruments.

Total segment liabilities comprise operating liabilities. They exclude corporate liabilities, corporate borrowings and deferred income tax liabilities and derivative financial instruments.

The Group has recognised the following liabilities related to contracts with customers:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Related to development and sales of properties contracts		
Contract liabilities (<i>Note(i)</i>)	106,126,631	74,652,393

Note:

- (i) Contract liabilities have been disclosed with value-added-tax of RMB5.3 billion deducted in 2020.

Revenue from sales of properties totalled approximately RMB47 billion was recognised in current reporting year that was included in the contract liability balance at the beginning of the year. Management expects that the majority of the contract amounts allocated to unsatisfied performance obligations totalled RMB63 billion as of 31 December 2020 will be recognised as revenue from sales of properties during the next reporting year.

4 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables (<i>Note (a)</i>)	6,649,065	5,191,560
Bidding deposits for land use rights (<i>Note (b)</i>)	3,028,253	4,544,293
Prepayments for construction costs	4,849,498	3,752,797
Loan receivables (<i>Note (c)</i>)	1,528,513	1,429,235
Prepaid tax and surcharges on pre-sale proceeds	1,464,396	950,873
Other receivables	4,634,519	3,174,694
	22,154,244	19,043,452
Provision for impairment	(766,690)	(310,750)
	21,387,554	18,732,702

Notes:

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 180 days	5,902,275	4,121,346
Over 180 days and within 365 days	299,532	329,787
Over 365 days	447,258	740,427
	6,649,065	5,191,560

As at 31 December 2020, receivables arising from sales of properties were approximately RMB4,849,999,000 (2019: RMB4,773,005,000).

- (b) Bidding deposits for land use rights mainly represented deposits the Group placed with various municipal governments for the participation in 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 bid, the deposits will be fully refunded.
- (c) As at 31 December 2020, loan receivables of RMB1,528,513,000 (31 December 2019: RMB1,429,235,000) were secured by the pledge of certain properties, notes receivable or credit guaranty of borrowers, bearing interest rate at a range from 4.2% to 18.0% per annum and repayable within one year.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. As at 31 December 2020, the fair value of trade receivables, bidding deposits for land use rights, loan receivables and other receivables of the Group approximate their carrying amounts, as the impact of discounting is not significant.

5 TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables (<i>Note (a)</i>)	82,025,056	68,618,406
Other payables (<i>Note (b)</i>)	7,458,732	4,466,369
Other taxes payable	10,206,828	3,329,916
Accrued expenses	2,815,826	2,642,895
	<u>102,506,442</u>	<u>79,057,586</u>

Notes:

- (a) As at 31 December 2020, the aging analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 90 days	81,639,538	68,295,163
Over 90 days and within 1 year	385,518	323,243
	<u>82,025,056</u>	<u>68,618,406</u>

(b) Other payables comprise:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Deposits received from customers	3,364,400	2,043,550
Deposits from constructors	890,346	511,103
Rental deposits from tenants and hotel customers	1,167,148	897,894
Payables for equity interest	776,329	–
Fees collected from customers on behalf of government agencies	335,830	268,134
Others	924,679	745,688
	<u>7,458,732</u>	<u>4,466,369</u>

6 EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Cost of properties sold and others	94,370,693	75,920,355
Including: interests capitalised	6,297,797	4,870,868
land and construction	84,793,854	69,427,572
Taxes and surcharges on sales of properties	705,606	594,189
Staff costs – including directors' emoluments	3,230,295	2,641,901
Advertising, promotion and commission costs	3,154,303	1,997,639
Direct expenses arising from hotel operation	923,886	1,154,735
Corporate and office expenses	1,454,224	912,629
Consulting fee	774,942	320,278
Depreciation and amortisation	753,067	732,951
Amortisation of right-of-use assets	231,605	221,738
Charitable donations	134,759	83,032
Auditor's remuneration	23,990	24,150
– Audit services	13,000	14,000
– Non-audit services	10,990	10,150
Provision for impairment losses on financial assets	482,918	70,375
Provision for impairment losses on completed properties held for sale	2,653	134,489
Other expenses	344,021	191,969
	<u>106,586,962</u>	<u>85,000,430</u>
Total cost of sales, selling and marketing costs, administrative expenses and other operating expenses		

7 FINANCE (INCOME)/COSTS – NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Finance income		
– interest income on short-term bank deposits	(1,229,203)	(923,869)
– net foreign exchange gain	(4,399,999)	–
	<u>(5,629,202)</u>	<u>(923,869)</u>
Finance income	(5,629,202)	(923,869)
Interest on bank borrowings		
– wholly repayable within five years	6,246,630	5,562,163
– not wholly repayable within five years	226,598	251,699
Interest on senior notes		
– wholly repayable within five years	1,494,727	1,879,865
– not wholly repayable within five years	437,841	185,284
Interest on borrowings from other financial institutions		
– wholly repayable within five years	954,156	869,510
Interest charges paid/payable for lease liabilities		
– wholly repayable within five years	11,763	17,406
	<u>9,371,715</u>	<u>8,765,927</u>
Net foreign exchange loss	–	1,237,688
Less: interest and foreign exchange losses capitalised	(7,057,972)	(8,794,826)
	<u>2,313,743</u>	<u>1,208,789</u>
Finance costs	2,313,743	1,208,789
Net finance (income)/costs	<u>(3,315,459)</u>	<u>284,920</u>

8 COMMITMENTS

Commitments for capital and property development expenditure

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Contracted but not provided for		
– Property and equipment	1,573,524	2,448,055
– Land use rights (including those related to associated companies and joint ventures)	10,545,643	26,959,655
– Properties being developed by the Group for sale	46,323,531	43,023,356
	<u>58,442,698</u>	<u>72,431,066</u>

9 INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income tax		
– PRC enterprise and withholding income tax	6,760,624	6,151,969
– PRC land appreciation tax	6,630,929	5,644,757
	<u>13,391,553</u>	<u>11,796,726</u>
Deferred income tax		
– PRC enterprise and withholding income tax	737,567	838,661
	<u>14,129,120</u>	<u>12,635,387</u>

(a) 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 2020 (2019: Nil).

(b) PRC enterprise income tax

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

(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 arrangements between the PRC and Hong Kong.

Gain on disposal of an investment in the PRC by overseas holding companies and intra-group charges to the PRC subsidiaries by overseas subsidiaries may also be subject to withholding tax of 10%.

10 DIVIDENDS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interim dividends paid of HK70 cents (2019: HK60 cents) per ordinary share (<i>Note (a)</i>)	2,192,099	1,783,599
Proposed final dividends of HK110 cents (2019: HK85 cents) per ordinary share (<i>Note (b)</i>)	3,259,104	2,671,213
	<u>5,451,203</u>	<u>4,454,812</u>

Notes:

- (a) An interim dividend in respect of the six months ended 30 June 2020 of HK60 cents per ordinary share and a special dividend of HK10 cents per ordinary share for the six months ended 30 June 2020, amounting to HK\$2,476,388,000 (equivalent to RMB2,192,099,000) were paid in September 2020 (2019: RMB1,783,599,000).
- (b) At a meeting held on 30 March 2021, the Directors proposed a final dividend of HK90 cents per ordinary share and a special dividend of HK20 cents per ordinary share for the year ended 31 December 2020. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation for the year ended 31 December 2020 upon approval by the shareholders at the forthcoming annual general meeting of the Company.

A final dividend of RMB2,671,213,000 relating to the year ended 31 December 2019 was paid in 2020.

11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2020	2019
Profit attributable to the equity holders of the Company (<i>RMB'000</i>)	12,627,679	10,897,600
Weighted average number of ordinary shares in issue (<i>thousands</i>)	3,492,773	3,291,138
Basic earnings per share (<i>RMB cents</i>)	361.5	331.1

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 assuming they were exercised. The conversion of the convertible redeemable shares of subsidiary would result in an anti-dilutive effect on the diluted earnings per share for the year ended 31 December 2020.

	Year ended 31 December	
	2020	2019
Profit attributable to the equity holders of the Company (<i>RMB'000</i>)	12,627,679	10,897,600
Weighted average number of ordinary shares in issue (<i>thousands</i>)	3,492,773	3,291,138
Adjustment for shares granted under the Share Award Scheme (<i>thousands</i>)	4,075	5,203
Weighted average number of ordinary shares for diluted earnings per share (<i>thousands</i>)	3,496,848	3,296,341
Diluted earnings per share (<i>RMB cents</i>)	361.1	330.6

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with Model Code set out in Appendix 10 to the Listing Rules

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as the code of conduct regarding securities transactions by the directors of the Company (the “Directors”). The Company has made specific enquiry of all Directors and all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2020.

Compliance with the Corporate Governance Code

The Company has complied with the code provisions set out in the Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2020 except for one deviation as set out below.

The Chairman of the Board was unable to attend the Company’s annual general meeting held on 27 May 2020 (as required by the code provision E.1.2 of the Code) due to the sudden change of the schedule.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2020,

- (1) Shanghai Shimao Co., Ltd., a 63.92%-owned subsidiary of the Company, redeemed an aggregate principal amount of RMB1,300,000,000 of medium-term notes at a fixed interest rate of 4.50% due on 6 January 2020, an aggregate principal amount of RMB1,000,000,000 of short-term financing bonds at a fixed interest rate of 3.67% due on 25 March 2020, an aggregate principal amount of RMB2,500,000,000 of long-term bonds at a fixed interest rate of 4.95% due on 11 July 2020, an aggregate principal amount of RMB1,000,000,000 of long-term bonds at a fixed interest rate of 5.15% due on 20 September 2020, an aggregate principal amount of RMB500,000,000 of long-term bonds at a fixed interest rate of 5.19% due on 17 October 2020 and an aggregate principal amount of RMB970,000,000 of medium-term notes at an interest rate of 5.00% due on 17 December 2020.
- (2) the Company allotted and issued 158,000,000 shares on 31 January 2020 at an issue price of HK\$29.58 per share on completion of the placing and subscription agreement dated 17 January 2020.
- (3) the Company allotted and issued 78,204,000 shares on 5 May 2020 at an issue price of HK\$29.73 per share on completion of the placing and subscription agreement dated 22 April 2020.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2020.

Annual General Meeting

The 2021 annual general meeting of the Company (the “AGM”) will be held on Tuesday, 8 June 2021. A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

Final and Special Dividends

The Board has proposed a final dividend of HK90 cents per ordinary share and a special dividend of HK20 cents per ordinary share for the year ended 31 December 2020. The proposed final and special dividends, together with the interim dividend of HK60 cents per ordinary share and the special dividend of HK10 cents per ordinary share both paid on 25 September 2020, will amount to a total dividend of HK\$1.80 per ordinary share for the year ended 31 December 2020 (2019: HK\$1.45). The proposed final and special dividends, if approved at the forthcoming AGM to be held on Tuesday, 8 June 2021, will be payable on Monday, 19 July 2021 to shareholders whose names appear on the register of members of the Company on Thursday, 17 June 2021.

Closure of Register of Members

The register of members of the Company will be closed during the following periods:

- (i) from Wednesday, 2 June 2021 to Tuesday, 8 June 2021 (both days inclusive), for the purpose of ascertaining shareholders’ entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 1 June 2021; and
- (ii) on Wednesday, 16 June 2021 and Thursday, 17 June 2021, for the purpose of ascertaining shareholders’ entitlement to the proposed final and special dividends. In order to qualify for the proposed final and special dividends, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at the address as set out in sub-paragraph (i) above no later than 4:30 p.m. on Tuesday, 15 June 2021.

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfer of shares will be registered.

On behalf of the Board
Shimao Group Holdings Limited
Hui Wing Mau
Chairman

Hong Kong, 30 March 2021

As at the date of this announcement, the Board of the Company comprises four Executive Directors, namely, Mr. Hui Wing Mau (Chairman), Mr. Hui Sai Tan, Jason (Vice Chairman and President), Ms. Tang Fei and Mr. Lu Yi; one Non-executive Director, namely, Mr. Ye Mingjie; and three Independent Non-executive Directors, namely, Ms. Kan Lai Kuen, Alice, Mr. Lyu Hong Bing and Mr. Lam Ching Kam.